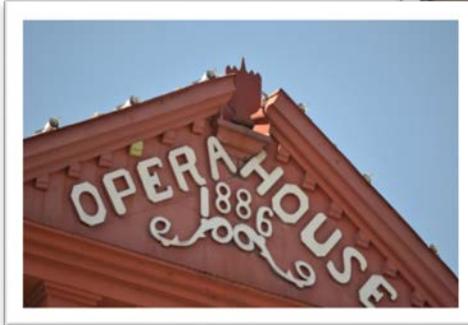


City of Granbury TEXAS



**Comprehensive Annual Financial Report
for Fiscal Year Ended September 30, 2014**

CITY OF GRANBURY, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended September 30, 2014

Prepared by the Finance Department.

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CITY OF GRANBURY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2014

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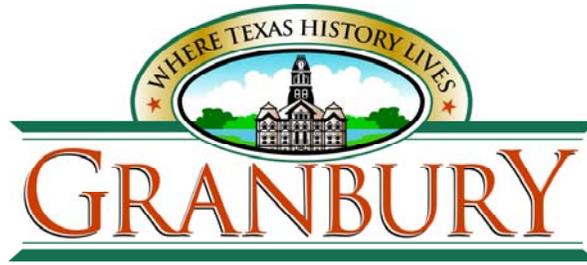
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INTRODUCTORY SECTION

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116 West Bridge Street • Granbury, Texas 76048 • 817-573-1114

February 28, 2015

Honorable Mayor and City Council
City of Granbury, Texas

Dear Mayor and City Council:

The City Manager's Office is pleased to present the Comprehensive Annual Financial Report for the City of Granbury, Texas for the fiscal year ended September 30, 2014.

This report is published to provide the City Council, citizens, bondholders, City staff and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief the enclosed data is accurate in all respects, and is organized in a manner designed to fairly present the financial position and results of City operations, which are measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

THE REPORT

The reporting model issued by the Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). We believe our presentation provides better information to users of the comprehensive annual financial report. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Granbury's MD&A can be found immediately following the independent auditor's report.

This report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a listing of the City Officials and an organizational chart of the City. The financial section includes the MD&A, Government-wide and Major Fund presentations, Required Supplementary Information, Combining and Individual Fund Statements and schedules, as well as the independent auditors' report on the basic financial statements. The statistical section includes financial and demographic information, usually presented on a multi-year basis that is relevant to the financial statement reader.

The basic Financial Statements of the City include all governmental activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB). Based on these criteria no other governmental organizations are included in this report.

CITY PROFILE

Location

Granbury is located in Hood County, in the heart of north Texas, just southwest of the Dallas-Fort Worth Metroplex. Granbury is home to approximately 8,779 people, and serves as the center of commerce and recreation to over 52,900 county residents (US Census Bureau). There are currently 13.6 square miles of land within the City's boundaries.



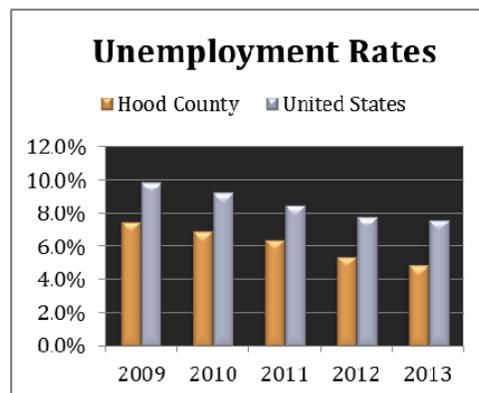
Government Structure

Founded in 1873, Granbury is a Home Rule Charter City and operates under a Council-Manager form of government. The City Council is comprised of a mayor and five council members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members of various statutory and advisory boards, the City Manager, the City Attorney, the City Secretary and the Municipal Judge. The City Manager is responsible for the enforcement of laws and ordinances, the appointment and supervision of the directors and department heads, and the performance of functions within the municipal organization.

Services Provided

The City provides a full-range of services, which have proven to be necessary and meaningful, at the least possible cost to its citizens. Major services provided under the general government and enterprise functions are: police and fire protection; electric, water and sewer utility services; airport facilities; park and recreational facilities; street and sidewalk improvements; and administrative services, supported by fleet maintenance, building maintenance operations, and information technology.

ECONOMIC CONDITIONS AND OUTLOOK



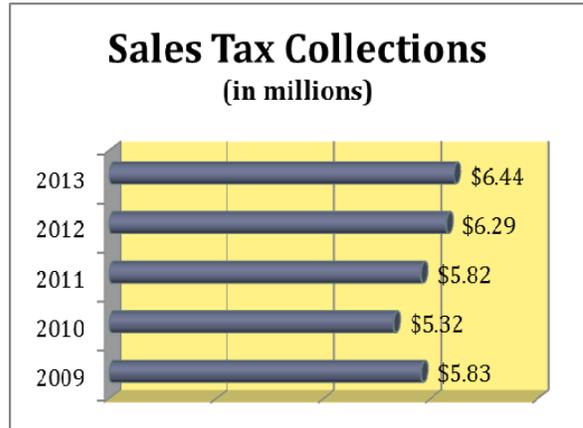
The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Regional Economy

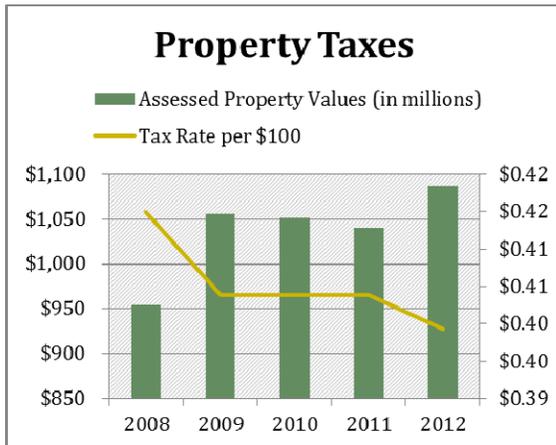
Granbury is only 30 miles from the Dallas-Fort Worth Metroplex, which has shown relatively strong economic growth over the past three years. Hood County has also enjoyed a robust economic environment for the past three years; unemployment rates have decreased and sales taxes have increased.

Local Economy

Granbury is the financial hub not only of Hood County but the surrounding area. Customers come from a 30-mile radius to shop in Granbury. The latest census figures show there are almost 30,000 people that live within 5 miles, 40,000 people that live within 10 miles and 130,000 people that live within 20 miles of Granbury. The stability of Wal-Mart Supercenter, H-E-B, Home Depot, and Lowe’s Home Improvement Center continues to be a catalyst for growth in the regional economy. These establishments, along with other restaurants, banks, supermarkets, hotels and retail stores located along U.S. Highway 377 and in other sections of the City, provide outlets to meet any of the needs of area residents as well as providing a solid retail sales base for the City. Sales tax collections in Fiscal Year 2013-2014 are up by 2% compared to the prior year. The sales tax revenue for 2014-2015 has been conservatively budgeted to remain constant compared to 2013-2014 collections.

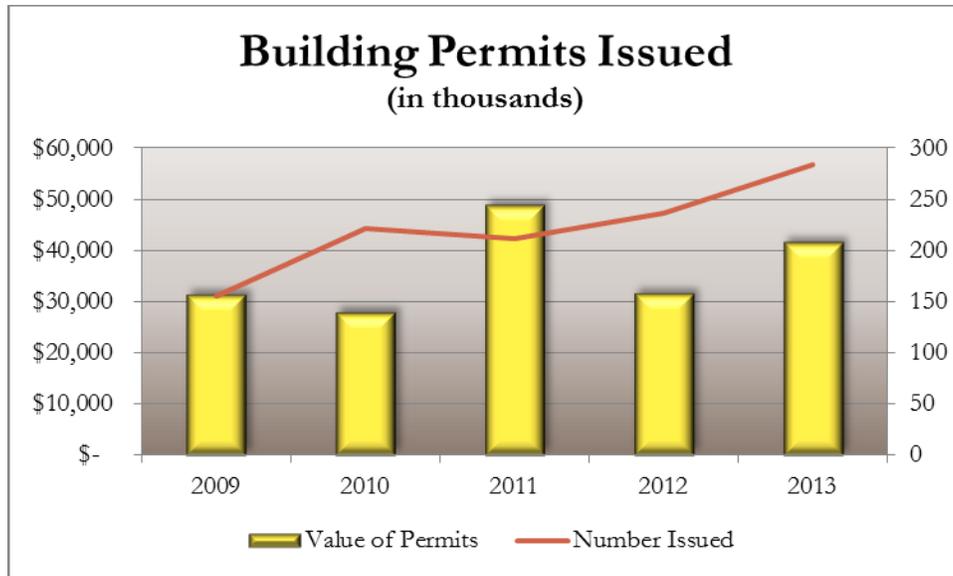


Tourism plays an important role in maintaining the healthy economy of the City. Granbury’s Tourism Department actively promotes and markets Granbury as a premier leisure and meeting destination for the purpose of positively impacting the City’s economy. The historical downtown district, with its shopping, bed and breakfasts, and other attractions, also serves the City well by drawing tourists from outside the region. Additionally, Granbury’s 18,000-square-foot Resort Conference Center, which is adjacent to the Hilton Garden Hotel, continues to classify Granbury as a destination for meetings and conferences. This supplies a real stimulus to the Granbury economy during the week, as well as on the weekends, by creating hotel occupancy tax and sales tax collections that would not have been realized if the city had not developed this beautiful conference center on the lake. The City’s historical hometown atmosphere combined with an aggressive development attitude is producing results.



Total assessed property values increased by approximately \$30 million (3%) for the 2013 Tax Year to \$1,105 million. The City’s property tax rate decreased from \$.39926 to \$.394593 for Tax Year 2013. The City has not had a tax rate increase since 1997, reflecting a constant desire by the City Council to keep city taxes as low as possible in these trying economic times.

Residential development continues in areas such as Abe’s Landing, Harbor Lakes, and Catalina Bay. Additionally, there are potential commercial development opportunities that are in process which should help the City of Granbury maintain stable property valuations; including a new Kroger, TJ Maxx, Ross, and Dunkin’ Donuts. The value and the number of building permits issued for new construction increased from the previous year.



FINANCIAL INFORMATION

Accounting System and Budgetary Control

The City’s accounting records for general governmental operations are maintained on a modified accrual basis, revenues recorded when available and measurable and expenditures are recorded when the services or goods are received and the liabilities incurred. Accounting records for the City’s utilities are maintained on the accrual basis.

In developing and maintaining the City’s accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides that the City Council shall adopt the annual budget prepared by the City Manager. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the individual fund and department level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to City departmental management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

In addition, the City has implemented a five-year strategic plan process that projects full line-item and capital expenditure detail for all departments. The first year of this strategic plan is utilized as a starting basis for the annual budget.

Cash Management

As of February 1, 2014, the City's depository contract is with First National Bank of Granbury. It is a three-year relationship period with two one-year extension options, set to expire on January 31, 2017. The City has the option each year to choose the interest rate calculation for the year from two choices:

- Fixed rate of .25%
- Variable rate equal to the 90-day ask rate of US Treasury Bills, though not to fall below .05% nor to exceed 2.00%

The remaining idle cash is invested in government securities and government investment pools as allowed by State of Texas Statutes and by the City's investment policy.

The ending balance of the City's investment portfolio for Fiscal Year 2013-14 was approximately \$7.M. The overall portfolio provided \$3,025 in investment income, representing interest revenue net of realized gain, unrealized gains and losses and investment expenses.

It is the City's policy that all demand deposits and time deposits will have a collateralization level of not less than 102% of market value of principal and accrued interest, less an amount of \$250,000, which represents insurance by the FDIC or FSLIC on certain types of bank deposits. Evidence of pledged collateral shall be documented by a safekeeping or a master repurchase agreement with the collateral pledged clearly listed in the agreement and safekeeping confirmations. Collateral is monitored monthly to ensure that the market value of the pledged securities equals or exceeds the related deposit or investment balance. A Finance Committee consisting of the City Manager, Assistant Finance Director and Financial Analyst meets periodically to determine general investment strategies, monitor results and to review quarterly and annual investment reports.

These reports reflect all investments and are sorted by asset type and, well describe the position of the portfolio on the date of the report by comparing book values versus market values and the unrealized gain or loss at the end of the period.

All investments transacted by the City are purchased using the delivery versus payment method. That is, funds are not wired or paid until verification has been made that the correct security has been received by the Custodian. Securities are held in the name of the City or held on behalf of the City. The original copy of the safekeeping statements is delivered to the City.

The City will not accept as depository collateral any security that is not specifically allowed to be held as a direct investment by the City's portfolio, and the maximum maturity of the collateral securities may be no greater than five years. Collateral is held by an independent third party with whom the depository bank has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) is supplied to the City and retained. The safekeeping institution will be the Federal Reserve Bank, Federal Home Loan Bank, or an institution not affiliated with the depository bank or the broker/dealer pledging

the security. The safekeeping agreement includes the authorized signatories of the City and the depository bank.

All collateral shall be subject to verification and audit by the Finance Director or the City's independent auditors.

Long-Term Financing

The City intends that the length of any long-term financing matches the life of assets purchased with the financing. The City will generally use lease-purchase options for purchases of larger pieces of equipment with an expected useful life of at least five years. Certificates of obligation or bonded indebtedness are issued for projects and other significant capital improvements with longer useful lives.

Tax Appraisal/Collection Responsibilities

Under Texas law enacted in 1979 and subsequent revisions to the State Property Tax Code, the appraised value of taxable property in Granbury is established by the Hood County Appraisal District. The City of Granbury and the other taxing jurisdictions in Hood County provide a pro-rata share of the budgeted expenditures incurred by the Appraisal District, based upon individual levy. The Appraisal District also provides for tax collection services for the City and the other taxing jurisdictions in Hood County.

OTHER INFORMATION

Independent Audit

Section 7.13 of the City Charter requires the City Council to direct that an independent annual audit be made of all accounts of the City. This requirement has been complied with, and the independent auditor's report has been included in this report.

It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material aspects, the financial position of the City at September 30, 2014, and the results of its operations and the cash flows of its proprietary fund type for the year ended in conformity with accounting principles generally accepted in the United States of America.

Certificate of Achievement

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Granbury for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the tenth consecutive year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

The staff would like to thank the members of the City Council for their leadership and their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Wayne McKethan
City Manager

Acknowledgments

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Respectfully submitted,

Wayne McKethan
City Manager

CITY OF GRANBURY, TEXAS

MAYOR
Nin Hulett

MAYOR PRO-TEM
Mickey Parson

COUNCIL MEMBERS
Tony Allen
Gary Couch
Rose Myers
Laurel Pirkle

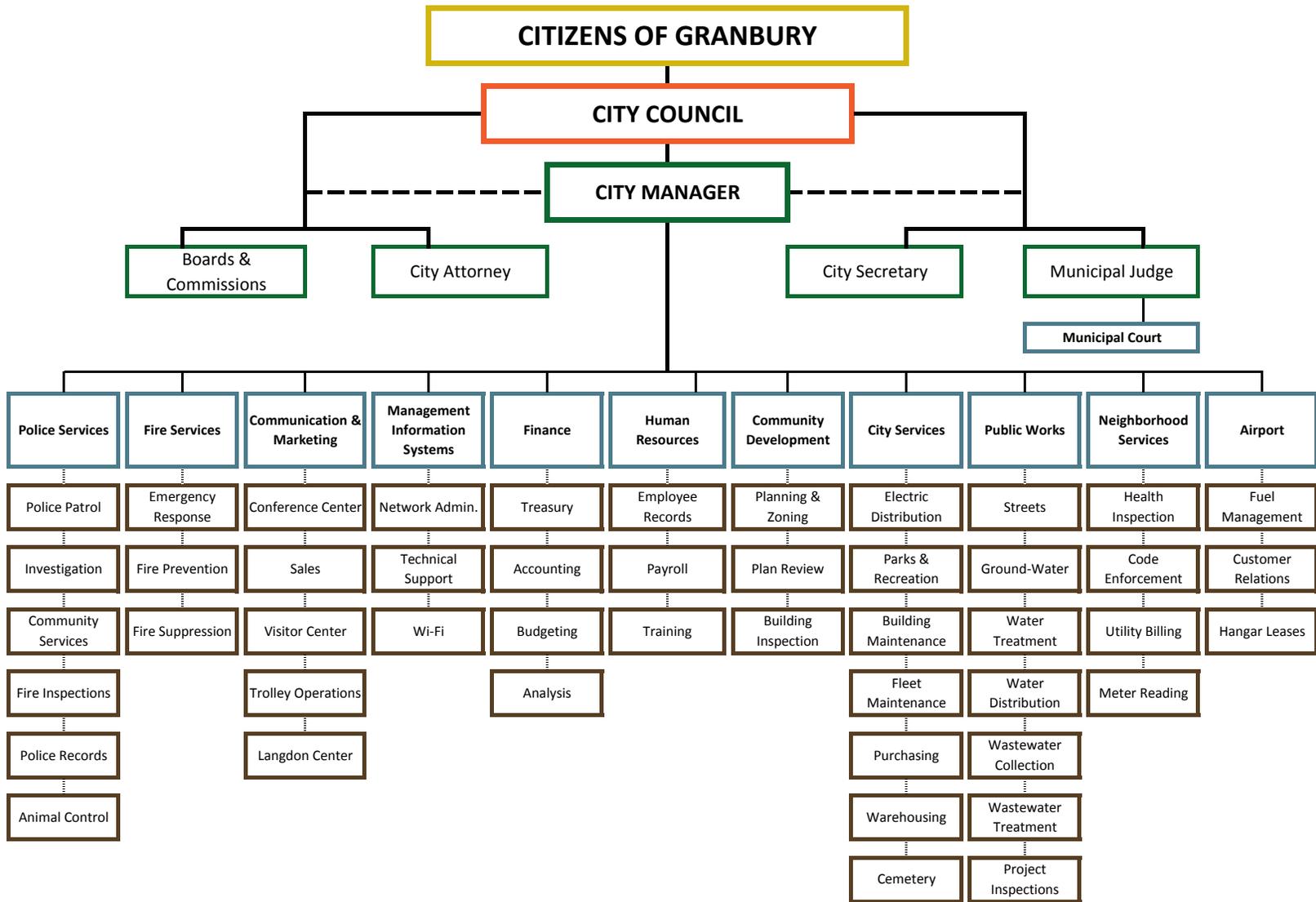
CITY MANAGER
Wayne McKethan

DEPARTMENT DIRECTORS

Alva Cox
Mitch Galvan
Eva S Gregory
Gary Hawkins
Ben Macon
Carla Walker
Aaron Mclain
Scott Sopchak
Tony Tull
Steve Dieterichs

Public Works
Police Chief
Finance
Airport
Municipal Court Judge
City Secretary
Parks & Recreation
Community Development
Information Technology
Tourism

CITY OF GRANBURY ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Granbury
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013



Executive Director/CEO

FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Mayor and City Council
City of Granbury
Granbury, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of City of Granbury, Texas (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 – 16 and budgetary comparison schedule – general fund, budgetary comparison schedule – tourism fund, Texas Municipal Retirement System Schedule of Funding Progress, and Volunteer Fire Fighter's Retirement Fund Schedule of Funding Progress on pages 61 - 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

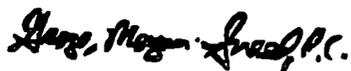
The combining nonmajor and individual fund statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



George, Morgan & Sneed, P.C.
Weatherford, Texas
March 4, 2015

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CITY OF GRANBURY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

As management of the City of Granbury, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Granbury exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$58,193,189 (Net Position). Of this amount \$9,684,713 (Unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$2,121,714.
- As of the close of the current fiscal year, the City of Granbury's governmental funds reported combined ending fund balances of \$8,546,685.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,860,905 or 25% of the total General Fund expenditures.
- At the end of the current fiscal year, unrestricted net position for the Utility Fund was \$5,279,318, or 31% of total Enterprise Fund operating expenses, excluding depreciation expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, development services, and cultural and recreation. The business-type activities of the City include water, sewer, electric and airport operations.

The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five (5) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, Capital Projects Fund and Tourism Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, electric and airport operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-funded health insurance, which was closed out at September 30, 2014. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Municipal Utility, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits E-1 and E-2 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-60 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government’s financial position. In the case of the City of Granbury, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$58,193,189 as of September 30, 2014.

The largest portion of the City’s net position (79%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position (5%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$9,684,713, may be used to meet the government’s ongoing obligations to citizens and creditors.

As of September 30, 2014, the City is able to report positive balances in three categories of net position, for the government as a whole, as well as for its separate categories – governmental and business-type activities.

Below are summaries of the City's Statement of Net Position and Statement of Activities.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 10,845,297	\$ 12,582,532	\$ 10,415,011	\$ 10,849,171	\$ 21,260,308	\$ 23,431,703
Capital assets	44,702,372	43,406,495	36,136,202	35,440,994	80,838,574	78,847,489
Total Assets	<u>55,547,669</u>	<u>55,989,027</u>	<u>46,551,213</u>	<u>46,290,165</u>	<u>102,098,882</u>	<u>102,279,192</u>
Deferred outflows of Resources	<u>282,761</u>	<u>312,506</u>	<u>178,329</u>	<u>198,079</u>	<u>461,090</u>	<u>510,585</u>
Total deferred outflows of resources	<u>282,761</u>	<u>312,506</u>	<u>178,329</u>	<u>198,079</u>	<u>461,090</u>	<u>510,585</u>
Current liabilities	739,431	750,570	1,614,026	1,591,665	2,353,457	2,342,235
Long-term liabilities	23,311,456	24,970,343	18,013,684	18,955,938	41,325,140	43,926,281
Total liabilities	<u>24,050,887</u>	<u>25,720,913</u>	<u>19,627,710</u>	<u>20,547,603</u>	<u>43,678,597</u>	<u>46,268,516</u>
Deferred inflows of resources	<u>500,584</u>	<u>374,288</u>	<u>187,602</u>	<u>75,498</u>	<u>688,186</u>	<u>449,786</u>
Total deferred inflows of resources	<u>500,584</u>	<u>374,288</u>	<u>187,602</u>	<u>75,498</u>	<u>688,186</u>	<u>449,786</u>
Net Position:						
Invested in capital assets net of related debt	26,045,119	23,852,148	19,645,350	18,832,307	45,690,469	42,684,455
Restricted	682,251	433,837	2,135,756	2,228,897	2,818,007	2,662,734
Unrestricted	4,551,589	5,920,347	5,133,124	4,803,939	9,684,713	10,724,286
Total Net Position	<u>\$ 31,278,959</u>	<u>\$ 30,206,332</u>	<u>\$ 26,914,230</u>	<u>\$ 25,865,143</u>	<u>\$ 58,193,189</u>	<u>\$ 56,071,475</u>

Below is a summary of the City's Statement of Activities.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 1,435,030	\$ 1,441,695	\$ 20,406,111	\$ 19,416,503	\$ 21,841,141	\$ 20,858,198
Operating grants and contributions	772,777	197,729	-	-	772,777	197,729
Capital grants and contributions	821,184	12,916	806,241	525,911	1,627,425	538,827
General revenues:						
Property taxes	4,404,767	4,305,186	-	-	4,404,767	4,305,186
Sales taxes	6,632,629	6,463,449	-	-	6,632,629	6,463,449
Hotel/Motel Occupancy Taxes	557,166	540,925	-	-	557,166	540,925
Franchise taxes	1,603,479	1,505,084	-	-	1,603,479	1,505,084
Investment earnings	27,754	58,025	20,942	32,891	48,696	90,916
Other Revenue	317,355	435,688	-	-	317,355	435,688
Total revenues	<u>16,572,141</u>	<u>14,960,697</u>	<u>21,233,294</u>	<u>19,975,305</u>	<u>37,805,435</u>	<u>34,936,002</u>
Expenses						
City Council	205,274	160,440			205,274	160,440
Legal	180,338	324,388			180,338	324,388
Executive	541,084	472,304			541,084	472,304
Financial Administration	392,031	336,005			392,031	336,005
Purchasing	164,636	182,041			164,636	182,041
Social Services	44,000	43,000			44,000	43,000
Management Information Services	522,905	536,787			522,905	536,787
Economic Development	148,355	116,727	86,000	86,000	234,355	202,727
Human Resources	237,418	231,540			237,418	231,540
Warehouse	158,350	161,524			158,350	161,524
Fleet Maintenance	246,576	171,979			246,576	171,979
Building Maintenance	211,880	205,287			211,880	205,287
Granbury Public TV Channel 27	121,235	77,660			121,235	77,660
Other governmental functions	931,856	891,290			931,856	891,290
Police	3,464,007	3,399,519			3,464,007	3,399,519
Fire	475,344	394,463			475,344	394,463
Municipal Court	228,259	235,166			228,259	235,166
Streets	1,604,620	1,595,888			1,604,620	1,595,888
Public Works	518,811	407,924			518,811	407,924
Community Development	431,114	467,040			431,114	467,040
Neighborhood Services	-	171,629			-	171,629
Airport			1,121,761	1,029,054	1,121,761	1,029,054
Cemetery	71,339	29,188			71,339	29,188
Tourism	990,605	1,281,171			990,605	1,281,171
Parks	2,202,700	1,971,622			2,202,700	1,971,622
Conference Center	667,948	689,392			667,948	689,392
Interest and fiscal charges	885,592	1,071,451			885,592	1,071,451
Water treatment and distribution	-	-	4,675,413	4,516,917	4,675,413	4,516,917
Wastewater collection and treatment	-	-	2,508,138	2,365,317	2,508,138	2,365,317
Electricity	-	-	11,644,931	11,038,127	11,644,931	11,038,127
Total expenses	<u>15,646,277</u>	<u>15,625,425</u>	<u>20,036,243</u>	<u>19,035,415</u>	<u>35,682,520</u>	<u>34,660,840</u>
Increase (decrease) in net position before transfers	925,864	(664,728)	1,197,051	939,890	2,122,915	275,162
Transfers	146,763	275,804	(147,964)	(275,804)	(1,201)	-
Increase (decrease) in net position	1,072,627	(388,924)	1,049,087	664,086	2,121,714	275,162
Net Position October 1	30,206,332	31,122,610	25,865,143	25,923,213	56,071,475	57,045,823
Prior period adjustment	-	(527,354)	-	(722,156)	-	(1,249,510)
Net Position September 30	<u>\$ 31,278,959</u>	<u>\$ 30,206,332</u>	<u>\$ 26,914,230</u>	<u>\$ 25,865,143</u>	<u>\$ 58,193,189</u>	<u>\$ 56,071,475</u>

Governmental Activities. Governmental activities increased the City’s net position by \$1,072,627 compared with a \$388,924 decrease in the prior year. Total governmental activities revenues increased \$1,611,444 (11%) to \$16,572,141. Total governmental activities expenses increased \$20,852 (<1%) from the prior year. Key elements of these changes are as follows.

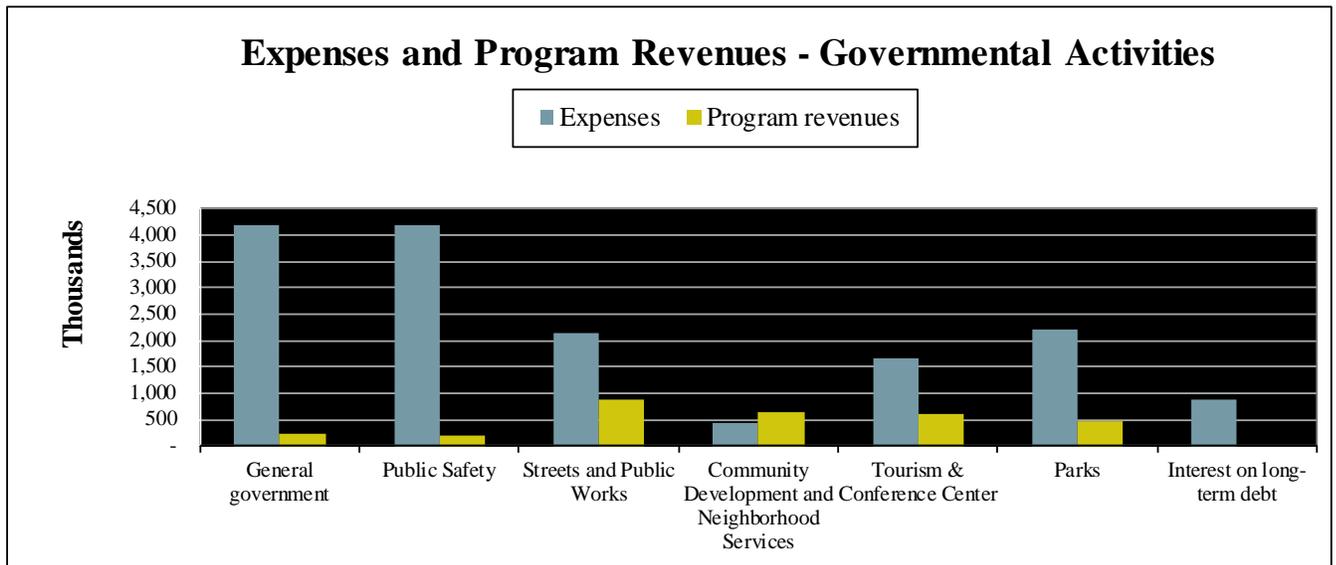
Revenues:

- Property taxes increased \$99,581 due to an increase in the assessed property value that offset the decrease in tax rate.
- Sales tax revenue increased \$169,180 (3%) in the current year due to the continued improvement of the economy and addition of new businesses. Sales tax reported in the governmental activities includes an adjustment for sales tax earned in September that is not considered available for the governmental fund statements.
- Other revenue decreased \$118,333 due to a decrease in donations that were received in the prior year.
- Capital grants and contributions increased due to contributions made by developers for street projects.
- Operating grants and contributions increased due to donations made for parks and the opera house.

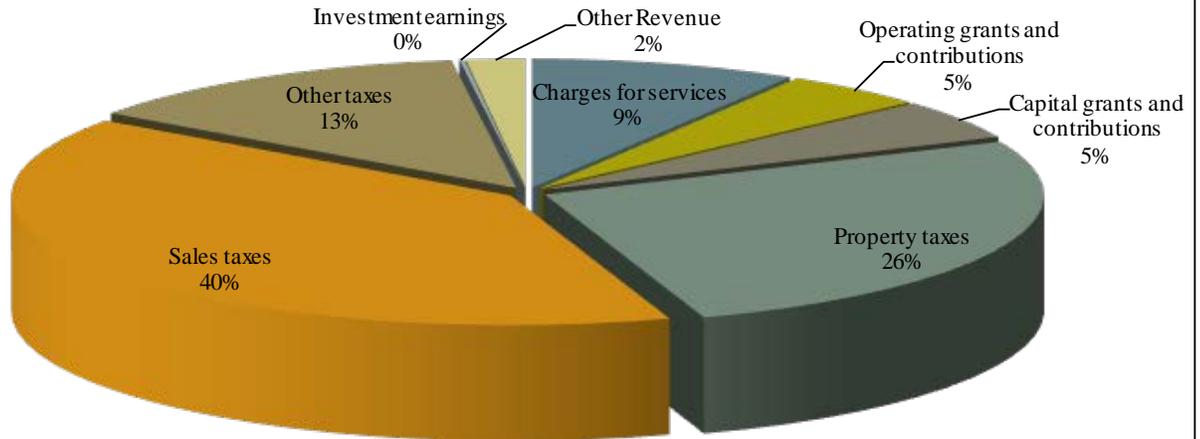
Expenses:

- Legal expenses decreased \$144,050 due to the legal expenses being split with the business-type activities in the current year. The prior year was allocated 100% to the governmental activities.
- Public works expenses increased \$110,887 due to the movement of the neighborhood services department to public works.

Below are two graphs summarizing governmental revenue and expense:



Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net position by \$1,049,087 in the current year compared to an increase of \$664,086 in the prior year. The business-type activities total revenues increased \$1,257,989 (6%) to \$21,233,294 and total expenses increased \$1,000,828 (5%) to \$20,036,243. Key elements of these changes are as follows.

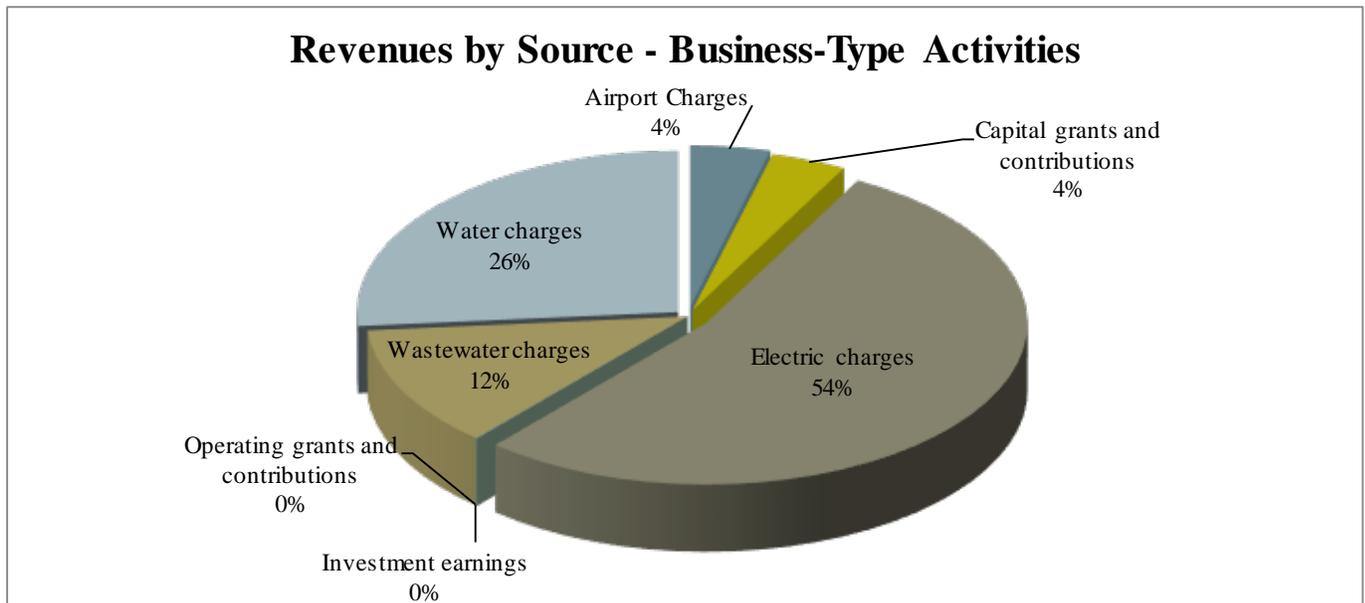
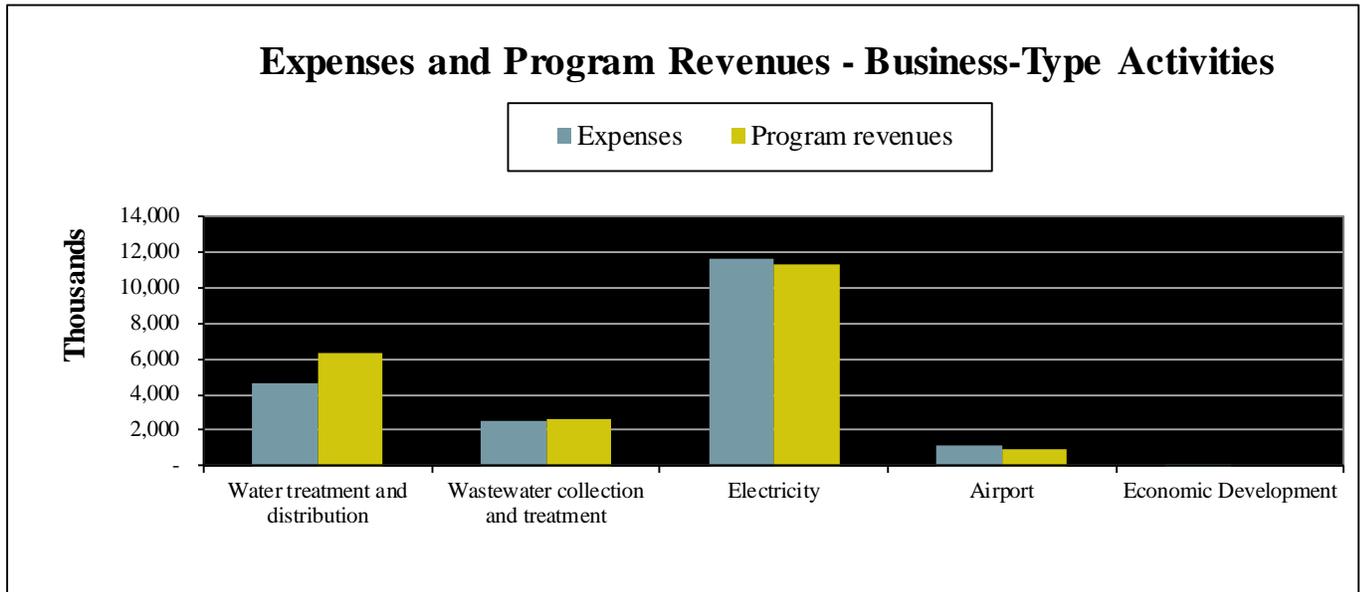
Revenues:

- Charges for services increased \$989,608. Electric sales decreased \$69,024 due to a decrease in rates. Water revenue increased \$528,444 and wastewater revenues increased \$341,417 due to a rate increase. Airport revenues increased \$54,589.
- The City received \$758,101 in capital grants and contributions for various water and sewer projects during the year.

Expenses:

- Electric department expense increased \$606,804 primarily because electricity purchased for resale increased \$441,516 due to an increase in kwh purchased. Depreciation increased \$59,321 and maintenance of electric primaries increased \$42,771.
- Airport expenses increased \$92,707 because a part time employee was changed to full time and a manager position was promoted to airport director. Electricity increased because of new hangers built in prior year.
- Water treatment expenses increased \$158,496 primarily due to an increase in maintenance and electricity.
- Wastewater collection and treatment expenses increased \$142,821 primarily due to an increase in electricity and a new position was filled.

Below are two graphs summarizing business-type activities revenue and expense:



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds – The focus of the City of Granbury’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Granbury’s governmental funds reported combined ending fund balances of \$8,546,685. \$2,413,829 (28%) of this amount constitutes unassigned fund balance, which is available for spending at the City’s discretion. The remainder is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,860,905. The fund balance of the general fund decreased \$1,076,791. Property tax revenue increased approximately 14% due to an increase in assessed value of \$26.43 million and an increase of \$.014 per \$100 valuation in the M&O rate. Total revenue in the general fund increased by 5.84% overall. Expenditures increased primarily due to the purchase of vehicles and drainage maintenance expenditures (streets), moved the neighborhood services to the public works department (public works/neighborhood services), added two positions to the parks department, performed property improvements and purchased equipment (parks). Transfers out increased because of transfers to the Airport fund and the Tourism fund.

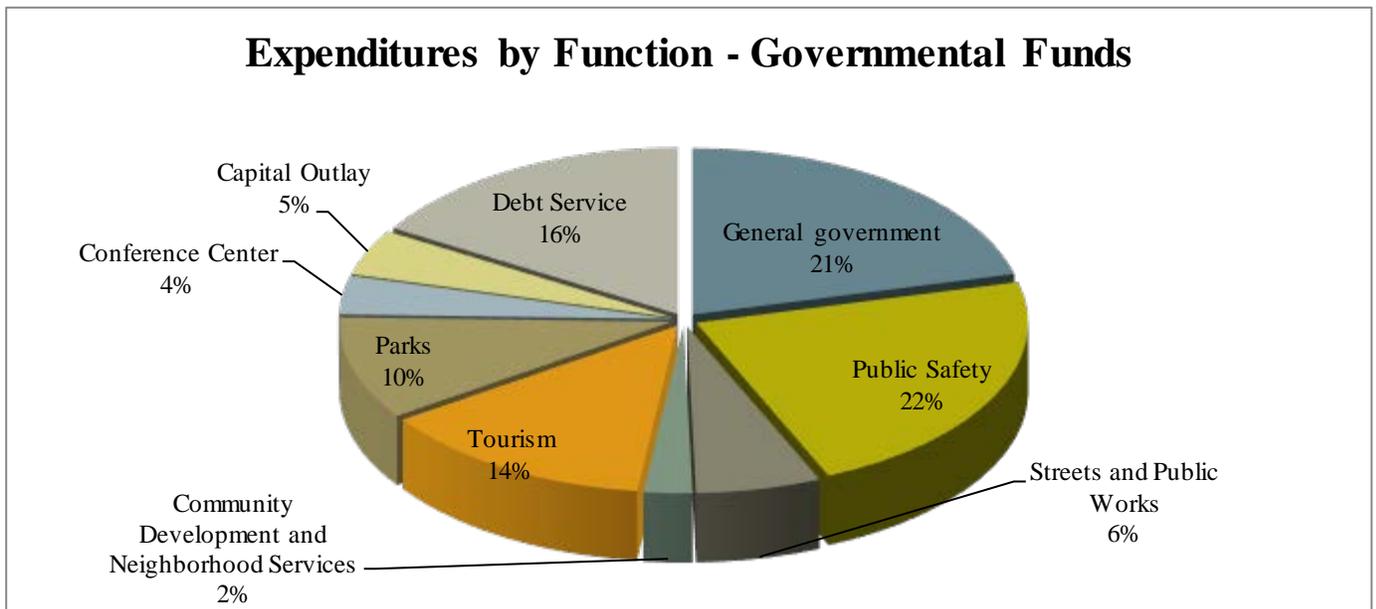
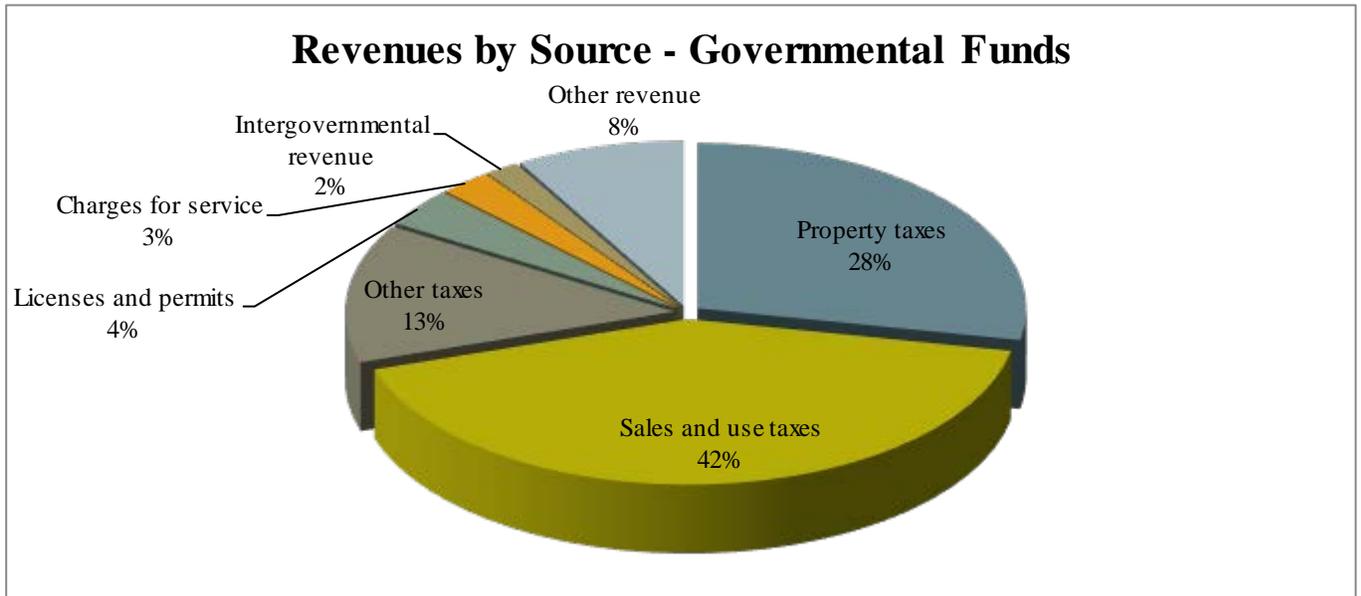
Below is a comparison of the general fund's net change in fund balance for 2014 and 2013.

	2014	2013	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Taxes:				
Property	\$ 1,761,949	\$ 1,543,656	\$ 218,293	14.14%
Sales and Use	6,599,573	6,440,471	159,102	2.47%
Franchise	1,575,029	1,505,084	69,945	4.65%
Fines and fees	149,611	184,388	(34,777)	-18.86%
Licenses and permits	595,351	561,786	33,565	5.97%
Charges for service	49,358	61,506	(12,148)	-19.75%
Intergovernmental revenue	267,614	197,729	69,885	35.34%
Park and recreation	485,692	133,236	352,456	264.54%
Interest income	17,214	27,844	(10,630)	-38.18%
Other revenue	312,132	506,206	(194,074)	-38.34%
Total revenues	<u>11,813,523</u>	<u>11,161,906</u>	<u>651,617</u>	<u>5.84%</u>
Expenditures:				
General government	3,840,821	3,636,842	203,979	5.61%
Public Safety	4,085,731	4,232,488	(146,757)	-3.47%
Streets	562,719	421,448	141,271	33.52%
Public Works	547,800	408,090	139,710	34.24%
Community Development	430,693	466,779	(36,086)	-7.73%
Neighborhood Services	-	173,138	(173,138)	-100.00%
Cemetery	55,852	100,227	(44,375)	-44.27%
Parks	1,762,250	1,479,716	282,534	19.09%
Total expenditures	<u>11,285,866</u>	<u>10,918,728</u>	<u>367,138</u>	<u>3.36%</u>
Other financing sources (uses):				
Transfers in	351,470	398,664	(47,194)	-11.84%
Transfers out	(2,408,757)	(907,214)	(1,501,543)	165.51%
Issuance of Capital Lease	452,839	214,208	238,631	111.40%
Net change in fund balances	<u>\$ (1,076,791)</u>	<u>\$ (51,164)</u>	<u>\$ (1,025,627)</u>	<u>2004.59%</u>

The Debt Service fund has a total fund balance of \$171,352, all of which is restricted for the payment of debt service. Debt Service fund balance decreased in 2014 by \$95,000.

The fund balance of the capital projects fund decreased \$731,445 because of capital outlay for street improvements, property acquisition, the opera house renovation and conference center lighting. 100% of the fund balance is restricted to be used to fund projects with bond proceeds.

Below are two graphs summarizing governmental fund revenue and expenditures.



Proprietary Funds – The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds are \$5,133,124 comprised of the Utility Fund \$5,279,318 and the Airport Fund negative \$146,194. The Utility Fund had a net position increase in 2014 of \$1,064,342 and the Airport had a net position decrease of \$15,255.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City made revisions to the general fund original appropriations approved by the City Council. Overall these changes resulted in an increase in expenditures from the original budget of 2% or \$249,328. The most significant changes to general fund budgeted expenditures were increases of \$98,691 and \$102,586 for management information services and police, respectively, to account for capital assets purchased with capital leases. Transfers out were increase \$1,630,637 for the opera house renovation.

General fund actual expenditures budgetary basis were \$776,008 less than budgeted. The largest items over budget were \$92,192 management information services and City Wifi and \$238,627 for legal. The parks department was \$917,531 under budget because the MIT trail project was moved to 2015.

CAPITAL ASSETS

The City of Granbury's investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounts to \$80,838,574 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, improvements other than buildings and construction in progress.

Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- The City purchased vehicles and machinery and equipment with a \$452,839 capital lease.
- Street and drainage improvements of \$821,185 were contributed by developers.
- Current year capital asset events funded with bond funds include \$609,808 for opera center improvements, Langdon center improvements, and construction of the Granbury Skate Park. Capital asset events for the opera center improvements not funded with bonds was \$1,476,451.

Business-Type Activities:

- Electric system improvements for \$153,845.
- \$490,897 of water improvements and \$267,204 of sewer improvements were contributed by developers to the City.
- \$123,059 of new electric and water meters were installed.
- Current year capital asset events funded with the 2012 Utility System Revenue Bonds include \$707,941 for new water wells and \$95,557 for engineering and the pilot study.
- The City purchased vehicles and machinery and equipment with a \$485,573 capital lease.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 5,347,623	\$ 5,347,623	\$ 1,033,573	\$ 1,033,573	\$ 6,381,196	\$ 6,381,196
Buildings	14,042,841	10,135,672	135,485	35,255	14,178,326	10,170,927
Improvements other than buildings	22,529,432	22,739,066	30,360,642	31,231,143	52,890,074	53,970,209
Machinery and equipment	1,436,054	1,396,519	1,427,311	683,443	2,863,365	2,079,962
Construction in progress	1,346,422	3,787,615	3,179,191	2,457,580	4,525,613	6,245,195
Total	\$ 44,702,372	\$ 43,406,495	\$ 36,136,202	\$ 35,440,994	\$ 80,838,574	\$ 78,847,489

Additional information on the City of Granbury's capital assets can be found in Note 7 to the financial statements.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Granbury had total bonded debt, notes payable and capital leases payable of \$40,830,193. Of this amount, \$13,886,288 comprises bonded debt backed by the full faith and credit of the government, \$12,447,293 are certificates of obligation secured by ad valorem taxes and surplus revenues of the utility fund and \$12,114,241 represents bonds secured solely by electric, water and sewer revenues. The capital leases payable of \$2,021,979 pertains to equipment and new airport hangars being financed by lease/purchase financing. The notes payable is the amount borrowed by the Granbury Historic Properties Corporation, a blended component unit, to purchase the opera house.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Capital Leases Payable	\$ 614,842	\$ 309,367	\$ 1,407,137	\$ 1,114,621	\$ 2,021,979	\$ 1,423,988
Notes Payable	360,392	383,508	-	-	360,392	383,508
Revenue Bonds			12,114,241	12,903,214	12,114,241	12,903,214
General Obligation	9,509,707	10,726,491	4,376,581	4,739,125	13,886,288	15,465,616
Certificates of Obligation	12,447,293	13,141,407	-	59,625	12,447,293	13,201,032
Total Outstanding Debt	\$ 22,932,234	\$ 24,560,773	\$ 17,897,959	\$ 18,816,585	\$ 40,830,193	\$ 43,377,358

The City's bond ratings are listed below:

	General Obligation	Utility Revenue
Fitch Ratings	AA	Not rated
Standard & Poor's Corporation	AA	A+

No direct funded debt limitation is imposed on the City under current state law or the City's code.

Additional information on the City of Granbury's long-term debt can be found in Notes 8 and 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General Fund revenues and transfers in are budgeted to increase by approximately 4% in fiscal year 2014-2015 when compared to the 2013-2014 budget. Granbury has maintained its status as a regional retail and tourism hub, and accordingly, sales tax receipts were up 2.1% for FY 2013-2014 when compared with the previous year's actual receipts. Sales tax makes up about 48% of the General Fund budgeted revenues. Property tax revenue is budgeted to increase about 3% from the 2013-2014 budgeted amounts. Certified assessed property valuations increased approximately \$16.8 million (1.5%) from the preceding year, but the property tax rate has been increased from \$.394593 to \$.397584 per \$100. The maintenance and operations portion of the tax rate was decreased from \$.157383 to \$.152907 and the debt service rate increased from \$.237210 to \$.244677.

General Fund expenditures and transfers out are budgeted to increase approximately 6% from 2013-2014 budgeted amounts to \$13,411,114. After several conservative budget years, there was a need for expansion in various departments, whether that was through capital improvements or additional personnel.

Operating revenue in the Utility Fund is budgeted to increase by approximately 8% from 2013-2014 budgeted amounts to \$20,707,545. After extensive study and analysis, a new utility rate structure was implemented in July 2013. The new rate structure is in line with the current market, balances minimums and rates to produce adequate revenues for financial stability, and ensures that each utility service (Electric, Water, Sewer) support itself as "stand alone". The City's existing electric provider is Bryan Texas Utilities (BTU). The city negotiated a 10-year contract for service beginning January 1, 2008. The ten-year contract locks in an energy cost at \$72.75 per megawatt hour. This results in an estimated "all-in" charge of \$81.68 per megawatt hour, including ancillary services, transmission services and transmission losses. While the 2008 contract represents a 28% increase in energy cost, the fixed nature of the City's contract will protect the customers of the City's Electric system from future increased energy costs.

Operating expenses, excluding depreciation, are budgeted to increase approximately 3.6% compared to 2013-2014 budgeted amounts at \$19,103,329. The City's revenue sources have maintained growth rates from the previous years, department budgets have grown, previously frozen positions have been unfrozen, and other positions have been added.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance, Attn: Director of Finance, at P. O. Box 969, Granbury, Texas 76048, or call (817) 573-1114. A copy of this document is available on the City's website at www.granbury.org : go to Departments/Finance & Admin. Services.

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BASIC FINANCIAL STATEMENTS

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EXHIBIT A-1

City of Granbury, Texas
Statement of Net Position
September 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 4,264,994	\$ 2,677,299	\$ 6,942,293
Investments	4,260,000	50,000	4,310,000
Receivables (Net of allowances for uncollectibles)			
Property taxes	101,717	-	101,717
Franchise taxes	343,217	-	343,217
Accounts	-	2,127,472	2,127,472
Due from other governments	1,128,680	-	1,128,680
Fines and fees receivable	136,408	-	136,408
Miscellaneous receivables	98,107	497,161	595,268
Accrued interest	113	78	191
Internal balances	304,873	(304,873)	-
Prepaid items	44,607	1,055	45,662
Inventories	100,464	1,284,476	1,384,940
Restricted assets:			
Cash and cash equivalents	62,117	1,523,383	1,585,500
Investments	-	2,558,960	2,558,960
Capital assets (net of accumulated depreciation):			
Land	5,347,623	1,033,573	6,381,196
Buildings	14,042,841	135,485	14,178,326
Improvements other than buildings	22,529,432	30,360,642	52,890,074
Machinery and equipment	1,436,054	1,427,311	2,863,365
Construction in progress	1,346,422	3,179,191	4,525,613
Total Assets	55,547,669	46,551,213	102,098,882
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	282,761	178,329	461,090
Total Deferred Outflows of Resources	282,761	178,329	461,090
LIABILITIES:			
Accounts payable and accrued liabilities	633,375	1,074,575	1,707,950
Current Liabilities Payable from Restricted Assets:			
Interest payable	106,056	34,719	140,775
Customer deposits	-	504,732	504,732
Noncurrent liabilities:			
Due Within One Year	2,394,564	1,507,301	3,901,865
Due in More Than One Year	20,916,892	16,506,383	37,423,275
Total Liabilities	24,050,887	19,627,710	43,678,597
DEFERRED INFLOWS OF RESOURCES:			
Unearned revenue	500,584	187,602	688,186
Total Deferred Inflows of Resources	500,584	187,602	688,186
NET POSITION:			
Investments in Capital Assets, Net of Debt	26,045,119	19,645,350	45,690,469
Restricted Net Position			
Debt Service (Expendable)	125,512	1,110,432	1,235,944
Impact fees for capital improvements (Expendable)	-	1,025,324	1,025,324
Public Safety (expendable)	44,602	-	44,602
Culture and Recreation (expendable)	419,785	-	419,785
Public, educational, and governmental programing	54,789	-	54,789
Court technology and security (expendable)	37,563	-	37,563
Unrestricted Net Position	4,551,589	5,133,124	9,684,713
Total Net Position	\$ 31,278,959	\$ 26,914,230	\$ 58,193,189

The notes to the financial statements are an integral part of this statement.

City of Granbury, Texas
Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
City Council	\$ 205,274	\$ -	\$ -	\$ -
Legal	180,338	-	-	-
Executive	541,084	-	-	-
Financial Administration	392,031	-	-	-
Purchasing	164,636	-	-	-
Social Services	44,000	-	-	-
Management Information Services and City WIFI	522,905	47,776	-	-
Economic Development	148,355	-	139,496	-
Human Resources	237,418	-	-	-
Warehouse	158,350	-	-	-
Fleet Maintenance	246,576	-	-	-
Building Maintenance	211,880	-	-	-
Granbury Public TV Channel 27	121,235	27,944	-	-
Other governmental functions	931,856	-	-	-
Police	3,464,007	127,114	54,263	-
Fire	475,344	-	-	-
Municipal Court	228,259	32,073	-	-
Streets	1,604,620	-	-	821,184
Public Works	518,811	46,805	-	-
Community Development	431,114	552,552	73,855	-
Cemetery	71,339	6,800	-	-
Tourism	990,605	131,428	184,163	-
Parks	2,202,700	165,724	321,000	-
Conference Center	667,948	296,814	-	-
Interest and fiscal charges	885,592	-	-	-
Total governmental activities	15,646,277	1,435,030	772,777	821,184
Business-type activities:				
Water treatment and distribution	4,675,413	5,602,292	-	490,897
Wastewater collection and treatment	2,508,138	2,577,697	-	267,204
Electricity	11,644,931	11,371,262	-	-
Airport	1,121,761	854,860	-	48,140
Economic Development	86,000	-	-	-
Total business-type activities	20,036,243	20,406,111	-	806,241
Total primary government	\$ 35,682,520	\$ 21,841,141	\$ 772,777	\$ 1,627,425

General Revenues:

Taxes:

Property Taxes, levied for general purposes

Property Taxes, levied for debt service

Sales Taxes

Hotel/Motel Occupancy Taxes

Franchise Taxes

Investment Earnings

Other Revenue

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, October 1, 2013

Net Position, September 30, 2014

The notes to the financial statements are an integral part of this statement.

EXHIBIT B-1

City of Granbury, Texas
Statement of Activities
For the Year Ended September 30, 2014

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (205,274)	\$ -	\$ (205,274)
(180,338)	-	(180,338)
(541,084)	-	(541,084)
(392,031)	-	(392,031)
(164,636)	-	(164,636)
(44,000)	-	(44,000)
(475,129)	-	(475,129)
(8,859)	-	(8,859)
(237,418)	-	(237,418)
(158,350)	-	(158,350)
(246,576)	-	(246,576)
(211,880)	-	(211,880)
(93,291)	-	(93,291)
(931,856)	-	(931,856)
(3,282,630)	-	(3,282,630)
(475,344)	-	(475,344)
(196,186)	-	(196,186)
(783,436)	-	(783,436)
(472,006)	-	(472,006)
195,293	-	195,293
(64,539)	-	(64,539)
(675,014)	-	(675,014)
(1,715,976)	-	(1,715,976)
(371,134)	-	(371,134)
(885,592)	-	(885,592)
<u>(12,617,286)</u>	<u>-</u>	<u>(12,617,286)</u>
-	1,417,776	1,417,776
-	336,763	336,763
-	(273,669)	(273,669)
-	(218,761)	(218,761)
-	(86,000)	(86,000)
<u>-</u>	<u>1,176,109</u>	<u>1,176,109</u>
\$ <u>(12,617,286)</u>	\$ <u>1,176,109</u>	\$ <u>(11,441,177)</u>
\$ 1,751,635	\$ -	\$ 1,751,635
2,653,132	-	2,653,132
6,632,629	-	6,632,629
557,166	-	557,166
1,603,479	-	1,603,479
27,754	20,942	48,696
317,355	-	317,355
146,763	(147,964)	(1,201)
<u>13,689,913</u>	<u>(127,022)</u>	<u>13,562,891</u>
1,072,627	1,049,087	2,121,714
<u>30,206,332</u>	<u>25,865,143</u>	<u>56,071,475</u>
\$ <u>31,278,959</u>	\$ <u>26,914,230</u>	\$ <u>58,193,189</u>

City of Granbury, Texas
Balance Sheet
Governmental Funds
September 30, 2014

	General	Debt Service	Capital Projects	Tourism	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Assets:						
Cash and cash equivalents	\$ 2,318,832	\$ 170,375	\$ 1,574,910	\$ 89,377	\$ 111,500	\$ 4,264,994
Investments	1,560,000	-	2,700,000	-	-	4,260,000
Receivables (Net of allowances for uncollectibles)						
Property taxes	41,501	60,216	-	-	-	101,717
Franchise taxes	343,217	-	-	-	-	343,217
Due from other governments	1,128,680	-	-	-	-	1,128,680
Fines and fees receivable	136,408	-	-	-	-	136,408
Miscellaneous receivables	43,851	-	-	54,256	-	98,107
Interest	42	-	71	-	-	113
Due from other funds	820,873	2,507	-	-	-	823,380
Inventories	96,799	-	-	3,665	-	100,464
Prepaid items	44,607	-	-	-	-	44,607
Restricted Assets:						
Cash and cash equivalents	62,117	-	-	-	-	62,117
 Total assets	 \$ 6,596,927	 \$ 233,098	 \$ 4,274,981	 \$ 147,298	 \$ 111,500	 \$ 11,363,804
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Accounts payable and accrued expenses	\$ 588,369	\$ 1,530	\$ -	\$ 43,476	\$ -	\$ 633,375
Due to other funds	2,507	-	-	516,000	-	518,507
 Total liabilities	 590,876	 1,530	 -	 559,476	 -	 1,151,882
Deferred inflows of resources:						
Deferred revenue	1,570,123	60,216	-	34,898	-	1,665,237
 Total deferred inflows of resources	 1,570,123	 60,216	 -	 34,898	 -	 1,665,237
Fund Balance:						
Nonspendable	947,407	-	-	-	-	947,407
Restricted	556,739	171,352	4,274,981	-	-	5,003,072
Committed	15,746	-	-	-	111,500	127,246
Assigned	55,131	-	-	-	-	55,131
Unassigned	2,860,905	-	-	(447,076)	-	2,413,829
 Total fund balances	 4,435,928	 171,352	 4,274,981	 (447,076)	 111,500	 8,546,685
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 6,596,927	 233,098	 \$ 4,274,981	 \$ 147,298	 \$ 111,500	 \$ 11,363,804

City of Granbury, Texas
 Reconciliation of the Governmental Funds Balance Sheet
 To the Statement of Net Position
 September 30, 2014

Total Fund Balances - Governmental Funds	8,546,685
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of these assets was \$84,436,978 and the accumulated depreciation was \$39,734,606.	44,702,372
Deferred outflows of resources (deferred refunding charges) related to governmental activity debt are not financial resources and therefore are not reported in the governmental funds.	282,761
Long-term liabilities, including \$21,957,000 bonds payable, \$360,392 notes payable, \$614,842 capital leases payable and \$379,222 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.	(23,311,456)
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.	(106,056)
Property taxes receivable, franchise taxes receivable, sales tax receivable and fines and fees receivable are not available soon enough to pay for the current period's expenditures and therefore are deferred revenue in the fund financial statements.	1,164,653
Net Position of Governmental Activities	31,278,959

The notes to the financial statements are an integral part of this statement.

City of Granbury, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended September 30, 2014

	General	Debt Service	Capital Projects	Tourism	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Property	\$ 1,761,949	\$ 2,653,132	\$ -	\$ -	\$ -	\$ 4,415,081
Sales and Use	6,599,573	-	-	-	-	6,599,573
Hotel/Motel Occupancy	-	-	-	557,166	-	557,166
Franchise	1,575,029	-	-	-	-	1,575,029
Fines and fees	149,611	-	-	-	-	149,611
Licenses and permits	595,351	-	-	-	-	595,351
Charges for service	49,358	-	-	357,321	-	406,679
Intergovernmental revenue	267,614	-	-	-	-	267,614
Park and recreation	485,692	-	-	-	-	485,692
Interest income	17,214	4,859	5,272	-	387	27,732
Other revenue	312,132	-	75,000	70,921	184,163	642,216
Total revenues	11,813,523	2,657,991	80,272	985,408	184,550	15,721,744
Expenditures:						
Current						
General government						
City Council	205,010	-	-	-	-	205,010
Legal	180,338	-	-	-	-	180,338
Executive	556,051	-	-	-	-	556,051
Financial Administration	384,438	-	-	-	-	384,438
Purchasing	163,076	-	-	-	-	163,076
Social Services	44,000	-	-	-	-	44,000
Management Information Services and City WIFI	591,830	-	-	-	-	591,830
Economic Development	149,735	-	-	-	-	149,735
Human Resources	234,379	-	-	-	-	234,379
Warehouse	145,015	-	-	-	-	145,015
Fleet Maintenance	235,391	-	-	-	-	235,391
Building Maintenance	220,742	-	-	-	-	220,742
Granbury Public TV Channel 27	137,969	-	-	-	-	137,969
Other governmental functions	592,847	-	-	-	-	592,847
Public Safety:						
Police	3,503,264	-	-	-	-	3,503,264
Fire	354,000	-	-	-	-	354,000
Municipal Court	228,467	-	-	-	-	228,467
Streets	562,719	-	-	-	-	562,719
Public Works	547,800	-	-	-	-	547,800
Community Development	430,693	-	-	-	-	430,693
Cemetery	55,852	-	-	-	-	55,852
Tourism	-	-	-	2,455,425	52,030	2,507,455
Parks	1,762,250	-	-	-	-	1,762,250
Conference Center	-	-	-	682,689	-	682,689
Capital outlay	-	-	811,717	-	-	811,717
Debt service:						
Principal	-	2,007,739	-	-	23,116	2,030,855
Interest and fiscal charges	-	900,063	-	-	12,283	912,346
Total expenditures	11,285,866	2,907,802	811,717	3,138,114	87,429	18,230,928
Excess (deficiency) of revenue over (under) expenditures	\$ 527,657	\$ (249,811)	\$ (731,445)	\$ (2,152,706)	\$ 97,121	\$ (2,509,184)
Other financing sources (uses):						
Transfers in	351,470	154,811	-	2,250,440	50,000	2,806,721
Transfers out	(2,408,757)	-	-	-	(250,000)	(2,658,757)
Issuance of Capital lease	452,839	-	-	-	-	452,839
Total other financing sources (uses)	(1,604,448)	154,811	-	2,250,440	(200,000)	600,803
Net change in fund balances	(1,076,791)	(95,000)	(731,445)	97,734	(102,879)	(1,908,381)
Fund Balance, October 1, 2013	5,512,719	266,352	5,006,426	(544,810)	214,379	10,455,066
Fund Balance, September 30, 2014	\$ 4,435,928	\$ 171,352	\$ 4,274,981	\$ (447,076)	\$ 111,500	\$ 8,546,685

The notes to the financial statements are an integral part of this statement.

City of Granbury, Texas
 Reconciliation of Statement of Revenues,
 Expenditures and Changes in Fund Balances of
 The Governmental Funds to the Statement of Activities
 For the year ended September 30, 2014

Total Net Change in Fund Balances - Governmental Funds	(1,908,381)	
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$3,187,522 of capital outlays, \$821,184 of developer contributions and \$2,030,855 of debt principal payments is to increase net position.	6,039,561	
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals and transfers between activities) is to decrease net position.	(22,001)	
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,690,828)	
Current year issuance of capital lease are other financing sources in the fund financial statements. The effect of the \$452,839 increase in capital leases payable is a decrease in net position.	(452,839)	
Current year interest payable and compensated absences of the governmental funds are not due and payable in the current period and, therefore are not reported as liabilities or assets in the funds. The \$5,976 decrease in interest payable, \$30,348 decrease in compensated absences, \$20,778 amortization of deferred charges, premiums and discounts decrease net position.	57,102	
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	51,192	
The City uses an internal service fund to charge costs of self-insurance to individual funds. The adjustment to reflect the consolidation of the internal service fund activities related to governmental activities.	(1,179)	
Change in Net Position of Governmental Activities	<table border="1" style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="text-align: right; padding: 2px;">1,072,627</td> </tr> </table>	1,072,627
1,072,627		

City of Granbury, Texas
Statement of Net Position
Proprietary Funds
September 30, 2014

	Business-type Activities Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 2,676,468	\$ 831	\$ 2,677,299	\$ -
Investments	50,000	-	50,000	-
Receivables (Net of allowance for uncollectibles):				
Accounts	2,127,472	-	2,127,472	-
Miscellaneous Receivables	357,228	139,933	497,161	-
Interest	78	-	78	-
Prepaid expenses	-	1,055	1,055	-
Supplies inventory	1,260,858	23,618	1,284,476	-
Restricted Assets:				
Cash and cash equivalents	1,523,383	-	1,523,383	-
Investments	2,558,960	-	2,558,960	-
 Total current assets	 <u>10,554,447</u>	 <u>165,437</u>	 <u>10,719,884</u>	 <u>-</u>
Capital assets, at cost:				
Land	885,750	147,823	1,033,573	-
Construction in Progress	3,179,191	-	3,179,191	-
Buildings	260,055	256,487	516,542	-
Improvements other than buildings	47,675,782	4,444,715	52,120,497	-
Machinery and Equipment	4,425,653	246,022	4,671,675	-
Less: accumulated depreciation	(22,495,978)	(2,889,298)	(25,385,276)	-
Capital assets, net	<u>33,930,453</u>	<u>2,205,749</u>	<u>36,136,202</u>	<u>-</u>
 Total noncurrent assets	 <u>33,930,453</u>	 <u>2,205,749</u>	 <u>36,136,202</u>	 <u>-</u>
 Total assets	 <u>\$ 44,484,900</u>	 <u>\$ 2,371,186</u>	 <u>\$ 46,856,086</u>	 <u>\$ -</u>
 DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	\$ 178,329	\$ -	\$ 178,329	\$ -
Total deferred outflows of resources	<u>\$ 178,329</u>	<u>\$ -</u>	<u>\$ 178,329</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

City of Granbury, Texas
Statement of Net Position
Proprietary Funds
September 30, 2014

	Business-type Activities			Governmental
	Enterprise Funds			Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
LIABILITIES:				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 1,054,946	\$ 19,629	\$ 1,074,575	\$ -
Compensated absences payable	37,489	2,002	39,491	-
Due to other funds	14,873	290,000	304,873	-
Current Liabilities Payable from Restricted Assets:				
Current portion of long-term debt	1,370,113	97,697	1,467,810	-
Interest payable	34,719	-	34,719	-
Customer deposits payable	504,732	-	504,732	-
Total current liabilities	<u>3,016,872</u>	<u>409,328</u>	<u>3,426,200</u>	<u>-</u>
Noncurrent Liabilities:				
Compensated absences payable	76,234	-	76,234	-
Capital leases payable	390,835	800,510	1,191,345	-
Bonds payable	<u>15,238,804</u>	<u>-</u>	<u>15,238,804</u>	<u>-</u>
Total noncurrent liabilities	<u>15,705,873</u>	<u>800,510</u>	<u>16,506,383</u>	<u>-</u>
Total liabilities	<u>\$ 18,722,745</u>	<u>\$ 1,209,838</u>	<u>\$ 19,932,583</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES:				
Unearned Revenue	<u>\$ 187,602</u>	<u>\$ -</u>	<u>\$ 187,602</u>	<u>\$ -</u>
Total deferred inflows of resources	<u>\$ 187,602</u>	<u>\$ -</u>	<u>\$ 187,602</u>	<u>\$ -</u>
NET POSITION:				
Investment in capital assets, net of debt	\$ 18,337,808	\$ 1,307,542	\$ 19,645,350	\$ -
Restricted for debt service (Expendable)	1,110,432	-	1,110,432	-
Restricted impact fees for capital improvements - water (Expendable)	258,037	-	258,037	-
Restricted impact fees for capital improvements - wastewater (Expendable)	767,287	-	767,287	-
Unrestricted	<u>5,279,318</u>	<u>(146,194)</u>	<u>5,133,124</u>	<u>-</u>
Total net position	<u>\$ 25,752,882</u>	<u>\$ 1,161,348</u>	<u>\$ 26,914,230</u>	<u>\$ -</u>

City of Granbury, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2014

	Business-type Activities Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
Operating revenues:				
Charges for sales and services:				
Charges for Water and Sewer Sales	\$ 7,708,744	\$ -	\$ 7,708,744	\$ -
Charges for Electricity Sales	11,056,172	-	11,056,172	-
Charges for Airport Services	-	843,636	843,636	-
Impact fees	251,555	-	251,555	-
Other Revenue	534,780	11,224	546,004	-
Total operating revenue	<u>19,551,251</u>	<u>854,860</u>	<u>20,406,111</u>	<u>-</u>
Operating expenses:				
Administration	742,311	-	742,311	-
Airport	-	933,716	933,716	-
Water treatment and distribution	2,778,826	-	2,778,826	-
Wastewater collection and treatment	1,356,060	-	1,356,060	-
Electricity	9,619,626	-	9,619,626	-
Management Information Systems	279,155	-	279,155	-
Meter Reading	197,438	-	197,438	-
Fleet Maintenance	74,334	-	74,334	-
Building Maintenance	381,078	-	381,078	-
Utility Franchise Fees	843,618	-	843,618	-
Depreciation	1,969,435	156,010	2,125,445	-
Total operating expenses	<u>18,241,881</u>	<u>1,089,726</u>	<u>19,331,607</u>	<u>-</u>
Operating income	<u>1,309,370</u>	<u>(234,866)</u>	<u>1,074,504</u>	<u>-</u>
Nonoperating revenues (expenses):				
Interest revenue	20,942	-	20,942	22
Interest expense	(586,601)	(32,035)	(618,636)	-
Contribution for Economic Development	(86,000)	-	(86,000)	-
Total nonoperating revenues (expenses)	<u>(651,659)</u>	<u>(32,035)</u>	<u>(683,694)</u>	<u>22</u>
Income (loss) before contributions and transfers	<u>657,711</u>	<u>(266,901)</u>	<u>390,810</u>	<u>22</u>
Capital contributions and transfers:				
Capital contributions	758,101	48,140	806,241	-
Transfers in	-	203,506	203,506	-
Transfers out	<u>(351,470)</u>	<u>-</u>	<u>(351,470)</u>	<u>(1,201)</u>
Change in Net Position	1,064,342	(15,255)	1,049,087	(1,179)
Net Position, October 1, 2013	<u>24,688,540</u>	<u>1,176,603</u>	<u>25,865,143</u>	<u>1,179</u>
Net Position, September 30, 2014	<u>\$ 25,752,882</u>	<u>\$ 1,161,348</u>	<u>\$ 26,914,230</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

City of Granbury, Texas
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2014

	Business-type Activities			Governmental
	Enterprise Funds			Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 19,811,594	\$ 875,361	\$ 20,686,955	\$ -
Payments to suppliers	(15,054,371)	(754,278)	(15,808,649)	-
Cash paid to employees	(1,596,694)	(167,490)	(1,764,184)	-
Net cash provided by operating activities	<u>3,160,529</u>	<u>(46,407)</u>	<u>3,114,122</u>	<u>-</u>
Cash flow from noncapital financing activities:				
Increase (decrease) in due to other funds	-	80,000	80,000	-
Transfers in	-	203,506	203,506	-
Transfers out	(351,470)	-	(351,470)	(1,201)
Contributions for Economic Development	(86,000)	-	(86,000)	-
Net cash provided (used) by noncapital financing activities	<u>(437,470)</u>	<u>283,506</u>	<u>(153,964)</u>	<u>(1,201)</u>
Cash flow from capital and related financing activities:				
Principal payments on long-term debt	(1,265,972)	(101,256)	(1,367,228)	-
Capital expenditures	(1,472,148)	(104,831)	(1,576,979)	-
Interest paid on long-term debt	(607,990)	(32,035)	(640,025)	-
Net cash (used) by capital and related financing activities	<u>(3,346,110)</u>	<u>(238,122)</u>	<u>(3,584,232)</u>	<u>-</u>
Cash flow from investing activities:				
Purchase of investments	(195)	-	(195)	-
Interest Received	20,954	-	20,954	22
Net cash provided (used) by investing activities	<u>20,759</u>	<u>-</u>	<u>20,759</u>	<u>22</u>
Net increase (decrease) in cash and cash equivalents	(602,292)	(1,023)	(603,315)	(1,179)
Cash and cash equivalents, October 1, 2013	<u>4,802,143</u>	<u>1,854</u>	<u>4,803,997</u>	<u>1,179</u>
Cash and cash equivalents, September 30, 2014	<u>\$ 4,199,851</u>	<u>\$ 831</u>	<u>\$ 4,200,682</u>	<u>\$ -</u>
Reconciliation of Operating Income to				
Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 1,309,370	\$ (234,866)	\$ 1,074,504	\$ -
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,969,435	156,010	2,125,445	
(Increase) decrease in accounts receivable	87,015	-	87,015	
(Increase) decrease in miscellaneous receivables	(319,164)	20,501	(298,663)	-
(Increase) decrease in prepaid items	-	(1,055)	(1,055)	
(Increase) decrease in inventory	(2,247)	14,118	11,871	
Increase (decrease) in accounts payable	(33,501)	(1,192)	(34,693)	-
Increase (decrease) in compensated absences payable	(23,707)	77	(23,630)	
Increase (decrease) in unearned revenue	112,104	-	112,104	
Increase (decrease) in customer meter deposits	61,224	-	61,224	
Total adjustments	<u>1,851,159</u>	<u>188,459</u>	<u>2,039,618</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 3,160,529</u>	<u>\$ (46,407)</u>	<u>\$ 3,114,122</u>	<u>\$ -</u>
Noncash Investing, Capital and Financing Activities				
Contribution of capital assets from developers	\$ 758,101	\$ -	\$ 758,101	\$ -
Capital assets purchased with capital lease	<u>485,573</u>	<u>-</u>	<u>485,573</u>	<u>-</u>
	<u>\$ 1,243,674</u>	<u>\$ -</u>	<u>\$ 1,243,674</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

City of Granbury, Texas
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2014

	Future Construction Escrow Agency Fund	Employee Benefits Trust
ASSETS:		
Assets:		
Cash and cash equivalents	\$ <u>59,249</u>	\$ <u>77,554</u>
Total assets	\$ <u><u>59,249</u></u>	\$ <u><u>77,554</u></u>
LIABILITIES		
Liabilities:		
Escrow liability	\$ <u>59,249</u>	\$ <u>-</u>
Total liabilities	\$ <u><u>59,249</u></u>	\$ <u><u>-</u></u>
NET POSITION		
Unrestricted Net Position		\$ <u><u>77,554</u></u>

The notes to the financial statements are an integral part of this statement.

City of Granbury, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the year ended September 30, 2014

	<u>Employee Benefits Trust</u>
Additions	
Contributions	
Employer	\$ 1,337,801
Employees	75,698
Miscellaneous income	260
Interest Income	<u>438</u>
Total additions	<u>1,414,197</u>
Deductions	
Insurance Premiums	<u>1,535,968</u>
Income (loss) before transfers	<u>(121,771)</u>
Transfer in	<u>1,201</u>
Change in net position	(120,570)
Net Position, October 1, 2013	<u>198,124</u>
Net Position, September 30, 2014	<u>\$ 77,554</u>

The notes to the financial statements are an integral part of this statement.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Granbury is a charter city in which the citizens elect the mayor at large and five council members by wards. The financial statements of the City of Granbury, Texas ("City") include all governmental activities, organizations, and functions of the City. The criteria considered in determining governmental activities to be reported within the City's financial statements included: the City's accountability for the entity's fiscal matters; the scope of public service of the entity; and the nature of any special financing relationships which may exist between the City and a given governmental entity. Blended component units, although legally separate entities, are, in substance, part of the government ' s operations and so data from these units are combined with data of the primary government. The City has one blended component unit, which has a September 30 year-end.

Blended Component Unit.

June 6, 2006, the City created the Granbury Historic Properties Corporation pursuant to the Texas Transportation Corporation Act, Chapter 431 as amended. All powers of the Corporation are vested with a Board of Directors consisting of three directors, each of whom shall be a resident of the City and are determined as follows: the mayor of the city, city manager and either the chief financial officer of the City or a member of the city council as determined by the city council. The Corporation was created to assist the City in acquisition/control of historical properties deemed important to the growth and development of the City. The Corporation is presented as a blended component unit and reported as a special revenue fund because the City can impose its will on the Corporation by significantly influencing the programs, projects or activities performed by the Corporation and because the Corporation's services are provided exclusively for the benefit of the City.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual funds and individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, however, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized when payment is due.

Property taxes, sales and use taxes, hotel/motel occupancy taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives payment.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds).

The *tourism fund* is used to account for financial resources to be used for the expenditures related to Tourism, the Conference Center, Langdon Center and the Opera House.

The City reports the following major proprietary fund:

The *utility fund* is used to account for the operation of the utility systems of the City.

Additionally, the government reports the following fund and fund types:

The *airport fund* is an enterprise fund used to account for the operation of the City's municipal airport.

The City utilizes one *internal service fund* to account for self-funded health insurance. As of September 30, 2014, this fund was closed out as the City no longer carries self-funded health insurance.

The future construction escrow *agency fund* is used to account for resources held in a purely custodial capacity for individuals and organizations outside the reporting government.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *employee benefits trust* is used to account for employer and employee contributions for health insurance premiums and the payment of those premiums.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges and transfers between the governmental activities and the business-type activities, which cannot be eliminated.

Amounts reported as program revenues include 1) charges for customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds, distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and internal service fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased. Amounts invested in Tex-Pool and TexStar public investment pools are not considered cash and cash equivalents. Assets reported as cash and cash equivalents are considered cash and cash equivalents for the statement of cash flows.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. *Property Tax*

Ad valorem property taxes are levied each October 1, in conformity with Subtitle E, Texas Property Tax Code. The taxes are levied from valuations assessed as of the prior January 1. Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31. Tax liens are automatic on January 1 each year. Property tax revenues are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year ending are recorded as deferred revenue and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply.

4. *Inventory*

All inventories are valued at cost using an average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond September 30 are recorded as prepaid items in both the government-wide and fund financial statements.

6. *Capital Assets*

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of two years or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the proprietary funds during the current fiscal year was \$618,636. Of this amount \$0 was included as part of the cost of capital assets under construction in connection with utility construction projects.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment of the primary government and proprietary funds are depreciated using the straight-line method over the following estimated useful lives.

Building and infrastructure	20 - 40 years
Improvements other than buildings	10 - 50 years
Machinery and equipment	7 - 20 years

The City has reported infrastructure capital assets acquired prior to the implementation of GASB Statement No. 34 at estimated historical cost and are reported with improvements other than buildings.

7. *Compensated Absences*

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. When an employee leaves City employment, the employee is paid for earned but unused vacation time. This payout is limited to an amount equal to their annual vacation allowance based on years of service. Accumulated vacation time less than or equal to the employee's annual vacation allowance is accrued in the government-wide and proprietary fund financial statements. Accumulated sick time is accrued in the government-wide and proprietary fund financial statements for employees who are over sixty years old and have at least five years of service to the City or employees who have served the City for twenty years, regardless of age. A liability for these amounts are reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

8. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses as incurred. Deferred refunding charges are reported as deferred outflows of resources and are amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Fund Balance – Governmental Funds*

In accordance with GASB No. 54, the City classified fund balances in the governmental funds as follows:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts constrained to specific purposes by a government itself, using its highest

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (City Council ordinance).

Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council has delegated the authority to assign fund balance to itself.

Unassigned – All amounts not included in other spendable classifications.

The details of the fund balances of the governmental funds are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Tourism Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays and inventory	\$ 141,407	\$ -	\$ -	\$ -	\$ -	\$ 141,407
Due from other funds	806,000					806,000
Restricted:						
Debt Service		171,352				171,352
Construction			4,274,981			4,274,981
Police training, K9 program and forfeiture funds	44,602					-
Park improvements	419,785					419,785
Public, educational and governmental programming	54,789					54,789
Court technology & security	37,563					37,563
Committed:						
Culture and Recreation				-	111,500	111,500
Encumbrances	15,746					15,746
Assigned						
Cemetery Gas Well	55,131					55,131
Unassigned	2,860,905			(447,076)	-	2,413,829
	<u>\$ 4,435,928</u>	<u>\$ 171,352</u>	<u>\$ 4,274,981</u>	<u>\$ (447,076)</u>	<u>\$ 111,500</u>	<u>\$ 8,502,083</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted fund balance to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.

The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the City strive to maintain an unassigned fund balance of not less than 25% of the General Fund budgeted expenditures.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. *Net Position*

Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The following is a reconciliation of restricted fund balance reported in the governmental fund financial statements to restricted net assets of the governmental activities reported in the government-wide financial statements.

Restricted Fund Balance (Exhibit C-1)	\$ 5,003,072
Adjustments	
Unspent proceeds from bonds reclassified to investment in capital assets, net of debt	(4,274,981)
Accrued interest payable restricted for debt service	(106,056)
Deferred property tax revenue restricted for debt service	60,216
Total adjustments	(4,320,821)
Restricted Net Position (Exhibit A-1)	\$ 682,251

11. *Use of Estimates*

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of management's estimates.

12. *Comparative Data*

Comparative total data for the prior year has been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

13. *Deficit Fund Equity*

The tourism fund reported a negative fund balance of \$447,076. Management expects the fund to report a positive change in fund balance next year. Additionally, the general fund will make transfers to cover the deficit fund equity.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 2: DEPOSITS AND INVESTMENTS

The Texas Public Funds Investment Act authorizes the government to invest in obligations of the U.S. Treasury, obligations of states, agencies, counties, cities and other political subdivisions, secured certificates of deposit, repurchase agreements, bankers' acceptance, commercial paper, mutual funds, guaranteed investment contracts and investment pools. Investments are stated at fair value except for short-term highly liquid investments which are stated at cost or amortized cost. During the year ended September 30, 2014, the City did not own any types of securities other than those permitted by statute.

The City invests idle funds in the Texas Local Government Investment Pool (TexPool) and TexSTAR investment pool. The City's investment pools operate in a manner consistent with the SEC's Rule 2A7 of the Investment Act of 1940. The Pool's are required to maintain a fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name at a level of not less than 102% of fair value. At September 30, 2014, the City's deposits at all banks were adequately insured.

Credit Risk– Investments

The City controls credit risk by limiting its investments to those instruments allowed by the State Public Funds Investment Act described above.

Interest Rate Risk – Investments

In accordance with its investment policy, the City manages interest rate risk by avoiding over-concentration of assets in a specific maturity sector, a specific issuer or a specific class of securities. Portfolio maturities are staggered in a way that protects interest income from volatility and concentrations in a specific maturity sector. The maximum dollar weighted average maturity will be limited to two years. The City's investments at September 30, 2014 included the following:

Investment	Credit Rating	Maturities	Percentage of Total Investments	Cost	Fair Value
Tex-Pool	AAAm	83 days	59.72%	\$ 4,040,043	\$ 4,040,043
TexStar Pool	AAAm	50 days	40.28%	2,725,018	2,725,018
			100.00%	<u>\$ 6,765,061</u>	<u>\$ 6,765,061</u>

Reconciliation to financial statements

Investments from Exhibit A-1	\$ 6,868,960
Less: Certificate of Deposit	(103,899)
	<u>\$ 6,765,061</u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 3: RESTRICTED ASSETS

The following cash and investments in the government-wide statement of net position are restricted for the following purposes:

	<u>Cash</u>	<u>Investments</u>
Governmental Activities		
PEG Fees	\$ 54,789	\$ -
Granbury Lake Level	7,328	-
Total	<u>\$ 62,117</u>	<u>\$ -</u>
Business-type Activities		
Customer deposits	\$ 504,732	\$ -
Impact fees restricted for capital improvements	551,453	473,899
Interest and sinking funds	118,715	-
Revenue bond reserve	141,375	885,061
Bond construction fund	207,108	1,200,000
Total	<u>\$ 1,523,383</u>	<u>\$ 2,558,960</u>

NOTE 4: RECEIVABLES

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is based upon historical experience and is equal to 15% of outstanding delinquent property taxes at September 30. In the governmental activities the fines and fees receivable is reported net of an allowance which is 65% of the outstanding receivable. Trade accounts receivable in the enterprise fund that are inactive at year-end comprise the trade accounts receivable allowance for uncollectible accounts. Receivables as of year-end for the governmental funds and enterprise fund, including the applicable allowances for uncollectible accounts are as follows:

	General	Debt Service	Capital Projects	Tourism	Total Governmental Funds	Total Enterprise Funds
Receivables:						
Property taxes	\$ 47,982	\$ 70,842	\$ -	\$ -	\$ 118,824	\$ -
Franchise taxes	343,217				343,217	
Accounts receivable						1,194,878
Earned income not billed						951,866
Fines and fees receivable	389,736				389,736	
Due from other governments	1,128,680				1,128,680	
Miscellaneous	43,851	-	-	54,256	98,107	497,161
Interest	42	-	71	-	113	78
Gross Receivables	<u>1,953,508</u>	<u>70,842</u>	<u>71</u>	<u>54,256</u>	<u>2,078,677</u>	<u>2,643,983</u>
Less: Allowance for Uncollectibles	(259,809)	(10,626)	-	-	(270,435)	(19,272)
Net Total Receivables	<u>\$ 1,693,699</u>	<u>\$ 60,216</u>	<u>\$ 71</u>	<u>\$ 54,256</u>	<u>\$ 1,808,242</u>	<u>\$ 2,624,711</u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies in this category. It is the deferred charges on refunding bonds reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) in this category. Unavailable revenues for governmental funds are reported as deferred inflows of resources. At the end of the fiscal year, the various components of deferred outflows and inflows were as follows:

Deferred outflows of resources

Deferred amount on refunding (utility fund)	\$ 178,329
Total deferred outflows of resources for enterprise funds	\$ 178,329

Deferred amount on refunding (governmental activities)	282,761
Total deferred outflows of resources for governmental activities	\$ 282,761

Deferred inflows of resources

Deferred property taxes receivable (general fund)	\$ 36,726
Deferred property taxes receivable (debt service fund)	60,216
Deferred sales tax receivable (general fund)	588,086
Deferred franchise tax receivable (general fund)	343,217
Deferred fines and fees receivable (general fund)	136,408
Unearned revenues (general fund)	465,686
Unearned revenues (nonmajor funds)	34,898
Total deferred inflows for governmental funds	\$ 1,665,237

Unearned revenues	187,602
Total deferred inflows for enterprise funds	\$ 187,602

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 6: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund balances for the City's individual major funds and nonmajor funds as of September 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Utility Fund	\$ 14,873	Warehouse inventory
	Tourism Fund	516,000	Borrowings through pooled cash
	Airport Fund	290,000	Borrowings through pooled cash
Debt Service	General Fund	2,507	Debt service
Total Governmental Funds		<u>\$ 823,380</u>	

The composition of interfund transfers for the City's individual major funds and nonmajor funds as of September 30, 2014, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Enterprise	\$ 351,470	Unrestricted revenues of utility fund used
Debt Service	General Fund	154,811	Debt service
Tourism	General	2,000,440	Conference Center and Opera House
Nonmajor	General	50,000	Historic Properties
Tourism	Nonmajor	250,000	Opera house improvements
Total Governmental Funds Transfers In		<u>\$ 2,806,721</u>	
Airport Fund	General	<u>\$ 203,506</u>	Airport
Total Enterprise Funds Transfers In		<u>\$ 203,506</u>	

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Non - Depreciable Assets:					
Land	\$ 5,347,623	\$ -	\$ -	\$ -	\$ 5,347,623
Construction in Progress	3,787,615	2,543,104		(4,984,297)	1,346,422
Total non-depreciable assets	<u>9,135,238</u>	<u>2,543,104</u>	<u>-</u>	<u>(4,984,297)</u>	<u>6,694,045</u>
Depreciable Assets:					
Buildings	14,919,938	39,920	-	4,470,588	19,430,446
Improvements other than buildings	48,184,349	821,184	-	513,709	49,519,242
Machinery and equipment	8,551,601	604,498	(356,755)	(6,099)	8,793,245
Total capital assets being depreciated	<u>71,655,888</u>	<u>1,465,602</u>	<u>(356,755)</u>	<u>4,978,198</u>	<u>77,742,933</u>
Accumulated Depreciation:					
Buildings	(4,784,266)	(603,339)	-	-	(5,387,605)
Improvements other than buildings	(25,445,283)	(1,544,527)	-	-	(26,989,810)
Machinery and equipment	(7,155,082)	(542,962)	334,754	6,099	(7,357,191)
Total accumulated depreciation	<u>(37,384,631)</u>	<u>(2,690,828)</u>	<u>334,754</u>	<u>6,099</u>	<u>(39,734,606)</u>
Governmental activities capital assets, net	<u>\$ 43,406,495</u>	<u>\$ 1,317,878</u>	<u>\$ (22,001)</u>	<u>\$ -</u>	<u>\$ 44,702,372</u>

Depreciation expense was charged as a direct expense to programs of the governmental activities as follows:

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 7: CAPITAL ASSETS (Continued)

Governmental activities:

City Council	264
Executive	1,287
Management Information Services	126,524
Human resources	8,305
Warehouse	13,941
Building maintenance	7,919
Other governmental functions	339,009
Police	120,684
Fire	128,544
Streets	1,089,896
Cemetery	16,140
Tourism	275,170
Parks	563,145
Total depreciation expense - governmental activities	<u><u>\$ 2,690,828</u></u>

Business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Non - Depreciable Assets:					
Land	\$ 1,033,573	\$ -			\$ 1,033,573
Construction in Progress	2,457,580	834,226		(112,615)	3,179,191
Total non-depreciable assets	<u>3,491,153</u>	<u>834,226</u>	<u>-</u>	<u>(112,615)</u>	<u>4,212,764</u>
Depreciable Assets:					
Buildings	403,927			112,615	516,542
Improvements other than buildings	51,078,780	1,041,717	-	-	52,120,497
Machinery and equipment	3,858,196	944,710	(137,328)	6,097	4,671,675
Total capital assets being depreciated	<u>55,340,903</u>	<u>1,986,427</u>	<u>(137,328)</u>	<u>118,712</u>	<u>57,308,714</u>
Accumulated Depreciation:					
Buildings	(368,672)	(12,385)		-	(381,057)
Improvements other than buildings	(19,847,637)	(1,912,218)	-	-	(21,759,855)
Machinery and equipment	(3,174,753)	(200,842)	137,328	(6,097)	(3,244,364)
Total accumulated depreciation	<u>(23,391,062)</u>	<u>(2,125,445)</u>	<u>137,328</u>	<u>(6,097)</u>	<u>(25,385,276)</u>
Business-type activities capital assets, net	<u><u>\$ 35,440,994</u></u>	<u><u>\$ 695,208</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 36,136,202</u></u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 7: CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type activities:	
Water treatment and distribution	\$ 1,089,060
Wastewater collection and treatment	651,926
Electricity	228,449
Airport	156,010
Total depreciation expense - business-type activities	\$ 2,125,445

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

General Obligation Bonds, Certificates of Obligation Bonds and Capital Leases Payable principal and interest are paid by the debt service fund. The Note Payable to OmniAmerican Bank is paid by the Granbury Historic Properties Corporation. The compensated absences balances were earned in the funds as follows: general fund \$373,555 and tourism fund \$5,667.

As of September 30 the City had the following governmental activities long-term debt outstanding:

	9/30/2013	Additions	Retirements	9/30/2014	Due Within One Year
General Obligation Bonds					
\$4,980,000; General Obligation Refunding Bonds Series 2013 due in semi-annual payments from 8/15/2013; 2% to 3% until 8/15/2024.	4,720,000	-	245,000	4,475,000	460,000
Series 2013 unamortized bond premium	340,202	-	30,927	309,275	30,927
\$2,270,000; General Obligation Refunding Bonds Series 2008 due in semi-annual payments from 8/15/2008, 3.50% to 4.00% until 8/15/2024.	1,535,000		110,000	1,425,000	117,500
Series 2008 unamortized bond premium	30,022		2,730	27,292	2,730
\$5,845,000; General Obligation Refunding Bonds Series 2011 due in annual installments beginning from 08/15/2011, 2.00% to 4.00% until 08/15/2022	3,870,000		805,000	3,065,000	825,000
Series 2011 unamortized bond premium	231,267	-	23,127	208,140	23,127
Total General Obligation Bonds	10,726,491	-	1,216,784	9,509,707	1,459,284

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

Certificates of Obligation

\$3,859,500; Tax and Revenue Certificates of Obligation - Series 2006 due in semi-annual installments at 4.00% to 4.15% until 8/15/2024.	205,375		205,375	-	-
\$680,000; City of Granbury, Texas Combination Tax and Revenue Certificates of Obligation, Series 2006A due in semi-annual installments at 4.45% until August 15, 2021.	420,000		45,000	375,000	45,000
\$15,050,000 Combination Tax and Revenue Certificates of Obligation - Series 2007. Interest is payable semi-annually at 4.00% to 4.70% until 8/15/32.	12,635,000	-	450,000	12,185,000	465,000
Series 2007 unamortized bond discount	(118,968)	-	(6,261)	(112,707)	(6,261)
Total Certificates of Obligation	13,141,407	-	694,114	12,447,293	503,739

Notes Payable

\$483,450; Promissory Note to OmniAmerican Bank payable in 12 monthly installments of interest only beginning on December 14, 2006 at 5.69%, thereafter, equal monthly principal and interest installments of \$3,048. On November 14, 2009 and every third year thereafter, until maturity the loan rate will change. At each change date the rate will be the lessor of the Prime Rate minus 2.56% or the maximum rate allowed by law. Note is secured by opera house and related properties This note was refinanced through First Financial Bank	383,508		23,116	360,392	23,889
Total Notes Payable	383,508	-	23,116	360,392	23,889

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

Capital Leases Payable

\$370,000 Lease payable to Suntrust Leasing in 40 quarterly payments of \$11,114 including interest at 3.71% until December 2014. Secured by rescue truck	54,056	43,045	11,011	11,011	
\$100,709.80 Lease payable to Kansas State Bank in 20 quarterly payments of \$5,035.49 including interest at 3.179% until November 2016. Secured by Forklift and Fire Chevy.	61,960	18,390	43,570	18,982	
\$214,208 Lease payable to Houston Community Bank in 20 quarterly payments of \$14,582.11 including interest at 1.18% until March 2018. Secured by (2) 2013 Ford F250 and (2) 2013 Chevy Silverado Trucks.	193,351	42,085	151,266	42,584	
\$273,846 lease payable to BB&T in quarterly payments of \$37,978.41, including interest at 1.5% until January 2019. Secured by multiple equipment purchases.	273,846	23,673	250,173	53,671	
\$81,313 lease payable to BB&T in quarterly payments of \$10,283.41, including interest at 1.04% until January 2016. Secured by (3) Chevrolet Tahoes	81,313	20,171	61,142	40,656	
\$97,679.58 lease payable to US Bank in three annual installments of \$32,559.86 at 0% interest for 3 years.	97,680	-	97,680	32,560	
Total Capital Leases	309,367	452,839	147,364	614,842	199,464
Compensated Absences Payable	409,570	379,222	409,570	379,222	208,188
Total Governmental Activities	24,970,343	832,061	2,490,948	23,311,456	2,394,564

The aggregate debt service payments to maturity of the governmental activities general obligation bonds, certificates of obligation and notes payable are as follows:

	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2015	1,402,500	279,988	\$ 1,682,488	510,000	550,020	\$ 1,060,020
2016	865,000	241,925	1,106,925	535,000	529,417	1,064,417
2017	890,000	220,100	1,110,100	555,000	507,792	1,062,792
2018	912,500	195,150	1,107,650	580,000	485,367	1,065,367
2019	947,500	167,475	1,114,975	600,000	461,920	1,061,920
2020-2024	3,947,500	350,350	4,297,850	3,205,000	1,923,132	5,128,132
2025-2029	-	-	-	3,830,000	1,176,002	5,006,002
2030-2034	-	-	-	2,745,000	257,612	3,002,612
Debt Service Requirements	8,965,000	1,454,988	10,419,988	12,560,000	5,891,262	18,451,262
Add: Unamortized Premium	544,707					
Less: Unamortized Discount				(112,707)		
	\$ 9,509,707	\$ 1,454,988	\$ 10,419,988	\$ 12,447,293	\$ 5,891,262	\$ 18,451,262

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

	Notes Payable		
	Principal	Interest	Total
2015	\$ 23,889	\$ 11,513	\$ 35,402
2016	24,831	10,540	35,371
2017	25,513	9,889	35,402
2018	26,584	8,818	35,402
2019	27,473	7,928	35,401
2020-2024	118,457	26,203	144,660
2025-2029	113,645	4,344	117,989
	\$ 360,392	\$ 79,235	\$ 439,627

BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

Utility System Lien Subordinated Revenue Bonds – Series 1998 and 1999 are issued debt by the United States Department of Agriculture, Rural Development Agency – 40 year loans for the wastewater treatment facility expansion.

Four debt issues of the City are allocated between the governmental activities and business-type activities. The Tax and Revenue Certificates of Obligation Series 2006 were allocated \$3,859,500 governmental activities and \$1,120,500 business-type activities. The General Obligation Refunding Bonds Series 2008 were allocated \$2,270,000 governmental activities and \$2,270,000 business-type activities. The 2013 General Obligation refunding bonds were allocated \$4,980,000 governmental activities and \$3,190,000 business-type activities.

As of September 30 the City had the following business-type activities long-term debt outstanding:

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 8: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (continued)

	9/30/2013	Additions	Retirements	9/30/2014	Due Within One Year
Revenue Bonds					
\$3,352,000; Utility System Subordinated Lien Revenue Bonds - Series 1998 - dated 3/30/98, due in annual installments at 4.50% to 2038.	2,712,000		60,000	2,652,000	63,000
\$270,000; Utility System Subordinated Lien Revenue Bonds - Series 1999 - dated 6/28/99, due in annual installments at 4.50% to 2038.	215,000		5,000	210,000	5,000
\$4,005,000; Utility Systems Revenue Improvement and Refunding Bonds - Series 2003 - due in semi-annual installments at 2.00% to 3.00% to 9/15/2014.	255,000		255,000	-	-
\$5,910,000; Utility Systems Revenue Refunding Bonds Series 2010 due in annual installments at 2% to 3.625% to 9/15/2022	5,125,000	-	270,000	4,855,000	545,000
2010 Series unamortized bond premium	25,300	-	2,811	22,489	2,811
\$4,700,000; Utility Systems Revenue Bonds Series 2012 due in annual installments at 3.0% to 4.0% to 9/15/2031	4,370,000		185,000	4,185,000	185,000
2012 Series unamortized bond premium	200,914		11,162	189,752	11,162
Total Revenue Bonds	12,903,214	-	788,973	12,114,241	811,973

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 8: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (Continued)

General Obligation and Certificates of Obligation

\$3,190,000; General Obligation Refunding Bonds Series 2013 due in semi-annual payments from 8/15/2013; 2% to 3% until 8/15/2024.	2,955,000	-	230,000	2,725,000	300,000
2013 Series unamortized bond premium	217,963	-	19,815	198,148	19,815
\$1,120,500; Tax and Revenue Certificates of Obligation - Series 2006 due in semi-annual installments at 4.00% to 4.15% until 8/15/2024.	59,625		59,625	-	-
\$2,270,000; General Obligation Refunding Bonds Series 2008 due in semi-annual payments from 8/15/2008, 3.50% to 4.00% until 8/15/2024.	1,535,000	-	110,000	1,425,000	117,500
2008 Series unamortized bond premium	31,162	-	2,729	28,433	2,729
Total Certificates of Obligation	4,798,750	-	422,169	4,376,581	440,044

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 8: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (Continued)

Capital Leases Payable

\$98,600 Lease payable to Kansas State Bank in quarterly payments of \$5,596 including interest at until September 2014. Secured by sewer jetter.	21,707	21,707	-	-	
\$574,094.46 Lease payable to Community Bank in 32 quarterly payments of \$17,940 plus interest at 3.0% until February 2021 and secured by the airport hanger.	538,214	71,762	466,452	71,762	
\$188,705; Lease payable to First National Bank Granbury for an aircraft maintenance hangar payable in 60 quarterly payments of \$4,028, including interest at 3.35% through February 2028.	183,825	11,760	172,065	10,336	
\$284,790; Lease payable to First National Bank Granbury for an aircraft storage hangar payable in 60 quarterly payments of \$6,078, including interest at 3.35% through February 2028.	277,425	17,734	259,691	15,599	
\$50,524.40 Lease payable to Kansas State Bank in 20 quarterly payments of \$2,526.22 including interest at 3.179% until November 2016. Secured by Electric Chevy.	31,085	9,226	21,859	9,523	
\$69,045 Lease payable to Houston Community Bank in 20 quarterly payments of \$14,582.11 including interest at 1.18% until March 2018. Secured by (2) 2013 Ford F250 and (2) 2013 Chevy Silverado Trucks.	62,366	13,476	48,890	13,636	
\$485,573 lease payable to BB&T in quarterly payments of \$37,978.41, including interest at 1.5% until January 2019. Secured by various equipment purchases.	485,573	47,393	438,180	94,937	
	1,114,622	485,573	193,058	1,407,137	215,793
Compensated Absences Payable	139,353	115,725	139,353	115,725	39,491
Total Business-type Activities	18,955,939	601,298	1,543,553	18,013,684	1,507,301

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 8: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (Continued)

The aggregate debt service payments to maturity of the business-type activities revenue bonds and certificates of obligation are as follows:

	Revenue Bonds			General Obligation and Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 798,000	\$ 446,277	\$ 1,244,277	417,500	126,188	\$ 543,688
2016	821,000	421,317	1,242,317	415,000	116,075	531,075
2017	849,000	395,623	1,244,623	435,000	106,050	541,050
2018	878,000	366,168	1,244,168	447,500	93,925	541,425
2019	901,000	338,658	1,239,658	457,500	80,825	538,325
2020-2024	3,584,000	1,212,223	4,796,223	1,977,500	181,850	2,159,350
2025-2029	1,988,000	706,675	2,694,675	-	-	-
2030-2034	1,369,000	300,590	1,669,590	-	-	-
2035-2039	714,000	82,115	796,115	-	-	-
Debt Service Requirements	11,902,000	4,269,646	16,171,646	4,150,000	704,913	4,854,913
Add: Unamortized Premium	212,241			226,581		
	<u>\$ 12,114,241</u>	<u>\$ 4,269,646</u>	<u>\$ 16,171,646</u>	<u>\$ 4,376,581</u>	<u>\$ 704,913</u>	<u>\$ 4,854,913</u>

The City covenants and agrees to fix, maintain, charge and collect for services rendered by the Enterprise Fund, such rates and charges that will produce net revenues equal to 1.2 times the debt service of the bonds and any additional bonds; and that will be sufficient to generate all deposits required to be made into the funds created under bond ordinances and any ordinance authorizing additional bonds. In the event that the City should become legally obligated to pay any other indebtedness from the net revenues of the Enterprise Fund, the City shall fix, maintain, charge and collect additional rates and charges for services rendered by the Enterprise Fund sufficient to establish and maintain funds for the payment thereof. The debt service coverage ratio of the Enterprise Fund at September 30, 2014 was as follows:

Revenues(1)	\$ 19,320,638
Operating expenses excluding depreciation	<u>16,272,446</u>
Net revenues available for debt service	<u>\$ 3,048,192</u>
Maximum annual debt service payment for the business-type activities revenue bonds	<u>\$ 1,244,623</u>
Debt Coverage Ratio (net revenues available for debt service divided by maximum debt service requirement)	<u>2.45</u>

(1) Includes charges for water and sewer sales, charges for electricity sales, other revenue and interest revenue

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 9: CAPITAL LEASES PAYABLE

The City has committed under various noncancelable lease/purchase agreements, primarily for equipment and airport hangers. Future minimum lease/purchase commitments are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2014	206,105	250,793	456,898
2015	174,425	248,640	423,065
2016	138,752	238,849	377,601
2017	79,067	227,518	306,585
2018	31,510	167,318	198,828
2019 - 2023	-	309,462	309,462
2023 -		<u>140,235</u>	<u>140,235</u>
 Total debt service requirements	 629,859	 1,582,815	 2,212,674
 Less: Interest Portion	 <u>15,017</u>	 <u>175,678</u>	 <u>190,695</u>
 Debt Principal	 \$ <u>614,842</u>	 \$ <u>1,407,137</u>	 \$ <u>2,021,979</u>

The City rents the airport T-hangers to individuals on a monthly basis. The above lease commitment will be offset by approximately \$85,000 rental income annually.

Assets under lease and related accumulated depreciation are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Improvements other than buildings	\$ -	\$ 1,459,027	\$ 1,459,027
Machinery and equipment	1,142,164	698,031	1,840,195
Less: Accumulated Depreciation	<u>(522,364)</u>	<u>(615,220)</u>	<u>(1,137,584)</u>
 Net	 \$ <u>619,800</u>	 \$ <u>1,541,838</u>	 \$ <u>2,161,638</u>

NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Texas Municipal League and participates in the Intergovernmental Risk Pool insurance coverage and are 100% covered through third-party insurance policies. There has been no reduction in coverage and the amount of settlements during the past three years has not exceeded the insurance coverage.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 11: RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory hybrid, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City for 2014 and 2013 were the same and were as follows:

Deposit Rate:	7%
Matching Rate	2 to 1
A member is vested after	5 years
Service retirement eligibility (age/years of service)	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method has been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable of their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 11: RETIREMENT PLAN (continued)

	2014	2013	2012
Annual required contribution (ARC)	\$ 1,218,660	\$ 1,145,980	\$ 1,033,122
Interest on Net Pension Obligation	-	-	-
Adjustment to the ARC	-	-	-
Annual pension cost	1,218,660	1,145,980	1,033,122
Contributions Made	1,218,660	1,145,980	1,033,122
Increase (decrease) in Net Pension Obligation	-	-	-
Net Pension Obligation/(Asset), beginning of year	-	-	-
Net Pension Obligation/(Asset), end of year	\$ -	\$ -	\$ -

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2012 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

General System-wide Actuarial Assumptions

	12/31/11	12/31/12	12/31/13
Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of payroll	Level Percent of payroll	Level Percent of payroll
GASB 25 Equivalent Single Amortization Period	26.2 Years-Closed	25.2 Years-Closed	25.0 Years-Closed
Amortization period for new gains/losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation At	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 11: RETIREMENT PLAN (continued)

description of the new actuarial cost method and assumptions; please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (ALL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	24,585,819	32,261,788	76.2%	7,675,969	7,142,021	107.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

NOTE 12: VOLUNTEER FIRE FIGHTER'S RETIREMENT FUND

A. PLAN DESCRIPTION

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2014, there were 198 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2014, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,073
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,161
Active Participants (Vested and Nonvested)	4,036

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 12: VOLUNTEER FIRE FIGHTER'S RETIREMENT FUND (continued)

each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children

B. FUNDING POLICY

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was 0%, since the first actuarial valuation report after adoption of the rules showed the System to have an adequate contribution arrangement without any Part Two contributions. Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

C. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest

**City of Granbury, Texas
Notes to Financial Statements
September 30, 2014**

NOTE 12: VOLUNTEER FIRE FIGHTER'S RETIREMENT FUND (continued)

on prior service financing) of \$4,176,659 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,530,343 for the fiscal year ending August 31, 2014. The City's contributions for the years ended September 30, 2014, 2013 and 2012 were \$50,715, \$44,045 and \$39,905 respectively.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed in subsection D below. The actuarial valuation as of August 31, 2014 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$625,000 each year to pay for part of the System's administrative expenses. On August 31, 2014 the actuarial liabilities exceeded the actuarial assets by \$26,093,761.

D. ACTUARIAL ASSUMPTIONS

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50%). In addition, the final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	32%	5.2%
Small cap domestic	10	5.8
Developed international	21	5.5
Emerging markets	6	5.4
Master limited partnership	5	7.1
Fixed Income		
Domestic	21	1.4
International	5	1.6
Cash	0	0.0
Total	100%	

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS

For the year ending September 30, 2009 the City was required to implement GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postretirement Benefits Other than Pensions. This statement establishes standards for the measurement, recognition and display of other postretirement benefits expenses/expenditures and related liabilities (assets), note disclosures and required supplementary information in the financial reports of state and local governmental employers. GASBS No. 45 has been implemented prospectively.

A. Supplemental Death Benefits Fund

The City participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund

(SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

Your City offers supplemental death to:	Plan Year 2013	Plan Year 2014
Active Employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee's entire careers.

The city's contributions to the TMRS SDBF for the years ended 2014, 2013 and 2012 were \$13,507, \$11,181 and \$10,898, respectively, which equaled the required contributions for each year.

Schedule of Contribution Rates:
 (retiree-only portion of rate)

Plan/ Calendar Year	Annual Required Contribution Rate	Actual Contribution Made Rate	Percentage of ARC Contributed
2012	0.03%	0.03%	100%
2013	0.03%	0.03%	100%
2014	0.03%	0.03%	100%

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 14: CONTINGENT LIABILITIES

A. Federal and State Programs

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency.

These programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the City has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required.

As it pertains to other matters of compliance, in the opinion of the City's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

B. Litigation

Various claims and lawsuits are pending against the City. Although the outcome of these lawsuits is not presently determinable, it is the opinion of City management and legal counsel that the potential loss on all claims will be covered by the City's insurance policy or will not have a material adverse effect on the financial condition of the City.

NOTE 15: CONTRACTS AND COMMITMENTS

A. Purchased Power for Resale

In August of 2007, the City entered into an agreement with Bryan Texas Utilities ("BTU") effective January 1, 2008 through December 31, 2017 for the purchase of its power and energy to serve its retail customers. Each month during the term of this agreement Granbury shall pay BTU a monthly energy charge, calculated by multiplying the energy delivered times \$72.75 per megawatt hour. Granbury will also pay BTU monthly an ancillary services charge, calculated by multiplying the energy delivered times \$2.00 per megawatt hour. The total cost incurred under this agreement for the year ended September 30, 2014 was \$8,455,439.

B. Water Capacity

The City has an annual agreement with the Brazos River Authority for 10,800 acre feet of water. The cost is adjusted annually by the Brazos River Authority. The amount paid to the Brazos River Authority under this agreement for the year ended September 30, 2014 was \$728,048.

C. Water Treatment

In 2012 Acton Municipal Utility District ("AMUD") and Johnson County Special Utility District ("JCSUD") formed the Brazos Regional Public Utility Agency ("BRPUA") and purchased the SWATS Plant from BRA. As of June 1, 2012, the BRPUA assumed ownership and operational control of the SWATS Plant from BRA. The agreement requires the City to participate in the cost and maintenance of the water treatment plant and debt service obligations on a percentage basis. The City's payments are adjusted annually by the BRPUA for the City's water consumption in the preceding year.

The total cost to purchase water from the SWATS Plant for the year ended September 30, 2014 was \$562,793.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 15: CONTRACTS AND COMMITMENTS (continued)

D. Airport Expansion

The City and Texas Department of Transportation have agreed to a \$16,830,000 joint project to expand the Granbury Regional Airport. The City will fund \$4,000,000 of the project from the capital projects fund. The Texas Department of Transportation will administer the project.

E. Engineering Services

June 19, 2012, the City approved a contract for \$1,363,000 for the design of a new reverse osmosis water treatment plant. The contract will be funded with the Utility System Revenue Refunding Bonds, Series 2012. As of September 30, 2014, \$1,040,896 has been expended on the project.

NOTE 16: ECONOMIC DEVELOPMENT AGREEMENTS

A. Chapter 380 Agreement

The City entered into a Chapter 380 Economic Development Agreement with a developer and grocery store. Upon the construction of a grocery store, the City agrees to pay fifty percent of real and personal property taxes and fifty percent of 1 cent sales taxes collected from within the development property to the developer and grocery store. Payments will continue annually until either the maximum reimbursement amount is paid or December 31, 2021, even if the maximum reimbursement amount has not been paid. The maximum reimbursement amount is \$1,154,787. \$136,828 was been recorded as an expense for September 30, 2014.

B. Property Lease

August 15, 2006 the City entered into an economic development agreement with Babe's-Granbury, LLC ("Babe's"). Under the terms of the agreement the City would fund up to \$200,000 for improvements to real property the City purchased June 2006 for \$531,264. Babe's agreed to lease the property for an initial term of ten years with an option to extend the terms of the agreement for two additional ten year periods. From September 1, 2007 to the end of the term of this agreement and any extensions thereof, the base rent shall be the greater of \$5,500 per month or the amount which equals the interest accruing on the sum of money actually expended by the City to acquire, build out/remodel and maintain the premises through March 1, 2007 at the rate of 6% per annum. In addition, the City shall receive percentage rent which is 2% of annual gross sales exceeding the breakpoint of \$4,000,000 per annum. During the year ended September 30, 2014 the City received \$66,000 in rents under this agreement.

NOTE 17: SUBSEQUENT EVENTS

December 10, 2014, the City Council authorized the issuance of the \$8,130,000 City of Granbury, Texas General Obligation Refunding Bonds, Series 2014. The bonds will refund the Combination Tax & Revenue Certifications of Obligation Series 2006A and the Combination Tax & Revenue Certificates of Obligation, Series 2007.

Subsequent events were evaluated through March 4, 2015, which is the date the financial statements were available to be issued.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2014

NOTE 18: FUTURE ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No. 27*. This Statement is to improve the accounting and financial reporting by state and local governments for pensions. This Statement will require government-wide and proprietary fund statements to recognize a liability equal to the net pension liability and that changes in the net pension liability be included in pension expense in the period of the change. The Statement is effective for fiscal years beginning after June 15, 2014. The City has not yet determined the effect this Statement will have on its financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contribution Made Subsequent to the Measurement Date – An Amendment of GASB No. 68*. This Statement addresses issues related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement will be implemented with GASB Statement No. 68, effective for the fiscal year ending September 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Granbury, Texas
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended September 30, 2014

	Budgeted Amounts		Actual	Budget to	Actual	Variance with
	Original	Final	Amounts	Budget to	Amounts	Final Budget
			GAAP	GAAP	Budgetary	Positive
			Basis	Differences	Basis	(Negative)
REVENUES:						
Taxes:						
General property	\$ 1,610,033	1,610,033	\$ 1,761,949	\$	\$ 1,761,949	\$ 151,916
Sales and use	6,644,200	6,644,200	6,599,573		6,599,573	(44,627)
Franchise	1,586,824	1,586,824	1,575,029		1,575,029	(11,795)
Fines and fees	222,400	223,030	149,611		149,611	(73,419)
Licenses and permits	682,150	643,370	595,351		595,351	(48,019)
Charges for service	-	111,150	49,358		49,358	(61,792)
Intergovernmental revenue	1,049,583	1,052,340	267,614		267,614	(784,726)
Park and recreation	130,800	139,800	485,692		485,692	345,892
Interest income	28,000	28,000	17,214		17,214	(10,786)
Other revenue	371,900	303,899	312,132		312,132	8,233
Total revenues	<u>12,325,890</u>	<u>12,342,646</u>	<u>11,813,523</u>	<u>-</u>	<u>11,813,523</u>	<u>(529,123)</u>
EXPENDITURES:						
Current						
General government						
City Council	204,091	209,091	205,010		205,010	4,081
Legal	84,996	84,996	180,338	143,285	323,623	(238,627)
Executive	621,001	638,501	556,051		556,051	82,450
Financial Administration	361,447	361,447	384,438	1,664	386,102	(24,655)
Purchasing	159,839	159,839	163,076		163,076	(3,237)
Social Services	44,000	44,000	44,000		44,000	-
Management Information Services and City WIFI	400,947	499,638	591,830		591,830	(92,192)
Economic Development	151,009	151,009	149,735		149,735	1,274
Human Resources	245,345	245,345	234,379		234,379	10,966
Warehouse	155,165	158,965	145,015		145,015	13,950
Fleet Maintenance	242,665	242,665	235,391		235,391	7,274
Building Maintenance	216,901	217,501	220,742		220,742	(3,241)
Granbury Public TV Channel 27	123,072	123,972	137,969	6,660	144,629	(20,657)
Other governmental functions	689,885	550,326	592,847		592,847	(42,522)
Public Safety:						
Police	3,533,635	3,636,221	3,503,264	700	3,503,964	132,257
Fire	412,721	339,717	354,000	1,851	355,851	(16,135)
Municipal Court	252,172	252,172	228,467		228,467	23,705
Streets	476,243	537,393	562,719		562,719	(25,327)
Public Works	421,611	531,371	547,800	4,321	552,121	(20,750)
Community Development	494,906	497,662	430,693	(27)	430,666	66,996
Neighborhood Services	97,430	-	-		-	-
Cemetery	47,979	58,717	55,852		55,852	2,865
Parks	2,609,215	2,755,056	1,762,250	75,275	1,837,525	917,531
Total expenditures	<u>12,046,275</u>	<u>12,295,603</u>	<u>11,285,866</u>	<u>233,729</u>	<u>11,519,595</u>	<u>776,008</u>
Excess (deficiency) of revenue over (under) expenditures	<u>279,615</u>	<u>47,043</u>	<u>527,657</u>	<u>(233,729)</u>	<u>293,928</u>	<u>246,885</u>
Other financing sources (uses):						
Transfers in	354,018	354,018	351,470		351,470	(2,548)
Transfers out	(722,388)	(2,353,025)	(2,408,757)		(2,408,757)	(55,732)
Issuance of capital lease	-	351,002	452,839		452,839	101,837
Total other financing sources (uses)	<u>(368,370)</u>	<u>(1,648,005)</u>	<u>(1,604,448)</u>	<u>-</u>	<u>(1,604,448)</u>	<u>43,557</u>
Net change in fund balance	(88,755)	(1,600,962)	(1,076,791)	(233,729)	(1,310,520)	290,442
Fund Balance, October 1, 2013	<u>5,512,719</u>	<u>5,512,719</u>	<u>5,512,719</u>		<u>5,512,719</u>	<u>-</u>
Fund Balance, September 30, 2014	<u>\$ 5,423,964</u>	<u>\$ 3,911,757</u>	<u>\$ 4,435,928</u>	<u>\$ (233,729)</u>	<u>\$ 4,202,199</u>	<u>\$ 290,442</u>

City of Granbury, Texas
 Tourism Fund - Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 For the year ended September 30, 2014
 (With comparative totals for September 30, 2013)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Hotel/Motel Occupancy Tax	\$ 558,000	558,000	\$ 557,166	\$ (834)
Charges for Service	521,320	521,320	357,321	(163,999)
Other Revenue	10,000	71,500	70,921	(579)
Total revenues	<u>1,089,320</u>	<u>1,150,820</u>	<u>985,408</u>	<u>(165,412)</u>
Expenditures:				
Current:				
Tourism	919,230	906,331	2,455,425	(1,549,094)
Conference Center	667,530	744,929	682,689	62,240
Total expenditures	<u>1,586,760</u>	<u>1,651,260</u>	<u>3,138,114</u>	<u>(1,486,854)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(497,440)</u>	<u>(500,440)</u>	<u>(2,152,706)</u>	<u>(1,652,266)</u>
Other financing sources (uses):				
Transfers in	497,440	2,000,440	2,250,440	250,000
Total other financing sources (uses):	<u>497,440</u>	<u>2,000,440</u>	<u>2,250,440</u>	<u>250,000</u>
Net change in fund balance	-	1,500,000	97,734	(1,402,266)
Fund Balance, October 1, 2013	<u>(544,810)</u>	<u>(544,810)</u>	<u>(544,810)</u>	<u>-</u>
Fund Balance, September 30, 2014	<u>\$ (544,810)</u>	<u>\$ 955,190</u>	<u>\$ (447,076)</u>	<u>\$ (1,402,266)</u>

City of Granbury, Texas
 Texas Municipal Retirement System
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (ALL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	20,189,061	26,435,927	76.4%	6,246,866	6,228,913	100.3%
12/31/2012	22,170,955	27,971,858	79.3%	5,800,903	6,491,127	89.4%
12/31/2013	24,585,819	32,261,788	76.2%	7,675,969	7,142,021	107.5%

City of Granbury, Texas
 Volunteer Fire Fighter's Retirement Fund
 Statewide Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability ¹ (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Total Members Covered (c)	UAAL Per Member Covered (b-a)/(c)
8/31/2010 ³	64,113,803	81,264,230	17,150,427	78.9%	8644	1,984
8/31/2012 ²	67,987,487	101,856,042	33,868,555	66.7%	9448	3,585
8/31/2014	83,761,038	109,854,799	26,093,761	76.2%	9270	2,815

Notes:

¹The actuarial accrued liability is based upon the entry age actuarial cost method.

²Changes in actuarial assumptions were reflected in this valuation.

³Changes in actuarial assumption and method were reflected in this valuation.

City of Granbury, Texas
Notes to Required Supplementary Information
September 30, 2014

1. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. Formal budgetary integration is employed as a management control device during the year for the general, special revenue, debt service and enterprise funds.
- b. Budgetary data for the capital projects fund has not been presented in the accompanying financial statements because such funds are budgeted over the life of the respective projects and not on an annual basis.
- c. Unencumbered appropriations for annually budgeted funds lapse at year end.
- d. Prior to August 1 of each year, the City Manager submits the proposed budget for the following fiscal year to the City Council. From the date of its submission the budget is public record. The City Council shall hold public hearings on the proposed budget. Notices of the public hearings are published at least ten days before the date of the hearings. After the public hearings the Council may make any changes they feel appropriate and shall adopt the budget at least twenty days prior to the beginning of the next fiscal year. Should the Council take no action on or prior to such day, the budget, as submitted, shall be deemed to have been adopted by the Council.
- e. The budget is prepared by fund, function, department and class. The City's department heads are authorized to make budget transfers of \$5,000 or less with the approval of the director of finance. Transfers of greater than \$5,000 must be authorized by the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

2. Budget to GAAP Differences

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

3. Excess of Expenditures over Appropriations

In the general fund, legal, financial administration, purchasing, management information services and City Wifi, Granbury public TV, other governmental functions, fire, streets and public works actual expenditures budgetary basis exceeded appropriations. Total expenditures were \$776,008 less than budgeted. In the tourism fund, tourism actual expenditures exceeded budgetary appropriations. Total expenditures in the tourism fund were \$1,486,854 more than budgeted.

City of Granbury, Texas
Notes to Required Supplementary Information
September 30, 2014

4. Volunteer Fire Fighter’s Retirement Fund

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Actuarial assumptions and methods as of the latest actuarial valuation are as follows:

Valuation Date	August 31, 2014
Actuarial cost method	Entry Age
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market value smoother by a 5-year deferred recognition method with a 80%/120% corridor on market value

Actuarial assumptions:

Investment rate of return*	7.75% per year, net of investment expenses
Projected salary increases	N/A
* Includes inflation at	3.50%
Cost-of-living adjustments	None

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds from specific revenue sources (other than major capital projects or Proprietary Funds) that are legally restricted to expenditures for specified purposes.

Granbury Historic Properties Corporation – A blended component unit created to assist the City in acquisition/control of historical properties deemed important to the growth and development of the City.

City of Granbury, Texas
 Nonmajor Funds
 Combining Balance Sheet
 September 30, 2014

	Special Revenue		Total Nonmajor Funds
	Granbury Historic Properties	Total Special Revenue Funds	
Assets:			
Cash	\$ 111,500	\$ 111,500	\$ 111,500
Total assets	\$ 111,500	\$ 111,500	\$ 111,500
Fund Balance:			
Committed Fund Balance	\$ 111,500	\$ 111,500	\$ 111,500
Total fund balances	111,500	111,500	111,500
Total liabilities, deferred inflows and fund balances	\$ 111,500	\$ 111,500	\$ 111,500

City of Granbury, Texas
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended September 30, 2014

	Special Revenue		Total Nonmajor Funds
	Granbury Historic Properties	Total Special Revenue Funds	
Revenues:			
Interest	\$ 387	\$ 387	\$ 387
Other Revenue	184,163	184,163	184,163
Total revenue	<u>184,550</u>	<u>184,550</u>	<u>184,550</u>
Expenditures:			
Current:			
Tourism	52,030	52,030	52,030
Debt Service:			
Principal	23,116	23,116	23,116
Interest and fiscal charges	12,283	12,283	12,283
Total expenditures	<u>87,429</u>	<u>87,429</u>	<u>87,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>97,121</u>	<u>97,121</u>	<u>97,121</u>
Other financing sources (uses):			
Transfers in	50,000	50,000	50,000
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>
Total other financing sources (uses):	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
Net change in fund balances	(102,879)	(102,879)	(102,879)
Fund Balance, October 1, 2013	<u>214,379</u>	<u>214,379</u>	<u>214,379</u>
Fund Balance, September 30, 2014	<u>\$ 111,500</u>	<u>\$ 111,500</u>	<u>\$ 111,500</u>

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INDIVIDUAL FUND SCHEDULES

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City of Granbury, Texas
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended September 30, 2014
(With comparative totals for September 30, 2013)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts	Final Budget	Actual
			Budgetary	Positive	Budgetary
			Basis	(Negative)	Basis
REVENUES:					
Taxes:					
General property	\$ 1,610,033	\$ 1,610,033	\$ 1,761,949	\$ 151,916	\$ 1,543,656
Sales and use	6,644,200	6,644,200	6,599,573	(44,627)	6,440,471
Franchise	1,586,824	1,586,824	1,575,029	(11,795)	1,505,084
Fines and fees	222,400	223,030	149,611	(73,419)	184,388
Licenses and permits	682,150	643,370	595,351	(48,019)	561,786
Charges for service	-	111,150	49,358	(61,792)	61,506
Intergovernmental revenue	1,049,583	1,052,340	267,614	(784,726)	197,729
Park and recreation	130,800	139,800	485,692	345,892	133,236
Interest income	28,000	28,000	17,214	(10,786)	27,845
Other revenue	371,900	303,899	312,132	8,233	506,206
Total revenues	<u>12,325,890</u>	<u>12,342,646</u>	<u>11,813,523</u>	<u>(529,123)</u>	<u>11,161,907</u>
EXPENDITURES:					
Current					
General government					
City Council	204,091	209,091	205,010	4,081	158,857
Legal	84,996	84,996	323,623	(238,627)	482,049
Executive	621,001	638,501	556,051	82,450	413,176
Financial Administration	361,447	361,447	386,102	(24,655)	338,334
Purchasing	159,839	159,839	163,076	(3,237)	148,910
Social Services	44,000	44,000	44,000	-	43,000
Management Information Services	400,947	499,638	591,830	(92,192)	620,242
Economic Development	151,009	151,009	149,735	1,274	115,502
Human Resources	245,345	245,345	234,379	10,966	216,674
Warehouse	155,165	158,965	145,015	13,950	147,273
Fleet Maintenance	242,665	242,665	235,391	7,274	195,718
Building Maintenance	216,901	217,501	220,742	(3,241)	189,980
Granbury Public TV Channel 27	123,072	123,972	144,629	(20,657)	101,320
Other governmental functions	689,885	550,326	592,847	(42,522)	608,376
Public Safety:					
Police	3,533,635	3,636,221	3,503,964	132,257	3,445,138
Fire	412,721	339,717	355,851	(16,135)	349,019
Municipal Court	252,172	252,172	228,467	23,705	231,746
Streets	476,243	537,393	562,719	(25,327)	421,448
Public Works	421,611	531,371	552,121	(20,750)	413,090
Community Development	494,906	497,662	430,666	66,996	464,479
Neighborhood Services	97,430	-	-	-	173,138
Cemetery	47,979	58,717	55,852	2,865	100,227
Parks	2,609,215	2,755,056	1,837,525	917,531	1,484,536
Total expenditures	<u>12,046,275</u>	<u>12,295,603</u>	<u>11,519,595</u>	<u>776,008</u>	<u>10,862,232</u>
Excess (deficiency) of revenue over (under) expenditures	<u>279,615</u>	<u>47,043</u>	<u>293,928</u>	<u>246,885</u>	<u>299,675</u>
Other financing sources (uses):					
Transfers in	354,018	354,018	351,470	(2,548)	398,664
Transfers out	(722,388)	(2,353,025)	(2,408,757)	(55,732)	(907,214)
Issuance of capital lease	-	351,002	452,839	101,837	-
Total other financing sources (uses)	<u>(368,370)</u>	<u>(1,648,005)</u>	<u>(1,604,448)</u>	<u>43,557</u>	<u>(508,550)</u>
Net change in fund balance	(88,755)	(1,600,962)	(1,310,520)	290,442	(208,875)
Fund Balance, October 1, 2013	<u>5,512,719</u>	<u>5,512,719</u>	<u>5,512,719</u>	-	<u>5,563,883</u>
Fund Balance, September 30, 2014	<u>\$ 5,423,964</u>	<u>\$ 3,911,757</u>	<u>\$ 4,202,199</u>	<u>\$ 290,442</u>	<u>\$ 5,355,008</u>

City of Granbury, Texas
 Tourism Fund - Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 For the year ended September 30, 2014
 (With comparative totals for September 30, 2013)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Hotel/Motel Occupancy Tax	\$ 558,000	558,000	\$ 557,166	\$ (834)	\$ 540,925
Charges for Service	521,320	521,320	357,321	(163,999)	402,494
Other Revenue	10,000	71,500	70,921	(579)	5,031
Total revenues	1,089,320	1,150,820	985,408	(165,412)	948,450
Expenditures:					
Current:					
Tourism	919,230	906,331	2,455,425	(1,549,094)	932,419
Conference Center	667,530	744,929	682,689	62,240	677,325
Total expenditures	1,586,760	1,651,260	3,138,114	(1,486,854)	1,609,744
Excess (deficiency) of revenues over (under) expenditures	(497,440)	(500,440)	(2,152,706)	(1,652,266)	(661,294)
Other financing sources (uses):					
Transfers in	497,440	2,000,440	2,250,440	250,000	547,776
Total other financing sources (uses):	497,440	2,000,440	2,250,440	250,000	547,776
Net change in fund balance	-	1,500,000	97,734	(1,402,266)	(113,518)
Fund Balance, October 1, 2013	(544,810)	(544,810)	(544,810)	-	(431,292)
Fund Balance, September 30, 2014	\$ (544,810)	\$ 955,190	\$ (447,076)	\$ (1,402,266)	\$ (544,810)

City of Granbury, Texas
 Granbury Historic Properties - Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 For the year ended September 30, 2014
 (With comparative totals for September 30, 2013)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
Revenues:					
Interest	\$ -	\$ -	\$ 387	\$ 387	\$ 156
Other revenue	-	-	184,163	184,163	21,875
Total revenues	-	-	184,550	184,550	22,031
Expenditures:					
Current:					
Tourism	10,000	10,000	52,030	(42,030)	21,549
Debt Service:					
Principal	23,116	23,116	23,116	-	22,367
Interest and fiscal charges	16,884	16,884	12,283	4,601	23,793
Total expenditures	50,000	50,000	87,429	(37,429)	67,709
Excess (deficiency) of revenues over (under) expenditures	(50,000)	(50,000)	97,121	147,121	(45,678)
Other financing sources (uses):					
Transfers in	50,000	50,000	50,000	-	70,000
Transfers out	-	-	(250,000)	(250,000)	-
Total other financing sources (uses):	50,000	50,000	(200,000)	(250,000)	70,000
Net change in fund balance	-	-	(102,879)	(102,879)	24,322
Fund Balance, October 1, 2013	214,379	214,379	214,379	-	190,057
Fund Balance, September 30, 2014	\$ 214,379	\$ 214,379	\$ 111,500	\$ (102,879)	\$ 214,379

City of Granbury, Texas
Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended September 30, 2014
(With comparative totals for September 30, 2013)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Property tax revenue	\$ 2,753,459	\$ 2,753,459	\$ 2,653,132	\$ (100,327)	\$ 2,762,254
Interest income	-	-	4,859	4,859	14,894
Total revenues	<u>2,753,459</u>	<u>2,753,459</u>	<u>2,657,991</u>	<u>(95,468)</u>	<u>2,777,148</u>
Expenditures:					
Debt Service					
Principal	2,260,000	2,260,000	2,007,739	252,261	1,962,662
Interest and fiscal charges	1,030,611	1,030,611	900,063	130,548	987,741
Debt issuance costs	-	-	-	-	119,333
Total expenditures	<u>3,290,611</u>	<u>3,290,611</u>	<u>2,907,802</u>	<u>382,809</u>	<u>3,069,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(537,152)</u>	<u>(537,152)</u>	<u>(249,811)</u>	<u>287,341</u>	<u>(292,588)</u>
Other financing sources (uses):					
Transfers in	537,152	537,152	154,811	(382,341)	166,578
Issuance of Debt			-	-	4,980,000
Payment to refunded bond escrow agent			-	-	(5,231,783)
Bond (Discount)/Premium			-	-	371,129
Total other financing sources (uses)	<u>537,152</u>	<u>537,152</u>	<u>154,811</u>	<u>(382,341)</u>	<u>285,924</u>
Net change in fund balance	-	-	(95,000)	(95,000)	(6,664)
Fund Balance, October 1, 2013	<u>266,352</u>	<u>266,352</u>	<u>266,352</u>	<u>-</u>	<u>273,016</u>
Fund Balance, September 30, 2014	<u>\$ 266,352</u>	<u>\$ 266,352</u>	<u>\$ 171,352</u>	<u>\$ (95,000)</u>	<u>\$ 266,352</u>

City of Granbury, Texas
 Utility - Enterprise Fund
 Schedule of Revenues, Expenses, and Changes in
 Fund Net Assets - Budget and Actual
 For the year ended September 30, 2014
 (With comparative totals for September 30, 2013)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	Prior Year Amounts Budgetary Basis
	Original	Final			
Operating revenues:					
Charges for sales and services:					
Charges for Water and Sewer Sales	\$ 7,633,479	7,632,579	\$ 7,708,744	\$ 76,165	\$ 6,827,171
Charges for Electricity Sales	10,925,804	10,925,804	11,056,172	130,368	11,145,165
Impact fees	67,500	107,500	251,555	144,055	281,501
Other Revenue	505,100	517,100	534,780	17,680	360,880
Total operating revenue	19,131,883	19,182,983	19,551,251	368,268	18,614,717
Operating expenses:					
Administration	688,261	707,039	674,589	32,450	570,760
Water treatment and distribution	3,099,214	3,062,107	3,604,960	(542,853)	2,747,441
Wastewater collection and treatment	1,401,460	1,412,460	1,974,421	(561,961)	1,438,842
Electricity	9,486,428	9,486,428	9,916,788	(430,360)	9,317,091
Management Information Systems	265,921	265,921	279,155	(13,234)	254,012
Meter Reading	277,111	347,362	337,373	9,989	311,376
Fleet Maintenance	75,560	75,560	74,334	1,226	50,208
Building Maintenance	362,994	362,994	381,078	(18,084)	338,307
Utility Franchise Fees	852,358	852,358	843,618	8,740	812,300
Total operating expenses	16,509,307	16,572,229	18,086,316	(1,514,087)	15,840,337
Operating income	2,622,576	2,610,754	1,464,935	(1,145,819)	2,774,380
Nonoperating revenues (expenses):					
Interest revenue	18,000	18,000	20,939	2,939	32,889
Debt Service					
Principal	(1,154,375)	(1,154,375)	(1,174,625)	(20,250)	(1,154,375)
Interest expense	(627,980)	(627,980)	(586,601)	41,379	(600,920)
Contribution to Economic Development Corp	(86,000)	(86,000)	(86,000)	-	(86,000)
Total nonoperating revenues (expenses)	(1,850,355)	(1,850,355)	(1,826,287)	24,068	(1,808,406)
Income before contributions and transfers	772,221	760,399	(361,352)	(1,121,751)	965,974
Transfers (to) from other funds:					
Transfers out	(372,138)	(372,138)	(351,470)	20,668	(426,610)
Change in Net Position	400,083	388,261	(712,822)	(1,101,083)	539,364
Prior period adjustment			-		(722,156)
Net Position, October 1, 2013	24,688,540	24,688,540	24,688,540	-	25,169,423
Net Position, September 30, 2014	\$ 25,088,623	\$ 25,076,801	\$ 23,975,718	\$ (1,101,083)	\$ 24,986,631
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			1,174,625		1,154,375
Capitalized expenses			1,813,873		507,246
Noncash capital contributions			758,101		26,638
Bond issuance costs			-		(76,436)
Depreciation expense			(1,969,435)		(1,909,914)
Net Position, September 30, 2014 (GAAP Basis)			\$ 25,752,882		\$ 24,688,540

City of Granbury, Texas
 Airport - Enterprise Fund
 Schedule of Revenues, Expenses, and Changes in
 Fund Net Position - Budget and Actual
 For the year ended September 30, 2014
 (With comparative totals for September 30, 2013)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	Prior Year Amounts Budgetary Basis
	Original	Final			
Operating revenues:					
Charges for sales and services:					
Charges for Airport Services	\$ 830,008	833,940	\$ 843,636	\$ 9,696	\$ 788,231
Intergovernmental	300,000	300,000	-	(300,000)	-
Other Revenue	15,832	15,832	11,224	(4,608)	13,555
Total operating revenue	1,145,840	1,149,772	854,860	(294,912)	801,786
Operating expenses:					
Airport	1,177,449	1,228,039	1,038,548	189,491	857,152
Total operating expenses	1,177,449	1,228,039	1,038,548	189,491	857,152
Operating income	(31,609)	(78,267)	(183,688)	(105,421)	(55,366)
Nonoperating revenues (expenses):					
Debt Services:					
Principal	(117,050)	(117,050)	(117,050)	-	(117,050)
Interest expense	(26,289)	(10,689)	(32,035)	(21,346)	(39,885)
Total nonoperating revenues (expenses)	(143,339)	(127,739)	(149,085)	(21,346)	(156,935)
Income before contributions and transfers	(174,948)	(206,006)	(332,773)	(126,767)	(212,301)
Capital contributions and transfers:					
Capital contributions			48,140	48,140	499,273
Transfers in	174,948	206,006	203,506	(2,500)	150,806
Change in Net Position	-	-	(81,127)	(81,127)	437,778
Net Position, October 1, 2013	1,176,603	1,176,603	1,176,603	-	753,792
Net Position, September 30, 2014	\$ 1,176,603	\$ 1,176,603	\$ 1,095,476	\$ (81,127)	\$ 1,191,570
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			117,050		117,050
Capitalized expenses			104,832		
Depreciation expense			(156,010)		(132,017)
Net Position, September 30, 2014 (GAAP Basis)			\$ 1,161,348		\$ 1,176,603

STATISTICAL SECTION
(Unaudited)

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STATISTICAL SECTION (Unaudited)

This part of the City of Granbury's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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These schedules contain information to help the reader assess the City's most significant local revenue sources.

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Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in Fiscal Year 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF GRANBURY
Government-wide Net Position by Component
Last Ten Fiscal Years
(Unaudited)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 26,045,119	\$ 23,852,148	\$ 24,079,825	\$ 23,554,937
Restricted	682,251	433,837	373,215	196,278
Unrestricted	<u>4,551,589</u>	<u>5,920,347</u>	<u>6,669,570</u>	<u>6,476,435</u>
Total governmental activities net position	<u>\$ 31,278,959</u>	<u>\$ 30,206,332</u>	<u>\$ 31,122,610</u>	<u>\$ 30,227,650</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 19,645,350	\$ 18,832,307	\$ 18,713,942	\$ 19,309,403
Restricted	2,135,756	2,228,897	2,055,300	1,942,666
Unrestricted	<u>5,133,124</u>	<u>4,803,939</u>	<u>5,153,971</u>	<u>4,466,538</u>
Total business-type activities net position	<u>\$ 26,914,230</u>	<u>\$ 25,865,143</u>	<u>\$ 25,923,213</u>	<u>\$ 25,718,607</u>
Primary government				
Invested in capital assets, net of related debt	\$ 45,690,469	\$ 42,684,455	\$ 42,793,767	\$ 42,864,340
Restricted	2,818,007	2,662,734	2,428,515	2,138,944
Unrestricted	<u>9,684,713</u>	<u>10,724,286</u>	<u>11,823,541</u>	<u>10,942,973</u>
Total primary government net position	<u>\$ 58,193,189</u>	<u>\$ 56,071,475</u>	<u>\$ 57,045,823</u>	<u>\$ 55,946,257</u>

CITY OF GRANBURY
Government-wide Net Position by Component
Last Ten Fiscal Years
(Unaudited)

2010	2009	2008	2007	2006	2005
\$ 24,835,034	\$ 22,960,635	\$ 22,600,463	\$ 18,059,848	\$ 12,198,367	\$ 12,135,787
124,151	146,421	908,594	708,320	9,333,330	6,339,709
5,482,138	5,414,504	6,209,368	7,726,224	4,463,834	4,777,858
<u>\$ 30,441,323</u>	<u>\$ 28,521,560</u>	<u>\$ 29,718,425</u>	<u>\$ 26,494,392</u>	<u>\$ 25,995,531</u>	<u>\$ 23,253,354</u>
\$ 18,342,485	\$ 17,715,818	\$ 16,555,077	\$ 13,722,158	\$ 10,660,808	\$ 9,983,589
1,885,682	1,347,878	1,780,529	2,248,030	2,744,457	212,505
2,933,897	3,256,805	3,220,687	7,080,013	8,798,227	10,507,410
<u>\$ 23,162,064</u>	<u>\$ 22,320,501</u>	<u>\$ 21,556,293</u>	<u>\$ 23,050,201</u>	<u>\$ 22,203,492</u>	<u>\$ 20,703,504</u>
\$ 43,177,519	\$ 40,676,453	\$ 39,155,540	\$ 31,782,006	\$ 22,859,175	\$ 22,119,376
2,009,833	1,494,299	2,689,123	2,956,350	12,077,787	6,552,214
8,416,035	8,671,309	9,430,055	14,806,237	13,262,061	15,285,268
<u>\$ 53,603,387</u>	<u>\$ 50,842,061</u>	<u>\$ 51,274,718</u>	<u>\$ 49,544,593</u>	<u>\$ 48,199,023</u>	<u>\$ 43,956,858</u>

CITY OF GRANBURY
Government-wide Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

	2014	2013	2012	2011	2010
Expenses					
Governmental activities					
General government and administration	\$ 4,105,938	\$ 3,910,972	\$ 3,359,741	\$ 3,207,553	\$ 3,111,790
Community development & neighborhood services	431,114	638,669	553,995	618,122	750,951
Public safety	4,167,610	4,029,148	3,798,529	3,802,080	3,708,098
Highways and streets	2,123,431	2,003,812	2,566,437	2,176,533	2,062,831
Culture and recreation	2,274,039	2,000,810	1,892,504	1,987,545	2,000,545
Airport					533,592
Tourism	990,605	1,281,171	1,012,067	943,788	200,396
Conference Center	667,948	689,392	734,102	776,819	1,480,106
Interest on long-term debt	885,592	1,071,451	1,136,676	1,256,281	1,367,112
Total governmental activities expense	<u>15,646,277</u>	<u>15,625,425</u>	<u>15,054,051</u>	<u>14,768,721</u>	<u>15,215,421</u>
Business-type activities					
Airport	1,121,761	1,029,054	814,026	660,769	
Economic Development	86,000	86,000	50,000		
Municipal utilities	18,828,482	17,920,361	17,307,598	17,421,382	17,286,113
Total business-type activities net assets	<u>20,036,243</u>	<u>19,035,415</u>	<u>18,171,624</u>	<u>18,082,151</u>	<u>17,286,113</u>
Total primary government expenses	<u>\$ 35,682,520</u>	<u>\$ 34,660,840</u>	<u>\$ 33,225,675</u>	<u>\$ 32,850,872</u>	<u>\$ 32,501,534</u>
Program Revenues					
Governmental activities					
Charges for services					
General government and administration	\$ 129,325	\$ 86,567	\$ 112,348	\$ 185,624	\$ 172,760
Community development & neighborhood services	552,552	587,879	531,760	663,553	414,984
Public safety	159,187	204,638	214,834	250,230	186,143
Culture and recreation	165,724	133,211	111,934	205,935	188,393
Airport					508,336
Tourism	131,428	60,550	23,505	38,528	40,766
Conference Center	296,814	368,850	387,354	419,184	430,178
Operating grants and contributions	772,777	197,729	225,524	148,656	158,834
Capital grants and contributions	821,184	12,916	1,378,236	933,906	3,283,441
Total governmental activities program revenues	<u>3,028,991</u>	<u>1,652,340</u>	<u>2,985,495</u>	<u>2,845,616</u>	<u>5,383,835</u>
Business-type activities					
Charges for services					
Water and Sewer	\$ 8,179,989	\$ 7,245,760	\$ 6,081,786	\$ 6,915,407	\$ 5,334,199
Electric	11,371,262	11,368,958	11,639,851	11,790,282	11,619,113
Airport	854,860	801,785	707,628	596,505	
Operating grants and contributions	-	-	-	550	
Capital grants and contributions	806,241	525,911	242,725	824,842	1,592,694
Total business-type activities program revenues	<u>21,212,352</u>	<u>19,942,414</u>	<u>18,671,990</u>	<u>20,127,586</u>	<u>18,546,006</u>
Total primary government program revenues	<u>\$ 24,241,343</u>	<u>\$ 21,594,754</u>	<u>\$ 21,657,485</u>	<u>\$ 22,973,202</u>	<u>\$ 23,929,841</u>
Net (Expense) Revenue					
Governmental activities	\$ (12,617,286)	\$ (13,973,085)	\$ (12,068,556)	\$ (11,923,105)	\$ (9,831,586)
Business-type activities	1,176,109	906,999	500,366	2,045,435	1,259,893
Total primary government net expense	<u>\$ (11,441,177)</u>	<u>\$ (13,066,086)</u>	<u>\$ (11,568,190)</u>	<u>\$ (9,877,670)</u>	<u>\$ (8,571,693)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property	\$ 4,404,767	\$ 4,305,186	\$ 4,170,353	\$ 4,196,466	\$ 4,206,922
Sales	6,632,629	6,463,449	6,290,017	5,821,793	5,316,603
Other	2,160,645	2,046,009	1,950,326	2,035,545	1,693,299
Miscellaneous	317,355	435,688	173,681	115,286	158,579
Investment earnings	27,754	58,025	50,927	42,066	24,870
Transfers	146,763	275,804	328,212	373,830	351,076
Total governmental activities	<u>13,689,913</u>	<u>13,584,161</u>	<u>12,963,516</u>	<u>12,584,986</u>	<u>11,751,349</u>
Business-type activities					
Investment earnings	20,942	32,891	32,452	9,384	5,493
Miscellaneous					-
Transfers	(147,964)	(275,804)	(328,212)	(373,830)	(423,823)
Total business-type activities	<u>(127,022)</u>	<u>(242,913)</u>	<u>(295,760)</u>	<u>(364,446)</u>	<u>(418,330)</u>
Total primary government	<u>\$ 13,562,891</u>	<u>\$ 13,341,248</u>	<u>\$ 12,667,756</u>	<u>\$ 12,220,540</u>	<u>\$ 11,333,019</u>
Change in Net Position					
Governmental activities	\$ 1,072,627	\$ (388,924)	\$ 894,960	\$ 661,881	\$ 1,919,763
Business-type activities	1,049,087	664,086	204,606	1,680,989	841,563
Total primary government	<u>\$ 2,121,714</u>	<u>\$ 275,162</u>	<u>\$ 1,099,566</u>	<u>\$ 2,342,870</u>	<u>\$ 2,761,326</u>

CITY OF GRANBURY
Government-wide Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

2009	2008	2007	2006	2005
\$ 3,685,121	\$ 2,720,467	\$ 2,313,719	\$ 3,010,541	\$ 1,811,482
789,544	650,246	548,239	576,023	385,836
3,863,039	3,634,534	3,296,431	2,289,435	2,198,236
1,856,830	2,397,422	1,261,447	1,286,261	2,191,238
2,012,465	1,628,634	1,337,705	664,232	819,096
694,373	716,416	521,784	620,038	372,638
740,413	863,080	675,411	708,325	427,289
1,052,101				
1,425,114	1,471,751	925,700	1,044,027	1,058,143
16,119,000	14,082,550	10,880,436	10,198,882	9,263,958
<u>16,155,179</u>	<u>16,382,222</u>	<u>13,604,372</u>	<u>12,303,971</u>	<u>11,452,440</u>
<u>16,155,179</u>	<u>16,382,222</u>	<u>13,604,372</u>	<u>12,303,971</u>	<u>11,452,440</u>
<u>\$ 32,274,179</u>	<u>\$ 30,464,772</u>	<u>\$ 24,484,808</u>	<u>\$ 22,502,853</u>	<u>\$ 20,716,398</u>
\$ 160,839	\$ 118,086	\$ 57,994	\$ 41,008	\$ 2,405
435,406	833,711	940,169	624,637	601,736
344,787	342,064	298,144	228,026	235,681
180,361	224,158	181,031	126,410	86,617
592,698	654,439	474,451	524,451	
43,824	117,213	96,501	98,889	
284,597				
256,316	206,636	124,444	222,645	1,075,895
1,157,262	1,609,694	695,670	510,000	-
3,456,090	4,106,001	2,868,404	2,376,066	2,002,334
\$ 5,488,023	\$ 5,584,102	\$ 5,063,138	\$ 5,199,608	\$ 4,251,698
10,219,190	8,930,095	8,388,975	8,355,400	7,178,001
1,040,163	719,145	-	-	-
16,747,376	15,233,342	13,452,113	13,555,008	11,429,699
<u>\$ 20,203,466</u>	<u>\$ 19,339,343</u>	<u>\$ 16,320,517</u>	<u>\$ 15,931,074</u>	<u>\$ 13,432,033</u>
\$ (12,662,910)	\$ (9,976,549)	\$ (8,012,032)	\$ (7,822,816)	\$ (7,261,624)
592,197	(1,148,880)	(152,259)	1,251,037	(22,741)
<u>\$ (12,070,713)</u>	<u>\$ (11,125,429)</u>	<u>\$ (8,164,291)</u>	<u>\$ (6,571,779)</u>	<u>\$ (7,284,365)</u>
\$ 3,949,167	\$ 3,642,715	\$ 2,910,725	\$ 2,364,302	\$ 2,378,219
5,825,860	6,300,680	5,992,656	4,949,332	4,191,539
1,290,566	1,745,402	1,661,242	1,522,111	1,299,416
246,530	120,784	-	702,953	447,763
135,380	788,628	707,063	574,446	245,565
18,542	602,373	270,499	451,848	(1,103,174)
11,466,045	13,200,582	11,542,185	10,564,992	7,459,328
39,103	257,345	511,149	419,681	263,600
151,450	-	-	281,118	247,543
(18,542)	(602,373)	(270,499)	(451,848)	1,103,174
172,011	(345,028)	240,650	248,951	1,614,317
<u>\$ 11,638,056</u>	<u>\$ 12,855,554</u>	<u>\$ 11,782,835</u>	<u>\$ 10,813,943</u>	<u>\$ 9,073,645</u>
\$ (1,196,865)	\$ 3,224,033	\$ 3,530,153	\$ 2,742,176	\$ 197,704
764,208	(1,493,908)	88,391	1,499,988	1,591,576
<u>\$ (432,657)</u>	<u>\$ 1,730,125</u>	<u>\$ 3,618,544</u>	<u>\$ 4,242,164</u>	<u>\$ 1,789,280</u>

CITY OF GRANBURY
Fund Balances, Governmental Fund
Last Ten Fiscal Years
(Unaudited)

	2014	2013	2012	2011
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated				
Unreserved, Undesignated				
Nonspendable	947,407	908,067	908,569	881,547
Restricted	556,739	209,188	159,923	102,630
Committed	15,746	249,475	91,736	290,148
Assigned	55,131	140,163	119,263	98,977
Unassigned	2,860,905	4,005,826	4,284,392	3,830,560
Total general fund	<u>\$ 4,435,928</u>	<u>\$ 5,512,719</u>	<u>\$ 5,563,883</u>	<u>\$ 5,203,862</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special revenue funds				
Capital projects funds				
Debt service funds				
Restricted	4,446,333	5,272,778	7,674,816	8,020,303
Committed	111,500	214,379	190,057	264,462
Unassigned	(447,076)	(544,810)	(431,292)	(481,509)
Total all other governmental funds	<u>\$ 4,110,757</u>	<u>\$ 4,942,347</u>	<u>\$ 7,433,581</u>	<u>\$ 7,803,256</u>

Notes:

The City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011. The following definitions relate to the pre-GASB 54 fund balance categories. Definitions of GASB 54 fund balance categories can be found on pages 32-33 of the notes to the financial statements.

Reserved - Amounts that are not available for appropriation or are legally restricted by an outside party for a specific use.

Designated - Represents management's tentative plans that are subject to change.

Unreserved, undesignated - Fund balance that is not reserved or designated.

CITY OF GRANBURY
Fund Balances, Governmental Fund
Last Ten Fiscal Years
(Unaudited)

2010	2009	2008	2007	2006	2005
\$ 120,985	\$ 182,845	\$ 92,604	\$ 90,778	\$ 102,715	\$ 86,765
244,500	237,123	174,887	33,549		
3,832,279	3,606,454	3,463,563	4,936,439	4,274,902	4,207,472
<u>\$ 4,197,764</u>	<u>\$ 4,026,422</u>	<u>\$ 3,731,054</u>	<u>\$ 5,060,766</u>	<u>\$ 4,377,617</u>	<u>\$ 4,294,237</u>
\$ 8,904,460	\$ 10,795,494	\$ 15,523,780	\$ 5,972,211	\$ 8,155,928	\$ 6,252,944
(159,594)	(130,816)	1,023,434	1,450,466	928,303	403,368
	-	-		230,410	
	-	-			525
<u>\$ 8,744,866</u>	<u>\$ 10,664,678</u>	<u>\$ 16,547,214</u>	<u>\$ 7,422,677</u>	<u>\$ 9,314,641</u>	<u>\$ 6,656,837</u>

CITY OF GRANBURY
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2014	2013	2012	2011
Revenues				
Taxes	\$ 13,146,849	\$ 12,792,390	\$ 12,380,367	\$ 11,999,657
Licenses, fees, permits	595,351	561,786	521,189	586,854
Fines and penalties	149,611	184,388	201,206	225,678
Charges for services	406,679	464,000	471,172	574,503
Intergovernmental	267,614	197,729	204,720	148,656
Investment earnings	27,732	58,025	50,927	42,066
Other revenues	1,127,908	666,348	382,653	480,697
Total revenues	<u>\$ 15,721,744</u>	<u>\$ 14,924,666</u>	<u>\$ 14,212,234</u>	<u>\$ 14,058,111</u>
Expenditures				
General government	\$ 3,840,821	\$ 3,636,842	\$ 3,339,088	\$ 2,959,350
Police	3,731,731	3,847,599	3,364,569	3,158,866
Fire	354,000	384,889	332,775	268,848
Streets	562,719	421,448	587,464	425,147
Other public works	547,800	408,090	381,797	257,252
Parks and recreation	1,762,250	1,479,716	1,337,862	1,561,616
Tourism	2,507,455	953,968	899,502	610,847
Conference Center	682,689	677,325	620,234	695,673
Capital projects	811,717	2,410,505	458,364	889,421
Other	486,545	740,144	607,289	645,256
Debt service:				
Interest	912,346	1,011,534	1,092,050	1,213,773
Principal	2,030,855	1,985,029	1,621,880	1,739,187
Bond issuance costs	-	119,333	-	156,173
Total expenditures	<u>\$ 18,230,928</u>	<u>\$ 18,076,422</u>	<u>\$ 14,642,874</u>	<u>\$ 14,581,409</u>
Excess of revenues over (under) expenditures	<u>\$ (2,509,184)</u>	<u>\$ (3,151,756)</u>	<u>\$ (430,640)</u>	<u>\$ (523,298)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	\$ 452,839	\$ 214,208	\$ 92,774	\$ 247,504
Other resources	-	119,346	-	-
Transfers in	2,806,721	1,183,018	1,093,266	812,863
Transfers out	(2,658,757)	(907,214)	(765,054)	(439,033)
Total other financing sources (uses)	<u>\$ 600,803</u>	<u>\$ 609,358</u>	<u>\$ 420,986</u>	<u>\$ 621,334</u>
Net change in fund balances	<u>\$ (1,908,381)</u>	<u>\$ (2,542,398)</u>	<u>\$ (9,654)</u>	<u>\$ 98,036</u>
Debt service as a percentage of noncapital expenditures	19.6%	20.4%	20.6%	22.1%

CITY OF GRANBURY
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Unaudited)

2010	2009	2008	2007	2006	2005
\$ 11,276,922	\$ 11,052,963	\$ 11,739,003	\$ 10,509,765	\$ 8,801,261	\$ 7,786,126
413,456	422,064	812,582	978,807	601,656	590,607
204,284	301,707	295,328	211,130	213,066	235,681
988,147	950,949	746,650	581,596	105,169	100,150
408,834	129,878	367,407	464,524	619,531	1,075,894
24,870	135,380	788,628	707,063	574,446	245,564
527,445	832,402	853,062	652,596	851,336	447,764
<u>\$ 13,843,958</u>	<u>\$ 13,825,343</u>	<u>\$ 15,602,660</u>	<u>\$ 14,105,481</u>	<u>\$ 11,766,465</u>	<u>\$ 10,481,786</u>
\$ 2,963,528	\$ 2,956,474	\$ 3,178,311	\$ 2,517,756	\$ 3,404,820	\$ 2,290,606
3,123,521	3,651,120	2,918,879	2,701,280	1,993,067	1,886,185
243,174	356,732	321,180	405,237	273,109	733,988
431,840	575,096	1,001,539	625,661	503,814	965,702
350,734	363,188	526,815	245,104	233,650	223,150
1,430,571	1,699,408	2,873,611	1,881,095	1,573,495	1,702,503
157,248	709,506	1,853,946	1,208,596	679,828	408,593
1,125,080	844,259	-	-	-	-
1,949,390	4,116,108	5,891,032	3,662,600	1,778,918	1,581,225
1,210,061	1,405,567	1,446,563	1,165,589	1,216,767	1,649,998
1,313,553	1,371,194	1,348,889	894,147	909,130	731,283
1,644,804	1,620,116	1,574,803	1,150,115	1,284,442	772,638
-	-	361,207	30,000	134,897	326,860
<u>\$ 15,943,504</u>	<u>\$ 19,668,768</u>	<u>\$ 23,296,775</u>	<u>\$ 16,487,180</u>	<u>\$ 13,985,937</u>	<u>\$ 13,272,731</u>
<u>\$ (2,099,546)</u>	<u>\$ (5,843,425)</u>	<u>\$ (7,694,115)</u>	<u>\$ (2,381,699)</u>	<u>\$ (2,219,472)</u>	<u>\$ (2,790,945)</u>
\$ -	\$ 237,715	\$ 17,320,000	\$ 1,220,734	\$ 3,859,500	\$ 4,454,500
-	-	(2,433,432)	-	699,308	1,330,050
1,043,059	2,536,066	2,212,527	1,145,902	1,647,963	1,074,991
(691,983)	(2,517,524)	(1,610,154)	(875,403)	(1,246,115)	(2,178,165)
<u>\$ 351,076</u>	<u>\$ 256,257</u>	<u>\$ 15,488,941</u>	<u>\$ 1,491,233</u>	<u>\$ 4,960,656</u>	<u>\$ 4,681,376</u>
<u>\$ (1,748,470)</u>	<u>\$ (5,587,168)</u>	<u>\$ 7,794,826</u>	<u>\$ (890,466)</u>	<u>\$ 2,741,184</u>	<u>\$ 1,890,431</u>
21.9%	27.1%	16.8%	15.9%	18.0%	12.9%

CITY OF GRANBURY
Principal Sources of Revenue
Government-Wide
Last Ten Years
(Unaudited)

Revenue Source	2014	2013	2012	2011	2010
Principal General Government Revenue Sources					
Sales Tax	\$ 6,599,573	\$ 6,440,471	\$ 6,282,851	\$ 5,810,019	\$ 5,314,801
Ad Valorem Tax	4,415,081	4,305,910	4,147,190	4,204,828	4,198,621
Franchise Taxes	731,411	692,784	747,381	738,682	645,413
Utility Fund Franchise Tax	843,618	812,300	686,206	724,326	647,648
Hotel Occupancy Tax	557,166	540,925	516,739	521,802	470,439
All Other Sources	2,574,895	2,232,276	1,831,867	2,058,454	2,567,036
Total General Government Revenue	\$ <u>15,721,744</u>	\$ <u>15,024,666</u>	\$ <u>14,212,234</u>	\$ <u>14,058,111</u>	\$ <u>13,843,958</u>

Current and comparative ad valorem tax rates are shown on page 85.

Sales Tax is collected at point of purchase in the City of Granbury at a total rate of 8.25%. Of that total, 6.25% is State tax, .50% is County tax, and 1.5% is City tax.

Hotel Occupancy Tax is collected at a rate of 13%. Of that total, 6% is State tax and 7% is City tax.

Franchise Taxes are charged for business conducted in the City but for which no location is available for ad valorem tax. The tax as a percentage of revenue is set by contractual agreements.

Principal Enterprise Funds Revenue Sources

Electric Sales	\$ 11,056,172	\$ 11,145,165	\$ 11,394,217	\$ 11,524,273	\$ 11,367,715
Water Sales	5,314,357	4,778,739	3,999,322	4,810,721	3,448,982
Sewer Revenue	2,394,387	2,048,432	1,774,092	1,719,432	1,645,412
All Other	1,641,195	1,444,167	1,261,634	1,248,318	496,696
Total Utility Fund Revenue	\$ <u>20,406,111</u>	\$ <u>19,416,503</u>	\$ <u>18,429,265</u>	\$ <u>19,302,744</u>	\$ <u>16,958,805</u>

CITY OF GRANBURY
Principal Sources of Revenue
Government-Wide
Last Ten Years
(Unaudited)

Fiscal Year					Change:	
2009	2008	2007	2006	2005		2004-2013
\$ 5,903,965	\$ 6,299,449	\$ 5,886,474	\$ 4,905,828	\$ 4,191,539		57.4%
3,932,562	3,679,002	2,941,958	2,306,763	2,215,853		99.2%
705,342	621,152	649,171	627,468	548,455		33.4%
-	549,329	513,574	522,973	454,297		85.7%
511,094	590,071	518,588	400,483	328,854		69.4%
2,772,380	3,863,657	3,595,716	3,002,950	2,742,788		-6.1%
<u>\$ 13,825,343</u>	<u>15,602,660</u>	<u>14,105,481</u>	<u>\$ 11,766,465</u>	<u>\$ 10,481,786</u>		<u>50.0%</u>
\$ 10,021,246	\$ 8,720,371	\$ 8,205,466	\$ 8,337,142	\$ 7,206,813		53.4%
3,589,752	3,590,578	3,085,172	3,509,350	2,846,714		86.7%
1,666,807	1,579,610	1,581,036	1,537,969	1,400,063		71.0%
619,961	880,983	1,091,588	871,345	487,252		236.8%
<u>\$ 15,897,766</u>	<u>\$ 14,771,542</u>	<u>\$ 13,963,262</u>	<u>\$ 14,255,807</u>	<u>\$ 11,940,842</u>		<u>70.9%</u>

CITY OF GRANBURY
 Assessed Value of
 Taxable Property
 Last Ten Years
 (Unaudited)

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Assessed Value</u>	<u>Tax Rate per \$100 Valuation</u>
2004	2004-2005	\$ 440,296,379	\$ 63,941,914	\$ 504,238,293	0.44000
2005	2005-2006	\$ 491,629,180	\$ 69,200,360	\$ 560,829,540	0.41500
2006	2006-2007	\$ 625,317,480	\$ 79,122,350	\$ 704,439,830	0.41500
2007	2007-2008	\$ 771,644,714	\$ 100,897,480	\$ 872,539,194	0.41500
2008	2008-2009	\$ 850,869,950	\$ 103,470,110	\$ 954,340,060	0.41500
2009	2009-2010	\$ 946,949,874	\$ 109,656,260	\$ 1,056,606,134	0.40390
2010	2010-2011	\$ 962,289,440	\$ 88,763,600	\$ 1,051,053,040	0.40390
2011	2011-2012	\$ 943,563,119	\$ 96,971,860	\$ 1,040,534,979	0.40390
2012	2012-2013	\$ 1,079,701,929	\$ 7,336,330	\$ 1,087,038,259	0.39926
2013	2013-2014	\$ 1,112,336,147	\$ 1,130,170	\$ 1,113,466,317	0.39758

Source: Hood County Appraisal District

Note: Property in the City is reassessed every other year. Property is assessed at actual value; therefore the assessed values are equal to actual values. Tax rates are per \$100 of assessed valuation.

CITY OF GRANBURY
Property Tax Rates
Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Years
(Unaudited)

Tax Year	Fiscal Year	City Tax Rate			Hood County	Granbury Independent School District
		Operations	Debt Repayment	City of Granbury Total Tax Rate		
2004	2004-2005	0.2491	0.1909	0.44000	0.370500	1.670000
2005	2005-2006	0.1545	0.2605	0.41500	0.396219	1.670000
2006	2006-2007	0.1658	0.2492	0.41500	0.390000	1.440000
2007	2007-2008	0.0810	0.3340	0.41500	0.366980	1.17115
2008	2008-2009	0.1011	0.3139	0.41500	0.366537	1.17000
2009	2009-2010	0.1198	0.2841	0.40390	0.331091	1.15500
2010	2010-2011	0.1437	0.2602	0.40390	0.343888	1.14000
2011	2011-2012	0.1451	0.2588	0.40390	0.348888	1.15000
2012	2012-2013	0.1429	0.2563	0.39926	0.343908	1.14500
2013	2013-2014	0.1574	0.2372	0.39459	0.383908	1.14500

Source: Hood County Appraisal District (www.hood-cad.org)

CITY OF GRANBURY
Property Tax Levies and Collections
Last Ten Years
(Unaudited)

Tax Year	Fiscal Year	Original Levy	Subsequent Adjustments	Total Levy	Collected within the Fiscal Year of Levy	
					Current Tax Collections	Percent of Total Levy Collected
2004	2004-2005	\$ 2,219,358	\$ (427)	\$ 2,218,931	\$ 2,171,216	97.8497%
2005	2005-2006	\$ 2,320,128	\$ (319)	\$ 2,319,809	\$ 2,247,109	96.8661%
2006	2006-2007	\$ 2,906,579	\$ (1,717)	\$ 2,904,862	\$ 2,815,999	96.9409%
2007	2007-2008	\$ 3,582,159	\$ (3,118)	\$ 3,579,041	\$ 3,526,332	98.5273%
2008	2008-2009	\$ 3,908,078	\$ (13,753)	\$ 3,894,325	\$ 3,861,944	99.1685%
2009	2009-2010	\$ 4,199,011	\$ (34,829)	\$ 4,164,182	\$ 4,118,410	98.9008%
2010	2010-2011	\$ 4,168,290	\$ (8,816)	\$ 4,159,474	\$ 4,121,545	99.0881%
2011	2011-2012	\$ 4,141,351	\$ (11,918)	\$ 4,129,433	\$ 4,067,391	98.4976%
2012	2012-2013	\$ 4,294,424	\$ (46,580)	\$ 4,247,844	\$ 4,194,524	98.7448%
2013	2013-2014	\$ 4,361,775	\$ (12,196)	\$ 4,349,579	\$ 4,315,859	99.2248%

Source: Hood County Appraisal District

CITY OF GRANBURY
Property Tax Levies and Collections
Last Ten Years
(Unaudited)

Delinquent Tax Collections	Total Collections to Date		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Levy
	Total Tax Collections	Total Collections as a Percent of Total Levy		
\$ 44,202	\$ 2,215,418	99.8417%	\$ 3,512	0.1583%
\$ 68,365	\$ 2,315,474	99.8131%	\$ 4,335	0.1869%
\$ 84,395	\$ 2,900,394	99.8462%	\$ 4,468	0.1538%
\$ 48,488	\$ 3,574,820	99.8821%	\$ 4,221	0.1179%
\$ 27,551	\$ 3,889,495	99.8760%	\$ 4,830	0.1240%
\$ 39,619	\$ 4,158,029	99.8522%	\$ 6,153	0.1478%
\$ 31,274	\$ 4,152,819	99.8400%	\$ 6,655	0.1600%
\$ 50,764	\$ 4,118,155	99.7269%	\$ 11,278	0.2731%
\$ 24,097	\$ 4,218,621	99.3121%	\$ 29,223	0.6879%
\$ -	\$ 4,315,859	99.2248%	\$ 33,720	0.7752%

CITY OF GRANBURY
 Classification of Assessed Valuation
 Last Ten Years
 (Unaudited)

Fiscal Year Ending Tax Year	9/30/2014 2013	9/30/2013 2012	9/30/2012 2011	9/30/2011 2010	9/30/2010 2009
Property use category					
Real, Residential, Single family	\$ 477,935,220	\$ 464,702,920	\$ 446,958,430	\$ 448,837,500	\$ 448,927,360
Real, Residential, Multi-family	41,923,330	39,576,630	39,046,300	39,659,200	34,153,200
Real, Vacant Lots/Tracts	50,644,930	42,005,010	43,122,120	37,047,630	39,898,620
Real, Acreage (Land Only)	47,921,880	67,637,360	64,708,830	68,820,080	66,823,820
Real, Farm/Ranch Improvements	17,152,810	5,422,210	8,006,060	9,466,970	10,339,670
Real, Commercial	396,789,380	380,787,530	357,495,960	382,230,510	368,468,070
Real, Industrial	2,462,190	2,194,980	2,216,760	2,677,270	2,716,820
Real/Tangible Personal, Utilities	11,821,370	10,552,930	10,506,340	10,595,480	10,024,860
Tangible Personal, Commercial	91,154,860	100,114,430	91,924,550	84,237,070	104,027,420
Tangible Personal, Industrial	773,190	7,006,700	4,679,350	4,078,990	5,120,590
Tangible Personal, Mobile Homes	356,980	329,630	367,960	447,540	508,250
Tangible Personal, Other	10,219,060			-	-
Real Property, Inventory	8,522,040	14,195,140	18,153,540	15,108,480	19,470,310
Special	17,292,880	14,375,950	13,204,650	9,700,620	12,958,760
Real Minerals/Oil & Gas	12,538,690	14,141,160	10,769,990	10,105,180	12,328,890
Mixed PTD	-6,730	-190,886	-44,472	-10,800	-10,090
Total Appraised Value	\$ 1,187,502,080	\$ 1,162,851,694	\$ 1,111,116,368	\$ 1,123,001,720	\$ 1,135,756,550
Less: Exemptions or Deductions:					
Optional > 65 Res. Homestead	\$ 14,880,720	\$ 13,909,120	\$ 13,421,820	\$ 13,051,760	\$ 12,975,610
Disabled or Deceased Veterans	4,479,249	3,917,120	3,800,520	2,963,560	2,517,800
Agriculture & Unheard Protests	47,574,150	48,722,370	43,821,370	44,396,600	42,124,640
Residential, Capped Value Loss	1,502,480	2,895,780	4,606,300	6,934,390	16,631,700
Other	5,599,164	6,369,045	4,931,379	4,602,370	4,900,666
Total Exemptions	\$ 74,035,763	\$ 75,813,435	\$ 70,581,389	\$ 71,948,680	\$ 79,150,416
Net Assessed Valuation	\$ 1,113,466,317	\$ 1,087,038,259	\$ 1,040,534,979	\$ 1,051,053,040	\$ 1,056,606,134
Percent of Fair Market Value	100%	100%	100%	100%	100%

Source: Hood County Appraisal District

CITY OF GRANBURY
 Classification of Assessed Valuation
 Last Ten Years
 (Unaudited)

	<u>9/30/2009</u> <u>2008</u>	<u>9/30/2008</u> <u>2007</u>	<u>9/30/2007</u> <u>2006</u>	<u>9/30/2006</u> <u>2005</u>	<u>9/30/2005</u> <u>2004</u>
\$	342,834,240	\$ 281,488,580	\$ 229,589,790	\$ 204,276,510	\$ 180,729,060
	34,652,200	19,613,530	16,805,450	16,795,780	24,479,510
	34,359,450	31,794,560	23,437,500	16,106,490	15,882,000
	54,352,620	35,652,180	28,040,910	20,161,580	16,737,080
	9,892,190	2,724,190	1,973,470	1,918,430	1,776,520
	317,791,290	250,900,150	193,184,770	180,319,950	169,527,690
	2,666,370	865,470	690,590	664,510	664,510
	9,789,270	9,729,550	8,857,850	9,242,510	9,901,120
	94,635,880	76,099,740	66,168,970	62,086,184	66,367,350
	4,873,400	1,392,180	1,410,560	355,890	100,000
	1,385,200	1,630,430	1,620,830	1,499,840	1,396,440
	-	-	-	-	-
	7,272,300	4,992,790	6,641,590	7,972,270	2,485,100
	12,202,580	12,089,250	13,783,100	10,685,930	-
	7,352,950	14,691,350	-	-	-
	-	-	-	-	-
	<u>934,059,940</u>	<u>\$ 743,663,950</u>	<u>\$ 592,205,380</u>	<u>\$ 532,085,874</u>	<u>\$ 490,046,380</u>
\$	11,874,130	\$ 11,535,820	\$ 10,823,890	\$ 10,038,538	\$ 9,257,510
	656,300	581,300	572,520	524,660	556,390
	36,083,100	21,740,540	18,261,310	14,993,010	10,419,000
	10,460,130	5,365,890	1,716,030	2,288,313	3,546,160
	2,447,086	570	2,090	3,060	-
	<u>61,520,746</u>	<u>\$ 39,224,120</u>	<u>\$ 31,375,840</u>	<u>\$ 27,847,581</u>	<u>\$ 23,779,060</u>
	<u>872,539,194</u>	<u>\$ 704,439,830</u>	<u>\$ 560,829,540</u>	<u>\$ 504,238,293</u>	<u>\$ 466,267,320</u>
	100%	100%	100%	100%	100%

CITY OF GRANBURY
Top Ten Ad Valorem Taxpayers
Current Year and Ten Years Ago
(Unaudited)

Taxpayer	Rank	Tax Year 2013		Tax Year 2003		
		Taxable Assessed Valuation	Percent of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Assessed Valuation
Health Care Reit Inc	1	20,761,400	1.86%			
Hood General Hospital	2	12,396,600	1.11%	7,490,440	3	1.61%
ARI	3	11,027,700	0.99%			
HEB Grocery Company LP	4	9,198,710	0.83%			
Wal-Mart Real Estate Business Trust	5	9,139,050	0.82%	8,663,280	1	1.86%
Pacific Lake Granbury LP	6	9,000,000	0.81%			
HCRI Texas Properties LTD	7	8,427,630	0.76%			
Lake Granbury Medical Center	8	7,816,520	0.70%			
Quicksilver Resources Minerals	9	7,747,330	0.70%			
Lowes Home Centers Inc	10	7,715,170	0.69%			
Wal-Mart Properties, Inc.				7,706,040	2	1.65%
A D Development Properties				7,392,070	4	1.59%
Lumberman's Investment				7,081,250	5	1.52%
American Religious Town Hall				5,255,460	6	1.13%
Home Depot USA				5,104,200	7	1.09%
Southwestern Bell				5,010,530	8	1.07%
M W Catalina LTD				4,456,020	9	0.96%
Kroger Co. #491				4,246,810	10	0.91%
		<u>\$ 87,767,610</u>	7.88%	<u>\$ 62,406,100</u>		13.38%

Source: Hood County Appraisal District

CITY OF GRANBURY
Sales Tax Revenue by Business Type
(Unaudited)
September 30, 2014

Sales Tax Category	Fiscal Year						
	2014	2013	2012	2011	2010	2009	2008
Retail:							
Motor Vehicle & Parts	\$ 280,756	\$ 243,210	\$ 252,640	\$ 235,380	\$ 219,686	\$ 219,665	\$ 222,984
Furniture & Home Furnishings	182,908	162,761	171,575	156,146	149,699	160,216	187,161
Electronics & Appliance	93,884	80,488	90,322	81,059	67,424	83,870	109,356
Building Materials	955,273	990,088	878,580	833,216	789,676	796,461	813,732
Apparel Stores	136,370	122,338	114,634	101,695	86,380	81,467	100,730
General Merchandise	1,010,511	1,011,228	992,909	1,012,588	1,041,561	1,087,611	1,133,204
All Other Retail	1,083,006	1,153,924	1,290,870	831,478	779,754	884,127	819,297
Total Retail	\$ 3,742,708	\$ 3,764,038	\$ 3,791,531	\$ 3,251,562	\$ 3,134,180	\$ 3,313,416	\$ 3,386,464
Agriculture/Manufacturing/Mining	\$ 413,761	\$ 385,708	\$ 390,398	\$ 481,475	\$ 270,795	\$ 367,376	\$ 710,656
Services	788,306	697,989	660,682	557,085	490,330	542,473	616,777
Wholesalers	438,871	320,307	267,459	247,725	224,838	251,758	275,664
Accommodation & Food	829,682	783,573	739,506	662,558	591,855	625,840	650,970
All Other	386,245	511,835	440,440	609,614	602,803	803,102	658,918
Total Sales Tax Received	\$ 6,599,573	\$ 6,463,449	\$ 6,290,017	\$ 5,810,019	\$ 5,314,801	\$ 5,903,965	\$ 6,299,449
City Sales Tax Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Note: This data will be updated with subsequent information added each year until ten years of history is obtained.

Source: MuniServices Sales Tax Analysis and Reporting Service

CITY OF GRANBURY
 Electricity and Water Sales
 By Type of Customer
 Last Ten Years

ELECTRICITY SALES

Type of Customer	2014	2013	2012	2011
Residential	\$ 3,510,579	\$ 3,395,007	\$ 3,594,577	\$ 3,830,305
Commercial	6,746,776	7,131,527	7,383,818	7,305,734
Other	864,285	538,887	464,866	458,904
Total	\$ <u>11,121,641</u>	\$ <u>11,065,421</u>	\$ <u>11,443,261</u>	\$ <u>11,594,943</u>

WATER SALES

Type of Customer	2014	2013	2012	2011
Residential	\$ 2,547,695.15	\$ 2,331,133	\$ 2,185,014	\$ 2,281,391
Commercial	2,661,312.88	2,438,937	1,850,843	1,884,012
Other	120,286.48	90,312	86,303	42,497
Total	\$ <u>5,329,295</u>	\$ <u>4,860,382</u>	\$ <u>4,122,160</u>	\$ <u>4,207,899</u>

NOTE: This data is taken from billing registers and does not include billing adjustments. However we believe it fairly represents the trend of growth and proportion of revenue from customer types.

CITY OF GRANBURY
 Electricity and Water Sales
 By Type of Customer
 Last Ten Years

ELECTRICITY SALES

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 3,662,399	\$ 3,303,224	\$ 3,009,301	\$ 2,888,694	\$ 2,830,217	\$ 2,524,370
7,063,527	6,323,593	5,647,582	5,300,267	5,022,701	4,244,480
468,572	474,674	329,635	319,640	484,225	388,645
<u>\$ 11,194,499</u>	<u>\$ 10,101,491</u>	<u>\$ 8,986,519</u>	<u>\$ 8,508,602</u>	<u>\$ 8,337,142</u>	<u>\$ 7,157,496</u>

WATER SALES

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 1,802,050	\$ 2,051,180	\$ 2,160,225	\$ 1,723,997	\$ 1,759,120	\$ 1,455,765
1,440,659	1,667,731	1,674,588	1,553,845	1,923,854	1,423,096
40,958	57,360	36,643	20,254	-	-
<u>\$ 3,283,666</u>	<u>\$ 3,776,271</u>	<u>\$ 3,871,456</u>	<u>\$ 3,298,097</u>	<u>\$ 3,682,974</u>	<u>\$ 2,878,861</u>

CITY OF GRANBURY
 Top Ten Utility Rate Payers
 by Rate Type
 Compared to Ten Years Ago
 (Unaudited)
 September 30, 2014

Ten Largest Electric Customers

Customers	Annual Kwh Consumed (000)			
	Rank	2014	Rank	2009
Lake Granbury Medical Center	1	5,539	2	4,599
Granbury ISD	2	5,297	1	5,622
City of Granbury	3	4,767	3	3,910
Waterview	4	3,339		
Kroger	5	3,017	4	3,411
Lowe's	6	2,890	5	3,096
Brookshire	7	2,824	6	2,688
Hood County	8	2,490	7	1,821
AT&T	9	1,151	8	1,193
Hilton Garden Inn	10	1,007	9	1,114
Creative Solutions			10	1,061

Ten Largest Water Customers

Customers	Annual Gallons Consumed (in hundreds of gallons)			
	Rank	2014	Rank	2009
Lake Granbury Medical Center	1	109,817	4	50,608
City of Granbury	2	94,841	2	74,651
Waterview	3	69,497		
Hood County	4	59,357	1	89,973
Jerry Durant Toyota	5	54,443	8	26,704
Wash My Ride	6	51,228		
Harborlakes Plaza Nursing	7	35,508	6	32,045
Creative Solutions	8	29,206	10	21,532
HEB Grocery	9	29,014		
Bella Firma Dev.	10	26,409		
Wal-Mart			3	59,935
Lowe's			5	34,032
Blue Rapids Car Wash			7	27,341

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2014
 (Unaudited)

Electric Rate Structure - last updated 06/15/2013

Residential Rate Structure		
<i>Electric</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum charge	13.75	25.00
Rate per/kWh	0.1083	0.1083

Commercial/ Multi Unit Rate Structure		
<i>Electric</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum- Small Commercial	35.00	45.00
Minimum- Large Commercial	72.00	82.00
Minimum- Multi Unit	13.75	25.00
Rate per/kWh	0.1083	0.1083

<i>All Customers</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Residential Sales Tax	1.50%	n/a
Commercial Sales Tax	8.25%	6.25%

Water Rate Structure - last updated 06/15/2013

Residential Rate Structure		
<i>Water</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum Charge	16.00	24.60
Rate per 1,000 gallons:		
0-2,000 gallons	5.00	7.00
2,000- 10,000 gallons	6.75	9.45
10,001-20,000 gallons	7.75	9.75
over 20,000 gallons	8.00	10.00

Commercial/ Multi Unit Rate Structure		
<i>Water</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum Per Meter Size:		
3/4" Meters	18.00	25.00
1" Meters	37.00	52.00
2" Meters	174.00	244.00
3" and 4" Meters	348.00	488.00
Rate per 1,000 gallons:		
0-2,000 gallons	5.00	7.00
2,000- 10,000 gallons	6.75	9.45
10,001-20,000 gallons	7.75	9.75
over 20,000 gallons	8.00	10.00

Monthly Residential Small User Discount	Year 1-	\$15.00
(Qualification: Water Customer using	Year 2-	\$10.00
under 2,000 gallons per month)	Year 3-	\$5.00

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2014
 (Unaudited)

Sewer Rate Structure - last updated 06/15/2013

Residential Rate Structure		
Sewer	Inside City Limits	Outside City Limits
Minimum Charge	24.00	34.00
Rate per 1,000 gallons	3.50	5.25

Commercial/ Multi Unit Rate Structure		
Sewer	Inside City Limits	Outside City Limits
Minimum- Small Commercial	36.50	44.50
Minimum- Large Commercial	36.50	44.50
Minimum- Multi Unit	6.50	10.00
Rate per 1,000 gallons	3.50	5.25

Garbage Rate Structure - last updated 10/01/2011

Garbage	Inside City Limits	Outside City Limits
Residential Customer	8.57	n/a
Commercial Customer	*varies	n/a

* rates will be set by type, amount, and frequency of service

All Customers	Inside City Limits	Outside City Limits
Residential Sales Tax	8.25%	n/a
Commercial Sales Tax	8.25%	n/a

CITY OF GRANBURY
Ratio Of Net General Bonded Debt To Assessed Value
And Net Bonded Debt Per Capita
Last Ten Years
(Unaudited)

Year Ended September 30	Assessed Value (Adjusted)	Gross Bonded Debt	Less Debt Service Fund Balance	Net Bonded Debt
2005	\$503,686,504	\$15,230,000	\$428,935	\$14,801,065
2006	\$560,829,540	\$18,069,500	\$464,599	\$17,604,901
2007	\$704,439,830	\$17,890,300	\$688,822	\$17,201,478
2008	\$872,539,194	\$31,429,250	\$957,812	\$30,471,438
2009	\$954,340,060	\$29,986,250	\$141,370	\$29,844,880
2010	\$1,056,606,134	\$28,494,375	\$182,969	\$28,311,406
2011	\$1,051,053,040	\$26,819,750	\$175,130	\$26,644,620
2012	\$1,040,534,979	\$25,319,875	\$273,016	\$25,046,859
2013	\$1,087,038,259	\$23,385,375	\$266,352	\$23,119,023
2014	\$1,113,466,317	\$21,525,000	\$171,352	\$21,353,648

Year Ended September 30	Ratio Net General Bonded Debt to Assessed Value	Estimated Population	Net General Bonded Debt Per Capita
2005	2.94%	6,700	\$2,209
2006	3.14%	7,050	\$2,497
2007	2.44%	7,400	\$2,325
2008	3.49%	7,600	\$4,009
2009	3.13%	7,850	\$3,802
2010	2.68%	8,200	\$3,453
2011	2.54%	8,030	\$3,318
2012	2.41%	8,648	\$2,896
2013	2.13%	8,290	\$2,789
2014	1.92%	8,779	\$2,432

Gross bonded debt includes general obligation bonds and certificates of obligation payable.

CITY OF GRANBURY
Government-wide Outstanding Debt
Last Ten Years
September 30, 2014

Fiscal Year	Governmental Activities			Business-type Activities		
	General Obligation Bonds	Combined Tax & Revenue Certificates of Obligation	Notes and Lease/Purchases	Utility Revenue Bonds	General Obligation Bonds	Combined Tax & Revenue Certificates of Obligation
2005	\$ 4,262,500	\$ 10,967,500	\$ 1,665,800	\$ 10,145,000	\$ 3,267,500	\$ 2,382,500
2006	\$ 4,105,000	\$ 13,964,500	\$ 1,401,358	\$ 9,514,000	\$ 3,195,000	\$ 3,370,500
2007	\$ 3,942,500	\$ 13,977,800	\$ 1,167,728	\$ 8,816,000	\$ 3,172,500	\$ 3,237,200
2008	\$ 5,822,500	\$ 25,606,750	\$ 1,057,932	\$ 11,216,000	\$ 5,197,500	\$ 1,073,250
2009	\$ 5,425,000	\$ 24,561,250	\$ 1,127,889	\$ 10,109,000	\$ 4,950,000	\$ 1,023,750
2010	\$ 5,007,500	\$ 23,486,875	\$ 993,370	\$ 9,990,000	\$ 4,692,500	\$ 973,125
2011	\$ 9,665,000	\$ 17,154,750	\$ 660,301	\$ 9,444,000	\$ 4,425,000	\$ 920,250
2012	\$ 9,097,146	\$ 16,384,646	\$ 631,070	\$ 13,674,187	\$ 4,183,891	\$ 865,125
2013	\$ 10,726,491	\$ 13,141,407	\$ 692,875	\$ 12,903,214	\$ 4,739,125	\$ 59,625
2014	\$ 9,509,707	\$ 12,447,293	\$ 975,234	\$ 12,114,241	\$ 4,376,581	\$ -

CITY OF GRANBURY
Government-wide Outstanding Debt
Last Ten Years
September 30, 2014

Total Government-wide Indebtedness

Lease/ Purchases	Total Government-wide Indebtedness	Estimated Population	Total Debt per Capita	Per Capita Income	Debt as Percent of Personal Income
\$ 131,635	\$ 32,822,435	6,700	\$ 4,898.87	\$ 31,834	15.39%
\$ 102,290	\$ 35,652,648	7,050	\$ 5,057.11	\$ 34,253	14.76%
\$ 71,968	\$ 34,385,696	7,400	\$ 4,646.72	\$ 36,142	12.86%
\$ 345,694	\$ 50,319,626	7,600	\$ 6,621.00	\$ 38,575	17.16%
\$ 458,033	\$ 47,654,922	7,850	\$ 6,070.69	\$ 28,963	20.96%
\$ 265,563	\$ 45,408,933	8,200	\$ 5,537.67	\$ 29,618	18.70%
\$ 769,380	\$ 43,038,681	8,030	\$ 5,359.74	\$ 25,669	20.88%
\$ 655,564	\$ 45,491,629	8,648	\$ 5,260.36	\$ 26,688	19.71%
\$ 1,114,621	\$ 43,377,358	8,290	\$ 5,232.49	\$ 27,967	18.71%
\$ 1,407,137	\$ 40,830,193	8,779	\$ 4,650.89	\$ 29,105	15.98%

CITY OF GRANBURY
 Estimated Direct and Overlapping Ad Valorem Tax
 Supported Gross Debt Statement
 as of September 30, 2014
 (Unaudited)

Governmental Subdivision	Gross Debt	Estimated Percent Applicable (1)	Direct and Estimated Overlapping Bonded Debt
Direct:			
City of Granbury	\$ 25,675,000	100.00%	\$ 25,675,000
Total direct debt			<u>25,675,000</u>
Overlapping:			
Granbury Independent School District	121,853,406	22.97%	27,989,727
Hood County	24,650,000	20.20%	<u>4,979,300</u>
Total overlapping debt			<u>32,969,027</u>
Total Direct and Overlapping Consolidated Gross Debt Outstanding			<u>\$ 58,644,027</u>
Direct and Overlapping Gross Debt Per Capita A.			\$ 6,680.04
Ratio of Direct and Overlapping Gross Debt to 2013 Net Assessed Valuation B.			5.27%

A. Based on population estimate of 8,779 at 9/30/14

B. Based on the assessed valuation of \$1,113,466,317 for tax year 2013.

Note 1: The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County entities certified taxable values. The share of market values for Granbury Independent School District and Hood County is calculated by the Hood County Appraisal District.

CITY OF GRANBURY
 Computation of Legal Debt Margin
 September 30, 2014
 (Unaudited)

The City Charter of the City of Granbury, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to \$2.50 for every \$100 of assessed valuation.

Tax Rate Limit	\$ 2.500
Current Tax Rate	<u>0.39758</u>
Available Tax Rate	<u><u>\$ 2.102</u></u>

No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

Tax Year	Fiscal Year	Assessed Value (Adjusted)	Maximum Allowable Taxable Amount	Actual Tax Levy	Margin
2004	2004-2005	\$ 503,686,504	\$ 12,592,163	\$ 2,219,358	\$ 10,372,805
2005	2005-2006	\$ 560,829,540	\$ 14,020,739	\$ 2,320,128	\$ 11,700,611
2006	2006-2007	\$ 704,439,830	\$ 17,610,996	\$ 2,906,579	\$ 14,704,417
2007	2007-2008	\$ 872,539,194	\$ 21,813,480	\$ 3,582,159	\$ 18,231,321
2008	2008-2009	\$ 954,340,060	\$ 23,858,502	\$ 3,908,078	\$ 19,950,424
2009	2009-2010	\$ 1,056,606,134	\$ 26,415,153	\$ 4,199,011	\$ 22,216,142
2010	2010-2011	\$ 1,051,053,040	\$ 26,276,326	\$ 4,168,290	\$ 22,108,036
2011	2011-2012	\$ 1,040,534,979	\$ 26,013,374	\$ 4,141,351	\$ 21,872,023
2012	2012-2013	\$ 1,087,038,259	\$ 27,175,956	\$ 4,294,424	\$ 22,881,532
2013	2013-2014	\$ 1,113,466,317	\$ 27,836,658	\$ 4,361,858	\$ 23,474,800

CITY OF GRANBURY
Municipal Utility
Revenue Bond Coverage
Last Ten Years
(Unaudited)

Fiscal Year	Total Revenues	Direct Operating Expenses	Net Available for Debt Service	Annual Requirement	Times Coverage
2005	\$ 11,940,842	\$ 8,702,705	\$ 3,238,137	\$ 1,496,602	2.16
2006	\$ 14,255,807	\$ 11,794,118	\$ 2,461,689	\$ 1,487,971	1.65
2007	\$ 13,670,688	\$ 11,264,609	\$ 2,406,079	\$ 1,549,623	1.55
2008	\$ 14,481,970	\$ 13,959,465	\$ 522,505	\$ 1,588,726	0.33
2009	\$ 15,618,682	\$ 13,630,141	\$ 1,988,541	\$ 1,564,747	1.27
2010	\$ 16,831,663	\$ 14,606,975	\$ 2,224,688	\$ 896,608	2.48
2011	\$ 18,480,550	\$ 14,791,791	\$ 3,688,759	\$ 901,728	4.09
2012	\$ 17,570,178	\$ 14,554,481	\$ 3,015,697	\$ 1,247,523	2.42
2013	\$ 18,366,107	\$ 15,333,091	\$ 3,033,016	\$ 1,244,623	2.44
2014	\$ 19,320,635	\$ 16,272,444	\$ 3,048,191	\$ 1,244,168	2.45

The City Charter of the City of Granbury, Texas, provides that all sources of Utility Fund revenues are cross-pledged to cover all sources of Utility Fund debt.

CITY OF GRANBURY
Ratio of Annual Debt Service
For General Bonded Debt to
Total General Expenditures
Last Ten Years
(Unaudited)

Fiscal Year	Principal	Interest and Charges	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2005	\$ 562,500	\$ 493,780	\$ 1,056,280	\$ 8,180,179	12.9127%
2006	\$ 1,020,000	\$ 414,969	\$ 1,434,969	\$ 8,702,584	16.4890%
2007	\$ 859,200	\$ 799,070	\$ 1,658,270	\$ 9,146,567	18.1300%
2008	\$ 1,457,750	\$ 1,258,184	\$ 2,715,934	\$ 11,658,882	23.2950%
2009	\$ 1,443,000	\$ 1,287,367	\$ 2,730,367	\$ 10,464,803	26.0910%
2010	\$ 1,491,875	\$ 1,229,837	\$ 2,721,712	\$ 9,451,642	28.7962%
2011	\$ 1,634,625	\$ 1,183,844	\$ 2,818,469	\$ 9,276,335	30.3834%
2012	\$ 1,499,875	\$ 1,065,362	\$ 2,565,237	\$ 9,950,844	25.7791%
2013	\$ 1,832,625	\$ 979,932	\$ 2,812,557	\$ 11,018,728	25.5252%
2014	\$ 1,860,375	\$ 891,125	\$ 2,751,500	\$ 11,285,866	24.3801%

CITY OF GRANBURY
Property Value And Construction
Last Ten Years
(Unaudited)

Year Ended September 30	Assessed Value (Adjusted)	Building Permits Issued	Percent Change	Estimated Value of Construction All Permits	Percent Change
2005	\$ 504,238,293	262	29.06%	\$ 52,310,086	80.35%
2006	\$ 560,829,540	254	-3.05%	\$ 39,988,865	-23.55%
2007	\$ 704,439,830	255	0.39%	\$ 59,069,210	47.71%
2008	\$ 872,539,194	221	-13.33%	\$ 68,875,653	16.60%
2009	\$ 954,340,060	156	-29.41%	\$ 31,368,138	-54.46%
2010	\$ 1,056,606,134	221	41.67%	\$ 27,939,407	-10.93%
2011	\$ 1,051,053,040	211	-4.52%	\$ 48,901,275	75.03%
2012	\$ 1,040,534,979	237	12.32%	\$ 31,518,255	-35.55%
2013	\$ 1,087,038,259	284	19.83%	\$ 41,544,776	31.81%
2014	\$ 1,113,466,317	249	-12.32%	\$ 53,181,956	28.01%

Construction activity data from City of Granbury records

CITY OF GRANBURY
Demographic Statistics
Last Ten Years
(Unaudited)

<u>Year Ended September 30</u>	<u>Estimated Population</u>	<u>Unemployment Rate for Hood County</u>	<u>School Enrollment</u>	<u>Per Capita Income</u>
2005	6,700	4.3%	6,833	\$ 31,834
2006	7,050	4.3%	6,803	\$ 34,253
2007	7,400	4.5%	6,906	\$ 36,142
2008	7,600	4.8%	6,917	\$ 38,575
2009	7,850	7.5%	6,705	\$ 28,963
2010	8,200	6.9%	6,615	\$ 29,618
2011	8,030	6.4%	6,514	\$ 25,669
2012	8,648	5.4%	6,590	\$ 26,688
2013	8,290	4.9%	6,510	\$ 27,967
2014	8,779	3.8%	6,621	\$ 29,105

Sources:

Population and Per capita income from <http://factfinder2.census.gov>

Unemployment rates from Texas Workforce Commission web site (www.tracer2.com)

School enrollment from National Center for Education Statistics (nces.ed.gov)

CITY OF GRANBURY
Employers and Selected Statistics
(Unaudited)

MAJOR EMPLOYERS		2014			2009		
Employer	Line of Business	Employees	Rank	% of Total Employed	Employees	Rank	% of Total Employed
Granbury ISD	School District	1000	1	3.6%	1,050	1	4.0%
Lake Granbury Medical Center	Medical Services	438	2	1.6%	395	3	1.5%
Wal-Mart Supercenter	Retail	417	3	1.5%	475	2	1.8%
Hood County	County Government	350	4	1.3%	330	4	1.3%
H - E - B	Retail	216	5	0.8%			
City of Granbury	Municipal Government	180	6	0.7%	221	5	0.8%
Granbury Care Center	Nursing Home	180	7	0.7%	150	7	0.6%
United Cooperative Svc	Utility Services	153	8	0.6%			
Lowe's	Home Improvement	139	9	0.5%	125	8	0.5%
Equibrand Corp	Rope Manufacturer	111	10	0.4%	170	6	0.7%
Kroger	Retail				115	9	0.4%
Home Depot	Home Improvement				100	10	0.4%
Total		<u>3,184</u>		<u>11.6%</u>	<u>3,131</u>		<u>12.0%</u>

<u>Selected Business Statistics</u>	2014	2013	2012	2011	2010	2000	1990
Total Number Employed, Hood County	29,075	27,511	23,324	24,454	25,433	n/a	n/a
Number of Business Establishments, Hood County	1,626	1,438	1,277	818	745	n/a	n/a
Number of Households, Granbury	4,104	3,806	3,775	3,296	3,763	2,391	1,875

Note: Information on the Top Ten Employers from 2004 is not available. A five year comparison will be made until a ten-year prior comparison can be made.

Sources: The Nielsen Company via Granbury-Hood County Economic Development Corp.; Texas Workforce Solutions, Granbury office; United Census Bureau (http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml)

CITY OF GRANBURY
City Employees by Job Type
Last Ten Fiscal Years
(Unaudited)

Count of Employees by Year

Job Classification	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Building Inspectors	9	9	9	9	9	9	6	9	8	7
Computer Install, Inspec	3	0	0	0	0	0	0	0	0	0
Street & Road Repair	7	6	4.5	4	7	7	11	9	9	9
Drivers	3	3	1.5	1	2	2	2	4	4	2
Airport Operations	6	5	3	3	3	4	4	5	5	5
Waterworkers	15	14	13	11	12.5	12.5	15	13	13	14
Electric Distribution	7	7	7	6	6	6	11	8	8	6
Sewage Treatment	9	9	8	7	7	7	14	8	11	12
TV or Radio	2	0	0	0	0	0	0	0	0	0
Firefighters-Paid	0	0	0	0	0	0	0	0	0	0
Firefighters-Volunteer	35	43	42	43	43	60	61	67	67	59
Police Officers	33	32	29	32	33	33	35	32	27	25
Warehouse Operation	2	2	2	2	2	2	2	2	4	2
Automobile Repair	3	3	2	3	3	3	4	3	3	3
Promotional/Development	6	13	8.5	5	3	3	4	3	3	3
Clerical-Office	39	41	39.25	38	38.5	43	43	41	41	40
Animal Control	1	1	1	1	1	1	1	1	1	1
Building Maintenance	14	14	12.5	11	12	12	13	6	6	7
Restaurants	5	0	0	0	0	0	0	0	0	0
Parks & Recreation	26	26	31	27	24	24	28	27	27	36
Total	225	228	213.25	203	206	228.5	254	238	237	231

Source: Texas Municipal League Workers Compensation audit figures and current year approved, budgeted positions.

CITY OF GRANBURY
 Capital Assets Information
 Last Eight Fiscal Years
 (Unaudited)

	FY 2014	FY 2013	FY 2012	FY 2011
City-owned Equipment				
Vehicles	152	151	151	147
Mobile Equipment	123	120	120	105
Street Department				
Miles of Roadway	51.5 miles	51.5 miles	51.5 miles	51.5 miles
City Parks				
Maintained Public Parks	110 acres	110 acres	110 acres	57 acres
Athletic Fields:				
Soccer Fields	8	8	8	8
Ball Fields	9	9	9	9
Basketball Court	2	1	1	1
Volleyball Pit	2	2	2	2
Playgrounds	4	3	3	3
Boat Ramps	2	2	2	3
Swimming Pool	1	1	1	1
Hike & Bike Trail	2.5 miles	2.5 miles	2.5 miles	2.5 miles
Splash Park	1	1	1	1
Airport				
Enclosed Hangars	75	74	75	78
Open T-Hangars	7	7	9	10
Commercial Hangars	5	5	3	3
Water Department				
Water lines (in miles)	53.4	53.4	52.1	51.2
Wells	30	33	29	23
Water Plant	1	1	1	1
Sewer Department				
Lift Stations	40	43	43	43
Sewer lines (in miles)	43 miles	43 miles	41.8 miles	41.7 miles
Electric Department				
Overhead line	87 miles	87 miles	82 miles	82 miles
Underground line	11 miles	11 miles	11 miles	11 miles

Note: This data will be updated with subsequent information added each year.

Source: City of Granbury records

CITY OF GRANBURY
 Capital Assets Information
 Last Eight Fiscal Years
 (Unaudited)

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
147	151	138	118	114
105	98	69	101	88
51.3 miles	51.3 miles	48.3 miles	47.5 miles	46.5 miles
57 acres	57 acres	57 acres	57 acres	50 acres
8	8	8	8	8
9	9	9	9	8
1	1	1	1	1
2	2	1	1	1
3	3	4	4	2
3	3	3	3	3
1	1	1	1	1
2.5 miles	2.5 miles	2.25 miles	2.25 miles	2.25 miles
1	1	1	-	-
78	78	78	78	78
10	10	10	10	10
3	3	3	3	3
51 miles	51 miles	51 miles	48 miles	45 miles
22	22	21	21	19
1	1	1	1	1
40	40	37	35	35
41.5 miles	41.5 miles	41.5 miles	39.5 miles	39 miles
82 miles	82 miles	82 miles	80 miles	80 miles
11 miles	10.5 miles	10 miles	9 miles	9 miles

CITY OF GRANBURY
 Operating Indicators
 Last Ten Fiscal Years
 (Unaudited)

	FY 2014	FY 2013	FY 2012	FY 2011
Municipal Court				
Citations processed	1,617	1,846	2,296	2,680
Police Department				
Calls for Service	22,129	21,456	22,022	20,524
Arrests	714	731	790	733
Accidents	872	794	738	822
Fire Department				
Calls for Service: Fire/Rescue	770	736	766	879
Calls for Service: EMS	138	182	181	221
Community Services				
Building Permits Issued	249	284	237	211
Building Permits Value	\$ 53,181,956	\$ 41,544,776	\$ 31,518,255	\$ 48,901,275
Utility Department				
Electric Connections	3,286	3,242	3,223	3,186
Water Connections	5,509	5,008	4,615	4,563
Sewer Connections	3,891	3,782	3,672	3,499
Electric Department				
KWH Sold	94,826,877	91,016,235	91,762,161	93,583,876
Water Department, in Gallons (000)				
Well production	524,689	427,516	493,386	499,348
Water Plant production	81,505	103,975	73,957	77,505
Water purchased	59,696	144,395	108,965	163,325
Wastewater Department, In Gallons (000)				
Discharge Flow	345,939	360,775	361,060	346,509

Source: City of Granbury records from these departments.

Police department statistics for FY 2009 do not include three months' information (March-May), not retrievable in software.

CITY OF GRANBURY
 Operating Indicators
 Last Ten Fiscal Years
 (Unaudited)

FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
2,220	3,829	3,542	2,554	2,414	2,217	3,979
18,387	10,840	13,931	13,254	11,245	9,808	9,206
721	448	968	1,010	980	1,179	1,206
838	762	1,131	1,120	959	818	667
659	769	842	1,425	1,100	1,401	1,433
531	282	364	n/a	n/a	n/a	n/a
221	156	221	255	254	262	203
\$ 27,939,407	\$ 31,368,138	\$68,875,653	\$ 59,069,210	\$ 39,988,865	\$ 52,310,086	\$ 29,004,716
3,197	3,156	3,054	3,034	3,067	3,013	2,951
4,406	4,352	4,296	4,090	3,951	3,711	3,490
3,365	3,338	3,188	3,086	3,002	2,805	2,683
89,806,103	86,567,727	87,465,019	83,964,190	85,830,313	79,006,473	76,513,192
477,466	440,271	492,375	435,511	437,375	416,605	360,499
68,439	93,711	71,469	51,359	69,933	66,916	44,347
50,779	57,378	76,795	27,330	69,668	74,691	24,389
378,880	354,491	396,066	413,527	345,649	333,916	350,815

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**OVERALL COMPLIANCE AND INTERNAL CONTROL
SECTION**

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council
City of Granbury, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Granbury, Texas (the “City”) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise of the City’s basic financial statements, and have issued our report thereon dated March 4, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these

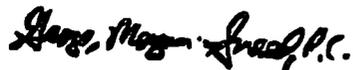
limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



George, Morgan & Sneed, P.C.
Weatherford, Texas
March 4, 2015