

GRANBURY

TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017



CITY OF GRANBURY, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year Ended
September 30, 2017**

Prepared by the Finance Department

CITY OF GRANBURY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2017

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, 2017

TABLE OF CONTENTS

	<u>Exhibit Number</u>	<u>Page Number</u>
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
 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
 SINGLE AUDIT REPORT		
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		121-122
Schedule of Findings and Questioned Costs		123-124
Summary of Schedule of Prior Audit Findings		125
Corrective Action Plan		126
Schedule of Expenditures of Federal Awards		127
Notes to the Schedule of Expenditures of Federal Awards		128

INTRODUCTORY SECTION



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

March 4, 2018

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, 2017.

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 9,310 people, and serves as the center of commerce and recreation to over 64,840 county residents (North Central Texas Council of Governments). There are currently 13.99 square miles of land within the City's boundaries.



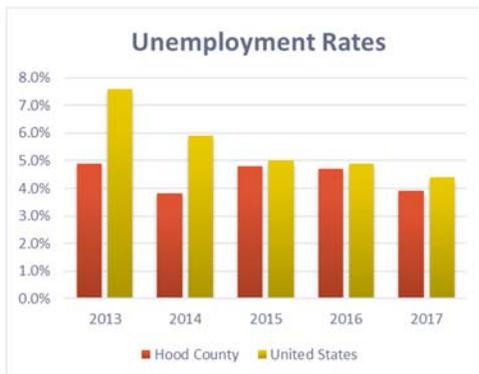
Government Structure

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.

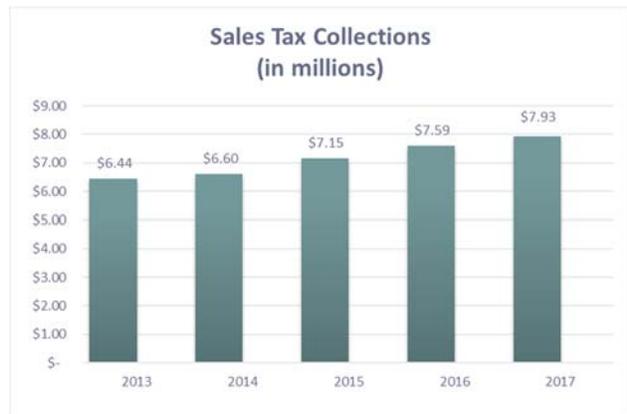
Regional Economy

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 many of the needs of area residents as well as providing a solid retail sales base for the City.

Sales tax collections in Fiscal Year 2016-2017 were up by 4% compared to the prior year. The sales tax revenue for 2017-2018 was conservatively budgeted to remain constant when compared to 2016-2017 collections.

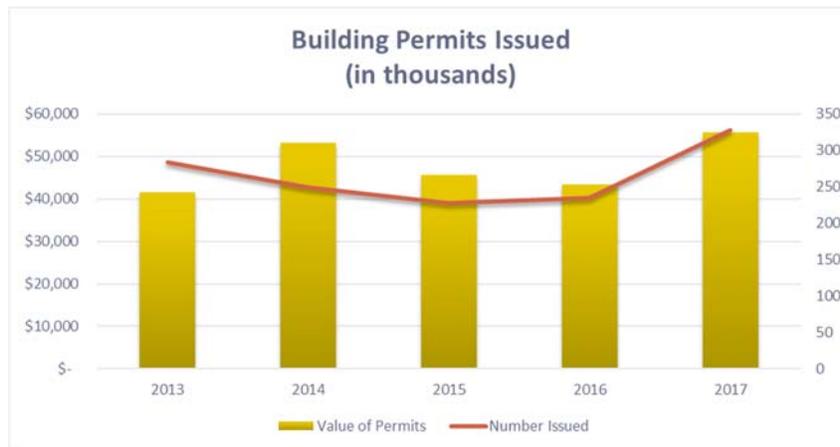


Tourism plays an important role in maintaining the healthy economy of the City. The historical downtown district, with its shopping, bed and breakfasts, and other attractions, also serves the City well by drawing tourists from outside the region. Additionally, Granbury's 18,000-square-foot Conference 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 \$127 million for the 2016 Tax Year to \$1,353 million. The City's property tax rate remained the same at \$.39758 for Tax Year 2016. 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: Jae-Posh Women's Boutique, Jimmy Johns, Mattress HQ and several other major retail remodels within the City. 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 during 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 business-type activities 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 2016-17 was approximately \$34M. The overall portfolio provided \$220,198 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 105% 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 the Assistant Finance Director meet periodically to determine general investment strategies, monitor results and to review quarterly and annual investment reports.

These reports reflect all investments sorted by asset type and describe the position of the portfolio 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, 2017, 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, 2016. This was the sixteenth consecutive year that the government has achieved this prestigious award.

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

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

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. 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,

A handwritten signature in blue ink, appearing to read "Chris Coffman". The signature is fluid and cursive, with the first name "Chris" and the last name "Coffman" clearly distinguishable.

Chris Coffman, CPM
City Manager

CITY OF GRANBURY, TEXAS

MAYOR

Nin Hulett

MAYOR PRO-TEM

Tony Mobly

COUNCIL MEMBERS

Tony Allen

Gary Couch

Trish Reiner

Greg Corrigan

CITY MANAGER

Chris Coffman, CPM

ASSISTANT CITY MANAGER

Michael Ross

DEPARTMENT DIRECTORS

Rick Crownover

Eva S Gregory

Mitch Galvan

Carla Walker

Aaron Mclain

Scott Sopchak

Tony Tull

Jim Cook

Gary Hawkins

Alan Hines

Public Works Director

Finance Director

Police Chief

City Secretary

Parks & Recreation Director

Community Development Director

Information Technology Director

Building Official

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, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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, 2017, 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, 2017, 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

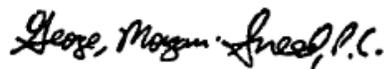
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor and individual fund statements, budgetary comparison schedules, and the schedule of federal awards 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 combining nonmajor and individual fund statements, budgetary comparison schedules, and the schedule of federal awards are 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 March 4, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



George, Morgan & Sneed, P.C.
Weatherford, Texas
March 4, 2018

CITY OF GRANBURY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2017

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, 2017. 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 \$66,646,088 (Net Position). Of this amount \$12,106,408 (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 \$11,118,452. The City's operations increased the governmental activities by \$4,580,841 and increased the business-type activities by \$6,537,611.
- As of the close of the current fiscal year, the City of Granbury's governmental funds reported combined ending fund balances of \$11,501,065.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,223,898 or 40% of the total General Fund expenditures.
- At the end of the current fiscal year, unrestricted net position for the Utility Fund was \$4,847,388, or 31% 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 \$66,646,088 as of September 30, 2017.

The largest portion of the City’s net position (78%) 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 (4%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$12,106,408, may be used to meet the government’s ongoing obligations to citizens and creditors.

As of September 30, 2017, 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

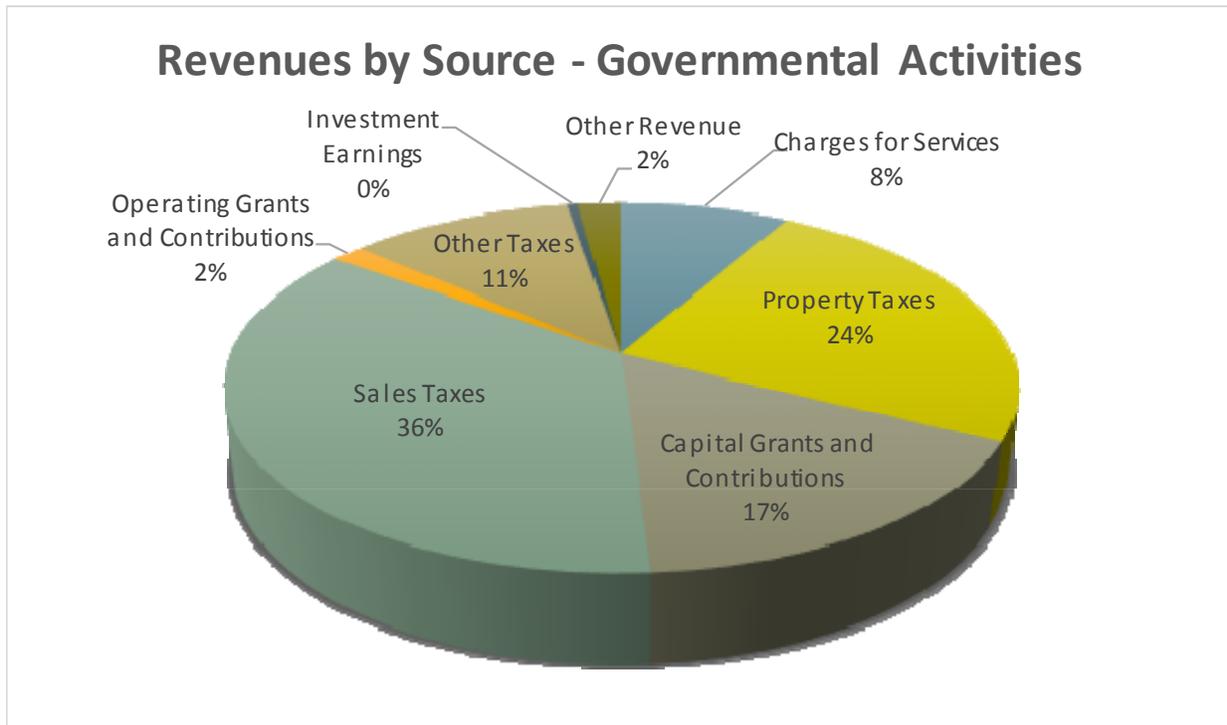
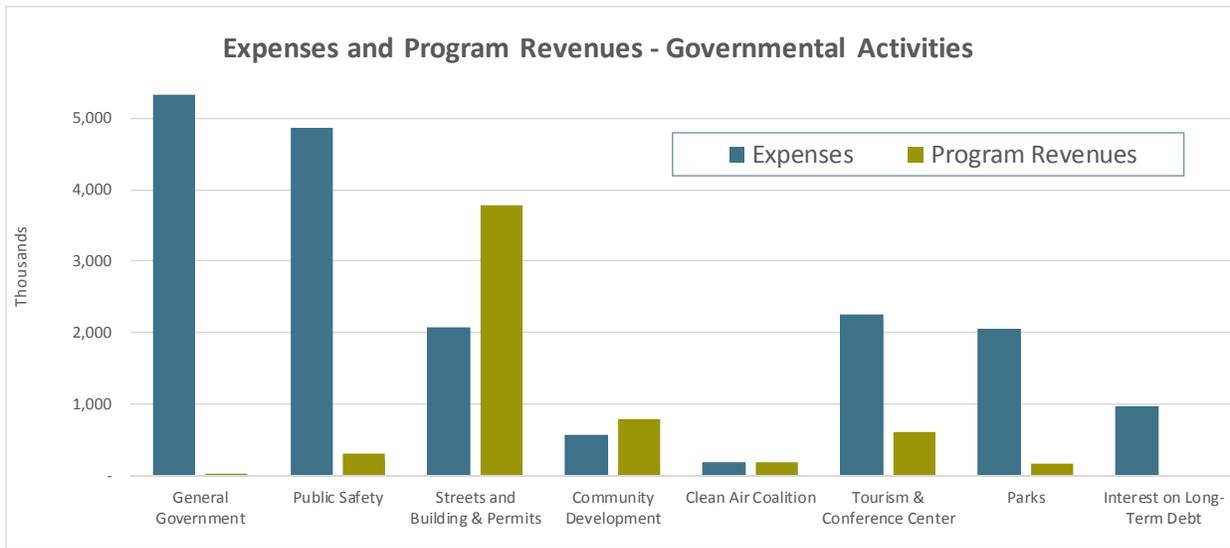
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 15,811,406	\$ 14,154,029	\$ 27,786,434	\$ 24,951,479	\$ 43,597,840	\$ 39,105,508
Capital assets	46,453,271	43,248,288	69,471,582	50,290,788	115,924,853	93,539,076
Total Assets	62,264,677	57,402,317	97,258,016	75,242,267	159,522,693	132,644,584
Deferred outflows of Resources	2,759,578	3,127,929	657,399	798,175	3,416,977	3,926,104
Total deferred outflows of resources	2,759,578	3,127,929	657,399	798,175	3,416,977	3,926,104
Current liabilities	3,032,110	1,544,414	5,141,914	3,025,546	8,174,024	4,569,960
Long-term liabilities	38,432,090	39,966,084	49,549,731	36,314,040	87,981,821	76,280,124
Total liabilities	41,464,200	41,510,498	54,691,645	39,339,586	96,155,845	80,850,084
Deferred inflows of resources	105,743	146,277	31,994	46,691	137,737	192,968
Total deferred inflows of resources	105,743	146,277	31,994	46,691	137,737	192,968
Net Position:						
Net investment in capital assets	18,930,751	15,439,007	32,950,860	31,227,763	51,881,611	46,666,770
Restricted	741,433	518,032	1,916,636	2,152,889	2,658,069	2,670,921
Unrestricted	3,782,128	2,916,432	8,324,280	3,273,513	12,106,408	6,189,945
Total Net Position	\$ 23,454,312	\$ 18,873,471	\$ 43,191,776	\$ 36,654,165	\$ 66,646,088	\$ 55,527,636

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	\$ 1,836,191	\$ 1,739,304	\$ 21,760,090	\$ 20,478,637	\$ 23,596,281	\$ 22,217,941
Operating grants and contributions	349,489	414,078	265,558	390,151	615,047	804,229
Capital grants and contributions	3,719,258	173,761	4,659,668	334,048	8,378,926	507,809
General revenues:						
Property taxes	5,421,753	4,933,982	-	-	5,421,753	4,933,982
Sales taxes	8,083,300	7,593,985	-	-	8,083,300	7,593,985
Hotel/Motel Occupancy Taxes	737,375	696,893	-	-	737,375	696,893
Franchise taxes	1,705,435	1,590,826	-	-	1,705,435	1,590,826
Investment earnings	112,960	47,046	121,918	45,956	234,878	93,002
Other Revenue	457,809	318,904	10,747	-	468,556	318,904
Total revenues	22,423,570	17,508,779	26,817,981	21,248,792	49,241,551	38,757,571
Expenses						
City Council	197,774	152,362	-	-	197,774	152,362
Legal	195,572	129,233	-	-	195,572	129,233
Executive	654,494	620,789	-	-	654,494	620,789
Financial Administration	507,720	471,115	-	-	507,720	471,115
Purchasing	177,512	171,151	-	-	177,512	171,151
Social Services	54,000	54,000	-	-	54,000	54,000
Information Technology	778,128	865,560	-	-	778,128	865,560
Economic Development	55,631	31,083	-	-	55,631	31,083
Human Resources	288,634	277,097	-	-	288,634	277,097
Warehouse	166,520	176,040	-	-	166,520	176,040
Fleet Maintenance	333,952	318,961	-	-	333,952	318,961
Building Maintenance	796,920	701,662	-	-	796,920	701,662
Granbury Broadcasting Services	125,088	116,792	-	-	125,088	116,792
Other governmental functions	945,108	1,071,895	-	-	945,108	1,071,895
Police	3,958,623	3,715,306	-	-	3,958,623	3,715,306
Fire	703,450	618,569	-	-	703,450	618,569
Municipal Court	199,167	234,917	-	-	199,167	234,917
Streets	1,495,593	1,513,874	-	-	1,495,593	1,513,874
Building & Permits	576,161	460,323	-	-	576,161	460,323
Community Development	570,259	576,517	-	-	570,259	576,517
Clean Air Coalition	191,163	107,164	-	-	191,163	107,164
Airport	-	-	816,103	928,078	816,103	928,078
Cemetery	60,221	58,323	-	-	60,221	58,323
Tourism	1,516,439	1,470,289	-	-	1,516,439	1,470,289
Parks	2,051,184	2,075,914	-	-	2,051,184	2,075,914
Conference Center	747,513	797,778	-	-	747,513	797,778
Interest and fiscal charges	962,776	1,208,731	-	-	962,776	1,208,731
Water treatment and distribution	-	-	5,619,829	5,635,299	5,619,829	5,635,299
Wastewater collection and treatment	-	-	2,447,897	2,454,647	2,447,897	2,454,647
Electricity	-	-	10,929,668	11,097,402	10,929,668	11,097,402
Total expenses	18,309,602	17,995,445	19,813,497	20,115,426	38,123,099	38,110,871
Increase (decrease) in net position before transfers	4,113,968	(486,666)	7,004,484	1,133,366	11,118,452	646,700
Transfers	466,873	(5,011,373)	(466,873)	5,011,373	-	-
Increase (decrease) in net position	4,580,841	(5,498,039)	6,537,611	6,144,739	11,118,452	646,700
Net Position October 1	18,873,471	24,371,510	36,654,165	30,509,426	55,527,636	54,880,936
Net Position September 30	\$ 23,454,312	\$ 18,873,471	\$ 43,191,776	\$ 36,654,165	\$ 66,646,088	\$ 55,527,636

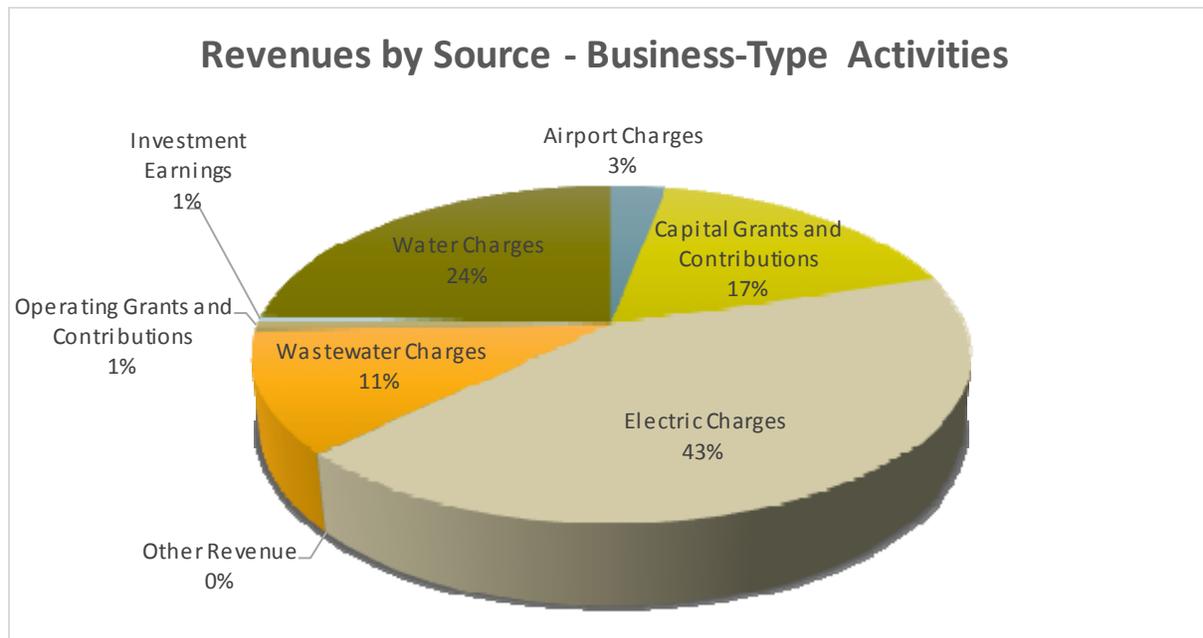
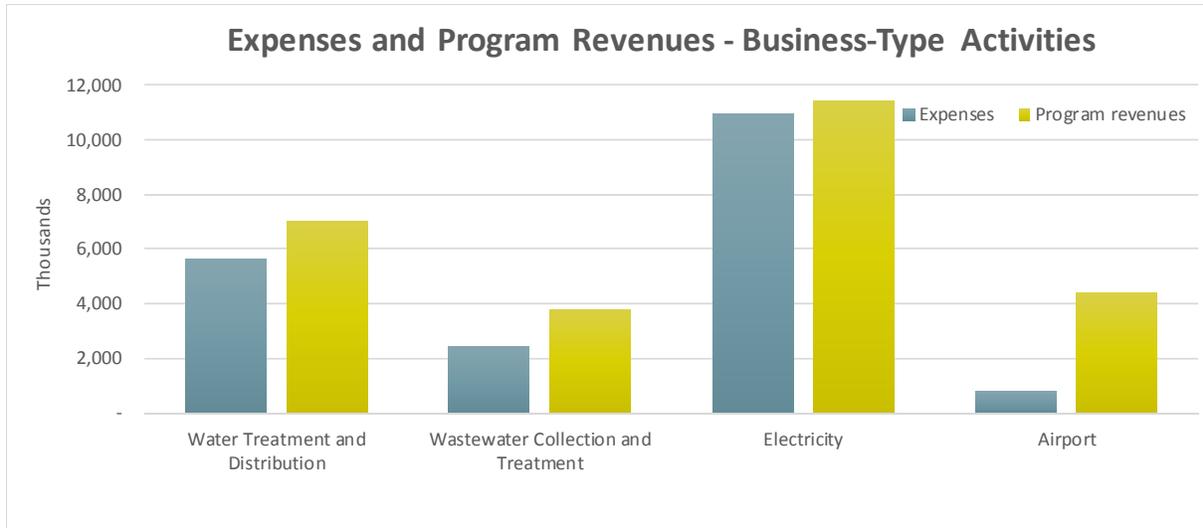
Governmental Activities. Governmental activities increased the City’s net position by \$4,580,841 compared with a \$5,498,039 decrease in the prior year. Total governmental activities revenues increased \$4,914,791 (28%) to \$22,423,570. Capital grants and contributions increased \$3,545,497 because of developer contributions of streets improvement and storm drainage and a downtown town square grant received in the current year. Property taxes increased \$487,771 due to a \$131 million increase in assessed property values. Sales tax revenue increased \$489,315 due to the continued growth of the community. Total governmental activities expenses increased \$314,157 (2%) from the prior year. There was a change in transfers of \$5,478,246 due to a transfer from the capital projects fund to the airport fund in the prior year of \$5,294,802 for a land purchase.

Below are two graphs summarizing governmental revenue and expense:



Business-type activities. Business-type activities increased the City’s net position by \$6,537,611 in the current year compared to an increase of \$6,144,739 in the prior year. The business-type activities total revenues increased \$5,569,189 (26%) to \$26,817,981. Capital grants and contributions increased \$4,325,620 due to developer contributions of water and wastewater improvements and an airport expansion grant received in the current year. Charges for services increased \$1,281,453 due to an increase in customers and an increase in electric rates. Total business-type activities expenses decreased \$301,929 (2%) to \$19,813,497.

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 \$11,501,065. \$6,204,936 (54%) 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 \$6,223,898. The fund balance of the general fund increased \$1,164,795 compared to an increase of \$812,783 in the prior year. Key factors in this increase are as follows:

- Revenues increased \$2,227,154 (16.5%). General property taxes increased \$311,422 due to \$131 million increase in assessed property tax values and a tax rate increase of \$.007776 per \$100 assessed value. Sales tax increased \$301,856 due to the continued growth of the community. Intergovernmental revenue increased \$1,309,657 due to a downtown square grant received in the current year.
- Expenditures increased \$2,685,059 (20.9%). Streets expenditures increased \$1,919,172 primarily due to road construction on the downtown square project. Public safety expenditures increased \$385,377 primarily due to a fire truck purchased with a capital lease. General government expenditures increased \$448,791 due to roof repairs and the construction of Memorial Lane Park.

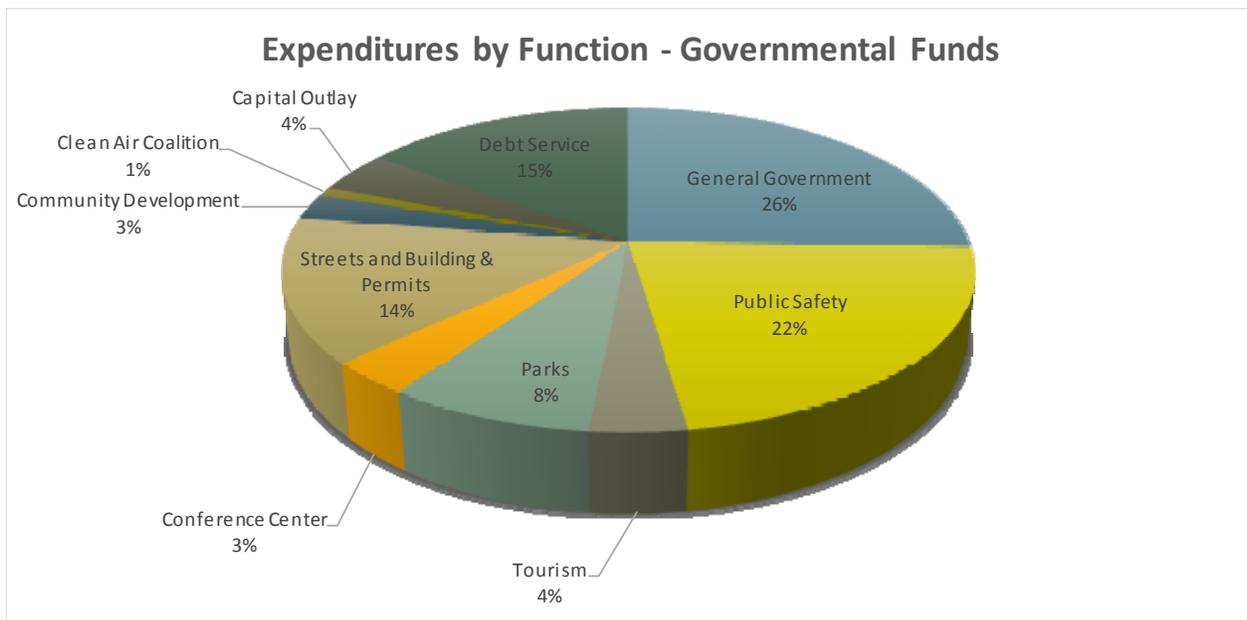
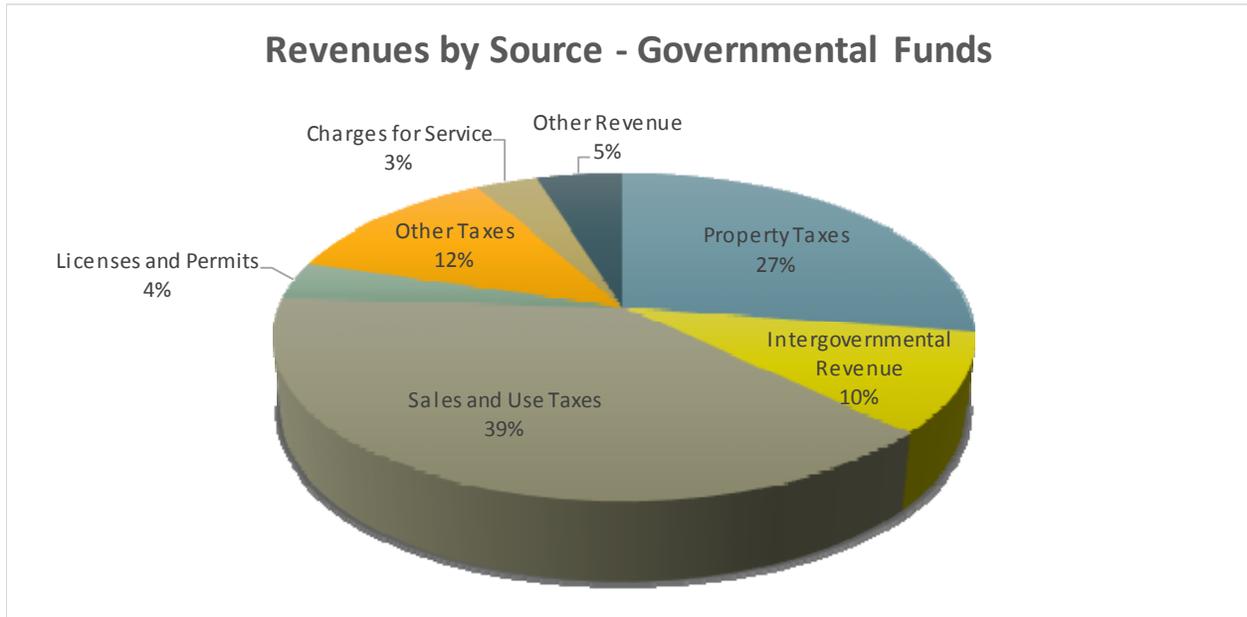
Below is a comparison of the general fund's net change in fund balance for 2017 and 2016.

	2017	2016	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Taxes:				
Property	\$ 2,550,951	\$ 2,239,529	\$ 311,422	13.91%
Sales and Use	7,926,229	7,624,373	301,856	3.96%
Franchise	1,675,475	1,605,855	69,620	4.34%
Fines and fees	200,801	225,259	(24,458)	-10.86%
Licenses and permits	737,790	613,565	124,225	20.25%
Charges for service	85,214	113,056	(27,842)	-24.63%
Intergovernmental revenue	1,891,996	582,339	1,309,657	224.90%
Park and recreation	173,562	157,874	15,688	9.94%
Interest income	59,809	18,151	41,658	229.51%
Other revenue	400,226	294,898	105,328	35.72%
Total revenues	15,702,053	13,474,899	2,227,154	16.53%
Expenditures:				
General government	5,353,951	4,905,160	448,791	9.15%
Public Safety	4,685,795	4,300,418	385,377	8.96%
Streets	2,447,429	528,257	1,919,172	363.30%
Building & Permits	548,658	447,070	101,588	22.72%
Community Development	541,549	578,029	(36,480)	-6.31%
Clean Air Coalition	188,578	262,273	(73,695)	-28.10%
Cemetery	43,078	50,816	(7,738)	-15.23%
Parks	1,744,042	1,795,998	(51,956)	-2.89%
Total expenditures	15,553,080	12,868,021	2,685,059	20.87%
Other financing sources (uses):				
Transfers in	1,271,972	1,201,810	70,162	5.84%
Transfers out	(766,885)	(1,034,597)	267,712	-25.88%
Sale of capital assets	128,850	-	128,850	100.00%
Insurance recoveries	34,083	38,692	(4,609)	-11.91%
Issuance of Capital Lease	347,802	-	347,802	100.00%
Net change in fund balances	\$ 1,164,795	\$ 812,783	\$ 352,012	43.31%

The Debt Service fund has a total fund balance of \$333,176, all of which is restricted for the payment of debt service. Debt Service fund balance increased in 2017 by \$43,289.

The fund balance of the capital projects fund decreased \$1,515,397 primarily due to \$871,689 capital outlay and \$685,099 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 \$8,324,280 comprised of the Utility Fund \$4,847,388 and the Airport Fund \$3,476,892. The Utility Fund had a net position increase in 2017 of \$2,160,365 primarily due to improvements contributed by developers and an increase in charges for services due to an increase in customers and an increase in electric rates. The Airport had a net position increase of \$4,377,246 primarily due to an airport expansion grant received and the transfer of land from the capital projects fund.

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 \$457,978.

General fund actual expenditures budgetary basis were \$916,906 less than budgeted. Other governmental functions, police, fire, and parks were under budget \$118,188, \$167,136, \$167,457, and \$139,109, respectively.

CAPITAL ASSETS

The City of Granbury's investment in capital assets for its governmental and business-type activities as of September 30, 2017 amounts to \$115,924,853 (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:

- \$2,643,704 was spent on the downtown square project during the year.
- A Pierce Freightliner fire truck was purchased for \$347,802 with a capital lease.
- \$573,019 of storm drainage improvements and \$1,602,033 of street improvements were contributed by developers to the City.

Business-Type Activities:

- \$511,343 of water improvements and \$548,325 of wastewater improvements were contributed by developers to the City.
- Current year capital asset events funded with the 2015A Combination Tax and Surplus Revenue Certificates of Obligation include \$9,817,047 for construction of a water treatment plant and \$146,892 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 \$805,745 for construction and \$17,100 in engineering services relating to the meter replacement project.
- Current year capital asset events funded with the 2017 Combination Tax and Surplus Revenue Certificates of Obligation include \$5,438,612 for construction of water distribution improvements, \$1,468,156 in professional services, \$452,403 in easements, and \$46,395 in other construction and SCADA relating to the water system improvements.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,496,560	\$ 5,444,077	\$ 10,464,624	\$ 10,115,746	\$ 15,961,184	\$ 15,559,823
Buildings	12,778,877	13,359,485	144,681	192,920	12,923,558	13,552,405
Improvements other than buildings	22,715,027	20,358,715	31,196,722	30,329,390	53,911,749	50,688,105
Machinery and equipment	2,435,975	1,636,117	1,563,073	1,337,108	3,999,048	2,973,225
Construction in progress	3,026,832	2,449,894	26,102,482	8,315,624	29,129,314	10,765,518
Total	<u>\$ 46,453,271</u>	<u>\$ 43,248,288</u>	<u>\$ 69,471,582</u>	<u>\$ 50,290,788</u>	<u>\$ 115,924,853</u>	<u>\$ 93,539,076</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 \$78,867,610. Of this amount, \$20,919,169 comprises bonded debt backed by the full faith and credit of the government, \$45,989,811 are certificates of obligation secured by ad valorem taxes and surplus revenues of the utility fund and \$9,604,321 represents bonds secured solely by electric, water and sewer revenues. The capital leases payable of \$1,999,471 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	
	2017	2016	2017	2016	2017	2016
Capital Leases Payable	\$ 1,209,805	\$ 1,170,678	\$ 789,666	\$ 1,016,407	\$ 1,999,471	\$ 2,187,085
Texas Capital Fund Loan	-	-	68,088	76,098	68,088	76,098
Notes Payable	286,750	311,824	-	-	286,750	311,824
Revenue Bonds	-	-	9,604,321	10,467,294	9,604,321	10,467,294
General Obligation	17,829,150	19,410,667	3,090,019	3,554,725	20,919,169	22,965,392
Certificates of Obligation	12,054,811	12,289,507	33,935,000	19,150,000	45,989,811	31,439,507
Total Outstanding Debt	<u>\$ 31,380,516</u>	<u>\$ 33,182,676</u>	<u>\$ 47,487,094</u>	<u>\$ 34,264,524</u>	<u>\$ 78,867,610</u>	<u>\$ 67,447,200</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 are budgeted to increase about 1% in fiscal year 2018 compared to the 2016-2017 budget. Sales tax makes up about 47% of the General Fund budgeted operating revenues and is projected to increase 2%. Property tax revenue is budgeted to increase about 5.3% from the 2016-2017 budgeted amounts. Certified assessed property valuations increased approximately \$25.3 million (5.3%) from the preceding year, and the City adopted the effective tax rate of .399385 per \$100. The maintenance and operations portion of the tax rate was increased from \$.18795 to \$.19384 and the debt service rate decreased from \$.209634 to \$.20554. 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 2017 sales tax receipts were up 4% when compared with the previous year's actual collections.

General Fund operating expenditures and transfers-out are budgeted to increase 10% compared to 2016-2017 budgeted amounts. Capital expenditures however, will decrease from \$2,501,146, which included a Downtown Square Renovation in 2015-2016 to \$452,850 in 2016-2017. Total budget for the General Fund expenditures is \$15,244,876. 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 slightly decrease compared to the operating revenue budgeted in 2016-2017. This is mainly due to a more competitive power purchase contract the City will start on January 1, 2018. The lower cost of electric power for the City will offer a more competitive electric rate to the citizens of Granbury, as well as allow the City to set aside funds for future capital investments. Water and sewer rates increased 2% to keep in line with the Consumer Price Index (CPI). The City has not budgeted to use Impact Fees in fiscal year 2017-2018.

Total expenses for the Utility Fund have been reduced by 5%. Factors affecting this include: the budgeted expense for the electric power purchase contract has been significantly reduced under the new 3-year power purchase agreement, and with the new Water Treatment Plant, the expense for the water purchase contract with SWATTS has been removed. Water related operating expenses for the Utility Fund, personnel and supplies, are budgeted to increase compared to fiscal year 2016-2017. The referenced increase is mainly due to expenses associated with personnel and supplies for the operation of the new 2.5MGD Water Treatment Plant.

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.

BASIC FINANCIAL STATEMENTS

City of Granbury, Texas
Statement of Net Position
September 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 1,952,015	\$ 1,978,291	\$ 3,930,306
Investments	6,066,705	2,051,279	8,117,984
Receivables (Net of allowances for uncollectibles)			
Property taxes	111,148	-	111,148
Franchise taxes	387,760	-	387,760
Accounts	-	2,220,065	2,220,065
Due from other governments	1,406,100	-	1,406,100
Fines and fees receivable	113,775	-	113,775
Miscellaneous receivables	444,638	3,333,638	3,778,276
Accrued interest	1,302	10,721	12,023
Internal balances	14,873	(14,873)	-
Prepaid items	64,741	2,729	67,470
Inventories	99,354	1,494,277	1,593,631
Restricted assets:			
Cash and cash equivalents	1,145,158	16,038,553	17,183,711
Investments	4,003,837	671,754	4,675,591
Capital assets (net of accumulated depreciation):			
Land	5,496,560	10,464,624	15,961,184
Buildings	12,778,877	144,681	12,923,558
Improvements other than buildings	22,715,027	31,196,722	53,911,749
Machinery and equipment	2,435,975	1,563,073	3,999,048
Construction in progress	3,026,832	26,102,482	29,129,314
Total Assets	62,264,677	97,258,016	159,522,693
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	1,833,799	513,910	2,347,709
Deferred charges on refunding	925,779	143,489	1,069,268
Total Deferred Outflows of Resources	2,759,578	657,399	3,416,977
LIABILITIES:			
Accounts payable and accrued liabilities	1,747,771	1,172,360	2,920,131
Unearned revenue	1,154,782	66,266	1,221,048
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accrued liabilities	-	3,097,693	3,097,693
Interest payable	129,257	182,757	312,014
Customer deposits	300	622,838	623,138
Noncurrent liabilities:			
Due Within One Year	2,614,528	2,219,033	4,833,561
Due in More Than One Year	35,817,562	47,330,698	83,148,260
Total Liabilities	41,464,200	54,691,645	96,155,845
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	105,743	31,994	137,737
Total Deferred Inflows of Resources	105,743	31,994	137,737
NET POSITION:			
Net Investment in Capital Assets	18,930,751	32,950,860	51,881,611
Restricted Net Position			
Debt Service (Expendable)	268,434	1,023,802	1,292,236
Impact fees for capital improvements (Expendable)	-	892,834	892,834
Public Safety (Expendable)	31,085	-	31,085
Culture and Recreation (Expendable)	380,187	-	380,187
Public, educational, and governmental programming	28,160	-	28,160
Court technology and security (Expendable)	33,567	-	33,567
Unrestricted Net Position	3,782,128	8,324,280	12,106,408
Total Net Position	\$ 23,454,312	\$ 43,191,776	\$ 66,646,088

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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
City Council	\$ 197,774	\$ -	\$ -	\$ -
Legal	195,572	-	-	-
Executive	654,494	-	-	-
Financial Administration	507,720	-	-	-
Purchasing	177,512	-	-	-
Social Services	54,000	-	-	-
Information Technology	778,128	12,350	-	-
Economic Development	55,631	-	-	-
Human Resources	288,634	-	-	-
Warehouse	166,520	-	-	-
Fleet Maintenance	333,952	-	-	-
Building Maintenance	796,920	-	-	-
Granbury Broadcasting Services	125,088	23,030	-	-
Other governmental functions	945,108	-	-	-
Police	3,958,623	174,182	63,530	23,566
Fire	703,450	-	-	-
Municipal Court	199,167	55,625	-	-
Streets	1,495,593	-	36,934	3,695,692
Building & Permits	576,161	52,220	-	-
Community Development	570,259	725,408	58,770	-
Clean Air Coalition	191,163	-	188,556	-
Cemetery	60,221	1,600	-	-
Tourism	1,516,439	129,803	1,699	-
Parks	2,051,184	175,462	-	-
Conference Center	747,513	486,511	-	-
Interest and fiscal charges	962,776	-	-	-
Total governmental activities	<u>18,309,602</u>	<u>1,836,191</u>	<u>349,489</u>	<u>3,719,258</u>
Business-type activities:				
Water treatment and distribution	5,619,829	6,506,439	-	511,343
Wastewater collection and treatment	2,447,897	3,043,193	215,644	548,325
Electricity	10,929,668	11,426,686	-	-
Airport	816,103	783,772	49,914	3,600,000
Total business-type activities	<u>19,813,497</u>	<u>21,760,090</u>	<u>265,558</u>	<u>4,659,668</u>
Total primary government	<u>\$ 38,123,099</u>	<u>\$ 23,596,281</u>	<u>\$ 615,047</u>	<u>\$ 8,378,926</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
- Gain (loss) on sale of capital assets
- Other Revenue

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, October 1, 2016

Net Position, September 30, 2017

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
\$ (197,774)	\$ -	\$ (197,774)
(195,572)	-	(195,572)
(654,494)	-	(654,494)
(507,720)	-	(507,720)
(177,512)	-	(177,512)
(54,000)	-	(54,000)
(765,778)	-	(765,778)
(55,631)	-	(55,631)
(288,634)	-	(288,634)
(166,520)	-	(166,520)
(333,952)	-	(333,952)
(796,920)	-	(796,920)
(102,058)	-	(102,058)
(945,108)	-	(945,108)
(3,697,345)	-	(3,697,345)
(703,450)	-	(703,450)
(143,542)	-	(143,542)
2,237,033	-	2,237,033
(523,941)	-	(523,941)
213,919	-	213,919
(2,607)	-	(2,607)
(58,621)	-	(58,621)
(1,384,937)	-	(1,384,937)
(1,875,722)	-	(1,875,722)
(261,002)	-	(261,002)
(962,776)	-	(962,776)
<u>(12,404,664)</u>	<u>-</u>	<u>(12,404,664)</u>
-	1,397,953	1,397,953
-	1,359,265	1,359,265
-	497,018	497,018
-	<u>3,617,583</u>	<u>3,617,583</u>
-	<u>6,871,819</u>	<u>6,871,819</u>
\$ <u>(12,404,664)</u>	\$ <u>6,871,819</u>	\$ <u>(5,532,845)</u>
\$ 2,563,941	\$ -	\$ 2,563,941
2,857,812	-	2,857,812
8,083,300	-	8,083,300
737,375	-	737,375
1,705,435	-	1,705,435
112,960	121,918	234,878
35,850	10,747	46,597
421,959	-	421,959
466,873	(466,873)	-
<u>16,985,505</u>	<u>(334,208)</u>	<u>16,651,297</u>
4,580,841	6,537,611	11,118,452
<u>18,873,471</u>	<u>36,654,165</u>	<u>55,527,636</u>
\$ <u>23,454,312</u>	\$ <u>43,191,776</u>	\$ <u>66,646,088</u>

City of Granbury, Texas
Balance Sheet
Governmental Funds
September 30, 2017

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Assets:					
Cash and cash equivalents	\$ 1,494,629	\$ 334,706	\$ -	\$ 122,680	\$ 1,952,015
Investments	6,066,705	-	-	-	6,066,705
Receivables (Net of allowances for uncollectibles)					
Property taxes	46,634	64,514	-	-	111,148
Franchise taxes	387,760	-	-	-	387,760
Due from other governments	1,406,100	-	-	-	1,406,100
Fines and fees receivable	113,775	-	-	-	113,775
Miscellaneous receivables	344,765	-	-	99,873	444,638
Interest	467	-	835	-	1,302
Due from other funds	37,284	-	-	-	37,284
Inventories	94,314	-	-	5,040	99,354
Prepaid items	64,741	-	-	-	64,741
Restricted Assets:					
Cash and cash equivalents	775,664	-	369,494	-	1,145,158
Investments	-	-	4,003,837	-	4,003,837
 Total assets	 <u>\$ 10,832,838</u>	 <u>\$ 399,220</u>	 <u>\$ 4,374,166</u>	 <u>\$ 227,593</u>	 <u>\$ 15,833,817</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,173,935	\$ 1,529	\$ 516,168	\$ 56,139	\$ 1,747,771
Customer deposits payable	-	-	-	300	300
Unearned revenue	1,107,696	-	-	47,086	1,154,782
Due to other funds	-	-	-	22,411	22,411
 Total liabilities	 <u>2,281,631</u>	 <u>1,529</u>	 <u>516,168</u>	 <u>125,936</u>	 <u>2,925,264</u>
Deferred inflows of resources:					
Deferred revenue	1,342,973	64,515	-	-	1,407,488
 Total deferred inflows of resources	 <u>1,342,973</u>	 <u>64,515</u>	 <u>-</u>	 <u>-</u>	 <u>1,407,488</u>
Fund Balance:					
Nonspendable	159,055	-	-	5,040	164,095
Restricted	472,999	333,176	3,857,998	-	4,664,173
Committed	301,256	-	-	115,579	416,835
Assigned	51,026	-	-	-	51,026
Unassigned	6,223,898	-	-	(18,962)	6,204,936
 Total fund balances	 <u>7,208,234</u>	 <u>333,176</u>	 <u>3,857,998</u>	 <u>101,657</u>	 <u>11,501,065</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 10,832,838</u>	 <u>399,220</u>	 <u>\$ 4,374,166</u>	 <u>\$ 227,593</u>	 <u>\$ 15,833,817</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, 2017

Total Fund Balances - Governmental Funds		\$ 11,501,065
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 \$94,326,310 and the accumulated depreciation was \$47,873,039.		46,453,271
<p>Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. The details of these differences are as follows:</p>		
Interest payable	(129,257)	
General obligation and certificates of obligation bonds	(29,883,961)	
Notes payable	(286,750)	
Capital leases payable	(1,209,805)	
Compensated absences	(463,344)	(31,973,117)
Deferred charges for refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds.		925,779
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 \$6,588,230, a deferred resource inflow related to pensions of \$105,743, and a deferred resource outflow related to pensions in the amount of \$1,833,799. This amounted to a decrease in net position in the amount of \$4,860,174.		(4,860,174)
<p>Certain receivables are not available soon enough to pay for the current period's expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. The details of these differences is as follows:</p>		
Property taxes	110,424	
Franchise taxes	387,760	
Sales tax	795,530	
Court fines	113,774	1,407,488
Net Position of Governmental Activities		\$ 23,454,312

City of Granbury, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended September 30, 2017

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 2,550,951	\$ 2,843,817	\$ -	\$ -	\$ 5,394,768
Sales and Use	7,926,229	-	-	-	7,926,229
Hotel/Motel Occupancy	-	-	-	737,375	737,375
Franchise	1,675,475	-	-	-	1,675,475
Fines and fees	200,801	-	-	-	200,801
Licenses and permits	737,790	-	-	-	737,790
Charges for service	85,214	-	-	565,856	651,070
Intergovernmental revenue	1,891,996	-	-	-	1,891,996
Park and recreation	173,562	-	-	-	173,562
Interest income	59,809	11,622	41,391	138	112,960
Other revenue	400,226	-	-	52,157	452,383
Total revenues	15,702,053	2,855,439	41,391	1,355,526	19,954,409
Expenditures:					
Current					
General Government:					
City Council	197,774	-	-	-	197,774
Legal	195,572	-	-	-	195,572
Executive	632,252	-	-	-	632,252
Financial Administration	479,359	-	-	-	479,359
Purchasing	191,008	-	-	-	191,008
Social Services	54,000	-	-	-	54,000
Information Technology	797,758	-	-	-	797,758
Economic Development	54,621	-	-	-	54,621
Human Resources	277,804	-	-	-	277,804
Warehouse	145,905	-	-	-	145,905
Fleet Maintenance	324,753	-	-	-	324,753
Building Maintenance	877,844	-	-	-	877,844
Granbury Broadcasting Services	168,230	-	-	-	168,230
Other governmental functions	957,071	-	-	-	957,071
Public Safety:					
Police	3,647,756	-	-	-	3,647,756
Fire	853,293	-	-	-	853,293
Municipal Court	184,746	-	-	-	184,746
Streets	2,447,429	-	-	-	2,447,429
Building & Permits	548,658	-	-	-	548,658
Community Development	541,549	-	-	-	541,549
Clean Air Coalition	188,578	-	-	-	188,578
Cemetery	43,078	-	-	-	43,078
Tourism	-	-	-	807,756	807,756
Parks	1,744,042	-	-	-	1,744,042
Conference Center	-	-	-	732,905	732,905
Capital Outlay	-	-	871,689	-	871,689
Debt Service:					
Principal	-	1,953,676	-	25,074	1,978,750
Interest and fiscal charges	-	1,196,212	-	10,790	1,207,002
Total expenditures	15,553,080	3,149,888	871,689	1,576,525	21,151,182
Excess (deficiency) of revenue over (under) expenditures	\$ 148,973	\$ (294,449)	\$ (830,298)	\$ (220,999)	\$ (1,196,773)
Other financing sources (uses):					
Transfers in	1,271,972	337,738	-	309,147	1,918,857
Transfers out	(766,885)	-	(685,099)	-	(1,451,984)
Proceeds from sale of general capital assets	128,850	-	-	-	128,850
Insurance recoveries	34,083	-	-	-	34,083
Issuance of Capital lease	347,802	-	-	-	347,802
Total other financing sources (uses)	1,015,822	337,738	(685,099)	309,147	977,608
Net change in fund balances	1,164,795	43,289	(1,515,397)	88,148	(219,165)
Fund Balance, October 1, 2016	6,043,439	289,887	5,373,395	13,509	11,720,230
Fund Balance, September 30, 2017	\$ 7,208,234	\$ 333,176	\$ 3,857,998	\$ 101,657	\$ 11,501,065

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, 2017

Total Net Change in Fund Balances - Governmental Funds	\$ (219,165)
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 \$4,087,477 of capital outlays and \$1,978,750 of debt principal payments is to increase net position.	6,066,227
Capital asset donations are revenues in the government-wide financial statements but are not reported in the governmental fund financial statements.	2,175,052
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.	(93,000)
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.	(2,964,546)
Current year issuance of capital lease are other financing sources in the fund financial statements. The effect of the \$347,802 increase in capital leases payable is a decrease in net position.	(347,802)
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 \$164,670 decrease in interest payable, \$37,184 increase in compensated absences, and \$79,556 amortization of deferred charges, premiums and discounts increase net position.	207,042
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	224,176
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.	(467,143)
Change in Net Position of Governmental Activities	\$ 4,580,841

City of Granbury, Texas
Statement of Net Position
Proprietary Funds
September 30, 2017

	Business-type Activities		
	Enterprise Funds		
	Utility Fund	Airport Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 1,526,988	\$ 451,303	\$ 1,978,291
Investments	2,051,279	-	2,051,279
Receivables (Net of allowance for uncollectibles):			
Accounts	2,220,065	-	2,220,065
Miscellaneous Receivables	188,409	3,145,229	3,333,638
Interest	10,721	-	10,721
Prepaid expenses	2,729	-	2,729
Supplies inventory	1,450,206	44,071	1,494,277
Restricted Assets:			
Cash and cash equivalents	16,038,553	-	16,038,553
Investments	671,754	-	671,754
 Total current assets	 <u>24,160,704</u>	 <u>3,640,603</u>	 <u>27,801,307</u>
Capital assets, at cost:			
Land	1,038,446	9,426,178	10,464,624
Construction in Progress	24,545,575	1,556,907	26,102,482
Buildings	287,973	160,274	448,247
Improvements other than buildings	53,603,325	4,485,664	58,088,989
Machinery and Equipment	4,270,261	247,019	4,517,280
Less: accumulated depreciation	(26,976,760)	(3,173,280)	(30,150,040)
Capital assets, net	<u>56,768,820</u>	<u>12,702,762</u>	<u>69,471,582</u>
 Total noncurrent assets	 <u>56,768,820</u>	 <u>12,702,762</u>	 <u>69,471,582</u>
 Total assets	 <u>\$ 80,929,524</u>	 <u>\$ 16,343,365</u>	 <u>\$ 97,272,889</u>
 DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	\$ 143,489	\$ -	\$ 143,489
Deferred outflow related to pensions	<u>473,795</u>	<u>40,115</u>	<u>513,910</u>
 Total deferred outflows of resources	 <u>\$ 617,284</u>	 <u>\$ 40,115</u>	 <u>\$ 657,399</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, 2017

	Business-type Activities Enterprise Funds		
	Utility Fund	Airport Fund	Totals
LIABILITIES:			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 1,161,560	\$ 10,800	\$ 1,172,360
Unearned revenue	65,141	1,125	66,266
Compensated absences payable	54,287	2,905	57,192
Due to other funds	14,873	-	14,873
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accrued liabilities	3,097,693	-	3,097,693
Current portion of long-term debt	2,053,794	108,047	2,161,841
Interest payable	182,757	-	182,757
Customer deposits payable	614,838	8,000	622,838
Total current liabilities	<u>7,244,943</u>	<u>130,877</u>	<u>7,375,820</u>
Noncurrent Liabilities:			
Compensated absences payable	100,774	15,569	116,343
Net pension liability	1,726,430	162,672	1,889,102
Texas Capital Fund loan	60,078	-	60,078
Capital leases payable	56,625	513,389	570,014
Bonds payable	44,695,161	-	44,695,161
Total noncurrent liabilities	<u>46,639,068</u>	<u>691,630</u>	<u>47,330,698</u>
Total liabilities	<u>\$ 53,884,011</u>	<u>\$ 822,507</u>	<u>\$ 54,706,518</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows related to pensions	\$ 29,239	\$ 2,755	\$ 31,994
Total deferred inflows of resources	<u>\$ 29,239</u>	<u>\$ 2,755</u>	<u>\$ 31,994</u>
NET POSITION:			
Net investment in capital assets	\$ 20,869,534	\$ 12,081,326	\$ 32,950,860
Restricted for debt service (Expendable)	1,023,802	-	1,023,802
Restricted impact fees for capital improvements - water (Expendable)	91,787	-	91,787
Restricted impact fees for capital improvements - wastewater (Expendable)	801,047	-	801,047
Unrestricted	4,847,388	3,476,892	8,324,280
Total net position	<u>\$ 27,633,558</u>	<u>\$ 15,558,218</u>	<u>\$ 43,191,776</u>

City of Granbury, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2017

	Business-type Activities Enterprise Funds		
	Utility Fund	Airport Fund	Totals
Operating revenues:			
Charges for sales and services:			
Charges for Water and Wastewater Sales	\$ 8,956,279	\$ -	\$ 8,956,279
Charges for Electricity Sales	11,138,774	-	11,138,774
Charges for Airport Services	-	759,739	759,739
Impact fees	361,856	-	361,856
Other Revenue	519,409	24,033	543,442
Total operating revenue	<u>20,976,318</u>	<u>783,772</u>	<u>21,760,090</u>
Operating expenses:			
Administration	712,955	-	712,955
Airport	-	639,921	639,921
Water treatment and distribution	3,111,973	-	3,111,973
Wastewater collection and treatment	1,443,365	-	1,443,365
Electricity	9,499,059	-	9,499,059
Meter Reading	211,478	-	211,478
Utility Franchise Fees	897,679	-	897,679
Depreciation	2,157,562	153,980	2,311,542
Total operating expenses	<u>18,034,071</u>	<u>793,901</u>	<u>18,827,972</u>
Operating income	<u>2,942,247</u>	<u>(10,129)</u>	<u>2,932,118</u>
Nonoperating revenues (expenses):			
Interest revenue	121,918	-	121,918
Intergovernmental revenue	215,644	49,914	265,558
Gain (loss) on disposal of capital assets	10,287	460	10,747
Interest expense	(633,250)	(22,202)	(655,452)
Debt issuance costs	(330,073)	-	(330,073)
Total nonoperating revenues (expenses)	<u>(615,474)</u>	<u>28,172</u>	<u>(587,302)</u>
Income (loss) before contributions and transfers	<u>2,326,773</u>	<u>18,043</u>	<u>2,344,816</u>
Capital contributions and transfers:			
Capital grants and contributions	1,059,668	3,600,000	4,659,668
Transfers in	-	805,099	805,099
Transfers out	(1,226,076)	(45,896)	(1,271,972)
Net capital contributions and transfers	<u>(166,408)</u>	<u>4,359,203</u>	<u>4,192,795</u>
Change in Net Position	2,160,365	4,377,246	6,537,611
Net Position, October 1, 2016	<u>25,473,193</u>	<u>11,180,972</u>	<u>36,654,165</u>
Net Position, September 30, 2017	<u>\$ 27,633,558</u>	<u>\$ 15,558,218</u>	<u>\$ 43,191,776</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, 2017

	Business-type Activities		
	Enterprise Funds		
	Utility Fund	Airport Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 20,775,987	\$ 774,276	\$ 21,550,263
Payments to suppliers	(13,907,275)	(475,959)	(14,383,234)
Cash paid to employees	(1,685,770)	(161,644)	(1,847,414)
Net cash provided by operating activities	<u>5,182,942</u>	<u>136,673</u>	<u>5,319,615</u>
Cash flow from noncapital financing activities:			
Increase (decrease) in due to other funds	(100)	(193,114)	(193,214)
Transfers in	-	120,000	120,000
Transfers out	(1,226,076)	(45,896)	(1,271,972)
Net cash provided (used) by noncapital financing activities	<u>(1,226,176)</u>	<u>(119,010)</u>	<u>(1,345,186)</u>
Cash flow from capital and related financing activities:			
Principal payments on long-term debt	(1,626,542)	(107,209)	(1,733,751)
Proceeds from issuance of bonds	14,669,927	-	14,669,927
Proceeds from the sale of capital assets	10,287	460	10,747
Capital grants and contributions	215,644	649,914	865,558
Capital outlay	(17,414,540)	(87,323)	(17,501,863)
Interest paid on long-term debt	(802,959)	(22,202)	(825,161)
Net cash (used) by capital and related financing activities	<u>(4,948,183)</u>	<u>433,640</u>	<u>(4,514,543)</u>
Cash flow from investing activities:			
Proceeds from sales and maturities of investments	582,658	-	582,658
Interest Received	115,035	-	115,035
Net cash provided (used) by investing activities	<u>697,693</u>	<u>-</u>	<u>697,693</u>
Net increase (decrease) in cash and cash equivalents	(293,724)	451,303	157,579
Cash and cash equivalents, October 1, 2016	<u>17,859,265</u>	<u>-</u>	<u>17,859,265</u>
Cash and cash equivalents, September 30, 2017	<u>\$ 17,565,541</u>	<u>\$ 451,303</u>	<u>\$ 18,016,844</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 2,942,247	\$ (10,129)	\$ 2,932,118
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	2,157,562	153,980	2,311,542
Loss on disposal of capital assets	91,929	-	91,929
(Increase) decrease in accounts receivable	(199,866)	-	(199,866)
(Increase) decrease in miscellaneous receivables	217,397	(9,321)	208,076
(Increase) decrease in prepaid items	(1,456)	1,120	(336)
(Increase) decrease in inventory	(52,967)	(14,844)	(67,811)
Increase (decrease) in accounts payable	(70,771)	(589)	(71,360)
Increase (decrease) in compensated absences payable	40,547	15,771	56,318
Increase (decrease) in unearned revenue	(5,408)	1,125	(4,283)
Increase (decrease) in customer meter deposits	4,943	(1,300)	3,643
Increase (decrease) in net pension balances	58,785	860	59,645
Total adjustments	<u>2,240,695</u>	<u>146,802</u>	<u>2,387,497</u>
Net cash provided by operating activities	<u>\$ 5,182,942</u>	<u>\$ 136,673</u>	<u>\$ 5,319,615</u>
Noncash Investing, Capital and Financing Activities			
Contribution of capital assets from developers	\$ 1,059,668	\$ -	\$ 1,059,668
Capital assets transferred between funds	-	685,099	685,099
	<u>\$ 1,059,668</u>	<u>\$ 685,099</u>	<u>\$ 1,744,767</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, 2017

	Future Construction Escrow Agency Fund	Employee Benefits Trust
ASSETS:		
Assets:		
Cash and cash equivalents	\$ 38,292	\$ 113,678
Total assets	<u>\$ 38,292</u>	<u>\$ 113,678</u>
LIABILITIES		
Liabilities:		
Accounts payable	\$ 1,381	\$ -
Escrow liability	<u>36,911</u>	<u>-</u>
Total liabilities	<u>\$ 38,292</u>	<u>\$ -</u>
NET POSITION		
Unrestricted Net Position		<u>\$ 113,678</u>

City of Granbury, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the year ended September 30, 2017

	Employee Benefits Trust
Additions	
Contributions	
Employer	\$ 1,044,433
Employees	108,836
Interest Income	457
Total additions	1,153,726
Deductions	
Insurance Premiums	1,178,857
Change in net position	(25,131)
Net Position, October 1, 2016	138,809
Net Position, September 30, 2017	\$ 113,678

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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, 2017

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, 2017

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, 2017

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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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 \$923,012. Of this amount \$267,560 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, 2017

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refund are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The general fund is the only fund that reports a positive fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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	\$ 159,055	\$ -	\$ -	\$ 5,040	\$ 164,095
Restricted:					
Debt Service	-	333,176	-	-	333,176
Construction	-	-	3,857,998	-	3,857,998
Police training, K9 program and forfeiture funds	31,085	-	-	-	31,085
Park improvements	380,187	-	-	-	380,187
Public, educational and governmental programming	28,160	-	-	-	28,160
Court technology & security	33,567	-	-	-	33,567
Committed:					
Culture and Recreation	-	-	-	115,579	115,579
Encumbrances	301,256	-	-	-	301,256
Assigned					
Cemetery Gas Well	51,026	-	-	-	51,026
Unassigned	6,223,898	-	-	(18,962)	6,204,936
	<u>\$ 7,208,234</u>	<u>\$ 333,176</u>	<u>\$ 3,857,998</u>	<u>\$ 101,657</u>	<u>\$ 11,501,065</u>

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

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

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. *Net Position*

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

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

Restricted Fund Balance (Exhibit C-1)	\$ 4,664,173
Adjustments	
Unspent proceeds from bonds reclassified to net investment in capital assets	(3,857,998)
Accrued interest payable restricted for debt service	(129,257)
Deferred property tax revenue restricted for debt service	64,515
Total adjustments	(3,922,740)
Restricted Net Position (Exhibit A-1)	\$ 741,433

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 \$13,922. The deficit has been reduced from \$97,986 in 2015-2016 down to \$13,922. 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, 2017, the City did not own any types of securities other than those permitted by statute.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

The City invests idle funds in the Texas Local Government Investment Pool (TexPool), TexSTAR investment pool, the Texas Cooperative Liquid Assets Securities System (Texas CLASS) investment pool, and the Texas TERM Local 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.

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.

Texas TERM 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 TERM and other persons who do not have a business relationship with Texas TERM 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, 2017, the City's deposits at all banks were adequately insured.

\$13,596,597 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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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, 2017 included the following:

<u>Investment</u>	<u>Rating</u>	<u>Maturities</u>	<u>Investments</u>	<u>Cost</u>	<u>Value</u>
Tex-Pool	AAAm	100 days	11.14%	\$ 1,425,768	\$ 1,425,768
Texas CLASS Pool	AAAm	78 days	71.45%	9,140,698	9,140,698
Texas TERM Pool	AAAf	26 days	7.83%	1,002,091	1,002,091
TexStar Pool	AAAm	94 days	9.58%	1,225,018	1,225,018
			100.00%	<u>\$ 12,793,575</u>	<u>\$ 12,793,575</u>

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	\$ 85,082	\$ -
Police forfeitures	20,859	-
Trust and agency	669,723	-
Construction	369,494	4,003,837
Total	<u>\$ 1,145,158</u>	<u>\$ 4,003,837</u>
Business-type Activities		
Customer deposits	\$ 614,838	\$ -
Impact fees restricted for capital improvements	521,098	371,736
Interest and sinking funds	125,764	-
Revenue bond reserve	780,777	300,018
Bond construction fund	13,996,076	-
Total	<u>\$ 16,038,553</u>	<u>\$ 671,754</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:

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 4: RECEIVABLES (Continued)

	General	Debt Service	Capital Projects	Tourism	Total Governmental Funds	Total Enterprise Funds
Receivables:						
Property taxes	\$ 54,863	\$ 75,899	\$ -	\$ -	\$ 130,762	\$ -
Franchise taxes	387,760	-	-	-	387,760	-
Accounts receivable	-	-	-	-	-	1,284,702
Earned income not billed	-	-	-	-	-	953,678
Fines and fees receivable	568,872	-	-	-	568,872	-
Due from other governments	1,406,100	-	-	-	1,406,100	-
Miscellaneous	344,765	-	-	99,873	444,638	3,333,638
Interest	467	-	835	-	1,302	10,721
Gross Receivables	2,762,827	75,899	835	99,873	2,939,434	5,582,739
Less: Allowance for Uncollectibles	(463,326)	(11,385)	-	-	(474,711)	(18,315)
Net Total Receivables	<u>\$2,299,501</u>	<u>\$ 64,514</u>	<u>\$ 835</u>	<u>\$ 99,873</u>	<u>\$2,464,723</u>	<u>\$5,564,424</u>

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)	\$ 45,909
Deferred property taxes receivable (debt service fund)	64,515
Deferred sales tax receivable (general fund)	795,530
Deferred franchise tax receivable (general fund)	387,760
Deferred fines and fees receivable (general fund)	113,774
Total deferred inflows for governmental funds	<u>\$ 1,407,488</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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, 2017, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Utility Fund	\$ 14,873	Warehouse inventory
	Tourism Fund	<u>22,411</u>	Borrowings through pooled cash
Total Governmental Funds		<u>\$ 37,284</u>	

The composition of interfund transfers for the City's individual major funds and nonmajor funds as of September 30, 2017, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Airport	\$ 45,896	Allocation of shared expenses
	Enterprise	1,226,076	Unrestricted revenues of utility fund used to finance various general fund programs
Debt Service	General	337,738	Debt service
Nonmajor	General	269,147	Conference Center, Tourism, and Opera House
	General	<u>40,000</u>	Historic Properties
Total Governmental Funds Transfers In		<u>\$ 1,918,857</u>	
Airport Fund	General	\$ 120,000	Airport
	Capital Projects	<u>685,099</u>	Land Purchase
Total Enterprise Funds Transfers In		<u>\$ 805,099</u>	

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Non - Depreciable Assets:					
Land	\$ 5,444,077	\$ 47,833	\$ -	\$ 4,650	\$ 5,496,560
Construction in Progress	2,449,894	3,241,955	-	(2,665,017)	3,026,832
Total non-depreciable assets	<u>7,893,971</u>	<u>3,289,788</u>	<u>-</u>	<u>(2,660,367)</u>	<u>8,523,392</u>
Depreciable Assets:					
Buildings	19,921,969	402,745	(82,359)	183,483	20,425,838
Improvements other than buildings	50,140,475	1,756,651	-	2,399,513	54,296,639
Machinery and equipment	10,413,131	813,345	(244,336)	98,301	11,080,441
Total capital assets being depreciated	<u>80,475,575</u>	<u>2,972,741</u>	<u>(326,695)</u>	<u>2,681,297</u>	<u>85,802,918</u>
Accumulated Depreciation:					
Buildings	(6,562,484)	(719,734)	15,786	(380,529)	(7,646,961)
Improvements other than buildings	(29,781,760)	(1,512,803)	-	(287,049)	(31,581,612)
Machinery and equipment	(8,777,014)	(732,009)	217,909	646,648	(8,644,466)
Total accumulated depreciation	<u>(45,121,258)</u>	<u>(2,964,546)</u>	<u>233,695</u>	<u>(20,930)</u>	<u>(47,873,039)</u>
Governmental activities capital assets, net	<u>\$ 43,248,288</u>	<u>\$ 3,297,983</u>	<u>\$ (93,000)</u>	<u>\$ -</u>	<u>\$ 46,453,271</u>

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

Governmental activities:	
Information technology	\$ 75,951
Fleet	9,729
Warehouse	15,918
Building maintenance	13,632
Granbury broadcasting services	17,185
Other governmental functions	168,776
Police	180,293
Fire	272,390
Municipal Court	4,836
Streets	986,454
Cemetery	17,292
Tourism	708,683
Parks	493,407
Total depreciation expense - governmental activities	<u>\$ 2,964,546</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 7: CAPITAL ASSETS (Continued)

Business-type activities:	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Non - Depreciable Assets:					
Land	\$10,115,746	\$ -	\$ -	\$ 348,878	\$ 10,464,624
Construction in Progress	8,315,624	20,284,388	-	(2,497,530)	26,102,482
Total non-depreciable assets	<u>18,431,370</u>	<u>20,284,388</u>	<u>-</u>	<u>(2,148,652)</u>	<u>36,567,106</u>
Depreciable Assets:					
Buildings	448,247	-	-	-	448,247
Improvements other than buildings	55,183,568	1,157,458	-	1,747,963	58,088,989
Machinery and equipment	4,364,009	152,719	(379,207)	379,759	4,517,280
Total capital assets being depreciated	<u>59,995,824</u>	<u>1,310,177</u>	<u>(379,207)</u>	<u>2,127,722</u>	<u>63,054,516</u>
Accumulated Depreciation:					
Buildings	(255,327)	(11,223)	-	(37,016)	(303,566)
Improvements other than buildings	(24,854,178)	(2,038,089)	-	-	(26,892,267)
Machinery and equipment	(3,026,901)	(262,230)	276,978	57,946	(2,954,207)
Total accumulated depreciation	<u>(28,136,406)</u>	<u>(2,311,542)</u>	<u>276,978</u>	<u>20,930</u>	<u>(30,150,040)</u>
Business-type activities capital assets, net	<u>\$ 50,290,788</u>	<u>\$ 19,283,023</u>	<u>\$ (102,229)</u>	<u>\$ -</u>	<u>\$ 69,471,582</u>

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

Business-type activities:	
Water treatment and distribution	\$ 1,309,800
Wastewater collection and treatment	628,520
Electricity	219,242
Airport	153,980
Total depreciation expense - business-type activities	<u>\$ 2,311,542</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 \$460,596 and tourism fund \$2,748.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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

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

	<u>9/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2017</u>	<u>Due Within One Year</u>
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.	\$ 3,545,000	\$ -	\$ 475,000	3,070,000	\$ 490,000
Series 2013 unamortized bond premium	247,421	-	30,929	216,492	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.	320,000	-	125,000	195,000	22,500
Series 2008 unamortized bond premium	6,408	-	1,765	4,643	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.	950,000	-	290,000	660,000	295,000
Series 2011 unamortized bond premium	85,418	-	16,175	69,243	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.	7,915,000	-	65,000	7,850,000	70,000
Series 2014 unamortized bond premium	759,117	-	50,608	708,509	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	-	495,000	4,580,000	615,000
Series 2016 unamortized bond premium	507,303	-	32,040	475,263	32,040
Total General Obligation Bonds	\$ 19,410,667	\$ -	\$ 1,581,517	\$ 17,829,150	\$ 1,624,015
Certificates of Obligation					
\$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.	1,980,000	-	195,000	1,785,000	200,000
Series 2015 unamortized bond premium	105,228	-	13,153	92,075	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	215,000
Series 2016 unamortized bond premium	514,279	-	26,543	487,736	26,543
Total Certificates of Obligation	\$ 12,289,507	\$ -	\$ 234,696	\$ 12,054,811	\$ 454,696

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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

	<u>9/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2017</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.	\$ 311,824	\$ -	\$ 25,074	\$ 286,750	\$ 26,367
Total Notes Payable	<u>\$ 311,824</u>	<u>\$ -</u>	<u>\$ 25,074</u>	<u>\$ 286,750</u>	<u>\$ 26,367</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.	\$ 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.	65,593	-	43,600	21,993	21,993
\$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.	141,549	-	55,389	86,160	55,870
\$97,680 Lease payable to US Bank in three annual installments of \$32,559.86 at 0% interest for 3 years.	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.	704,514	-	74,622	629,892	76,696
\$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.	220,094	-	61,186	158,908	62,529
\$347,802 Lease payable to Clayton Holdings LLC in quarterly payments of \$13,356.56, including interest at 2.030% until December 2023. Secured by Freightliner rescue vehicle.	-	347,802	34,950	312,852	47,434
Total Capital Leases	<u>\$ 1,170,678</u>	<u>\$ 347,802</u>	<u>\$ 308,675</u>	<u>\$ 1,209,805</u>	<u>\$ 264,522</u>
Compensated Absences Payable	<u>\$ 426,160</u>	<u>\$ 463,344</u>	<u>\$ 426,160</u>	<u>\$ 463,344</u>	<u>\$ 244,928</u>
Net Pension Liability	<u>\$ 6,357,248</u>	<u>\$ 230,982</u>	<u>\$ -</u>	<u>\$ 6,588,230</u>	<u>\$ -</u>
Total Governmental Activities	<u><u>\$39,966,084</u></u>	<u><u>\$ 1,042,128</u></u>	<u><u>\$ 2,576,122</u></u>	<u><u>\$38,432,090</u></u>	<u><u>\$ 2,614,528</u></u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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
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	1,700,000	383,625	2,083,625	460,000	320,881	780,881
2023-2027	4,227,500	1,290,625	5,518,125	3,315,000	1,283,607	4,598,607
2028-2032	4,155,000	511,600	4,666,600	3,130,000	727,057	3,857,057
2033-2037	-	-	-	2,860,000	221,225	3,081,225
Debt Service Requirements	16,355,000	4,270,325	20,625,325	11,475,000	3,960,744	15,435,744
Add: Unamortized Premium	1,474,150		1,474,150	579,811		579,811
	<u>\$ 17,829,150</u>	<u>\$ 4,270,325</u>	<u>\$ 22,099,475</u>	<u>\$ 12,054,811</u>	<u>\$ 3,960,744</u>	<u>\$ 16,015,555</u>

	Notes Payable		
	Principal	Interest	Total
2018	\$ 26,367	\$ 9,035	\$ 35,402
2019	27,249	8,153	35,402
2020	28,140	7,262	35,402
2021	29,101	6,300	35,401
2022	30,323	5,079	35,402
2023-2027	145,570	11,282	156,852
	<u>\$ 286,750</u>	<u>\$ 47,111</u>	<u>\$ 333,861</u>

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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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

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, 2017, expenditures for the project totaled \$14,629,131. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2017, the balance of the escrow account was \$2,748,244.

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, 2017, expenditures for the project totaled \$1,040,852. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2017, the balance of the escrow account was \$2,076,771.

In April 2017, the City issued \$15,000,000 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, 2017, expenditures for the project totaled \$7,735,638. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2017, the balance of the escrow account was \$8,771,582.

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

	<u>9/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2017</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.	\$ 2,523,000	\$ -	\$ 69,000	2,454,000	\$ 72,000
\$270,000; Utility System Subordinated Lien Revenue Bonds Series 1999 dated 6/28/1999, due in annual installments at 4.50% to 2038.	200,000	-	5,000	195,000	6,000
\$5,910,000; Utility System Revenue Refunding Bonds Series 2010 due in annual installments at 2.00% to 3.625% to 9/15/2022.	3,750,000	-	575,000	3,175,000	595,000
Series 2010 unamortized bond premium	16,866	-	2,811	14,055	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.	3,810,000	-	200,000	3,610,000	205,000
Series 2012 unamortized bond premium	167,428	-	11,162	156,266	11,162
Total Revenue Bonds	<u>\$ 10,467,294</u>	<u>\$ -</u>	<u>\$ 862,973</u>	<u>\$ 9,604,321</u>	<u>\$ 891,973</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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

	<u>9/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2017</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	\$ 2,125,000	\$ -	\$ 310,000	\$ 1,815,000	\$ 320,000
Series 2013 unamortized bond premium	158,519	-	19,815	138,704	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.	320,000	-	125,000	195,000	22,500
Series 2008 unamortized bond discount	7,142	-	1,740	5,402	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	105,000
Series 2016 unamortized bond premium	129,064	-	8,151	120,913	8,151
Total General Obligation Bonds	\$ 3,554,725	\$ -	\$ 464,706	\$ 3,090,019	\$ 477,206
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	\$ -	\$ 215,000	\$ 16,215,000	\$ 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	270,000
\$15,000,000; Combination Tax and Surplus Revenue Certificates of Obligation Series 2017 due in annual installments at 0.00% to 2.16% until 8/15/2037.	-	15,000,000	-	15,000,000	80,000
Total Certificates of Obligation	\$ 19,150,000	\$ 15,000,000	\$ 215,000	\$ 33,935,000	\$ 565,000
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.	\$ 76,098	\$ -	\$ 8,010	\$ 68,088	\$ 8,010

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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

	<u>9/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2017</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.	\$ 322,930	\$ -	\$ 72,040	\$ 250,890	\$ 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.	151,052	-	11,059	139,993	11,439
\$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.	227,978	-	16,690	211,288	17,264
\$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.	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.	21,314	-	13,961	7,353	7,353
\$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.	246,369	-	98,216	148,153	99,298
\$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.	17,572	-	4,848	12,724	4,954
\$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.	26,685	-	7,420	19,265	7,582
Total Capital Leases	<u>\$ 1,016,407</u>	<u>\$ -</u>	<u>\$ 226,741</u>	<u>\$ 789,666</u>	<u>\$ 219,652</u>
Compensated Absences Payable	<u>\$ 117,217</u>	<u>\$ 173,535</u>	<u>\$ 117,217</u>	<u>\$ 173,535</u>	<u>\$ 57,192</u>
Net Pension Liability	<u>\$ 1,932,299</u>	<u>\$ -</u>	<u>\$ 43,197</u>	<u>\$ 1,889,102</u>	<u>\$ -</u>
Total Business-type Activities	<u><u>\$36,314,040</u></u>	<u><u>\$15,173,535</u></u>	<u><u>\$ 1,937,844</u></u>	<u><u>\$49,549,731</u></u>	<u><u>\$ 2,219,033</u></u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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
2018	\$ 878,000	\$ 366,167	\$ 1,244,167	\$ 1,012,500	\$ 739,882	\$ 1,752,382
2019	901,000	338,657	1,239,657	1,115,000	645,560	1,760,560
2020	935,000	308,875	1,243,875	1,120,000	632,925	1,752,925
2021	963,000	275,019	1,238,019	1,145,000	615,304	1,760,304
2022	998,000	239,334	1,237,334	1,165,000	597,138	1,762,138
2023-2027	1,832,000	861,770	2,693,770	6,757,500	2,710,521	9,468,021
2028-2032	1,902,000	449,080	2,351,080	7,600,000	2,206,971	9,806,971
2033-2037	834,000	159,030	993,030	9,780,000	1,389,841	11,169,841
2038-2042	191,000	8,495	199,495	4,195,000	602,455	4,797,455
2043-2047	-	-	-	2,870,000	128,230	2,998,230
Debt Service Requirements	9,434,000	3,006,427	12,440,427	36,760,000	10,268,827	47,028,827
Add: Unamortized Premium	170,321		170,321	265,019		265,019
	<u>\$ 9,604,321</u>	<u>\$ 3,006,427</u>	<u>\$ 12,610,748</u>	<u>\$ 37,025,019</u>	<u>\$ 10,268,827</u>	<u>\$ 47,293,846</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, 2017.

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, 2017

NOTE 10: SPECIAL ASSESSMENT DEBT (Continued)

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

	Principal
2018	\$ 8,010
2019	8,010
2020	8,010
2021	8,010
2022	8,010
2023-2027	28,038
Total	\$ 68,088

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
2018	\$ 291,205	\$ 240,505	\$ 531,710
2019	242,828	179,090	421,918
2020	179,400	121,347	300,747
2021	146,658	76,441	223,099
2022	146,658	40,423	187,081
2023-2027	299,860	201,211	501,071
2028-2032	-	16,696	16,696
Total debt service requirements	1,306,609	875,713	2,182,322
Less: Interest Portion	96,804	86,047	182,851
Debt Principal	\$ 1,209,805	\$ 789,666	\$ 1,999,471

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	1,947,670	614,232	2,561,902
Less: Accumulated Depreciation	(719,281)	(968,195)	(1,687,476)
Net	\$ 1,228,389	\$ 1,105,064	\$ 2,333,453

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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 872 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:

	Plan Year 2017
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, 2017

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	90
Inactive employees entitled to but not yet receiving benefits	78
Active employees	155
	323

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 15.20% and 15.87% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$1,232,864, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 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, 2017

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial assumptions used in the December 31, 2016, 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. 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). 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%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

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, 2017

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 12/31/2015	\$ 36,195,669	\$ 28,209,883	\$ 7,985,786
Changes for the year:			
Service cost	1,339,522	-	1,339,522
Interest	2,440,411	-	2,440,411
Change of benefit terms	-	-	-
Difference between expected and actual experience	(7,656)	-	(7,656)
Changes of assumptions	-	-	-
Contributions - employer	-	1,192,079	(1,192,079)
Contributions - employee	-	548,984	(548,984)
Net investment income	-	1,906,944	(1,906,944)
Benefit payments, including refunds of employee contributions	(1,422,391)	(1,422,391)	-
Administrative expense	-	(21,531)	21,531
Other changes	-	(1,160)	1,160
Net changes	<u>2,349,886</u>	<u>2,202,925</u>	<u>146,961</u>
Balance at 12/31/2016	<u>\$ 38,545,555</u>	<u>\$ 30,412,808</u>	<u>\$ 8,132,747</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	\$ 13,843,034	\$ 8,132,747	\$ 3,479,560

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, 2017

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, 2016, there were 199 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, 2016, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,167
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,200
Active Participants (Vested and Nonvested)	3,634

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

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 every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 1, 2017.

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, 2016, total contributions of \$3,463,603 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,583,825 for the fiscal year ending August 31, 2016. The City’s contributions for the years ended September 30, 2017, 2016 and 2015 were \$63,280, \$54,180 and \$53,760, 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, 2017

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

The most recently completed biennial actuarial valuation as of August 31, 2016 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 \$725,000 each year to pay for part of the System's administrative expenses.

Net Pension Liability

The System's net pension liability was measured as of August 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2016.

	System 100.00%	City 1.18%
Total Pension Liability	\$ 123,092,111	\$ 1,456,180
Plan Fiduciary Net Position	93,964,008	1,111,594
Net Pension Liability	\$ 29,128,103	\$ 344,585
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.3%	76.3%

Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
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 2024 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 (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.22% 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, 2017

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%	5.72%
Small cap domestic	10.0%	5.96%
Developed international	21.0%	6.21%
Emerging markets	6.0%	7.18%
Master limited partnership	5.0%	7.61%
Fixed income		
Domestic	21.0%	1.61%
International	5.0%	1.81%
Cash	0.0%	0.00%
Total	<u>100.0%</u>	
Weighted average		4.97%

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, 2016 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. Because of the 30-year amortization period with the conservative amortization method, 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	\$ 583,388	\$ 344,585	\$ 192,432

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

At September 30, 2017, the City reported a liability of \$344,585 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 pension liability that was associated with the City were as follows:

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

	City
City's proportional share of the collective net pension liability	\$ 344,585
State's proportionate share that is associated with the City	182,011
	\$ 526,596

TESRS's net pension liability was measured as of August 31, 2016 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, 2015 through August 31, 2016.

For the year ended September 30, 2017, the City recognized pension expense of \$1,809,147. \$1,735,954 of this expense was for TMRS and \$73,193 was for TESRS.

At September 30, 2017, 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	\$ -	\$ 137,737
Changes in actuarial assumptions	6,545	-
Difference between projected and actual investment earnings	1,273,265	-
Contributions subsequent to the measurement date	932,873	-
Total TMRS	\$ 2,212,683	\$ 137,737
Differences between expected and actual economic experience	\$ 533	\$ -
Changes in actuarial assumptions	7,338	-
Difference between projected and actual investment earnings	63,875	-
Contributions subsequent to the measurement date	63,280	-
Total TESRS	\$ 135,026	\$ -
Total	\$ 2,347,709	\$ 137,737

\$996,153 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, 2017. 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, 2017

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

	<u>TMRS</u>	<u>TESRS</u>	<u>Total</u>
Year Ended September 30:			
2017	\$ 386,481	\$ 18,911	\$ 405,392
2018	386,481	18,910	405,391
2019	370,608	29,335	399,943
2020	(1,497)	4,590	3,093
2021	-	-	-
Thereafter	-	-	-
Total	<u>\$ 1,142,073</u>	<u>\$ 71,746</u>	<u>\$ 1,213,819</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.

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 employees' entire careers.

The city's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were \$17,215, \$17,819 and \$16,054, respectively, which equaled the required contributions for each year.

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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 15: CONTINGENT LIABILITIES (Continued)

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 two lawsuits. Upon resolution of the referenced lawsuits, the City does not expect to have a material adverse effect on its financial condition.

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, 2017 was \$8,101,355. The City entered into a new agreement with Exelon Generation Company, LLC ("Constellation") effective January 1, 2018 through December 31, 2020.

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, 2017 was \$784,968.

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, 2017 was \$746,429.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 16: CONTRACTS AND COMMITMENTS (Continued)

D. Airport Expansion

The City and Texas Department of Transportation have agreed to a joint project to expand the Granbury Regional Airport. The City has acquired the land and is now responsible for moving the electric lines. The City received \$3,600,000 reimbursement in 2017 for part of the land cost. These funds were deposited into the Airport Fund and must be used for the airport. The Texas Department of Transportation will oversee the project.

NOTE 17: ECONOMIC DEVELOPMENT AGREEMENT

A. 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, 2017 the City received \$66,000 in rents under this agreement.

NOTE 18: TAX ABATEMENTS

The City is authorized to provide assistance for economic development under Chapter 380 of the Texas Local Government Code. The economic development must serve the purpose of promoting state or local economic development by stimulating business or commercial activity within the City. The assistance may be in the form of loans, grants, tax rebates and use of City personnel and services. The City has entered into Chapter 380 Economic Development Program Agreements with companies and has agreed to provide grants and rebates of real and personal property tax or sales tax. Below is a table of tax abatements for the year ended September 30, 2017.

Type of Business	Purpose	Tax Abated	Percent Abated	Amount Abated
Grocery Store	Construct new facility and operate grocery store	Property Tax	50%	\$ 52,516
		Sales Tax	50% of 1 cent	\$ 96,057
Grocery Store	Construct new facility and operate grocery store	Property Tax	50%	\$ 39,595
		Sales Tax	50% of 1 cent	\$ 74,652

NOTE 19: SUBSEQUENT EVENTS

On January 2, 2018, City Council approved the issuance of the General Obligation Refunding Bonds, Series 2018 in the amount of \$5,585,000. The bonds will refund the Utility System Subordinated Lien Revenue Bonds, Series 1998 and the Utility System Revenue Refunding Bonds, Series 2010. The City’s debt service payments will be reduced by \$368,864 as a result of the refunding.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 19: SUBSEQUENT EVENTS (Continued)

Subsequent events were evaluated through March 4, 2018, which is the date the financial statements were available to be issued.

NOTE 20: 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.

REQUIRED SUPPLEMENTARY INFORMATION

City of Granbury, Texas
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended September 30, 2017

	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	\$ 2,563,898	\$ 2,563,898	\$ 2,550,951	\$ -	\$ 2,550,951	\$ (12,947)
Sales and use	7,405,000	7,422,000	7,926,229	-	7,926,229	504,229
Franchise	1,688,887	1,660,113	1,675,475	-	1,675,475	15,362
Fines and fees	189,800	191,630	200,801	-	200,801	9,171
Licenses and permits	653,500	665,500	737,790	-	737,790	72,290
Charges for service	56,477	55,700	85,214	-	85,214	29,514
Intergovernmental revenue	1,915,099	2,018,415	1,891,996	-	1,891,996	(126,419)
Park and recreation	186,150	185,150	173,562	-	173,562	(11,588)
Interest income	18,000	18,000	59,809	-	59,809	41,809
Other revenue	353,701	622,903	400,226	-	400,226	(222,677)
Total revenues	<u>15,030,512</u>	<u>15,403,309</u>	<u>15,702,053</u>	<u>-</u>	<u>15,702,053</u>	<u>298,744</u>
EXPENDITURES:						
Current						
General government						
City Council	201,577	238,577	197,774	27,768	225,542	13,035
Legal	130,500	181,800	195,572	-	195,572	(13,772)
Executive	627,165	637,121	632,252	-	632,252	4,869
Financial Administration	498,169	515,169	479,359	17,000	496,359	18,810
Purchasing	168,604	192,604	191,008	-	191,008	1,596
Social Services	54,000	54,000	54,000	-	54,000	-
Information Technology	784,158	884,158	797,758	10,209	807,967	76,191
Economic Development	149,151	149,151	54,621	(5,000)	49,621	99,530
Human Resources	278,924	298,923	277,804	-	277,804	21,119
Warehouse	173,189	173,189	145,905	-	145,905	27,284
Fleet Maintenance	319,303	319,303	324,753	175	324,928	(5,625)
Building Maintenance	924,430	992,167	877,844	28,543	906,387	85,780
Granbury Broadcasting Services	93,856	170,605	168,230	-	168,230	2,375
Other governmental functions	1,002,965	1,081,730	957,071	6,471	963,542	118,188
Public Safety:						
Police	3,723,490	3,845,069	3,647,756	30,177	3,677,933	167,136
Fire	604,710	604,710	853,293	(416,040)	437,253	167,457
Municipal Court	185,963	188,992	184,746	-	184,746	4,246
Streets	2,537,009	2,269,234	2,447,429	8,500	2,455,929	(186,695)
Building & Permits	599,828	614,029	548,658	-	548,658	65,371
Community Development	487,483	523,982	541,549	(63,390)	478,159	45,823
Clean Air Coalition	169,406	248,406	188,578	-	188,578	59,828
Cemetery	58,330	71,205	43,078	22,875	65,953	5,252
Parks	1,905,786	1,881,849	1,744,042	(1,300)	1,742,742	139,107
Total expenditures	<u>15,677,996</u>	<u>16,135,974</u>	<u>15,553,080</u>	<u>(334,012)</u>	<u>15,219,068</u>	<u>916,906</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(647,484)</u>	<u>(732,665)</u>	<u>148,973</u>	<u>334,012</u>	<u>482,985</u>	<u>1,215,650</u>
Other financing sources (uses):						
Transfers in	46,699	1,291,091	1,271,972	-	1,271,972	(19,119)
Transfers out	(449,147)	(429,147)	(766,885)	-	(766,885)	(337,738)
Proceeds from sale of general capital assets	-	-	128,850	-	128,850	128,850
Insurance recoveries	39,853	33,635	34,083	-	34,083	448
Issuance of capital lease	-	-	347,802	(347,802)	-	-
Total other financing sources (uses)	<u>(362,595)</u>	<u>895,579</u>	<u>1,015,822</u>	<u>(347,802)</u>	<u>668,020</u>	<u>(227,559)</u>
Net change in fund balance	(1,010,079)	162,914	1,164,795	(13,790)	1,151,005	988,091
Fund Balance, October 1, 2016	<u>6,043,439</u>	<u>6,043,439</u>	<u>6,043,439</u>	<u>-</u>	<u>6,043,439</u>	<u>-</u>
Fund Balance, September 30, 2017	<u>\$ 5,033,360</u>	<u>\$ 6,206,353</u>	<u>\$ 7,208,234</u>	<u>\$ (13,790)</u>	<u>\$ 7,194,444</u>	<u>\$ 988,091</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	2016
Total Pension Liability			
Service Cost	\$ 1,146,288	\$ 1,267,619	\$ 1,339,522
Interest (on the Total Pension Liability)	2,247,052	2,373,921	2,440,411
Changes of benefit terms (TMRS Plan Participation)	-	-	-
Difference between expected and actual experience	(235,764)	(65,276)	(7,656)
Change of assumptions	-	11,679	-
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)	(1,422,391)
Net Change in Total Pension Liability	1,689,194	2,244,687	2,349,886
Total Pension Liability - Beginning	32,261,788	33,950,982	36,195,669
Total Pension Liability - Ending	<u>\$ 33,950,982</u>	<u>\$ 36,195,669</u>	<u>\$ 38,545,555</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,210,021	\$ 1,211,241	\$ 1,192,079
Contributions - Employee	529,121	543,376	548,984
Net Investment Income	1,489,869	41,001	1,906,944
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)	(1,422,391)
Administrative Expense	(15,553)	(24,971)	(21,531)
Other	(1,279)	(1,233)	(1,160)
Net Change in Plan Fiduciary Net Position	1,743,797	426,158	2,202,925
Plan Fiduciary Net Position - Beginning	26,039,928	27,783,725	28,209,883
Plan Fiduciary Net Position - Ending	<u>\$ 27,783,725</u>	<u>\$ 28,209,883</u>	<u>\$ 30,412,808</u>
Net Pension Liability Ending	<u>\$ 6,167,257</u>	<u>\$ 7,985,786</u>	<u>\$ 8,132,747</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.83%	77.94%	78.90%
Covered Employee Payroll	\$ 7,537,242	\$ 7,762,515	\$ 7,842,632
Net Pension Liability as a Percentage of Covered Employee Payroll	81.82%	102.88%	103.70%

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

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

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 1,205,557	\$ 1,207,638	\$ 1,239,090	\$ 1,232,864
Contributions in relation to the actuarially determined contribution	<u>\$ 1,205,557</u>	<u>\$ 1,207,638</u>	<u>\$ 1,239,090</u>	<u>\$ 1,232,864</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 7,503,874	\$ 7,682,345	\$ 8,099,664	\$ 7,824,858
Contributions as a percentage of covered employee payroll	16.07%	15.72%	15.30%	15.76%

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)

	2014	2015	2016
Proportion of the Net Pension Liability (Asset)	0.01120	0.01138	0.01183
Proportionate Share of Net Pension Liability (Asset)	\$ 203,522	\$ 303,761	\$ 344,585
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the City	103,860	161,172	182,011
Total	<u>\$ 307,382</u>	<u>\$ 464,933</u>	<u>\$ 526,596</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.46%	76.89%	76.34%

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>	<u>2017</u>
Contractually Required Contribution	\$ 50,715	\$ 53,760	\$ 54,180	\$ 63,280
Contributions in relation to the contractually required contribution	<u>\$ 50,715</u>	<u>\$ 53,760</u>	<u>\$ 54,180</u>	<u>\$ 63,280</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

City of Granbury, Texas
Notes to Required Supplementary Information
September 30, 2017

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 \$916,906 less than budgeted. However, within the general fund, legal, fleet maintenance, and streets expenditures exceed appropriations by \$13,772, \$5,625, and \$186,695, 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	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor

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, 2017

	Special Revenue			Total Nonmajor Funds
	Tourism	Granbury Historic Properties	Total Special Revenue Funds	
Assets:				
Cash	\$ 7,101	\$ 115,579	\$ 122,680	\$ 122,680
Receivables (Net of allowances for uncollectibles)				
Miscellaneous receivables	99,873	-	99,873	99,873
Inventories	5,040	-	5,040	5,040
Total assets	\$ 112,014	\$ 115,579	\$ 227,593	\$ 227,593
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ 56,139	\$ -	\$ 56,139	\$ 56,139
Customer deposits payable	300	-	300	300
Unearned revenue	47,086	-	47,086	47,086
Due to other funds	22,411	-	22,411	22,411
Total liabilities	125,936	-	125,936	125,936
Fund Balance:				
Nonspendable Fund Balance	5,040	-	5,040	5,040
Committed Fund Balance	-	115,579	115,579	115,579
Unassigned Fund Balance	(18,962)	-	(18,962)	(18,962)
Total fund balances	(13,922)	115,579	101,657	101,657
Total liabilities, deferred inflows and fund balances	\$ 112,014	\$ 115,579	\$ 227,593	\$ 227,593

City of Granbury, Texas
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended September 30, 2017

	Special Revenue			Total Nonmajor Funds
	Tourism	Granbury Historic Properties	Total Special Revenue Funds	
Revenues:				
Hotel/Motel Occupancy Tax	\$ 737,375	\$ -	\$ 737,375	\$ 737,375
Charges for service	565,856	-	565,856	565,856
Interest	-	138	138	138
Other Revenue	50,458	1,699	52,157	52,157
Total revenue	1,353,689	1,837	1,355,526	1,355,526
Expenditures:				
Current:				
Tourism	805,867	1,889	807,756	807,756
Conference Center	732,905	-	732,905	732,905
Debt Service:				
Principal	-	25,074	25,074	25,074
Interest and fiscal charges	-	10,790	10,790	10,790
Total expenditures	1,538,772	37,753	1,576,525	1,576,525
Excess (deficiency) of revenues over (under) expenditures	(185,083)	(35,916)	(220,999)	(220,999)
Other financing sources (uses):				
Transfers in	269,147	40,000	309,147	309,147
Total other financing sources (uses):	269,147	40,000	309,147	309,147
Net change in fund balances	84,064	4,084	88,148	88,148
Fund Balance, October 1, 2016	(97,986)	111,495	13,509	13,509
Fund Balance, September 30, 2017	\$ (13,922)	\$ 115,579	\$ 101,657	\$ 101,657

INDIVIDUAL FUND SCHEDULES

City of Granbury, Texas
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the year ended September 30, 2017
 (With comparative totals for September 30, 2016)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts	Final Budget	Actual
			Budgetary	Positive	Budgetary
			Basis	(Negative)	Basis
REVENUES:					
Taxes:					
General property	\$ 2,563,898	\$ 2,563,898	\$ 2,550,951	\$ (12,947)	\$ 2,239,529
Sales and use	7,405,000	7,422,000	7,926,229	504,229	7,624,373
Franchise	1,688,887	1,660,113	1,675,475	15,362	1,605,855
Fines and fees	189,800	191,630	200,801	9,171	225,259
Licenses and permits	653,500	665,500	737,790	72,290	613,565
Charges for service	56,477	55,700	85,214	29,514	113,056
Intergovernmental revenue	1,915,099	2,018,415	1,891,996	(126,419)	582,339
Park and recreation	186,150	185,150	173,562	(11,588)	157,874
Interest income	18,000	18,000	59,809	41,809	18,151
Other revenue	353,701	622,903	400,226	(222,677)	294,898
Total revenues	<u>15,030,512</u>	<u>15,403,309</u>	<u>15,702,053</u>	<u>298,744</u>	<u>13,474,899</u>
EXPENDITURES:					
Current					
General government					
City Council	201,577	238,577	225,542	13,035	152,362
Legal	130,500	181,800	195,572	(13,772)	129,233
Executive	627,165	637,121	632,252	4,869	601,517
Financial Administration	498,169	515,169	496,359	18,810	458,873
Purchasing	168,604	192,604	191,008	1,596	165,775
Social Services	54,000	54,000	54,000	-	54,000
Information Technology	784,158	884,158	807,967	76,191	864,233
Economic Development	149,151	149,151	49,621	99,530	19,345
Human Resources	278,924	298,923	277,804	21,119	271,505
Warehouse	173,189	173,189	145,905	27,284	150,330
Fleet Maintenance	319,303	319,303	324,928	(5,625)	311,042
Building Maintenance	924,430	992,167	906,387	85,780	710,263
Granbury Broadcasting Services	93,856	170,605	168,230	2,375	138,186
Other governmental functions	1,002,965	1,081,730	963,542	118,188	851,382
Public Safety:					
Police	3,723,490	3,845,069	3,677,933	167,136	3,724,659
Fire	604,710	604,710	437,253	167,457	499,303
Municipal Court	185,963	188,992	184,746	4,246	219,929
Streets	2,537,009	2,269,234	2,455,929	(186,695)	528,257
Building & Permits	599,828	614,029	548,658	65,371	446,391
Community Development	487,483	523,982	478,159	45,823	516,269
Clean Air Coalition	169,406	248,406	188,578	59,828	258,115
Cemetery	58,330	71,205	65,953	5,252	50,816
Parks	1,905,786	1,881,849	1,742,742	139,107	1,703,989
Total expenditures	<u>15,677,996</u>	<u>16,135,974</u>	<u>15,219,068</u>	<u>916,906</u>	<u>12,825,774</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(647,484)</u>	<u>(732,665)</u>	<u>482,985</u>	<u>1,215,650</u>	<u>649,125</u>
Other financing sources (uses):					
Transfers in	46,699	1,291,091	1,271,972	(19,119)	1,201,810
Transfers out	(449,147)	(429,147)	(766,885)	(337,738)	(1,034,597)
Proceeds from sale of general capital assets	-	-	128,850	128,850	-
Insurance recoveries	39,853	33,635	34,083	448	38,692
Total other financing sources (uses)	<u>(362,595)</u>	<u>895,579</u>	<u>668,020</u>	<u>(227,559)</u>	<u>205,905</u>
Net change in fund balance	(1,010,079)	162,914	1,151,005	988,091	855,030
Fund Balance, October 1, 2016	<u>6,043,439</u>	<u>6,043,439</u>	<u>6,043,439</u>	<u>-</u>	<u>5,230,656</u>
Fund Balance, September 30, 2017	<u>\$ 5,033,360</u>	<u>\$ 6,206,353</u>	<u>\$ 7,194,444</u>	<u>\$ 988,091</u>	<u>\$ 6,085,686</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, 2017
(With comparative totals for September 30, 2016)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
Revenues:					
Hotel/Motel Occupancy Tax	\$ 630,000	695,120	\$ 737,375	\$ 42,255	\$ 696,893
Charges for Service	540,450	611,450	565,856	(45,594)	559,251
Other Revenue	27,500	54,000	50,458	(3,542)	35,953
Total revenues	1,197,950	1,360,570	1,353,689	(6,881)	1,292,097
Expenditures:					
Current:					
Tourism	717,560	781,220	805,867	(24,647)	775,357
Conference Center	769,537	868,497	732,905	135,592	835,599
Total expenditures	1,487,097	1,649,717	1,538,772	110,945	1,610,956
Excess (deficiency) of revenues over (under) expenditures	(289,147)	(289,147)	(185,083)	104,064	(318,859)
Other financing sources (uses):					
Transfers in	289,147	289,147	269,147	(20,000)	438,251
Total other financing sources (uses):	289,147	289,147	269,147	(20,000)	438,251
Net change in fund balance	-	-	84,064	84,064	119,392
Fund Balance, October 1, 2016	(97,986)	(97,986)	(97,986)	-	(217,378)
Fund Balance, September 30, 2017	\$ (97,986)	\$ (97,986)	\$ (13,922)	\$ 84,064	\$ (97,986)

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, 2017
 (With comparative totals for September 30, 2016)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Interest	\$ -	\$ -	\$ 138	\$ 138	\$ 86
Other revenue	-	-	1,699	1,699	5,500
Total revenues	-	-	1,837	1,837	5,586
Expenditures:					
Current:					
Tourism	-	-	1,889	(1,889)	5,509
Debt Service:					
Principal	25,074	25,074	25,074	-	24,573
Interest and fiscal charges	14,926	14,926	10,790	4,136	11,097
Total expenditures	40,000	40,000	37,753	2,247	41,179
Excess (deficiency) of revenues over (under) expenditures	(40,000)	(40,000)	(35,916)	4,084	(35,593)
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	-	-	4,084	4,084	4,407
Fund Balance, October 1, 2016	111,495	111,495	111,495	-	107,088
Fund Balance, September 30, 2017	\$ 111,495	\$ 111,495	\$ 115,579	\$ 4,084	\$ 111,495

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, 2017
(With comparative totals for September 30, 2016)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
Revenues:					
Property tax revenue	\$ 2,815,083	\$ 2,815,083	\$ 2,843,817	\$ 28,734	\$ 2,705,648
Interest income	-	-	11,622	11,622	12,878
Total revenues	2,815,083	2,815,083	2,855,439	40,356	2,718,526
Expenditures:					
Debt Service					
Principal	2,295,000	1,645,000	1,953,676	(308,676)	2,196,397
Interest and fiscal charges	1,583,921	1,170,083	1,196,212	(26,129)	702,349
Debt issuance costs	-	-	-	-	152,633
Total expenditures	3,878,921	2,815,083	3,149,888	(334,805)	3,051,379
Excess (deficiency) of revenues over (under) expenditures	(1,063,838)	-	(294,449)	(294,449)	(332,853)
Other financing sources (uses):					
Transfers in	1,063,838	-	337,738	337,738	331,968
Issuance of Debt	-	-	-	-	5,075,000
Payment to refunded bond escrow agent	-	-	-	-	(5,557,662)
Bond (Discount)/Premium	-	-	-	-	512,643
Total other financing sources (uses)	1,063,838	-	337,738	337,738	361,949
Net change in fund balance	-	-	43,289	43,289	29,096
Fund Balance, October 1, 2016	289,887	289,887	289,887	-	260,791
Fund Balance, September 30, 2017	\$ 289,887	\$ 289,887	\$ 333,176	\$ 43,289	\$ 289,887

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, 2017
 (With comparative totals for September 30, 2016)

	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	\$ 9,024,520	9,051,020	\$ 8,956,279	\$ (94,741)	\$ 8,268,410
Charges for Electricity Sales	11,058,000	11,176,825	11,138,774	(38,051)	10,638,496
Impact fees	450,000	454,546	361,856	(92,690)	201,705
Other Revenue	509,100	529,200	519,409	(9,791)	540,662
Total operating revenue	21,041,620	21,211,591	20,976,318	(235,273)	19,649,273
Operating expenses:					
Administration	774,871	899,029	712,955	186,074	767,379
Water treatment and distribution	3,297,403	3,702,100	3,120,773	581,327	3,236,653
Wastewater collection and treatment	2,202,947	1,878,057	1,641,815	236,242	1,636,862
Electricity	9,826,943	9,909,314	9,499,059	410,255	9,636,430
Meter Reading	272,476	272,476	254,738	17,738	257,075
Utility Franchise Fees	895,113	895,113	897,679	(2,566)	857,990
Total operating expenses	17,269,753	17,556,089	16,127,019	1,429,070	16,392,389
Operating income	3,771,867	3,655,502	4,849,299	1,193,797	3,256,884
Nonoperating revenues (expenses):					
Interest revenue	13,000	13,000	121,918	108,918	45,956
Intergovernmental	-	115,865	215,644	99,779	412,738
Gain (loss) on disposal of capital assets	-	500	10,287	9,787	124,952
Debt Service					
Principal	(1,411,542)	(1,411,542)	(1,626,542)	(215,000)	(1,365,141)
Interest expense	(918,375)	(918,375)	(900,810)	17,565	(640,696)
Total nonoperating revenues (expenses)	(2,316,917)	(2,200,552)	(2,179,503)	21,049	(1,422,191)
Income before contributions and transfers	1,454,950	1,454,950	2,669,796	1,214,846	1,834,693
Transfers (to) from other funds:					
Transfers out	(1,244,392)	(1,244,392)	(1,226,076)	18,316	(1,137,621)
Change in Net Position	210,558	210,558	1,443,720	1,233,162	697,072
Net Position, October 1, 2016	25,473,192	25,473,192	25,473,192	-	25,302,968
Net Position, September 30, 2017	\$ 25,683,750	\$ 25,683,750	\$ 26,916,912	\$ 1,233,162	\$ 26,000,040
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			1,626,542		1,365,141
Capitalized expenses			518,071		401,515
Noncash capital contributions			1,059,668		262,275
Loss on disposal of asset			-		(293,225)
Bond issuance costs			(330,073)		(84,570)
Depreciation expense			(2,157,562)		(2,177,983)
Net Position, September 30, 2017 (GAAP Basis)			\$ 27,633,558		\$ 25,473,193

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, 2017
 (With comparative totals for September 30, 2016)

	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	\$ 689,400	727,150	\$ 759,739	\$ 32,589	\$ 680,695
Other Revenue	25,000	25,000	24,033	(967)	25,447
Total operating revenue	714,400	752,150	783,772	31,622	706,142
Operating expenses:					
Airport	857,428	896,318	724,946	171,372	759,706
Total operating expenses	857,428	896,318	724,946	171,372	759,706
Operating income	(143,028)	(144,168)	58,826	202,994	(53,564)
Nonoperating revenues (expenses):					
Intergovernmental	200,000	200,000	49,914	(150,086)	49,186
Gain (loss) on disposal of capital assets	-	-	460	(460)	(1,730)
Debt Services:					
Principal	(107,212)	(107,212)	(107,212)	-	(115,632)
Interest expense	(23,061)	(21,921)	(22,202)	(281)	(14,400)
Total nonoperating revenues (expenses)	69,727	70,867	(79,040)	(150,827)	(82,576)
Income before contributions and transfers	(73,301)	(73,301)	(20,214)	52,167	(136,140)
Capital contributions and transfers:					
Capital grants and contributions	-	-	3,600,000	3,600,000	-
Transfers in	120,000	120,000	120,090	90	224,378
Transfers out	(46,699)	(46,699)	(45,896)	803	(64,189)
Change in Net Position	-	-	3,653,980	3,653,060	24,049
Net Position, October 1, 2016	11,180,972	11,180,972	11,180,972	-	5,206,458
Net Position, September 30, 2017	\$ 11,180,972	\$ 11,180,972	\$ 14,834,952	\$ 3,653,060	\$ 5,230,507
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			107,212		115,632
Capitalized expenses			85,025		-
Transfer of capital asset from governmental activities			685,009		5,294,802
Noncash capital contributions			-		694,003
Depreciation expense			(153,980)		(153,972)
Net Position, September 30, 2017 (GAAP Basis)			\$ 15,558,218		\$ 11,180,972

STATISTICAL SECTION
(Unaudited)

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 18,930,751	\$ 15,439,007	\$ 21,537,158	\$ 26,045,119
Restricted	741,433	518,032	683,036	682,251
Unrestricted	<u>3,782,128</u>	<u>2,916,432</u>	<u>2,151,316</u>	<u>4,551,589</u>
Total governmental activities net position	<u>\$ 23,454,312</u>	<u>\$ 18,873,471</u>	<u>\$ 24,371,510</u>	<u>\$ 31,278,959</u>
Business-type activities				
Net investment in capital assets	\$ 32,950,860	\$ 31,227,763	\$ 24,172,309	\$ 19,645,350
Restricted	1,916,636	2,152,889	2,302,058	2,135,756
Unrestricted	<u>8,324,280</u>	<u>3,273,513</u>	<u>4,035,059</u>	<u>5,133,124</u>
Total business-type activities net position	<u>\$ 43,191,776</u>	<u>\$ 36,654,165</u>	<u>\$ 30,509,426</u>	<u>\$ 26,914,230</u>
Primary government				
Net investment in capital assets	\$ 51,881,611	\$ 46,666,770	\$ 45,709,467	\$ 45,690,469
Restricted	2,658,069	2,670,921	2,985,094	2,818,007
Unrestricted	<u>12,106,408</u>	<u>6,189,945</u>	<u>6,186,375</u>	<u>9,684,713</u>
Total primary government net position	<u>\$ 66,646,088</u>	<u>\$ 55,527,636</u>	<u>\$ 54,880,936</u>	<u>\$ 58,193,189</u>

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 23,852,148	\$ 24,079,825	\$ 23,554,937	\$ 24,835,034	\$ 22,960,635	\$ 22,600,463
433,837	373,215	196,278	124,151	146,421	908,594
5,920,347	6,669,570	6,476,435	5,482,138	5,414,504	6,209,368
<u>\$ 30,206,332</u>	<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>
\$ 18,832,307	\$ 18,713,942	\$ 19,309,403	\$ 18,342,485	\$ 17,715,818	\$ 16,555,077
2,228,897	2,055,300	1,942,666	1,885,682	1,347,878	1,780,529
4,803,939	5,153,971	4,466,538	2,933,897	3,256,805	3,220,687
<u>\$ 25,865,143</u>	<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>
\$ 42,684,455	\$ 42,793,767	\$ 42,864,340	\$ 43,177,519	\$ 40,676,453	\$ 39,155,540
2,662,734	2,428,515	2,138,944	2,009,833	1,494,299	2,689,123
10,724,286	11,823,541	10,942,973	8,416,035	8,671,309	9,430,055
<u>\$ 56,071,475</u>	<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>

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

	2017	2016	2015	2014	2013
Expenses					
Governmental activities					
General government and administration	\$ 5,277,053	\$ 5,157,740	\$ 4,952,657	\$ 4,105,938	\$ 3,910,972
Community development & neighborhood services	570,259	576,517	436,091	431,114	638,669
Clean air coalition	191,163	107,164	147,426	-	-
Public safety	4,861,240	4,568,792	4,181,858	4,167,610	4,029,148
Highways and streets	2,071,754	1,974,197	1,991,264	2,123,431	2,003,812
Culture and recreation	2,111,405	2,134,237	2,048,587	2,274,039	2,000,810
Airport	-	-	-	-	-
Tourism	1,516,439	1,470,289	1,413,290	990,605	1,281,171
Conference Center	747,513	797,778	635,391	667,948	689,392
Interest on long-term debt	962,776	1,208,731	992,957	885,592	1,071,451
Total governmental activities expenses	18,309,602	17,995,445	16,799,521	15,646,277	15,625,425
Business-type activities					
Airport	816,103	928,078	1,011,149	1,121,761	1,029,054
Economic Development	-	-	-	86,000	86,000
Municipal utilities	18,997,394	19,187,348	18,705,520	18,828,482	17,920,361
Total business-type activities expenses	19,813,497	20,115,426	19,716,669	20,036,243	19,035,415
Total primary government expenses	\$ 38,123,099	\$ 38,110,871	\$ 36,516,190	\$ 35,682,520	\$ 34,660,840
Program Revenues					
Governmental activities					
Charges for services					
General government and administration	\$ 87,600	\$ 95,124	\$ 93,531	\$ 129,325	\$ 86,567
Community development & neighborhood services	725,408	636,114	659,348	552,552	587,879
Public safety	229,807	250,188	158,452	159,187	204,638
Culture and recreation	177,062	162,674	139,163	165,724	133,211
Airport	-	-	-	-	-
Tourism	129,803	119,338	134,441	131,428	60,550
Conference Center	486,511	475,866	373,481	296,814	368,850
Operating grants and contributions	349,489	414,078	476,781	772,777	197,729
Capital grants and contributions	3,719,258	173,761	503,633	821,184	12,916
Total governmental activities program revenues	5,904,938	2,327,143	2,538,830	3,028,991	1,652,340
Business-type activities					
Charges for services					
Water and Wastewater	\$ 9,549,632	\$ 8,760,445	\$ 8,390,222	\$ 8,179,989	\$ 7,245,760
Electric	11,426,686	11,012,050	11,329,466	11,371,262	11,368,958
Airport	783,772	706,142	779,968	854,860	801,785
Operating grants and contributions	265,558	390,151	12,250	-	-
Capital grants and contributions	4,659,668	334,048	732,847	806,241	525,911
Total business-type activities program revenues	26,685,316	21,202,836	21,244,753	21,212,352	19,942,414
Total primary government program revenues	\$ 32,590,254	\$ 23,529,979	\$ 23,783,583	\$ 24,241,343	\$ 21,594,754
Net (Expense) Revenue					
Governmental activities	\$ (12,404,664)	\$ (15,668,302)	\$ (14,260,691)	\$ (12,617,286)	\$ (13,973,085)
Business-type activities	6,871,819	1,087,410	1,528,084	1,176,109	906,999
Total primary government net expense	\$ (5,532,845)	\$ (14,580,892)	\$ (12,732,607)	\$ (11,441,177)	\$ (13,066,086)
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property	\$ 5,421,753	\$ 4,933,982	\$ 4,574,859	\$ 4,404,767	\$ 4,305,186
Sales	8,083,300	7,593,985	7,232,245	6,632,629	6,463,449
Other	2,442,810	2,287,719	2,295,658	2,160,645	2,046,009
Miscellaneous	457,809	318,904	359,722	317,355	435,688
Investment earnings	112,960	47,046	31,670	27,754	58,025
Transfers	466,873	(5,011,373)	(2,781,257)	146,763	275,804
Total governmental activities	16,985,505	10,170,263	11,712,897	13,689,913	13,584,161
Business-type activities					
Investment earnings	121,918	45,956	15,367	20,942	32,891
Miscellaneous	10,747	-	-	-	-
Extraordinary item	-	-	499,448	-	-
Transfers	(466,873)	5,011,373	2,781,257	(147,964)	(275,804)
Total business-type activities	(334,208)	5,057,329	3,296,072	(127,022)	(242,913)
Total primary government	\$ 16,651,297	\$ 15,227,592	\$ 15,008,969	\$ 13,562,891	\$ 13,341,248
Change in Net Position					
Governmental activities	\$ 4,580,841	\$ (5,498,039)	\$ (2,547,794)	\$ 1,072,627	\$ (388,924)
Business-type activities	6,537,611	6,144,739	4,824,156	1,049,087	664,086
Total primary government	\$ 11,118,452	\$ 646,700	\$ 2,276,362	\$ 2,121,714	\$ 275,162

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

2012	2011	2010	2009	2008
\$ 3,359,741	\$ 3,207,553	\$ 3,111,790	\$ 3,685,121	\$ 2,720,467
553,995	618,122	750,951	789,544	650,246
-	-	-	-	-
3,798,529	3,802,080	3,708,098	3,863,039	3,634,534
2,566,437	2,176,533	2,062,831	1,856,830	2,397,422
1,892,504	1,987,545	2,000,545	2,012,465	1,628,634
-	-	533,592	694,373	716,416
1,012,067	943,788	200,396	740,413	863,080
734,102	776,819	1,480,106	1,052,101	-
1,136,676	1,256,281	1,367,112	1,425,114	1,471,751
<u>15,054,051</u>	<u>14,768,721</u>	<u>15,215,421</u>	<u>16,119,000</u>	<u>14,082,550</u>
814,026	660,769	-	-	-
50,000	-	-	-	-
<u>17,307,598</u>	<u>17,421,382</u>	<u>17,286,113</u>	<u>16,155,179</u>	<u>16,382,222</u>
<u>18,171,624</u>	<u>18,082,151</u>	<u>17,286,113</u>	<u>16,155,179</u>	<u>16,382,222</u>
<u>\$ 33,225,675</u>	<u>\$ 32,850,872</u>	<u>\$ 32,501,534</u>	<u>\$ 32,274,179</u>	<u>\$ 30,464,772</u>
\$ 112,348	\$ 185,624	\$ 172,760	\$ 160,839	\$ 118,086
531,760	663,553	414,984	435,406	833,711
214,834	250,230	186,143	344,787	342,064
111,934	205,935	188,393	180,361	224,158
-	-	508,336	592,698	654,439
23,505	38,528	40,766	43,824	117,213
387,354	419,184	430,178	284,597	-
225,524	148,656	158,834	256,316	206,636
1,378,236	933,906	3,283,441	1,157,262	1,609,694
<u>2,985,495</u>	<u>2,845,616</u>	<u>5,383,835</u>	<u>3,456,090</u>	<u>4,106,001</u>
\$ 6,081,786	\$ 6,915,407	\$ 5,334,199	\$ 5,488,023	\$ 5,584,102
11,639,851	11,790,282	11,619,113	10,219,190	8,930,095
707,628	596,505	-	-	-
-	550	-	-	-
242,725	824,842	1,592,694	1,040,163	719,145
<u>18,671,990</u>	<u>20,127,586</u>	<u>18,546,006</u>	<u>16,747,376</u>	<u>15,233,342</u>
<u>\$ 21,657,485</u>	<u>\$ 22,973,202</u>	<u>\$ 23,929,841</u>	<u>\$ 20,203,466</u>	<u>\$ 19,339,343</u>
\$ (12,068,556)	\$ (11,923,105)	\$ (9,831,586)	\$ (12,662,910)	\$ (9,976,549)
500,366	2,045,435	1,259,893	592,197	(1,148,880)
<u>\$ (11,568,190)</u>	<u>\$ (9,877,670)</u>	<u>\$ (8,571,693)</u>	<u>\$ (12,070,713)</u>	<u>\$ (11,125,429)</u>
\$ 4,170,353	\$ 4,196,466	\$ 4,206,922	\$ 3,949,167	\$ 3,642,715
6,290,017	5,821,793	5,316,603	5,825,860	6,300,680
1,950,326	2,035,545	1,693,299	1,290,566	1,745,402
173,681	115,286	158,579	246,530	120,784
50,927	42,066	24,870	135,380	788,628
328,212	373,830	351,076	18,542	602,373
<u>12,963,516</u>	<u>12,584,986</u>	<u>11,751,349</u>	<u>11,466,045</u>	<u>13,200,582</u>
32,452	9,384	5,493	39,103	257,345
-	-	-	151,450	-
(328,212)	(373,830)	(423,823)	(18,542)	(602,373)
(295,760)	(364,446)	(418,330)	172,011	(345,028)
<u>\$ 12,667,756</u>	<u>\$ 12,220,540</u>	<u>\$ 11,333,019</u>	<u>\$ 11,638,056</u>	<u>\$ 12,855,554</u>
\$ 894,960	\$ 661,881	\$ 1,919,763	\$ (1,196,865)	\$ 3,224,033
204,606	1,680,989	841,563	764,208	(1,493,908)
<u>\$ 1,099,566</u>	<u>\$ 2,342,870</u>	<u>\$ 2,761,326</u>	<u>\$ (432,657)</u>	<u>\$ 1,730,125</u>

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

	2017	2016	2015	2014
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated	-	-	-	-
Unreserved, Undesignated	-	-	-	-
Nonspendable	159,055	511,494	619,482	947,407
Restricted	472,999	471,552	497,395	556,739
Committed	301,256	231,344	270,982	15,746
Assigned	51,026	43,938	44,238	55,131
Unassigned	6,223,898	4,785,111	3,798,559	2,860,905
Total general fund	\$ 7,208,234	\$ 6,043,439	\$ 5,230,656	\$ 4,435,928
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Nonspendable	5,040	5,800	-	-
Restricted	4,191,174	5,663,282	1,774,344	4,446,333
Committed	115,579	111,495	107,088	111,500
Unassigned	(18,962)	(103,786)	(217,378)	(447,076)
Total all other governmental funds	\$ 4,292,831	\$ 5,676,791	\$ 1,664,054	\$ 4,110,757

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)

2013	2012	2011	2010	2009	2008
\$ -	\$ -	\$ -	\$ 120,985	\$ 182,845	\$ 92,604
-	-	-	244,500	237,123	174,887
-	-	-	3,832,279	3,606,454	3,463,563
908,067	908,569	881,547	-	-	-
209,188	159,923	102,630	-	-	-
249,475	91,736	290,148	-	-	-
140,163	119,263	98,977	-	-	-
4,005,826	4,284,392	3,830,560	-	-	-
<u>\$ 5,512,719</u>	<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>
\$ -	\$ -	\$ -	\$ 8,904,460	\$ 10,795,494	\$ 15,523,780
-	-	-	(159,594)	(130,816)	1,023,434
-	-	-	-	-	-
-	-	-	-	-	-
5,272,778	7,674,816	8,020,303	-	-	-
214,379	190,057	264,462	-	-	-
(544,810)	(431,292)	(481,509)	-	-	-
<u>\$ 4,942,347</u>	<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>

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

	2017	2016	2015	2014
Revenues				
Taxes	\$ 15,733,847	\$ 14,872,298	\$ 13,994,697	\$ 13,146,849
Licenses, fees, permits	737,790	613,565	703,918	595,351
Fines and penalties	200,801	225,259	190,154	149,611
Charges for services	651,070	672,307	496,838	406,679
Intergovernmental	1,891,996	582,339	858,629	267,614
Investment earnings	112,960	47,046	31,670	27,732
Other revenues	625,945	494,225	541,213	1,127,908
Total revenues	<u>\$ 19,954,409</u>	<u>\$ 17,507,039</u>	<u>\$ 16,817,119</u>	<u>\$ 15,721,744</u>
Expenditures				
General government	\$ 5,353,951	\$ 4,905,160	\$ 4,745,797	\$ 3,840,821
Police	3,832,502	3,896,217	3,867,902	3,731,731
Fire	853,293	404,201	1,255,424	354,000
Streets	2,447,429	528,257	534,995	562,719
Building & permits	548,658	447,070	578,796	547,800
Parks and recreation	1,744,042	1,795,998	2,114,803	1,762,250
Tourism	807,756	780,866	797,357	2,507,455
Conference Center	732,905	835,599	644,068	682,689
Capital projects	871,689	861,287	1,107,772	811,717
Other	773,205	891,118	672,887	486,545
Debt service:				
Interest	1,207,002	713,451	712,289	912,346
Principal	1,978,750	2,220,965	2,350,470	2,030,855
Bond issuance costs	-	373,502	297,604	-
Total expenditures	<u>\$ 21,151,182</u>	<u>\$ 18,653,691</u>	<u>\$ 19,680,164</u>	<u>\$ 18,230,928</u>
Excess of revenues over (under) expenditures	<u>\$ (1,196,773)</u>	<u>\$ (1,146,652)</u>	<u>\$ (2,863,045)</u>	<u>\$ (2,509,184)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	\$ 347,802	\$ 10,250,850	\$ 3,919,383	\$ 452,839
Other resources	162,933	38,692	72,944	-
Transfers in	1,918,857	2,012,029	2,420,229	2,806,721
Transfers out	(1,451,984)	(6,329,399)	(5,201,486)	(2,658,757)
Total other financing sources (uses)	<u>\$ 977,608</u>	<u>\$ 5,972,172</u>	<u>\$ 1,211,070</u>	<u>\$ 600,803</u>
Net change in fund balances	<u>\$ (219,165)</u>	<u>\$ 4,825,520</u>	<u>\$ (1,651,975)</u>	<u>\$ (1,908,381)</u>
Debt service as a percentage of noncapital expenditures	18.7%	17.4%	18.6%	19.6%

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

2013	2012	2011	2010	2009	2008
\$ 12,792,390	\$ 12,380,367	\$ 11,999,657	\$ 11,276,922	\$ 11,052,963	\$ 11,739,003
561,786	521,189	586,854	413,456	422,064	812,582
184,388	201,206	225,678	204,284	301,707	295,328
464,000	471,172	574,503	988,147	950,949	746,650
197,729	204,720	148,656	408,834	129,878	367,407
58,025	50,927	42,066	24,870	135,380	788,628
666,348	382,653	480,697	527,445	832,402	853,062
<u>\$ 14,924,666</u>	<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>
\$ 3,636,842	\$ 3,339,088	\$ 2,959,350	\$ 2,963,528	\$ 2,956,474	\$ 3,178,311
3,847,599	3,364,569	3,158,866	3,123,521	3,651,120	2,918,879
384,889	332,775	268,848	243,174	356,732	321,180
421,448	587,464	425,147	431,840	575,096	1,001,539
408,090	381,797	257,252	350,734	363,188	526,815
1,479,716	1,337,862	1,561,616	1,430,571	1,699,408	2,873,611
953,968	899,502	610,847	157,248	709,506	1,853,946
677,325	620,234	695,673	1,125,080	844,259	-
2,410,505	458,364	889,421	1,949,390	4,116,108	5,891,032
740,144	607,289	645,256	1,210,061	1,405,567	1,446,563
1,011,534	1,092,050	1,213,773	1,313,553	1,371,194	1,348,889
1,985,029	1,621,880	1,739,187	1,644,804	1,620,116	1,574,803
119,333	-	156,173	-	-	361,207
<u>\$ 18,076,422</u>	<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>\$ (3,151,756)</u>	<u>\$ (430,640)</u>	<u>\$ (523,298)</u>	<u>\$ (2,099,546)</u>	<u>\$ (5,843,425)</u>	<u>\$ (7,694,115)</u>
\$ 214,208	\$ 92,774	\$ 247,504	\$ -	\$ 237,715	\$ 17,320,000
119,346	-	-	-	-	(2,433,432)
1,183,018	1,093,266	812,863	1,043,059	2,536,066	2,212,527
(907,214)	(765,054)	(439,033)	(691,983)	(2,517,524)	(1,610,154)
<u>\$ 609,358</u>	<u>\$ 420,986</u>	<u>\$ 621,334</u>	<u>\$ 351,076</u>	<u>\$ 256,257</u>	<u>\$ 15,488,941</u>
<u>\$ (2,542,398)</u>	<u>\$ (9,654)</u>	<u>\$ 98,036</u>	<u>\$ (1,748,470)</u>	<u>\$ (5,587,168)</u>	<u>\$ 7,794,826</u>
20.4%	20.6%	22.1%	21.9%	27.1%	16.8%

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

Revenue Source	2017	2016	2015	2014	2013
Principal General Government Revenue Sources					
Sales and Use Tax	\$ 7,926,229	\$ 7,624,373	\$ 7,151,484	\$ 6,599,573	\$ 6,440,471
Ad Valorem Tax	5,394,768	4,945,177	4,577,167	4,415,081	4,305,910
Franchise Taxes	777,796	747,865	790,557	731,411	692,784
Utility Fund Franchise Tax	897,679	857,990	849,286	843,618	812,300
Hotel Occupancy Tax	737,375	696,893	626,203	557,166	540,925
All Other Sources	4,220,562	2,634,741	2,822,422	2,574,895	2,232,276
Total General Government Revenue	<u>\$ 19,954,409</u>	<u>\$ 17,507,039</u>	<u>\$ 16,817,119</u>	<u>\$ 15,721,744</u>	<u>\$ 15,024,666</u>

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	\$ 11,138,774	\$ 10,638,496	\$ 10,993,672	\$ 11,056,172	\$ 11,145,165
Water Sales	6,180,897	5,756,374	5,472,711	5,314,357	4,778,739
Wastewater Revenue	2,775,382	2,512,036	2,440,580	2,394,387	2,048,432
All Other	1,665,037	1,448,509	1,583,938	1,641,195	1,444,167
Total Utility Fund Revenue	<u>\$ 21,760,090</u>	<u>\$ 20,355,415</u>	<u>\$ 20,490,901</u>	<u>\$ 20,406,111</u>	<u>\$ 19,416,503</u>

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

<hr/> <hr/>						
	Fiscal Year					Change:
2012	2011	2010	2009	2008	2008-2017	
<hr/>						
\$ 6,282,851	\$ 5,810,019	\$ 5,314,801	\$ 5,903,965	\$ 6,299,449	25.8%	
4,147,190	4,204,828	4,198,621	3,932,562	3,679,002	46.6%	
747,381	738,682	645,413	705,342	621,152	25.2%	
686,206	724,326	647,648	-	549,329	63.4%	
516,739	521,802	470,439	511,094	590,071	25.0%	
1,831,867	2,058,454	2,567,036	2,772,380	3,863,657	9.2%	
<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>27.9%</u>	
\$ 11,394,217	\$ 11,524,273	\$ 11,367,715	\$ 10,021,246	\$ 8,720,371	27.7%	
3,999,322	4,810,721	3,448,982	3,589,752	3,590,578	72.1%	
1,774,092	1,719,432	1,645,412	1,666,807	1,579,610	75.7%	
1,261,634	1,248,318	496,696	619,961	880,983	89.0%	
<u>\$ 18,429,265</u>	<u>\$ 19,302,744</u>	<u>\$ 16,958,805</u>	<u>\$ 15,897,766</u>	<u>\$ 14,771,542</u>	<u>47.3%</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>
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
2016	2016-2017	\$ 1,351,002,968	\$ 22,416,360	\$ 1,373,419,328	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		
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	0.391697	1.26500
2015	2015-2016	0.1802	0.2174	0.39758	0.430882	1.26500
2016	2016-2017	0.1880	0.2096	0.39758	0.422230	1.25000

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
2007	2007-2008	\$ 3,582,159	\$ (3,167)	\$ 3,578,992	\$ 3,526,332	98.5286%
2008	2008-2009	\$ 3,908,078	\$ (13,865)	\$ 3,894,213	\$ 3,861,944	99.1714%
2009	2009-2010	\$ 4,199,011	\$ (34,922)	\$ 4,164,089	\$ 4,118,410	98.9030%
2010	2010-2011	\$ 4,168,290	\$ (8,221)	\$ 4,160,069	\$ 4,121,545	99.0740%
2011	2011-2012	\$ 4,141,351	\$ (11,122)	\$ 4,130,229	\$ 4,067,391	98.4786%
2012	2012-2013	\$ 4,294,424	\$ (41,728)	\$ 4,252,696	\$ 4,194,524	98.6321%
2013	2013-2014	\$ 4,361,775	\$ (12,861)	\$ 4,348,914	\$ 4,315,859	99.2399%
2014	2014-2015	\$ 4,518,300	\$ (11,770)	\$ 4,506,530	\$ 4,480,950	99.4324%
2015	2015-2016	\$ 4,906,608	\$ (9,197)	\$ 4,897,411	\$ 4,870,281	99.4460%
2016	2016-2017	\$ 5,417,381	\$ (16,265)	\$ 5,401,116	\$ 5,345,137	98.9636%

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		
\$ 48,876	\$ 3,575,208	99.8942%	\$ 3,785	0.1058%
\$ 28,044	\$ 3,889,988	99.8915%	\$ 4,224	0.1085%
\$ 40,524	\$ 4,158,934	99.8762%	\$ 5,155	0.1238%
\$ 33,332	\$ 4,154,877	99.8752%	\$ 5,192	0.1248%
\$ 56,919	\$ 4,124,310	99.8567%	\$ 5,919	0.1433%
\$ 50,752	\$ 4,245,276	99.8255%	\$ 7,420	0.1745%
\$ 23,717	\$ 4,339,576	99.7853%	\$ 9,338	0.2147%
\$ 15,924	\$ 4,496,874	99.7857%	\$ 9,656	0.2143%
\$ 14,288	\$ 4,884,570	99.7378%	\$ 12,842	0.2622%
\$ -	\$ 5,345,137	98.9636%	\$ 55,980	1.0364%

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

<u>Fiscal Year Ending</u> <u>Tax Year</u>	<u>9/30/2017</u> <u>2016</u>	<u>9/30/2016</u> <u>2015</u>	<u>9/30/2015</u> <u>2014</u>	<u>9/30/2014</u> <u>2013</u>
<i>Property use category</i>				
Real, Residential, Single family	\$ 564,533,270	\$ 527,546,060	\$ 501,976,240	\$ 477,935,220
Real, Residential, Multi-family	\$ 51,110,960	\$ 47,024,980	\$ 44,482,770	\$ 41,923,330
Real, Vacant Lots/Tracts	\$ 68,636,150	\$ 60,718,140	\$ 58,541,910	\$ 50,644,930
Real, Qualified Open-space Land	\$ 47,088,100	\$ 44,881,390	\$ 46,750,000	\$ 47,921,880
Real, Rural Land	\$ 7,249,500	\$ 7,584,980	\$ 7,213,810	\$ 17,152,810
Real, Commercial	\$ 507,984,820	\$ 434,696,240	\$ 392,331,310	\$ 396,789,380
Real, Industrial	\$ 2,622,570	\$ 2,147,740	\$ 2,116,560	\$ 2,462,190
Tangible Personal Property	\$ 3,474,740	\$ 1,004,350	\$ 965,040	\$ 10,219,060
Real/Tangible Personal, Utilities	\$ 19,935,130	\$ 17,323,730	\$ 12,524,180	\$ 11,821,370
Tangible Personal, Commercial	\$ 121,399,950	\$ 115,944,620	\$ 102,257,650	\$ 91,154,860
Tangible Personal, Industrial	\$ 22,037,920	\$ 15,707,560	\$ 9,050,770	\$ 773,190
Tangible Personal, Mobile Homes	\$ 378,440	\$ 370,420	\$ 345,590	\$ 356,980
Real Property, Inventory	\$ 8,939,530	\$ 9,021,500	\$ 9,036,230	\$ 8,522,040
Special Inventory	\$ 20,134,780	\$ 19,063,260	\$ 18,107,580	\$ 17,292,880
Real Minerals/Oil & Gas	\$ 4,337,100	\$ 11,736,060	\$ 12,353,800	\$ 12,538,690
Mixed PTD	\$ (4,980)	\$ (88,546)	\$ (6,070)	\$ (6,730)
Total Appraised Value	\$ 1,449,857,980	\$ 1,314,682,484	\$ 1,218,047,370	\$ 1,187,502,080
Less: Exemptions or Deductions:				
Optional > 65 Res. Homestead	\$ 19,261,650	\$ 17,924,460	\$ 16,231,640	\$ 14,880,720
Disabled or Deceased Veterans	\$ 5,207,004	\$ 5,321,866	\$ 4,593,900	\$ 4,479,249
Agriculture & Unheard Protests	\$ 46,764,630	\$ 44,541,430	\$ 46,408,000	\$ 47,574,150
Residential, Capped Value Loss	\$ 2,353,530	\$ 753,550	\$ 1,076,290	\$ 1,502,480
Other	\$ 2,851,838	\$ 3,710,212	\$ 5,396,259	\$ 5,599,164
Total Exemptions	\$ 76,438,652	\$ 72,251,518	\$ 73,706,089	\$ 74,035,763
Net Assessed Valuation	\$ 1,373,419,328	\$ 1,242,430,966	\$ 1,144,341,281	\$ 1,113,466,317
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>9/30/2013</u> 2012	<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
\$ 464,702,920	\$ 446,958,430	\$ 448,837,500	\$ 448,927,360	\$ 386,898,940	\$ 342,834,240
\$ 39,576,630	\$ 39,046,300	\$ 39,659,200	\$ 34,153,200	\$ 34,299,070	\$ 34,652,200
\$ 42,005,010	\$ 43,122,120	\$ 37,047,630	\$ 39,898,620	\$ 36,594,990	\$ 34,359,450
\$ 67,637,360	\$ 64,708,830	\$ 68,820,080	\$ 66,823,820	\$ 69,059,580	\$ 54,352,620
\$ 5,422,210	\$ 8,006,060	\$ 9,466,970	\$ 10,339,670	\$ 12,282,520	\$ 9,892,190
\$ 380,787,530	\$ 357,495,960	\$ 382,230,510	\$ 368,468,070	\$ 335,115,180	\$ 317,791,290
\$ 2,194,980	\$ 2,216,760	\$ 2,677,270	\$ 2,716,820	\$ 2,659,140	\$ 2,666,370
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 10,552,930	\$ 10,506,340	\$ 10,595,480	\$ 10,024,860	\$ 9,816,040	\$ 9,789,270
\$ 100,114,430	\$ 91,924,550	\$ 84,237,070	\$ 104,027,420	\$ 97,375,970	\$ 94,635,880
\$ 7,006,700	\$ 4,679,350	\$ 4,078,990	\$ 5,120,590	\$ 5,595,380	\$ 4,873,400
\$ 329,630	\$ 367,960	\$ 447,540	\$ 508,250	\$ 498,760	\$ 1,385,200
\$ 14,195,140	\$ 18,153,540	\$ 15,108,480	\$ 19,470,310	\$ 14,469,270	\$ 7,272,300
\$ 14,375,950	\$ 13,204,650	\$ 9,700,620	\$ 12,958,760	\$ 11,833,160	\$ 12,202,580
\$ 14,141,160	\$ 10,769,990	\$ 10,105,180	\$ 12,328,890	\$ 4,279,210	\$ 7,352,950
\$ (190,886)	\$ (44,472)	\$ (10,800)	\$ (10,090)	\$ -	\$ -
<u>\$ 1,162,851,694</u>	<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>
\$ 13,909,120	\$ 13,421,820	\$ 13,051,760	\$ 12,975,610	\$ 12,366,100	\$ 11,874,130
\$ 3,917,120	\$ 3,800,520	\$ 2,963,560	\$ 2,517,800	\$ 611,130	\$ 656,300
\$ 48,722,370	\$ 43,821,370	\$ 44,396,600	\$ 42,124,640	\$ 41,314,830	\$ 36,083,100
\$ 2,895,780	\$ 4,606,300	\$ 6,934,390	\$ 16,631,700	\$ 8,771,870	\$ 10,460,130
\$ 6,369,045	\$ 4,931,379	\$ 4,602,370	\$ 4,900,666	\$ 3,373,220	\$ 2,447,086
<u>\$ 75,813,435</u>	<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>\$ 1,087,038,259</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>
100%	100%	100%	100%	100%	100%

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

Taxpayer	Tax Year 2016			Tax Year 2006		
	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation
Health Care Reit, Inc	1	\$ 22,846,710	1.66%			
Kroger Texas LP	2	\$ 20,090,130	1.46%			
Hood General Hospital	3	\$ 13,394,960	0.98%	6	\$ 7,349,730	1.04%
Pioneer Natural Resource	4	\$ 12,096,400	0.88%			
NEC US377 & Meander Rd LP	5	\$ 12,043,030	0.88%			
ARI	6	\$ 10,056,730	0.73%			
Pacific Lake Granbury LP	7	\$ 10,014,000	0.73%			
HCRI Texas Properties	8	\$ 10,000,000	0.73%			
HEB Grocery Company LP	9	\$ 9,056,710	0.66%			
Wal-Mart Real Estate Business	10	\$ 8,966,490	0.65%	3	\$ 8,606,910	1.22%
Jemsite Development, LLC				1	\$10,387,690	1.47%
Tapestry Group Granbury LLC				2	\$ 9,804,320	1.39%
Wal-Mart Properties				4	\$ 8,225,290	1.17%
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>\$ 128,565,160</u>	9.36%		<u>\$ 76,377,480</u>	10.84%

Source: Hood County Appraisal District

CITY OF GRANBURY
Sales Tax Revenue by Business Type
(Unaudited)
September 30, 2017

Fiscal Year	2017	2016	2015	2014
<i>Sales Tax Category</i>				
Retail:				
Motor Vehicle & Parts	\$ 370,879	\$ 313,972	\$ 357,382	\$ 280,756
Furniture & Home Furnishings	\$ 169,716	\$ 172,403	\$ 165,189	\$ 182,908
Electronics & Appliance	\$ 108,577	\$ 50,686	\$ 53,284	\$ 93,884
Building Materials	\$ 1,371,254	\$ 1,132,022	\$ 1,038,175	\$ 955,273
Apparel Stores	\$ 220,794	\$ 231,035	\$ 191,794	\$ 136,370
General Merchandise	\$ 1,191,687	\$ 1,184,226	\$ 1,164,962	\$ 1,010,511
All Other Retail	\$ 1,438,418	\$ 1,020,292	\$ 924,567	\$ 1,083,006
Total Retail	\$ 4,871,323	\$ 4,104,636	\$ 3,895,353	\$ 3,742,708
Agriculture/Manufacturing/Mining	\$ 354,932	\$ 352,589	\$ 291,357	\$ 413,761
Services	\$ 1,276,362	\$ 1,210,484	\$ 713,673	\$ 788,306
Wholesalers	\$ 340,329	\$ 565,717	\$ 557,188	\$ 438,871
Food & Accommodation	\$ 1,051,885	\$ 947,192	\$ 888,846	\$ 829,682
All Other	\$ 31,399	\$ 443,754	\$ 805,067	\$ 386,245
Total Sales Tax Received	\$ 7,926,229	\$ 7,624,373	\$ 7,151,484	\$ 6,599,573
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: ZacTax Sales Tax Analysis and Reporting Service

CITY OF GRANBURY
Sales Tax Revenue by Business Type
(Unaudited)
September 30, 2017

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 243,210	\$ 252,640	\$ 235,380	\$ 219,686	\$ 219,665	\$ 222,984
\$ 162,761	\$ 171,575	\$ 156,146	\$ 149,699	\$ 160,216	\$ 187,161
\$ 80,488	\$ 90,322	\$ 81,059	\$ 67,424	\$ 83,870	\$ 109,356
\$ 990,088	\$ 878,580	\$ 833,216	\$ 789,676	\$ 796,461	\$ 813,732
\$ 122,338	\$ 114,634	\$ 101,695	\$ 86,380	\$ 81,467	\$ 100,730
\$ 1,011,228	\$ 992,909	\$ 1,012,588	\$ 1,041,561	\$ 1,087,611	\$ 1,133,204
\$ 1,153,924	\$ 1,290,870	\$ 831,478	\$ 779,754	\$ 884,127	\$ 819,297
<u>\$ 3,764,038</u>	<u>\$ 3,791,531</u>	<u>\$ 3,251,562</u>	<u>\$ 3,134,180</u>	<u>\$ 3,313,416</u>	<u>\$ 3,386,464</u>
\$ 385,708	\$ 390,398	\$ 481,475	\$ 270,795	\$ 367,376	\$ 710,656
\$ 697,989	\$ 660,682	\$ 557,085	\$ 490,330	\$ 542,473	\$ 616,777
\$ 320,307	\$ 267,459	\$ 247,725	\$ 224,838	\$ 251,758	\$ 275,664
\$ 783,573	\$ 739,506	\$ 662,558	\$ 591,855	\$ 625,840	\$ 650,970
\$ 511,835	\$ 440,440	\$ 609,614	\$ 602,803	\$ 803,102	\$ 658,918
<u>\$ 6,463,449</u>	<u>\$ 6,290,017</u>	<u>\$ 5,810,019</u>	<u>\$ 5,314,801</u>	<u>\$ 5,903,965</u>	<u>\$ 6,299,449</u>
1.50%	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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residential	\$ 3,580,932	\$ 3,420,101	\$ 3,505,676	\$ 3,510,579	\$ 3,395,007
Commercial	\$ 6,959,122	\$ 6,646,565	\$ 6,632,906	\$ 6,746,776	\$ 7,131,527
Other	\$ 598,720	\$ 571,830	\$ 851,383	\$ 864,285	\$ 538,887
Total	<u>\$ 11,138,774</u>	<u>\$ 10,638,496</u>	<u>\$ 10,989,965</u>	<u>\$ 11,121,641</u>	<u>\$ 11,065,421</u>

WATER SALES

Type of Customer	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residential	\$ 2,747,226	\$ 2,558,538	\$ 2,614,942	\$ 2,547,695	\$ 2,331,133
Commercial	\$ 3,280,440	\$ 3,055,130	\$ 2,889,001	\$ 2,661,313	\$ 2,438,937
Other	\$ 153,230	\$ 142,706	\$ 34,250	\$ 120,286	\$ 90,312
Total	<u>\$ 6,180,897</u>	<u>\$ 5,756,374</u>	<u>\$ 5,538,193</u>	<u>\$ 5,329,295</u>	<u>\$ 4,860,382</u>

NOTE: This data is taken from billing registers and does not include billing adjustments. However we believe it fairly represents the trend of growth and proportion of revenue from customer types. Starting in 2016- totals

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

ELECTRICITY SALES

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 3,594,577	\$ 3,830,305	\$ 3,662,399	\$ 3,303,224	\$ 3,009,301
\$ 7,383,818	\$ 7,305,734	\$ 7,063,527	\$ 6,323,593	\$ 5,647,582
\$ 464,866	\$ 458,904	\$ 468,572	\$ 474,674	\$ 329,635
<u>\$ 11,443,261</u>	<u>\$ 11,594,943</u>	<u>\$ 11,194,499</u>	<u>\$ 10,101,491</u>	<u>\$ 8,986,519</u>

WATER SALES

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 2,185,014	\$ 2,281,391	\$ 1,802,050	\$ 2,051,180	\$ 2,160,225
\$ 1,850,843	\$ 1,884,012	\$ 1,440,659	\$ 1,667,731	\$ 1,674,588
\$ 86,303	\$ 42,497	\$ 40,958	\$ 57,360	\$ 36,643
<u>\$ 4,122,160</u>	<u>\$ 4,207,899</u>	<u>\$ 3,283,666</u>	<u>\$ 3,776,271</u>	<u>\$ 3,871,456</u>

CITY OF GRANBURY
Top Ten Utility Rate Payers
by Rate Type
Compared to Ten Years Ago
(Unaudited)
September 30, 2017

Ten Largest Electric Customers

Customers	Annual Kwh Consumed (000)			
	2017		2012	
	Rank	Consumption	Rank	Consumption
City of Granbury	1	6,351	3	3,954
GISD	2	6,309	1	6,119
Lake Granbury Medical Center	3	5,518	2	4,639
Brookshire Grocery Co.	4	2,746	5	2,934
Lowe's Home Center	5	2,658	4	3,083
Hood County	6	1,897	6	2,362
Waterview Point Retirement	7	1,918	7	1,614
Waterview Cove	8	1,307	8	1,264
AT&T	9	1,184	9	1,152
Hilton Garden Inn	10	1,051		
Creative Solutions			10	1,068

Ten Largest Water Customers

Customers	Annual Gallons Consumed (in hundreds of gallons)			
	2017		2012	
	Rank	Consumption	Rank	Consumption
City of Granbury	1	143,580	1	64,669
Jerry Durant Toyota	2	80,648	7	31,907
Hood County	3	80,089	2	47,139
Pacific Lake Granbury, LP	4	74,240		
Creative Solutions	5	66,740	5	33,206
Waterview Point Retirement	6	53,777		
Lake Granbury Medical Investor	7	49,036	3	42,446
GISD	8	47,665		
Wash My Ride	9	42,749		
Hilton Garden Inn	10	38,908		
Bella Firma Dev			4	36,158
Granbury Heights Apartments			6	32,091
Mike Brown Dodge			8	30,390
Courtyard			9	24,999
Mike Brown Ford			10	24,721

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2017
 (Unaudited)

Electric Rate Structure

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	0.0459	0.0459
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	0.0459	0.0459
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

Residential Rate Structure		
<i>Water</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum Charge	16.81	25.85
Rate per 1,000 gallons:		
0-2,000 gallons	5.25	7.57
2,000- 10,000 gallons	7.09	10.23
10,001-20,000 gallons	8.14	10.24
over 20,000 gallons	8.40	10.51
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	18.91	26.27
1" Meters	38.87	54.63
2" Meters	182.80	256.35
3" and 4" Meters	358.44	512.69
Rate per 1,000 gallons:		
0-2,000 gallons	5.25	7.57
2,000- 10,000 gallons	7.09	10.23
10,001-20,000 gallons	8.14	10.24
over 20,000 gallons	8.40	10.51

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2017
 (Unaudited)

Sewer Rate Structure

Residential Rate Structure

<i>Sewer</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum Charge	25.09	35.55
Rate per 1,000 gallons	3.66	5.49

Commercial/ Multi Unit Rate Structure

<i>Sewer</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum- Small Commercial	38.16	46.52
Minimum- Large Commercial	38.16	46.52
Minimum- Multi Unit	6.80	10.46
Rate per 1,000 gallons	3.66	5.49

Garbage Rate Structure

<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
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
2017	\$ 1,373,419,328	\$ 20,919,169	\$ 333,176	\$ 20,585,993

Year Ended September 30	Ratio Net General Bonded Debt to Assessed Value	Estimated Population	Net General Bonded Debt Per Capita
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
2017	1.50%	9,310	\$ 2,211

Gross bonded debt includes general obligation bonds for both governmental activities and business-type activities.

CITY OF GRANBURY
Government-wide Outstanding Debt
Last Ten Years
September 30, 2017

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
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	\$ 15,542,500	\$ 6,380,000	\$ 1,472,079	\$ 11,302,268	\$ 3,936,536	\$ 16,430,000
2016	\$ 19,410,667	\$ 12,289,507	\$ 1,482,502	\$ 10,467,295	\$ 3,554,724	\$ 19,150,000
2017	\$ 17,829,150	\$ 12,054,811	\$ 1,496,555	\$ 9,604,321	\$ 3,090,019	\$ 33,935,000

CITY OF GRANBURY
 Government-wide Outstanding Debt
 Last Ten Years
 September 30, 2017

<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>
\$ 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%
\$ 789,666	\$ 78,799,522	9,310	\$ 8,464	\$ 31,508	26.86%

CITY OF GRANBURY
 Estimated Direct and Overlapping Ad Valorem Tax
 Supported Gross Debt Statement
 as of September 30, 2017
 (Unaudited)

Governmental Subdivision	Gross Debt	Estimated Percent Applicable (1)	Direct and Estimated Overlapping Bonded Debt
Direct:			
City of Granbury	\$ 31,380,516	100%	<u>\$ 31,380,516</u>
Total direct debt			<u>\$ 31,380,516</u>
Overlapping:			
Granbury Independent School District	\$ 111,536,625	27.14%	\$ 30,271,040
Hood County	\$ 18,185,000	24.23%	<u>\$ 4,406,226</u>
Total overlapping debt			<u>\$ 34,677,266</u>
Total Direct and Overlapping Consolidated Gross Debt Outstanding			<u>\$ 66,057,782</u>
Direct and Overlapping Gross Debt Per Capita			A. \$ 7,095
Ratio of Direct and Overlapping Gross Debt to 2016 Net Assessed Valuation			B. 4.81%

A. Based on population estimate of 9,310 at 9/30/2017.

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, 2017
 (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
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
2016	2016-2017	\$ 1,373,419,328	\$ 34,335,483	\$ 5,417,381	\$ 28,918,102

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
2008	\$ 14,481,970	\$ 13,959,465	\$ 522,505	\$ 1,549,623	0.34
2009	\$ 15,618,682	\$ 13,630,141	\$ 1,988,541	\$ 1,588,726	1.25
2010	\$ 16,831,663	\$ 14,606,975	\$ 2,224,688	\$ 1,564,747	1.42
2011	\$ 18,480,550	\$ 14,791,791	\$ 3,688,759	\$ 896,608	4.11
2012	\$ 17,570,178	\$ 14,554,481	\$ 3,015,697	\$ 901,728	3.34
2013	\$ 18,366,107	\$ 15,333,091	\$ 3,033,016	\$ 1,247,523	2.43
2014	\$ 19,320,635	\$ 16,272,444	\$ 3,048,191	\$ 1,244,623	2.45
2015	\$ 19,478,823	\$ 15,659,883	\$ 3,818,940	\$ 1,244,168	3.07
2016	\$ 19,493,524	\$ 16,284,099	\$ 3,209,425	\$ 1,242,318	2.58
2017	\$ 20,736,380	\$ 15,876,509	\$ 4,859,871	\$ 1,244,624	3.90

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
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%
2017	\$ 1,645,000	\$ 1,167,281	\$ 2,812,281	\$ 15,553,080	18.0818%

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
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%
2017	\$ 1,373,419,328	328	39.57%	\$ 55,733,558	28.30%

Construction activity data from City of Granbury records. Includes new and miscellaneous permit figures.

CITY OF GRANBURY
Demographic Statistics
Last Ten Years
(Unaudited)

Year Ended September 30	Estimated Population	Unemployment Rate for Hood County	School Enrollment	Per Capita Income
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
2017	9,310	3.9%	6,869	\$ 31,508

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		2017			2007		
		Employees	Rank	% of Total Employed	Employees	Rank	% of Total Employed
Granbury ISD	School District	1,061	1	4.6%	1,045	1	5.0%
Culberson Construction	Oilfield Services	661	2	2.8%			0.0%
Lake Granbury Medical	Medical Services	619	3	2.7%	345	2	1.6%
Wal-Mart Supercenter	Retail	380	4	1.6%	191	4	0.9%
Hood County	County Government	350	5	1.5%	325	3	1.5%
H - E - B	Retail	244	6	1.0%			0.0%
City of Granbury	Municipal Government	186	7	0.8%	185	5	0.9%
Kroger	Retail	181	8	0.8%			0.0%
United Cooperative Svc	Utility Services	160	9	0.7%			0.0%
Lowe's	Home Improvement	150	10	0.6%	90	10	0.4%
Granbury Care Center	Nursing Home				150	6	0.7%
Equibrand Corp	Rope Manufacturer				100	8	0.5%
Home Depot	Home Improvement				120	7	0.6%
Classic Chevrolet BPG	Auto Retail				97	9	0.5%
	Total	3,992		17.1%	2,648		12.6%

Selected Business Statistics	2017	2016	2015	2014	2013	2012	2007*
Total Number Employed, Hood County	23,291	23,685	23,214	29,075	27,511	23,324	21,000
Number of Business Establishments, Granbury	1,551	1,358	1,686	1,626	1,438	1,277	1,209
Number of Households, Granbury	3,667	3,671	3,721	4,104	3,806	3,775	2,490

* 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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Building Inspectors	8	9	10	9	9	9	9	9	9	6
Computer Install, Inspec	3	3	3	3	0	0	0	0	0	0
Street & Road Repair	7	7	7	7	6	4.5	4	7	7	11
Drivers	3	3	3	3	3	1.5	1	2	2	2
Airport Operations	6	6	6	6	5	3	3	3	4	4
Waterworkers	19	16	14	15	14	13	11	12.5	12.5	15
Electric Distribution	8	7	7	7	7	7	6	6	6	11
Sewage Treatment	9	9	9	9	9	8	7	7	7	14
TV or Radio	1	1	1	2	0	0	0	0	0	0
Firefighters-Paid	0	0	0	0	0	0	0	0	0	0
Firefighters-Volunteer	62	35	47	35	43	42	43	43	60	61
Police Officers	33	34	34	33	32	29	32	33	33	35
Warehouse Operation	2	2	2	2	2	2	2	2	2	2
Automobile Repair	3	3	3	3	3	2	3	3	3	4
Promotional/Development	2	2	2	6	13	8.5	5	3	3	4
Clerical-Office	36	36	37	39	41	39.25	38	38.5	43	43
Animal Control	1	1	1	1	1	1	1	1	1	1
Building Maintenance	13	13	12	14	14	12.5	11	12	12	13
Restaurants	6	6	6	5	0	0	0	0	0	0
Parks & Recreation	26	26	26	26	26	31	27	24	24	28
Total	248	219	230	225	228	213.25	203	206	228.5	254

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	2017	2016	2015	2014
City-Owned Equipment				
Vehicles	137	132	142	152
Mobile Equipment	114	119	117	123
Street Department				
Roadway (<i>in miles</i>)	55	54	53	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	1	2	2
Volleyball Pit	2	2	2	2
Playgrounds	4	4	4	4
Boat Ramps	2	2	2	2
Swimming Pool	1	1	1	1
Hike & Bike Trail (<i>in miles</i>)	2.75	2.75	2.5	2.5
Splash Park	1	1	1	1
Airport				
Enclosed Hangars	75	75	75	75
Open T-Hangars	9	9	7	7
Commercial Hangars	8	8	5	5
Water Department				
Water lines (<i>in miles</i>)	135	135	121.5	109.4
Wells	36	36	33	30
Water Plant	1	1	1	1
Sewer Department				
Lift Stations	42	42	43	40
Sewer lines (<i>in miles</i>)	44.9	44.9	44.4	43
Electric Department				
Overhead Line (<i>in miles</i>)	87	87	87	87
Underground Line (<i>in miles</i>)	17	13	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)

2013	2012	2011	2010	2009	2008
151	151	147	147	151	138
120	120	105	105	98	69
51.5	51.5	51.5	51.3	51.3	48.3
110	110	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	2	1
3	3	3	3	3	4
2	2	3	3	3	3
1	1	1	1	1	1
2.5	2.5	2.5	2.5	2.5	2.25
1	1	1	1	1	1
75	75	78	78	78	78
7	9	10	10	10	10
5	3	3	3	3	3
98.4	88.6	79.7	71.7	64.6	58.1
33	29	23	22	22	21
1	1	1	1	1	1
43	43	43	40	40	37
43	41.8	41.7	41.5	41.5	41.5
87	82	82	82	82	82
11	11	11	11	10.5	10

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

Fiscal Year	2017	2016	2015	2014
Municipal Court				
Citations processed	1,480	1,715	1,480	1,617
Police Department				
Calls for Service	21,326	21,453	19,620	22,129
Arrests	661	606	655	714
Accidents	959	736	948	872
Fire Department				
Calls for Service: Fire/Rescue	921	817	753	770
Calls for Service: EMS	269	731	740	138
Community Services				
Building Permits Issued	328	235	228	249
Building Permits Value (\$)	55,733,558	43,439,911	45,685,267	53,181,956
Utility Department				
Electric Connections	3,313	3,317	3,304	3,286
Water Connections	5,393	5,366	5,314	5,209
Sewer Connections	4,415	4,156	3,977	3,891
Electric Department				
KWH Sold	88,061,026	89,408,844	93,693,230	94,826,877
Water Department				
Well production (<i>in gallons, 000</i>)	510,595	531,715	511,391	524,689
Water Plant production (<i>in gallons, 000</i>)	45,380	48,311	69,448	81,505
Water purchased (<i>in gallons, 000</i>)	110,856	98,670	85,706	59,696
Wastewater Department				
Discharge Flow (<i>in gallons, 000</i>)	464,185	509,657	500,186	345,939

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)

2013	2012	2011	2010	2009	2008
1,846	2,296	2,680	2,220	3,829	3,542
21,456	22,022	20,524	18,387	10,840	13,931
731	790	733	721	448	968
794	738	822	838	762	1,131
736	766	879	659	769	842
182	181	221	531	282	364
284	237	211	221	156	221
41,544,776	31,518,255	48,901,275	27,939,407	31,368,138	68,875,653
3,242	3,223	3,186	3,197	3,156	3,054
5,008	4,615	4,563	4,406	4,352	4,296
3,782	3,672	3,499	3,365	3,338	3,188
91,016,235	91,762,161	93,583,876	89,806,103	86,567,727	87,465,019
427,516	493,386	499,348	477,466	440,271	492,375
103,975	73,957	77,505	68,439	93,711	71,469
144,395	108,965	163,325	50,779	57,378	76,795
360,775	361,060	346,509	378,880	354,491	396,066

**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 *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, 2017, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 4, 2018.

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.

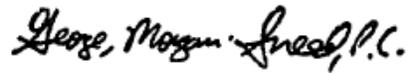
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations,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

March 4, 2018

CITY OF GRANBURY, TEXAS

SINGLE AUDIT REPORT

**For the Fiscal Year Ended
September 30, 2017**

**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, 2017. 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, 2017.

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.

George Morgan Jones, P.C.

Weatherford, Texas
March 4, 2018

CITY OF GRANBURY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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>
20.106	Airport Improvement Program
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee? X Yes 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, 2017

None.

CITY OF GRANBURY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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, 2017

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 Transportation</u>				
Pass-through Texas Department of Transportation				
Airport Improvement Program	20.106	1702GRNBY	-	600,000
Airport Improvement Program	20.106	1802GRNBY	-	3,000,000
Total CFDA Number 20.106			-	3,600,000
Highway Planning and Construction	20.205	CSJ #0902-51-028	-	1,520,640
Total U.S. Department of Transportation			-	5,120,640
<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	-	9,963,939
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62694	-	822,845
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62733	-	7,689,243
Total U.S. Environmental Protection Agency			-	18,476,027
<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-4272-PW-00198(1)	-	14,190
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4272-PW-00508(0)	-	9,630
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4272-PW-00560(0)	-	4,865
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4272-PW-00461(0)	-	4,094
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4272-PW-00379(0)	-	115,865
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW-01708(2)	-	90,778
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW-01707(2)	-	7,117
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4272-PW-00611(0)	-	6,038
Total U.S. Department of Homeland Security			-	252,577
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$23,849,244

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, 2017

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	\$ 16,215,000
Combination Tax and Surplus Revenue Certificates of Obligation Series 2016B	2,720,000
Combination Tax and Surplus Revenue Certificates of Obligation Series 2017	15,000,000
	<u>\$33,935,000</u>