

Granbury, *Texas*

Comprehensive Annual Financial Report

2016

**For the Fiscal Year Ended
September 30, 2016**

CITY OF GRANBURY, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year Ended
September 30, 2016**

Prepared by the Finance Department

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CITY OF GRANBURY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2016

TABLE OF CONTENTS

	<u>Exhibit Number</u>	<u>Page Number</u>
INTRODUCTORY SECTION		
Table of Contents		
Letter of Transmittal		i - vii
City Council and Principal Officials		viii
Organizational Chart		ix
GFOA Certificate of Achievement		x
 FINANCIAL SECTION		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 16
Basic Financial Statements:		
Government-wide Financial Statements		
Statement of Net Position	A-1	17
Statement of Activities	B-1	18 - 19
Fund Financial Statements		
Balance Sheet - Governmental Funds	C-1	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C-2	21
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	C-3	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	C-4	23
Statement of Net Position - Proprietary Funds	D-1	24 - 25
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	D-2	26
Statement of Cash Flows - Proprietary Funds	D-3	27
Statement of Fiduciary Net Position - Fiduciary Funds	E-1	28
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	E-2	29
Notes to the Financial Statements		30 - 63
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	F-1	64
Schedule of Changes in Net Pension Liability and Related Ratios - Texas Municipal Retirement System	F-2	65
Schedule of Contributions - Texas Municipal Retirement System	F-3	66
Schedule of the City's Proportionate Share of the Net Pension Liability - Texas Emergency Services Retirement System	F-4	67
Schedule of Contributions - Texas Emergency Services Retirement System	F-5	68
Notes to the Required Supplementary Information		69-70

CITY OF GRANBURY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2016

TABLE OF CONTENTS

	Exhibit Number	Page Number
Combining Nonmajor and Individual Fund Statements and Budgetary Comparison Schedules		
Nonmajor Governmental Funds		
Combining Balance Sheet	G-1	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	G-2	72
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	H-1	73
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Tourism - Special Revenue Fund	H-2	74
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Granbury Historic Properties- Special Revenue Fund	H-3	75
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	H-4	76
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual - Utility - Enterprise Fund	H-5	77
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual - Airport - Enterprise Fund	H-6	78

STATISTICAL SECTION (UNAUDITED)

Statistical Tables		79 - 118
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OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

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 <i>Government Auditing Standards</i>		119 - 120
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INTRODUCTORY SECTION

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

February 27, 2017

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, 2016.

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 9,140 people, and serves as the center of commerce and recreation to over 55,423 county residents (US Census Bureau). There are currently 13.99 square miles of land within the City's boundaries.



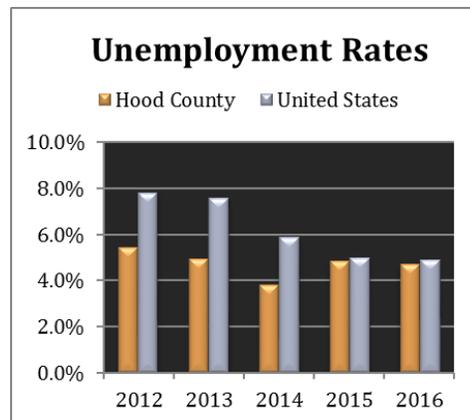
Government Structure

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.

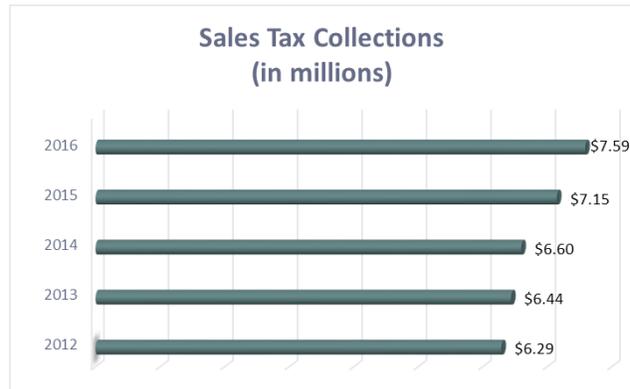
Regional Economy

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 four years; unemployment rates have remained lower than national averages and sales taxes have increased.

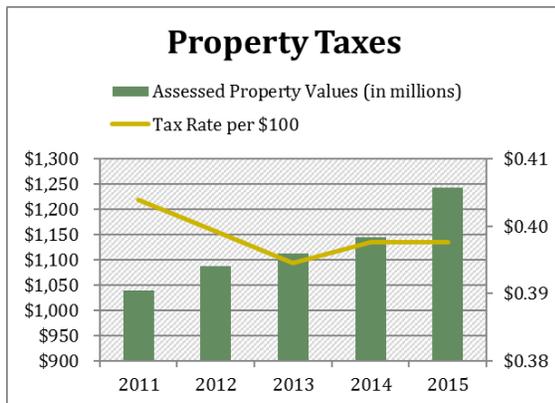
Local Economy

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, Kroger, Lowe’s Home Improvement Center and several other new commercial developments along Hwy 377 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 2015-2016 were up by 6% compared to the prior year. The sales tax revenue for 2016-2017 has been conservatively budgeted to remain constant when compared to 2015-2016 collections.

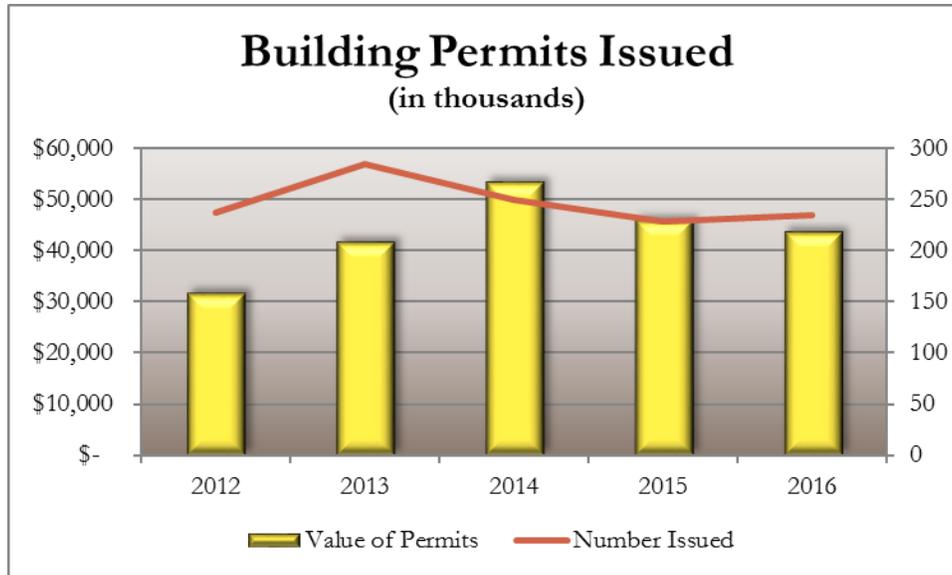


Tourism plays an important role in maintaining the healthy economy of the City. The historical downtown district, with its shopping, bed and breakfasts, and other attractions, also serves the City well by drawing tourists from outside the region. Additionally, Granbury’s 18,000-square-foot Resort Conference 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 \$98 million for the 2015 Tax Year to \$1,242 million. The City’s property tax rate is the same at \$.39758 for Tax Year 2015. Residential development continues in areas such as Abe’s Landing, Harbor Lakes, Josiah Estates and Catalina Bay. Additionally, the following recently completed commercial developments will help the City of Granbury maintain stable property valuations; including Mesquite Pit, Lakeside Physicians Express, Chipotle, O’Reilly’s Auto Parts, Rue21, and Dialysis Clinic. The value and the number of building permits slightly increased when compared to the previous year, and Granbury has experienced a tremendous growth

in both commercial and residential development the last several years.



FINANCIAL INFORMATION

Accounting System and Budgetary Control

The City’s accounting records for general governmental operations are maintained on a modified accrual basis. Revenues are 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, 2017, 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, 2020. The City has the option each year to choose the interest rate calculation for the year from two choices:

- Fixed rate of .70%
- Variable rate equal to the 90-day ask rate of US Treasury Bills, though not to fall below .25% 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 2015-16 was approximately \$13M. The overall portfolio provided \$33,332 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 Finance Director and Assistant Finance meet 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, 2016, 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, 2015. This was the eleventh 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 Director Eva Gregory and the entire staff of the Finance Department. My sincere 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 oversight of the financial operations of the City in a responsible manner.

Respectfully submitted,

Chris Coffman, CPM
City Manager

CITY OF GRANBURY, TEXAS

MAYOR
Nin Hulett

MAYOR PRO-TEM
Mickey Parson

COUNCIL MEMBERS
Tony Allen
Gary Couch
Rose Myers
Tony Mobly

CITY MANAGER
Chris Coffman, CPM

ASSISTANT CITY MANAGER
Sheri Campbell-Husband

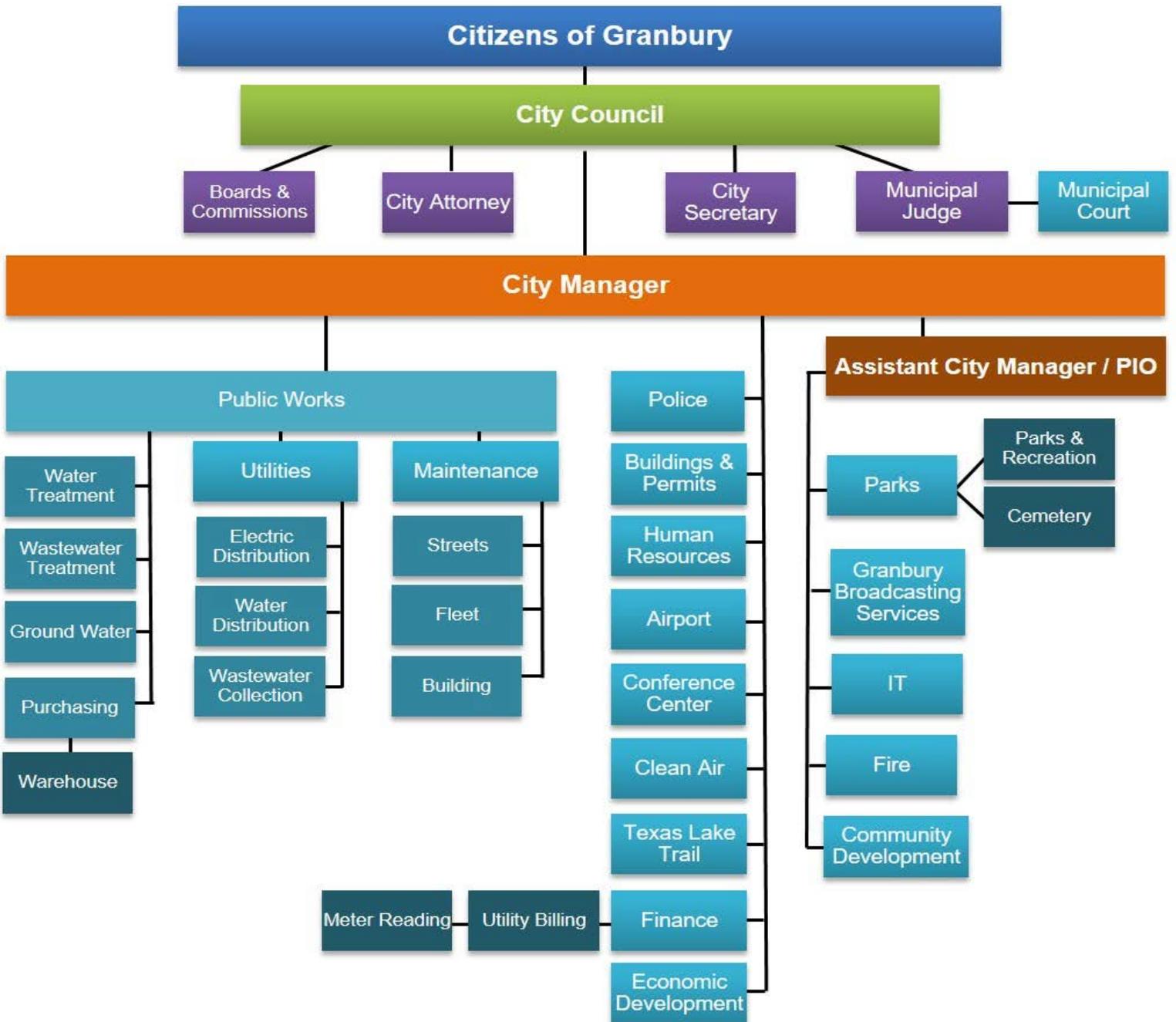
DEPARTMENT DIRECTORS

Eva S Gregory
Mitch Galvan
Rick Crownover
Carla Walker
Aaron Mclain
Scott Sopchak
Tony Tull
Gary Hawkins
Alan Hines

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

CITY OF GRANBURY, TEXAS

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, 2015

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, 2016, 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.

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, 2016, 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, schedule of changes in net pension liability and related ratios – Texas Municipal Retirement System, schedule of contributions – Texas Municipal Retirement System, schedule of the city's proportionate share of the net pension liability – Texas Emergency Services Retirement System, and schedule of contributions – Texas Emergency Services Retirement System on pages 64 - 70 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

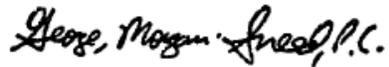
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements, and statistical section, are presented for purposes of additional analysis 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 basic financial statements. Such 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 sections 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 February 27, 2017, 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
February 27, 2017

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CITY OF GRANBURY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2016

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, 2016. 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 \$55,527,636 (Net Position). Of this amount \$6,189,945 (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 \$646,700. The City's operations decreased the governmental activities by \$5,498,039 and increased the business-type activities by \$6,144,739.
- As of the close of the current fiscal year, the City of Granbury's governmental funds reported combined ending fund balances of \$11,720,230.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,785,111 or 37% of the total General Fund expenditures.
- At the end of the current fiscal year, unrestricted net position for the Utility Fund was \$3,448,216, or 21% of total Utility 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, and Capital Projects 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 one type of proprietary fund. 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.

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 30-63 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 \$55,527,636 as of September 30, 2016.

The largest portion of the City’s net position (84%) 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, \$6,189,945, may be used to meet the government’s ongoing obligations to citizens and creditors.

As of September 30, 2016, 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 14,154,029	\$ 9,626,139	\$ 24,951,479	\$ 25,782,941	\$ 39,105,508	\$ 35,409,080
Capital assets	43,248,288	45,133,431	50,290,788	40,975,521	93,539,076	86,108,952
Total Assets	<u>57,402,317</u>	<u>54,759,570</u>	<u>75,242,267</u>	<u>66,758,462</u>	<u>132,644,584</u>	<u>121,518,032</u>
Deferred outflows of Resources	3,127,929	1,886,804	798,175	433,208	3,926,104	2,320,012
Total deferred outflows of resources	<u>3,127,929</u>	<u>1,886,804</u>	<u>798,175</u>	<u>433,208</u>	<u>3,926,104</u>	<u>2,320,012</u>
Current liabilities	1,544,414	1,635,602	3,025,546	2,160,463	4,569,960	3,796,065
Long-term liabilities	39,966,084	30,442,518	36,314,040	34,478,334	76,280,124	64,920,852
Total liabilities	<u>41,510,498</u>	<u>32,078,120</u>	<u>39,339,586</u>	<u>36,638,797</u>	<u>80,850,084</u>	<u>68,716,917</u>
Deferred inflows of resources	146,277	196,744	46,691	43,447	192,968	240,191
Total deferred inflows of resources	<u>146,277</u>	<u>196,744</u>	<u>46,691</u>	<u>43,447</u>	<u>192,968</u>	<u>240,191</u>
Net Position:						
Net investment in capital assets	15,439,007	21,537,158	31,227,763	24,172,309	46,666,770	45,709,467
Restricted	518,032	683,036	2,152,889	2,302,058	2,670,921	2,985,094
Unrestricted	2,916,432	2,151,316	3,273,513	4,035,059	6,189,945	6,186,375
Total Net Position	<u>\$ 18,873,471</u>	<u>\$ 24,371,510</u>	<u>\$ 36,654,165</u>	<u>\$ 30,509,426</u>	<u>\$ 55,527,636</u>	<u>\$ 54,880,936</u>

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$ 1,739,304	\$ 1,558,416	\$ 20,478,637	\$ 20,499,656	\$ 22,217,941	\$ 22,058,072
Operating grants and contributions	414,078	476,781	390,151	12,250	804,229	489,031
Capital grants and contributions	173,761	503,633	334,048	732,847	507,809	1,236,480
General revenues:						
Property taxes	4,933,982	4,574,859	-	-	4,933,982	4,574,859
Sales taxes	7,593,985	7,232,245	-	-	7,593,985	7,232,245
Hotel/Motel Occupancy Taxes	696,893	626,203	-	-	696,893	626,203
Franchise taxes	1,590,826	1,669,455	-	-	1,590,826	1,669,455
Investment earnings	47,046	31,670	45,956	15,367	93,002	47,037
Other Revenue	318,904	359,722	-	-	318,904	359,722
Extraordinary items	-	-	-	499,448	-	499,448
Total revenues	17,508,779	17,032,984	21,248,792	21,759,568	38,757,571	38,792,552
Expenses						
City Council	152,362	175,756	-	-	152,362	175,756
Legal	129,233	216,540	-	-	129,233	216,540
Executive	620,789	566,955	-	-	620,789	566,955
Financial Administration	471,115	420,668	-	-	471,115	420,668
Purchasing	171,151	161,101	-	-	171,151	161,101
Social Services	54,000	53,989	-	-	54,000	53,989
Information Technology	865,560	829,306	-	-	865,560	829,306
Economic Development	31,083	96,078	-	-	31,083	96,078
Human Resources	277,097	271,601	-	-	277,097	271,601
Warehouse	176,040	168,431	-	-	176,040	168,431
Fleet Maintenance	318,961	307,990	-	-	318,961	307,990
Building Maintenance	701,662	627,211	-	-	701,662	627,211
Granbury Broadcasting Services	116,792	94,506	-	-	116,792	94,506
Other governmental functions	1,071,895	962,525	-	-	1,071,895	962,525
Police	3,715,306	3,497,261	-	-	3,715,306	3,497,261
Fire	618,569	487,921	-	-	618,569	487,921
Municipal Court	234,917	196,676	-	-	234,917	196,676
Streets	1,513,874	1,442,712	-	-	1,513,874	1,442,712
Building & Permits	460,323	548,552	-	-	460,323	548,552
Community Development	576,517	436,091	-	-	576,517	436,091
Clean Air Coalition	107,164	147,426	-	-	107,164	147,426
Airport	-	-	928,078	1,011,149	928,078	1,011,149
Cemetery	58,323	68,870	-	-	58,323	68,870
Tourism	1,470,289	1,413,290	-	-	1,470,289	1,413,290
Parks	2,075,914	1,979,717	-	-	2,075,914	1,979,717
Conference Center	797,778	635,391	-	-	797,778	635,391
Interest and fiscal charges	1,208,731	992,957	-	-	1,208,731	992,957
Water treatment and distribution	-	-	5,635,299	4,981,249	5,635,299	4,981,249
Wastewater collection and treatment	-	-	2,454,647	2,496,113	2,454,647	2,496,113
Electricity	-	-	11,097,402	11,228,158	11,097,402	11,228,158
Total expenses	17,995,445	16,799,521	20,115,426	19,716,669	38,110,871	36,516,190
Increase (decrease) in net position before transfers	(486,666)	233,463	1,133,366	2,042,899	646,700	2,276,362
Transfers	(5,011,373)	(2,781,257)	5,011,373	2,781,257	-	-
Increase (decrease) in net position	(5,498,039)	(2,547,794)	6,144,739	4,824,156	646,700	2,276,362
Net Position October 1	24,371,510	31,278,959	30,509,426	26,914,230	54,880,936	58,193,189
Prior period adjustment	-	(4,359,655)	-	(1,228,960)	-	(5,588,615)
Net Position September 30	\$ 18,873,471	\$ 24,371,510	\$ 36,654,165	\$ 30,509,426	\$ 55,527,636	\$ 54,880,936

Governmental Activities. Governmental activities decreased the City’s net position by \$5,498,039 compared with a \$2,547,794 decrease in the prior year. Total governmental activities revenues increased \$475,795 (3%) to \$17,508,779. Total governmental activities expenses increased \$1,195,924 (7%) from the prior year. Key elements of these changes are as follows.

Revenues:

- Capital grants and contributions decreased \$329,872 primarily due to a grant in the prior year for the Moments in Time trail received in the amount of \$425,733 in the prior year and \$173,761 in the current year.
- Property taxes increased \$359,123 due to an increase in the assessed property value.
- Sales tax revenue increased \$361,740 (5%) in the current year due to the continued growth of the community. 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.

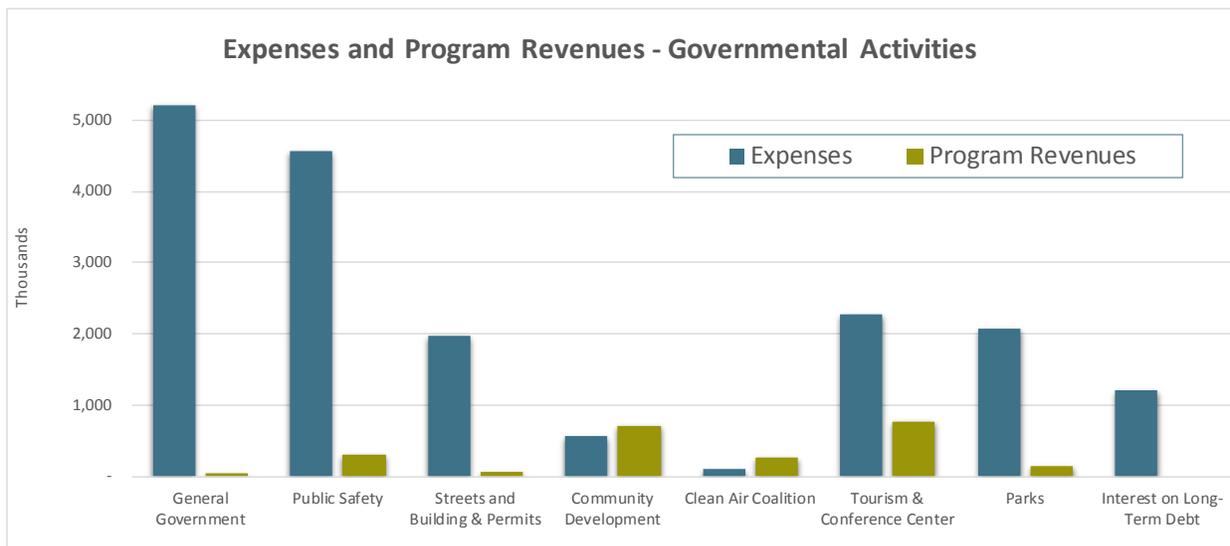
Expenses:

- Other governmental functions expenses increased \$109,370 primarily due to an increase in Texas Local Government Code Chapter 380 reimbursement agreements.
- Police increased \$218,045 primarily due to an increase in payroll and related expenses of \$75,189 due to an added position and annual raises and an increase in depreciation of \$42,660 due to vehicles and equipment purchased.
- Fire increased \$130,648 primarily due to an increase in depreciation of \$59,764 due to the purchase of a fire truck for \$811,475 in the prior year.
- Community development increased \$140,426 primarily because a consultant was hired to develop a comprehensive plan.
- Conference center expenses increased \$162,387 primarily due to an increase in staffing and an increase in catering expenses. Catering revenue increased proportionally with catering expense.
- Interest increased \$215,774 due to having more debt in the current year.

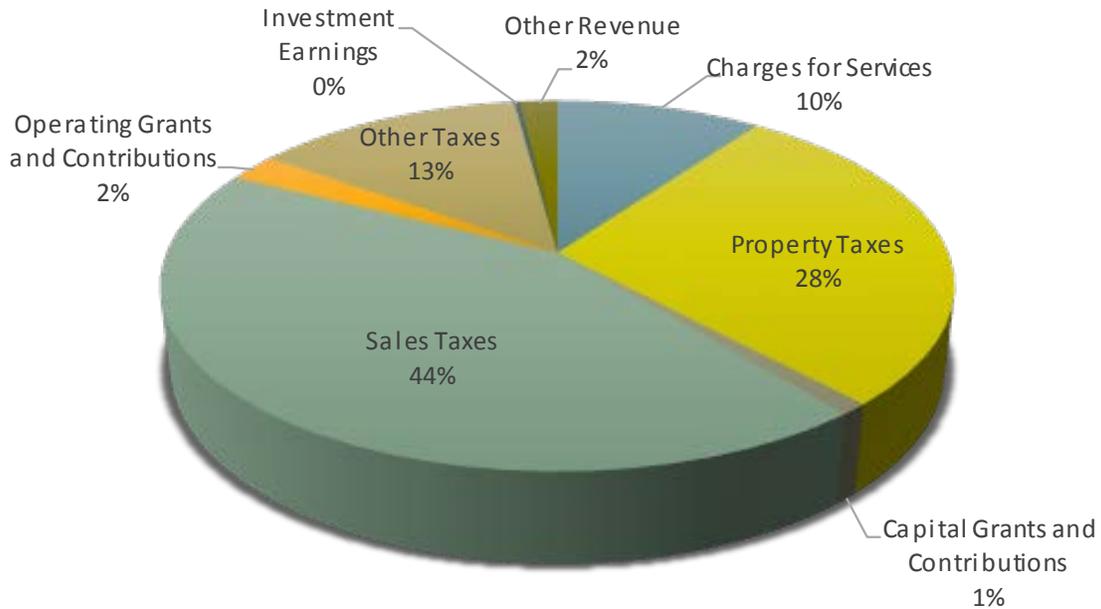
Transfers:

- \$5,294,802 was transferred from the capital projects fund to the airport fund for a land purchase.

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 \$6,144,739 in the current year compared to an increase of \$4,824,156 in the prior year. The business-type activities total revenues decreased \$510,776 (2%) to \$21,248,792 and total expenses increased \$398,757 (2%) to \$20,115,426. Key elements of these changes are as follows.

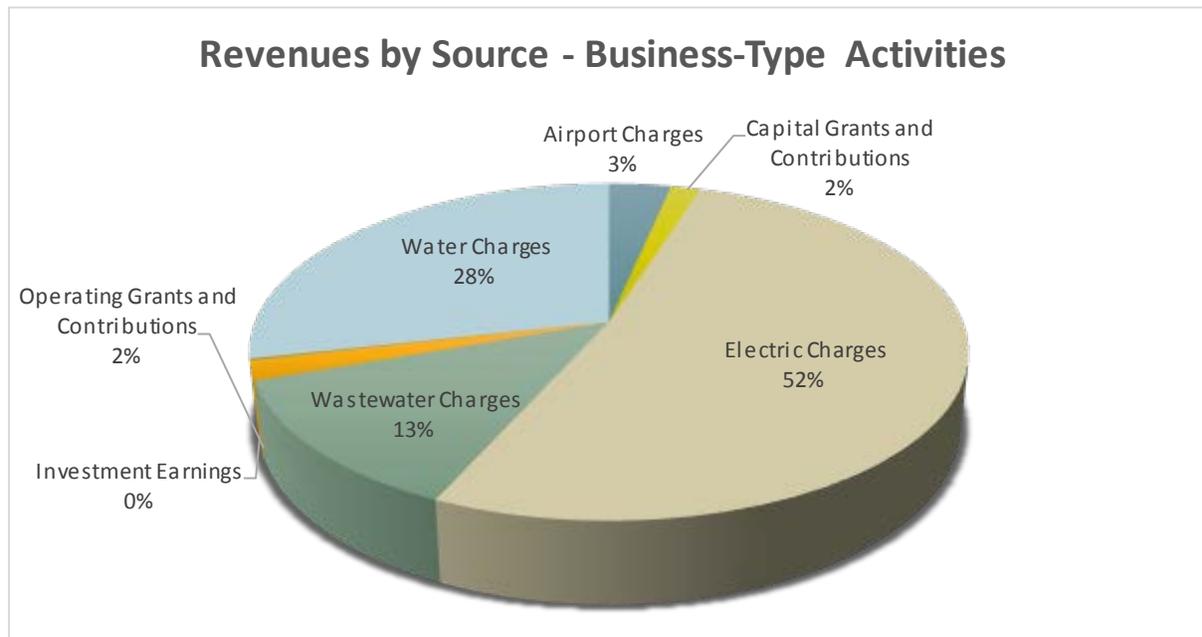
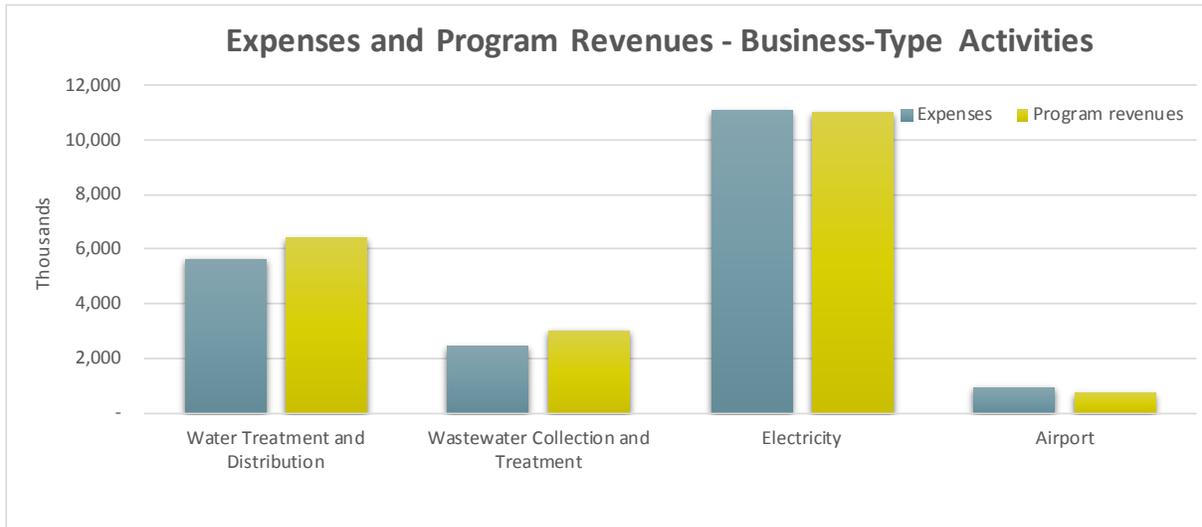
Revenues:

- Charges for electricity decreased \$317,416 due to a decrease in kwh sold.
- Water and wastewater charges increased \$370,223 due to an increase in consumption and an increase in the number of customers.
- There was a gain on the loss of a destroyed lift station in the prior year in the amount of \$499,448.

Expenses:

- Airport expenses decreased \$83,071 primarily because fuel expense decreased due to lower fuel costs.
- Water treatment and distribution expenses increased \$654,821 primarily due to an increase of \$320,060 in water purchase-swats due to an increase in the City's percent of water from the plant and capital improvements in the current year and a \$283,814 loss on disposal of reverse osmosis treatment equipment.
- Electric department expenses decreased \$130,756 due to a decrease in the amount of electricity purchased for resale.

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 \$11,720,230. \$4,681,325 (40%) 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 \$4,785,111. The fund balance of the general fund increased \$812,783. Property tax increased 27 % due to an increase in assessed values. Sales tax increased 7% due to the continued growth of the community. Intergovernmental revenue decreased \$276,290 due to a decrease in economic development contributions and more grant money received in the prior year for the Moments in Time trail. Total revenue in the general fund increased by 5% overall. Expenditures decreased 7% primarily due to the purchase a fire truck in the prior year.

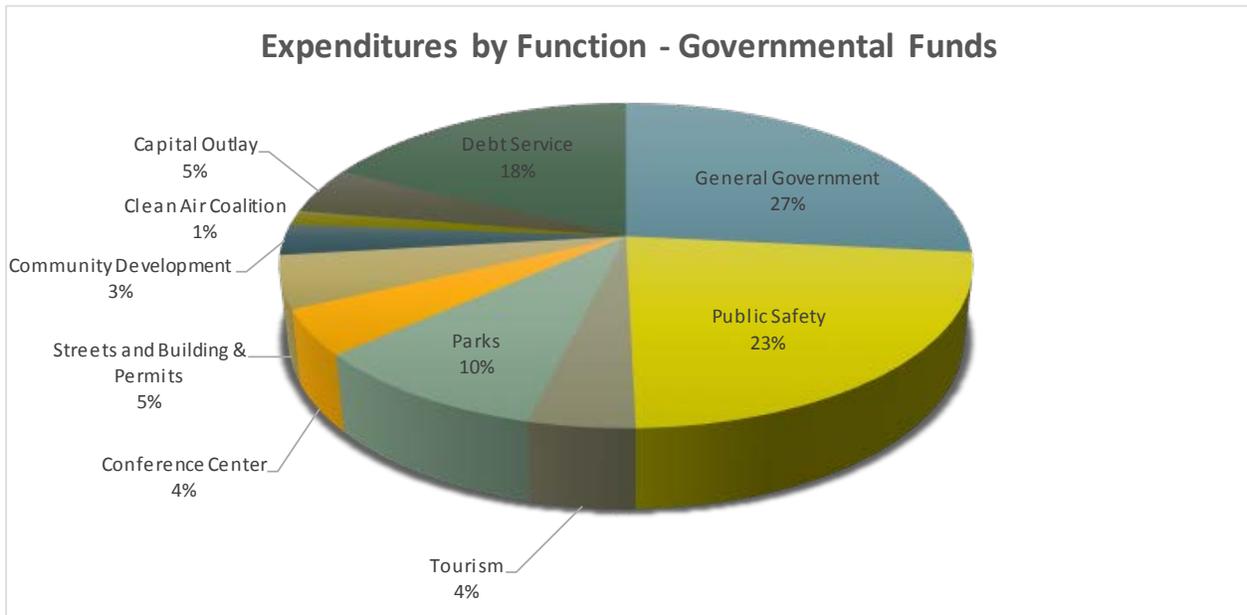
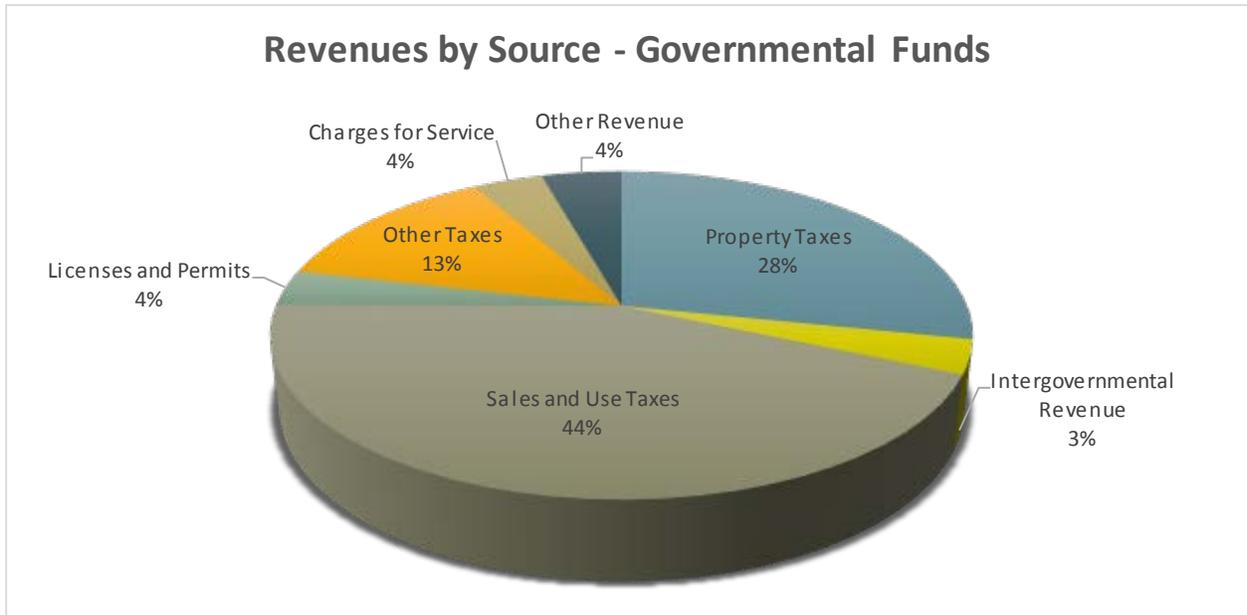
Below is a comparison of the general fund's net change in fund balance for 2016 and 2015.

	2016	2015	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Taxes:				
Property	\$ 2,239,529	\$ 1,763,490	\$ 476,039	26.99%
Sales and Use	7,624,373	7,151,484	472,889	6.61%
Franchise	1,605,855	1,639,843	(33,988)	-2.07%
Fines and fees	225,259	190,154	35,105	18.46%
Licenses and permits	613,565	703,918	(90,353)	-12.84%
Charges for service	113,056	33,887	79,169	233.63%
Intergovernmental revenue	582,339	858,629	(276,290)	-32.18%
Park and recreation	157,874	133,782	24,092	18.01%
Interest income	18,151	9,582	8,569	89.43%
Other revenue	294,898	318,575	(23,677)	-7.43%
Total revenues	13,474,899	12,803,344	671,555	5.25%
Expenditures:				
General government	4,905,160	4,745,797	159,363	3.36%
Public Safety	4,300,418	5,123,326	(822,908)	-16.06%
Streets	528,257	534,995	(6,738)	-1.26%
Building & Permits	447,070	578,796	(131,726)	-22.76%
Community Development	578,029	441,303	136,726	30.98%
Clean Air Coalition	262,273	160,484	101,789	100.00%
Cemetery	50,816	71,100	(20,284)	-28.53%
Parks	1,795,998	2,114,803	(318,805)	-15.07%
Total expenditures	12,868,021	13,770,604	(902,583)	-6.55%
Other financing sources (uses):				
Transfers in	1,201,810	1,610,262	(408,452)	-25.37%
Transfers out	(1,034,597)	(1,042,428)	7,831	-0.75%
Insurance recoveries	38,692	72,944	(34,252)	-46.96%
Issuance of Capital Lease	-	1,121,210	(1,121,210)	-100.00%
Net change in fund balances	\$ 812,783	\$ 794,728	\$ 18,055	2.27%

The Debt Service fund has a total fund balance of \$289,887, all of which is restricted for the payment of debt service. Debt Service fund balance increased in 2016 by \$29,096.

The fund balance of the capital projects fund increased \$3,859,842 primarily due to \$10,220,869 received from bond issues less \$861,287 capital outlay and \$5,294,802 transferred to the airport fund for a land purchase. 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 were \$3,273,513 comprised of the Utility Fund \$3,448,216 and the Airport Fund negative \$174,703. The Utility Fund had a net position increase in 2016 of \$170,225 and the Airport had a net position increase of \$5,974,514 primarily due to the transfer of land from the capital projects fund in the amount of \$5,294,802 and capital contributions of \$694,003.

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 3% or \$366,645. The most significant changes to general fund budgeted expenditures included: an increase to the fire department budget of \$101,000 primarily for building improvements and radios and equipment, an increase of \$79,120 to building & permits primarily for increases in personnel expenditures, and an increase in parks for maintenance of grounds and property improvements.

General fund actual expenditures budgetary basis were \$965,066 less than budgeted. Legal, police, community development, and parks were under budget \$121,967, \$116,014, \$166,682 and \$120,936, respectively.

CAPITAL ASSETS

The City of Granbury’s investment in capital assets for its governmental and business-type activities as of September 30, 2016 amounts to \$93,539,076 (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:

- Current year capital asset events funded with bond funds include \$56,511 for Moments in Time trail and a skate park, \$620,554 in street improvements, and \$176,062 for engineering for the downtown square project.

Business-Type Activities:

- \$202,985 of water improvements and \$59,290 of wastewater improvements were contributed by developers to the City.
- Current year capital asset events funded with the 2012 Utility System Revenue Bonds include \$183,269 for a pump station.
- Current year capital asset events funded with the 2015A Combination Tax and Surplus Revenue Certificates of Obligation include \$3,960,928 for construction of a water treatment plant and \$208,854 for engineering services relating to the construction of a water treatment plant.
- Current year capital asset events funded with the 2016B Combination Tax and Surplus Revenue Certificates of Obligation include \$53,109 in professional services and \$96,000 in engineering services relating to the meter replacement project.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,444,077	\$ 5,430,577	\$ 10,115,746	\$ 5,192,631	\$ 15,559,823	\$ 10,623,208
Buildings	13,359,485	13,654,988	192,920	147,915	13,552,405	13,802,903
Improvements other than buildings	20,358,715	21,901,506	30,329,390	31,705,098	50,688,105	53,606,604
Machinery and equipment	1,636,117	1,661,482	1,337,108	1,360,169	2,973,225	3,021,651
Construction in progress	2,449,894	2,484,878	8,315,624	2,569,708	10,765,518	5,054,586
Total	<u>\$ 43,248,288</u>	<u>\$ 45,133,431</u>	<u>\$ 50,290,788</u>	<u>\$ 40,975,521</u>	<u>\$ 93,539,076</u>	<u>\$ 86,108,952</u>

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 \$67,447,200. Of this amount, \$39,395,392 comprises bonded debt backed by the full faith and credit of the government, \$15,009,507 are certificates of obligation secured by ad valorem taxes and surplus revenues of the utility fund and \$10,467,294 represents bonds secured solely by electric, water and sewer revenues. The capital leases payable of \$2,187,085 pertains to equipment and new airport hangars being financed by lease/purchase financing. The Texas Capital Fund loan is special assessment debt to be repaid by lease revenues received from companies who lease facilities acquired or rehabilitated with these funds. 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	
	2016	2015	2016	2015	2016	2015
Capital Leases Payable	\$ 1,170,678	\$ 1,472,077	\$ 1,016,407	\$ 1,257,177	\$ 2,187,085	\$ 2,729,254
Texas Capital Fund Loan	-	-	76,098	-	76,098	-
Notes Payable	311,824	336,397	-	-	311,824	336,397
Revenue Bonds	-	-	10,467,294	11,302,269	10,467,294	11,302,269
General Obligation	19,410,667	16,840,147	3,554,725	3,936,537	22,965,392	20,776,684
Certificates of Obligation	12,289,507	6,461,198	19,150,000	16,430,000	31,439,507	22,891,198
Total Outstanding Debt	<u>\$ 33,182,676</u>	<u>\$ 25,109,819</u>	<u>\$ 34,264,524</u>	<u>\$ 32,925,983</u>	<u>\$ 67,447,200</u>	<u>\$ 58,035,802</u>

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 through 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General Fund revenues and transfers-in are budgeted to increase in fiscal year 2017 compared to the 2015-2016 budget due to an intergovernmental grant to be received as reimbursement for the Downtown Square Project. Sales tax makes up about 50% of the General Fund budgeted operating revenues. Property tax revenue is budgeted to increase about 10.4% from the 2015-2016 budgeted amounts. Certified assessed property valuations increased approximately \$127 million (10.4%) from the preceding year, but the property tax rate has remained the same at \$.397584 per \$100. The maintenance and operations portion of the tax rate was increased from \$.180174 to \$.187950 and the debt service rate decreased from \$.217410 to \$.209634. The increase in the maintenance and operations tax rate and reduction in the debt service rate were possible because of the continuous increase in property valuations, and because of the savings generated by the recent refinancing and debt roll off. Granbury has experienced tremendous growth in sales tax and property tax valuations during the last several years and therefore, continues to maintain its status as a regional retail and tourism hub. In fiscal year 2016 sales tax receipts were up 6.6% when compared with the previous year's actual collections.

General Fund expenditures and transfers-out are budgeted to increase 3% compared to 2015-2016 budgeted amounts. Total budget for the General Fund expenditures is \$14,035,289. While the significant growth in sales tax and property valuation is attributable to the increased commercial and residential activity, the City recognizes its reliance on the economically sensitive sales tax revenue and continues to budget conservatively.

Operating revenue in the Utility Fund is budgeted to increase 2.6% when compared to the operating revenue budgeted in 2015-2016. No rate adjustments were made for electric, water, and sewer services in fiscal year 2016. However, fiscal year 2017 reflects a 3% increase in water rates and 2.5% increase in sewer rates. The City's electric provider is Bryan Texas Utilities (BTU). The existing 10-year contract for electric services will expire on December 31, 2017. The ten-year contract has locked in the energy cost at \$72.75 per megawatt hour which is 65%-75% higher than the power purchase rate the market currently offers. The estimated "all-in" charge the City pays BTU is \$84.99 per megawatt hour, including ancillary services, transmission services and transmission losses. Nonetheless, through a request for proposal process for a full requirements power supply agreement, Granbury was able to secure a 3-year very low rate power purchase contract. The new agreement will be effective starting on January 1, 2018, and will allow the City to set aside funds for future capital investments while offering a competitive electric rate to the citizens of Granbury.

Operating expenses for the Utility Fund, excluding depreciation, are also budgeted to increase about 2.8% with 2015-2016 budgeted amounts at \$20,104,062.

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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City of Granbury, Texas
Statement of Net Position
September 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 1,395,235	\$ 953,346	\$ 2,348,581
Investments	5,060,630	2,050,630	7,111,260
Receivables (Net of allowances for uncollectibles)			
Property taxes	89,125	-	89,125
Franchise taxes	357,800	-	357,800
Accounts	-	2,020,199	2,020,199
Due from other governments	1,271,534	-	1,271,534
Fines and fees receivable	103,614	-	103,614
Miscellaneous receivables	107,482	541,714	649,196
Accrued interest	2,585	3,838	6,423
Internal balances	208,087	(208,087)	-
Prepaid items	88,245	2,393	90,638
Inventories	98,181	1,426,466	1,524,647
Restricted assets:			
Cash and cash equivalents	569,767	16,905,919	17,475,686
Investments	4,801,744	1,255,061	6,056,805
Capital assets (net of accumulated depreciation):			
Land	5,444,077	10,115,746	15,559,823
Buildings	13,359,485	192,920	13,552,405
Improvements other than buildings	20,358,715	30,329,390	50,688,105
Machinery and equipment	1,636,117	1,337,108	2,973,225
Construction in progress	2,449,894	8,315,624	10,765,518
Total Assets	<u>57,402,317</u>	<u>75,242,267</u>	<u>132,644,584</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	2,110,494	631,449	2,741,943
Deferred charges on refunding	1,017,435	166,726	1,184,161
Total Deferred Outflows of Resources	<u>3,127,929</u>	<u>798,175</u>	<u>3,926,104</u>
LIABILITIES:			
Accounts payable and accrued liabilities	690,720	1,251,220	1,941,940
Unearned revenue	559,767	70,549	630,316
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accrued liabilities	-	1,017,317	1,017,317
Interest payable	293,927	74,765	368,692
Customer deposits	-	611,695	611,695
Noncurrent liabilities:			
Due Within One Year	2,328,814	1,834,730	4,163,544
Due in More Than One Year	37,637,270	34,479,310	72,116,580
Total Liabilities	<u>41,510,498</u>	<u>39,339,586</u>	<u>80,850,084</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	146,277	46,691	192,968
Total Deferred Inflows of Resources	<u>146,277</u>	<u>46,691</u>	<u>192,968</u>
NET POSITION:			
Net Investment in Capital Assets	15,439,007	31,227,763	46,666,770
Restricted Net Position			
Debt Service (Expendable)	46,480	1,109,667	1,156,147
Impact fees for capital improvements (Expendable)	-	1,043,222	1,043,222
Public Safety (Expendable)	36,780	-	36,780
Culture and Recreation (Expendable)	346,612	-	346,612
Public, educational, and governmental programing	61,862	-	61,862
Court technology and security (Expendable)	26,298	-	26,298
Unrestricted Net Position	2,916,432	3,273,513	6,189,945
Total Net Position	<u>\$ 18,873,471</u>	<u>\$ 36,654,165</u>	<u>\$ 55,527,636</u>

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, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
City Council	\$ 152,362	\$ -	\$ -	\$ -
Legal	129,233	-	-	-
Executive	620,789	-	-	-
Financial Administration	471,115	-	-	-
Purchasing	171,151	-	-	-
Social Services	54,000	-	-	-
Information Technology	865,560	24,096	-	-
Economic Development	31,083	-	-	-
Human Resources	277,097	-	-	-
Warehouse	176,040	-	-	-
Fleet Maintenance	318,961	-	-	-
Building Maintenance	701,662	-	-	-
Granbury Broadcasting Services	116,792	26,383	-	-
Other governmental functions	1,071,895	-	-	-
Police	3,715,306	200,266	58,554	-
Fire	618,569	-	-	-
Municipal Court	234,917	49,922	-	-
Streets	1,513,874	-	15,997	-
Building & Permits	460,323	44,645	-	-
Community Development	576,517	636,114	70,315	-
Clean Air Coalition	107,164	-	263,712	-
Cemetery	58,323	2,900	-	-
Tourism	1,470,289	119,338	5,500	173,761
Parks	2,075,914	159,774	-	-
Conference Center	797,778	475,866	-	-
Interest and fiscal charges	1,208,731	-	-	-
Total governmental activities	<u>17,995,445</u>	<u>1,739,304</u>	<u>414,078</u>	<u>173,761</u>
Business-type activities:				
Water treatment and distribution	5,635,299	6,048,581	96,461	274,758
Wastewater collection and treatment	2,454,647	2,711,864	244,504	59,290
Electricity	11,097,402	11,012,050	-	-
Airport	928,078	706,142	49,186	-
Total business-type activities	<u>20,115,426</u>	<u>20,478,637</u>	<u>390,151</u>	<u>334,048</u>
Total primary government	\$ <u>38,110,871</u>	\$ <u>22,217,941</u>	\$ <u>804,229</u>	\$ <u>507,809</u>

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, 2015

Net Position, September 30, 2016

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (152,362)	\$ -	\$ (152,362)
(129,233)	-	(129,233)
(620,789)	-	(620,789)
(471,115)	-	(471,115)
(171,151)	-	(171,151)
(54,000)	-	(54,000)
(841,464)	-	(841,464)
(31,083)	-	(31,083)
(277,097)	-	(277,097)
(176,040)	-	(176,040)
(318,961)	-	(318,961)
(701,662)	-	(701,662)
(90,409)	-	(90,409)
(1,071,895)	-	(1,071,895)
(3,456,486)	-	(3,456,486)
(618,569)	-	(618,569)
(184,995)	-	(184,995)
(1,497,877)	-	(1,497,877)
(415,678)	-	(415,678)
129,912	-	129,912
156,548	-	156,548
(55,423)	-	(55,423)
(1,171,690)	-	(1,171,690)
(1,916,140)	-	(1,916,140)
(321,912)	-	(321,912)
(1,208,731)	-	(1,208,731)
<u>(15,668,302)</u>	<u>-</u>	<u>(15,668,302)</u>
-	784,501	784,501
-	561,011	561,011
-	(85,352)	(85,352)
-	(172,750)	(172,750)
<u>-</u>	<u>1,087,410</u>	<u>1,087,410</u>
\$ <u>(15,668,302)</u>	\$ <u>1,087,410</u>	\$ <u>(14,580,892)</u>
\$ 2,236,511	\$ -	\$ 2,236,511
2,697,471	-	2,697,471
7,593,985	-	7,593,985
696,893	-	696,893
1,590,826	-	1,590,826
47,046	45,956	93,002
318,904	-	318,904
<u>(5,011,373)</u>	<u>5,011,373</u>	<u>-</u>
<u>10,170,263</u>	<u>5,057,329</u>	<u>15,227,592</u>
(5,498,039)	6,144,739	646,700
<u>24,371,510</u>	<u>30,509,426</u>	<u>54,880,936</u>
\$ <u>18,873,471</u>	\$ <u>36,654,165</u>	\$ <u>55,527,636</u>

City of Granbury, Texas
Balance Sheet
Governmental Funds
September 30, 2016

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Assets:					
Cash and cash equivalents	\$ 866,083	\$ 275,312	\$ 126,345	\$ 127,495	\$ 1,395,235
Investments	5,060,630	-	-	-	5,060,630
Receivables (Net of allowances for uncollectibles)					
Property taxes	38,605	50,520	-	-	89,125
Franchise taxes	357,800	-	-	-	357,800
Due from other governments	1,271,534	-	-	-	1,271,534
Fines and fees receivable	103,614	-	-	-	103,614
Miscellaneous receivables	32,420	-	-	75,062	107,482
Interest	1,345	-	1,240	-	2,585
Due from other funds	347,291	2,723	-	-	350,014
Inventories	92,381	-	-	5,800	98,181
Prepaid items	88,245	-	-	-	88,245
Restricted Assets:					
Cash and cash equivalents	89,095	14,932	465,740	-	569,767
Investments	-	-	4,801,744	-	4,801,744
 Total assets	 <u>\$ 8,349,043</u>	 <u>\$ 343,487</u>	 <u>\$ 5,395,069</u>	 <u>\$ 208,357</u>	 <u>\$ 14,295,956</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued expenses	\$ 639,971	\$ 1,530	\$ 21,674	\$ 27,545	\$ 690,720
Unearned revenue	530,118	-	-	29,649	559,767
Due to other funds	2,723	1,550	-	137,654	141,927
 Total liabilities	 <u>1,172,812</u>	 <u>3,080</u>	 <u>21,674</u>	 <u>194,848</u>	 <u>1,392,414</u>
Deferred inflows of resources:					
Deferred revenue	1,132,792	50,520	-	-	1,183,312
 Total deferred inflows of resources	 <u>1,132,792</u>	 <u>50,520</u>	 <u>-</u>	 <u>-</u>	 <u>1,183,312</u>
Fund Balance:					
Nonspendable	511,494	-	-	5,800	517,294
Restricted	471,552	289,887	5,373,395	-	6,134,834
Committed	231,344	-	-	111,495	342,839
Assigned	43,938	-	-	-	43,938
Unassigned	4,785,111	-	-	(103,786)	4,681,325
 Total fund balances	 <u>6,043,439</u>	 <u>289,887</u>	 <u>5,373,395</u>	 <u>13,509</u>	 <u>11,720,230</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 8,349,043</u>	 <u>\$ 343,487</u>	 <u>\$ 5,395,069</u>	 <u>\$ 208,357</u>	 <u>\$ 14,295,956</u>

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

City of Granbury, Texas
 Reconciliation of the Governmental Funds Balance Sheet
 To the Statement of Net Position
 September 30, 2016

Total Fund Balances - Governmental Funds	\$ 11,720,230
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 \$88,369,547 and the accumulated depreciation was \$45,121,259.	43,248,288
Deferred charges for refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds.	1,017,435
Included in the items related to noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of \$6,357,248, a deferred resource inflow related to pensions of \$146,277, and a deferred resource outflow related to pensions in the amount of \$2,110,494. This amounted to a decrease in net position in the amount of \$4,393,031.	(4,393,031)
Long-term liabilities, including \$31,700,174 bonds payable, \$311,824 notes payable, \$1,170,678 capital leases payable and \$426,160 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.	(33,608,836)
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.	(293,927)
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.	1,183,312
Net Position of Governmental Activities	\$ 18,873,471

City of Granbury, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended September 30, 2016

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 2,239,529	\$ 2,705,648	\$ -	\$ -	\$ 4,945,177
Sales and Use	7,624,373	-	-	-	7,624,373
Hotel/Motel Occupancy	-	-	-	696,893	696,893
Franchise	1,605,855	-	-	-	1,605,855
Fines and fees	225,259	-	-	-	225,259
Licenses and permits	613,565	-	-	-	613,565
Charges for service	113,056	-	-	559,251	672,307
Intergovernmental revenue	582,339	-	-	-	582,339
Park and recreation	157,874	-	-	-	157,874
Interest income	18,151	12,878	15,931	86	47,046
Other revenue	294,898	-	-	41,453	336,351
Total revenues	13,474,899	2,718,526	15,931	1,297,683	17,507,039
Expenditures:					
Current					
General government					
City Council	152,362	-	-	-	152,362
Legal	129,233	-	-	-	129,233
Executive	601,517	-	-	-	601,517
Financial Administration	458,873	-	-	-	458,873
Purchasing	165,775	-	-	-	165,775
Social Services	54,000	-	-	-	54,000
Information Technology	881,347	-	-	-	881,347
Economic Development	29,345	-	-	-	29,345
Human Resources	271,505	-	-	-	271,505
Warehouse	150,330	-	-	-	150,330
Fleet Maintenance	311,042	-	-	-	311,042
Building Maintenance	710,263	-	-	-	710,263
Granbury Broadcasting Services	138,186	-	-	-	138,186
Other governmental functions	851,382	-	-	-	851,382
Public Safety:					
Police	3,676,288	-	-	-	3,676,288
Fire	404,201	-	-	-	404,201
Municipal Court	219,929	-	-	-	219,929
Streets	528,257	-	-	-	528,257
Building & Permits	447,070	-	-	-	447,070
Community Development	578,029	-	-	-	578,029
Clean Air Coalition	262,273	-	-	-	262,273
Cemetery	50,816	-	-	-	50,816
Tourism	-	-	-	780,866	780,866
Parks	1,795,998	-	-	-	1,795,998
Conference Center	-	-	-	835,599	835,599
Capital outlay	-	-	861,287	-	861,287
Debt service:					
Principal	-	2,196,392	-	24,573	2,220,965
Interest and fiscal charges	-	702,354	-	11,097	713,451
Debt issuance costs	-	152,633	220,869	-	373,502
Total expenditures	12,868,021	3,051,379	1,082,156	1,652,135	18,653,691
Excess (deficiency) of revenue over (under) expenditures	\$ 606,878	\$ (332,853)	\$ (1,066,225)	\$ (354,452)	\$ (1,146,652)
Other financing sources (uses):					
Transfers in	1,201,810	331,968	-	478,251	2,012,029
Transfers out	(1,034,597)	-	(5,294,802)	-	(6,329,399)
Certificates of Obligation issued	-	-	9,690,000	-	9,690,000
Refunding bonds issued	-	5,075,000	-	-	5,075,000
Bond (Discount)/Premium	-	512,643	530,869	-	1,043,512
Payment to bond refunding escrow agent	-	(5,557,662)	-	-	(5,557,662)
Insurance recoveries	38,692	-	-	-	38,692
Total other financing sources (uses)	205,905	361,949	4,926,067	478,251	5,972,172
Net change in fund balances	812,783	29,096	3,859,842	123,799	4,825,520
Fund Balance, October 1, 2015	5,230,656	260,791	1,513,553	(110,290)	6,894,710
Fund Balance, September 30, 2016	\$ 6,043,439	\$ 289,887	\$ 5,373,395	\$ 13,509	\$ 11,720,230

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, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ 4,825,520
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 \$1,799,323 of capital outlays and \$2,220,965 of debt principal payments is to increase net position.	4,020,288
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.	(699,598)
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.	(2,984,868)
Current year proceeds from the sale of bonds are other financing sources in the fund financial statements. The net effect of the increase in certificates of obligation is a decrease in net position.	(10,220,869)
Transactions involving the issuance of refunding bonds are expenditures and other financing sources (uses) in the fund financial statements but change in deferred charges for refunding and noncurrent liabilities in the government-wide financial statements. The net effect is a decrease to net position.	(29,981)
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 \$160,080 increase in interest payable, \$45,771 increase in compensated absences, and \$38,302 amortization of deferred charges, premiums and discounts decrease net position.	(167,549)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(46,362)
GASB required the City to recognize their net pension liability, deferred resource inflow related to pensions, and deferred resource outflow related to pensions. The changes in these balances decreased net position.	(194,620)
Change in Net Position of Governmental Activities	<u>\$ (5,498,039)</u>

City of Granbury, Texas
Statement of Net Position
Proprietary Funds
September 30, 2016

	Business-type Activities		
	Enterprise Funds		
	Utility Fund	Airport Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 953,346	\$ -	\$ 953,346
Investments	2,050,630	-	2,050,630
Receivables (Net of allowance for uncollectibles):			
Accounts	2,020,199	-	2,020,199
Miscellaneous Receivables	405,806	135,908	541,714
Interest	3,838	-	3,838
Prepaid expenses	1,273	1,120	2,393
Supplies inventory	1,397,239	29,227	1,426,466
Restricted Assets:			
Cash and cash equivalents	16,905,919	-	16,905,919
Investments	1,255,061	-	1,255,061
Total current assets	<u>24,993,311</u>	<u>166,255</u>	<u>25,159,566</u>
Capital assets, at cost:			
Land	885,750	9,229,996	10,115,746
Construction in Progress	7,249,933	1,065,691	8,315,624
Buildings	287,973	160,274	448,247
Improvements other than buildings	50,747,886	4,435,682	55,183,568
Machinery and Equipment	4,132,217	231,792	4,364,009
Less: accumulated depreciation	<u>(25,097,291)</u>	<u>(3,039,115)</u>	<u>(28,136,406)</u>
Capital assets, net	<u>38,206,468</u>	<u>12,084,320</u>	<u>50,290,788</u>
Total noncurrent assets	<u>38,206,468</u>	<u>12,084,320</u>	<u>50,290,788</u>
Total assets	<u>\$ 63,199,779</u>	<u>\$ 12,250,575</u>	<u>\$ 75,450,354</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	\$ 166,726	\$ -	\$ 166,726
Deferred outflow related to pensions	<u>572,824</u>	<u>58,625</u>	<u>631,449</u>
Total deferred outflows of resources	<u>\$ 739,550</u>	<u>\$ 58,625</u>	<u>\$ 798,175</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, 2016

	Business-type Activities		
	Enterprise Funds		
	Utility Fund	Airport Fund	Totals
LIABILITIES:			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 1,232,331	\$ 18,889	\$ 1,251,220
Unearned revenue	70,549	-	70,549
Compensated absences payable	47,118	2,703	49,821
Due to other funds	14,973	193,114	208,087
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accrued liabilities	1,017,317	-	1,017,317
Current portion of long-term debt	1,677,979	106,930	1,784,909
Interest payable	74,765	-	74,765
Customer deposits payable	609,895	1,800	611,695
Total current liabilities	<u>4,744,927</u>	<u>323,436</u>	<u>5,068,363</u>
Noncurrent Liabilities:			
Compensated absences payable	67,396	-	67,396
Net pension liability	1,753,541	178,758	1,932,299
Texas Capital Fund loan	68,088	-	68,088
Capital leases payable	168,624	621,715	790,339
Bonds payable	31,621,188	-	31,621,188
Total noncurrent liabilities	<u>33,678,837</u>	<u>800,473</u>	<u>34,479,310</u>
Total liabilities	<u>\$ 38,423,764</u>	<u>\$ 1,123,909</u>	<u>\$ 39,547,673</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows related to pensions	\$ 42,372	\$ 4,319	\$ 46,691
Total deferred inflows of resources	<u>\$ 42,372</u>	<u>\$ 4,319</u>	<u>\$ 46,691</u>
NET POSITION:			
Net investment in capital assets	\$ 19,872,088	\$ 11,355,675	\$ 31,227,763
Restricted for debt service (Expendable)	1,109,667	-	1,109,667
Restricted impact fees for capital improvements - water (Expendable)	352,217	-	352,217
Restricted impact fees for capital improvements - wastewater (Expendable)	691,005	-	691,005
Unrestricted	3,448,216	(174,703)	3,273,513
Total net position	<u>\$ 25,473,193</u>	<u>\$ 11,180,972</u>	<u>\$ 36,654,165</u>

City of Granbury, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2016

	Business-type Activities Enterprise Funds		
	Utility Fund	Airport Fund	Totals
Operating revenues:			
Charges for sales and services:			
Charges for Water and Wastewater Sales	\$ 8,268,410	\$ -	\$ 8,268,410
Charges for Electricity Sales	10,638,496	-	10,638,496
Charges for Airport Services	-	680,695	680,695
Impact fees	201,705	-	201,705
Other Revenue	540,662	25,447	566,109
Total operating revenue	<u>19,649,273</u>	<u>706,142</u>	<u>20,355,415</u>
Operating expenses:			
Administration	767,379	-	767,379
Airport	-	747,457	747,457
Water treatment and distribution	3,426,124	-	3,426,124
Wastewater collection and treatment	1,414,682	-	1,414,682
Electricity	9,620,965	-	9,620,965
Meter Reading	196,959	-	196,959
Utility Franchise Fees	857,990	-	857,990
Depreciation	2,177,983	153,972	2,331,955
Total operating expenses	<u>18,462,082</u>	<u>901,429</u>	<u>19,363,511</u>
Operating income	<u>1,187,191</u>	<u>(195,287)</u>	<u>991,904</u>
Nonoperating revenues (expenses):			
Interest revenue	45,956	-	45,956
Intergovernmental revenue	412,738	49,186	461,924
Gain (loss) on disposal of capital assets	124,952	(1,730)	123,222
Interest expense	(640,696)	(26,649)	(667,345)
Debt issuance costs	(84,570)	-	(84,570)
Total nonoperating revenues (expenses)	<u>(141,620)</u>	<u>20,807</u>	<u>(120,813)</u>
Income (loss) before contributions and transfers	<u>1,045,571</u>	<u>(174,480)</u>	<u>871,091</u>
Capital contributions and transfers:			
Capital contributions	262,275	694,003	956,278
Transfers in	-	5,519,180	5,519,180
Transfers out	(1,137,621)	(64,189)	(1,201,810)
Net capital contributions and transfers	<u>(875,346)</u>	<u>6,148,994</u>	<u>5,273,648</u>
Change in Net Position	170,225	5,974,514	6,144,739
Net Position, October 1, 2015	<u>25,302,968</u>	<u>5,206,458</u>	<u>30,509,426</u>
Net Position, September 30, 2016	<u>\$ 25,473,193</u>	<u>\$ 11,180,972</u>	<u>\$ 36,654,165</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, 2016

	Business-type Activities		
	Enterprise Funds		
	Utility Fund	Airport Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 19,678,437	\$ 706,569	\$ 20,385,006
Payments to suppliers	(13,971,731)	(558,981)	(14,530,712)
Cash paid to employees	(1,791,711)	(177,539)	(1,969,250)
Net cash provided by operating activities	<u>3,914,995</u>	<u>(29,951)</u>	<u>3,885,044</u>
Cash flow from noncapital financing activities:			
Increase (decrease) in due to other funds	100	(37,886)	(37,786)
Transfers in	-	224,378	224,378
Transfers out	(1,137,621)	(64,189)	(1,201,810)
Net cash provided (used) by noncapital financing activities	<u>(1,137,521)</u>	<u>122,303</u>	<u>(1,015,218)</u>
Cash flow from capital and related financing activities:			
Principal payments on long-term debt	(1,365,140)	(115,635)	(1,480,775)
Proceeds from issuance of bonds	2,660,147	-	2,660,147
Proceeds from Texas Capital Fund loan	80,103	-	80,103
Insurance proceeds	681,838	-	681,838
Capital grants and contributions	101,955	49,186	151,141
Capital outlay	(4,628,522)	-	(4,628,522)
Interest paid on long-term debt	(872,510)	(26,649)	(899,159)
Net cash (used) by capital and related financing activities	<u>(3,342,129)</u>	<u>(93,098)</u>	<u>(3,435,227)</u>
Cash flow from investing activities:			
Proceeds from sales and maturities of investments	200,000	-	200,000
Purchase of investments	(1,500,630)	-	(1,500,630)
Interest Received	42,268	-	42,268
Net cash provided (used) by investing activities	<u>(1,258,362)</u>	<u>-</u>	<u>(1,258,362)</u>
Net increase (decrease) in cash and cash equivalents	(1,823,017)	(746)	(1,823,763)
Cash and cash equivalents, October 1, 2015	<u>19,682,282</u>	<u>746</u>	<u>19,683,028</u>
Cash and cash equivalents, September 30, 2016	<u>\$ 17,859,265</u>	<u>\$ -</u>	<u>\$ 17,859,265</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 1,187,191	\$ (195,287)	\$ 991,904
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	2,177,983	153,972	2,331,955
Loss on disposal of capital assets	293,225	-	293,225
(Increase) decrease in accounts receivable	41,858	-	41,858
(Increase) decrease in miscellaneous receivables	53,004	1,317	54,321
(Increase) decrease in prepaid items	(1,273)	(1,120)	(2,393)
(Increase) decrease in inventory	21,583	(11,669)	9,914
Increase (decrease) in accounts payable	34,142	113	34,255
Increase (decrease) in compensated absences payable	(17,169)	504	(16,665)
Increase (decrease) in unearned revenue	(23,697)	(1,490)	(25,187)
Increase (decrease) in customer meter deposits	11,003	600	11,603
Increase (decrease) in net pension balances	137,145	23,109	160,254
Total adjustments	<u>2,727,804</u>	<u>165,336</u>	<u>2,893,140</u>
Net cash provided by operating activities	<u>\$ 3,914,995</u>	<u>\$ (29,951)</u>	<u>\$ 3,885,044</u>
Noncash Investing, Capital and Financing Activities			
Contribution of capital assets from developers	\$ 262,275	\$ -	\$ 262,275
Capital assets transferred between funds	-	5,988,805	5,988,805
Increase in bonds payable due to refinancing	(56,101)	-	(56,101)
	<u>\$ 206,174</u>	<u>\$ 5,988,805</u>	<u>\$ 6,194,979</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, 2016

	Future Construction Escrow Agency Fund	Employee Benefits Trust
ASSETS:		
Assets:		
Cash and cash equivalents	\$ 38,634	\$ 138,809
Total assets	<u>\$ 38,634</u>	<u>\$ 138,809</u>
LIABILITIES		
Liabilities:		
Escrow liability	\$ 38,634	\$ -
Total liabilities	<u>\$ 38,634</u>	<u>\$ -</u>
NET POSITION		
Unrestricted Net Position		<u>\$ 138,809</u>

City of Granbury, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the year ended September 30, 2016

	Employee Benefits Trust
Additions	
Contributions	
Employer	\$ 1,086,705
Employees	74,036
Interest Income	250
Total additions	1,160,991
Deductions	
Insurance Premiums	1,178,814
Change in net position	(17,823)
Net Position, October 1, 2015	156,632
Net Position, September 30, 2016	\$ 138,809

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

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.

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

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, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 60 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 City'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 City reports the following major proprietary funds:

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

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

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

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

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.

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

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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 City'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 City'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, TexStar, and Texas Class 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."

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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Prepaid expenses in the governmental funds are accounted for using the purchases method.

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 \$850,824. Of this amount \$183,479 was included as part of the cost of capital assets under construction in connection with utility construction projects.

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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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. Action is required by the City Council to designate, remove or change the constraints on an item in this category.

Unassigned – All amounts not included in other spendable classifications.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays and inventory	\$ 180,626	\$ -	\$ -	\$ 5,800	\$ 186,426
Due from other funds	330,868	-	-	-	330,868
Restricted:					
Debt Service	-	289,887	-	-	289,887
Construction	-	-	5,373,395	-	5,373,395
Police training, K9 program and forfeiture funds	36,780	-	-	-	36,780
Park improvements	346,612	-	-	-	346,612
Public, educational and governmental programming	61,862	-	-	-	61,862
Court technology & security	26,298	-	-	-	26,298
Committed:					
Culture and Recreation	-	-	-	111,495	111,495
Encumbrances	231,344	-	-	-	231,344
Assigned					
Cemetery Gas Well	43,938	-	-	-	43,938
Unassigned	4,785,111	-	-	(103,786)	4,681,325
	<u>\$ 6,043,439</u>	<u>\$ 289,887</u>	<u>\$ 5,373,395</u>	<u>\$ 13,509</u>	<u>\$ 11,720,230</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.

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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)	\$ 6,134,834
Adjustments	
Unspent proceeds from bonds reclassified to net investment in capital assets	(5,373,395)
Accrued interest payable restricted for debt service	(293,927)
Deferred property tax revenue restricted for debt service	50,520
Total adjustments	(5,616,802)
Restricted Net Position (Exhibit A-1)	\$ 518,032

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 \$97,986. The deficit has been reduced from \$217,378 in 2014-2015 down to \$97,986. 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.

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, 2016, 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), TexSTAR investment pool, and the Texas Cooperative Liquid Assets Securities System (Texas CLASS) investment pool. The City's investment pools are local government investment pools organized under the authority of the Interlocal Cooperation Act Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. All investments of the Pools are stated at amortized cost, which in most cases approximates the market value of the securities. The objective of the Pools is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. As a requirement to maintain its rating, weekly portfolio information must be submitted to Standards and Poor's, as well as the office of the Comptroller of Public Accounts for review.

TexSTAR has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. An advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR has been established and maintained.

Texas CLASS has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. An advisory board composed of participants in Texas CLASS and other persons who do not have a business relationship with Texas CLASS has been established and maintained.

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, 2016, the City's deposits at all banks were adequately insured.

\$15,316,919 of the City's cash balance is held in an escrow account and collateralized in the name of the financial institution, not the City.

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, 2016 included the following:

Investment	Credit Rating	Maturities	% of Total Investments	Cost	Fair Value
Tex-Pool	AAAm	83 days	33.72%	\$ 4,440,811	\$ 4,440,811
Texas CLASS Pool	AAAm	72 days	22.80%	3,001,890	3,001,890
TexStar Pool	AAAm	83 days	43.48%	5,725,364	5,725,364
			100.00%	<u>\$ 13,168,065</u>	<u>\$ 13,168,065</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

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	\$ 61,806	\$ -
Police forfeitures	27,289	-
Interest and sinking funds	14,932	-
Construction	465,740	4,801,744
Total	<u>\$ 569,767</u>	<u>\$ 4,801,744</u>
Business-type Activities		
Customer deposits	\$ 609,895	\$ -
Impact fees restricted for capital improvements	673,106	370,000
Interest and sinking funds	121,757	-
Revenue bond reserve	177,615	885,061
Bond construction fund	15,323,546	-
Total	<u>\$ 16,905,919</u>	<u>\$ 1,255,061</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 80% 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:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Tourism</u>	<u>Total Governmental Funds</u>	<u>Total Enterprise Funds</u>
Receivables:						
Property taxes	\$ 44,414	\$ 59,435	\$ -	\$ -	\$ 103,849	\$ -
Franchise taxes	357,800	-	-	-	357,800	-
Accounts receivable	-	-	-	-	-	1,118,191
Earned income not billed	-	-	-	-	-	934,328
Fines and fees receivable	518,068	-	-	-	518,068	-
Due from other governments	1,271,534	-	-	-	1,271,534	-
Miscellaneous	32,420	-	-	75,062	107,482	541,714
Interest	1,345	-	1,240	-	2,585	3,838
Gross Receivables	2,225,581	59,435	1,240	75,062	2,361,318	2,598,071
Less: Allowance for Uncollectibles	(420,263)	(8,915)	-	-	(429,178)	(32,320)
Net Total Receivables	<u>\$1,805,318</u>	<u>\$ 50,520</u>	<u>\$ 1,240</u>	<u>\$ 75,062</u>	<u>\$1,932,140</u>	<u>\$2,565,751</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

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 two items that qualify in this category, deferred charges on refunding bonds and deferred outflows related to pensions 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) and so will not be recognized as an inflow of resource (revenue) until that time. The City has two types of items in this category, unavailable revenues for governmental funds and deferred inflows related to pensions in the government-wide statement of net position and proprietary funds statements. At the end of the fiscal year, the components of deferred inflows in the governmental funds were as follows:

Deferred inflows of resources - governmental funds

Deferred property taxes receivable (general fund)	\$ 32,919
Deferred property taxes receivable (debt service fund)	50,520
Deferred sales tax receivable (general fund)	638,459
Deferred franchise tax receivable (general fund)	357,800
Deferred fines and fees receivable (general fund)	103,614
Total deferred inflows for governmental funds	\$ 1,183,312

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, 2016, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Utility Fund	\$ 14,873	Warehouse inventory
	Utility Fund	100	Borrowings through pooled cash
	Tourism Fund	137,654	Borrowings through pooled cash
	Airport Fund	193,114	Borrowings through pooled cash
	Debt Service	1,550	Debt Service
Debt Service	General Fund	2,723	Debt service
Total Governmental Funds		\$ 350,014	

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 6: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS (Continued)

The composition of interfund transfers for the City's individual major funds and nonmajor funds as of September 30, 2016, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Airport	64,189	Allocation of shared expenses
	Enterprise	1,137,621	Unrestricted revenues of utility fund used to finance various general fund programs
Debt Service	General	331,968	Debt service
Nonmajor	General	438,251	Conference Center, Tourism, and Opera House
	General	<u>40,000</u>	Historic Properties
Total Governmental Funds Transfers In		<u>\$ 2,012,029</u>	
Airport Fund	General	224,378	Airport
	Capital Projects	<u>5,294,802</u>	Land Purchase
Total Enterprise Funds Transfers In		<u>\$ 5,519,180</u>	

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

Governmental activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Non - Depreciable Assets:					
Land	\$ 5,430,577	\$ 13,500	\$ -	\$ -	\$ 5,444,077
Construction in Progress	2,484,878	1,317,163	(15,005)	(1,337,142)	2,449,894
Total non-depreciable assets	<u>7,915,455</u>	<u>1,330,663</u>	<u>(15,005)</u>	<u>(1,337,142)</u>	<u>7,893,971</u>
Depreciable Assets:					
Buildings	19,631,191	45,145	(27,968)	273,601	19,921,969
Improvements other than buildings	50,428,175	170,862	(1,271)	(457,291)	50,140,475
Machinery and equipment	9,536,519	252,653	(659,657)	1,283,616	10,413,131
Total capital assets being depreciated	<u>79,595,885</u>	<u>468,660</u>	<u>(688,896)</u>	<u>1,099,926</u>	<u>80,475,575</u>
Accumulated Depreciation:					
Buildings	(5,976,203)	(606,690)	27,968	(7,559)	(6,562,484)
Improvements other than buildings	(28,526,669)	(1,543,410)	1,271	287,048	(29,781,760)
Machinery and equipment	(7,875,037)	(834,768)	659,657	(726,866)	(8,777,014)
Total accumulated depreciation	<u>(42,377,909)</u>	<u>(2,984,868)</u>	<u>688,896</u>	<u>(447,377)</u>	<u>(45,121,258)</u>
Governmental activities capital assets, net	<u>\$ 45,133,431</u>	<u>\$ (1,185,545)</u>	<u>\$ (15,005)</u>	<u>\$ (684,593)</u>	<u>\$ 43,248,288</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 7: CAPITAL ASSETS (Continued)

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

Governmental activities:	
Executive	\$ 141
Information technology	60,990
Fleet	10,614
Warehouse	22,889
Building maintenance	11,566
Granbury broadcasting services	10,477
Other governmental functions	238,970
Police	160,626
Fire	228,404
Municipal Court	3,627
Streets	1,009,885
Cemetery	17,580
Tourism	706,095
Parks	503,004
Total depreciation expense - governmental activities	<u>\$ 2,984,868</u>

Business-type activities:	Beginning			Transfers &	Ending
	Balance	Increases	Decreases	Adjustments	Balance
Non - Depreciable Assets:					
Land	\$ 5,192,631	\$ -	\$ -	\$ 4,923,115	\$ 10,115,746
Construction in Progress	2,569,708	10,584,382	-	(4,838,466)	8,315,624
Total non-depreciable assets	<u>7,762,339</u>	<u>10,584,382</u>	<u>-</u>	<u>84,649</u>	<u>18,431,370</u>
Depreciable Assets:					
Buildings	540,487	31,598	(102,522)	(21,316)	448,247
Improvements other than buildings	55,412,878	380,633	(1,219,299)	609,356	55,183,568
Machinery and equipment	4,745,856	251,560	(197,936)	(435,471)	4,364,009
Total capital assets being depreciated	<u>60,699,221</u>	<u>663,791</u>	<u>(1,519,757)</u>	<u>152,569</u>	<u>59,995,824</u>
Accumulated Depreciation:					
Buildings	(392,572)	(8,069)	100,792	44,522	(255,327)
Improvements other than buildings	(23,707,780)	(2,081,883)	935,485	-	(24,854,178)
Machinery and equipment	(3,385,687)	(242,003)	197,936	402,853	(3,026,901)
Total accumulated depreciation	<u>(27,486,039)</u>	<u>(2,331,955)</u>	<u>1,234,213</u>	<u>447,375</u>	<u>(28,136,406)</u>
Business-type activities capital assets, net	<u>\$ 40,975,521</u>	<u>\$ 8,916,218</u>	<u>\$ (285,544)</u>	<u>\$ 684,593</u>	<u>\$ 50,290,788</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

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	\$ 1,352,437
Wastewater collection and treatment	602,949
Electricity	222,597
Airport	153,972
Total depreciation expense - business-type activities	<u>\$ 2,331,955</u>

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 First Financial Bank is paid by the Granbury Historic Properties Corporation. The compensated absences balances were earned in the funds as follows: general fund \$420,935 and tourism fund \$5,225.

July 7, 2016, the City issued \$5,890,000 of General Obligation Refunding Bonds, Series 2016. The bonds consisted of general obligation bonds with interest rates ranging from 2.00% to 4.00%. The net proceeds were used to partially refund General Obligation Refunding Bonds, Series 2008 with a total principal amount of \$1,745,000, General Obligation Refunding Bonds, Series 2011 with a total principal amount of \$1,010,000, and Combination Tax and Revenue Certificates of Obligation, Series 2007 principal of \$3,435,000. The refunding decreased debt service payments for the City by \$530,748 with a net present value savings (economic gain) of \$472,686 or 7.64%.

February 15, 2016, the City issued \$9,690,000 of Combination Tax and Revenue Certificates of Obligation, Series 2016A. The bonds consisted of certificates of obligation with interest rates ranging from 2.00% to 4.00%. The net proceeds will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, improving, renovating, extending and equipping municipal airport facilities, including the acquisition of land and rights-of-way therefor, (ii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of land and rights-of-way therefor, (iii) constructing, improving, renovating and equipping municipal police facilities, including the acquisition of land and rights-of-way therefor, (iv) constructing, improving, renovating and equipping municipal fire-fighting facilities, including the acquisition of land and rights-of-way therefor, (v) constructing, improving, renovating and equipping municipal park and recreational facilities, including the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an ordinance adopted by the governing body of the City.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

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

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

	9/30/2015	Additions	Retirements	9/30/2016	Due Within One Year
General Obligation Bonds					
\$4,980,000; General Obligation Refunding Bonds Series 2013 due in semi-annual installments from 8/15/2013; 2.00% to 3.00% until 8/15/2024.	\$ 4,015,000	\$ -	\$ 470,000	3,545,000	\$ 475,000
Series 2013 unamortized bond premium	278,347	-	30,926	247,421	30,927
\$2,270,000; General Obligation Refunding Bonds Series 2008 due in semi-annual installments from 8/15/2008, 3.50% to 4.00% until 8/15/2024.	1,307,500	-	987,500	320,000	125,000
Series 2008 unamortized bond premium	24,562	-	18,154	6,408	1,765
\$5,845,000; General Obligation Refunding Bonds Series 2011 due in annual installments beginning from 8/15/2011, 2.00% to 4.00% until 8/15/2022.	2,240,000	-	1,290,000	950,000	290,000
Series 2011 unamortized bond premium	185,013	-	99,595	85,418	16,175
\$8,130,000; General Obligation Refunding Bonds Series 2014 due in annual installments beginning from 8/15/2015, 2.00% to 4.00% until 8/15/2031.	7,980,000	-	65,000	7,915,000	65,000
Series 2014 unamortized bond premium	809,725	-	50,608	759,117	50,608
\$5,890,000; General Obligation Refunding Bonds Series 2016 due in annual installments beginning from 8/15/2017, 2.00% to 5.00% until 8/15/2032.	-	5,075,000	-	5,075,000	495,000
Series 2016 unamortized bond premium		512,643	5,340	507,303	28,877
Total General Obligation Bonds	\$ 16,840,147	\$ 5,587,643	\$ 3,017,123	\$ 19,410,667	\$ 1,578,352
Certificates of Obligation					
\$15,050,000; Combination Tax and Revenue Certificates of Obligation Series 2007 due in semi-annual installments at 4.00% to 4.70% until 8/15/2032.	3,920,000	-	3,920,000	-	-
Series 2007 unamortized bond discount	(37,183)	-	(37,183)	-	-
\$2,460,000; Combination Tax and Revenue Certificates of Obligation Series 2015 due in semi-annual installments at 2.00% to 4.00% until 8/15/2025.	2,460,000	-	480,000	1,980,000	195,000
Series 2015 unamortized bond premium	118,381	-	13,153	105,228	13,153
\$9,690,000; Combination Tax and Revenue Certificates of Obligation Series 2016A due in semi-annual installments at 2.00% to 4.00% until 8/15/2036.	-	9,690,000	-	9,690,000	-
Series 2016 unamortized bond premium	-	530,869	16,590	514,279	23,170
Total Certificates of Obligation	\$ 6,461,198	\$ 10,220,869	\$ 4,392,560	\$ 12,289,507	\$ 231,323

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

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

	<u>9/30/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2016</u>	<u>Due Within One Year</u>
Notes Payable					
\$483,450; Promissory Note to First Financial Bank payable in 12 monthly installments of \$2,949.90 including interest at 3.25%. Note is secured by the opera house and related properties.	\$ 336,397	\$ -	\$ 24,573	\$ 311,824	\$ 25,513
Total Notes Payable	<u>\$ 336,397</u>	<u>\$ -</u>	<u>\$ 24,573</u>	<u>\$ 311,824</u>	<u>\$ 25,513</u>
\$100,710 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.	\$ 24,588	\$ -	\$ 19,592	\$ 4,996	\$ 4,996
\$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.	108,682	-	43,089	65,593	43,600
\$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.	196,117	-	54,568	141,549	55,127
\$81,313 Lease payable to BB&T in quarterly payments of \$10,283.41, including interest at 1.040% until January 2016. Secured by (3) Chevrolet Tahoes.	20,486	-	20,486	-	-
\$97,680 Lease payable to US Bank in three annual installments of \$32,559.86 at 0% interest for 3 years.	65,120	-	31,188	33,932	33,932
\$812,000 Lease payable to First Financial Bank NA in quarterly payments of \$23,307.86, including interest at 2.750% until March 2025. Secured by 2014 Pumper Truck.	777,119	-	72,605	704,514	74,622
\$309,210 Lease payable to First Financial Bank NA in quarterly payments of \$19,652.43, including interest at 2.178% until March 2020. Secured by vehicles and equipment.	279,965	-	59,871	220,094	61,186
Total Capital Leases	<u>\$ 1,472,077</u>	<u>\$ -</u>	<u>\$ 301,399</u>	<u>\$ 1,170,678</u>	<u>\$ 273,463</u>
Compensated Absences Payable	<u>\$ 380,389</u>	<u>\$ 426,160</u>	<u>\$ 380,389</u>	<u>\$ 426,160</u>	<u>\$ 220,163</u>
Net Pension Liability	<u>\$ 4,952,310</u>	<u>\$ 1,404,938</u>	<u>\$ -</u>	<u>\$ 6,357,248</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$30,442,518</u>	<u>\$17,639,610</u>	<u>\$ 8,116,044</u>	<u>\$39,966,084</u>	<u>\$ 2,328,814</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

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

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
2017	\$ 1,450,000	\$ 632,034	\$ 2,082,034	\$ 195,000	\$ 535,247	\$ 730,247
2018	1,492,500	588,725	2,081,225	415,000	369,831	784,831
2019	1,530,000	551,550	2,081,550	430,000	357,531	787,531
2020	1,575,000	505,475	2,080,475	435,000	346,831	781,831
2021	1,675,000	438,725	2,113,725	430,000	333,781	763,781
2022-2026	5,187,500	1,478,450	6,665,950	3,215,000	1,395,607	4,610,607
2027-2031	3,980,000	670,800	4,650,800	3,025,000	829,257	3,854,257
2032-2036	915,000	36,600	951,600	3,525,000	327,906	3,852,906
Debt Service Requirements	17,805,000	4,902,359	22,707,359	11,670,000	4,495,991	16,165,991
Add: Unamortized Premium	1,605,667		1,605,667	619,507		619,507
	<u>\$19,410,667</u>	<u>\$4,902,359</u>	<u>\$24,313,026</u>	<u>\$12,289,507</u>	<u>\$4,495,991</u>	<u>\$16,785,498</u>

	Notes Payable		
	Principal	Interest	Total
2017	\$ 25,513	\$ 9,889	\$ 35,402
2018	26,367	9,035	35,402
2019	27,249	8,153	35,402
2020	28,140	7,262	35,402
2021	29,102	6,300	35,402
2022-2026	160,768	16,242	177,010
2027-2031	14,685	121	14,806
	<u>\$ 311,824</u>	<u>\$ 57,002</u>	<u>\$ 368,826</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 9: 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.

Three debt issues of the City are allocated between the governmental activities and 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 General Obligation Refunding Bonds, Series 2013 were allocated \$4,980,000 governmental activities and \$3,190,000 business-type activities. The General Obligation Refunding Bonds, Series 2016 were allocated \$5,075,000 governmental activities and \$815,000 business-type activities.

In June 2015, the City issued \$16,430,000 in Combination Tax and Surplus Revenue Certificates of Obligation from the Texas Water Development Board’s Drinking Water State Revolving Fund for the construction of improvements and extensions to the City’s water system. As of September 30, 2016, expenditures for the project totaled \$4,665,192. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2016, the balance of the escrow account was \$12,751,531. October 20, 2015 the City awarded a \$15,120,000 construction contract.

In June 2016, the City issued \$2,720,000 in Combination Tax and Surplus Revenue Certificates of Obligation from the Texas Water Development Board’s Drinking Water State Revolving Fund for the construction of improvements and extensions to the City’s water system. As of September 30, 2016, expenditures for the project totaled \$208,962. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2016, the balance of the escrow account was \$2,565,388.

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

	<u>9/30/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2016</u>	<u>Due Within One Year</u>
Revenue Bonds					
\$3,352,000; Utility System Subordinated Lien Revenue Bonds Series 1998 dated 3/30/1998, due in annual installments at 4.50% to 2038.	\$ 2,589,000	\$ -	\$ 66,000	2,523,000	\$ 69,000
\$270,000; Utility System Subordinated Lien Revenue Bonds Series 1999 dated 6/28/1999, due in annual installments at 4.50% to 2038.	205,000	-	5,000	200,000	5,000
\$5,910,000; Utility System Revenue Refunding Bonds Series 2010 due in annual installments at 2.00% to 3.625% to 9/15/2022.	4,310,000	-	560,000	3,750,000	575,000
Series 2010 unamortized bond premium	19,679	-	2,813	16,866	2,811
\$4,700,000; Utility System Revenue Refunding Bonds Series 2010 due in annual installments at 3.00% to 4.00% to 9/15/2031.	4,000,000	-	190,000	3,810,000	200,000
Series 2012 unamortized bond premium	178,590	-	11,162	167,428	11,162
Total Revenue Bonds	<u>\$ 11,302,269</u>	<u>\$ -</u>	<u>\$ 834,975</u>	<u>\$ 10,467,294</u>	<u>\$ 862,973</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 9: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (Continued)

	<u>9/30/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2016</u>	<u>Due Within One Year</u>
General Obligation Bonds					
\$3,190,000; General Obligation Refunding Bonds Series 2013 due in semi-annual installments from 8/15/2013 at 2.00% to 3.00% until 8/15/2024	\$ 2,425,000	\$ -	\$ 300,000	\$ 2,125,000	\$ 310,000
Series 2013 unamortized bond premium	178,333	-	19,814	158,519	19,815
\$2,270,000; General Obligation Refunding Bonds Series 2008 due in semi-annual installments from 8/15/2008 at 3.50% to 4.00% until 8/15/2024.	1,307,500	-	987,500	320,000	125,000
Series 2008 unamortized bond discount	25,704	-	18,562	7,142	1,740
\$5,890,000; General Obligation Refunding Bonds Series 2016 due in annual installments beginning from 8/15/2017, 2.00% to 5.00% until 8/15/2032.	-	815,000	-	815,000	-
Series 2016 unamortized bond premium	-	130,422	1,358	129,064	16,303
Total General Obligation Bonds	\$ 3,936,537	\$ 945,422	\$ 1,327,234	\$ 3,554,725	\$ 472,858
Certificates of Obligation					
\$16,430,000; Combination Tax and Surplus Revenue Certificates of Obligation Series 2015A due in annual installments at 0.00% to 2.22% until 8/15/2045.	16,430,000	-	-	16,430,000	215,000
\$2,720,000; Combination Tax and Surplus Revenue Certificates of Obligation Series 2016B due in annual installments at 0.00% to 1.04% until 8/15/2027.	-	2,720,000	-	2,720,000	-
Total Certificates of Obligation	\$ 16,430,000	\$ 2,720,000	\$ -	\$ 19,150,000	\$ 215,000
Texas Capital Fund Loan					
\$80,103 Texas Capital Fund loan payable to the Texas Department of Agriculture in monthly payments of \$667.53 at 0% interest until June 2026.	\$ -	\$ 80,103	\$ 4,005	\$ 76,098	\$ 8,010

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 9: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (Continued)

	<u>9/30/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2016</u>	<u>Due Within One Year</u>
Capital Leases Payable					
\$574,094.46 Lease payable to Northstar Bank in 32 quarterly payments of \$17,940 plus interest at 3.0% until February 2021 and secured by the airport hangar.	\$ 404,515	\$ -	\$ 81,585	\$ 322,930	\$ 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.	161,729	-	10,677	151,052	11,059
\$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.	244,092	-	16,114	227,978	16,690
\$50,524; 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.	12,336	-	9,829	2,507	2,507
\$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.	35,254	-	13,940	21,314	13,961
\$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.	343,125	-	96,756	246,369	97,822
\$24,499; Lease payable to First Financial Bank NA in quarterly payments of \$19,652.43, including interest at 2.178% until March 2020. Secured by vehicles and equipment.	22,182	-	4,610	17,572	4,848
\$37,491; Lease payable to First Financial Bank NA in quarterly payments of \$19,652.43, including interest at 2.178% until March 2020. Secured by vehicles and equipment.	33,944	-	7,259	26,685	7,419
Total Capital Leases	<u>\$ 1,257,177</u>	<u>\$ -</u>	<u>\$ 240,770</u>	<u>\$ 1,016,407</u>	<u>\$ 226,068</u>
Compensated Absences Payable	<u>\$ 133,882</u>	<u>\$ 117,217</u>	<u>\$ 133,882</u>	<u>\$ 117,217</u>	<u>\$ 49,821</u>
Net Pension Liability	<u>\$ 1,418,469</u>	<u>\$ 513,830</u>	<u>\$ -</u>	<u>\$ 1,932,299</u>	<u>\$ -</u>
Total Business-type Activities	<u><u>\$34,478,334</u></u>	<u><u>\$ 4,376,572</u></u>	<u><u>\$ 2,540,866</u></u>	<u><u>\$36,314,040</u></u>	<u><u>\$ 1,834,730</u></u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 9: 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
2017	\$ 849,000	\$ 395,623	\$ 1,244,623	\$ 650,000	\$ 412,556	\$ 1,062,556
2018	878,000	366,167	1,244,167	932,500	397,974	1,330,474
2019	901,000	338,657	1,239,657	950,000	386,974	1,336,974
2020	935,000	308,875	1,243,875	960,000	374,339	1,334,339
2021	963,000	275,019	1,238,019	975,000	356,926	1,331,926
2022-2026	2,433,000	959,099	3,392,099	4,152,500	1,545,509	5,698,009
2027-2031	2,153,000	538,390	2,691,390	3,100,000	1,278,556	4,378,556
2032-2036	797,000	194,895	991,895	2,990,000	1,015,169	4,005,169
2037-2041	374,000	25,325	399,325	3,915,000	685,804	4,600,804
2042-2046	-	-	-	3,785,000	211,796	3,996,796
Debt Service Requirements	10,283,000	3,402,050	13,685,050	22,410,000	6,665,603	29,075,603
Add: Unamortized Premium	184,294		184,294	294,725		294,725
	<u>\$ 10,467,294</u>	<u>\$ 3,402,050</u>	<u>\$ 13,869,344</u>	<u>\$ 22,704,725</u>	<u>\$ 6,665,603</u>	<u>\$ 29,370,328</u>

The various bond ordinances contain a number of limitations and restrictions. Management believes the City is in compliance with all significant limitations and restrictions at September 30, 2016.

NOTE 10: TEXAS CAPITAL LOAN FUND

The City has obtain a loan in the form of a grant from the Texas Capital Fund administered by the Texas Department of Agriculture through the Office of Rural Community Affairs. The purpose of the grants are for capital acquisition and/or rehabilitation of facilities needed for new manufacturing entities who relocated to Granbury or existing manufacturing or service companies who expand operations in Granbury. The loans will be repaid to the State by the City from lease revenues received from the companies who lease the facilities from the City.

The term of the lease coincides with the loan which is amortized over 10 years at 0.00% interest payable in monthly installments. The City is obligated in some manner to the State for the repayment of the loans; however, should the business default on its obligation to the City, the State shall suspend the repayment terms until another occupant for the facility can be found. Due to the nature of the loan, the City has accounted for the loans in the business-type activities column of the statement of net assets.

The tenants of the facilities have options to purchase the facilities at any time after the expiration of five years from the date the State contract is closed-out. The purchase price is the original amount of the loan less the sum of (a) the full amount of all fixed rental payments actually received by the City; and (b) any and all amounts actually paid by the tenant to the City under the project agreement as a result of recoupment of Texas Capital Fund grant by the Texas Department of Agriculture.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 10: SPECIAL ASSESSMENT DEBT (Continued)

The annual debt service requirements to maturity for the special assessment debt are as follows:

	Principal
2017	\$ 8,010
2018	8,010
2019	8,010
2020	8,010
2021	8,010
2022-2026	36,048
Total	\$ 76,098

NOTE 11: 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:

	Governmental Activities	Business-type Activities	Total
2017	\$ 298,837	\$ 251,977	\$ 550,814
2018	237,780	240,504	478,284
2019	189,665	179,483	369,148
2020	125,973	121,347	247,320
2021	93,231	76,720	169,951
2022-2026	326,310	200,433	526,743
2027-2031	-	57,900	57,900
Total debt service requirements	1,271,796	1,128,364	2,400,160
Less: Interest Portion	101,118	111,957	213,075
Debt Principal	\$ 1,170,678	\$ 1,016,407	\$ 2,187,085

The City rents the airport T-hangers to individuals on a monthly basis. The above lease commitment will be offset by approximately \$290,000 rental income annually.

Assets under lease and related accumulated depreciation are as follows:

	Governmental Activities	Business-type Activities	Total
Improvements other than buildings	\$ -	\$ 1,459,027	\$ 1,459,027
Machinery and equipment	1,790,323	660,775	2,451,098
Less: Accumulated Depreciation	(567,494)	(848,302)	(1,415,796)
Net	\$ 1,222,829	\$ 1,271,500	\$ 2,494,329

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 12: 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.

NOTE 13: DEFINED BENEFIT PENSION PLANS

A. Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

	<u>Plan Year 2016</u>
Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	80
Inactive employees entitled to but not yet receiving benefits	68
Active employees	<u>161</u>
	309

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.59% and 15.20% in calendar years 2015 and 2016, respectively. The city's contributions to TMRS for the year ended September 30, 2016, were \$1,239,090, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year	
Overall payroll growth	3.0% per year	
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation	

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. For cities with fewer than twenty employees, more conservative methods and assumptions are used. These rates are projected on a fully generational basis by scale BB to account to future mortality improvements. For disable annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial assumptions used in the December 31, 2015, valuation were based on results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. In determining their best estimate of a recommended investment return assumption under the various alternate asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	\$ 33,950,982	\$ 27,783,725	\$ 6,167,257
Changes for the year:			
Service cost	1,267,619	-	1,267,619
Interest	2,373,921	-	2,373,921
Change of benefit terms	-	-	-
Difference between expected and actual experience	(65,276)	-	(65,276)
Changes of assumptions	11,679	-	11,679
Contributions - employer	-	1,211,241	(1,211,241)
Contributions - employee	-	543,376	(543,376)
Net investment income	-	41,001	(41,001)
Benefit payments, including refunds of employee contributions	(1,343,256)	(1,343,256)	-
Administrative expense	-	(24,971)	24,971
Other changes	-	(1,233)	1,233
Net changes	<u>2,244,687</u>	<u>426,158</u>	<u>1,818,529</u>
Balance at 12/31/2015	<u><u>\$ 36,195,669</u></u>	<u><u>\$ 28,209,883</u></u>	<u><u>\$ 7,985,786</u></u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 13,372,407	\$ 7,985,786	\$ 3,593,841

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tMrs.com.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

B. Texas Emergency Services Retirement System (TESRS)

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. The System issues a stand-alone financial report that is available to the public at *www.tesrs.org*.

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, 2015, there were 197 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.

Benefits Provided

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 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.

Covered Membership

On August 31, 2015, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	2,991
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,211
Active Participants (Vested and Nonvested)	4,016

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

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.

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, 2015, total contributions (dues, prior service, and interest on prior service financing) of \$3,515,546 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,637,308 for the fiscal year ending August 31, 2015. The City’s contributions for the years ended September 30, 2016, 2015 and 2014 were \$54,180, \$53,760 and \$50,715, 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 below.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

The most recently completed biennial 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.

Net Pension Liability

The System's net pension liability was measured as of August 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2014 and rolled forward to August 31, 2015.

	System 100.00%	City 1.14%
Total Pension Liability	\$ 115,520,991	\$ 1,314,629
Plan Fiduciary Net Position	88,828,460	1,010,868
Net Pension Liability	\$ 26,692,531	\$ 303,761
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.9%	76.9%

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:

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return (Arithmetic)</u>
Equities		
Large cap domestic	32.0%	5.2%
Small cap domestic	10.0%	5.8%
Developed international	21.0%	5.5%
Emerging markets	6.0%	5.4%
Master limited partnership	5.0%	7.1%
Fixed income		
Domestic	21.0%	1.4%
International	5.0%	1.6%
Cash	0.0%	0.0%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. That UAAL was based on an actuarial value of assets that was \$7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease in Discount Rate (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase in Discount Rate (8.75%)</u>
City's Proportional Share of the Net Pension Liability	\$ 531,492	\$ 303,761	\$ 172,531

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2015, the City reported a liability of \$303,761 for its proportionate share of the TESRS's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amounts recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

	City
City's proportional share of the collective net pension liability	\$ 303,761
State's proportionate share that is associated with the City	161,172
	\$ 464,933

TESRS's net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's portion of the net pension liability was based on the City's contributions to the pension plan relative to the contribution of all entities to the plan for the period September 1, 2014 through August 31, 2015.

For the year ended September 30, 2016, the City recognized pension expense of \$1,616,125. \$1,568,222 of this expense was for TMRS and \$47,903 was for TESRS.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 192,968
Changes in actuarial assumptions	9,112	-
Difference between projected and actual investment earnings	1,722,844	-
Contributions subsequent to the measurement date	899,393	-
Total TMRS	\$ 2,631,349	\$ 192,968
Differences between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	56,414	-
Contributions subsequent to the measurement date	54,180	-
Total TESRS	\$ 110,594	\$ -
Total	\$ 2,741,943	\$ 192,968

\$953,573 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

	<u>TMRS</u>	<u>TESRS</u>	<u>Total</u>
Year Ended September 30:			
2017	\$ 388,715	\$ 10,899	\$ 399,614
2018	388,715	10,898	399,613
2019	388,716	10,897	399,613
2020	372,842	23,720	396,562
2021	-	-	-
Thereafter	-	-	-
Total	<u>\$ 1,538,988</u>	<u>\$ 56,414</u>	<u>\$ 1,595,402</u>

NOTE 14: 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.

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.

	<u>Plan Year 2015</u>	<u>Plan Year 2016</u>
Your City offers supplemental death to:		
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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

The city's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were \$17,819, \$16,054 and \$13,507, 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
2014	0.03%	0.03%	100%
2015	0.04%	0.04%	100%
2016	0.04%	0.04%	100%

NOTE 15: 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

The City is the defendant in one lawsuit. The City has reached a settlement. Insurance will pay most of the settlement. The City's settlement that is not covered by insurance will not have a material adverse effect on the financial condition of the City.

NOTE 16: 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, 2016 was \$8,232,775.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 16: CONTRACTS AND COMMITMENTS (continued)

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, 2016 was \$766,626.

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, 2016 was \$819,522.

D. Airport Expansion

The City and Texas Department of Transportation have agreed to a joint project to expand the Granbury Regional Airport. The City is responsible for acquiring the land. 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, 2016, \$868,752 has been expended on the project.

NOTE 17: ECONOMIC DEVELOPMENT AGREEMENTS

A. Chapter 380 Agreements

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. \$262,032 has been recorded as an expense for September 30, 2016.

The City entered into a Chapter 380 Economic Development Agreement with a 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 April 30, 2025, even if the maximum reimbursement amount has not been paid. The maximum reimbursement amount is \$1,000,000. \$81,681 has been recorded as an expense for September 30, 2016.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2016

NOTE 17: ECONOMIC DEVELOPMENT AGREEMENTS (Continued)

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, 2016 the City received \$66,000 in rents under this agreement.

NOTE 18: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 27, 2017, which is the date the financial statements were available to be issued.

NOTE 19: FUTURE ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board has issued several statements that will be effective in future years. The City has not yet determined the effect these statements will have on its financial reporting.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* replaces the requirements of Statements No. 45 and No. 57 for accounting and financial reporting of postemployment benefits other than pensions. This Statement is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, *Tax Abatement Disclosures* will improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial users. This Statement is effective for fiscal years beginning after December 15, 2015.

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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, 2016

	Budgeted Amounts		Actual	Budget to	Actual	Variance with
	Original	Final	Amounts	GAAP	Amounts	Final Budget
			GAAP	Differences	Budgetary	Positive
			Basis		Basis	(Negative)
REVENUES:						
Taxes:						
General property	\$ 2,182,874	\$ 2,182,874	\$ 2,239,529	\$ -	\$ 2,239,529	\$ 56,655
Sales and use	7,217,141	7,356,913	7,624,373	-	7,624,373	267,460
Franchise	1,658,261	1,658,261	1,605,855	-	1,605,855	(52,406)
Fines and fees	181,800	181,800	225,259	-	225,259	43,459
Licenses and permits	640,500	640,500	613,565	-	613,565	(26,935)
Charges for service	45,400	45,400	113,056	-	113,056	67,656
Intergovernmental revenue	572,967	655,659	582,339	-	582,339	(73,320)
Park and recreation	184,750	184,750	157,874	-	157,874	(26,876)
Interest income	10,000	10,000	18,151	-	18,151	8,151
Other revenue	284,950	452,602	294,898	-	294,898	(157,704)
Total revenues	<u>12,978,643</u>	<u>13,368,759</u>	<u>13,474,899</u>	<u>-</u>	<u>13,474,899</u>	<u>106,140</u>
EXPENDITURES:						
Current						
General government						
City Council	199,915	200,665	152,362	-	152,362	48,303
Legal	251,200	251,200	129,233	-	129,233	121,967
Executive	601,175	601,390	601,517	-	601,517	(128)
Financial Administration	475,042	475,042	458,873	-	458,873	16,169
Purchasing	164,183	164,183	165,775	-	165,775	(1,592)
Social Services	54,000	54,000	54,000	-	54,000	-
Information Technology	902,222	924,189	881,347	(17,114)	864,233	59,956
Economic Development	26,532	26,532	29,345	(10,000)	19,345	7,187
Human Resources	291,345	291,345	271,505	-	271,505	19,840
Warehouse	173,240	173,240	150,330	-	150,330	22,910
Fleet Maintenance	322,069	322,069	311,042	-	311,042	11,027
Building Maintenance	741,598	741,598	710,263	-	710,263	31,335
Granbury Broadcasting Services	112,079	152,499	138,186	-	138,186	14,313
Other governmental functions	919,291	858,615	851,382	-	851,382	7,233
Public Safety:						
Police	3,794,225	3,840,673	3,676,288	48,371	3,724,659	116,014
Fire	563,608	664,608	404,201	95,102	499,303	165,305
Municipal Court	207,659	229,238	219,929	-	219,929	9,309
Streets	605,745	606,345	528,257	-	528,257	78,088
Building & Permits	386,430	465,550	447,070	(679)	446,391	19,159
Community Development	680,343	682,951	578,029	(61,760)	516,269	166,682
Clean Air Coalition	341,160	341,160	262,273	(4,158)	258,115	83,045
Cemetery	47,064	47,064	50,816	-	50,816	(3,752)
Parks	1,712,310	1,824,925	1,795,998	(92,009)	1,703,989	120,936
Total expenditures	<u>13,572,435</u>	<u>13,939,080</u>	<u>12,868,021</u>	<u>(42,247)</u>	<u>12,825,774</u>	<u>1,113,306</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(593,792)</u>	<u>(570,321)</u>	<u>606,878</u>	<u>42,247</u>	<u>649,125</u>	<u>1,219,446</u>
Other financing sources (uses):						
Transfers in	1,392,003	1,392,003	1,201,810	-	1,201,810	(190,193)
Transfers out	(654,504)	(702,629)	(1,034,597)	-	(1,034,597)	(331,968)
Insurance recoveries	-	24,654	38,692	-	38,692	14,038
Total other financing sources (uses)	<u>637,499</u>	<u>614,028</u>	<u>205,905</u>	<u>-</u>	<u>205,905</u>	<u>(408,123)</u>
Net change in fund balance	43,707	43,707	812,783	42,247	855,030	811,323
Fund Balance, October 1, 2015	<u>5,230,656</u>	<u>5,230,656</u>	<u>5,230,656</u>	<u>-</u>	<u>5,230,656</u>	<u>-</u>
Fund Balance, September 30, 2016	<u>\$ 5,274,363</u>	<u>\$ 5,274,363</u>	<u>\$ 6,043,439</u>	<u>\$ 42,247</u>	<u>\$ 6,085,686</u>	<u>\$ 811,323</u>

The notes to the required supplementary information are an integral part of this schedule.

City of Granbury, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
Last 10 Years (will ultimately be displayed)

	2014	2015
Total Pension Liability		
Service Cost	\$ 1,146,288	\$ 1,267,619
Interest (on the Total Pension Liability)	2,247,052	2,373,921
Changes of benefit terms (TMRS Plan Participation)	-	-
Difference between expected and actual experience	(235,764)	(65,276)
Change of assumptions	-	11,679
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)
Net Change in Total Pension Liability	1,689,194	2,244,687
Total Pension Liability - Beginning	32,261,788	33,950,982
Total Pension Liability - Ending	<u>\$ 33,950,982</u>	<u>\$ 36,195,669</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,210,021	\$ 1,211,241
Contributions - Employee	529,121	543,376
Net Investment Income	1,489,869	41,001
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)
Administrative Expense	(15,553)	(24,971)
Other	(1,279)	(1,233)
Net Change in Plan Fiduciary Net Position	1,743,797	426,158
Plan Fiduciary Net Position - Beginning	26,039,928	27,783,725
Plan Fiduciary Net Position - Ending	<u>\$ 27,783,725</u>	<u>\$ 28,209,883</u>
Net Pension Liability Ending	\$ 6,167,257	\$ 7,985,786
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.83%	77.94%
Covered Employee Payroll	\$ 7,537,242	\$ 7,762,515
Net Pension Liability as a Percentage of Covered Employee Payroll	81.82%	102.88%

City of Granbury, Texas
 Schedule of Contributions
 Texas Municipal Retirement System
 Last 10 Fiscal Years (will ultimately be displayed)

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 1,205,557	\$ 1,207,638	\$ 1,239,090
Contributions in relation to the actuarially determined contribution	<u>\$ 1,205,557</u>	<u>\$ 1,207,638</u>	<u>\$ 1,239,090</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 7,503,874	\$ 7,682,345	\$ 8,099,664
Contributions as a percentage of covered employee payroll	16.07%	15.72%	15.30%

City of Granbury, Texas
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Texas Emergency Services Retirement System
 Last 10 Years (will ultimately be displayed)

	<u>2014</u>	<u>2015</u>
Proportion of the Net Pension Liability (Asset)	0.01120	0.01138
Proportionate Share of Net Pension Liability (Asset)	\$ 203,522	\$ 303,761
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the City	<u>103,860</u>	<u>161,172</u>
Total	<u>\$ 307,382</u>	<u>\$ 464,933</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.46%	76.89%

City of Granbury, Texas
 Schedule of Contributions
 Texas Emergency Services Retirement System
 Last 10 Fiscal Years (will ultimately be displayed)

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 50,715	\$ 53,760	\$ 54,180
Contributions in relation to the contractually required contribution	<u>\$ 50,715</u>	<u>\$ 53,760</u>	<u>\$ 54,180</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Granbury, Texas
Notes to Required Supplementary Information
September 30, 2016

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

Total expenditures were \$965,066 less than budgeted. However, within the general fund, executive, purchasing, and cemetery expenditures exceed appropriations by \$128, \$1,592, and \$3,752, respectively.

4. Schedule of Contributions – Texas Municipal Retirement System

Valuation Date

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%

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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.

Tourism Fund – To account for financial resources to be used for the expenditures related to Tourism, the Conference Center, Langdon Center, and the Opera House.

City of Granbury, Texas
Nonmajor Funds
Combining Balance Sheet
September 30, 2016

	Special Revenue			Total Nonmajor Funds
	Tourism	Granbury Historic Properties	Total Special Revenue Funds	
Assets:				
Cash	\$ 10,500	\$ 116,995	\$ 127,495	\$ 127,495
Receivables (Net of allowances for uncollectibles)				
Miscellaneous receivables	75,062	-	75,062	75,062
Inventories	5,800	-	5,800	5,800
Total assets	\$ 91,362	\$ 116,995	\$ 208,357	\$ 208,357
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ 22,045	\$ 5,500	\$ 27,545	\$ 27,545
Unearned revenue	29,649	-	29,649	29,649
Due to other funds	137,654	-	137,654	137,654
Total liabilities	189,348	5,500	194,848	194,848
Fund Balance:				
Nonspendable Fund Balance	5,800	-	5,800	5,800
Committed Fund Balance	-	111,495	111,495	111,495
Unassigned Fund Balance	(103,786)	-	(103,786)	(103,786)
Total fund balances	(97,986)	111,495	13,509	13,509
Total liabilities, deferred inflows and fund balances	\$ 91,362	\$ 116,995	\$ 208,357	\$ 208,357

City of Granbury, Texas
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended September 30, 2016

	Special Revenue			Total Nonmajor Funds
	Tourism	Granbury Historic Properties	Total Special Revenue Funds	
Revenues:				
Hotel/Motel Occupancy Tax	\$ 696,893	\$ -	\$ 696,893	\$ 696,893
Charges for service	559,251	-	559,251	559,251
Interest	-	86	86	86
Other Revenue	35,953	5,500	41,453	41,453
Total revenue	<u>1,292,097</u>	<u>5,586</u>	<u>1,297,683</u>	<u>1,297,683</u>
Expenditures:				
Current:				
Tourism	775,357	5,509	780,866	780,866
Conference Center	835,599	-	835,599	835,599
Debt Service:				
Principal	-	24,573	24,573	24,573
Interest and fiscal charges	-	11,097	11,097	11,097
Total expenditures	<u>1,610,956</u>	<u>41,179</u>	<u>1,652,135</u>	<u>1,652,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(318,859)</u>	<u>(35,593)</u>	<u>(354,452)</u>	<u>(354,452)</u>
Other financing sources (uses):				
Transfers in	438,251	40,000	478,251	478,251
Total other financing sources (uses):	<u>438,251</u>	<u>40,000</u>	<u>478,251</u>	<u>478,251</u>
Net change in fund balances	119,392	4,407	123,799	123,799
Fund Balance, October 1, 2015	<u>(217,378)</u>	<u>107,088</u>	<u>(110,290)</u>	<u>(110,290)</u>
Fund Balance, September 30, 2016	<u>\$ (97,986)</u>	<u>\$ 111,495</u>	<u>\$ 13,509</u>	<u>\$ 13,509</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, 2016
(With comparative totals for September 30, 2015)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)	Actual Budgetary Basis
REVENUES:					
Taxes:					
General property	\$ 2,182,874	\$ 2,182,874	\$ 2,239,529	\$ 56,655	\$ 1,763,490
Sales and use	7,217,141	7,356,913	7,624,373	267,460	7,151,484
Franchise	1,658,261	1,658,261	1,605,855	(52,406)	1,639,843
Fines and fees	181,800	181,800	225,259	43,459	190,154
Licenses and permits	640,500	640,500	613,565	(26,935)	703,918
Charges for service	45,400	45,400	113,056	67,656	33,887
Intergovernmental revenue	572,967	655,659	582,339	(73,320)	858,629
Park and recreation	184,750	184,750	157,874	(26,876)	133,782
Interest income	10,000	10,000	18,151	8,151	9,582
Other revenue	284,950	452,602	294,898	(157,704)	322,312
Total revenues	<u>12,978,643</u>	<u>13,368,759</u>	<u>13,474,899</u>	<u>106,140</u>	<u>12,807,081</u>
EXPENDITURES:					
Current					
General government					
City Council	199,915	200,665	152,362	48,303	175,756
Legal	251,200	251,200	129,233	121,967	203,549
Executive	601,175	601,390	601,517	(128)	609,269
Financial Administration	475,042	475,042	458,873	16,169	424,593
Purchasing	164,183	164,183	165,775	(1,592)	162,394
Social Services	54,000	54,000	54,000	-	53,989
Information Technology	902,222	924,189	864,233	59,956	785,231
Economic Development	26,532	26,532	19,345	7,187	113,916
Human Resources	291,345	291,345	271,505	19,840	273,835
Warehouse	173,240	173,240	150,330	22,910	168,382
Fleet Maintenance	322,069	322,069	311,042	11,027	307,021
Building Maintenance	741,598	741,598	710,263	31,335	637,434
Granbury Broadcasting Services	112,079	152,499	138,186	14,313	104,407
Other governmental functions	919,291	858,615	851,382	7,233	702,731
Public Safety:					
Police	3,794,225	3,840,673	3,724,659	116,014	3,540,352
Fire	563,608	664,608	499,303	165,305	443,949
Municipal Court	207,659	229,238	219,929	9,309	201,405
Streets	605,745	606,345	528,257	78,088	451,056
Building & Permits	386,430	465,550	446,391	19,159	558,796
Community Development	680,343	682,951	516,269	166,682	572,836
Clean Air Coalition	341,160	341,160	258,115	83,045	164,642
Cemetery	47,064	47,064	50,816	(3,752)	71,100
Parks	1,712,310	1,824,925	1,703,989	120,936	2,181,722
Total expenditures	<u>13,572,435</u>	<u>13,939,080</u>	<u>12,825,774</u>	<u>1,113,306</u>	<u>12,908,365</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(593,792)</u>	<u>(570,321)</u>	<u>649,125</u>	<u>1,219,446</u>	<u>(101,284)</u>
Other financing sources (uses):					
Transfers in	1,392,003	1,392,003	1,201,810	(190,193)	1,610,262
Transfers out	(654,504)	(702,629)	(1,034,597)	(331,968)	(1,042,428)
Insurance recoveries	-	24,654	38,692	14,038	72,944
Total other financing sources (uses)	<u>737,499</u>	<u>714,028</u>	<u>205,905</u>	<u>(508,123)</u>	<u>640,778</u>
Net change in fund balance	143,707	143,707	855,030	711,323	539,494
Fund Balance, October 1, 2015	<u>5,230,656</u>	<u>5,230,656</u>	<u>5,230,656</u>	<u>-</u>	<u>4,435,928</u>
Fund Balance, September 30, 2016	<u>\$ 5,374,363</u>	<u>\$ 5,374,363</u>	<u>\$ 6,085,686</u>	<u>\$ 711,323</u>	<u>\$ 4,975,422</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, 2016
(With comparative totals for September 30, 2015)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Hotel/Motel Occupancy Tax	\$ 600,000	600,000	\$ 696,893	\$ 96,893	\$ 626,203
Charges for Service	507,850	602,400	559,251	(43,149)	462,951
Other Revenue	27,500	27,500	35,953	8,453	44,971
Total revenues	1,135,350	1,229,900	1,292,097	62,197	1,134,125
Expenditures:					
Current:					
Tourism	760,120	771,219	775,357	(4,138)	744,354
Conference Center	765,356	896,932	835,599	61,333	644,068
Total expenditures	1,525,476	1,668,151	1,610,956	57,195	1,388,422
Excess (deficiency) of revenues over (under) expenditures	(390,126)	(438,251)	(318,859)	119,392	(254,297)
Other financing sources (uses):					
Transfers in	390,126	438,251	438,251	-	483,995
Total other financing sources (uses):	390,126	438,251	438,251	-	483,995
Net change in fund balance	-	-	119,392	119,392	229,698
Fund Balance, October 1, 2015	(217,378)	(217,378)	(217,378)	-	(447,076)
Fund Balance, September 30, 2016	\$ (217,378)	\$ (217,378)	\$ (97,986)	\$ 119,392	\$ (217,378)

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, 2016
 (With comparative totals for September 30, 2015)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Interest	\$ -	\$ -	\$ 86	\$ 86	\$ 105
Other revenue	-	-	5,500	5,500	43,885
Total revenues	-	-	5,586	5,586	43,990
Expenditures:					
Current:					
Tourism	-	-	5,509	(5,509)	53,003
Debt Service:					
Principal	24,573	24,573	24,573	-	23,116
Interest and fiscal charges	15,427	15,427	11,097	4,330	12,283
Total expenditures	40,000	40,000	41,179	(1,179)	88,402
Excess (deficiency) of revenues over (under) expenditures	(40,000)	(40,000)	(35,593)	4,407	(44,412)
Other financing sources (uses):					
Transfers in	40,000	40,000	40,000	-	40,000
Total other financing sources (uses):	40,000	40,000	40,000	-	40,000
Net change in fund balance	-	-	4,407	4,407	(4,412)
Fund Balance, October 1, 2015	107,088	107,088	107,088	-	111,500
Fund Balance, September 30, 2016	\$ 107,088	\$ 107,088	\$ 111,495	\$ 4,407	\$ 107,088

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, 2016
(With comparative totals for September 30, 2015)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Property tax revenue	\$ 2,744,021	\$ 2,744,021	\$ 2,705,648	\$ (38,373)	\$ 2,813,677
Interest income	-	-	12,878	12,878	16,581
Total revenues	2,744,021	2,744,021	2,718,526	(25,495)	2,830,258
Expenditures:					
Debt Service					
Principal	2,330,000	2,330,000	2,196,397	133,603	2,326,476
Interest and fiscal charges	957,713	957,713	702,349	255,364	700,884
Debt issuance costs	400	400	152,633	(152,233)	206,070
Total expenditures	3,288,113	3,288,113	3,051,379	236,734	3,233,430
Excess (deficiency) of revenues over (under) expenditures	(544,092)	(544,092)	(332,853)	211,239	(403,172)
Other financing sources (uses):					
Transfers in	544,092	544,092	331,968	(212,124)	285,972
Issuance of Debt	-	-	5,075,000	5,075,000	8,130,000
Payment to refunded bond escrow agent	-	-	(5,557,662)	(5,557,662)	(8,783,694)
Bond (Discount)/Premium	-	-	512,643	512,643	860,333
Total other financing sources (uses)	544,092	544,092	361,949	(182,143)	492,611
Net change in fund balance	-	-	29,096	29,096	89,439
Fund Balance, October 1, 2015	260,791	260,791	260,791	-	171,352
Fund Balance, September 30, 2016	\$ 260,791	\$ 260,791	\$ 289,887	\$ 29,096	\$ 260,791

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, 2016
 (With comparative totals for September 30, 2015)

	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	\$ 8,248,550	8,248,550	\$ 8,268,410	\$ 19,860	\$ 7,913,291
Charges for Electricity Sales	11,193,600	11,193,600	10,638,496	(555,104)	10,993,672
Impact fees	100,000	169,230	201,705	32,475	235,227
Other Revenue	976,645	976,645	540,662	(435,983)	556,493
Total operating revenue	20,518,795	20,588,025	19,649,273	(938,752)	19,698,683
Operating expenses:					
Administration	934,321	978,103	767,379	210,724	442,567
Water treatment and distribution	3,156,490	3,222,661	3,236,653	(13,992)	2,865,959
Wastewater collection and treatment	1,565,021	1,692,389	1,636,862	55,527	1,540,871
Electricity	10,214,233	10,214,233	9,636,430	577,803	9,983,308
Meter Reading	217,632	220,533	257,075	(36,542)	232,816
Utility Franchise Fees	879,419	879,419	857,990	21,429	849,286
Total operating expenses	16,967,116	17,207,338	16,392,389	814,949	15,914,807
Operating income	3,551,679	3,380,687	3,256,884	(123,803)	3,783,876
Nonoperating revenues (expenses):					
Interest revenue	10,000	10,000	45,956	35,956	15,367
Intergovernmental	-	71,773	412,738	340,965	12,250
Gain (loss) on disposal of capital assets	-	99,219	124,952	25,733	15,843
Debt Service					
Principal	(1,365,141)	(1,365,141)	(1,365,141)	-	(1,336,031)
Interest expense	(763,435)	(763,435)	(640,696)	122,739	(637,987)
Total nonoperating revenues (expenses)	(2,118,576)	(1,947,584)	(1,422,191)	525,393	(1,930,558)
Income before contributions and transfers	1,433,103	1,433,103	1,834,693	401,590	1,853,318
Transfers (to) from other funds:					
Transfers out	(1,227,814)	(1,227,814)	(1,137,621)	90,193	(1,546,073)
Extraordinary items					
Gain of destroyed lift station	-	-	-	-	499,448
Change in Net Position	205,289	205,289	697,072	491,783	806,693
Prior period adjustment	-	-	-	-	(1,123,897)
Net Position, October 1, 2015	25,302,968	25,302,968	25,302,968	-	25,752,882
Net Position, September 30, 2016	\$ 25,508,257	\$ 25,508,257	\$ 26,000,040	\$ 491,783	\$ 25,435,678
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			1,365,141		1,336,031
Capitalized expenses			401,515		254,924
Noncash capital contributions			262,275		683,985
Loss on disposal of asset			(293,225)		
Bond issuance costs			(84,570)		(361,540)
Depreciation expense			(2,177,983)		(2,046,110)
Net Position, September 30, 2016 (GAAP Basis)			\$ 25,473,193		\$ 25,302,968

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, 2016
 (With comparative totals for September 30, 2015)

	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	\$ 827,520	827,520	\$ 680,695	\$ (146,825)	\$ 727,183
Other Revenue	20,100	20,100	25,447	5,347	52,785
Total operating revenue	847,620	847,620	706,142	(141,478)	779,968
Operating expenses:					
Airport	1,376,464	1,375,464	747,457	628,007	830,619
Total operating expenses	1,376,464	1,375,464	747,457	628,007	830,619
Operating income	(528,844)	(527,844)	(41,315)	486,529	(50,651)
Nonoperating revenues (expenses):					
Intergovernmental	500,000	500,000	49,186	(450,814)	-
Gain (loss) on disposal of capital assets	-	-	(1,730)	1,730	5,162
Debt Services:					
Principal	(114,632)	(115,632)	(115,632)	-	(91,419)
Interest expense	(16,713)	(16,713)	(26,649)	(9,936)	(29,475)
Total nonoperating revenues (expenses)	368,655	367,655	(94,825)	(459,020)	(115,732)
Income before contributions and transfers	(160,189)	(160,189)	(136,140)	27,509	(166,383)
Capital contributions and transfers:					
Capital contributions	-	-	-	-	48,862
Transfers in	224,378	224,378	224,378	-	232,461
Transfers out	(64,189)	(64,189)	(64,189)	-	(64,189)
Change in Net Position	-	-	24,049	27,509	50,751
Prior period adjustment	-	-	-	-	(105,063)
Net Position, October 1, 2015	5,206,458	5,206,458	5,206,458	-	1,161,348
Net Position, September 30, 2016	\$ 5,206,458	\$ 5,206,458	\$ 5,230,507	\$ 27,509	\$ 1,107,036
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			115,632		91,419
Transfer of capital asset from governmental activities			5,294,802		4,159,058
Noncash capital contributions			694,003		-
Depreciation expense			(153,972)		(151,055)
Net Position, September 30, 2016 (GAAP Basis)			\$ 11,180,972		\$ 5,206,458

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.

Government-wide Net Position by Component	80-81
Government-wide Changes in Net Position	82-83
Fund Balances, Governmental Funds	84-85
Changes in Fund Balances, Governmental Funds	86-87
Principal Sources of Revenue	88-89

Revenue Capacity

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

Assessed Value of Taxable Property	90
Property Tax Rates Direct and Overlapping Governments	91
Property Tax Levies and Collections	92-93
Classification of Assessed Valuation	94-95
Top Ten Ad Valorem Taxpayers	96
Sales Tax Revenue by Business Type	97-98
Electricity and Water Sales by Type of Customer	99-100
Top Ten Utility Rate Payers	101
Utility Services Rates	102-103

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.

Ratio of Net General Bonded Debt to Assessed Value	104
Government-wide Outstanding Debt	105-106
Estimated Direct and Overlapping Ad Valorem Tax	107
Computation of Legal Debt Margin	108
Municipal Utility Revenue Bond Coverage	109
Ratio of Annual Debt Service to Total General Expenditures	110
Property Value and Construction	111

Demographic and Economic Information

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

Demographic Statistics	112
Employers and Selected Statistics	113

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.

City Employees by Job Type	114
Capital Assets Information	115-116
Operating Indicators	117-118

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 15,439,007	\$ 21,537,158	\$ 26,045,119	\$ 23,852,148
Restricted	518,032	683,036	682,251	433,837
Unrestricted	<u>2,916,432</u>	<u>2,151,316</u>	<u>4,551,589</u>	<u>5,920,347</u>
Total governmental activities net position	<u>\$ 18,873,471</u>	<u>\$ 24,371,510</u>	<u>\$ 31,278,959</u>	<u>\$ 30,206,332</u>
Business-type activities				
Net investment in capital assets	\$ 31,227,763	\$ 24,172,309	\$ 19,645,350	\$ 18,832,307
Restricted	2,152,889	2,302,058	2,135,756	2,228,897
Unrestricted	<u>3,273,513</u>	<u>4,035,059</u>	<u>5,133,124</u>	<u>4,803,939</u>
Total business-type activities net position	<u>\$ 36,654,165</u>	<u>\$ 30,509,426</u>	<u>\$ 26,914,230</u>	<u>\$ 25,865,143</u>
Primary government				
Net investment in capital assets	\$ 46,666,770	\$ 45,709,467	\$ 45,690,469	\$ 42,684,455
Restricted	2,670,921	2,985,094	2,818,007	2,662,734
Unrestricted	<u>6,189,945</u>	<u>6,186,375</u>	<u>9,684,713</u>	<u>10,724,286</u>
Total primary government net position	<u>\$ 55,527,636</u>	<u>\$ 54,880,936</u>	<u>\$ 58,193,189</u>	<u>\$ 56,071,475</u>

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

2012	2011	2010	2009	2008	2007
\$ 24,079,825	\$ 23,554,937	\$ 24,835,034	\$ 22,960,635	\$ 22,600,463	\$ 18,059,848
373,215	196,278	124,151	146,421	908,594	708,320
6,669,570	6,476,435	5,482,138	5,414,504	6,209,368	7,726,224
<u>\$ 31,122,610</u>	<u>\$ 30,227,650</u>	<u>\$ 30,441,323</u>	<u>\$ 28,521,560</u>	<u>\$ 29,718,425</u>	<u>\$ 26,494,392</u>
\$ 18,713,942	\$ 19,309,403	\$ 18,342,485	\$ 17,715,818	\$ 16,555,077	\$ 13,722,158
2,055,300	1,942,666	1,885,682	1,347,878	1,780,529	2,248,030
5,153,971	4,466,538	2,933,897	3,256,805	3,220,687	7,080,013
<u>\$ 25,923,213</u>	<u>\$ 25,718,607</u>	<u>\$ 23,162,064</u>	<u>\$ 22,320,501</u>	<u>\$ 21,556,293</u>	<u>\$ 23,050,201</u>
\$ 42,793,767	\$ 42,864,340	\$ 43,177,519	\$ 40,676,453	\$ 39,155,540	\$ 31,782,006
2,428,515	2,138,944	2,009,833	1,494,299	2,689,123	2,956,350
11,823,541	10,942,973	8,416,035	8,671,309	9,430,055	14,806,237
<u>\$ 57,045,823</u>	<u>\$ 55,946,257</u>	<u>\$ 53,603,387</u>	<u>\$ 50,842,061</u>	<u>\$ 51,274,718</u>	<u>\$ 49,544,593</u>

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

	2016	2015	2014	2013	2012
Expenses					
Governmental activities					
General government and administration	\$ 5,157,740	\$ 4,952,657	\$ 4,105,938	\$ 3,910,972	\$ 3,359,741
Community development & neighborhood services	576,517	436,091	431,114	638,669	553,995
Clean air coalition	107,164	147,426	-	-	-
Public safety	4,568,792	4,181,858	4,167,610	4,029,148	3,798,529
Highways and streets	1,974,197	1,991,264	2,123,431	2,003,812	2,566,437
Culture and recreation	2,134,237	2,048,587	2,274,039	2,000,810	1,892,504
Airport	-	-	-	-	-
Tourism	1,470,289	1,413,290	990,605	1,281,171	1,012,067
Conference Center	797,778	635,391	667,948	689,392	734,102
Interest on long-term debt	1,208,731	992,957	885,592	1,071,451	1,136,676
Total governmental activities expenses	<u>17,995,445</u>	<u>16,799,521</u>	<u>15,646,277</u>	<u>15,625,425</u>	<u>15,054,051</u>
Business-type activities					
Airport	928,078	1,011,149	1,121,761	1,029,054	814,026
Economic Development	-	-	86,000	86,000	50,000
Municipal utilities	19,187,348	18,705,520	18,828,482	17,920,361	17,307,598
Total business-type activities expenses	<u>20,115,426</u>	<u>19,716,669</u>	<u>20,036,243</u>	<u>19,035,415</u>	<u>18,171,624</u>
Total primary government expenses	<u>\$ 38,110,871</u>	<u>\$ 36,516,190</u>	<u>\$ 35,682,520</u>	<u>\$ 34,660,840</u>	<u>\$ 33,225,675</u>
Program Revenues					
Governmental activities					
Charges for services					
General government and administration	\$ 95,124	\$ 93,531	\$ 129,325	\$ 86,567	\$ 112,348
Community development & neighborhood services	636,114	659,348	552,552	587,879	531,760
Public safety	250,188	158,452	159,187	204,638	214,834
Culture and recreation	162,674	139,163	165,724	133,211	111,934
Airport	-	-	-	-	-
Tourism	119,338	134,441	131,428	60,550	23,505
Conference Center	475,866	373,481	296,814	368,850	387,354
Operating grants and contributions	414,078	476,781	772,777	197,729	225,524
Capital grants and contributions	173,761	503,633	821,184	12,916	1,378,236
Total governmental activities program revenues	<u>2,327,143</u>	<u>2,538,830</u>	<u>3,028,991</u>	<u>1,652,340</u>	<u>2,985,495</u>
Business-type activities					
Charges for services					
Water and Wastewater	\$ 8,760,445	\$ 8,390,222	\$ 8,179,989	\$ 7,245,760	\$ 6,081,786
Electric	11,012,050	11,329,466	11,371,262	11,368,958	11,639,851
Airport	706,142	779,968	854,860	801,785	707,628
Operating grants and contributions	390,151	12,250	-	-	-
Capital grants and contributions	334,048	732,847	806,241	525,911	242,725
Total business-type activities program revenues	<u>21,202,836</u>	<u>21,244,753</u>	<u>21,212,352</u>	<u>19,942,414</u>	<u>18,671,990</u>
Total primary government program revenues	<u>\$ 23,529,979</u>	<u>\$ 23,783,583</u>	<u>\$ 24,241,343</u>	<u>\$ 21,594,754</u>	<u>\$ 21,657,485</u>
Net (Expense) Revenue					
Governmental activities	\$ (15,668,302)	\$ (14,260,691)	\$ (12,617,286)	\$ (13,973,085)	\$ (12,068,556)
Business-type activities	1,087,410	1,528,084	1,176,109	906,999	500,366
Total primary government net expense	<u>\$ (14,580,892)</u>	<u>\$ (12,732,607)</u>	<u>\$ (11,441,177)</u>	<u>\$ (13,066,086)</u>	<u>\$ (11,568,190)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property	\$ 4,933,982	\$ 4,574,859	\$ 4,404,767	\$ 4,305,186	\$ 4,170,353
Sales	7,593,985	7,232,245	6,632,629	6,463,449	6,290,017
Other	2,287,719	2,295,658	2,160,645	2,046,009	1,950,326
Miscellaneous	318,904	359,722	317,355	435,688	173,681
Investment earnings	47,046	31,670	27,754	58,025	50,927
Transfers	(5,011,373)	(2,781,257)	146,763	275,804	328,212
Total governmental activities	<u>10,170,263</u>	<u>11,712,897</u>	<u>13,689,913</u>	<u>13,584,161</u>	<u>12,963,516</u>
Business-type activities					
Investment earnings	45,956	15,367	20,942	32,891	32,452
Miscellaneous	-	-	-	-	-
Extraordinary item	-	499,448	-	-	-
Transfers	5,011,373	2,781,257	(147,964)	(275,804)	(328,212)
Total business-type activities	<u>5,057,329</u>	<u>3,296,072</u>	<u>(127,022)</u>	<u>(242,913)</u>	<u>(295,760)</u>
Total primary government	<u>\$ 15,227,592</u>	<u>\$ 15,008,969</u>	<u>\$ 13,562,891</u>	<u>\$ 13,341,248</u>	<u>\$ 12,667,756</u>
Change in Net Position					
Governmental activities	\$ (5,498,039)	\$ (2,547,794)	\$ 1,072,627	\$ (388,924)	\$ 894,960
Business-type activities	6,144,739	4,824,156	1,049,087	664,086	204,606
Total primary government	<u>\$ 646,700</u>	<u>\$ 2,276,362</u>	<u>\$ 2,121,714</u>	<u>\$ 275,162</u>	<u>\$ 1,099,566</u>

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

	2011	2010	2009	2008	2007
\$	3,207,553	\$ 3,111,790	\$ 3,685,121	\$ 2,720,467	\$ 2,313,719
	618,122	750,951	789,544	650,246	548,239
	-	-	-	-	-
	3,802,080	3,708,098	3,863,039	3,634,534	3,296,431
	2,176,533	2,062,831	1,856,830	2,397,422	1,261,447
	1,987,545	2,000,545	2,012,465	1,628,634	1,337,705
	-	533,592	694,373	716,416	521,784
	943,788	200,396	740,413	863,080	675,411
	776,819	1,480,106	1,052,101	-	-
	1,256,281	1,367,112	1,425,114	1,471,751	925,700
	<u>14,768,721</u>	<u>15,215,421</u>	<u>16,119,000</u>	<u>14,082,550</u>	<u>10,880,436</u>
	660,769	-	-	-	-
	-	-	-	-	-
	17,421,382	17,286,113	16,155,179	16,382,222	13,604,372
	18,082,151	17,286,113	16,155,179	16,382,222	13,604,372
\$	<u>32,850,872</u>	<u>32,501,534</u>	<u>32,274,179</u>	<u>30,464,772</u>	<u>24,484,808</u>
\$	185,624	\$ 172,760	\$ 160,839	\$ 118,086	\$ 57,994
	663,553	414,984	435,406	833,711	940,169
	250,230	186,143	344,787	342,064	298,144
	205,935	188,393	180,361	224,158	181,031
	-	508,336	592,698	654,439	474,451
	38,528	40,766	43,824	117,213	96,501
	419,184	430,178	284,597	-	-
	148,656	158,834	256,316	206,636	124,444
	933,906	3,283,441	1,157,262	1,609,694	695,670
	<u>2,845,616</u>	<u>5,383,835</u>	<u>3,456,090</u>	<u>4,106,001</u>	<u>2,868,404</u>
\$	6,915,407	\$ 5,334,199	\$ 5,488,023	\$ 5,584,102	\$ 5,063,138
	11,790,282	11,619,113	10,219,190	8,930,095	8,388,975
	596,505	-	-	-	-
	550	-	-	-	-
	824,842	1,592,694	1,040,163	719,145	-
	<u>20,127,586</u>	<u>18,546,006</u>	<u>16,747,376</u>	<u>15,233,342</u>	<u>13,452,113</u>
\$	<u>22,973,202</u>	<u>23,929,841</u>	<u>20,203,466</u>	<u>19,339,343</u>	<u>16,320,517</u>
\$	(11,923,105)	\$ (9,831,586)	\$ (12,662,910)	\$ (9,976,549)	\$ (8,012,032)
	2,045,435	1,259,893	592,197	(1,148,880)	(152,259)
\$	<u>(9,877,670)</u>	<u>(8,571,693)</u>	<u>(12,070,713)</u>	<u>(11,125,429)</u>	<u>(8,164,291)</u>
\$	4,196,466	\$ 4,206,922	\$ 3,949,167	\$ 3,642,715	\$ 2,910,725
	5,821,793	5,316,603	5,825,860	6,300,680	5,992,656
	2,035,545	1,693,299	1,290,566	1,745,402	1,661,242
	115,286	158,579	246,530	120,784	-
	42,066	24,870	135,380	788,628	707,063
	373,830	351,076	18,542	602,373	270,499
	<u>12,584,986</u>	<u>11,751,349</u>	<u>11,466,045</u>	<u>13,200,582</u>	<u>11,542,185</u>
	9,384	5,493	39,103	257,345	511,149
	-	-	151,450	-	-
	(373,830)	(423,823)	(18,542)	(602,373)	(270,499)
	(364,446)	(418,330)	172,011	(345,028)	240,650
\$	<u>12,220,540</u>	<u>11,333,019</u>	<u>11,638,056</u>	<u>12,855,554</u>	<u>11,782,835</u>
\$	661,881	\$ 1,919,763	\$ (1,196,865)	\$ 3,224,033	\$ 3,530,153
	1,680,989	841,563	764,208	(1,493,908)	88,391
\$	<u>2,342,870</u>	<u>2,761,326</u>	<u>(432,657)</u>	<u>1,730,125</u>	<u>3,618,544</u>

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

	2016	2015	2014	2013
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated	-	-	-	-
Unreserved, Undesignated	-	-	-	-
Nonspendable	511,494	619,482	947,407	908,067
Restricted	471,552	497,395	556,739	209,188
Committed	231,344	270,982	15,746	249,475
Assigned	43,938	44,238	55,131	140,163
Unassigned	4,785,111	3,798,559	2,860,905	4,005,826
Total general fund	\$ 6,043,439	\$ 5,230,656	\$ 4,435,928	\$ 5,512,719
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Nonspendable	5,800	-	-	-
Restricted	5,663,282	1,774,344	4,446,333	5,272,778
Committed	111,495	107,088	111,500	214,379
Unassigned	(103,786)	(217,378)	(447,076)	(544,810)
Total all other governmental funds	\$ 5,676,791	\$ 1,664,054	\$ 4,110,757	\$ 4,942,347

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)

2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ 120,985	\$ 182,845	\$ 92,604	\$ 90,778
-	-	244,500	237,123	174,887	33,549
-	-	3,832,279	3,606,454	3,463,563	4,936,439
908,569	881,547	-	-	-	-
159,923	102,630	-	-	-	-
91,736	290,148	-	-	-	-
119,263	98,977	-	-	-	-
4,284,392	3,830,560	-	-	-	-
<u>\$ 5,563,883</u>	<u>\$ 5,203,862</u>	<u>\$ 4,197,764</u>	<u>\$ 4,026,422</u>	<u>\$ 3,731,054</u>	<u>\$ 5,060,766</u>
\$ -	\$ -	\$ 8,904,460	\$ 10,795,494	\$ 15,523,780	\$ 5,972,211
-	-	(159,594)	(130,816)	1,023,434	1,450,466
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,674,816	8,020,303	-	-	-	-
190,057	264,462	-	-	-	-
(431,292)	(481,509)	-	-	-	-
<u>\$ 7,433,581</u>	<u>\$ 7,803,256</u>	<u>\$ 8,744,866</u>	<u>\$ 10,664,678</u>	<u>\$ 16,547,214</u>	<u>\$ 7,422,677</u>

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

	2016	2015	2014	2013
Revenues				
Taxes	\$ 14,872,298	\$ 13,994,697	\$ 13,146,849	\$ 12,792,390
Licenses, fees, permits	613,565	703,918	595,351	561,786
Fines and penalties	225,259	190,154	149,611	184,388
Charges for services	672,307	496,838	406,679	464,000
Intergovernmental	582,339	858,629	267,614	197,729
Investment earnings	47,046	31,670	27,732	58,025
Other revenues	494,225	541,213	1,127,908	666,348
Total revenues	<u>\$ 17,507,039</u>	<u>\$ 16,817,119</u>	<u>\$ 15,721,744</u>	<u>\$ 14,924,666</u>
Expenditures				
General government	\$ 4,905,160	\$ 4,745,797	\$ 3,840,821	\$ 3,636,842
Police	3,896,217	3,867,902	3,731,731	3,847,599
Fire	404,201	1,255,424	354,000	384,889
Streets	528,257	534,995	562,719	421,448
Building & permits	447,070	578,796	547,800	408,090
Parks and recreation	1,795,998	2,114,803	1,762,250	1,479,716
Tourism	780,866	797,357	2,507,455	953,968
Conference Center	835,599	644,068	682,689	677,325
Capital projects	861,287	1,107,772	811,717	2,410,505
Other	891,118	672,887	486,545	740,144
Debt service:				
Interest	713,451	712,289	912,346	1,011,534
Principal	2,220,965	2,350,470	2,030,855	1,985,029
Bond issuance costs	373,502	297,604	-	119,333
Total expenditures	<u>\$ 18,653,691</u>	<u>\$ 19,680,164</u>	<u>\$ 18,230,928</u>	<u>\$ 18,076,422</u>
Excess of revenues over (under) expenditures	<u>\$ (1,146,652)</u>	<u>\$ (2,863,045)</u>	<u>\$ (2,509,184)</u>	<u>\$ (3,151,756)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	\$ 10,250,850	\$ 3,919,383	\$ 452,839	\$ 214,208
Other resources	38,692	72,944	-	119,346
Transfers in	2,012,029	2,420,229	2,806,721	1,183,018
Transfers out	(6,329,399)	(5,201,486)	(2,658,757)	(907,214)
Total other financing sources (uses)	<u>\$ 5,972,172</u>	<u>\$ 1,211,070</u>	<u>\$ 600,803</u>	<u>\$ 609,358</u>
Net change in fund balances	<u>\$ 4,825,520</u>	<u>\$ (1,651,975)</u>	<u>\$ (1,908,381)</u>	<u>\$ (2,542,398)</u>
Debt service as a percentage of noncapital expenditures	17.4%	18.6%	19.6%	20.4%

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

2012	2011	2010	2009	2008	2007
\$ 12,380,367	\$ 11,999,657	\$ 11,276,922	\$ 11,052,963	\$ 11,739,003	\$ 10,509,765
521,189	586,854	413,456	422,064	812,582	978,807
201,206	225,678	204,284	301,707	295,328	211,130
471,172	574,503	988,147	950,949	746,650	581,596
204,720	148,656	408,834	129,878	367,407	464,524
50,927	42,066	24,870	135,380	788,628	707,063
382,653	480,697	527,445	832,402	853,062	652,596
<u>\$ 14,212,234</u>	<u>\$ 14,058,111</u>	<u>\$ 13,843,958</u>	<u>\$ 13,825,343</u>	<u>\$ 15,602,660</u>	<u>\$ 14,105,481</u>
\$ 3,339,088	\$ 2,959,350	\$ 2,963,528	\$ 2,956,474	\$ 3,178,311	\$ 2,517,756
3,364,569	3,158,866	3,123,521	3,651,120	2,918,879	2,701,280
332,775	268,848	243,174	356,732	321,180	405,237
587,464	425,147	431,840	575,096	1,001,539	625,661
381,797	257,252	350,734	363,188	526,815	245,104
1,337,862	1,561,616	1,430,571	1,699,408	2,873,611	1,881,095
899,502	610,847	157,248	709,506	1,853,946	1,208,596
620,234	695,673	1,125,080	844,259	-	-
458,364	889,421	1,949,390	4,116,108	5,891,032	3,662,600
607,289	645,256	1,210,061	1,405,567	1,446,563	1,165,589
1,092,050	1,213,773	1,313,553	1,371,194	1,348,889	894,147
1,621,880	1,739,187	1,644,804	1,620,116	1,574,803	1,150,115
-	156,173	-	-	361,207	30,000
<u>\$ 14,642,874</u>	<u>\$ 14,581,409</u>	<u>\$ 15,943,504</u>	<u>\$ 19,668,768</u>	<u>\$ 23,296,775</u>	<u>\$ 16,487,180</u>
<u>\$ (430,640)</u>	<u>\$ (523,298)</u>	<u>\$ (2,099,546)</u>	<u>\$ (5,843,425)</u>	<u>\$ (7,694,115)</u>	<u>\$ (2,381,699)</u>
\$ 92,774	\$ 247,504	\$ -	\$ 237,715	\$ 17,320,000	\$ 1,220,734
-	-	-	-	(2,433,432)	-
1,093,266	812,863	1,043,059	2,536,066	2,212,527	1,145,902
(765,054)	(439,033)	(691,983)	(2,517,524)	(1,610,154)	(875,403)
<u>\$ 420,986</u>	<u>\$ 621,334</u>	<u>\$ 351,076</u>	<u>\$ 256,257</u>	<u>\$ 15,488,941</u>	<u>\$ 1,491,233</u>
<u>\$ (9,654)</u>	<u>\$ 98,036</u>	<u>\$ (1,748,470)</u>	<u>\$ (5,587,168)</u>	<u>\$ 7,794,826</u>	<u>\$ (890,466)</u>
20.6%	22.1%	21.9%	27.1%	16.8%	15.9%

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

Revenue Source	2016	2015	2014	2013	2012
Principal General Government Revenue Sources					
Sales and Use Tax	\$ 7,624,373	\$ 7,151,484	\$ 6,599,573	\$ 6,440,471	\$ 6,282,851
Ad Valorem Tax	4,945,177	4,577,167	4,415,081	4,305,910	4,147,190
Franchise Taxes	747,865	790,557	731,411	692,784	747,381
Utility Fund Franchise Tax	857,990	849,286	843,618	812,300	686,206
Hotel Occupancy Tax	696,893	626,203	557,166	540,925	516,739
All Other Sources	2,634,741	2,822,422	2,574,895	2,232,276	1,831,867
Total General Government Revenue	\$ 17,507,039	\$ 16,817,119	\$ 15,721,744	\$ 15,024,666	\$ 14,212,234

Current and comparative ad valorem tax rates are shown on page 91.

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	\$ 10,638,496	\$ 10,993,672	\$ 11,056,172	\$ 11,145,165	\$ 11,394,217
Water Sales	5,756,374	5,472,711	5,314,357	4,778,739	3,999,322
Wastewater Revenue	2,512,036	2,440,580	2,394,387	2,048,432	1,774,092
All Other	1,448,509	1,583,938	1,641,195	1,444,167	1,261,634
Total Utility Fund Revenue	\$ 20,355,415	\$ 20,490,901	\$ 20,406,111	\$ 19,416,503	\$ 18,429,265

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

<hr/> <hr/>						
	Fiscal Year					Change:
2011	2010	2009	2008	2007	2007-2016	
<hr/>						
\$ 5,810,019	\$ 5,314,801	\$ 5,903,965	\$ 6,299,449	\$ 5,886,474	29.5%	
4,204,828	4,198,621	3,932,562	3,679,002	2,941,958	68.1%	
738,682	645,413	705,342	621,152	649,171	15.2%	
724,326	647,648	-	549,329	513,574	67.1%	
521,802	470,439	511,094	590,071	518,588	34.4%	
2,058,454	2,567,036	2,772,380	3,863,657	3,595,716	-26.7%	
<u>\$ 14,058,111</u>	<u>\$ 13,843,958</u>	<u>\$ 13,825,343</u>	<u>\$ 15,602,660</u>	<u>\$ 14,105,481</u>	<u>24.1%</u>	
\$ 11,524,273	\$ 11,367,715	\$ 10,021,246	\$ 8,720,371	\$ 8,205,466	29.7%	
4,810,721	3,448,982	3,589,752	3,590,578	3,085,172	86.6%	
1,719,432	1,645,412	1,666,807	1,579,610	1,581,036	58.9%	
1,248,318	496,696	619,961	880,983	1,091,588	32.7%	
<u>\$ 19,302,744</u>	<u>\$ 16,958,805</u>	<u>\$ 15,897,766</u>	<u>\$ 14,771,542</u>	<u>\$ 13,963,262</u>	<u>45.8%</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>
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	0.39459
2014	2014-2015	\$ 1,134,944,921	\$ 9,396,360	\$ 1,144,341,281	0.39758
2015	2015-2016	\$ 1,226,352,986	\$ 16,077,980	\$ 1,242,430,966	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 of Granbury Tax Rate			Hood County	Granbury Independent School District
		Operations	Debt Repayment	City Total		
2006	2006-2007	0.1658	0.2492	0.41500	0.390000	1.44000
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
2014	2014-2015	0.1529	0.2447	0.39758	0.397584	1.26500
2015	2015-2016	0.1802	0.2174	0.39758	0.375725	1.26500

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
2006	2006-2007	\$ 2,906,579	\$ (1,720)	\$ 2,904,859	\$ 2,815,999	96.9410%
2007	2007-2008	\$ 3,582,159	\$ (3,122)	\$ 3,579,037	\$ 3,526,332	98.5274%
2008	2008-2009	\$ 3,908,078	\$ (13,729)	\$ 3,894,349	\$ 3,861,944	99.1679%
2009	2009-2010	\$ 4,199,011	\$ (34,777)	\$ 4,164,235	\$ 4,118,410	98.8996%
2010	2010-2011	\$ 4,168,290	\$ (8,071)	\$ 4,160,219	\$ 4,121,545	99.0704%
2011	2011-2012	\$ 4,141,351	\$ (10,973)	\$ 4,130,378	\$ 4,067,391	98.4750%
2012	2012-2013	\$ 4,294,424	\$ (41,668)	\$ 4,252,756	\$ 4,194,524	98.6307%
2013	2013-2014	\$ 4,361,775	\$ (12,967)	\$ 4,348,808	\$ 4,315,859	99.2424%
2014	2014-2015	\$ 4,518,300	\$ (11,230)	\$ 4,507,070	\$ 4,480,950	99.4205%
2015	2015-2016	\$ 4,906,608	\$ (6,848)	\$ 4,899,760	\$ 4,870,281	99.3984%

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		
\$ 84,776	\$ 2,900,775	99.8594%	\$ 4,084	0.1406%
\$ 48,864	\$ 3,575,196	99.8927%	\$ 3,841	0.1073%
\$ 27,927	\$ 3,889,871	99.8850%	\$ 4,478	0.1150%
\$ 40,407	\$ 4,158,817	99.8699%	\$ 5,418	0.1301%
\$ 33,164	\$ 4,154,709	99.8676%	\$ 5,509	0.1324%
\$ 56,609	\$ 4,124,000	99.8456%	\$ 6,378	0.1544%
\$ 50,262	\$ 4,244,786	99.8126%	\$ 7,970	0.1874%
\$ 23,078	\$ 4,338,937	99.7730%	\$ 9,871	0.2270%
\$ 14,035	\$ 4,494,985	99.7319%	\$ 12,085	0.2681%
\$ -	\$ 4,870,281	99.3984%	\$ 29,479	0.6016%

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

<u>Fiscal Year Ending</u> <u>Tax Year</u>	<u>9/30/2016</u> 2015	<u>9/30/2015</u> 2014	<u>9/30/2014</u> 2013	<u>9/30/2013</u> 2012
<i>Property use category</i>				
Real, Residential, Single family	\$ 527,546,060	\$ 501,976,240	\$ 477,935,220	\$ 464,702,920
Real, Residential, Multi-family	\$ 47,024,980	\$ 44,482,770	\$ 41,923,330	\$ 39,576,630
Real, Vacant Lots/Tracts	\$ 60,718,140	\$ 58,541,910	\$ 50,644,930	\$ 42,005,010
Real, Qualified Open-space Land	\$ 44,881,390	\$ 46,750,000	\$ 47,921,880	\$ 67,637,360
Real, Rural Land	\$ 7,584,980	\$ 7,213,810	\$ 17,152,810	\$ 5,422,210
Real, Commercial	\$ 434,696,240	\$ 392,331,310	\$ 396,789,380	\$ 380,787,530
Real, Industrial	\$ 2,147,740	\$ 2,116,560	\$ 2,462,190	\$ 2,194,980
Tangible Personal Property	\$ 1,004,350	\$ 965,040	\$ 10,219,060	\$ -
Real/Tangible Personal, Utilities	\$ 17,323,730	\$ 12,524,180	\$ 11,821,370	\$ 10,552,930
Tangible Personal, Commercial	\$ 115,944,620	\$ 102,257,650	\$ 91,154,860	\$ 100,114,430
Tangible Personal, Industrial	\$ 15,707,560	\$ 9,050,770	\$ 773,190	\$ 7,006,700
Tangible Personal, Mobile Homes	\$ 370,420	\$ 345,590	\$ 356,980	\$ 329,630
Real Property, Inventory	\$ 9,021,500	\$ 9,036,230	\$ 8,522,040	\$ 14,195,140
Special Inventory	\$ 19,063,260	\$ 18,107,580	\$ 17,292,880	\$ 14,375,950
Real Minerals/Oil & Gas	\$ 11,736,060	\$ 12,353,800	\$ 12,538,690	\$ 14,141,160
Mixed PTD	\$ (88,546)	\$ (6,070)	\$ (6,730)	\$ (190,886)
Total Appraised Value	\$ 1,314,682,484	\$ 1,218,047,370	\$ 1,187,502,080	\$ 1,162,851,694
Less: Exemptions or Deductions:				
Optional > 65 Res. Homestead	\$ 17,924,460	\$ 16,231,640	\$ 14,880,720	\$ 13,909,120
Disabled or Deceased Veterans	\$ 5,321,866	\$ 4,593,900	\$ 4,479,249	\$ 3,917,120
Agriculture & Unheard Protests	\$ 44,541,430	\$ 46,408,000	\$ 47,574,150	\$ 48,722,370
Residential, Capped Value Loss	\$ 753,550	\$ 1,076,290	\$ 1,502,480	\$ 2,895,780
Other	\$ 3,710,212	\$ 5,396,259	\$ 5,599,164	\$ 6,369,045
Total Exemptions	\$ 72,251,518	\$ 73,706,089	\$ 74,035,763	\$ 75,813,435
Net Assessed Valuation	\$ 1,242,430,966	\$ 1,144,341,281	\$ 1,113,466,317	\$ 1,087,038,259
Percent of Fair Market Value	100%	100%	100%	100%

Source: Hood County Appraisal District

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

<u>9/30/2012</u> 2011	<u>9/30/2011</u> 2010	<u>9/30/2010</u> 2009	<u>9/30/2009</u> 2008	<u>9/30/2008</u> 2007	<u>9/30/2007</u> 2006
\$ 446,958,430	\$ 448,837,500	\$ 448,927,360	\$ 386,898,940	\$ 342,834,240	\$ 281,488,580
\$ 39,046,300	\$ 39,659,200	\$ 34,153,200	\$ 34,299,070	\$ 34,652,200	\$ 19,613,530
\$ 43,122,120	\$ 37,047,630	\$ 39,898,620	\$ 36,594,990	\$ 34,359,450	\$ 31,794,560
\$ 64,708,830	\$ 68,820,080	\$ 66,823,820	\$ 69,059,580	\$ 54,352,620	\$ 35,652,180
\$ 8,006,060	\$ 9,466,970	\$ 10,339,670	\$ 12,282,520	\$ 9,892,190	\$ 2,724,190
\$ 357,495,960	\$ 382,230,510	\$ 368,468,070	\$ 335,115,180	\$ 317,791,290	\$ 250,900,150
\$ 2,216,760	\$ 2,677,270	\$ 2,716,820	\$ 2,659,140	\$ 2,666,370	\$ 865,470
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 10,506,340	\$ 10,595,480	\$ 10,024,860	\$ 9,816,040	\$ 9,789,270	\$ 9,729,550
\$ 91,924,550	\$ 84,237,070	\$ 104,027,420	\$ 97,375,970	\$ 94,635,880	\$ 76,099,740
\$ 4,679,350	\$ 4,078,990	\$ 5,120,590	\$ 5,595,380	\$ 4,873,400	\$ 1,392,180
\$ 367,960	\$ 447,540	\$ 508,250	\$ 498,760	\$ 1,385,200	\$ 1,630,430
\$ 18,153,540	\$ 15,108,480	\$ 19,470,310	\$ 14,469,270	\$ 7,272,300	\$ 4,992,790
\$ 13,204,650	\$ 9,700,620	\$ 12,958,760	\$ 11,833,160	\$ 12,202,580	\$ 12,089,250
\$ 10,769,990	\$ 10,105,180	\$ 12,328,890	\$ 4,279,210	\$ 7,352,950	\$ 14,691,350
\$ (44,472)	\$ (10,800)	\$ (10,090)	\$ -	\$ -	\$ -
<u>\$ 1,111,116,368</u>	<u>\$ 1,123,001,720</u>	<u>\$ 1,135,756,550</u>	<u>\$ 1,020,777,210</u>	<u>\$ 934,059,940</u>	<u>\$ 743,663,950</u>
\$ 13,421,820	\$ 13,051,760	\$ 12,975,610	\$ 12,366,100	\$ 11,874,130	\$ 11,535,820
\$ 3,800,520	\$ 2,963,560	\$ 2,517,800	\$ 611,130	\$ 656,300	\$ 581,300
\$ 43,821,370	\$ 44,396,600	\$ 42,124,640	\$ 41,314,830	\$ 36,083,100	\$ 21,740,540
\$ 4,606,300	\$ 6,934,390	\$ 16,631,700	\$ 8,771,870	\$ 10,460,130	\$ 5,365,890
\$ 4,931,379	\$ 4,602,370	\$ 4,900,666	\$ 3,373,220	\$ 2,447,086	\$ 570
<u>\$ 70,581,389</u>	<u>\$ 71,948,680</u>	<u>\$ 79,150,416</u>	<u>\$ 66,437,150</u>	<u>\$ 61,520,746</u>	<u>\$ 39,224,120</u>
<u>\$ 1,040,534,979</u>	<u>\$ 1,051,053,040</u>	<u>\$ 1,056,606,134</u>	<u>\$ 954,340,060</u>	<u>\$ 872,539,194</u>	<u>\$ 704,439,830</u>
100%	100%	100%	100%	100%	100%

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

Taxpayer	Tax Year 2015			Tax Year 2005		
	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation
Health Care Reit, Inc	1	\$ 21,333,390	1.72%			
Hood General Hospital	2	\$ 15,554,560	1.25%	6	\$ 7,349,730	1.04%
Kroger Texas LP	3	\$ 12,481,600	1.00%			
ARI	4	\$ 10,637,190	0.86%			
NEC US377 & Meander Rd LP	5	\$ 10,517,700	0.85%			
HEB Grocery Company LP	6	\$ 9,207,080	0.74%			
Wal-Mart Properties	7	\$ 9,181,890	0.74%	4	\$ 8,225,290	1.17%
Pacific Lake Granbury LP	8	\$ 9,000,000	0.72%			
Wal-Mart Real Estate Business	9	\$ 8,983,900	0.72%	3	\$ 8,606,910	1.22%
Pioneer Natural Resource	10	\$ 8,377,200	0.67%			
Jemsite Development, LLC				1	\$10,387,690	1.47%
Tapestry Group Granbury LLC				2	\$ 9,804,320	1.39%
HD Development Properties LP				5	\$ 7,589,830	1.08%
Forestar Real Estate Group				7	\$ 6,770,660	0.96%
The Oak Partners				8	\$ 6,245,380	0.89%
Municipal Capital Markets Corp				9	\$ 5,780,820	0.82%
Home Depot				10	\$ 5,616,850	0.80%
		<u>\$ 115,274,510</u>	9.28%		<u>\$ 76,377,480</u>	10.84%

Source: Hood County Appraisal District

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CITY OF GRANBURY
Sales Tax Revenue by Business Type
(Unaudited)
September 30, 2016

Fiscal Year	2016	2015	2014	2013
<i>Sales Tax Category</i>				
Retail:				
Motor Vehicle & Parts	\$ 313,972	\$ 357,382	\$ 280,756	\$ 243,210
Furniture & Home Furnishings	\$ 172,403	\$ 165,189	\$ 182,908	\$ 162,761
Electronics & Appliance	\$ 50,686	\$ 53,284	\$ 93,884	\$ 80,488
Building Materials	\$ 1,132,022	\$ 1,038,175	\$ 955,273	\$ 990,088
Apparel Stores	\$ 231,035	\$ 191,794	\$ 136,370	\$ 122,338
General Merchandise	\$ 1,184,226	\$ 1,164,962	\$ 1,010,511	\$ 1,011,228
All Other Retail	\$ 1,020,292	\$ 924,567	\$ 1,083,006	\$ 1,153,924
Total Retail	\$ 4,104,636	\$ 3,895,353	\$ 3,742,708	\$ 3,764,038
Agriculture/Manufacturing/Mining	\$ 352,589	\$ 291,357	\$ 413,761	\$ 385,708
Services	\$ 1,210,484	\$ 713,673	\$ 788,306	\$ 697,989
Wholesalers	\$ 565,717	\$ 557,188	\$ 438,871	\$ 320,307
Accommodation & Food	\$ 947,192	\$ 888,846	\$ 829,682	\$ 783,573
All Other	\$ 443,754	\$ 805,067	\$ 386,245	\$ 511,835
Total Sales Tax Received	\$ 7,624,373	\$ 7,151,484	\$ 6,599,573	\$ 6,463,449
City Sales Tax Rate	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
Sales Tax Revenue by Business Type
(Unaudited)
September 30, 2016

2012	2011	2010	2009	2008
\$ 252,640	\$ 235,380	\$ 219,686	\$ 219,665	\$ 222,984
\$ 171,575	\$ 156,146	\$ 149,699	\$ 160,216	\$ 187,161
\$ 90,322	\$ 81,059	\$ 67,424	\$ 83,870	\$ 109,356
\$ 878,580	\$ 833,216	\$ 789,676	\$ 796,461	\$ 813,732
\$ 114,634	\$ 101,695	\$ 86,380	\$ 81,467	\$ 100,730
\$ 992,909	\$ 1,012,588	\$ 1,041,561	\$ 1,087,611	\$ 1,133,204
\$ 1,290,870	\$ 831,478	\$ 779,754	\$ 884,127	\$ 819,297
\$ 3,791,531	\$ 3,251,562	\$ 3,134,180	\$ 3,313,416	\$ 3,386,464
\$ 390,398	\$ 481,475	\$ 270,795	\$ 367,376	\$ 710,656
\$ 660,682	\$ 557,085	\$ 490,330	\$ 542,473	\$ 616,777
\$ 267,459	\$ 247,725	\$ 224,838	\$ 251,758	\$ 275,664
\$ 739,506	\$ 662,558	\$ 591,855	\$ 625,840	\$ 650,970
\$ 440,440	\$ 609,614	\$ 602,803	\$ 803,102	\$ 658,918
\$ 6,290,017	\$ 5,810,019	\$ 5,314,801	\$ 5,903,965	\$ 6,299,449
1.50%	1.50%	1.50%	1.50%	1.50%

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

ELECTRICITY SALES

Type of Customer	2016	2015	2014	2013	2012
Residential	\$ 3,480,112	\$ 3,505,676	\$ 3,510,579	\$ 3,395,007	\$ 3,594,577
Commercial	\$ 6,377,962	\$ 6,632,906	\$ 6,746,776	\$ 7,131,527	\$ 7,383,818
Other	\$ 818,459	\$ 851,383	\$ 864,285	\$ 538,887	\$ 464,866
Total	\$ 10,676,533	\$ 10,989,965	\$ 11,121,641	\$ 11,065,421	\$ 11,443,261

WATER SALES

Type of Customer	2016	2015	2014	2013	2012
Residential	\$ 2,751,533	\$ 2,614,942	\$ 2,547,695	\$ 2,331,133	\$ 2,185,014
Commercial	\$ 2,973,419	\$ 2,889,001	\$ 2,661,313	\$ 2,438,937	\$ 1,850,843
Other	\$ 89,415	\$ 34,250	\$ 120,286	\$ 90,312	\$ 86,303
Total	\$ 5,814,367	\$ 5,538,193	\$ 5,329,295	\$ 4,860,382	\$ 4,122,160

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

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

ELECTRICITY SALES

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 3,830,305	\$ 3,662,399	\$ 3,303,224	\$ 3,009,301	\$ 2,888,694
\$ 7,305,734	\$ 7,063,527	\$ 6,323,593	\$ 5,647,582	\$ 5,300,267
\$ 458,904	\$ 468,572	\$ 474,674	\$ 329,635	\$ 319,640
<u>\$ 11,594,943</u>	<u>\$ 11,194,499</u>	<u>\$ 10,101,491</u>	<u>\$ 8,986,519</u>	<u>\$ 8,508,602</u>

WATER SALES

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 2,281,391	\$ 1,802,050	\$ 2,051,180	\$ 2,160,225	\$ 1,723,997
\$ 1,884,012	\$ 1,440,659	\$ 1,667,731	\$ 1,674,588	\$ 1,553,845
\$ 42,497	\$ 40,958	\$ 57,360	\$ 36,643	\$ 20,254
<u>\$ 4,207,899</u>	<u>\$ 3,283,666</u>	<u>\$ 3,776,271</u>	<u>\$ 3,871,456</u>	<u>\$ 3,298,097</u>

CITY OF GRANBURY
 Top Ten Utility Rate Payers
 by Rate Type
 Compared to Ten Years Ago
 (Unaudited)
 September 30, 2016

Ten Largest Electric Customers

Customers	Annual Kwh Consumed (000)			
	2016		2011	
	Rank	Consumption	Rank	Consumption
GISD	1	6,670	1	6,007
City of Granbury	2	6,207	3	
Lake Granbury Medical Center	3	5,951	2	4,691
Hood County	4	3,833	8	1,771
Waterview Point	5	3,074	7	2,083
Lowe's Home Center	6	2,907	5	3,052
AT&T	7	1,128	9	1,221
Hilton Garden Inn	8	1,031	10	1,072
Creative Solutions	9	963		
Harborlakes Plaza Nursing	10	795		
Kroger			4	3,344
Brookshire's			6	2,742

Ten Largest Water Customers

Customers	Annual Gallons Consumed (in hundreds of gallons)			
	2016		2011	
	Rank	Consumption	Rank	Consumption
Hood County	1	101,518	3	66,368
City of Granbury	2	96,880	4	57,752
Jerry Durant Toyota	3	92,078		
Waterview Point	4	79,957	5	52,114
Wash My Ride	5	75,158		
Pacific Lake Granbury, LP	6	68,244		
HEB Grocery	7	52,458		
Creative Solutions	8	52,095	10	27,638
Lake Granbury Medical Center	9	45,821	2	71,468
NEC US 377 & Meander Rd, LP	10	37,508		
Aqua Texas			1	140,648
Lowe's			6	38,480
Mike Brown Ford			7	32,962
Walmart			8	29,514
Quail Park Retirement			9	27,922

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2016
 (Unaudited)

Electric Rate Structure - last updated March 3, 2016

Residential Rate Structure		
<i>Electric</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum charge	13.75	25.00
Energy Charge per/kWh	0.0246	0.0246
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
Energy Charge per/kWh	0.0246	0.0246
Power Cost Adjustment Factor - In addition to the appropriate base rates, each customer's monthly charges shall be increased by an amount equal to the total power cost incurred in providing service.		
<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 June 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

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2016
 (Unaudited)

Sewer Rate Structure - last updated June 15, 2013

Residential Rate Structure

<i>Sewer</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum Charge	24.00	34.00
Rate per 1,000 gallons	3.50	5.25

Commercial/ Multi Unit Rate Structure

<i>Sewer</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
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 July 5, 2013

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

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

<i>All Customers</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
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
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
2015	\$ 1,144,341,281	\$ 20,776,684	\$ 260,791	\$ 20,515,893
2016	\$ 1,242,430,966	\$ 22,965,392	\$ 289,887	\$ 22,675,505

Year Ended September 30	Ratio Net General Bonded Debt to Assessed Value	Estimated Population	Net General Bonded Debt Per Capita
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
2015	1.79%	8,940	\$ 2,295
2016	1.83%	9,140	\$ 2,481

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

CITY OF GRANBURY
Government-wide Outstanding Debt
Last Ten Years
September 30, 2016

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
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	\$ -
2015	\$ 16,840,147	\$ 6,461,198	\$ 1,808,474	\$ 11,302,268	\$ 3,936,536	\$ 16,430,000
2016	\$ 19,410,667	\$ 12,289,507	\$ 1,482,502	\$ 10,467,294	\$ 3,554,725	\$ 19,150,000

CITY OF GRANBURY
 Government-wide Outstanding Debt
 Last Ten Years
 September 30, 2016

<u>Total Government-wide Indebtedness</u>					
<u>Lease/ Purchases</u>	<u>Total Government-wide Indebtedness</u>	<u>Estimated Population</u>	<u>Total Debt per Capita</u>	<u>Per Capita Income</u>	<u>Debt as Percent of Personal Income</u>
\$ 71,968	\$ 34,385,696	7,400	\$ 4,647	\$ 36,142	12.86%
\$ 345,694	\$ 50,319,626	7,600	\$ 6,621	\$ 38,575	17.16%
\$ 458,033	\$ 47,654,922	7,850	\$ 6,071	\$ 28,963	20.96%
\$ 265,563	\$ 45,408,933	8,200	\$ 5,538	\$ 29,618	18.70%
\$ 769,380	\$ 43,038,681	8,030	\$ 5,360	\$ 25,669	20.88%
\$ 655,564	\$ 45,491,629	8,648	\$ 5,260	\$ 26,688	19.71%
\$1,114,621	\$ 43,377,358	8,290	\$ 5,232	\$ 27,967	18.71%
\$1,407,137	\$ 40,830,193	8,779	\$ 4,651	\$ 29,105	15.98%
\$1,257,178	\$ 56,320,561	8,940	\$ 6,300	\$ 26,864	23.45%
\$1,016,407	\$ 67,371,102	9,140	\$ 7,371	\$ 30,478	24.18%

CITY OF GRANBURY
 Estimated Direct and Overlapping Ad Valorem Tax
 Supported Gross Debt Statement
 as of September 30, 2016
 (Unaudited)

Governmental Subdivision	Gross Debt	Estimated Percent Applicable (1)	Direct and Estimated Overlapping Bonded Debt
Direct:			
City of Granbury	\$ 29,475,000	100%	<u>\$ 29,475,000</u>
Total direct debt			<u><u>\$ 29,475,000</u></u>
Overlapping:			
Granbury Independent School District	\$ 114,025,344	25.68%	\$ 29,281,708
Hood County	\$ 20,370,000	22.78%	<u>\$ 4,640,286</u>
Total overlapping debt			<u><u>\$ 33,921,994</u></u>
Total Direct and Overlapping Consolidated Gross Debt Outstanding			<u><u>\$ 63,396,994</u></u>
Direct and Overlapping Gross Debt Per Capita			A. \$ 6,936
Ratio of Direct and Overlapping Gross Debt to 2015 Net Assessed Valuation			B. 4.62%

A. Based on population estimate of 9,140 at 9/30/2016.

B. Based on the assessed valuation of \$1,373,419,328 for tax year 2016.

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, 2016
 (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>\$ 2.102</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
2014	2014-2015	\$ 1,144,341,281	\$ 28,608,532	\$ 4,518,300	\$ 24,090,232
2015	2015-2016	\$ 1,242,430,966	\$ 31,060,774	\$ 4,906,608	\$ 26,154,166

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
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
2015	\$ 19,478,823	\$ 15,659,883	\$ 3,818,940	\$ 1,242,318	3.07
2016	\$ 19,493,524	\$ 16,284,099	\$ 3,209,425	\$ 1,244,624	2.58

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
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%
2015	\$ 2,062,500	\$ 676,312	\$ 2,738,812	\$ 13,770,604	19.8888%
2016	\$ 1,895,000	\$ 798,663	\$ 2,693,663	\$ 12,868,021	20.9330%

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
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%
2015	\$ 1,144,341,281	228	-8.43%	\$ 45,685,267	-14.10%
2016	\$ 1,242,430,966	235	3.07%	\$ 43,439,911	-4.91%

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>
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
2015	8,940	4.8%	6,658	\$ 26,864
2016	9,140	4.7%	6,869	\$ 30,478

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		2016			2006		
		Employees	Rank	% of Total Employed	Employees	Rank	% of Total Employed
Granbury ISD	School District	1,030	1	4.3%	1,175	1	5.6%
Lake Granbury Medical	Medical Services	577	2	2.4%	311	3	1.5%
Wal-Mart Supercenter	Retail	400	3	1.7%	500	2	2.4%
Hood County	County Government	364	4	1.5%	304	4	1.4%
H - E - B	Retail	244	5	1.0%			0.0%
Kroger	Retail	181	6	0.8%			0.0%
City of Granbury	Municipal Government	162	7	0.7%	160	5	0.8%
United Cooperative Svc	Utility Services	155	8	0.7%			0.0%
Granbury Care Center	Nursing Home	131	9	0.6%	150	6	0.7%
Total Equipment & Service	Oilfield Services	58	10	0.2%			0.0%
Lowe's	Home Improvement				122	7	0.6%
Equibrand Corp	Rope Manufacturer				100	9	0.5%
Home Depot	Home Improvement				110	8	0.5%
Classic Chevrolet BPG	Auto Retail				90	10	0.4%
	Total	3,302		13.9%	3,022		14.4%

<u>Selected Business Statistics</u>	2016	2015	2014	2013	2012	2006*	2000
Total Number Employed, Hood County	23,685	23,214	29,075	27,511	23,324	21,000	18,203
Number of Business Establishments, Hood County	1,358	1,686	1,626	1,438	1,277	1,130	n/a
Number of Households, Granbury	3,671	3,721	4,104	3,806	3,775	2,417	2,391

* 2006 Total Number Employed, Hood County is estimated based on 2007 reported data. Past reporting was done based on City employment and is now reported based on Hood County figures

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); Business self-reported data

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

Count of Employees by Year

Job Classification	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Building Inspectors	9	10	9	9	9	9	9	9	6	9
Computer Install, Inspec	3	3	3	0	0	0	0	0	0	0
Street & Road Repair	7	7	7	6	4.5	4	7	7	11	9
Drivers	3	3	3	3	1.5	1	2	2	2	4
Airport Operations	6	6	6	5	3	3	3	4	4	5
Waterworkers	16	14	15	14	13	11	12.5	12.5	15	13
Electric Distribution	7	7	7	7	7	6	6	6	11	8
Sewage Treatment	9	9	9	9	8	7	7	7	14	8
TV or Radio	1	1	2	0	0	0	0	0	0	0
Firefighters-Paid	0	0	0	0	0	0	0	0	0	0
Firefighters-Volunteer	35	47	35	43	42	43	43	60	61	67
Police Officers	34	34	33	32	29	32	33	33	35	32
Warehouse Operation	2	2	2	2	2	2	2	2	2	2
Automobile Repair	3	3	3	3	2	3	3	3	4	3
Promotional/Development	2	2	6	13	8.5	5	3	3	4	3
Clerical-Office	36	37	39	41	39.25	38	38.5	43	43	41
Animal Control	1	1	1	1	1	1	1	1	1	1
Building Maintenance	13	12	14	14	12.5	11	12	12	13	6
Restaurants	6	6	5	0	0	0	0	0	0	0
Parks & Recreation	26	26	26	26	31	27	24	24	28	27
Total	219	230	225	228	213.25	203	206	228.5	254	238

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

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

Fiscal Year	2016	2015	2014	2013
City-Owned Equipment				
Vehicles	132	142	152	151
Mobile Equipment	119	117	123	120
Street Department				
Roadway (<i>in miles</i>)	54	53	51.5	51.5
City Parks				
Maintained Public Parks (<i>in acres</i>)	110	110	110	110
Athletic Fields:				
Soccer Fields	8	8	8	8
Ball Fields	9	9	9	9
Basketball Court	1	2	2	1
Volleyball Pit	2	2	2	2
Playgrounds	4	4	4	3
Boat Ramps	2	2	2	2
Swimming Pool	1	1	1	1
Hike & Bike Trail (<i>in miles</i>)	2.75	2.5	2.5	2.5
Splash Park	1	1	1	1
Airport				
Enclosed Hangars	75	75	75	74
Open T-Hangars	9	7	7	7
Commercial Hangars	8	5	5	5
Water Department				
Water lines (<i>in miles</i>)	135	121.5	109.4	98.4
Wells	36	33	30	33
Water Plant	1	1	1	1
Sewer Department				
Lift Stations	42	43	40	43
Sewer lines (<i>in miles</i>)	44.9	44.4	43	43
Electric Department				
Overhead Line (<i>in miles</i>)	87	87	87	87
Underground Line (<i>in miles</i>)	13	11	11	11

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

Source: City of Granbury records

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

2012	2011	2010	2009	2008	2007
151	147	147	151	138	118
120	105	105	98	69	101
51.5	51.5	51.3	51.3	48.3	47.5
110	57	57	57	57	57
8	8	8	8	8	8
9	9	9	9	9	9
1	1	1	1	1	1
2	2	2	2	1	1
3	3	3	3	4	4
2	3	3	3	3	3
1	1	1	1	1	1
2.5	2.5	2.5	2.5	2.25	2.25
1	1	1	1	1	-
75	78	78	78	78	78
9	10	10	10	10	10
3	3	3	3	3	3
88.6	79.7	71.7	64.6	58.1	52.3
29	23	22	22	21	21
1	1	1	1	1	1
43	43	40	40	37	35
41.8	41.7	41.5	41.5	41.5	39.5
82	82	82	82	82	80
11	11	11	10.5	10	9

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

Fiscal Year	2016	2015	2014	2013
Municipal Court				
Citations processed	1,715	1,480	1,617	1,846
Police Department				
Calls for Service	21,453	19,620	22,129	21,456
Arrests	606	655	714	731
Accidents	736	948	872	794
Fire Department				
Calls for Service: Fire/Rescue	817	753	770	736
Calls for Service: EMS	731	740	138	182
Community Services				
Building Permits Issued	235	228	249	284
Building Permits Value (\$)	43,439,911	45,685,267	53,181,956	41,544,776
Utility Department				
Electric Connections	3,318	3,304	3,286	3,242
Water Connections	5,666	5,614	5,509	5,008
Sewer Connections	4,156	3,977	3,891	3,782
Electric Department				
KWH Sold	89,408,844	93,693,230	94,826,877	91,016,235
Water Department				
Well production (<i>in gallons, 000</i>)	531,715	511,391	524,689	427,516
Water Plant production (<i>in gallons, 000</i>)	48,311	69,448	81,505	103,975
Water purchased (<i>in gallons, 000</i>)	98,670	85,706	59,696	144,395
Wastewater Department				
Discharge Flow (<i>in gallons, 000</i>)	509,657	500,186	345,939	360,775

Source: City of Granbury records from these departments.
 Police department statistics for FY 2009 do not include three months' information (March-May), not retrievable during change in software.

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

2012	2011	2010	2009	2008	2007
2,296	2,680	2,220	3,829	3,542	2,554
22,022	20,524	18,387	10,840	13,931	13,254
790	733	721	448	968	1,010
738	822	838	762	1,131	1,120
766	879	659	769	842	1,425
181	221	531	282	364	n/a
237	211	221	156	221	255
31,518,255	48,901,275	27,939,407	31,368,138	68,875,653	59,069,210
3,223	3,186	3,197	3,156	3,054	3,034
4,615	4,563	4,406	4,352	4,296	4,090
3,672	3,499	3,365	3,338	3,188	3,086
91,762,161	93,583,876	89,806,103	86,567,727	87,465,019	83,964,190
493,386	499,348	477,466	440,271	492,375	435,511
73,957	77,505	68,439	93,711	71,469	51,359
108,965	163,325	50,779	57,378	76,795	27,330
361,060	346,509	378,880	354,491	396,066	413,527

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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, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 27, 2017.

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 and correct, 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.

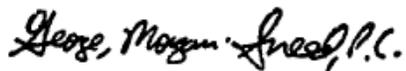
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, 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
February 27, 2017

SINGLE AUDIT

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CITY OF GRANBURY, TEXAS

SINGLE AUDIT REPORT

**For the Fiscal Year Ended
September 30, 2016**



CITY OF GRANBURY, TEXAS
Single Audit Report
For the Year Ended September 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	1-3
Schedule of Findings and Questioned Costs	4-5
Summary Schedule of Prior Audit Findings	6
Corrective Action Plan	7
Schedule of Expenditures of Federal Awards	8
Notes to the Schedule of Expenditures of Federal Awards	9



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Granbury, Texas’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2016. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal controls over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be a material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Granbury, Texas's basic financial statements. We issued our report thereon dated February 27, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on those financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

George Morgan Sneed, P.C.

Weatherford, Texas
February 27, 2017

CITY OF GRANBURY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes X No

Significant deficiency identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

CITY OF GRANBURY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

None.

CITY OF GRANBURY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Contact for Corrective Action Plan:

Chris Coffman
City Manager

Financial Statement Findings

None.

Federal Award Findings and Questioned Costs

None.

CITY OF GRANBURY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>				
Pass-through from Texas Department of Agriculture:				
Community Development Block Grant	14.228	7214262	\$ -	\$ 151,876
Community Development Block Grant	14.228	7216107	-	96,461
Total U.S. Department of Housing and Urban Development			-	248,337
<u>U.S. Department of Transportation</u>				
Pass-through Texas Department of Transportation				
Highway Planning and Construction	20.205	CSJ #0902-51-015	-	173,761
Total U.S. Department of Transportation			-	173,761
<u>U.S. Environmental Protection Agency</u>				
Pass-through from Texas Water Development Board				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62673	-	4,169,782
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62694	-	208,962
Total U.S. Environmental Protection Agency			-	4,378,744
<u>U.S. Department of Homeland Security</u>				
Pass-through Texas Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW-01444(1)	-	1,170
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW-00493(0)	-	8,566
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW-00848(0)	-	13,716
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW-00848(0)	-	2,281
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW-01371(0)	-	20,445
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW-1708	-	1,078
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW-1707	-	213,245
Total U.S. Department of Homeland Security			-	260,501
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 5,061,343

The accompanying notes are an integral part of this schedule.

CITY OF GRANBURY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal program activity of the City of Granbury, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Indirect Cost Rate

The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform guidance.

Texas Water Development Board Loans

The City issued bonds that were purchased by the Texas Water Development Board with Drinking Water State Revolving Funds. The amounts of federal awards reported in the Schedule of Expenditures of Federal Awards are the amount of bond funds spent during the period. The following is a summary of the bonds outstanding that were purchased with Drinking Water State Revolving Funds.

Combination Tax and Surplus Revenue Certificates of Obligation Series 2015A	\$ 16,430,000
Combination Tax and Surplus Revenue Certificates of Obligation Series 2016B	2,720,000
	<u><u>\$ 19,150,000</u></u>