

GRANBURY, TEXAS

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018



CITY OF GRANBURY, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year Ended
September 30, 2018**

Prepared by the Finance Department

CITY OF GRANBURY, TEXAS
 Annual Financial Report
 For the Year Ended September 30, 2018

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

February 27, 2019

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, 2018.

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 9,520 people and serves as the center of commerce and recreation to over 65,060 county residents (North Central Texas Council of Governments). There are currently 13.99 square miles of land within the City's boundaries.



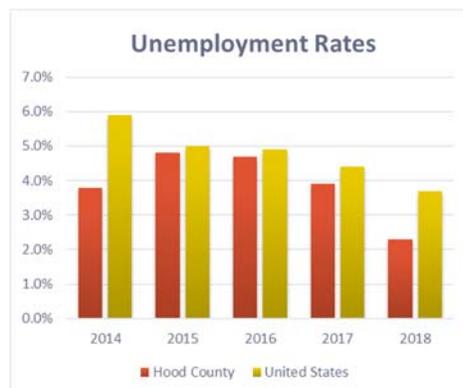
Government Structure

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.

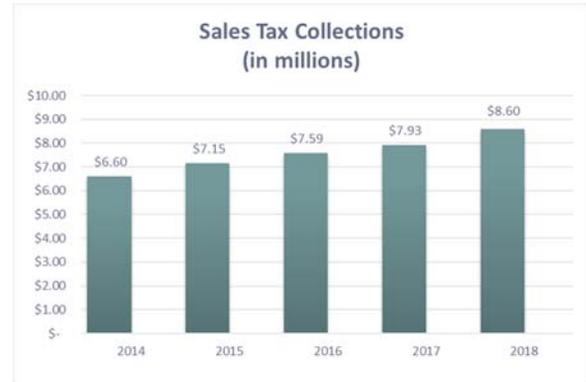
Regional Economy

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 2017-2018 were up by 8.5% compared to the prior year. The sales tax revenue for 2018-2019 was conservatively budgeted to remain constant when compared to 2017-2018 collections.



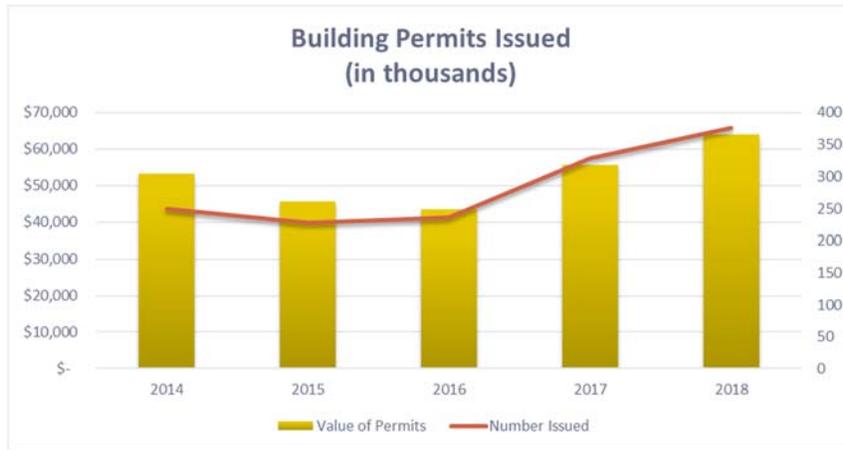
Tourism plays an important role in maintaining the healthy economy of the City. The historical downtown district, with its shopping, bed and breakfasts, and other attractions, also serves the City well by drawing tourists from outside the region. Additionally, Granbury's

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 \$40 million for the 2017 Tax Year to \$1,413 million. The City's property tax rate increased only slightly to the effective tax rate of \$.39939 for Tax Year 2017. Residential development continues in areas such as Brazos Crossing, Abe's Landing, Harbor Lakes, Josiah Estates and Catalina Bay. Additionally, the recently completed commercial developments of Rack Room Shoes and Aldi will help the City of Granbury maintain stable property valuations. The value and number of building permits slightly increased when compared to the previous year, and Granbury has experienced a continuous 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 2017-18 was approximately \$30M. The overall portfolio provided \$527,000 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, 2018, 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, 2017. This was the seventeenth 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,

Chris Coffman, CPM
City Manager

CITY OF GRANBURY, TEXAS

MAYOR
Nin Hulett

MAYOR PRO-TEM
Tony Mobly

COUNCIL MEMBERS
Tony Allen
Greg Corrigan
Gary Couch
Trish Reiner

CITY MANAGER
Chris Coffman, CPM

ASSISTANT CITY MANAGER
Michael Ross, CPM

DEPARTMENT DIRECTORS

Carla Walker
Eva S Gregory
Rick Crownover
Mitch Galvan
Aaron McLain
Scott Sopchak
Jim Cook

City Secretary
Finance Director
Public Works Director
Police Chief
Parks & Recreation Director
Community Development Director
Building Official

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, 2017

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, 2018, 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, 2018, 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.

Change in Accounting Principle

As discussed in Notes 14 and 20 to the financial statements, in 2018 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

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, schedule of contributions – Texas Emergency Services Retirement System, and schedule of changes in total OPEB liability and related ratios on pages 66 - 74 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.

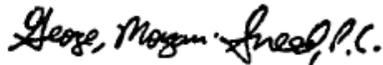
The combining nonmajor and individual fund statements, budgetary comparison schedules, and the schedule of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 February 27, 2019, 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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



George, Morgan & Sneed, P.C.
Weatherford, Texas
February 27, 2019

CITY OF GRANBURY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2018

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, 2018. 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 \$74,856,566 (Net Position). Of this amount \$15,296,546 (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 \$8,210,478. The City's operations increased the governmental activities by \$3,365,227 and increased the business-type activities by \$5,233,930. Net position was decreased by a \$388,679 prior period adjustment as a result of implementing a new accounting standard. See note 20 to the financial statements for a description of the new standard.
- As of the close of the current fiscal year, the City of Granbury's governmental funds reported combined ending fund balances of \$14,490,142.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,658,716 or 56% of the total General Fund expenditures.
- At the end of the current fiscal year, unrestricted net position for the Utility Fund was \$7,757,068, or 58% 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, streets, development services, and support of cultural and recreational services. The business-type activities of the City include public services such as 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 Municipal Utility 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 and the Airport Operation, both of which are considered to be a major funds 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 30-65 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 \$74,856,566 as of September 30, 2018.

The largest portion of the City’s net position (74%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position (5%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$15,296,546, may be used to meet the government’s ongoing obligations to citizens and creditors.

As of September 30, 2018, 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

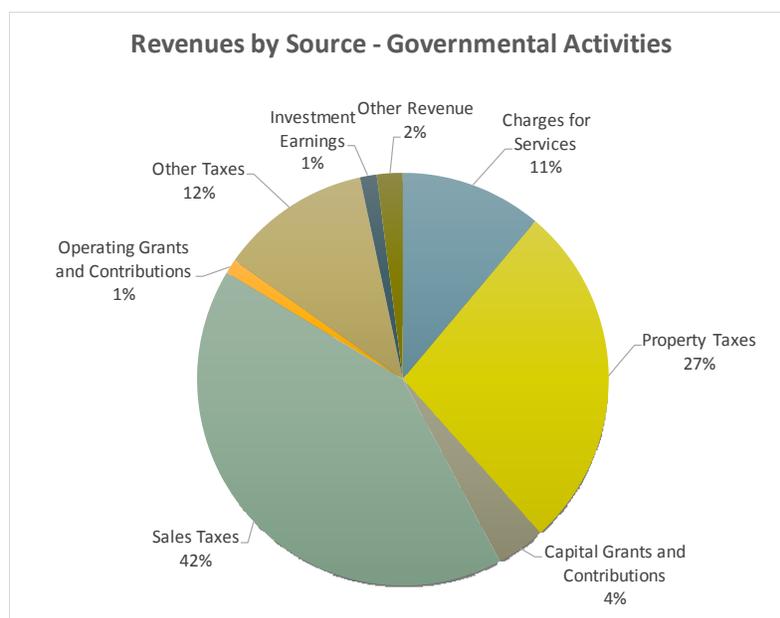
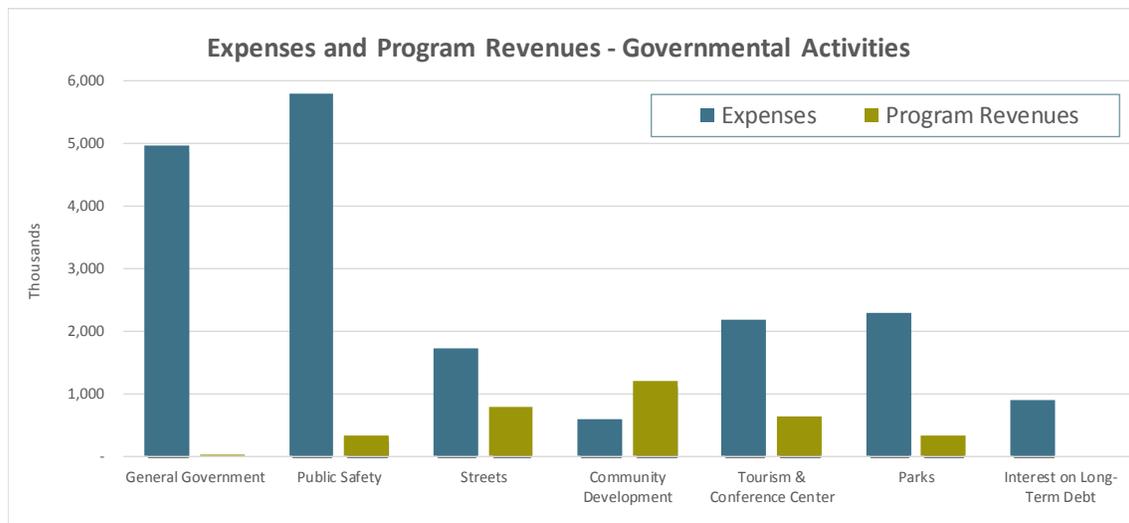
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 19,582,336	\$ 15,811,406	\$ 18,361,379	\$ 27,786,434	\$ 37,943,715	\$ 43,597,840
Capital assets	45,099,111	46,453,271	82,333,655	69,471,582	127,432,766	115,924,853
Total Assets	64,681,447	62,264,677	100,695,034	97,258,016	165,376,481	159,522,693
Deferred outflows of Resources	1,727,691	2,759,578	467,178	657,399	2,194,869	3,416,977
Total deferred outflows of resources	1,727,691	2,759,578	467,178	657,399	2,194,869	3,416,977
Current liabilities	3,869,425	3,032,110	4,425,185	5,141,914	8,294,610	8,174,024
Long-term liabilities	35,032,244	38,432,090	48,102,693	49,549,731	83,134,937	87,981,821
Total liabilities	38,901,669	41,464,200	52,527,878	54,691,645	91,429,547	96,155,845
Deferred inflows of resources	986,267	105,743	298,970	31,994	1,285,237	137,737
Total deferred inflows of resources	986,267	105,743	298,970	31,994	1,285,237	137,737
Net Position:						
Net investment in capital assets	19,202,230	18,930,751	36,316,597	32,950,860	55,518,827	51,881,611
Restricted	2,265,469	741,433	1,775,724	1,916,636	4,041,193	2,658,069
Unrestricted	5,053,503	3,782,128	10,243,043	8,324,280	15,296,546	12,106,408
Total Net Position	\$ 26,521,202	\$ 23,454,312	\$ 48,335,364	\$ 43,191,776	\$ 74,856,566	\$ 66,646,088

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 2,289,134	\$ 1,836,191	\$ 22,880,745	\$ 21,760,090	\$ 25,169,879	\$ 23,596,281
Operating grants and contributions	231,094	349,489	28,946	265,558	260,040	615,047
Capital grants and contributions	782,295	3,719,258	574,512	4,659,668	1,356,807	8,378,926
General revenues:						
Property taxes	5,611,150	5,421,753	-	-	5,611,150	5,421,753
Sales taxes	8,534,403	8,083,300	-	-	8,534,403	8,083,300
Hotel/Motel Occupancy Taxes	729,324	737,375	-	-	729,324	737,375
Franchise taxes	1,715,566	1,705,435	-	-	1,715,566	1,705,435
Investment earnings	270,434	112,960	254,147	121,918	524,581	234,878
Other Revenue	419,209	457,809	9,010	10,747	428,219	468,556
Total revenues	20,582,609	22,423,570	23,747,360	26,817,981	44,329,969	49,241,551
Expenses						
City Council	193,884	197,774	-	-	193,884	197,774
Legal	252,364	195,572	-	-	252,364	195,572
Executive	649,705	654,494	-	-	649,705	654,494
Financial Administration	501,956	507,720	-	-	501,956	507,720
Purchasing	154,643	177,512	-	-	154,643	177,512
Social Services	54,000	54,000	-	-	54,000	54,000
Information Technology	751,871	778,128	-	-	751,871	778,128
Economic Development	62,907	55,631	100,000	-	162,907	55,631
Human Resources	188,466	288,634	-	-	188,466	288,634
Warehouse	151,365	166,520	-	-	151,365	166,520
Fleet Maintenance	310,087	333,952	-	-	310,087	333,952
Building Maintenance	690,902	796,920	-	-	690,902	796,920
Granbury Broadcasting Services	139,179	125,088	-	-	139,179	125,088
Other governmental functions	861,000	945,108	-	-	861,000	945,108
Police	4,321,421	3,958,623	-	-	4,321,421	3,958,623
Fire	703,005	703,450	-	-	703,005	703,450
Municipal Court	195,582	199,167	-	-	195,582	199,167
Streets	1,722,677	1,495,593	-	-	1,722,677	1,495,593
Building & Permits	584,893	576,161	-	-	584,893	576,161
Community Development	515,406	570,259	-	-	515,406	570,259
Clean Air Coalition	83,030	191,163	-	-	83,030	191,163
Airport	-	-	813,608	816,103	813,608	816,103
Cemetery	77,325	60,221	-	-	77,325	60,221
Tourism	1,458,865	1,516,439	-	-	1,458,865	1,516,439
Parks	2,215,200	2,051,184	-	-	2,215,200	2,051,184
Conference Center	720,418	747,513	-	-	720,418	747,513
Interest and fiscal charges	904,937	962,776	-	-	904,937	962,776
Water treatment and distribution	-	-	5,582,087	5,619,829	5,582,087	5,619,829
Wastewater collection and treatment	-	-	2,541,414	2,447,897	2,541,414	2,447,897
Electricity	-	-	8,228,615	10,929,668	8,228,615	10,929,668
Total expenses	18,465,088	18,309,602	17,265,724	19,813,497	35,730,812	38,123,099
Increase (decrease) in net position before transfers	2,117,521	4,113,968	6,481,636	7,004,484	8,599,157	11,118,452
Transfers	1,247,706	466,873	(1,247,706)	(466,873)	-	-
Increase (decrease) in net position	3,365,227	4,580,841	5,233,930	6,537,611	8,599,157	11,118,452
Net Position October 1	23,454,312	18,873,471	43,191,776	36,654,165	66,646,088	55,527,636
Prior Period Adjustment	(298,337)	-	(90,342)	-	(388,679)	-
Net Position September 30	\$ 26,521,202	\$ 23,454,312	\$ 48,335,364	\$ 43,191,776	\$ 74,856,566	\$ 66,646,088

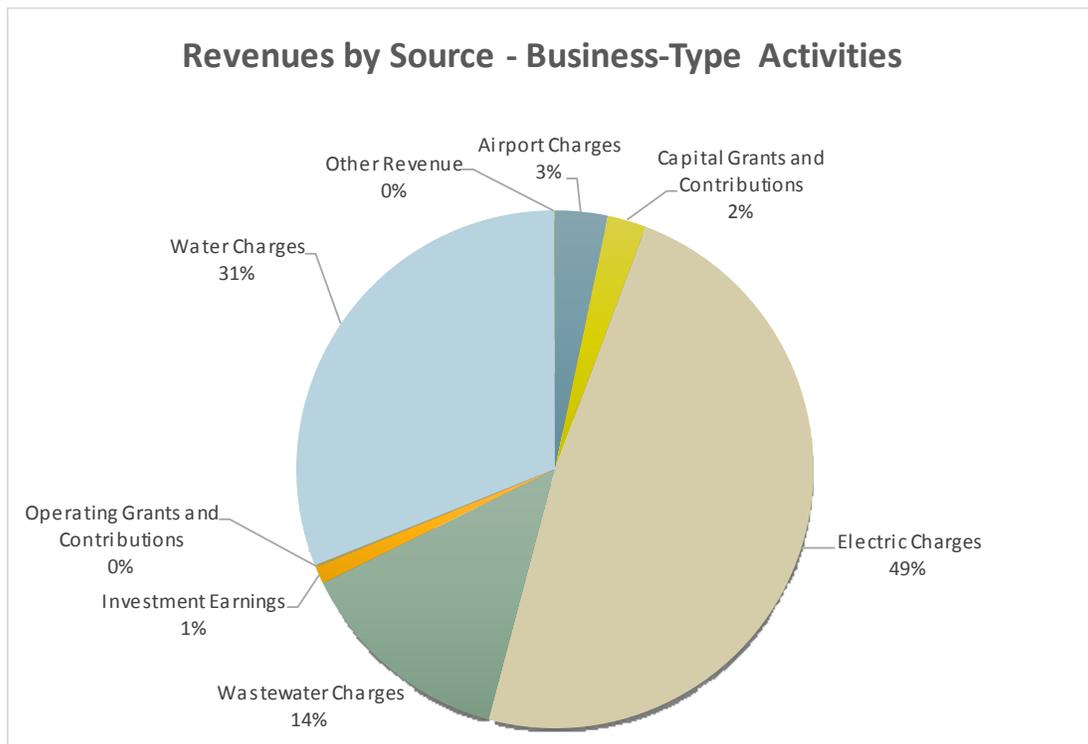
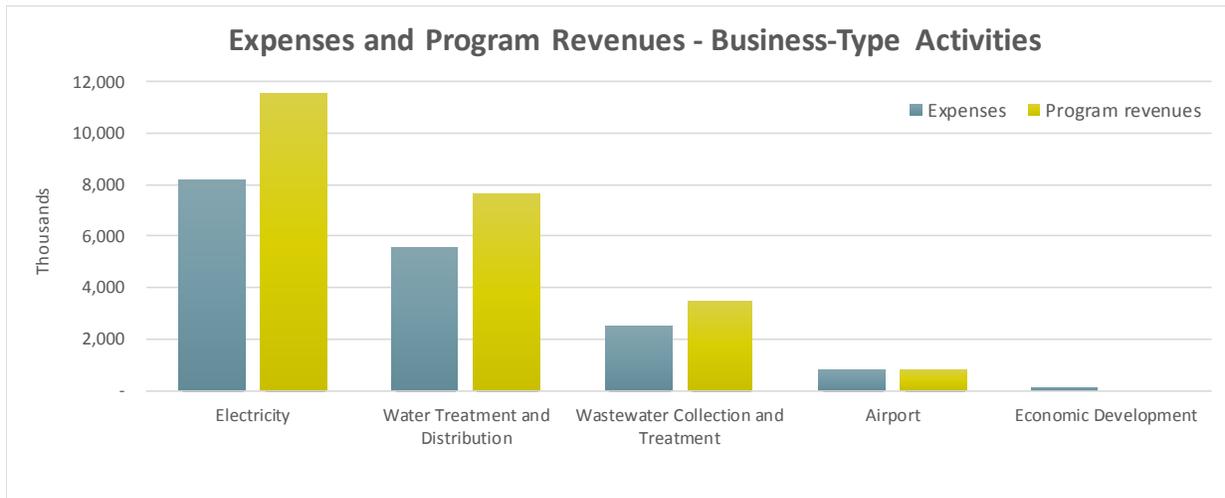
Governmental Activities. Governmental activities increased the City’s net position by \$3,365,227 compared with a \$4,580,841 increase during the prior fiscal year. Total revenues from governmental activities revenues decreased \$1,840,961 (8%) to \$20,582,609 when compared to the prior fiscal year. However, the decrease is largely the result of a one-time capital grant and developer contributions of \$2.9 million received by the City in the previous fiscal year for the Downtown Square renovation project funded by the Transportation Alternatives Program (TAP) on behalf of the Texas Department of Transportation. The City experienced growth in the number of residential and commercial permits issued, as well as the amount of developer fees received from additional development projects resulting in \$452,943 of additional revenue from charges for services. Likewise, property taxes increased \$189,397 as a result of a \$40 million increase in assessed property values. Revenue from sales tax grew by \$451,103, indicating a strong growth in commerce in the City. Conversely, total governmental activities expenses only increased \$155,486 (1%) from the prior year. Net change in governmental transfer activity increased by \$780,833 when compared to the prior fiscal year.

Below are two graphs summarizing governmental revenue and expense:



Business-type activities. Business-type activities increased the City’s net position by \$5,233,930 in the current fiscal year compared to an increase of \$6,537,611 in the prior fiscal year. The business-type activities total revenues decreased overall by \$3,070,621 (11%) to \$23,747,360. The highlighted decrease in revenues are largely the result of the water and wastewater developer contributions (\$1M) and a major airport expansion grant (\$3M) received in the previous fiscal year. Conversely, charges for services increased \$1,120,655 due to an increase in the number of water and sewer customers in the City’s service area, and the significant reduction in water consumption loss as the outcome of the complete replacement of the City’s water meters with the Advanced Metering Infrastructure system. At the same time, total business-type activities expenses decreased \$2,547,773 (13%) to \$17,265,724. The major catalyst for the savings in expenses was the decreased cost of electricity purchased by the City for resale.

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



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of the current fiscal year, the City of Granbury's governmental funds reported combined ending fund balances of \$14,490,142. \$7,658,716 (53%) 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 \$7,658,716. The fund balance of the general fund increased \$2,772,297 compared to an increase of \$1,164,795 in the prior year. Key factors contributing to the increase in fund balance between the two fiscal years are highlighted below:

- Revenues decreased \$208,036 (1%). Intergovernmental revenue decreased \$1,562,342 as a result of the Transportation Alternatives Program (TAP) grant received for the downtown square project in the prior fiscal year. General property taxes increased \$170,558 due to \$40 million increase in assessed property tax values and the increase of \$.0055 of the M&O portion of the tax rate per \$100 assessed value. Sales tax increased \$674,337 attributable to the continued growth of the community. Charges for services increased \$270,137 due to an increase in developer fees.
- Expenditures decreased \$1,770,946 (11%). Streets expenditures decreased \$1,794,658 primarily attributable to streetscape project of the Downtown Square renovation in the prior year.

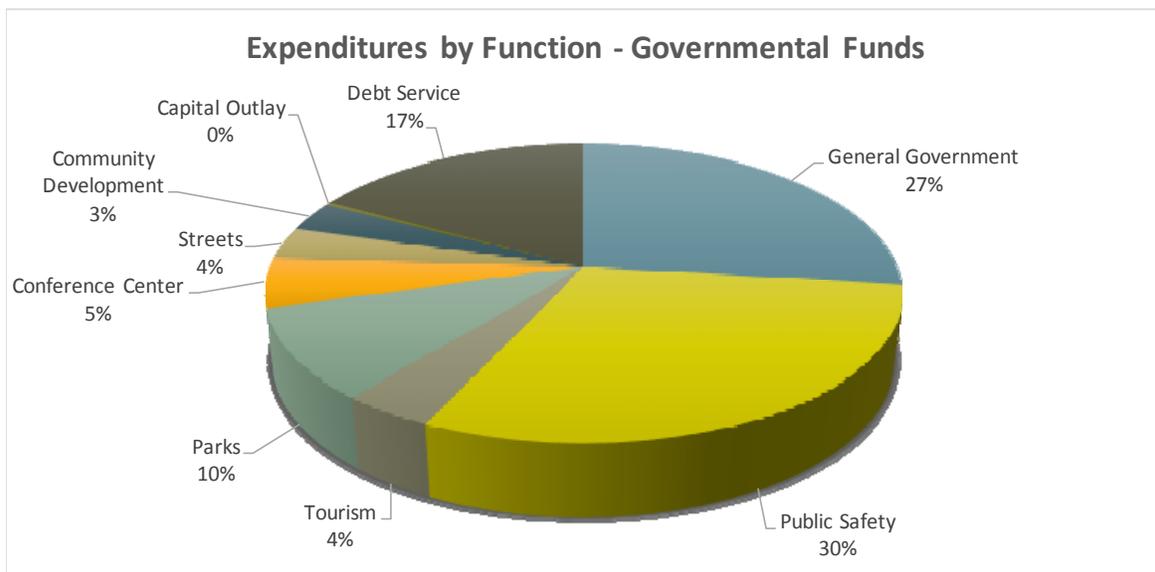
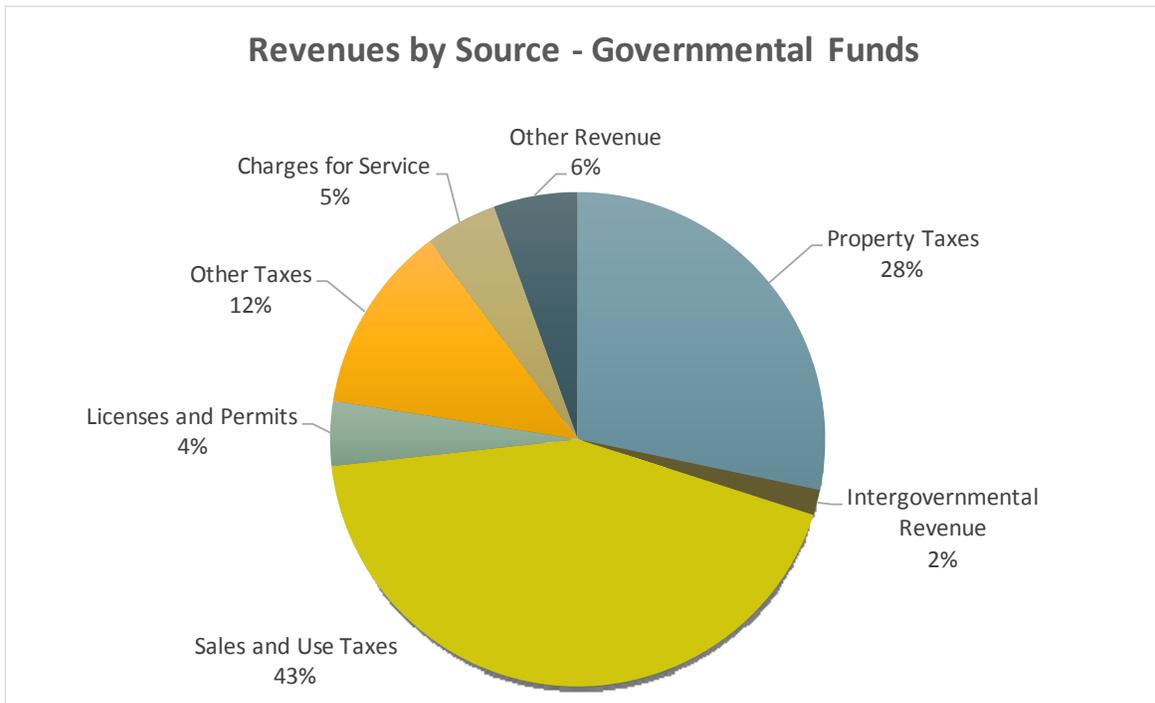
Below is a comparison of the general fund's net change in fund balance for 2018 and 2017.

	2018	2017	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Taxes:				
Property	\$ 2,721,509	\$ 2,550,951	\$ 170,558	6.69%
Sales and Use	8,600,566	7,926,229	674,337	8.51%
Franchise	1,714,243	1,675,475	38,768	2.31%
Fines and fees	176,838	200,801	(23,963)	-11.93%
Licenses and permits	838,574	737,790	100,784	13.66%
Charges for service	355,351	85,214	270,137	317.01%
Intergovernmental revenue	329,654	1,891,996	(1,562,342)	-82.58%
Park and recreation	282,889	173,562	109,327	62.99%
Interest income	160,514	59,809	100,705	168.38%
Other revenue	313,879	400,226	(86,347)	-21.57%
Total revenues	15,494,017	15,702,053	(208,036)	-1.32%
Expenditures:				
General government	5,065,550	5,353,951	(288,401)	-5.39%
Public Safety	5,046,020	4,685,795	360,225	7.69%
Streets	652,771	2,447,429	(1,794,658)	-73.33%
Building & Permits	578,544	548,658	29,886	5.45%
Community Development	532,290	541,549	(9,259)	-1.71%
Clean Air Coalition	82,862	188,578	(105,716)	-56.06%
Cemetery	62,928	43,078	19,850	46.08%
Parks	1,761,169	1,744,042	17,127	0.98%
Total expenditures	13,782,134	15,553,080	(1,770,946)	-11.39%
Other financing sources (uses):				
Transfers in	1,418,554	1,271,972	146,582	11.52%
Transfers out	(1,038,013)	(766,885)	(271,128)	35.35%
Sale of capital assets	41,370	128,850	(87,480)	-67.89%
Insurance recoveries	66,372	34,083	32,289	94.74%
Issuance of Capital Lease	572,131	347,802	224,329	64.50%
Net change in fund balances	\$ 2,772,297	\$ 1,164,795	\$ 1,607,502	138.01%

The Debt Service fund has a total fund balance of \$508,115, all of which is restricted for the payment of debt service. Compared to the previous fiscal year, the Debt Service fund balance increased by \$174,939.

The Capital Projects fund has a total fund balance of \$3,685,934. 100% of the fund balance is restricted to be used to fund projects with bond proceeds. Capital Projects fund balance decreased in 2018 by \$172,064.

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.

The unrestricted net position of the enterprise funds was \$10,243,043 comprised of the Utility Fund net position of \$7,757,068 and the Airport Fund net position of \$2,485,975. The Utility Fund net position increased by \$4,965,050 in fiscal year 2017-2018 primarily due to an increase in charges for services triggered by a growth in the utility customer base, the decrease in water consumption loss as a result of the new AMI (Automated Metering Infrastructure) system, a slight increase in water and wastewater rates, and a decrease in electric expenditures due to a lower rate for purchased power for resale. The Airport experienced a net position increase of \$268,880.

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 5% or \$746,398.

General fund actual expenditures budgetary basis were \$2,258,097 less than budgeted. All department expenditures were less than budgeted expenditures. During fiscal year 2017-2018, the City did not expense \$1M budgeted for street improvements. These budgeted funds were retained to be spent during the following fiscal year for the planned expansion of the Harbor Lakes drive.

CAPITAL ASSETS

The City of Granbury's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounts to \$127,432,766 (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:

- \$272,416 was spent on the Lake Granbury Conference Center audiovisual (AV) upgrade.
- \$228,852 was spent on energy savings improvements.
- Police radios were purchased for \$124,998.
- \$89,072 of storm drainage improvements and \$594,662 of street improvements were contributed by developers to the City.

Business-Type Activities:

- \$280,613 of water improvements and \$218,852 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 \$1,375,877 for construction of a water treatment plant and \$92,254 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 \$1,342,643 for construction and \$9,400 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 \$7,137,891 for construction of water distribution improvements, \$447,130 in professional services, \$5,927 in easements, and \$49,995 in other construction and SCADA relating to the water system improvements.

- \$165,500 of engineering services relating to the phase II of the water treatment plant project to be funded by DWSRF Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018A in fiscal year 2019.
- \$69,040 of engineering services relating to the wastewater project to be funded by CWSRF Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018B in fiscal year 2019.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 5,496,560	\$ 5,496,560	\$ 11,687,705	\$ 10,464,624	\$ 17,184,265	\$ 15,961,184
Buildings	12,148,569	12,778,877	141,932	144,681	12,290,501	12,923,558
Improvements other than buildings	24,565,349	22,715,027	49,695,573	31,196,722	74,260,922	53,911,749
Machinery and equipment	2,206,977	2,435,975	1,586,791	1,563,073	3,793,768	3,999,048
Construction in progress	681,656	3,026,832	19,221,654	26,102,482	19,903,310	29,129,314
Total	<u>\$ 45,099,111</u>	<u>\$ 46,453,271</u>	<u>\$ 82,333,655</u>	<u>\$ 69,471,582</u>	<u>\$ 127,432,766</u>	<u>\$ 115,924,853</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 \$76,132,052. Of this amount, \$23,978,254 comprises bonded debt backed by the full faith and credit of the government, \$44,970,115 are certificates of obligation secured by ad valorem taxes and surplus revenues of the utility fund and \$3,550,104 represents bonds secured solely by electric, water and wastewater revenues. The capital leases payable of \$3,313,119 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	
	2018	2017	2018	2017	2018	2017
Capital Leases Payable	\$ 1,517,060	\$ 1,209,805	\$ 1,796,059	\$ 789,666	\$ 3,313,119	\$ 1,999,471
Texas Capital Fund Loan	-	-	60,077	68,088	60,077	68,088
Notes Payable	260,383	286,750	-	-	260,383	286,750
Revenue Bonds	-	-	3,550,104	9,604,321	3,550,104	9,604,321
General Obligation	16,205,135	17,829,150	7,773,119	3,090,019	23,978,254	20,919,169
Certificates of Obligation	11,600,115	12,054,811	33,370,000	33,935,000	44,970,115	45,989,811
Total Outstanding Debt	<u>\$ 29,582,693</u>	<u>\$ 31,380,516</u>	<u>\$ 46,549,359</u>	<u>\$ 47,487,094</u>	<u>\$ 76,132,052</u>	<u>\$ 78,867,610</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 are budgeted to decrease about 2% in fiscal year 2019 compared to the 2017-2018 budget. Sales tax makes up about 49% of the General Fund budgeted operating revenues and is projected to increase around 3%. Total Property tax revenue is budgeted to increase about 4% from the 2017-2018 budgeted amounts. Certified assessed property valuations increased approximately \$80 million (5.65%) from the preceding year, and the City adopted a tax rate of .3994 per \$100. The effective tax rate for the City is 0.3931. The maintenance and operations portion of the tax rate was increased from \$0.1935 to \$0.2013 and the debt service rate decreased from \$0.2059 to \$0.1981. 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. 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 2018, sales tax receipts were up 8.5% when compared to the previous year's actual collections.

General Fund operating expenditures and transfers-out are budgeted to increase 3% compared to 2017-2018 budgeted amounts. Capital expenditures however, will decrease from \$811,182 in 2017-2018 to \$254,750 in 2018-2019. Total budget for the General Fund expenditures is \$16,343,235. 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 2017-2018. This is mainly due to a more competitive power purchase contract the City started 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 3% to keep in line with the Consumer Price Index (CPI). The City has budgeted to use Impact Fees of \$200,000 for sewer line upgrades in fiscal year 2018-2019.

Total expenses for the Utility Fund in fiscal year 2018-2019 have been slightly increased (1%). This is primarily due to the issuance of two new utility bonds through the Texas Water Development Board, causing debt service budget to increase. However, the budgeted operating expense for the electric power purchase contract has been further reduced for the first full year under the new 3-year power purchase agreement.

BASIC FINANCIAL STATEMENTS

City of Granbury, Texas
Statement of Net Position
September 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 898,471	\$ 2,400,206	\$ 3,298,677
Investments	8,592,254	6,611,600	15,203,854
Receivables (Net of allowances for uncollectibles)			
Property taxes	109,278	-	109,278
Franchise taxes	389,083	-	389,083
Accounts	-	2,262,057	2,262,057
Due from other governments	1,417,691	-	1,417,691
Fines and fees receivable	118,425	-	118,425
Miscellaneous receivables	579,685	924,629	1,504,314
Accrued interest	903	6,419	7,322
Internal balances	14,873	(14,873)	-
Prepaid items	80,337	8,306	88,643
Inventories	98,559	1,464,836	1,563,395
Restricted assets:			
Cash and cash equivalents	4,277,221	3,124,947	7,402,168
Investments	3,005,556	1,573,252	4,578,808
Capital assets (net of accumulated depreciation):			
Land	5,496,560	11,687,705	17,184,265
Buildings	12,148,569	141,932	12,290,501
Improvements other than buildings	24,565,349	49,695,573	74,260,922
Machinery and equipment	2,206,977	1,586,791	3,793,768
Construction in progress	681,656	19,221,654	19,903,310
Total Assets	64,681,447	100,695,034	165,376,481
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	870,114	255,208	1,125,322
Deferred outflows related to OPEB	23,454	7,103	30,557
Deferred charges on refunding	834,123	204,867	1,038,990
Total Deferred Outflows of Resources	1,727,691	467,178	2,194,869
LIABILITIES:			
Accounts payable and accrued liabilities	645,066	1,814,298	2,459,364
Unearned revenue	3,108,099	152,965	3,261,064
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accrued liabilities	-	1,676,421	1,676,421
Interest payable	116,160	107,653	223,813
Customer deposits	100	673,848	673,948
Noncurrent liabilities:			
Due Within One Year	2,685,246	2,382,794	5,068,040
Due in More Than One Year	32,346,998	45,719,899	78,066,897
Total Liabilities	38,901,669	52,527,878	91,429,547
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	986,267	298,970	1,285,237
Total Deferred Inflows of Resources	986,267	298,970	1,285,237
NET POSITION:			
Net Investment in Capital Assets	19,202,230	36,316,597	55,518,827
Restricted Net Position			
Debt Service (Expendable)	450,961	857,407	1,308,368
Construction	1,000,000	-	1,000,000
Impact fees for capital improvements (Expendable)	-	918,317	918,317
Public Safety (Expendable)	31,972	-	31,972
Culture and Recreation (Expendable)	689,134	-	689,134
Public, educational, and governmental programming	51,646	-	51,646
Court technology and security (Expendable)	41,756	-	41,756
Unrestricted Net Position	5,053,503	10,243,043	15,296,546
Total Net Position	\$ 26,521,202	\$ 48,335,364	\$ 74,856,566

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
City Council	\$ 193,884	\$ -	\$ -	\$ -
Legal	252,364	-	-	-
Executive	649,705	-	-	-
Financial Administration	501,956	-	-	-
Purchasing	154,643	-	-	-
Social Services	54,000	-	-	-
Information Technology	751,871	2,462	-	-
Economic Development	62,907	-	-	-
Human Resources	188,466	-	-	-
Warehouse	151,365	-	-	-
Fleet Maintenance	310,087	-	-	-
Building Maintenance	690,902	-	-	-
Granbury Broadcasting Services	139,179	23,978	-	-
Other governmental functions	861,000	-	-	-
Police	4,321,421	143,654	73,732	-
Fire	703,005	-	14,598	-
Municipal Court	195,582	54,548	-	-
Streets	1,722,677	-	-	782,295
Building & Permits	584,893	56,903	-	-
Community Development	515,406	1,048,631	59,759	-
Clean Air Coalition	83,030	-	83,005	-
Cemetery	77,325	45,900	-	-
Tourism	1,458,865	132,234	-	-
Parks	2,215,200	284,689	-	-
Conference Center	720,418	496,135	-	-
Interest and fiscal charges	904,937	-	-	-
Total governmental activities	<u>18,465,088</u>	<u>2,289,134</u>	<u>231,094</u>	<u>782,295</u>
Business-type activities:				
Water treatment and distribution	5,582,087	7,367,020	-	260,613
Wastewater collection and treatment	2,541,414	3,232,503	11,561	218,852
Electricity	8,228,615	11,500,530	-	95,047
Airport	813,608	780,692	17,385	-
Economic Development	100,000	-	-	-
Total business-type activities	<u>17,265,724</u>	<u>22,880,745</u>	<u>28,946</u>	<u>574,512</u>
Total primary government	<u>\$ 35,730,812</u>	<u>\$ 25,169,879</u>	<u>\$ 260,040</u>	<u>\$ 1,356,807</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

Prior Period Adjustment

Net Position, October 1, 2017

Net Position, September 30, 2018

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
\$ (193,884)	\$ -	\$ (193,884)
(252,364)	-	(252,364)
(649,705)	-	(649,705)
(501,956)	-	(501,956)
(154,643)	-	(154,643)
(54,000)	-	(54,000)
(749,409)	-	(749,409)
(62,907)	-	(62,907)
(188,466)	-	(188,466)
(151,365)	-	(151,365)
(310,087)	-	(310,087)
(690,902)	-	(690,902)
(115,201)	-	(115,201)
(861,000)	-	(861,000)
(4,104,035)	-	(4,104,035)
(688,407)	-	(688,407)
(141,034)	-	(141,034)
(940,382)	-	(940,382)
(527,990)	-	(527,990)
592,984	-	592,984
(25)	-	(25)
(31,425)	-	(31,425)
(1,326,631)	-	(1,326,631)
(1,930,511)	-	(1,930,511)
(224,283)	-	(224,283)
(904,937)	-	(904,937)
<u>(15,162,565)</u>	<u>-</u>	<u>(15,162,565)</u>
-	2,045,546	2,045,546
-	921,502	921,502
-	3,366,962	3,366,962
-	(15,531)	(15,531)
-	<u>(100,000)</u>	<u>(100,000)</u>
-	<u>6,218,479</u>	<u>6,218,479</u>
\$ <u>(15,162,565)</u>	\$ <u>6,218,479</u>	\$ <u>(8,944,086)</u>
\$ 2,716,000	\$ -	\$ 2,716,000
2,895,150	-	2,895,150
8,534,403	-	8,534,403
729,324	-	729,324
1,715,566	-	1,715,566
270,434	254,147	524,581
41,420	9,010	50,430
377,789	-	377,789
<u>1,247,706</u>	<u>(1,247,706)</u>	<u>-</u>
<u>18,527,792</u>	<u>(984,549)</u>	<u>17,543,243</u>
3,365,227	5,233,930	8,599,157
(298,337)	(90,342)	(388,679)
<u>23,454,312</u>	<u>43,191,776</u>	<u>66,646,088</u>
\$ <u>26,521,202</u>	\$ <u>48,335,364</u>	\$ <u>74,856,566</u>

City of Granbury, Texas
Balance Sheet
Governmental Funds
September 30, 2018

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Assets:					
Cash and cash equivalents	\$ 143,506	\$ 507,350	\$ -	\$ 247,615	\$ 898,471
Investments	8,592,254	-	-	-	8,592,254
Receivables (Net of allowances for uncollectibles)					
Property taxes	50,272	59,006	-	-	109,278
Franchise taxes	389,083	-	-	-	389,083
Due from other governments	1,417,691	-	-	-	1,417,691
Fines and fees receivable	118,425	-	-	-	118,425
Miscellaneous receivables	389,991	-	-	189,694	579,685
Interest	903	-	-	-	903
Due from other funds	14,873	3,346	-	-	18,219
Inventories	92,045	-	-	6,514	98,559
Prepaid items	69,773	-	-	10,564	80,337
Restricted Assets:					
Cash and cash equivalents	3,596,843	-	680,378	-	4,277,221
Investments	-	-	3,005,556	-	3,005,556
 Total assets	 <u>\$ 14,875,659</u>	 <u>\$ 569,702</u>	 <u>\$ 3,685,934</u>	 <u>\$ 454,387</u>	 <u>\$ 19,585,682</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued expenses	\$ 529,159	\$ 1,529	\$ -	\$ 114,378	\$ 645,066
Customer deposits payable	-	-	-	100	100
Unearned revenue	3,083,752	-	-	24,347	3,108,099
Due to other funds	2,294	1,052	-	-	3,346
 Total liabilities	 <u>3,615,205</u>	 <u>2,581</u>	 <u>-</u>	 <u>138,825</u>	 <u>3,756,611</u>
Deferred inflows of resources:					
Deferred revenue	1,279,923	59,006	-	-	1,338,929
 Total deferred inflows of resources	 <u>1,279,923</u>	 <u>59,006</u>	 <u>-</u>	 <u>-</u>	 <u>1,338,929</u>
Fund Balance:					
Nonspendable	161,818	-	-	17,078	178,896
Restricted	1,636,077	508,115	3,685,934	178,431	6,008,557
Committed	422,419	-	-	120,053	542,472
Assigned	101,501	-	-	-	101,501
Unassigned	7,658,716	-	-	-	7,658,716
 Total fund balances	 <u>9,980,531</u>	 <u>508,115</u>	 <u>3,685,934</u>	 <u>315,562</u>	 <u>14,490,142</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 14,875,659</u>	 <u>569,702</u>	 <u>\$ 3,685,934</u>	 <u>\$ 454,387</u>	 <u>\$ 19,585,682</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, 2018

Total Fund Balances - Governmental Funds \$ 14,490,142

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 \$95,821,728 and the accumulated depreciation was \$50,722,617. 45,099,111

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:

Interest payable	(116,160)	
General obligation and certificates of obligation bonds	(27,805,250)	
Notes payable	(260,383)	
Capital leases payable	(1,517,060)	
Compensated absences	(428,174)	(30,127,027)

Deferred charges for refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds. 834,123

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 \$4,669,034, a deferred resource inflow related to pensions of \$986,267, and a deferred resource outflow related to pensions in the amount of \$870,114. This amounted to a decrease in net position of \$4,785,187. (4,785,187)

Included in the items related to noncurrent liabilities is the recognition of the City's total OPEB liability required by GASB 75 in the amount of \$352,343 and a deferred resource outflow related to OPEB in the amount of \$23,454. This amounted to a decrease in net position of \$328,889. (328,889)

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:

Property taxes	102,054	
Franchise taxes	389,083	
Sales tax	729,367	
Court fines	118,425	1,338,929

Net Position of Governmental Activities \$ 26,521,202

City of Granbury, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended September 30, 2018

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 2,721,509	\$ 2,898,011	\$ -	\$ -	\$ 5,619,520
Sales and Use	8,600,566	-	-	-	8,600,566
Hotel/Motel Occupancy	-	-	-	729,324	729,324
Franchise	1,714,243	-	-	-	1,714,243
Fines and fees	176,838	-	-	-	176,838
Licenses and permits	838,574	-	-	-	838,574
Charges for service	355,351	-	-	580,500	935,851
Intergovernmental revenue	329,654	-	-	-	329,654
Park and recreation	282,889	-	-	-	282,889
Interest income	160,514	43,338	66,244	338	270,434
Other revenue	313,879	-	-	47,869	361,748
Total revenues	15,494,017	2,941,349	66,244	1,358,031	19,859,641
Expenditures:					
Current					
General Government:					
City Council	193,884	-	-	-	193,884
Legal	252,364	-	-	-	252,364
Executive	650,053	-	-	-	650,053
Financial Administration	503,791	-	-	-	503,791
Purchasing	154,606	-	-	-	154,606
Social Services	54,000	-	-	-	54,000
Information Technology	725,382	-	-	-	725,382
Economic Development	62,907	-	-	-	62,907
Human Resources	188,097	-	-	-	188,097
Warehouse	142,587	-	-	-	142,587
Fleet Maintenance	309,289	-	-	-	309,289
Building Maintenance	765,897	-	-	-	765,897
Granbury Broadcasting Services	118,833	-	-	-	118,833
Other governmental functions	943,860	-	-	-	943,860
Public Safety:					
Police	4,429,064	-	-	-	4,429,064
Fire	428,606	-	-	-	428,606
Municipal Court	188,350	-	-	-	188,350
Streets	652,771	-	-	-	652,771
Building & Permits	578,544	-	-	-	578,544
Community Development	532,290	-	-	-	532,290
Clean Air Coalition	82,862	-	-	-	82,862
Cemetery	62,928	-	-	-	62,928
Tourism	-	-	-	755,242	755,242
Parks	1,761,169	-	-	-	1,761,169
Conference Center	-	-	-	1,005,600	1,005,600
Capital Outlay	-	-	56,176	-	56,176
Debt Service:					
Principal	-	2,172,375	-	26,367	2,198,742
Interest and fiscal charges	-	988,093	-	9,497	997,590
Total expenditures	13,782,134	3,160,468	56,176	1,796,706	18,795,484
Excess (deficiency) of revenue over (under) expenditures	\$ 1,711,883	\$ (219,119)	\$ 10,068	\$ (438,675)	\$ 1,064,157
Other financing sources (uses):					
Transfers in	1,418,554	394,058	-	652,530	2,465,142
Transfers out	(1,038,013)	-	(182,132)	-	(1,220,145)
Proceeds from sale of general capital assets	41,370	-	-	50	41,420
Insurance recoveries	66,372	-	-	-	66,372
Issuance of Capital lease	572,131	-	-	-	572,131
Total other financing sources (uses)	1,060,414	394,058	(182,132)	652,580	1,924,920
Net change in fund balances	2,772,297	174,939	(172,064)	213,905	2,989,077
Fund Balance, October 1, 2017	7,208,234	333,176	3,857,998	101,657	11,501,065
Fund Balance, September 30, 2018	\$ 9,980,531	\$ 508,115	\$ 3,685,934	\$ 315,562	\$ 14,490,142

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, 2018

Total Net Change in Fund Balances - Governmental Funds	\$ 2,989,077
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$1,171,766 of capital outlays and \$2,198,742 of debt principal payments is to increase net position.	3,370,508
Capital asset donations are revenues in the government-wide financial statements but are not reported in the governmental fund financial statements.	683,735
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.	2,709
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.	(3,212,370)
Current year issuance of capital lease are other financing sources in the fund financial statements. The effect of the \$572,131 increase in capital leases payable is a decrease in net position.	(572,131)
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 \$13,097 decrease in interest payable, \$35,170 decrease in compensated absences, and \$79,556 amortization of deferred charges, premiums and discounts increase net position.	127,823
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(68,559)
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.	74,987
GASB required the City to recognize their total OPEB liability and deferred resource outflow related to OPEB. The changes in these balances decreased net position.	(30,552)
Change in Net Position of Governmental Activities	\$ 3,365,227

City of Granbury, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-type Activities		
	Enterprise Funds		
	Utility Fund	Airport Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 2,134,550	\$ 265,656	\$ 2,400,206
Investments	3,567,935	3,043,665	6,611,600
Receivables (Net of allowance for uncollectibles):			
Accounts	2,262,057	-	2,262,057
Miscellaneous Receivables	815,828	108,801	924,629
Interest	6,419	-	6,419
Prepaid expenses	1,964	6,342	8,306
Supplies inventory	1,438,597	26,239	1,464,836
Restricted Assets:			
Cash and cash equivalents	3,124,947	-	3,124,947
Investments	1,573,252	-	1,573,252
	<u>14,925,549</u>	<u>3,450,703</u>	<u>18,376,252</u>
Capital assets, at cost:			
Land	2,261,527	9,426,178	11,687,705
Construction in Progress	16,393,455	2,828,199	19,221,654
Buildings	287,973	168,474	456,447
Improvements other than buildings	73,858,503	4,512,530	78,371,033
Machinery and Equipment	3,993,658	247,019	4,240,677
Less: accumulated depreciation	(28,310,034)	(3,333,827)	(31,643,861)
Capital assets, net	<u>68,485,082</u>	<u>13,848,573</u>	<u>82,333,655</u>
Total noncurrent assets	<u>68,485,082</u>	<u>13,848,573</u>	<u>82,333,655</u>
Total assets	\$ <u>83,410,631</u>	\$ <u>17,299,276</u>	\$ <u>100,709,907</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	\$ 204,867	\$ -	\$ 204,867
Deferred outflow related to pensions	237,219	17,989	255,208
Deferred outflow related to OPEB	6,636	467	7,103
Total deferred outflows of resources	\$ <u>448,722</u>	\$ <u>18,456</u>	\$ <u>467,178</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, 2018

	Business-type Activities Enterprise Funds		
	Utility Fund	Airport Fund	Totals
LIABILITIES:			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 954,592	\$ 859,706	\$ 1,814,298
Unearned revenue	152,965	-	152,965
Compensated absences payable	59,352	2,400	61,752
Due to other funds	14,873	-	14,873
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accrued liabilities	1,676,421	-	1,676,421
Current portion of long-term debt	2,211,841	109,201	2,321,042
Interest payable	107,653	-	107,653
Customer deposits payable	666,178	7,670	673,848
 Total current liabilities	 <u>5,843,875</u>	 <u>978,977</u>	 <u>6,822,852</u>
Noncurrent Liabilities:			
Compensated absences payable	64,718	-	64,718
Net pension liability	1,233,418	86,751	1,320,169
Total OPEB liability	99,684	7,011	106,695
Texas Capital Fund loan	52,067	-	52,067
Capital leases payable	1,123,949	404,186	1,528,135
Bonds payable	42,648,115	-	42,648,115
 Total noncurrent liabilities	 <u>45,221,951</u>	 <u>497,948</u>	 <u>45,719,899</u>
 Total liabilities	 <u>\$ 51,065,826</u>	 <u>\$ 1,476,925</u>	 <u>\$ 52,542,751</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows related to pensions	\$ 279,324	\$ 19,646	\$ 298,970
 Total deferred inflows of resources	 <u>\$ 279,324</u>	 <u>\$ 19,646</u>	 <u>\$ 298,970</u>
NET POSITION:			
Net investment in capital assets	\$ 22,981,411	\$ 13,335,186	\$ 36,316,597
Restricted for debt service (Expendable)	857,407	-	857,407
Restricted impact fees for capital improvements - water (Expendable)	187,719	-	187,719
Restricted impact fees for capital improvements - wastewater (Expendable)	730,598	-	730,598
Unrestricted	7,757,068	2,485,975	10,243,043
 Total net position	 <u>\$ 32,514,203</u>	 <u>\$ 15,821,161</u>	 <u>\$ 48,335,364</u>

City of Granbury, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2018

	Business-type Activities Enterprise Funds		
	Utility Fund	Airport Fund	Totals
Operating revenues:			
Charges for sales and services:			
Charges for Water and Wastewater Sales	\$ 10,036,524	\$ -	\$ 10,036,524
Charges for Electricity Sales	11,217,517	-	11,217,517
Charges for Airport Services	-	755,565	755,565
Impact fees	309,782	-	309,782
Other Revenue	536,230	25,127	561,357
Total operating revenue	<u>22,100,053</u>	<u>780,692</u>	<u>22,880,745</u>
Operating expenses:			
Administration	676,757	-	676,757
Airport	-	631,650	631,650
Water treatment and distribution	3,141,084	-	3,141,084
Wastewater collection and treatment	1,471,731	-	1,471,731
Electricity	6,880,680	-	6,880,680
Meter Reading	236,637	-	236,637
Utility Franchise Fees	944,219	-	944,219
Depreciation	2,263,863	163,048	2,426,911
Total operating expenses	<u>15,614,971</u>	<u>794,698</u>	<u>16,409,669</u>
Operating income	<u>6,485,082</u>	<u>(14,006)</u>	<u>6,471,076</u>
Nonoperating revenues (expenses):			
Interest revenue	199,190	54,957	254,147
Intergovernmental revenue	11,561	17,385	28,946
Gain (loss) on disposal of capital assets	6,302	-	6,302
Interest expense	(566,044)	(18,909)	(584,953)
Debt issuance costs	(171,102)	-	(171,102)
Contribution for Economic Development	(100,000)	-	(100,000)
Total nonoperating revenues (expenses)	<u>(620,093)</u>	<u>53,433</u>	<u>(566,660)</u>
Income (loss) before contributions and transfers	<u>5,864,989</u>	<u>39,427</u>	<u>5,904,416</u>
Capital contributions and transfers:			
Capital grants and contributions	574,512	-	574,512
Transfers in	-	276,152	276,152
Transfers out	(1,474,451)	(46,699)	(1,521,150)
Net capital contributions and transfers	<u>(899,939)</u>	<u>229,453</u>	<u>(670,486)</u>
Change in Net Position	4,965,050	268,880	5,233,930
Prior Period Adjustment	(84,405)	(5,937)	(90,342)
Net Position, October 1, 2017	<u>27,633,558</u>	<u>15,558,218</u>	<u>43,191,776</u>
Net Position, September 30, 2018	<u>\$ 32,514,203</u>	<u>\$ 15,821,161</u>	<u>\$ 48,335,364</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, 2018

	Business-type Activities		
	Enterprise Funds		
	Utility Fund	Airport Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 22,197,225	\$ 822,965	\$ 23,020,190
Payments to suppliers	(11,405,877)	(495,657)	(11,901,534)
Cash paid to employees	(1,907,757)	(181,597)	(2,089,354)
Net cash provided by operating activities	<u>8,883,591</u>	<u>145,711</u>	<u>9,029,302</u>
Cash flow from noncapital financing activities:			
Transfers in	-	276,152	276,152
Transfers out	(1,474,451)	(46,699)	(1,521,150)
Contributions for Economic Development	(100,000)	-	(100,000)
Net cash provided (used) by noncapital financing activities	<u>(1,574,451)</u>	<u>229,453</u>	<u>(1,344,998)</u>
Cash flow from capital and related financing activities:			
Principal payments on long-term debt	(2,267,062)	(108,049)	(2,375,111)
Proceeds from the sale of capital assets	90,132	-	90,132
Capital grants and contributions	106,608	3,017,385	3,123,993
Capital outlay	(14,361,206)	(462,530)	(14,823,736)
Interest paid on long-term debt	(968,994)	(18,909)	(987,903)
Net cash (used) by capital and related financing activities	<u>(17,400,522)</u>	<u>2,427,897</u>	<u>(14,972,625)</u>
Cash flow from investing activities:			
Purchase of investments	(2,418,154)	(3,043,665)	(5,461,819)
Interest Received	203,492	54,957	258,449
Net cash provided (used) by investing activities	<u>(2,214,662)</u>	<u>(2,988,708)</u>	<u>(5,203,370)</u>
Net increase (decrease) in cash and cash equivalents	(12,306,044)	(185,647)	(12,491,691)
Cash and cash equivalents, October 1, 2017	<u>17,565,541</u>	<u>451,303</u>	<u>18,016,844</u>
Cash and cash equivalents, September 30, 2018	<u>\$ 5,259,497</u>	<u>\$ 265,656</u>	<u>\$ 5,525,153</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 6,485,082	\$ (14,006)	\$ 6,471,076
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	2,263,863	163,048	2,426,911
Loss on disposal of capital assets	152,590	-	152,590
(Increase) decrease in accounts receivable	(41,992)	-	(41,992)
(Increase) decrease in miscellaneous receivables	108,177	36,428	144,605
(Increase) decrease in prepaid items	765	(6,342)	(5,577)
(Increase) decrease in inventory	11,609	17,832	29,441
Increase (decrease) in accounts payable	(206,968)	(4,723)	(211,691)
Increase (decrease) in compensated absences payable	(30,991)	(16,074)	(47,065)
Increase (decrease) in unearned revenue	87,824	(1,125)	86,699
Increase (decrease) in customer meter deposits	51,340	6,970	58,310
Increase (decrease) in net pension balances	(6,351)	(36,904)	(43,255)
Increase (decrease) in total OPEB balances	8,643	607	9,250
Total adjustments	<u>2,398,509</u>	<u>159,717</u>	<u>2,558,226</u>
Net cash provided by operating activities	<u>\$ 8,883,591</u>	<u>\$ 145,711</u>	<u>\$ 9,029,302</u>
Noncash Investing, Capital and Financing Activities			
Contribution of capital assets from developers	\$ 479,465	\$ -	\$ 479,465
Capital assets purchased with capital lease	490,398	-	490,398
Decrease in bonds payable due to refinancing	(9,000)	-	(9,000)
	<u>\$ 960,863</u>	<u>\$ -</u>	<u>\$ 960,863</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, 2018

	Future Construction Escrow Agency Fund	Employee Benefits Trust
ASSETS:		
Assets:		
Cash and cash equivalents	\$ 35,164	\$ 288,500
Total assets	<u>\$ 35,164</u>	<u>\$ 288,500</u>
LIABILITIES		
Liabilities:		
Escrow liability	\$ 35,164	\$ -
Total liabilities	<u>\$ 35,164</u>	<u>\$ -</u>
NET POSITION		
Restricted Net Position		<u>\$ 288,500</u>

City of Granbury, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the year ended September 30, 2018

	<u>Employee Benefits Trust</u>
Additions	
Contributions	
Employer	\$ 1,017,629
Employees	329,925
Interest Income	<u>1,471</u>
Total additions	<u>1,349,025</u>
Deductions	
Insurance Premiums	<u>1,174,203</u>
Change in net position	174,822
Net Position, October 1, 2017	<u>113,678</u>
Net Position, September 30, 2018	<u><u>\$ 288,500</u></u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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, 2018

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, 2018

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, Texas Term 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, 2018

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 \$891,700. Of this amount \$306,747 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, 2018

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, 2018

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
<u>Nonspendable:</u>					
Prepays and inventory	\$ 161,818	\$ -	\$ -	\$ 17,078	\$ 178,896
<u>Restricted:</u>					
Debt Service	-	508,115	-	-	508,115
Construction	1,000,000	-	3,685,934	-	4,685,934
Police training, K9 program and forfeiture funds	31,972	-	-	-	31,972
Park improvements	510,703	-	-	-	510,703
Public, educational and governmental programming	51,646	-	-	-	51,646
Tourism	-	-	-	178,431	178,431
Court Technology & Security	41,756	-	-	-	41,756
<u>Committed:</u>					
Culture and Recreation	-	-	-	120,053	120,053
Encumbrances	422,419	-	-	-	422,419
<u>Assigned:</u>					
Cemetery Gas Well	101,501	-	-	-	101,501
<u>Unassigned:</u>					
	7,658,716	-	-	-	7,658,716
	<u>\$ 9,980,531</u>	<u>\$ 508,115</u>	<u>\$ 3,685,934</u>	<u>\$ 315,562</u>	<u>\$ 14,490,142</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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Net Position*

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

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

Restricted Fund Balance (Exhibit C-1)	\$ 6,008,557
Adjustments	
Unspent proceeds from bonds reclassified to net investment in capital assets	(3,685,934)
Accrued interest payable restricted for debt service	(116,160)
Deferred property tax revenue restricted for debt service	59,006
Total adjustments	<u>(3,743,088)</u>
Restricted Net Position (Exhibit A-1)	<u><u>\$ 2,265,469</u></u>

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.

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, 2018, 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, 2018

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, 2018, the City's deposits at all banks were adequately insured.

\$2,147,805 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, 2018

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, 2018 included the following:

Investment	Rating	Maturities	Investments	Cost	Value
Tex-Pool	AAAm	28 days	2.15%	\$ 425,000	\$ 425,000
Texas CLASS Pool	AAAm	78 days	78.40%	15,508,713	15,508,713
Texas TERM Pool	AAAf	47 days	10.28%	2,033,931	2,033,931
TexStar Pool	AAAm	97 days	9.17%	1,815,018	1,815,018
			100.00%	<u>\$ 19,782,662</u>	<u>\$ 19,782,662</u>

NOTE 3: RESTRICTED ASSETS

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

	Cash	Investments
Governmental Activities		
PEG Fees	\$ 51,646	\$ -
Police forfeitures	21,343	-
Trust and agency	2,523,803	-
Construction	1,680,429	3,005,556
Total	<u>\$ 4,277,221</u>	<u>\$ 3,005,556</u>
Business-type Activities		
Customer deposits	\$ 666,178	\$ -
Impact fees restricted for capital improvements	235,082	683,234
Interest and sinking funds	51,446	-
Revenue bond reserve	23,897	890,018
Bond construction fund	2,148,344	-
Total	<u>\$ 3,124,947</u>	<u>\$ 1,573,252</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, 2018

NOTE 4: RECEIVABLES (Continued)

	General	Debt Service	Capital Projects	Tourism	Total Governmental Funds	Total Enterprise Funds
Receivables:						
Property taxes	\$ 57,997	\$ 69,418	\$ -	\$ -	\$ 127,415	\$ -
Franchise taxes	389,083	-	-	-	389,083	-
Accounts receivable	-	-	-	-	-	1,326,329
Earned income not billed	-	-	-	-	-	945,082
Fines and fees receivable	592,125	-	-	-	592,125	-
Due from other governments	1,417,691	-	-	-	1,417,691	-
Miscellaneous	389,991	-	-	189,694	579,685	924,629
Interest	903	-	-	-	903	6,419
Gross Receivables	2,847,790	69,418	-	189,694	3,106,902	3,202,459
Less: Allowance for Uncollectibles	(481,425)	(10,412)	-	-	(491,837)	(9,354)
Net Total Receivables	<u>\$2,366,365</u>	<u>\$ 59,006</u>	<u>\$ -</u>	<u>\$ 189,694</u>	<u>\$2,615,065</u>	<u>\$3,193,105</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 three items that qualify in this category, deferred charges on refunding bonds, deferred outflows related to pensions, and deferred outflows relating to OPEB 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)	\$ 43,048
Deferred property taxes receivable (debt service fund)	59,006
Deferred sales tax receivable (general fund)	729,367
Deferred franchise tax receivable (general fund)	389,083
Deferred fines and fees receivable (general fund)	118,425
Total deferred inflows for governmental funds	<u>\$ 1,338,929</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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, 2018, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Utility Fund	\$ 14,873	Warehouse inventory
Debt Service	General Fund	<u>3,346</u>	Debt service
Total Governmental Funds		<u><u>\$ 18,219</u></u>	

The composition of interfund transfers for the City's individual major funds and nonmajor funds as of September 30, 2018, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Airport	\$ 46,699	Allocation of shared expenses
	Enterprise	1,371,855	Unrestricted revenues of utility fund used to finance various general fund programs
Debt Service	General	291,462	Debt service
	Utility	102,596	Debt service
Nonmajor	General	612,530	Conference Center, Tourism, and Opera House
	General	<u>40,000</u>	Historic Properties
Total Governmental Funds Transfers In		<u><u>\$ 2,465,142</u></u>	
Airport Fund	General	\$ 94,020	Airport
	Capital Projects	<u>182,132</u>	Capital Outlay
Total Enterprise Funds Transfers In		<u><u>\$ 276,152</u></u>	

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Non - Depreciable Assets:					
Land	\$ 5,496,560	\$ -	\$ -	\$ -	\$ 5,496,560
Construction in Progress	3,026,832	613,272	-	(2,958,448)	681,656
Total non-depreciable assets	<u>8,523,392</u>	<u>613,272</u>	<u>-</u>	<u>(2,958,448)</u>	<u>6,178,216</u>
Depreciable Assets:					
Buildings	20,425,838	79,048	(6,107)	-	20,498,779
Improvements other than buildings	54,296,639	597,609	(4,261)	2,958,448	57,848,435
Machinery and equipment	11,080,441	565,572	(344,214)	(5,502)	11,296,297
Total capital assets being depreciated	<u>85,802,918</u>	<u>1,242,229</u>	<u>(354,582)</u>	<u>2,952,946</u>	<u>89,643,511</u>
Accumulated Depreciation:					
Buildings	(7,646,961)	(709,356)	6,107	-	(8,350,210)
Improvements other than buildings	(31,581,612)	(1,705,735)	4,261	-	(33,283,086)
Machinery and equipment	(8,644,466)	(797,279)	344,214	8,211	(9,089,320)
Total accumulated depreciation	<u>(47,873,039)</u>	<u>(3,212,370)</u>	<u>354,582</u>	<u>8,211</u>	<u>(50,722,616)</u>
Governmental activities capital assets, net	<u>\$ 46,453,271</u>	<u>\$ (1,356,869)</u>	<u>\$ -</u>	<u>\$ 2,709</u>	<u>\$ 45,099,111</u>

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

Governmental activities:	
Information technology	\$ 104,025
Fleet	7,946
Warehouse	8,947
Building maintenance	27,226
Granbury broadcasting services	23,474
Other governmental functions	156,599
Police	197,229
Fire	285,501
Municipal Court	4,836
Streets	1,098,254
Cemetery	14,130
Tourism	703,623
Parks	580,580
Total depreciation expense - governmental activities	<u>\$ 3,212,370</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

NOTE 7: CAPITAL ASSETS (Continued)

Business-type activities:	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Non - Depreciable Assets:					
Land	\$10,464,624	\$ 1,223,081	\$ -	\$ -	\$ 11,687,705
Construction in Progress	26,102,482	13,534,219	-	(20,415,047)	19,221,654
Total non-depreciable assets	<u>36,567,106</u>	<u>14,757,300</u>	<u>-</u>	<u>(20,415,047)</u>	<u>30,909,359</u>
Depreciable Assets:					
Buildings	448,247	8,200	-	-	456,447
Improvements other than buildings	58,088,989	687,226	(652,447)	20,247,265	78,371,033
Machinery and equipment	4,517,280	72,678	(522,565)	173,284	4,240,677
Total capital assets being depreciated	<u>63,054,516</u>	<u>768,104</u>	<u>(1,175,012)</u>	<u>20,420,549</u>	<u>83,068,157</u>
Accumulated Depreciation:					
Buildings	(303,566)	(10,949)	-	-	(314,515)
Improvements other than buildings	(26,892,267)	(2,134,702)	351,509	-	(28,675,460)
Machinery and equipment	(2,954,207)	(281,260)	589,791	(8,210)	(2,653,886)
Total accumulated depreciation	<u>(30,150,040)</u>	<u>(2,426,911)</u>	<u>941,300</u>	<u>(8,210)</u>	<u>(31,643,861)</u>
Business-type activities capital assets, net	<u>\$ 69,471,582</u>	<u>\$ 13,098,493</u>	<u>\$ (233,712)</u>	<u>\$ (2,708)</u>	<u>\$ 82,333,655</u>

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

Business-type activities:	
Water treatment and distribution	\$ 1,361,287
Wastewater collection and treatment	679,347
Electricity	223,228
Airport	163,049
Total depreciation expense - business-type activities	<u>\$ 2,426,911</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 \$425,720 and tourism fund \$2,454.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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

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

	<u>9/30/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2018</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.	\$ 3,070,000	\$ -	\$ 490,000	2,580,000	\$ 505,000
Series 2013 unamortized bond premium	216,492	-	30,927	185,565	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.	195,000	-	22,500	172,500	25,000
Series 2008 unamortized bond premium	4,643	-	1,765	2,878	1,113
\$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.	660,000	-	295,000	365,000	310,000
Series 2011 unamortized bond premium	69,243	-	16,175	53,068	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.	7,850,000	-	70,000	7,780,000	65,000
Series 2014 unamortized bond premium	708,509	-	50,608	657,901	50,608
\$5,075,000; General Obligation Refunding Bonds Series 2016 due in annual installments beginning from 8/15/2017, 2.00% to 5.00% until 8/15/2032.	4,580,000	-	615,000	3,965,000	625,000
Series 2016 unamortized bond premium	475,263	-	32,040	443,223	32,040
Total General Obligation Bonds	\$ 17,829,150	\$ -	\$ 1,624,015	\$ 16,205,135	\$ 1,660,863
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.	1,785,000	-	200,000	1,585,000	210,000
Series 2015 unamortized bond premium	92,075	-	13,153	78,922	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	-	215,000	9,475,000	220,000
Series 2016 unamortized bond premium	487,736	-	26,543	461,193	26,543
Total Certificates of Obligation	\$ 12,054,811	\$ -	\$ 454,696	\$ 11,600,115	\$ 469,696

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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

	<u>9/30/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2018</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.	\$ 286,750	\$ -	\$ 26,367	\$ 260,383	\$ 27,249
Total Notes Payable	<u>\$ 286,750</u>	<u>\$ -</u>	<u>\$ 26,367</u>	<u>\$ 260,383</u>	<u>\$ 27,249</u>
\$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.	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.	86,160	-	56,226	29,934	29,935
\$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.	629,892	-	76,695	553,197	78,827
\$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.	158,908	-	62,528	96,380	63,902
\$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.	312,852	-	47,434	265,418	48,404
\$572,131; Lease payable to Honeywell International Inc in semi-annual payments of \$33,999.81, including interest at 3.409% until August 2028. Secured by heating and cooling units and lighting at 17 locations.	-	572,131	-	572,131	48,909
Total Capital Leases	<u>\$ 1,209,805</u>	<u>\$ 572,131</u>	<u>\$ 264,876</u>	<u>\$ 1,517,060</u>	<u>\$ 269,977</u>
Compensated Absences Payable	<u>\$ 463,344</u>	<u>\$ 428,174</u>	<u>\$ 463,344</u>	<u>\$ 428,174</u>	<u>\$ 257,461</u>
Net Pension Liability	<u>\$ 6,588,230</u>	<u>\$ -</u>	<u>\$ 1,919,196</u>	<u>\$ 4,669,034</u>	<u>\$ -</u>
Total OPEB Liability	<u>\$ -</u>	<u>\$ 352,343</u>	<u>\$ -</u>	<u>\$ 352,343</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 38,432,090</u>	<u>\$ 1,352,648</u>	<u>\$ 4,752,494</u>	<u>\$ 35,032,244</u>	<u>\$ 2,685,246</u>

Compensated absences, the net pension liability, and the total OPEB liability of the governmental activities are paid by the General Fund and Tourism Fund.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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
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	1,025,000	327,225	1,352,225	710,000	307,081	1,017,081
2024-2028	3,972,500	1,129,600	5,102,100	3,190,000	1,163,007	4,353,007
2029-2033	3,385,000	345,400	3,730,400	3,230,000	627,307	3,857,307
2034-2038	-	-	-	2,175,000	134,494	2,309,494
Debt Service Requirements	14,862,500	3,681,600	18,544,100	11,060,000	3,590,913	14,650,913
Add: Unamortized Premium	1,342,635		1,342,635	540,115		540,115
	<u>\$ 16,205,135</u>	<u>\$ 3,681,600</u>	<u>\$ 19,886,735</u>	<u>\$ 11,600,115</u>	<u>\$ 3,590,913</u>	<u>\$ 15,191,028</u>

	Notes Payable		
	Principal	Interest	Total
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	31,337	4,064	35,401
2024-2028	114,233	7,218	121,451
	<u>\$ 260,383</u>	<u>\$ 38,076</u>	<u>\$ 298,459</u>

NOTE 9: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

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.

On February 1, 2018, the City issued \$5,620,000 of General Obligation Refunding Bonds, Series 2018. The bonds consisted of General Obligation bonds with interest rates ranging from 2% to 4%. The net proceeds were used to refund Utility System Subordinated Lien Revenue Bonds, Series 1998 and Utility System Revenue Refunding Bonds, Series 2010. The refunding decreased debt service payments for the City by \$334,743 with a net present value savings (economic gain) of \$308,121 or 4.19%.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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, 2018, expenditures for the project totaled \$16,097,262. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2018, the balance of the escrow account was \$725,901.

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, 2018, expenditures for the project totaled \$2,383,849. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2018, the balance of the escrow account was \$358,643.

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, 2018, expenditures for the project totaled \$15,376,581. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2018, the balance of the escrow account was \$1,063,261.

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

	<u>9/30/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2018</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.	\$ 2,454,000	\$ -	\$ 2,454,000	-	\$ -
\$270,000; Utility System Subordinated Lien Revenue Bonds Series 1999 dated 6/28/1999, due in annual installments at 4.50% to 2038.	195,000	-	195,000	-	-
\$5,910,000; Utility System Revenue Refunding Bonds Series 2010 due in annual installments at 2.00% to 3.625% to 9/15/2022.	3,175,000	-	3,175,000	-	-
Series 2010 unamortized bond premium	14,055	-	14,055	-	-
\$4,700,000; Utility System Revenue Refunding Bonds Series 2012 due in annual installments at 3.00% to 4.00% to 9/15/2031.	3,610,000	-	205,000	3,405,000	205,000
Series 2012 unamortized bond premium	156,266	-	11,162	145,104	11,162
Total Revenue Bonds	<u>\$ 9,604,321</u>	<u>\$ -</u>	<u>\$ 6,054,217</u>	<u>\$ 3,550,104</u>	<u>\$ 216,162</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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

	<u>9/30/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2018</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	\$ 1,815,000	\$ -	\$ 320,000	\$ 1,495,000	\$ 325,000
Series 2013 unamortized bond premium	138,704	-	19,815	118,889	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.	195,000	-	22,500	172,500	25,000
Series 2008 unamortized bond discount	5,402	-	1,741	3,661	1,740
\$815,000; 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	-	105,000	710,000	105,000
Series 2016 unamortized bond premium	120,913	-	8,151	112,762	8,151
\$5,620,000; General Obligation Refunding Bonds Series 2018 due in semi-annual installments from 2/15/18 at 4.50% until 8/15/18	-	5,620,000	735,000	4,885,000	670,000
Series 2018 unamortized bond premium	-	284,800	9,493	275,307	14,240
Total General Obligation Bonds	\$ 3,090,019	\$ 5,904,800	\$ 1,221,700	\$ 7,773,119	\$ 1,168,946
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.	\$ 16,215,000	\$ -	\$ 215,000	\$ 16,000,000	\$ 225,000
\$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	-	270,000	2,450,000	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	-	80,000	14,920,000	165,000
Total Certificates of Obligation	\$ 33,935,000	\$ -	\$ 565,000	\$ 33,370,000	\$ 660,000
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.	\$ 68,088	\$ -	\$ 8,011	\$ 60,077	\$ 8,010

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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

	<u>9/30/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2018</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.	\$ 250,890	\$ -	\$ 71,763	\$ 179,127	\$ 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.	139,993	-	11,440	128,553	11,833
\$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.	211,288	-	17,265	194,023	17,858
\$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.	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.	148,153	-	99,298	48,855	48,855
\$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.	12,724	-	4,900	7,824	5,063
\$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.	19,265	-	7,582	11,683	7,748
\$1,225,994; Lease payable to Honeywell International Inc in semi-annual payments of \$72,856.74, including interest at 3.409% until August 2028. Secured by heating and cooling units and lighting at 17 locations.	-	1,225,994	-	1,225,994	104,805
Total Capital Leases	<u>\$ 789,666</u>	<u>\$ 1,225,994</u>	<u>\$ 219,601</u>	<u>\$ 1,796,059</u>	<u>\$ 267,924</u>
Compensated Absences Payable	<u>\$ 173,535</u>	<u>\$ 126,470</u>	<u>\$ 173,535</u>	<u>\$ 126,470</u>	<u>\$ 61,752</u>
Net Pension Liability	<u>\$ 1,889,102</u>	<u>\$ -</u>	<u>\$ 568,933</u>	<u>\$ 1,320,169</u>	<u>\$ -</u>
Total OPEB Liability	<u>\$ -</u>	<u>\$ 106,695</u>	<u>\$ -</u>	<u>\$ 106,695</u>	<u>\$ -</u>
Total Business-type Activities	<u>\$49,549,731</u>	<u>\$ 7,363,959</u>	<u>\$ 8,810,997</u>	<u>\$48,102,693</u>	<u>\$ 2,382,794</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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
2019	\$ 205,000	\$ 134,150	\$ 339,150	\$ 1,785,000	\$ 798,760	\$ 2,583,760
2020	215,000	128,000	343,000	1,805,000	772,725	2,577,725
2021	220,000	119,400	339,400	1,840,000	741,404	2,581,404
2022	230,000	110,600	340,600	1,880,000	702,388	2,582,388
2023	240,000	101,400	341,400	1,410,000	659,850	2,069,850
2024-2028	1,350,000	355,000	1,705,000	7,397,500	2,985,501	10,383,001
2029-2033	945,000	76,400	1,021,400	8,740,000	2,317,334	11,057,334
2034-2038	-	-	-	9,355,000	1,288,018	10,643,018
2039-2043	-	-	-	4,485,000	512,212	4,997,212
2044-2048	-	-	-	1,935,000	64,703	1,999,703
Debt Service Requirements	3,405,000	1,024,950	4,429,950	40,632,500	10,842,895	51,475,395
Add: Unamortized Premium	145,104		145,104	510,619		510,619
	<u>\$ 3,550,104</u>	<u>\$ 1,024,950</u>	<u>\$ 4,575,054</u>	<u>\$ 41,143,119</u>	<u>\$ 10,842,895</u>	<u>\$ 51,986,014</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, 2018.

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, 2018

NOTE 10: SPECIAL ASSESSMENT DEBT (Continued)

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

	Principal
2019	\$ 8,010
2020	8,010
2021	8,010
2022	8,010
2023	8,010
2024-2028	20,027
Total	\$ 60,077

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
2019	\$ 310,472	\$ 324,803	\$ 635,275
2020	247,400	267,113	514,513
2021	214,657	222,155	436,812
2022	214,657	186,137	400,794
2023	214,657	186,137	400,794
2024-2028	493,203	906,051	1,399,254
Total debt service requirements	1,695,046	2,092,396	3,787,442
Less: Interest Portion	177,986	296,337	474,323
Debt Principal	\$ 1,517,060	\$ 1,796,059	\$ 3,313,119

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	\$ 228,852	\$ 1,949,425	\$ 2,178,277
Machinery and equipment	1,733,462	545,187	2,278,649
Less: Accumulated Depreciation	(747,389)	(1,060,167)	(1,807,556)
Net	\$ 1,214,925	\$ 1,434,445	\$ 2,649,370

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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 883 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 2018
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, 2018

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	85
Active employees	157
	339

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 15.87% and 16.14% in calendar years 2017 and 2018, respectively. The city's contributions to TMRS for the year ended September 30, 2018, were \$1,358,868, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 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, 2018

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

The actuarial assumptions were developed primarily from the actuarial investigation of experience of TMRS over the four year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 15, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the protection 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%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

Discount Rate

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

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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 12/31/2016	\$ 38,545,555	\$ 30,412,808	\$ 8,132,747
Changes for the year:			
Service cost	1,343,239	-	1,343,239
Interest	2,595,907	-	2,595,907
Change of benefit terms	-	-	-
Difference between expected and actual experience	(399,213)	-	(399,213)
Changes of assumptions	-	-	-
Contributions - employer	-	1,251,745	(1,251,745)
Contributions - employee	-	552,124	(552,124)
Net investment income	-	4,216,502	(4,216,502)
Benefit payments, including refunds of employee contributions	(1,518,579)	(1,518,579)	-
Administrative expense	-	(21,845)	21,845
Other changes	-	(1,107)	1,107
Net changes	<u>2,021,354</u>	<u>4,478,840</u>	<u>(2,457,486)</u>
Balance at 12/31/2017	<u><u>\$ 40,566,909</u></u>	<u><u>\$ 34,891,648</u></u>	<u><u>\$ 5,675,261</u></u>

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 11,700,684	\$ 5,675,261	\$ 772,469

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, 2018

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
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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, 2018, 2017 and 2016 were \$57,820, \$63,280 and \$54,180, 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
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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 1.31%
Total Pension Liability	\$ 129,121,466	\$ 1,688,909
Plan Fiduciary Net Position	105,119,788	1,374,967
Net Pension Liability	\$ 24,001,678	\$ 313,942
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.4%	81.4%

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, 2018

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	\$ 586,262	\$ 313,942	\$ 142,149

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

At September 30, 2018, the City reported a liability of \$313,942 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, 2018

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

	City
City's proportional share of the collective net pension liability	\$ 313,942
State's proportionate share that is associated with the City	152,898
	\$ 466,840

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, 2018, the City recognized pension expense of \$1,287,601. \$1,217,589 of this expense was for TMRS and \$70,012 was for TESRS.

At September 30, 2018, 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	\$ -	\$ 380,790
Changes in actuarial assumptions	3,978	-
Difference between projected and actual investment earnings	-	904,447
Contributions subsequent to the measurement date	1,036,191	-
Total TMRS	\$ 1,040,169	\$ 1,285,237
Differences between expected and actual economic experience	\$ 301	\$ -
Changes in actuarial assumptions	4,147	-
Difference between projected and actual investment earnings	22,885	-
Contributions subsequent to the measurement date	57,820	-
Total TESRS	\$ 85,153	\$ -
Total	\$ 1,125,322	\$ 1,285,237

\$1,094,011 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, 2019. 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, 2018

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

	TMRS	TESRS	Total
Year Ended September 30:			
2018	\$ (139,519)	\$ 12,534	\$ (126,985)
2019	(155,393)	22,959	(132,434)
2020	(527,498)	(1,785)	(529,283)
2021	(458,849)	(6,375)	(465,224)
2022	-	-	-
Thereafter	-	-	-
Total	\$ (1,281,259)	\$ 27,333	\$ (1,253,926)

NOTE 14: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. 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). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member 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.

Benefits Provided

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	25
Active employees	157
	250

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

NOTE 14: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50% to 10.50% including inflation
Retirees' share of benefit related costs	\$0

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates for service retirees were based on the gender distinct RP 2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Mortality rates for disabled retirees were based on the gender distinct RP 2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 3.31%. The discount rate was based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

Changes in the OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2016	\$ 388,679
Changes for the year:	
Service cost	21,295
Interest	15,035
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	37,184
Benefit payments	<u>(3,155)</u>
Net changes	70,359
Balance at 12/31/2017	<u><u>\$ 459,038</u></u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

NOTE 14: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability of the City, calculated using the discount rate of 3.31% as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
City's Total OPEB Liability	\$ 555,263	\$ 459,038	\$ 384,794

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ -
Changes in assumptions and other inputs	30,556	-
Contributions subsequent to the measurement date	-	-
Total	\$ 30,556	\$ -

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30:		
2018	\$	6,628
2019		6,628
2020		6,628
2021		6,628
2022		4,044
Thereafter		-
Total	\$	30,556

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, 2018

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 one lawsuit. 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 December 2015, The City entered into an agreement with Exelon Generation Company, LLC ("Constellation") effective January 1, 2018 through December 31, 2020 for the purchase of its power and energy to serve its retail customers. The total cost incurred under this agreement for the year ended September 30, 2018 was \$5,599,227.

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, 2018 was \$809,892.

C. 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 all the land for the airport expansion project. Phase II of the project is currently underway, and it consists of the relocation of the power distribution lines and the construction of a new electric substation. 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 expansion project. The Texas Department of Transportation will oversee the construction phase of the project.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

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, 2018 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, 2018.

<u>Type of Business</u>	<u>Purpose</u>	<u>Tax Abated</u>	<u>Percent Abated</u>	<u>Amount Abated</u>
Grocery Store	Construct new facility	Property Tax	50%	\$ 39,234
	and operate grocery store	Sales Tax	50% of 1 cent	\$ 65,861

NOTE 19: SUBSEQUENT EVENTS

On November 20, 2018, City Council approved the issuance of the Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018A in the amount of \$13,810,000. The bond proceeds will be used to make water system improvements.

On November 20, 2018, City Council approved the issuance of the Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018B in the amount of \$34,950,000. The bond proceeds will be used to make wastewater system improvements.

Subsequent events were evaluated through February 27, 2019, which is the date the financial statements were available to be issued.

NOTE 20: NEW ACCOUNTING PRONOUNCEMENTS

The City Implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement replaces the requirements of Statements No. 45 and No. 57 for accounting and financial reporting of postemployment benefits other than pensions.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2018

NOTE 20: NEW ACCOUNTING PRONOUNCEMENTS (Continued)

Beginning net position of the governmental activities and business-type activities was reduced by the following prior period adjustments:

	Governmental Activities	Business-type Activities	Total
Total OPEB Liability 09/30/17	\$ 298,337	\$ 90,342	\$ 388,679

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, 2018

	Budgeted Amounts		Actual	Budget to	Actual	Variance with
	Original	Final	Amounts	Budget to	Amounts	Final Budget
			GAAP	GAAP	Budgetary	Positive
			Basis	Differences	Basis	(Negative)
REVENUES:						
Taxes:						
General property	\$ 2,740,126	\$ 2,740,126	\$ 2,721,509	\$ -	\$ 2,721,509	\$ (18,617)
Sales and use	7,560,000	8,196,354	8,600,566	-	8,600,566	404,212
Franchise	1,657,188	1,657,188	1,714,243	-	1,714,243	57,055
Fines and fees	207,800	207,800	176,838	-	176,838	(30,962)
Licenses and permits	646,500	646,500	838,574	-	838,574	192,074
Charges for service	71,000	71,000	355,351	-	355,351	284,351
Intergovernmental revenue	308,228	308,228	329,654	-	329,654	21,426
Park and recreation	154,000	161,840	282,889	-	282,889	121,049
Interest income	50,000	50,000	160,514	-	160,514	110,514
Other revenue	1,070,550	1,417,231	313,879	-	313,879	(1,103,352)
Total revenues	<u>14,465,392</u>	<u>15,456,267</u>	<u>15,494,017</u>	<u>-</u>	<u>15,494,017</u>	<u>37,750</u>
EXPENDITURES:						
Current						
General government						
City Council	197,813	197,813	193,884	(17,443)	176,441	21,372
Legal	155,500	253,000	252,364	-	252,364	636
Executive	668,609	668,609	650,053	-	650,053	18,556
Financial Administration	514,007	514,007	503,791	(16,353)	487,438	26,569
Purchasing	154,858	154,858	154,606	-	154,606	252
Social Services	54,000	54,000	54,000	-	54,000	-
Information Technology	809,171	916,966	725,382	(12,681)	712,701	204,265
Economic Development	89,800	89,800	62,907	3,500	66,407	23,393
Human Resources	201,061	201,061	188,097	6,800	194,897	6,164
Warehouse	161,100	161,100	142,587	-	142,587	18,513
Fleet Maintenance	314,884	314,884	309,289	(175)	309,114	5,770
Building Maintenance	793,511	874,155	765,897	42,506	808,403	65,752
Granbury Broadcasting Services	119,752	123,452	118,833	-	118,833	4,619
Other governmental functions	809,513	751,125	943,860	(235,323)	708,537	42,588
Public Safety:						
Police	4,217,173	4,503,105	4,429,064	3,665	4,432,729	70,376
Fire	612,194	620,188	428,606	(18,228)	410,378	209,810
Municipal Court	196,310	196,310	188,350	-	188,350	7,960
Streets	1,875,651	2,025,836	652,771	125,300	778,071	1,247,765
Building & Permits	589,478	604,478	578,544	-	578,544	25,934
Community Development	608,711	642,711	532,290	84,267	616,557	26,154
Clean Air Coalition	173,063	173,063	82,862	-	82,862	90,201
Cemetery	53,720	53,720	62,928	(20,025)	42,903	10,817
Parks	1,874,996	1,897,032	1,761,169	5,232	1,766,401	130,631
Total expenditures	<u>15,244,875</u>	<u>15,991,273</u>	<u>13,782,134</u>	<u>(48,958)</u>	<u>13,733,176</u>	<u>2,258,097</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(779,483)</u>	<u>(535,006)</u>	<u>1,711,883</u>	<u>48,958</u>	<u>1,760,841</u>	<u>2,295,847</u>
Other financing sources (uses):						
Transfers in	1,336,330	1,336,330	1,418,554	-	1,418,554	82,224
Transfers out	(407,858)	(746,558)	(1,038,013)	-	(1,038,013)	(291,455)
Proceeds from sale of general capital assets	-	-	41,370	-	41,370	41,370
Insurance recoveries	-	97,189	66,372	-	66,372	(30,817)
Issuance of capital lease	-	-	572,131	(572,131)	-	-
Total other financing sources (uses)	<u>928,472</u>	<u>686,961</u>	<u>1,060,414</u>	<u>(572,131)</u>	<u>488,283</u>	<u>(198,678)</u>
Net change in fund balance	148,989	151,955	2,772,297	(523,173)	2,249,124	2,097,169
Fund Balance, October 1, 2017	<u>7,208,234</u>	<u>7,208,234</u>	<u>7,208,234</u>	<u>-</u>	<u>7,208,234</u>	<u>-</u>
Fund Balance, September 30, 2018	<u>\$ 7,357,223</u>	<u>\$ 7,360,189</u>	<u>\$ 9,980,531</u>	<u>\$ (523,173)</u>	<u>\$ 9,457,358</u>	<u>\$ 2,097,169</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	2017
Total Pension Liability				
Service Cost	\$ 1,146,288	\$ 1,267,619	\$ 1,339,522	\$ 1,343,239
Interest (on the Total Pension Liability)	2,247,052	2,373,921	2,440,411	2,595,907
Changes of benefit terms (TMRS Plan Participation)	-	-	-	-
Difference between expected and actual experience	(235,764)	(65,276)	(7,656)	(399,213)
Change of assumptions	-	11,679	-	-
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)	(1,422,391)	(1,518,579)
Net Change in Total Pension Liability	1,689,194	2,244,687	2,349,886	2,021,354
Total Pension Liability - Beginning	32,261,788	33,950,982	36,195,669	38,545,555
Total Pension Liability - Ending	<u>\$ 33,950,982</u>	<u>\$ 36,195,669</u>	<u>\$ 38,545,555</u>	<u>\$ 40,566,909</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,210,021	\$ 1,211,241	\$ 1,192,079	\$ 1,251,745
Contributions - Employee	529,121	543,376	548,984	552,124
Net Investment Income	1,489,869	41,001	1,906,944	4,216,502
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)	(1,422,391)	(1,518,579)
Administrative Expense	(15,553)	(24,971)	(21,531)	(21,845)
Other	(1,279)	(1,233)	(1,160)	(1,107)
Net Change in Plan Fiduciary Net Position	1,743,797	426,158	2,202,925	4,478,840
Plan Fiduciary Net Position - Beginning	26,039,928	27,783,725	28,209,883	30,412,808
Plan Fiduciary Net Position - Ending	<u>\$ 27,783,725</u>	<u>\$ 28,209,883</u>	<u>\$ 30,412,808</u>	<u>\$ 34,891,648</u>
Net Pension Liability Ending	\$ 6,167,257	\$ 7,985,786	\$ 8,132,747	\$ 5,675,261
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.83%	77.94%	78.90%	86.01%
Covered Payroll	\$ 7,537,242	\$ 7,762,515	\$ 7,842,632	\$ 7,887,489
Net Pension Liability as a Percentage of Covered Payroll	81.82%	102.88%	103.70%	71.95%

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	2018
Actuarially Determined Contribution	\$ 1,205,557	\$ 1,207,638	\$ 1,239,090	\$ 1,232,864	\$ 1,358,868
Contributions in relation to the actuarially determined contribution	\$ 1,205,557	\$ 1,207,638	\$ 1,239,090	\$ 1,232,864	\$ 1,358,868
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 7,503,874	\$ 7,682,345	\$ 8,099,664	\$ 7,824,858	\$ 8,427,131
Contributions as a percentage of covered payroll	16.07%	15.72%	15.30%	15.76%	16.12%

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Proportion of the Net Pension Liability (Asset)	0.01120	0.01138	0.01183	0.01308
Proportionate Share of Net Pension Liability (Asset)	\$ 203,522	\$ 303,761	\$ 344,585	\$ 313,942
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the City	<u>103,860</u>	<u>161,172</u>	<u>182,011</u>	<u>152,898</u>
Total	<u>\$ 307,382</u>	<u>\$ 464,933</u>	<u>\$ 526,596</u>	<u>\$ 466,840</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.46%	76.89%	76.34%	81.41%

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

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

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 50,715	\$ 53,760	\$ 54,180	\$ 63,280	\$ 57,820
Contributions in relation to the contractually required contribution	\$ 50,715	\$ 53,760	\$ 54,180	\$ 63,280	\$ 57,820
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

	2017
Total OPEB Liability	
Service Cost	\$ 21,296
Interest (on the Total OPEB Liability)	15,035
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	37,184
Benefit payments	(3,155)
Net Change in Total OPEB Liability	70,360
Total OPEB Liability - Beginning	388,678
Total OPEB Liability - Ending	<u>\$ 459,038</u>
Covered Payroll	\$ 7,887,489
Total OPEB Liability as a Percentage of Covered Payroll	5.82%

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, 2018

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 \$2,258,097 less than budgeted.

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	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor

City of Granbury, Texas
Notes to Required Supplementary Information
September 30, 2018

6. Schedule of Changes in OPEB Liability

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

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, 2018

	Special Revenue			Total Nonmajor Funds
	Tourism	Granbury Historic Properties	Total Special Revenue Funds	
Assets:				
Cash	\$ 127,562	\$ 120,053	\$ 247,615	\$ 247,615
Receivables (Net of allowances for uncollectibles)				
Miscellaneous receivables	189,694	-	189,694	189,694
Inventories	6,514	-	6,514	6,514
Prepaid items	10,564	-	10,564	10,564
Total assets	\$ 334,334	\$ 120,053	\$ 454,387	\$ 454,387
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ 114,378	\$ -	\$ 114,378	\$ 114,378
Customer deposits payable	100	-	100	100
Unearned revenue	24,347	-	24,347	24,347
Total liabilities	138,825	-	138,825	138,825
Fund Balance:				
Nonspendable Fund Balance	17,078	-	17,078	17,078
Restricted Fund Balance	178,431	-	178,431	178,431
Committed Fund Balance	-	120,053	120,053	120,053
Total fund balances	195,509	120,053	315,562	315,562
Total liabilities, deferred inflows and fund balances	\$ 334,334	\$ 120,053	\$ 454,387	\$ 454,387

City of Granbury, Texas
Nonmajor Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended September 30, 2018

	Special Revenue			Total Nonmajor Funds
	Tourism	Granbury Historic Properties	Total Special Revenue Funds	
Revenues:				
Hotel/Motel Occupancy Tax	\$ 729,324	\$ -	\$ 729,324	\$ 729,324
Charges for service	580,500	-	580,500	580,500
Interest	-	338	338	338
Other Revenue	47,869	-	47,869	47,869
Total revenue	<u>1,357,693</u>	<u>338</u>	<u>1,358,031</u>	<u>1,358,031</u>
Expenditures:				
Current:				
Tourism	755,242	-	755,242	755,242
Conference Center	1,005,600	-	1,005,600	1,005,600
Debt Service:				
Principal	-	26,367	26,367	26,367
Interest and fiscal charges	-	9,497	9,497	9,497
Total expenditures	<u>1,760,842</u>	<u>35,864</u>	<u>1,796,706</u>	<u>1,796,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(403,149)</u>	<u>(35,526)</u>	<u>(438,675)</u>	<u>(438,675)</u>
Other financing sources (uses):				
Transfers in	612,530	40,000	652,530	652,530
Proceeds from sale of general capital assets	50	-	50	50
Total other financing sources (uses):	<u>612,580</u>	<u>40,000</u>	<u>652,580</u>	<u>652,580</u>
Net change in fund balances	209,431	4,474	213,905	213,905
Fund Balance, October 1, 2017	<u>(13,922)</u>	<u>115,579</u>	<u>101,657</u>	<u>101,657</u>
Fund Balance, September 30, 2018	<u>\$ 195,509</u>	<u>\$ 120,053</u>	<u>\$ 315,562</u>	<u>\$ 315,562</u>

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, 2018
(With comparative totals for September 30, 2017)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts	Final Budget	Actual
			Budgetary	Positive	Budgetary
			Basis	(Negative)	Basis
REVENUES:					
Taxes:					
General property	\$ 2,740,126	\$ 2,740,126	\$ 2,721,509	\$ (18,617)	\$ 2,550,951
Sales and use	7,560,000	8,196,354	8,600,566	404,212	7,926,229
Franchise	1,657,188	1,657,188	1,714,243	57,055	1,675,475
Fines and fees	207,800	207,800	176,838	(30,962)	200,801
Licenses and permits	646,500	646,500	838,574	192,074	737,790
Charges for service	71,000	71,000	355,351	284,351	85,214
Intergovernmental revenue	308,228	308,228	329,654	21,426	1,891,996
Park and recreation	154,000	161,840	282,889	121,049	173,562
Interest income	50,000	50,000	160,514	110,514	59,809
Other revenue	1,070,550	1,417,231	313,879	(1,103,352)	400,226
Total revenues	<u>14,465,392</u>	<u>15,456,267</u>	<u>15,494,017</u>	<u>37,750</u>	<u>15,702,053</u>
EXPENDITURES:					
Current					
General government					
City Council	197,813	197,813	176,441	21,372	225,542
Legal	155,500	253,000	252,364	636	195,572
Executive	668,609	668,609	650,053	18,556	632,252
Financial Administration	514,007	514,007	487,438	26,569	496,359
Purchasing	154,858	154,858	154,606	252	191,008
Social Services	54,000	54,000	54,000	-	54,000
Information Technology	809,171	916,966	712,701	204,265	807,967
Economic Development	89,800	89,800	66,407	23,393	49,621
Human Resources	201,061	201,061	194,897	6,164	277,804
Warehouse	161,100	161,100	142,587	18,513	145,905
Fleet Maintenance	314,884	314,884	309,114	5,770	324,928
Building Maintenance	793,511	874,155	808,403	65,752	906,387
Granbury Broadcasting Services	119,752	123,452	118,833	4,619	168,230
Other governmental functions	809,513	751,125	708,537	42,588	963,542
Public Safety:					
Police	4,217,173	4,503,105	4,432,729	70,376	3,677,933
Fire	612,194	620,188	410,378	209,810	437,253
Municipal Court	196,310	196,310	188,350	7,960	184,746
Streets	1,875,651	2,025,836	778,071	1,247,765	2,455,929
Building & Permits	589,478	604,478	578,544	25,934	548,658
Community Development	608,711	642,711	616,557	26,154	478,159
Clean Air Coalition	173,063	173,063	82,862	90,201	188,578
Cemetery	53,720	53,720	42,903	10,817	65,953
Parks	1,874,996	1,897,032	1,766,401	130,631	1,742,742
Total expenditures	<u>15,244,875</u>	<u>15,991,273</u>	<u>13,733,176</u>	<u>2,258,097</u>	<u>15,219,068</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(779,483)</u>	<u>(535,006)</u>	<u>1,760,841</u>	<u>2,295,847</u>	<u>482,985</u>
Other financing sources (uses):					
Transfers in	1,336,330	1,336,330	1,418,554	82,224	1,271,972
Transfers out	(407,858)	(746,558)	(1,038,013)	(291,455)	(766,885)
Proceeds from sale of general capital assets	-	-	41,370	41,370	128,850
Insurance recoveries	-	97,189	66,372	(30,817)	34,083
Total other financing sources (uses)	<u>928,472</u>	<u>686,961</u>	<u>488,283</u>	<u>(198,678)</u>	<u>668,020</u>
Net change in fund balance	148,989	151,955	2,249,124	2,097,169	1,151,005
Fund Balance, October 1, 2017	<u>7,208,234</u>	<u>7,208,234</u>	<u>7,208,234</u>	<u>-</u>	<u>6,043,439</u>
Fund Balance, September 30, 2018	<u>\$ 7,357,223</u>	<u>\$ 7,360,189</u>	<u>\$ 9,457,358</u>	<u>\$ 2,097,169</u>	<u>\$ 7,194,444</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, 2018
 (With comparative totals for September 30, 2017)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
Revenues:					
Hotel/Motel Occupancy Tax	\$ 757,000	\$ 757,000	\$ 729,324	\$ (27,676)	\$ 737,375
Charges for Service	563,450	571,940	580,500	8,560	565,856
Other Revenue	37,500	48,063	47,869	(194)	50,458
Total revenues	1,357,950	1,377,003	1,357,693	(19,310)	1,353,689
Expenditures:					
Current:					
Tourism	806,900	815,900	755,242	60,658	805,867
Conference Center	824,888	1,176,607	1,005,600	171,007	732,905
Total expenditures	1,631,788	1,992,507	1,760,842	231,665	1,538,772
Excess (deficiency) of revenues over (under) expenditures	(273,838)	(615,504)	(403,149)	212,355	(185,083)
Other financing sources (uses):					
Transfers in	273,838	612,538	612,530	(8)	269,147
Proceeds from sale of general capital as	-	-	50	50	-
Total other financing sources (uses):	273,838	612,538	612,580	42	269,147
Net change in fund balance	-	(2,966)	209,431	212,397	84,064
Fund Balance, October 1, 2017	(13,922)	(13,922)	(13,922)	-	(97,986)
Fund Balance, September 30, 2018	\$ (13,922)	\$ (16,888)	\$ 195,509	\$ 212,397	\$ (13,922)

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, 2018
 (With comparative totals for September 30, 2017)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
Revenues:					
Interest	\$ -	\$ -	\$ 338	\$ 338	\$ 138
Other revenue	-	-	-	-	1,699
Total revenues	-	-	338	338	1,837
Expenditures:					
Current:					
Tourism	-	-	-	-	1,889
Debt Service:					
Principal	26,367	26,367	26,367	-	25,074
Interest and fiscal charges	13,633	13,633	9,497	4,136	10,790
Total expenditures	40,000	40,000	35,864	4,136	37,753
Excess (deficiency) of revenues over (under) expenditures	(40,000)	(40,000)	(35,526)	4,474	(35,916)
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	-	-	4,474	4,474	4,084
Fund Balance, October 1, 2017	115,579	115,579	115,579	-	111,495
Fund Balance, September 30, 2018	\$ 115,579	\$ 115,579	\$ 120,053	\$ 4,474	\$ 115,579

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, 2018
(With comparative totals for September 30, 2017)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
Revenues:					
Property tax revenue	\$ 2,868,856	\$ 2,868,856	\$ 2,898,011	\$ 29,155	\$ 2,843,817
Interest income	-	-	43,338	43,338	11,622
Total revenues	<u>2,868,856</u>	<u>2,868,856</u>	<u>2,941,349</u>	<u>72,493</u>	<u>2,855,439</u>
Expenditures:					
Debt Service					
Principal	2,920,000	3,216,682	2,172,375	1,044,307	1,953,676
Interest and fiscal charges	<u>1,702,869</u>	<u>1,406,187</u>	<u>988,093</u>	<u>418,094</u>	<u>1,196,212</u>
Total expenditures	<u>4,622,869</u>	<u>4,622,869</u>	<u>3,160,468</u>	<u>1,462,401</u>	<u>3,149,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,754,013)</u>	<u>(1,754,013)</u>	<u>(219,119)</u>	<u>1,534,894</u>	<u>(294,449)</u>
Other financing sources (uses):					
Transfers in	<u>1,754,013</u>	<u>1,754,013</u>	<u>394,058</u>	<u>(1,359,955)</u>	<u>337,738</u>
Total other financing sources (uses)	<u>1,754,013</u>	<u>1,754,013</u>	<u>394,058</u>	<u>(1,359,955)</u>	<u>337,738</u>
Net change in fund balance	-	-	174,939	174,939	43,289
Fund Balance, October 1, 2017	<u>333,176</u>	<u>333,176</u>	<u>333,176</u>	<u>-</u>	<u>289,887</u>
Fund Balance, September 30, 2018	<u>\$ 333,176</u>	<u>\$ 333,176</u>	<u>\$ 508,115</u>	<u>\$ 174,939</u>	<u>\$ 333,176</u>

City of Granbury, Texas
 Utility - Enterprise Fund
 Schedule of Revenues, Expenses, and Changes in
 Fund Net Assets - Budget and Actual
 For the year ended September 30, 2018
 (With comparative totals for September 30, 2017)

	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	\$ 9,156,300	9,289,000	\$ 10,036,524	\$ 747,524	\$ 8,956,279
Charges for Electricity Sales	10,862,590	10,884,590	11,217,517	332,927	11,138,774
Impact fees	-	29,400	309,782	280,382	361,856
Other Revenue	471,100	1,503,200	536,230	(966,970)	519,409
Total operating revenue	20,489,990	21,706,190	22,100,053	393,863	20,976,318
Operating expenses:					
Administration	776,665	767,030	1,899,838	(1,132,808)	712,955
Water treatment and distribution	3,842,909	4,679,227	3,231,653	1,447,574	3,120,773
Wastewater collection and treatment	2,178,795	2,351,495	1,584,483	767,012	1,641,815
Electricity	7,664,465	7,822,084	6,880,680	941,404	9,499,059
Meter Reading	380,969	410,969	313,753	97,216	254,738
Utility Franchise Fees	902,688	944,688	944,219	469	897,679
Total operating expenses	15,746,491	16,975,492	14,854,626	2,120,866	16,127,019
Operating income	4,743,499	4,730,698	7,245,427	2,514,729	4,849,299
Nonoperating revenues (expenses):					
Interest revenue	30,000	30,000	199,190	169,190	121,918
Intergovernmental	-	3,500	11,561	8,061	215,644
Gain (loss) on disposal of capital assets	-	6,300	6,302	2	10,287
Debt Service					
Principal	(2,072,062)	(2,072,062)	(2,072,062)	-	(1,626,542)
Interest expense	(942,607)	(942,607)	(872,791)	69,816	(900,810)
Contribution to Economic Development Corp	-	-	(100,000)	(100,000)	-
Total nonoperating revenues (expenses)	(2,984,669)	(2,974,869)	(2,827,800)	147,069	(2,179,503)
Income before contributions and transfers	1,758,830	1,755,829	4,417,627	2,661,798	2,669,796
Transfers (to) from other funds:					
Transfers out	(1,289,631)	(3,042,012)	(1,474,451)	1,567,561	(1,226,076)
Change in Net Position	469,199	(1,286,183)	2,943,176	4,229,359	1,443,720
Prior Period Adjustment			(84,405)		-
Net Position, October 1, 2017	27,633,558	27,633,558	27,633,558	-	25,473,192
Net Position, September 30, 2018	\$ 28,102,757	\$ 26,347,375	\$ 30,492,329	\$ 4,229,359	\$ 26,916,912
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			2,072,062		1,626,542
Capitalized expenses			1,810,265		518,071
Noncash capital contributions			574,512		1,059,668
Bond issuance costs			(171,102)		(330,073)
Depreciation expense			(2,263,863)		(2,157,562)
Net Position, September 30, 2018 (GAAP Basis)			\$ 32,514,203		\$ 27,633,558

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, 2018
 (With comparative totals for September 30, 2017)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)	Amounts Budgetary Basis
Operating revenues:					
Charges for sales and services:					
Charges for Airport Services	\$ 738,400	770,600	\$ 755,565	\$ (15,035)	\$ 759,739
Other Revenue	25,000	25,000	25,127	127	24,033
Total operating revenue	763,400	795,600	780,692	(14,908)	783,772
Operating expenses:					
Airport	3,883,771	942,591	639,850	302,741	724,946
Total operating expenses	3,883,771	942,591	639,850	302,741	724,946
Operating income	(3,120,371)	(146,991)	140,842	287,833	58,826
Nonoperating revenues (expenses):					
Interest revenue	-	-	54,957	54,957	-
Intergovernmental	3,200,000	3,200,000	17,385	(3,182,615)	49,914
Gain (loss) on disposal of capital assets	-	-	-	-	460
Debt Services:					
Principal	(108,047)	(108,047)	(108,047)	-	(107,212)
Interest expense	(18,903)	(18,903)	(18,909)	(6)	(22,202)
Total nonoperating revenues (expenses)	3,073,050	3,073,050	(54,614)	(3,127,664)	(79,040)
Income before contributions and transfers	(47,321)	2,926,059	86,228	(2,839,831)	(20,214)
Capital contributions and transfers:					
Capital grants and contributions	-	-	-	-	3,600,000
Transfers in	94,020	94,020	276,152	182,132	120,090
Transfers out	(46,699)	(46,699)	(46,699)	-	(45,896)
Change in Net Position	-	2,973,380	315,681	(2,657,699)	3,653,980
Prior Period Adjustment			(5,937)		-
Net Position, October 1, 2017	15,558,218	15,558,218	15,558,218	-	11,180,972
Net Position, September 30, 2018	\$ 15,558,218	\$ 18,531,598	\$ 15,867,962	\$ (2,657,699)	\$ 14,834,952
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			108,047		107,212
Capitalized expenses			8,200		85,025
Transfer of capital asset from governmental activities			-		685,009
Depreciation expense			(163,048)		(153,980)
Net Position, September 30, 2018 (GAAP Basis)			\$ 15,821,161		\$ 15,558,218

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.

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Financial Trends

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

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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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets	\$ 19,202,230	\$ 18,930,751	\$ 15,439,007	\$ 21,537,158
Restricted	2,265,469	741,433	518,032	683,036
Unrestricted	<u>5,053,503</u>	<u>3,782,128</u>	<u>2,916,432</u>	<u>2,151,316</u>
Total governmental activities net position	<u>\$ 26,521,202</u>	<u>\$ 23,454,312</u>	<u>\$ 18,873,471</u>	<u>\$ 24,371,510</u>
Business-type activities				
Net investment in capital assets	\$ 36,316,597	\$ 32,950,860	\$ 31,227,763	\$ 24,172,309
Restricted	1,775,724	1,916,636	2,152,889	2,302,058
Unrestricted	<u>10,243,043</u>	<u>8,324,280</u>	<u>3,273,513</u>	<u>4,035,059</u>
Total business-type activities net position	<u>\$ 48,335,364</u>	<u>\$ 43,191,776</u>	<u>\$ 36,654,165</u>	<u>\$ 30,509,426</u>
Primary government				
Net investment in capital assets	\$ 55,518,827	\$ 51,881,611	\$ 46,666,770	\$ 45,709,467
Restricted	4,041,193	2,658,069	2,670,921	2,985,094
Unrestricted	<u>15,296,546</u>	<u>12,106,408</u>	<u>6,189,945</u>	<u>6,186,375</u>
Total primary government net position	<u>\$ 74,856,566</u>	<u>\$ 66,646,088</u>	<u>\$ 55,527,636</u>	<u>\$ 54,880,936</u>

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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 26,045,119	\$ 23,852,148	\$ 24,079,825	\$ 23,554,937	\$ 24,835,034	\$ 22,960,635
682,251	433,837	373,215	196,278	124,151	146,421
4,551,589	5,920,347	6,669,570	6,476,435	5,482,138	5,414,504
<u>\$ 31,278,959</u>	<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>
\$ 19,645,350	\$ 18,832,307	\$ 18,713,942	\$ 19,309,403	\$ 18,342,485	\$ 17,715,818
2,135,756	2,228,897	2,055,300	1,942,666	1,885,682	1,347,878
5,133,124	4,803,939	5,153,971	4,466,538	2,933,897	3,256,805
<u>\$ 26,914,230</u>	<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>
\$ 45,690,469	\$ 42,684,455	\$ 42,793,767	\$ 42,864,340	\$ 43,177,519	\$ 40,676,453
2,818,007	2,662,734	2,428,515	2,138,944	2,009,833	1,494,299
9,684,713	10,724,286	11,823,541	10,942,973	8,416,035	8,671,309
<u>\$ 58,193,189</u>	<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>

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

	2018	2017	2016	2015	2014
Expenses					
Governmental activities					
General government and administration	\$ 4,962,329	\$ 5,277,053	\$ 5,157,740	\$ 4,952,657	\$ 4,105,938
Community development & neighborhood services	515,406	570,259	576,517	436,091	431,114
Clean air coalition	83,030	191,163	107,164	147,426	-
Public safety	5,220,008	4,861,240	4,568,792	4,181,858	4,167,610
Highways and streets	2,307,570	2,071,754	1,974,197	1,991,264	2,123,431
Culture and recreation	2,292,525	2,111,405	2,134,237	2,048,587	2,274,039
Airport	-	-	-	-	-
Tourism	1,458,865	1,516,439	1,470,289	1,413,290	990,605
Conference Center	720,418	747,513	797,778	635,391	667,948
Interest on long-term debt	904,937	962,776	1,208,731	992,957	885,592
Total governmental activities expenses	18,465,088	18,309,602	17,995,445	16,799,521	15,646,277
Business-type activities					
Airport	813,608	816,103	928,078	1,011,149	1,121,761
Economic Development	100,000	-	-	-	86,000
Municipal utilities	16,352,116	18,997,394	19,187,348	18,705,520	18,828,482
Total business-type activities expenses	17,265,724	19,813,497	20,115,426	19,716,669	20,036,243
Total primary government expenses	\$ 35,730,812	\$ 38,123,099	\$ 38,110,871	\$ 36,516,190	\$ 35,682,520
Program Revenues					
Governmental activities					
Charges for services					
General government and administration	\$ 83,343	\$ 87,600	\$ 95,124	\$ 93,531	\$ 129,325
Community development & neighborhood services	1,048,631	725,408	636,114	659,348	552,552
Public safety	198,202	229,807	250,188	158,452	159,187
Culture and recreation	330,589	177,062	162,674	139,163	165,724
Airport	-	-	-	-	-
Tourism	132,234	129,803	119,338	134,441	131,428
Conference Center	496,135	486,511	475,866	373,481	296,814
Operating grants and contributions	231,094	349,489	414,078	476,781	772,777
Capital grants and contributions	782,295	3,719,258	173,761	503,633	821,184
Total governmental activities program revenues	3,302,523	5,904,938	2,327,143	2,538,830	3,028,991
Business-type activities					
Charges for services					
Water and Wastewater	\$ 10,599,523	\$ 9,549,632	\$ 8,760,445	\$ 8,390,222	\$ 8,179,989
Electric	11,500,530	11,426,686	11,012,050	11,329,466	11,371,262
Airport	780,692	783,772	706,142	779,968	854,860
Operating grants and contributions	28,946	265,558	390,151	12,250	-
Capital grants and contributions	574,512	4,659,668	334,048	732,847	806,241
Total business-type activities program revenues	23,484,203	26,685,316	21,202,836	21,244,753	21,212,352
Total primary government program revenues	\$ 26,786,726	\$ 32,590,254	\$ 23,529,979	\$ 23,783,583	\$ 24,241,343
Net (Expense) Revenue					
Governmental activities	\$ (15,162,565)	\$ (12,404,664)	\$ (15,668,302)	\$ (14,260,691)	\$ (12,617,286)
Business-type activities	6,218,479	6,871,819	1,087,410	1,528,084	1,176,109
Total primary government net expense	\$ (8,944,086)	\$ (5,532,845)	\$ (14,580,892)	\$ (12,732,607)	\$ (11,441,177)
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property	\$ 5,611,150	\$ 5,421,753	\$ 4,933,982	\$ 4,574,859	\$ 4,404,767
Sales	8,534,403	8,083,300	7,593,985	7,232,245	6,632,629
Other	2,444,890	2,442,810	2,287,719	2,295,658	2,160,645
Miscellaneous	419,209	457,809	318,904	359,722	317,355
Investment earnings	270,434	112,960	47,046	31,670	27,754
Transfers	1,247,706	466,873	(5,011,373)	(2,781,257)	146,763
Total governmental activities	18,527,792	16,985,505	10,170,263	11,712,897	13,689,913
Business-type activities					
Investment earnings	254,147	121,918	45,956	15,367	20,942
Miscellaneous	9,010	10,747	-	-	-
Extraordinary item	-	-	-	499,448	-
Transfers	(1,247,706)	(466,873)	5,011,373	2,781,257	(147,964)
Total business-type activities	(984,549)	(334,208)	5,057,329	3,296,072	(127,022)
Total primary government	\$ 17,543,243	\$ 16,651,297	\$ 15,227,592	\$ 15,008,969	\$ 13,562,891
Change in Net Position					
Governmental activities	\$ 3,365,227	\$ 4,580,841	\$ (5,498,039)	\$ (2,547,794)	\$ 1,072,627
Business-type activities	5,233,930	6,537,611	6,144,739	4,824,156	1,049,087
Total primary government	\$ 8,599,157	\$ 11,118,452	\$ 646,700	\$ 2,276,362	\$ 2,121,714

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

2013	2012	2011	2010	2009
\$ 3,910,972	\$ 3,359,741	\$ 3,207,553	\$ 3,111,790	\$ 3,685,121
638,669	553,995	618,122	750,951	789,544
-	-	-	-	-
4,029,148	3,798,529	3,802,080	3,708,098	3,863,039
2,003,812	2,566,437	2,176,533	2,062,831	1,856,830
2,000,810	1,892,504	1,987,545	2,000,545	2,012,465
-	-	-	533,592	694,373
1,281,171	1,012,067	943,788	200,396	740,413
689,392	734,102	776,819	1,480,106	1,052,101
1,071,451	1,136,676	1,256,281	1,367,112	1,425,114
<u>15,625,425</u>	<u>15,054,051</u>	<u>14,768,721</u>	<u>15,215,421</u>	<u>16,119,000</u>
1,029,054	814,026	660,769	-	-
86,000	50,000	-	-	-
<u>17,920,361</u>	<u>17,307,598</u>	<u>17,421,382</u>	<u>17,286,113</u>	<u>16,155,179</u>
<u>19,035,415</u>	<u>18,171,624</u>	<u>18,082,151</u>	<u>17,286,113</u>	<u>16,155,179</u>
<u>\$ 34,660,840</u>	<u>\$ 33,225,675</u>	<u>\$ 32,850,872</u>	<u>\$ 32,501,534</u>	<u>\$ 32,274,179</u>
\$ 86,567	\$ 112,348	\$ 185,624	\$ 172,760	\$ 160,839
587,879	531,760	663,553	414,984	435,406
204,638	214,834	250,230	186,143	344,787
133,211	111,934	205,935	188,393	180,361
-	-	-	508,336	592,698
60,550	23,505	38,528	40,766	43,824
368,850	387,354	419,184	430,178	284,597
197,729	225,524	148,656	158,834	256,316
12,916	1,378,236	933,906	3,283,441	1,157,262
<u>1,652,340</u>	<u>2,985,495</u>	<u>2,845,616</u>	<u>5,383,835</u>	<u>3,456,090</u>
\$ 7,245,760	\$ 6,081,786	\$ 6,915,407	\$ 5,334,199	\$ 5,488,023
11,368,958	11,639,851	11,790,282	11,619,113	10,219,190
801,785	707,628	596,505	-	-
-	-	550	-	-
525,911	242,725	824,842	1,592,694	1,040,163
<u>19,942,414</u>	<u>18,671,990</u>	<u>20,127,586</u>	<u>18,546,006</u>	<u>16,747,376</u>
<u>\$ 21,594,754</u>	<u>\$ 21,657,485</u>	<u>\$ 22,973,202</u>	<u>\$ 23,929,841</u>	<u>\$ 20,203,466</u>
\$ (13,973,085)	\$ (12,068,556)	\$ (11,923,105)	\$ (9,831,586)	\$ (12,662,910)
906,999	500,366	2,045,435	1,259,893	592,197
<u>\$ (13,066,086)</u>	<u>\$ (11,568,190)</u>	<u>\$ (9,877,670)</u>	<u>\$ (8,571,693)</u>	<u>\$ (12,070,713)</u>
\$ 4,305,186	\$ 4,170,353	\$ 4,196,466	\$ 4,206,922	\$ 3,949,167
6,463,449	6,290,017	5,821,793	5,316,603	5,825,860
2,046,009	1,950,326	2,035,545	1,693,299	1,290,566
435,688	173,681	115,286	158,579	246,530
58,025	50,927	42,066	24,870	135,380
275,804	328,212	373,830	351,076	18,542
<u>13,584,161</u>	<u>12,963,516</u>	<u>12,584,986</u>	<u>11,751,349</u>	<u>11,466,045</u>
32,891	32,452	9,384	5,493	39,103
-	-	-	-	151,450
(275,804)	(328,212)	(373,830)	(423,823)	(18,542)
(242,913)	(295,760)	(364,446)	(418,330)	172,011
<u>\$ 13,341,248</u>	<u>\$ 12,667,756</u>	<u>\$ 12,220,540</u>	<u>\$ 11,333,019</u>	<u>\$ 11,638,056</u>
\$ (388,924)	\$ 894,960	\$ 661,881	\$ 1,919,763	\$ (1,196,865)
664,086	204,606	1,680,989	841,563	764,208
<u>\$ 275,162</u>	<u>\$ 1,099,566</u>	<u>\$ 2,342,870</u>	<u>\$ 2,761,326</u>	<u>\$ (432,657)</u>

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

	2018	2017	2016	2015
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated	-	-	-	-
Unreserved, Undesignated	-	-	-	-
Nonspendable	161,818	159,055	511,494	619,482
Restricted	1,636,077	472,999	471,552	497,395
Committed	422,419	301,256	231,344	270,982
Assigned	101,501	51,026	43,938	44,238
Unassigned	7,658,716	6,223,898	4,785,111	3,798,559
Total general fund	\$ 9,980,531	\$ 7,208,234	\$ 6,043,439	\$ 5,230,656
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Nonspendable	17,078	5,040	5,800	-
Restricted	4,372,480	4,191,174	5,663,282	1,774,344
Committed	120,053	115,579	111,495	107,088
Unassigned	-	(18,962)	(103,786)	(217,378)
Total all other governmental funds	\$ 4,509,611	\$ 4,292,831	\$ 5,676,791	\$ 1,664,054

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)

2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 120,985	\$ 182,845
-	-	-	-	244,500	237,123
-	-	-	-	3,832,279	3,606,454
947,407	908,067	908,569	881,547	-	-
556,739	209,188	159,923	102,630	-	-
15,746	249,475	91,736	290,148	-	-
55,131	140,163	119,263	98,977	-	-
2,860,905	4,005,826	4,284,392	3,830,560	-	-
<u>\$ 4,435,928</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ 8,904,460	\$ 10,795,494
-	-	-	-	(159,594)	(130,816)
-	-	-	-	-	-
-	-	-	-	-	-
4,446,333	5,272,778	7,674,816	8,020,303	-	-
111,500	214,379	190,057	264,462	-	-
(447,076)	(544,810)	(431,292)	(481,509)	-	-
<u>\$ 4,110,757</u>	<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>

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

	2018	2017	2016	2015
Revenues				
Taxes	\$ 16,663,653	\$ 15,733,847	\$ 14,872,298	\$ 13,994,697
Licenses, fees, permits	838,574	737,790	613,565	703,918
Fines and penalties	176,838	200,801	225,259	190,154
Charges for services	935,851	651,070	672,307	496,838
Intergovernmental	329,654	1,891,996	582,339	858,629
Investment earnings	270,434	112,960	47,046	31,670
Other revenues	644,637	625,945	494,225	541,213
Total revenues	<u>\$ 19,859,641</u>	<u>\$ 19,954,409</u>	<u>\$ 17,507,039</u>	<u>\$ 16,817,119</u>
Expenditures				
General government	\$ 5,065,550	\$ 5,353,951	\$ 4,905,160	\$ 4,745,797
Police	4,617,414	3,832,502	3,896,217	3,867,902
Fire	428,606	853,293	404,201	1,255,424
Streets	652,771	2,447,429	528,257	534,995
Building & permits	578,544	548,658	447,070	578,796
Parks and recreation	1,761,169	1,744,042	1,795,998	2,114,803
Tourism	755,242	807,756	780,866	797,357
Conference Center	1,005,600	732,905	835,599	644,068
Capital projects	56,176	871,689	861,287	1,107,772
Other	678,080	773,205	891,118	672,887
Debt service:				
Interest	2,198,742	1,207,002	713,451	712,289
Principal	997,590	1,978,750	2,220,965	2,350,470
Bond issuance costs	-	-	373,502	297,604
Total expenditures	<u>\$ 18,795,484</u>	<u>\$ 21,151,182</u>	<u>\$ 18,653,691</u>	<u>\$ 19,680,164</u>
Excess of revenues over (under) expenditures	<u>\$ 1,064,157</u>	<u>\$ (1,196,773)</u>	<u>\$ (1,146,652)</u>	<u>\$ (2,863,045)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	\$ 572,131	\$ 347,802	\$ 10,250,850	\$ 3,919,383
Other resources	107,792	162,933	38,692	72,944
Transfers in	2,465,142	1,918,857	2,012,029	2,420,229
Transfers out	(1,220,145)	(1,451,984)	(6,329,399)	(5,201,486)
Total other financing sources (uses)	<u>\$ 1,924,920</u>	<u>\$ 977,608</u>	<u>\$ 5,972,172</u>	<u>\$ 1,211,070</u>
Net change in fund balances	<u>\$ 2,989,077</u>	<u>\$ (219,165)</u>	<u>\$ 4,825,520</u>	<u>\$ (1,651,975)</u>
Debt service as a percentage of noncapital expenditures	18.1%	18.7%	17.4%	18.6%

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

2014	2013	2012	2011	2010	2009
\$ 13,146,849	\$ 12,792,390	\$ 12,380,367	\$ 11,999,657	\$ 11,276,922	\$ 11,052,963
595,351	561,786	521,189	586,854	413,456	422,064
149,611	184,388	201,206	225,678	204,284	301,707
406,679	464,000	471,172	574,503	988,147	950,949
267,614	197,729	204,720	148,656	408,834	129,878
27,732	58,025	50,927	42,066	24,870	135,380
1,127,908	666,348	382,653	480,697	527,445	832,402
<u>\$ 15,721,744</u>	<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>
\$ 3,840,821	\$ 3,636,842	\$ 3,339,088	\$ 2,959,350	\$ 2,963,528	\$ 2,956,474
3,731,731	3,847,599	3,364,569	3,158,866	3,123,521	3,651,120
354,000	384,889	332,775	268,848	243,174	356,732
562,719	421,448	587,464	425,147	431,840	575,096
547,800	408,090	381,797	257,252	350,734	363,188
1,762,250	1,479,716	1,337,862	1,561,616	1,430,571	1,699,408
2,507,455	953,968	899,502	610,847	157,248	709,506
682,689	677,325	620,234	695,673	1,125,080	844,259
811,717	2,410,505	458,364	889,421	1,949,390	4,116,108
486,545	740,144	607,289	645,256	1,210,061	1,405,567
912,346	1,011,534	1,092,050	1,213,773	1,313,553	1,371,194
2,030,855	1,985,029	1,621,880	1,739,187	1,644,804	1,620,116
-	119,333	-	156,173	-	-
<u>\$ 18,230,928</u>	<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>\$ (2,509,184)</u>	<u>\$ (3,151,756)</u>	<u>\$ (430,640)</u>	<u>\$ (523,298)</u>	<u>\$ (2,099,546)</u>	<u>\$ (5,843,425)</u>
\$ 452,839	\$ 214,208	\$ 92,774	\$ 247,504	\$ -	\$ 237,715
-	119,346	-	-	-	-
2,806,721	1,183,018	1,093,266	812,863	1,043,059	2,536,066
(2,658,757)	(907,214)	(765,054)	(439,033)	(691,983)	(2,517,524)
<u>\$ 600,803</u>	<u>\$ 609,358</u>	<u>\$ 420,986</u>	<u>\$ 621,334</u>	<u>\$ 351,076</u>	<u>\$ 256,257</u>
<u>\$ (1,908,381)</u>	<u>\$ (2,542,398)</u>	<u>\$ (9,654)</u>	<u>\$ 98,036</u>	<u>\$ (1,748,470)</u>	<u>\$ (5,587,168)</u>
19.6%	20.4%	20.6%	22.1%	21.9%	27.1%

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

Revenue Source	2018	2017	2016	2015	2014
Principal General Government Revenue Sources					
Sales and Use Tax	\$ 8,600,566	\$ 7,926,229	\$ 7,624,373	\$ 7,151,484	\$ 6,599,573
Ad Valorem Tax	5,619,520	5,394,768	4,945,177	4,577,167	4,415,081
Franchise Taxes	770,024	731,256	708,176	790,557	731,411
Utility Fund Franchise Tax	944,219	944,219	897,679	849,286	843,618
Hotel Occupancy Tax	729,324	737,375	696,893	626,203	557,166
All Other Sources	3,195,988	4,220,562	2,634,741	2,822,422	2,574,895
Total General Government Revenue	<u>\$ 19,859,641</u>	<u>\$ 19,954,409</u>	<u>\$ 17,507,039</u>	<u>\$ 16,817,119</u>	<u>\$ 15,721,744</u>

Current and comparative ad valorem tax rates are shown on page 95.

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	\$ 11,217,517	\$ 11,138,774	\$ 10,638,496	\$ 10,993,672	\$ 11,056,172
Water Sales	7,044,556	6,180,897	5,756,374	5,472,711	5,314,357
Wastewater Revenue	2,991,968	2,775,382	2,512,036	2,440,580	2,394,387
All Other	1,626,704	1,665,037	1,448,509	1,583,938	1,641,195
Total Utility Fund Revenue	<u>\$ 22,880,745</u>	<u>\$ 21,760,090</u>	<u>\$ 20,355,415</u>	<u>\$ 20,490,901</u>	<u>\$ 20,406,111</u>

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

2013	Fiscal Year 2012	2011	2010	2009	Change: 2009-2018
\$ 6,440,471	\$ 6,282,851	\$ 5,810,019	\$ 5,314,801	\$ 5,903,965	45.7%
4,305,910	4,147,190	4,204,828	4,198,621	3,932,562	42.9%
692,784	747,381	738,682	645,413	705,342	9.2%
812,300	686,206	724,326	647,648	-	100.0%
540,925	516,739	521,802	470,439	511,094	42.7%
2,232,276	1,831,867	2,058,454	2,567,036	2,772,380	15.3%
\$ 15,024,666	\$ 14,212,234	\$ 14,058,111	\$ 13,843,958	\$ 13,825,343	43.6%
\$ 11,145,165	\$ 11,394,217	\$ 11,524,273	\$ 11,367,715	\$ 10,021,246	11.9%
4,778,739	3,999,322	4,810,721	3,448,982	3,589,752	96.2%
2,048,432	1,774,092	1,719,432	1,645,412	1,666,807	79.5%
1,444,167	1,261,634	1,248,318	496,696	619,961	162.4%
\$ 19,416,503	\$ 18,429,265	\$ 19,302,744	\$ 16,958,805	\$ 15,897,766	43.9%

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>
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
2017	2017-2018	\$ 1,404,144,825	\$ 9,376,260	\$ 1,413,521,085	0.39939

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		
2008	2008-2009	0.10110	0.31390	0.41500	0.366537	1.17000
2009	2009-2010	0.11980	0.28410	0.40390	0.331091	1.15500
2010	2010-2011	0.14368	0.26022	0.40390	0.343888	1.14000
2011	2011-2012	0.14510	0.25880	0.40390	0.348888	1.15000
2012	2012-2013	0.14294	0.25632	0.39926	0.343908	1.14500
2013	2013-2014	0.15738	0.23721	0.39459	0.383908	1.14500
2014	2014-2015	0.15291	0.24468	0.39758	0.391697	1.26500
2015	2015-2016	0.18017	0.21741	0.39758	0.430882	1.26500
2016	2016-2017	0.18795	0.20963	0.39758	0.422230	1.25000
2017	2017-2018	0.19345	0.20593	0.39939	0.418059	1.21000

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
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%
2017	2017-2018	\$ 5,576,464	\$ (13,780)	\$ 5,562,683	\$ 5,516,861	99.1763%

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		
\$ 28,044	\$ 3,889,988	99.8915%	\$ 4,224	0.1085%
\$ 40,796	\$ 4,159,206	99.8827%	\$ 4,883	0.1173%
\$ 33,682	\$ 4,155,227	99.8836%	\$ 4,843	0.1164%
\$ 57,281	\$ 4,124,672	99.8655%	\$ 5,557	0.1345%
\$ 51,746	\$ 4,246,270	99.8489%	\$ 6,426	0.1511%
\$ 25,923	\$ 4,341,782	99.8360%	\$ 7,132	0.1640%
\$ 18,560	\$ 4,499,511	99.8442%	\$ 7,020	0.1558%
\$ 19,354	\$ 4,889,635	99.8412%	\$ 7,776	0.1588%
\$ 41,282	\$ 5,386,419	99.7279%	\$ 14,697	0.2721%
\$ -	\$ 5,516,861	99.1763%	\$ 45,822	0.8237%

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

Fiscal Year Ending	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Tax Year	2017	2016	2015	2014
<i>Property use category</i>				
Real, Residential, Single family	\$ 626,908,890	\$ 564,533,270	\$ 527,546,060	\$ 501,976,240
Real, Residential, Multi-family	\$ 57,507,490	\$ 51,110,960	\$ 47,024,980	\$ 44,482,770
Real, Vacant Lots/Tracts	\$ 62,954,700	\$ 68,636,150	\$ 60,718,140	\$ 58,541,910
Real, Qualified Open-space Land	\$ 44,373,730	\$ 47,088,100	\$ 44,881,390	\$ 46,750,000
Real, Rural Land	\$ 7,450,720	\$ 7,249,500	\$ 7,584,980	\$ 7,213,810
Real, Commercial	\$ 507,380,480	\$ 507,984,820	\$ 434,696,240	\$ 392,331,310
Real, Industrial	\$ 2,852,840	\$ 2,622,570	\$ 2,147,740	\$ 2,116,560
Tangible Personal Property	\$ 3,604,400	\$ 3,474,740	\$ 1,004,350	\$ 965,040
Real/Tangible Personal, Utilities	\$ 20,807,760	\$ 19,935,130	\$ 17,323,730	\$ 12,524,180
Tangible Personal, Commercial	\$ 115,199,910	\$ 121,399,950	\$ 115,944,620	\$ 102,257,650
Tangible Personal, Industrial	\$ 9,035,070	\$ 22,037,920	\$ 15,707,560	\$ 9,050,770
Tangible Personal, Mobile Homes	\$ 341,190	\$ 378,440	\$ 370,420	\$ 345,590
Real Property, Inventory	\$ 7,903,750	\$ 8,939,530	\$ 9,021,500	\$ 9,036,230
Special Inventory	\$ 19,880,940	\$ 20,134,780	\$ 19,063,260	\$ 18,107,580
Real Minerals/Oil & Gas	\$ 3,910,240	\$ 4,337,100	\$ 11,736,060	\$ 12,353,800
Mixed PTD	\$ (23,500)	\$ (4,980)	\$ (88,546)	\$ (6,070)
Total Appraised Value	\$ 1,490,088,610	\$ 1,449,857,980	\$ 1,314,682,484	\$ 1,218,047,370
Less: Exemptions or Deductions:				
Optional > 65 Res. Homestead	\$ 20,464,770	\$ 19,261,650	\$ 17,924,460	\$ 16,231,640
Disabled or Deceased Veterans	\$ 7,069,829	\$ 5,207,004	\$ 5,321,866	\$ 4,593,900
Agriculture & Unheard Protests	\$ 44,052,720	\$ 46,764,630	\$ 44,541,430	\$ 46,408,000
Residential, Capped Value Loss	\$ 2,831,037	\$ 2,353,530	\$ 753,550	\$ 1,076,290
Other	\$ 2,149,169	\$ 2,851,838	\$ 3,710,212	\$ 5,396,259
Total Exemptions	\$ 76,567,525	\$ 76,438,652	\$ 72,251,518	\$ 73,706,089
Net Assessed Valuation	\$ 1,413,521,085	\$ 1,373,419,328	\$ 1,242,430,966	\$ 1,144,341,281
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)

9/30/2014	9/30/2013	9/30/2012	9/30/2011	9/30/2010	9/30/2009
2013	2012	2011	2010	2009	2008
\$ 477,935,220	\$ 464,702,920	\$ 446,958,430	\$ 448,837,500	\$ 448,927,360	\$ 386,898,940
\$ 41,923,330	\$ 39,576,630	\$ 39,046,300	\$ 39,659,200	\$ 34,153,200	\$ 34,299,070
\$ 50,644,930	\$ 42,005,010	\$ 43,122,120	\$ 37,047,630	\$ 39,898,620	\$ 36,594,990
\$ 47,921,880	\$ 67,637,360	\$ 64,708,830	\$ 68,820,080	\$ 66,823,820	\$ 69,059,580
\$ 17,152,810	\$ 5,422,210	\$ 8,006,060	\$ 9,466,970	\$ 10,339,670	\$ 12,282,520
\$ 396,789,380	\$ 380,787,530	\$ 357,495,960	\$ 382,230,510	\$ 368,468,070	\$ 335,115,180
\$ 2,462,190	\$ 2,194,980	\$ 2,216,760	\$ 2,677,270	\$ 2,716,820	\$ 2,659,140
\$ 10,219,060	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 11,821,370	\$ 10,552,930	\$ 10,506,340	\$ 10,595,480	\$ 10,024,860	\$ 9,816,040
\$ 91,154,860	\$ 100,114,430	\$ 91,924,550	\$ 84,237,070	\$ 104,027,420	\$ 97,375,970
\$ 773,190	\$ 7,006,700	\$ 4,679,350	\$ 4,078,990	\$ 5,120,590	\$ 5,595,380
\$ 356,980	\$ 329,630	\$ 367,960	\$ 447,540	\$ 508,250	\$ 498,760
\$ 8,522,040	\$ 14,195,140	\$ 18,153,540	\$ 15,108,480	\$ 19,470,310	\$ 14,469,270
\$ 17,292,880	\$ 14,375,950	\$ 13,204,650	\$ 9,700,620	\$ 12,958,760	\$ 11,833,160
\$ 12,538,690	\$ 14,141,160	\$ 10,769,990	\$ 10,105,180	\$ 12,328,890	\$ 4,279,210
\$ (6,730)	\$ (190,886)	\$ (44,472)	\$ (10,800)	\$ (10,090)	\$ -
<u>\$ 1,187,502,080</u>	<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>
\$ 14,880,720	\$ 13,909,120	\$ 13,421,820	\$ 13,051,760	\$ 12,975,610	\$ 12,366,100
\$ 4,479,249	\$ 3,917,120	\$ 3,800,520	\$ 2,963,560	\$ 2,517,800	\$ 611,130
\$ 47,574,150	\$ 48,722,370	\$ 43,821,370	\$ 44,396,600	\$ 42,124,640	\$ 41,314,830
\$ 1,502,480	\$ 2,895,780	\$ 4,606,300	\$ 6,934,390	\$ 16,631,700	\$ 8,771,870
\$ 5,599,164	\$ 6,369,045	\$ 4,931,379	\$ 4,602,370	\$ 4,900,666	\$ 3,373,220
<u>\$ 74,035,763</u>	<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>\$ 1,113,466,317</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>
100%	100%	100%	100%	100%	100%

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

Taxpayer	Tax Year 2017			Tax Year 2007		
	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation
Health Care Reit, Inc	1	\$ 22,776,110	19.58%			
Hood General Hospital	2	\$ 13,500,000	11.61%	7	\$ 7,501,650	0.86%
Kroger Texas LP	3	\$ 12,890,370	11.08%			
Luton Ranch SC LP	4	\$ 11,924,930	10.25%			
Pacific Lake Granbury LP	5	\$ 11,664,000	10.03%			
HCRI Texas Properties	6	\$ 9,991,640	8.59%			
Wal-Mart Real Estate Business	7	\$ 8,902,890	7.65%	2	\$ 9,167,530	1.05%
HEB Grocery Company LP	8	\$ 8,866,128	7.62%			
ARI	9	\$ 8,276,950	7.12%			
4950 Partners LTD	10	\$ 7,534,370	6.48%			
Tapestry Group Granbury LLC				1	\$ 10,574,240	1.21%
Wal-Mart Properties				3	\$ 8,357,200	0.96%
Lowe's Home Centers Inc				4	\$ 8,228,260	0.94%
HD Development Properties LP				5	\$ 7,766,020	0.89%
The Shops of Granbury, Ltd				6	\$ 7,579,770	0.87%
Forestar Real Estate Group				8	\$ 7,178,100	0.82%
Lowe's Home Center #2225				9	\$ 6,474,200	0.74%
Municipal Capital Markets Corp				10	\$ 6,111,380	0.70%
		<u>\$ 116,327,388</u>	8.23%		<u>\$ 78,938,350</u>	9.04%

Source: Hood County Appraisal District

CITY OF GRANBURY
Sales Tax Revenue by Business Type
(Unaudited)
September 30, 2018

Fiscal Year	2018	2017	2016	2015
<i>Sales Tax Category</i>				
Retail:				
Motor Vehicle & Parts	\$ 405,353	\$ 370,879	\$ 313,972	\$ 357,382
Furniture & Home Furnishings	\$ 196,754	\$ 169,716	\$ 172,403	\$ 165,189
Electronics & Appliance	\$ 136,153	\$ 108,577	\$ 50,686	\$ 53,284
Building Materials	\$ 1,334,958	\$ 1,371,254	\$ 1,132,022	\$ 1,038,175
Apparel Stores	\$ 262,122	\$ 220,794	\$ 231,035	\$ 191,794
General Merchandise	\$ 1,263,430	\$ 1,191,687	\$ 1,184,226	\$ 1,164,962
All Other Retail	\$ 1,565,674	\$ 1,438,418	\$ 1,020,292	\$ 924,567
Total Retail	\$ 5,164,444	\$ 4,871,323	\$ 4,104,636	\$ 3,895,353
Agriculture/Manufacturing/Mining	\$ 413,600	\$ 354,932	\$ 352,589	\$ 291,357
Services	\$ 1,459,290	\$ 1,276,362	\$ 1,210,484	\$ 713,673
Wholesalers	\$ 384,946	\$ 340,329	\$ 565,717	\$ 557,188
Food & Accommodation	\$ 1,152,846	\$ 1,051,885	\$ 947,192	\$ 888,846
All Other	\$ 25,440	\$ 31,399	\$ 443,754	\$ 805,067
Total Sales Tax Received	\$ 8,600,566	\$ 7,926,229	\$ 7,624,373	\$ 7,151,484
City Sales Tax Rate	1.50%	1.50%	1.50%	1.50%

Source: ZacTax Sales Tax Analysis and Reporting Service

CITY OF GRANBURY
Sales Tax Revenue by Business Type
(Unaudited)
September 30, 2018

2014	2013	2012	2011	2010	2009
\$ 280,756	\$ 243,210	\$ 252,640	\$ 235,380	\$ 219,686	\$ 219,665
\$ 182,908	\$ 162,761	\$ 171,575	\$ 156,146	\$ 149,699	\$ 160,216
\$ 93,884	\$ 80,488	\$ 90,322	\$ 81,059	\$ 67,424	\$ 83,870
\$ 955,273	\$ 990,088	\$ 878,580	\$ 833,216	\$ 789,676	\$ 796,461
\$ 136,370	\$ 122,338	\$ 114,634	\$ 101,695	\$ 86,380	\$ 81,467
\$ 1,010,511	\$ 1,011,228	\$ 992,909	\$ 1,012,588	\$ 1,041,561	\$ 1,087,611
\$ 1,083,006	\$ 1,153,924	\$ 1,290,870	\$ 831,478	\$ 779,754	\$ 884,127
\$ 3,742,708	\$ 3,764,038	\$ 3,791,531	\$ 3,251,562	\$ 3,134,180	\$ 3,313,416
\$ 413,761	\$ 385,708	\$ 390,398	\$ 481,475	\$ 270,795	\$ 367,376
\$ 788,306	\$ 697,989	\$ 660,682	\$ 557,085	\$ 490,330	\$ 542,473
\$ 438,871	\$ 320,307	\$ 267,459	\$ 247,725	\$ 224,838	\$ 251,758
\$ 829,682	\$ 783,573	\$ 739,506	\$ 662,558	\$ 591,855	\$ 625,840
\$ 386,245	\$ 511,835	\$ 440,440	\$ 609,614	\$ 602,803	\$ 803,102
\$ 6,599,573	\$ 6,463,449	\$ 6,290,017	\$ 5,810,019	\$ 5,314,801	\$ 5,903,965
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	2018	2017	2016	2015
Residential	\$ 3,792,144	\$ 3,580,932	\$ 3,420,101	\$ 3,505,676
Commercial	\$ 5,504,278	\$ 6,959,122	\$ 6,646,565	\$ 6,632,906
Other	\$ 1,921,095	\$ 598,720	\$ 571,830	\$ 851,383
Total	\$ 11,217,517	\$ 11,138,774	\$ 10,638,496	\$ 10,989,965

WATER SALES

Type of Customer	2018	2017	2016	2015
Residential	\$ 3,815,847	\$ 2,747,226	\$ 2,558,538	\$ 2,614,942
Commercial	\$ 2,843,730	\$ 3,280,440	\$ 3,055,130	\$ 2,889,001
Other	\$ 384,979	\$ 153,230	\$ 142,706	\$ 34,250
Total	\$ 7,044,556	\$ 6,180,897	\$ 5,756,374	\$ 5,538,193

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 include all billing and year-end adjustments.

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

ELECTRICITY SALES

2014	2013	2012	2011	2010	2009
\$ 3,510,579	\$ 3,395,007	\$ 3,594,577	\$ 3,830,305	\$ 3,662,399	\$ 3,303,224
\$ 6,746,776	\$ 7,131,527	\$ 7,383,818	\$ 7,305,734	\$ 7,063,527	\$ 6,323,593
\$ 864,285	\$ 538,887	\$ 464,866	\$ 458,904	\$ 468,572	\$ 474,674
<u>\$ 11,121,641</u>	<u>\$ 11,065,421</u>	<u>\$ 11,443,261</u>	<u>\$ 11,594,943</u>	<u>\$ 11,194,499</u>	<u>\$ 10,101,491</u>

WATER SALES

2014	2013	2012	2011	2010	2009
\$ 2,547,695	\$ 2,331,133	\$ 2,185,014	\$ 2,281,391	\$ 1,802,050	\$ 2,051,180
\$ 2,661,313	\$ 2,438,937	\$ 1,850,843	\$ 1,884,012	\$ 1,440,659	\$ 1,667,731
\$ 120,286	\$ 90,312	\$ 86,303	\$ 42,497	\$ 40,958	\$ 57,360
<u>\$ 5,329,295</u>	<u>\$ 4,860,382</u>	<u>\$ 4,122,160</u>	<u>\$ 4,207,899</u>	<u>\$ 3,283,666</u>	<u>\$ 3,776,271</u>

CITY OF GRANBURY
Top Ten Utility Rate Payers
by Rate Type
Compared to Five Years Ago
(Unaudited)
September 30, 2018

Ten Largest Electric Customers

Customers	Annual Kwh Consumed (000)			
	2018		2013	
	Rank	Consumption	Rank	Consumption
City of Granbury	1	7,562	5	3,060
GISD	2	6,855	2	5,561
Lake Granbury Medical Center	3	5,698	1	5,860
Brookshire Grocery Co.	4	2,598	7	2,880
Lowe's Home Center	5	2,157	6	2,931
Hood County	7	1,840	8	2,537
Waterview Point Retirement	6	1,978	3	3,241
Waterview Cove	8	1,345	3	3,241
AT&T	10	1,096	9	1,099
Hilton Garden Inn	9	1,125		
Creative Solutions			10	1,051
Kroger			4	3,121

Ten Largest Water Customers

Customers	Annual Gallons Consumed (in hundreds of gallons)			
	2018		2013	
	Rank	Consumption	Rank	Consumption
City of Granbury	1	162,107	2	71,618
Hood County	2	87,707	5	54,362
Creative Solutions	3	85,652	8	29,804
GISD	4	79,431		
Lake Granbury Medical Center	5	78,003	1	75,739
Jerry Durant Toyota	6	72,064	6	46,992
Monarch Utilities	7	69,533		
Waterview Point Retirement	8	66,121	3	65,592
Luton Ranch LP	9	48,662		
Waterview Cove	10	46,124	3	65,592
HEB Grocery Co			4	64,060
Bella Firma Dev			7	33,060
Aqua Texas			9	28,560
Taco Bell			10	26,528

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2018
 (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	85.00
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%	6.00%

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	365.61	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, 2018
 (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
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
2018	\$ 1,413,521,085	\$ 23,978,254	\$ 508,115	\$ 23,470,139

Year Ended September 30	Ratio Net General Bonded Debt to Assessed Value	Estimated Population	Net General Bonded Debt Per Capita
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
2018	1.66%	9,520	\$ 2,465

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, 2018

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
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
2018	\$ 16,205,135	\$ 11,600,115	\$ 1,777,443	\$ 3,550,104	\$ 7,773,119	\$ 33,370,000

CITY OF GRANBURY
 Government-wide Outstanding Debt
 Last Ten Years
 September 30, 2018

<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>
\$ 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%
\$ 1,796,059	\$ 76,071,975	9,520	\$ 7,991	\$ 33,913	23.56%

CITY OF GRANBURY
 Estimated Direct and Overlapping Ad Valorem Tax
 Supported Gross Debt Statement
 as of September 30, 2018
 (Unaudited)

Governmental Subdivision	Gross Debt	Estimated Percent Applicable (1)	Direct and Estimated Overlapping Bonded Debt
<u>Direct:</u>			
• City of Granbury	\$ 29,582,693	100.00%	\$ 29,582,693
Total Direct Debt			<u>\$ 29,582,693</u>
<u>Overlapping:</u>			
• Granbury Independent School District	\$ 109,180,375	27.14%	\$ 29,631,554
• Hood County	\$ 18,163	22.43%	\$ 4,074
Total Overlapping Debt			<u>\$ 29,635,628</u>
<u>Total Direct and Overlapping Consolidated</u>			0
Gross Debt Outstanding			<u>\$ 59,218,321</u>
Direct and Overlapping Gross Debt Per Capita			A. \$ 6,220
Ratio of Direct and Overlapping Gross Debt to 2017 Net Assessed Valuation			B. 4.19%

A. Based on population estimate of 9,520 at 9/30/2018.

B. Based on the assessed valuation of \$1,413,521,085 for tax year 2017.

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, 2018
 (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>0.39939</u>
Available Tax Rate	<u>\$ 2.101</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
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
2017	2017-2018	\$ 1,413,521,085	\$ 35,338,027	\$ 5,576,464	\$ 29,761,563

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
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
2018	\$ 21,989,461	\$ 13,351,108	\$ 8,638,353	\$ 345,300	25.02

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
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%
2018	\$ 1,907,500	\$ 958,556	\$ 2,866,056	\$ 13,782,134	20.7954%

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
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%
2018	\$ 1,413,521,085	376	14.63%	\$ 63,941,951	14.73%

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
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
2018	9,520	2.3%	6,991	\$ 33,913

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

Employer	Line of Business	2018			2008		
		Employees	Rank	% of Total Employed	Employees	Rank	% of Total Employed
Granbury ISD	School District	1,110	1	4.4%	1,250	1	5.9%
Lake Granbury Medical	Medical Services	678	2	2.7%	360	3	1.7%
Wal-Mart Supercenter	Retail	450	3	1.8%	480	2	2.2%
Hood County	County Government	344	4	1.4%	340	4	1.6%
H - E - B	Retail	264	5	1.0%			
City of Granbury	Municipal Government	190	6	0.8%	254	5	1.2%
Kroger	Retail	164	7	0.6%			
Lowe's	Home Improvement	147	8	0.6%	250	6	1.2%
Home Depot	Home Improvement	143	9	0.6%	120	8	0.6%
Granbury Care Center	Nursing Home	133	10	0.5%	140	7	0.7%
Equibrand Corp	Rope Manufacturer				100	9	0.5%
Classic Chevrolet BPG	Auto Retail				90	10	0.4%
	Total	3,623		14.3%	3,384		15.8%

SELECTED BUSINESS STATISTICS

	2018	2017	2016	2015	2014	2013	2008*
Total Number Employed, Hood County	25,309	23,291	23,685	23,214	29,075	27,511	21,355
Number of Business Establishments, Granbury	1,551	1,551	1,358	1,686	1,626	1,438	763
Number of Households, Granbury	3,667	3,667	3,671	3,721	4,104	3,806	2,835

* 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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Building Inspectors	9	8	9	10	9	9	9	9	9	9
Computer Install, Inspec	3	3	3	3	3	0	0	0	0	0
Street & Road Repair	7	7	7	7	7	6	4.5	4	7	7
Drivers	3	3	3	3	3	3	1.5	1	2	2
Airport Operations	6	6	6	6	6	5	3	3	3	4
Waterworkers	19	19	16	14	15	14	13	11	12.5	12.5
Electric Distribution	7	8	7	7	7	7	7	6	6	6
Sewage Treatment	9	9	9	9	9	9	8	7	7	7
TV or Radio	1	1	1	1	2	0	0	0	0	0
Firefighters-Paid	0	0	0	0	0	0	0	0	0	0
Firefighters-Volunteer	58	62	35	47	35	43	42	43	43	60
Police Officers	33	33	34	34	33	32	29	32	33	33
Warehouse Operation	2	2	2	2	2	2	2	2	2	2
Automobile Repair	3	3	3	3	3	3	2	3	3	3
Promotional/Development	2	2	2	2	6	13	8.5	5	3	3
Clerical-Office	36	36	36	37	39	41	39.25	38	38.5	43
Animal Control	1	1	1	1	1	1	1	1	1	1
Building Maintenance	13	13	13	12	14	14	12.5	11	12	12
Restaurants	6	6	6	6	5	0	0	0	0	0
Parks & Recreation	26	26	26	26	26	26	31	27	24	24
Total	244	248	219	230	225	228	213.25	203	206	228.5

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	2018	2017	2016	2015
City-Owned Equipment				
Vehicles	146	137	132	142
Mobile Equipment	88	114	119	117
Street Department				
Roadway (<i>in miles</i>)	57	55	54	53
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	1	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	2.75	2.5
Splash Park	1	1	1	1
Airport				
Enclosed Hangars	75	75	75	75
Open T-Hangars	9	9	9	7
Commercial Hangars	8	8	8	5
Water Department				
Water lines (<i>in miles</i>)	150	135	135	121.5
Wells	36	36	36	33
Water Plant	1	1	1	1
Sewer Department				
Lift Stations	42	42	42	43
Sewer lines (<i>in miles</i>)	44.9	44.9	44.9	44.4
Electric Department				
Overhead Line (<i>in miles</i>)	87	87	87	87
Underground Line (<i>in miles</i>)	23	17	13	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)

2014	2013	2012	2011	2010	2009
152	151	151	147	147	151
123	120	120	105	105	98
51.5	51.5	51.5	51.5	51.3	51.3
110	110	110	57	57	57
8	8	8	8	8	8
9	9	9	9	9	9
2	1	1	1	1	1
2	2	2	2	2	2
4	3	3	3	3	3
2	2	2	3	3	3
1	1	1	1	1	1
2.5	2.5	2.5	2.5	2.5	2.5
1	1	1	1	1	1
75	75	75	78	78	78
7	7	9	10	10	10
5	5	3	3	3	3
109.4	98.4	88.6	79.7	71.7	64.6
30	33	29	23	22	22
1	1	1	1	1	1
40	43	43	43	40	40
43	43	41.8	41.7	41.5	41.5
87	87	82	82	82	82
11	11	11	11	11	10.5

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

Fiscal Year	2018	2017	2016	2015
Municipal Court				
Citations Processed	1,898	1,480	1,715	1,480
Police Department				
Calls for Service	21,762	21,326	21,453	19,620
Arrests	757	661	606	655
Accidents	952	959	736	948
Fire Department				
Calls for Service: Fire/Rescue	946	921	817	753
Calls for Service: EMS	260	269	731	740
Community Services				
Building Permits Issued	376	328	235	228
Building Permits Value (\$)	63,941,951	55,733,558	43,439,911	45,685,267
Utility Department				
Electric Connections	3,341	3,313	3,317	3,304
Water Connections	5,659	5,393	5,366	5,314
Sewer Connections	4,798	4,415	4,156	3,977
Electric Department				
KWH Sold	93,003,141	88,061,026	89,408,844	93,693,230
Water Department				
Well Production (<i>in gallons, 000</i>)	290,294	510,595	531,715	511,391
Water Plant Production (<i>in gallons, 000</i>)	378,813	45,380	48,311	69,448
Water purchased (<i>in gallons, 000</i>)	13,600	110,856	98,670	85,706
Wastewater Department				
Discharge Flow (<i>in gallons, 000</i>)	473,960	464,185	509,657	500,186

Source: City of Granbury records from departments.

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

2014	2013	2012	2011	2010	2009
1,617	1,846	2,296	2,680	2,220	3,829
22,129	21,456	22,022	20,524	18,387	10,840
714	731	790	733	721	448
872	794	738	822	838	762
770	736	766	879	659	769
138	182	181	221	531	282
249	284	237	211	221	156
53,181,956	41,544,776	31,518,255	48,901,275	27,939,407	31,368,138
3,286	3,242	3,223	3,186	3,197	3,156
5,209	5,008	4,615	4,563	4,406	4,352
3,891	3,782	3,672	3,499	3,365	3,338
94,826,877	91,016,235	91,762,161	93,583,876	89,806,103	86,567,727
524,689	427,516	493,386	499,348	477,466	440,271
81,505	103,975	73,957	77,505	68,439	93,711
59,696	144,395	108,965	163,325	50,779	57,378
345,939	360,775	361,060	346,509	378,880	354,491

**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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 27, 2019.

Internal Control over Financial Reporting

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

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

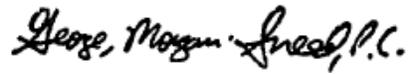
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



George, Morgan & Sneed, P.C.
Weatherford, Texas
February 27, 2019

SINGLE AUDIT REPORT

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, 2018. 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, 2018.

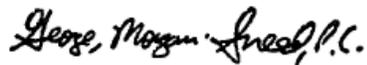
Report on Internal Control over Compliance

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.



Weatherford, Texas
February 27, 2019

CITY OF GRANBURY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes X No

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

Noncompliance material to financial statements noted Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? 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, 2018

None.

CITY OF GRANBURY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>				
Pass-through from Texas Department of Agriculture:				
Community Development Block Grant	14.228	7214262	\$ -	\$ 3,500
Total U.S. Department of Housing and Urban Development			-	3,500
<u>U.S. Department of Justice</u>				
Bulletproof Vest Partnership Program	16.607		\$ -	\$ 6,676
Total U.S. Department of Justice			-	6,676
<u>U.S. Department of Transportation</u>				
Pass-through Texas Department of Transportation				
Highway Planning and Construction	20.205	CSJ #0902-51-028	-	98,560
Pass-through North Central Texas Council of Governments				
Highway Planning and Construction	20.205	TRN4886	-	20,904
Total U.S. Department of Transportation			-	119,464
<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	-	1,468,131
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62694	-	1,352,043
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62733	-	7,330,444
Total U.S. Environmental Protection Agency			-	10,150,618
<u>U.S. Department of Homeland Security</u>				
<u>Pass-through Texas Department of Public Safety</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4272-PW-00379(0)	-	8,061
Total U.S. Department of Homeland Security			-	8,061
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$10,288,319

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, 2018

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.