

City of Granbury, Texas



Comprehensive Annual Financial Report

For the Fiscal Year Ending
September 30, 2020

CITY OF GRANBURY, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year Ended
September 30, 2020**

Prepared by the Finance Department

CITY OF GRANBURY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2020

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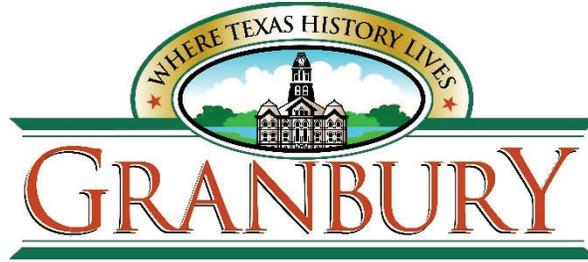
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INTRODUCTORY SECTION



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

February 22, 2021

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, 2020.

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.

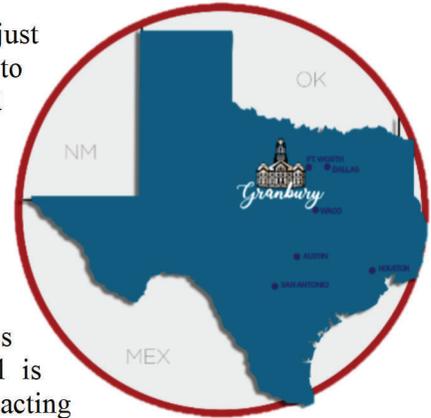
This report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a listing of the City Officials and an organizational chart of the City. The financial section includes the MD&A, Government-wide and Major Fund presentations, 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 10,730 people and serves as the center of commerce and recreation to over 66,800 county residents (North Central Texas Council of Governments). There are currently 16.91 square miles of land within the City's boundaries.



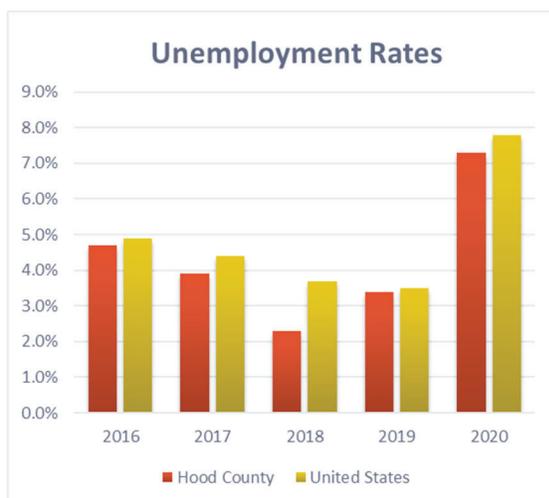
Government Structure

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.

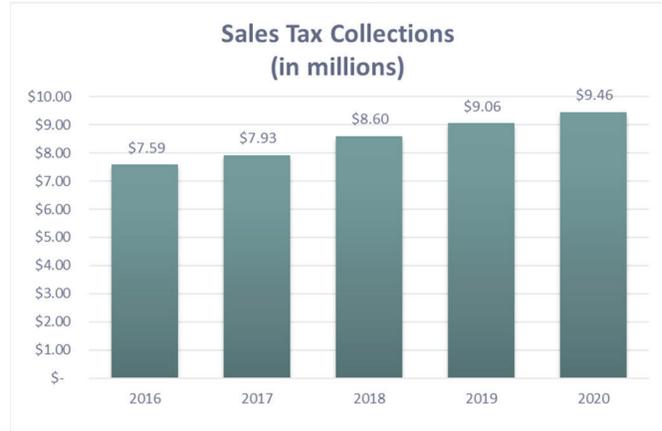
Regional Economy

Granbury is only 30 miles from the Dallas-Fort Worth Metroplex and has shown relatively strong economic growth over the past ten years. Hood County has also enjoyed a robust economic environment; unemployment rates have remained lower than national averages and sales taxes have increased year-over-year.

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 35,000 people that live within 5 miles, 60,000 people that live within 10 miles and 150,000 people that live within 20 miles of Granbury. The stability of Walmart, H-E-B, Home Depot, Kroger, Lowe’s Home Improvement Center and several other new commercial developments along Hwy 377 continue 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 2019-2020 were up by 4% compared to the prior year. The sales tax revenue for fiscal year 2020-2021 was conservatively budgeted to decrease slightly when compared to 2019-2020 collections.

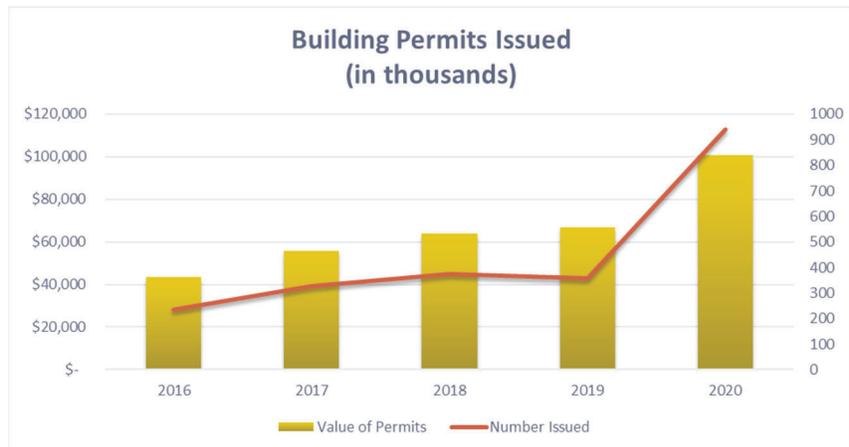


Tourism plays an important role in maintaining the healthy economy of the City. The historical downtown district, with its shopping, bed and breakfasts, and other attractions, also serves the City well by drawing tourists from outside the region. Granbury was designated as the Best Historic Small Town in 2019 and 2020 by Reader’s Choice USA Today. The City’s 18,000-square-foot Lake Granbury Conference Center, adjacent to the Hilton Garden Hotel, continues to classify Granbury as a destination for meetings and conferences. The conference center 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 and maintained this beautiful facility right on Lake Granbury. The City of Granbury along with Hood County and the Chamber of Commerce has formed a brand-new Economic Development partnership in late 2019. The strategic initiative of the new economic development is to create quality jobs above the county average and increase the visibility of the region. The City’s historical hometown atmosphere combined with an aggressive development attitude is continuing to produce results.



Total assessed property values increased by 9.7% or approximately \$145 million for the 2019 Tax Year to \$1,639 million. The City’s property tax rate of \$.39939 remained the same for Tax Year 2019. Residential development continues in areas such as Harbor Lakes, Saratoga, Catalina Bay, Highland Park Bay and Josiah Estates. Additionally, the recently completed commercial developments of the Granbury Lakeside Center marketplace which consists of Ulta, Home Goods, Tuesday Morning, and Five Below, will assist with maintaining a stable property valuation for the City of Granbury. The value of building permits 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 within departments; 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. 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%

On December 3, 2019, the City exercised the two-year renewal option with First National Bank for continued depository services maintaining the same terms and fee structure. The depository contract was extended through January 31, 2022.

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 2019-2020 was approximately \$87M. The overall portfolio provided \$1.1M 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 Director of Finance and the Assistant Director of Finance 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 Director of Finance 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 Central 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, 2020, 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, 2019. This was the nineteenth 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.

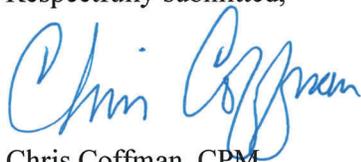
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Eddie Rodriguez

Bruce Wadley

Trish Reiner

Greg Corrigan

CITY MANAGER

Chris Coffman, CPM

DEPUTY CITY MANAGER

Michael Ross, CPM

DEPARTMENT DIRECTORS

Carla Walker

Eva S Gregory

Rick Crownover

Mitch Galvan

Aaron Mclain

Jim Cook

Pat Stewart

Tammy Dooley

Shad Rhoten

City Secretary

Director of Finance

Public Works Director

Police Chief

Parks & Recreation Director

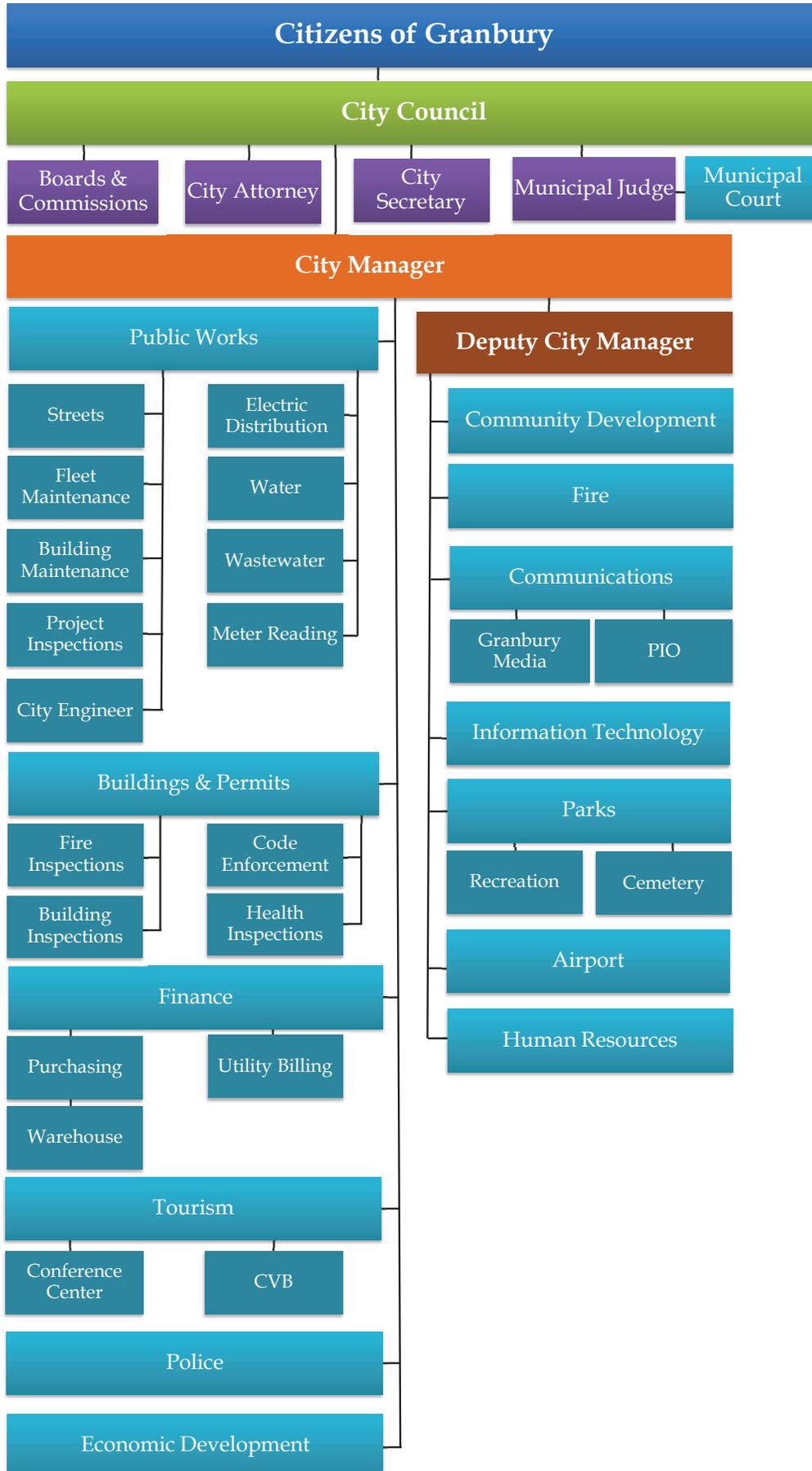
Building Official

Director of Aviation

Director of Convention & Visitors Bureau

Interim Community Development Director

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, 2019

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, 2020, 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, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 – 16 and budgetary comparison schedule – general fund, schedule of changes in net pension liability and related ratios – Texas Municipal Retirement System, schedule of contributions – Texas Municipal Retirement System, schedule of the city's proportionate share of the net pension liability – Texas Emergency Services Retirement System, schedule of contributions – Texas Emergency Services Retirement System, and schedule of changes in total OPEB liability and related ratios on pages 67 - 79 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 nonmajor and individual fund statements, budgetary comparison schedules, 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 expenditures 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 expenditures 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 22, 2021, 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 22, 2021

CITY OF GRANBURY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

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, 2020. 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 \$111,664,661 (Net Position). Of this amount \$22,766,903 (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 \$14,414,830. The City's operations increased the governmental activities by \$3,278,342 and increased the business-type activities by \$11,136,488.
- As of the close of the current fiscal year, the City of Granbury's governmental funds reported combined ending fund balances of \$31,893,972.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,878,471 or 64% of the total General Fund expenditures.
- At the end of the current fiscal year, unrestricted net position for the Utility Fund was \$12,055,055, or 91% 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, fleet maintenance, 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 two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Municipal Utility and Airport Operations. The City uses one internal service fund to account for its fleet services. This service benefits both governmental and business-type functions, and it has been split between the governmental and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Municipal Utility 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 30-66 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 \$111,664,661 as of September 30, 2020.

The largest portion of the City’s net position (76%) 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 (3%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$22,766,903, may be used to meet the government’s ongoing obligations to citizens and creditors.

As of September 30, 2020, 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

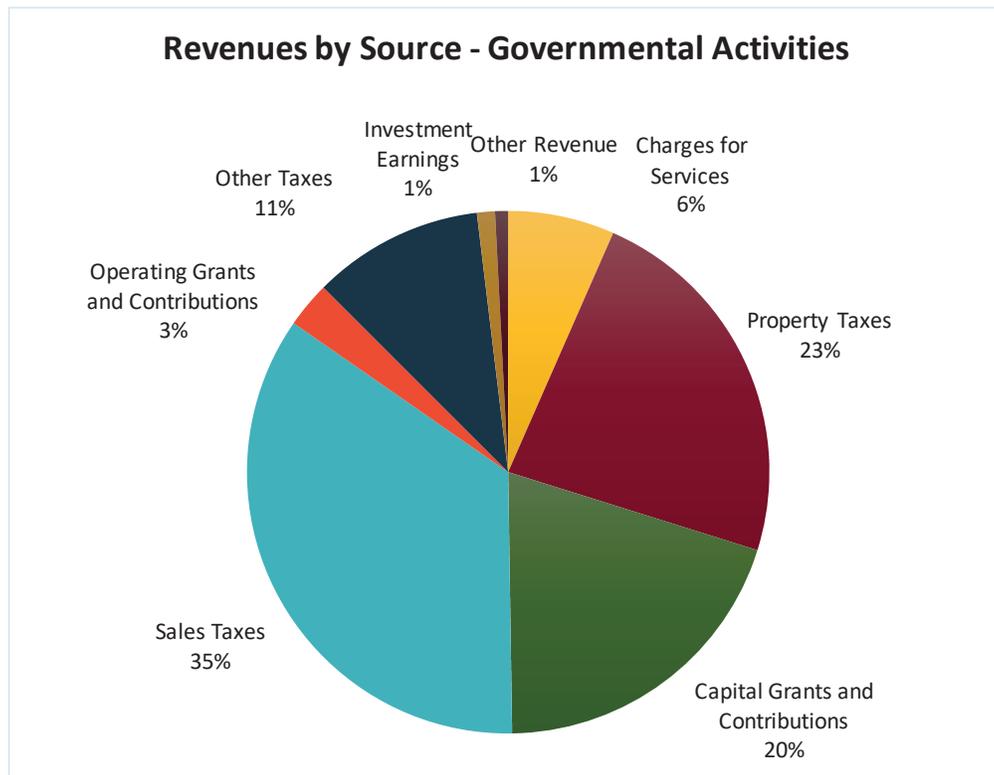
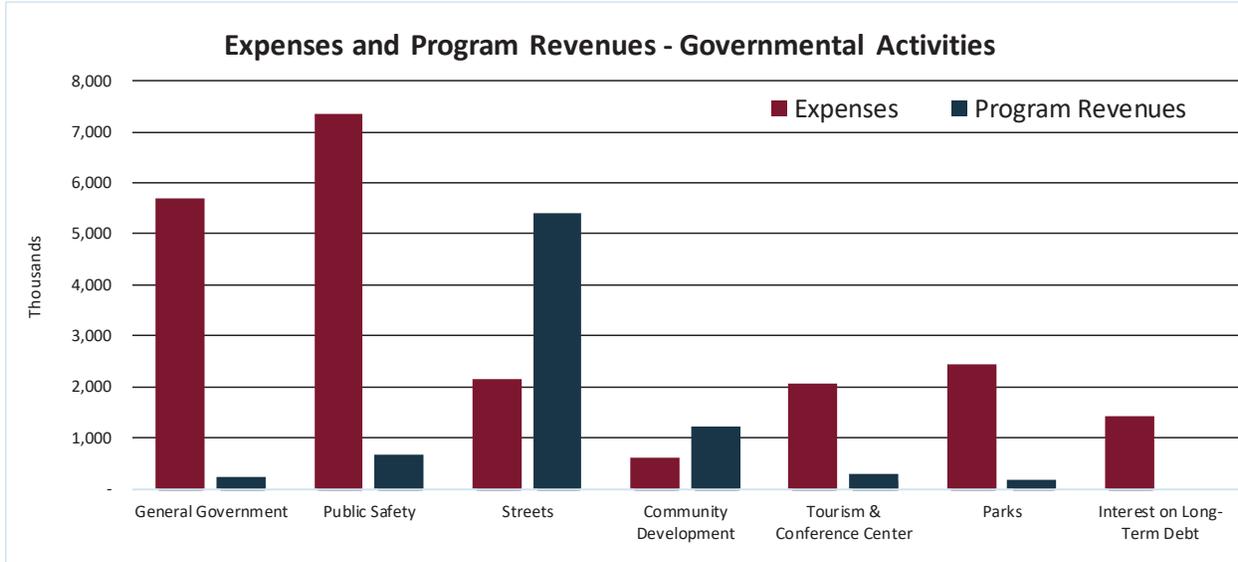
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 36,149,730	\$ 21,419,173	\$ 57,574,754	\$ 62,963,396	\$ 93,724,484	\$ 84,382,569
Capital assets	60,513,933	56,076,403	107,390,277	94,268,725	167,904,210	150,345,128
Total Assets	<u>96,663,663</u>	<u>77,495,576</u>	<u>164,965,031</u>	<u>157,232,121</u>	<u>261,628,694</u>	<u>234,727,697</u>
Deferred outflows of Resources	2,128,712	3,029,796	468,764	850,833	2,597,476	3,880,629
Total deferred outflows of resources	<u>2,128,712</u>	<u>3,029,796</u>	<u>468,764</u>	<u>850,833</u>	<u>2,597,476</u>	<u>3,880,629</u>
Current liabilities	2,195,295	3,312,506	4,390,771	5,086,639	6,586,066	8,399,145
Long-term liabilities	52,526,347	37,225,061	92,051,492	95,369,313	144,577,839	132,594,374
Total liabilities	<u>54,721,642</u>	<u>40,537,567</u>	<u>96,442,263</u>	<u>100,455,952</u>	<u>151,163,905</u>	<u>140,993,519</u>
Deferred inflows of resources	1,086,745	282,159	310,859	82,817	1,397,604	364,976
Total deferred inflows of resources	<u>1,086,745</u>	<u>282,159</u>	<u>310,859</u>	<u>82,817</u>	<u>1,397,604</u>	<u>364,976</u>
Net Position:						
Net investment in capital assets	33,781,453	31,815,661	51,307,687	44,739,831	85,089,140	76,555,492
Restricted	1,206,172	1,709,417	2,602,446	1,946,516	3,808,618	3,655,933
Unrestricted	7,996,363	6,180,568	14,770,540	10,857,838	22,766,903	17,038,406
Total Net Position	<u>\$ 42,983,988</u>	<u>\$ 39,705,646</u>	<u>\$ 68,680,673</u>	<u>\$ 57,544,185</u>	<u>\$ 111,664,661</u>	<u>\$ 97,249,831</u>

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 1,805,551	\$ 1,821,924	\$ 24,397,466	\$ 22,986,922	\$ 26,203,017	\$ 24,808,846
Operating grants and contributions	776,832	206,104	43,159	106,608	819,991	312,712
Capital grants and contributions	5,463,020	10,866,405	3,237,290	5,529,654	8,700,310	16,396,059
General revenues:						
Property taxes	6,373,269	5,915,411	-	-	6,373,269	5,915,411
Sales taxes	9,568,220	9,096,824	-	-	9,568,220	9,096,824
Hotel/Motel Occupancy Taxes	653,155	844,772	-	-	653,155	844,772
Franchise taxes	2,249,215	1,811,861	-	-	2,249,215	1,811,861
Investment earnings	304,361	435,829	799,876	1,233,772	1,104,237	1,669,601
Other Revenue	222,929	269,720	5,712	28,424	228,641	298,144
Total revenues	27,416,552	31,268,850	28,483,503	29,885,380	55,900,055	61,154,230
Expenses						
City Council	158,787	190,935	-	-	158,787	190,935
Legal	179,680	168,843	-	-	179,680	168,843
Executive	762,182	718,826	-	-	762,182	718,826
Financial Administration	516,142	524,405	-	-	516,142	524,405
Purchasing	163,957	160,373	-	-	163,957	160,373
Social Services	53,990	54,000	-	-	53,990	54,000
Information Technology	756,964	856,206	-	-	756,964	856,206
Economic Development	181,953	71,025	-	-	181,953	71,025
Human Resources	198,958	199,319	-	-	198,958	199,319
Warehouse	131,644	129,252	-	-	131,644	129,252
Fleet Maintenance	311,076	321,241	-	-	311,076	321,241
Building Maintenance	812,104	759,222	-	-	812,104	759,222
Granbury Broadcasting Services	146,208	144,172	-	-	146,208	144,172
Other governmental functions	1,310,544	1,158,390	-	-	1,310,544	1,158,390
Police	5,488,157	4,820,369	-	-	5,488,157	4,820,369
Fire	831,720	697,697	-	-	831,720	697,697
Municipal Court	223,536	205,713	-	-	223,536	205,713
Streets	2,147,838	1,651,832	-	-	2,147,838	1,651,832
Building & Permits	796,435	677,049	-	-	796,435	677,049
Community Development	514,704	636,114	-	-	514,704	636,114
Clean Air Coalition	94,299	80,002	-	-	94,299	80,002
Airport	-	-	710,446	747,801	710,446	747,801
Cemetery	65,250	62,673	-	-	65,250	62,673
Tourism	1,454,339	1,318,801	-	-	1,454,339	1,318,801
Parks	2,372,641	2,256,384	-	-	2,372,641	2,256,384
Conference Center	601,806	846,809	-	-	601,806	846,809
Interest and fiscal charges	1,442,092	939,641	-	-	1,442,092	939,641
Water treatment and distribution	-	-	7,624,460	6,961,673	7,624,460	6,961,673
Wastewater collection and treatment	-	-	3,574,018	3,930,790	3,574,018	3,930,790
Electricity	-	-	7,859,295	7,471,408	7,859,295	7,471,408
Total expenses	21,717,006	19,649,293	19,768,219	19,111,672	41,485,225	38,760,965
Increase (decrease) in net position before transfers						
transfers	5,699,546	11,619,557	8,715,284	10,773,708	14,414,830	22,393,265
Transfers	(2,421,204)	1,564,887	2,421,204	(1,564,887)	-	-
Increase (decrease) in net position	3,278,342	13,184,444	11,136,488	9,208,821	14,414,830	22,393,265
Net Position October 1	39,705,646	26,521,202	57,544,185	48,335,364	97,249,831	74,856,566
Net Position September 30	\$ 42,983,988	\$ 39,705,646	\$ 68,680,673	\$ 57,544,185	\$ 111,664,661	\$ 97,249,831

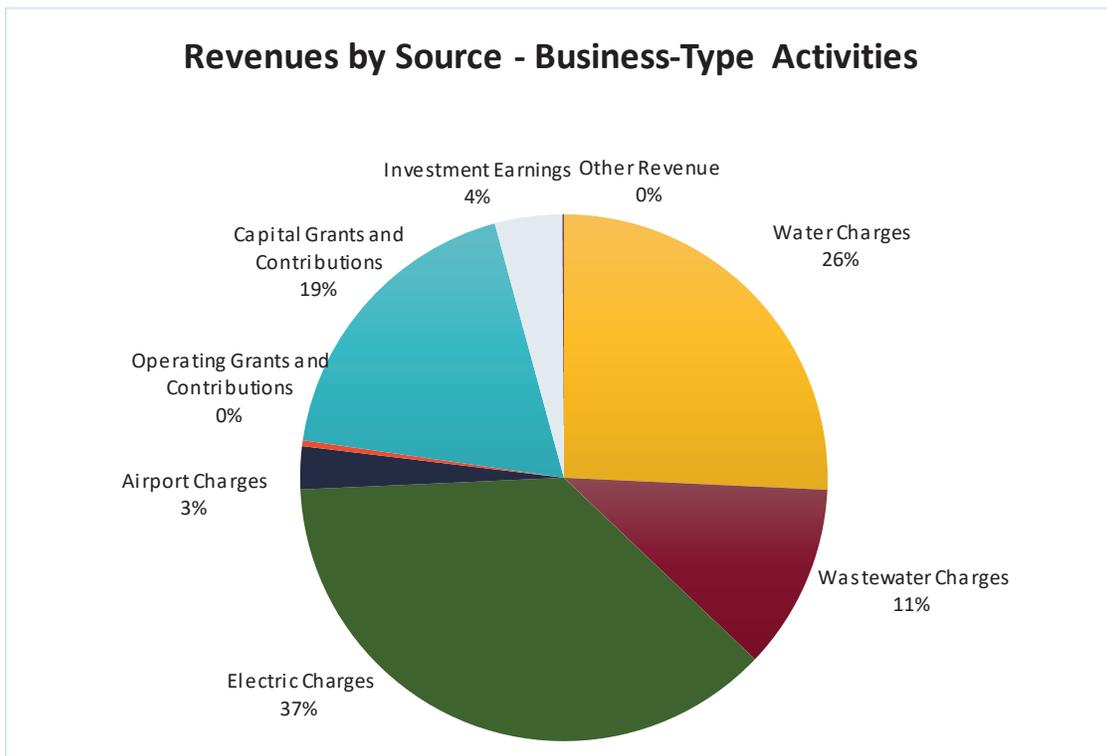
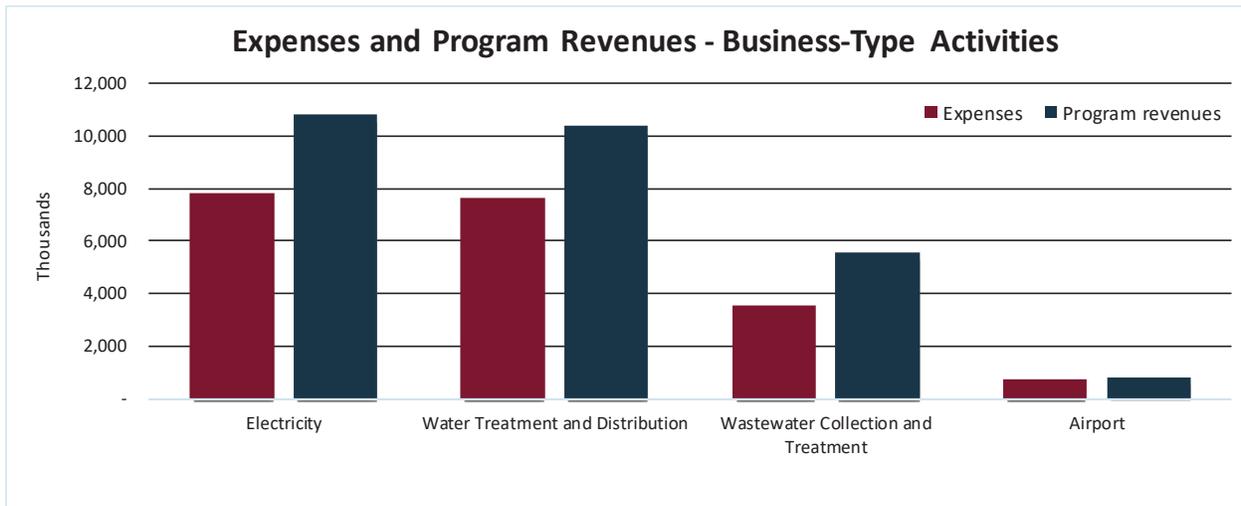
Governmental Activities. Governmental activities increased the City’s net position by \$3,278,342 compared with a \$13,184,444 increase during the prior fiscal year. Total revenues from governmental activities decreased \$3,852,298 (12%) to \$27,416,552 when compared to the prior fiscal year. The decrease is largely the result of a large property donation received by the City in the prior fiscal year. Revenue from sales tax grew by \$471,396, indicating a strong growth in commerce in the City. Property tax revenue increased by \$457,858 as a result of increased appraised values. Total governmental activities expenses increased \$2,067,713 (11%) from the prior year.

Below are two graphs summarizing governmental revenue and expense:



Business-type activities. Business-type activities increased the City’s net position by \$11,136,488 in the current fiscal year compared to an increase of \$9,208,821 in the prior fiscal year. The business-type activities total revenues decreased overall by \$1,401,877 (5%) to \$28,483,503. The decrease in revenues is largely the result of a major airport expansion grant in the amount of \$3 million received in the prior fiscal year. Charges for utility service revenue increased \$1,410,544 primarily as a result of an increase in number of residential and commercial customers due to growth in Granbury. Total business-type activities expenses increased \$656,547 (3%) to \$19,768,219. The largest increase in expenses was an increase in depreciation expense of \$1,030,336 resulting from putting a water treatment plant and water distribution additions in service during the prior year.

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 \$31,893,972. \$9,878,471 (31%) 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 \$9,878,471. The fund balance of the general fund increased \$980,330 compared to an increase of \$590,931 in the prior year. Key factors contributing to the increase in fund balance between the two fiscal years are highlighted below:

- Revenues increased \$1,145,380 (7%) primarily due to an increase in sales tax of \$401,647, franchise tax of \$488,365, and building permits of \$341,778 attributable to the continued growth of the community.
- Expenditures decreased \$817,050 (5%) with the largest decrease attributable to an decrease in street expenditures of \$1,493,950 primarily due to street improvement projects during the prior year. Public safety expenditures increased \$790,123 partially due to an increase in the number of police officers.
- Transfers out increased \$1,515,026 due to a \$897,393 transfer to the airport fund and a \$700,000 transfer to the fleet maintenance internal service fund for the purchase of vehicles.

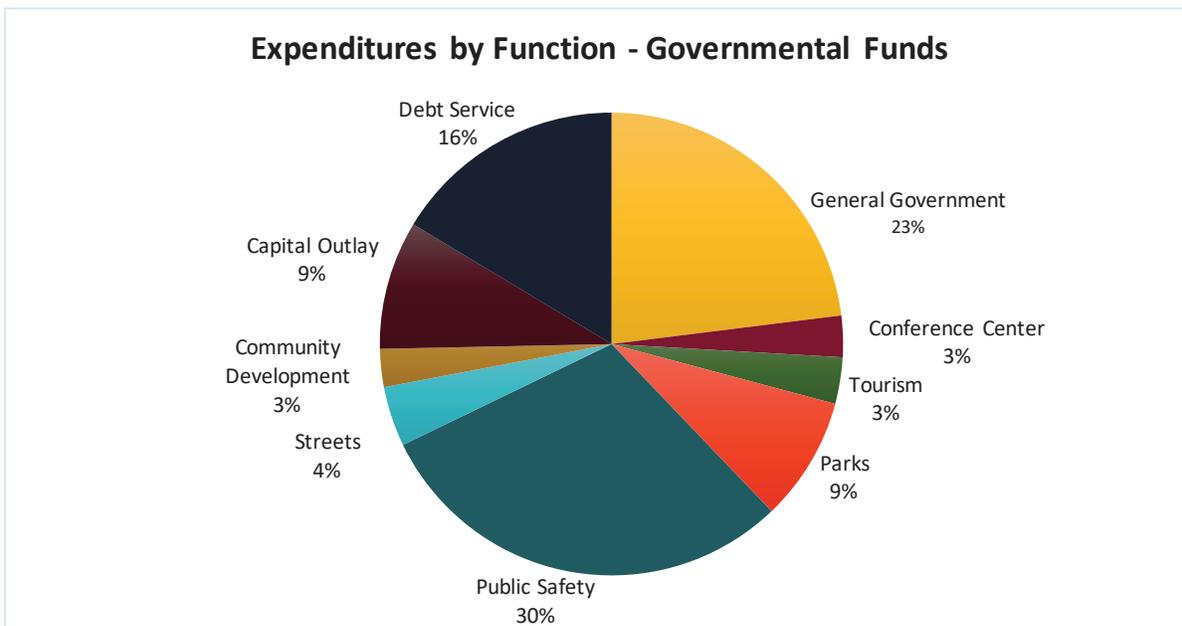
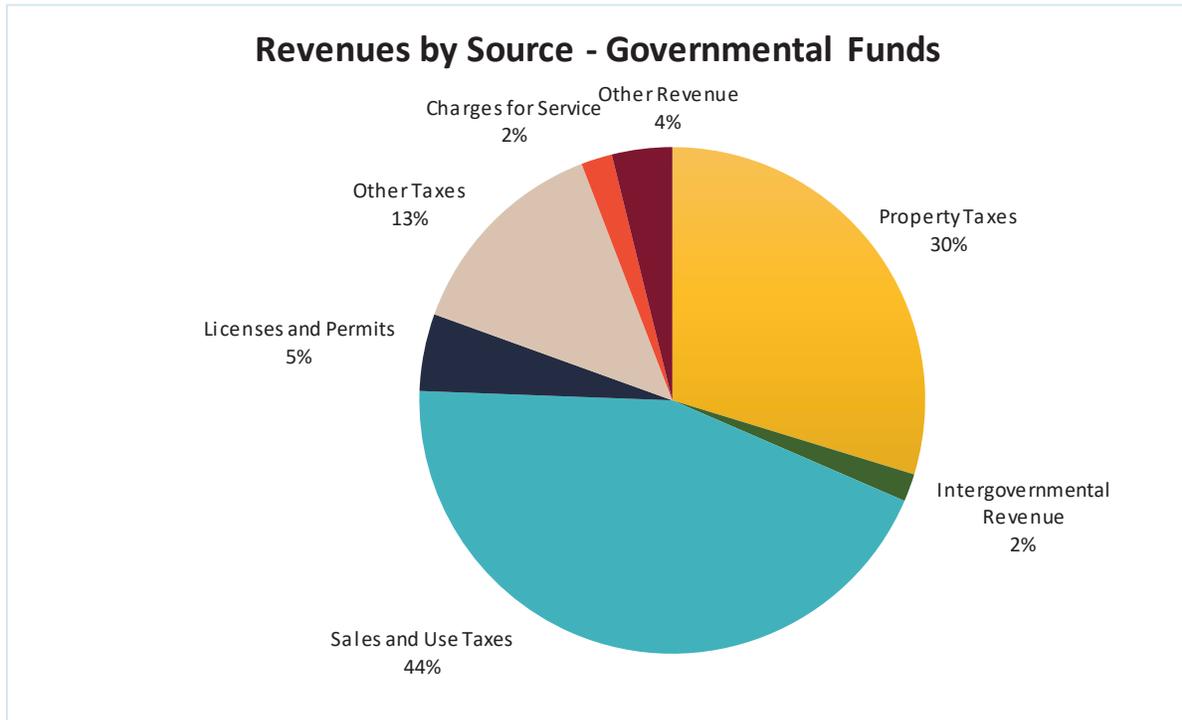
Below is a comparison of the general fund's net change in fund balance for 2020 and 2019.

	2020	2019	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Taxes:				
Property	\$ 3,189,145	\$ 2,989,294	\$ 199,851	6.69%
Sales and Use	9,456,937	9,055,290	401,647	4.44%
Franchise	2,272,673	1,784,308	488,365	27.37%
Fines and fees	207,695	212,431	(4,736)	-2.23%
Licenses and permits	1,056,126	768,360	287,766	37.45%
Charges for service	125,770	86,637	39,133	45.17%
Intergovernmental revenue	378,776	219,441	159,335	72.61%
Park and recreation	103,790	241,388	(137,598)	-57.00%
Interest income	133,389	279,389	(146,000)	-52.26%
Other revenue	201,916	344,299	(142,383)	-41.35%
Total revenues	17,126,217	15,980,837	1,145,380	7.17%
Expenditures:				
General government	5,194,870	5,331,394	(136,524)	-2.56%
Public Safety	5,990,616	5,200,493	790,123	15.19%
Streets	945,685	2,439,635	(1,493,950)	-61.24%
Building & Permits	770,135	716,943	53,192	7.42%
Community Development	506,482	616,337	(109,855)	-17.82%
Clean Air Coalition	92,900	78,316	14,584	18.62%
Cemetery	50,989	74,803	(23,814)	-31.84%
Parks	1,907,740	1,818,546	89,194	4.90%
Total expenditures	15,459,417	16,276,467	(817,050)	-5.02%
Other financing sources (uses):				
Transfers in	1,494,303	1,497,689	(3,386)	-0.23%
Transfers out	(2,201,786)	(686,760)	(1,515,026)	220.60%
Insurance recoveries	21,013	75,632	(54,619)	-72.22%
Net change in fund balances	\$ 980,330	\$ 590,931	\$ 389,399	65.90%

The Debt Service fund has a total fund balance of \$801,769, all of which is restricted for the payment of debt service. Compared to the previous fiscal year, the Debt Service fund balance increased by \$95,381.

The Capital Projects fund has a total fund balance of \$19,214,618. 100% of the fund balance is restricted to be used to fund projects with bond proceeds. Capital Projects fund balance increased in 2020 by \$14,109,721 primary due to bond proceeds in the amount of \$16,460,000 received in the current year.

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 \$14,352,045 comprised of the Utility Fund net position of \$12,055,055 and the Airport Fund net position of \$2,296,990. The Utility Fund net position increased by \$6,477,313 in the current fiscal year primarily due to an increase in water and wastewater

revenue because of an increase in the number of customers and an increase in developer contributions. The Airport experienced a net position increase of \$3,998,198 primarily due to transfers in from other funds in the amount of \$3,916,429 for capital projects.

Unrestricted net position of the fleet internal service fund was \$1,022,452. Internal service fund net position increased \$1,660,732.

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 <1% or \$72,190.

General fund actual expenditures budgetary basis were \$2,388,455 less than budgeted.

CAPITAL ASSETS

The City of Granbury's investment in capital assets for its governmental and business-type activities as of September 30, 2020 amounts to \$167,904,210 (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:

- \$1,477,856 of storm drainage improvements, \$3,869,247 of street improvements, and \$50,917 of park improvements were contributed by developers to the City.
- A fire truck was purchased for \$1,359,884.
- \$282,633 was spent on four new police vehicles.
- \$566,799 was spent on police station improvements.

Business-Type Activities:

- \$1,439,925 of water improvements and \$1,555,365 of wastewater improvements were contributed by developers to the City.
- Current year capital asset events funded with the 2018A Combination Tax and Surplus Revenue Certificates of Obligation include \$7,655,171 for construction and \$379,142 of engineering services relating to phase II of the water treatment plant project.
- Current year capital asset events funded with the 2018B Combination Tax and Surplus Revenue Certificates of Obligation consist of \$1,859,490 in engineering services relating to the wastewater project.
- \$3,209,278 was spent on the airport expansion project.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 6,660,750	\$ 6,660,750	\$ 12,611,591	\$ 12,611,591	\$ 19,272,341	\$ 19,272,341
Buildings	17,318,486	18,394,261	1,211,855	1,346,079	18,530,341	19,740,340
Improvements other than buildings	30,558,673	27,011,923	66,478,608	66,657,240	97,037,281	93,669,163
Machinery and equipment	4,230,881	3,023,142	1,778,160	1,734,838	6,009,041	4,757,980
Construction in progress	1,745,143	986,327	25,310,063	11,918,977	27,055,206	12,905,304
Total	<u>\$ 60,513,933</u>	<u>\$ 56,076,403</u>	<u>\$ 107,390,277</u>	<u>\$ 94,268,725</u>	<u>\$ 167,904,210</u>	<u>\$ 150,345,128</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 \$136,237,134. Of this amount, \$21,338,578 comprises bonded debt backed by the full faith and credit of the government and \$112,304,850 are certificates of obligation secured by ad valorem taxes and surplus revenues of the utility fund. The capital leases payable of \$2,343,786 pertains to equipment and an energy retrofit project 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	
	2020	2019	2020	2019	2020	2019
Capital Leases Payable	\$ 1,033,604	\$ 1,247,084	\$ 1,310,182	\$ 1,528,080	\$ 2,343,786	\$ 2,775,164
Texas Capital Fund Loan	-	-	44,056	52,067	44,056	52,067
Notes Payable	205,864	233,135	-	-	205,864	233,135
Revenue Bonds	-	-	-	3,333,942	-	3,333,942
General Obligation	12,837,758	14,543,621	8,500,820	6,604,174	21,338,578	21,147,795
Certificates of Obligation	31,869,850	13,340,419	80,435,000	81,470,000	112,304,850	94,810,419
Total Outstanding Debt	<u>\$ 45,947,076</u>	<u>\$ 29,364,259</u>	<u>\$ 90,290,058</u>	<u>\$ 92,988,263</u>	<u>\$ 136,237,134</u>	<u>\$ 122,352,522</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 13% in fiscal year 2021 compared to the 2019-2020 budget. Sales tax makes up about 50% of the General Fund operating revenues and is budgeted to remain constant with the fiscal year 2020 budget. Although Granbury continues to outperform previous year actuals in sales tax collections, fiscal year 2021 budget remains conservative amid the Covid-19 pandemic. While the operation and maintenance portion of the Property tax revenue is budgeted to decrease about 14% (\$438K) from the 2019-2020 budgeted amounts, the debt service portion of the Property tax revenue increased by 25% (\$793K) in fiscal year 2021. Certified assessed property valuations increased approximately \$130 million (8.17%) from the preceding year, and the City adopted a tax rate of .3961 per \$100. The no-new-revenue tax rate for 2020 for the City is 0.3961. The maintenance and operations portion of the tax rate was decreased from \$0.1997 to \$0.1611 and the debt service rate increased from \$0.1997 to \$0.2351. Due to the continuous increase in property valuations only a small increase in the debt service rate was necessary to cover the increased debt service obligation for fiscal year 2021. 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 2020, sales tax receipts were up 4.6% when compared to the previous year's actual collections.

General Fund operating expenditures and transfers-out are budgeted to decrease 13% compared to 2019-2020 budgeted amounts. Capital expenditures will decrease from \$412,150 in fiscal year 2020 to \$229,750 in fiscal year 2021. This decrease is partly due to the establishment of a new Fleet Replacement Fund in fiscal year 2020. Purchases of fleet and equipment are now funded through the Fleet Replacement Fund. Total budget for the General Fund expenditures is \$17,098,522. While the significant growth in sales tax and property valuation is attributable to the increased commercial and residential activity, the City recognizes its reliance on the economically sensitive sales tax revenue and continues to budget conservatively.

Operating revenue in the Utility Fund is budgeted to increase 1.2% compared to the operating revenue budgeted in 2019-2020. This is mainly due to volume increases as the City chose not to increase utility rates due to current economic conditions affecting utility customers. Through the new electric power purchase contract which became effective as of January 2018, the City was able to offer a competitive electric rate to the citizens of Granbury, as well as allow the City to set aside funds for future capital investments. The City has budgeted to use Impact Fees of \$275,000 for water line upgrades in fiscal year 2020-2021.

Total expenses for the Utility Fund in fiscal year 2020-2021 have slightly increased (1%). Budgeted capital expenditures in the Utility Fund have increased due to wastewater and electrical infrastructure needs. Purchases of fleet and equipment are now funded through the Fleet Replacement Fund decreasing the related capital expenditures from the Utility Fund. The purpose of the Fleet Replacement Fund is to ensure that adequate funds are available to purchase vehicles and equipment, to stabilize budgeting for major purchases, and to provide a systematic, city-wide approach to procurement and disposition of the fleet.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF GRANBURY, Texas
Statement of Net Position
September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,638,196	\$ 1,464,047	\$ 4,102,243
Investments	10,838,436	11,165,212	22,003,648
Receivables (Net of allowances for uncollectibles)			
Property taxes	81,664	-	81,664
Franchise taxes	393,178	-	393,178
Accounts	-	2,475,076	2,475,076
Due from other governments	1,658,541	-	1,658,541
Fines and fees receivable	124,802	-	124,802
Miscellaneous receivables	575,287	160,412	735,699
Accrued interest	62	189	251
Internal balances	14,873	(14,873)	-
Prepaid items	65,389	26,195	91,584
Inventories	103,406	1,434,401	1,537,807
Restricted assets:			
Cash and cash equivalents	367,782	1,613,881	1,981,663
Investments	19,288,114	39,250,214	58,538,328
Capital assets (net of accumulated depreciation):			
Land	6,660,750	12,611,591	19,272,341
Buildings	17,318,486	1,211,855	18,530,341
Improvements other than buildings	30,558,673	66,478,608	97,037,281
Machinery and equipment	4,230,881	1,778,160	6,009,041
Construction in progress	1,745,143	25,310,063	27,055,206
Total Assets	96,663,663	164,965,031	261,628,694
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	1,397,541	376,751	1,774,292
Deferred outflows related to OPEB	80,360	21,951	102,311
Deferred charges on refunding	650,811	70,062	720,873
Total Deferred Outflows of Resources	2,128,712	468,764	2,597,476
LIABILITIES:			
Accounts payable and accrued liabilities	865,130	950,147	1,815,277
Unearned revenue	844,116	237,450	1,081,566
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accrued liabilities	-	2,109,541	2,109,541
Interest payable	485,949	208,271	694,220
Customer deposits	100	885,362	885,462
Noncurrent liabilities:			
Due Within One Year	3,180,169	3,341,506	6,521,675
Due in More Than One Year	49,346,178	88,709,986	138,056,164
Total Liabilities	54,721,642	96,442,263	151,163,905
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	1,067,127	305,245	1,372,372
Deferred inflows related to OPEB	19,618	5,614	25,232
Total Deferred Inflows of Resources	1,086,745	310,859	1,397,604
NET POSITION:			
Net Investment in Capital Assets	33,781,453	51,307,687	85,089,140
Restricted Net Position			
Debt Service (Expendable)	359,851	756,295	1,116,146
Impact fees for capital improvements (Expendable)	-	1,846,151	1,846,151
Public Safety (Expendable)	71,145	-	71,145
Culture and Recreation (Expendable)	664,434	-	664,434
Public, educational, and governmental programming	40,357	-	40,357
Court technology and security (Expendable)	70,385	-	70,385
Unrestricted Net Position	7,996,363	14,770,540	22,766,903
Total Net Position	\$ 42,983,988	\$ 68,680,673	\$ 111,664,661

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
City Council	\$ 158,787	\$ -	\$ -	\$ -
Legal	179,680	-	-	-
Executive	762,182	-	-	-
Financial Administration	516,142	-	-	-
Purchasing	163,957	-	-	-
Social Services	53,990	-	-	-
Information Technology	756,964	-	-	-
Economic Development	181,953	-	-	-
Human Resources	198,958	-	-	-
Warehouse	131,644	-	-	-
Fleet Maintenance	311,076	-	-	-
Building Maintenance	812,104	-	-	-
Granbury Broadcasting Services	146,208	13,967	-	-
Other governmental functions	1,310,544	-	233,232	-
Police	5,488,157	151,455	368,082	-
Fire	831,720	-	13,390	-
Municipal Court	223,536	78,753	-	-
Streets	2,147,838	-	-	5,412,103
Building & Permits	796,435	57,442	-	-
Community Development	514,704	1,077,338	69,423	-
Clean Air Coalition	94,299	-	92,705	-
Cemetery	65,250	11,700	-	-
Tourism	1,454,339	68,746	-	-
Parks	2,372,641	105,490	-	50,917
Conference Center	601,806	240,660	-	-
Interest and fiscal charges	1,442,092	-	-	-
Total governmental activities	21,717,006	1,805,551	776,832	5,463,020
Business-type activities:				
Water treatment and distribution	7,624,460	8,995,777	-	1,439,925
Wastewater collection and treatment	3,574,018	3,783,704	-	1,797,365
Electricity	7,859,295	10,836,338	-	-
Airport	710,446	781,647	43,159	-
Total business-type activities	19,768,219	24,397,466	43,159	3,237,290
Total primary government	\$ 41,485,225	\$ 26,203,017	\$ 819,991	\$ 8,700,310

General Revenues:

Taxes:

- Property Taxes, levied for general purposes
- Property Taxes, levied for debt service
- Sales Taxes
- Hotel/Motel Occupancy Taxes
- Franchise Taxes
- Investment Earnings
- Gain (loss) on sale of capital assets
- Other Revenue

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, October 1, 2019

Net Position, September 30, 2020

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
\$ (158,787)	\$ -	\$ (158,787)
(179,680)	-	(179,680)
(762,182)	-	(762,182)
(516,142)	-	(516,142)
(163,957)	-	(163,957)
(53,990)	-	(53,990)
(756,964)	-	(756,964)
(181,953)	-	(181,953)
(198,958)	-	(198,958)
(131,644)	-	(131,644)
(311,076)	-	(311,076)
(812,104)	-	(812,104)
(132,241)	-	(132,241)
(1,077,312)	-	(1,077,312)
(4,968,620)	-	(4,968,620)
(818,330)	-	(818,330)
(144,783)	-	(144,783)
3,264,265	-	3,264,265
(738,993)	-	(738,993)
632,057	-	632,057
(1,594)	-	(1,594)
(53,550)	-	(53,550)
(1,385,593)	-	(1,385,593)
(2,216,234)	-	(2,216,234)
(361,146)	-	(361,146)
(1,442,092)	-	(1,442,092)
<u>(13,671,603)</u>	<u>-</u>	<u>(13,671,603)</u>
-	2,811,242	2,811,242
-	2,007,051	2,007,051
-	2,977,043	2,977,043
-	114,360	114,360
-	<u>7,909,696</u>	<u>7,909,696</u>
<u>\$ (13,671,603)</u>	<u>\$ 7,909,696</u>	<u>\$ (5,761,907)</u>
\$ 3,189,395	\$ -	\$ 3,189,395
3,183,874	-	3,183,874
9,568,220	-	9,568,220
653,155	-	653,155
2,249,215	-	2,249,215
304,361	799,876	1,104,237
-	5,712	5,712
222,929	-	222,929
(2,421,204)	2,421,204	-
<u>16,949,945</u>	<u>3,226,792</u>	<u>20,176,737</u>
3,278,342	11,136,488	14,414,830
<u>39,705,646</u>	<u>57,544,185</u>	<u>97,249,831</u>
<u>\$ 42,983,988</u>	<u>\$ 68,680,673</u>	<u>\$ 111,664,661</u>

CITY OF GRANBURY, Texas
Balance Sheet
Governmental Funds
September 30, 2020

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Assets:					
Cash and cash equivalents	\$ 1,149,687	\$ 609,026	\$ -	\$ 275,526	\$ 2,034,239
Investments	10,616,500	221,936	-	-	10,838,436
Receivables (Net of allowances for uncollectibles)					
Property taxes	37,633	44,031	-	-	81,664
Franchise taxes	393,178	-	-	-	393,178
Due from other governments	1,658,541	-	-	-	1,658,541
Fines and fees receivable	124,802	-	-	-	124,802
Miscellaneous receivables	495,374	-	-	79,913	575,287
Interest	62	-	-	-	62
Due from other funds	15,179	846	-	-	16,025
Inventories	91,317	-	-	12,089	103,406
Prepaid items	58,544	-	-	6,845	65,389
Restricted Assets:					
Cash and cash equivalents	347,595	-	20,187	-	367,782
Investments	-	-	19,288,114	-	19,288,114
	<u>\$ 14,988,412</u>	<u>\$ 875,839</u>	<u>\$ 19,308,301</u>	<u>\$ 374,373</u>	<u>\$ 35,546,925</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued expenses	\$ 709,005	\$ 28,887	\$ 93,683	\$ 33,555	\$ 865,130
Customer deposits payable	-	-	-	100	100
Unearned revenue	829,191	-	-	14,925	844,116
Due to other funds	-	1,152	-	-	1,152
	<u>1,538,196</u>	<u>30,039</u>	<u>93,683</u>	<u>48,580</u>	<u>1,710,498</u>
Deferred inflows of resources:					
Deferred revenue	1,898,424	44,031	-	-	1,942,455
	<u>1,898,424</u>	<u>44,031</u>	<u>-</u>	<u>-</u>	<u>1,942,455</u>
Fund Balance:					
Nonspendable	149,861	-	-	18,934	168,795
Restricted	664,323	801,769	19,214,618	181,998	20,862,708
Committed	684,500	-	-	124,861	809,361
Assigned	174,637	-	-	-	174,637
Unassigned	9,878,471	-	-	-	9,878,471
	<u>11,551,792</u>	<u>801,769</u>	<u>19,214,618</u>	<u>325,793</u>	<u>31,893,972</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,988,412</u>	<u>\$ 875,839</u>	<u>\$ 19,308,301</u>	<u>\$ 374,373</u>	<u>\$ 35,546,925</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, 2020

Total Fund Balances - Governmental Funds	\$ 31,893,972
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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 \$117,968,728 and the accumulated depreciation was \$57,879,658.	60,089,070
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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	\$ (485,949)	
General obligation and certificates of obligation bonds	(44,707,608)	
Notes payable	(205,864)	
Capital leases payable	(1,033,604)	
Compensated absences	(659,913)	(47,092,938)

Deferred charges for refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds.	650,811
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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 \$5,457,879, a deferred resource inflow related to pensions of \$1,067,127, and a deferred resource outflow related to pensions in the amount of \$1,397,541. This amounted to a decrease in net position of \$5,127,465.	(5,127,465)
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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 \$461,479, a deferred resource inflow related to OPEB of \$19,618, and a deferred resource outflow related to OPEB in the amount of \$80,360. This amounted to a decrease in net position of \$400,737.	(400,737)
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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:

Grant revenue	\$ 463,056	
Property taxes	79,235	
Franchise taxes	393,178	
Sales tax	882,184	
Court fines	124,802	1,942,455

The City uses an internal service fund to charge the costs of fleet to the appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	1,028,820
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Net Position of Governmental Activities	\$ 42,983,988
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CITY OF GRANBURY, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended September 30, 2020

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 3,189,145	\$ 3,185,417	\$ -	\$ -	\$ 6,374,562
Sales and Use	9,456,937	-	-	-	9,456,937
Hotel/Motel Occupancy	-	-	-	653,155	653,155
Franchise	2,272,673	-	-	-	2,272,673
Fines and fees	207,695	-	-	-	207,695
Licenses and permits	1,056,126	-	-	-	1,056,126
Charges for service	125,770	-	-	300,409	426,179
Intergovernmental revenue	378,776	-	-	-	378,776
Park and recreation	103,790	-	-	-	103,790
Interest income	133,389	26,865	140,925	2,452	303,631
Other revenue	201,916	-	-	8,997	210,913
Total revenues	17,126,217	3,212,282	140,925	965,013	21,444,437
Expenditures:					
Current					
General Government:					
City Council	158,787	-	-	-	158,787
Legal	179,680	-	-	-	179,680
Executive	715,449	-	-	-	715,449
Financial Administration	521,010	-	-	-	521,010
Purchasing	159,886	-	-	-	159,886
Social Services	53,990	-	-	-	53,990
Information Technology	768,099	-	-	-	768,099
Economic Development	181,953	-	-	-	181,953
Human Resources	196,400	-	-	-	196,400
Warehouse	137,812	-	-	-	137,812
Fleet Maintenance	304,275	-	-	-	304,275
Building Maintenance	728,736	-	-	-	728,736
Granbury Broadcasting Services	192,283	-	-	-	192,283
Other governmental functions	896,510	-	-	-	896,510
Public Safety:					
Police	5,359,919	-	-	-	5,359,919
Fire	429,838	-	-	-	429,838
Municipal Court	200,859	-	-	-	200,859
Streets	945,685	-	-	-	945,685
Building & Permits	770,135	-	-	-	770,135
Community Development	506,482	-	-	-	506,482
Clean Air Coalition	92,900	-	-	-	92,900
Cemetery	50,989	-	-	-	50,989
Tourism	-	-	-	733,934	733,934
Parks	1,907,740	-	-	-	1,907,740
Conference Center	-	-	-	650,584	650,584
Capital Outlay	-	-	2,027,048	-	2,027,048
Debt Service:					
Principal	-	2,414,480	-	27,271	2,441,751
Interest and fiscal charges	-	950,754	-	11,458	962,212
Debt issuance costs	-	-	283,357	-	283,357
Total expenditures	15,459,417	3,365,234	2,310,405	1,423,247	22,558,303
Excess (deficiency) of revenue over (under) expenditures	\$ 1,666,800	\$ (152,952)	\$ (2,169,480)	\$ (458,234)	\$ (1,113,866)
Other financing sources (uses):					
Transfers in	1,494,303	248,333	14,880	356,982	2,114,498
Transfers out	(2,201,786)	-	(3,019,036)	-	(5,220,822)
Certificates of Obligation issued	-	-	16,460,000	-	16,460,000
Bond (Discount)/Premium	-	-	2,823,357	-	2,823,357
Insurance recoveries	21,013	-	-	-	21,013
Total other financing sources (uses)	(686,470)	248,333	16,279,201	356,982	16,198,046
Net change in fund balances	980,330	95,381	14,109,721	(101,252)	15,084,180
Fund Balance, October 1, 2019	10,571,462	706,388	5,104,897	427,045	16,809,792
Fund Balance, September 30, 2020	\$ 11,551,792	\$ 801,769	\$ 19,214,618	\$ 325,793	\$ 31,893,972

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, 2020

Total Net Change in Fund Balances - Governmental Funds	\$ 15,084,180
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 \$2,640,171 of capital outlays and \$2,441,751 of debt principal payments is to increase net position.	5,081,922
Capital asset donations are revenues in the government-wide financial statements but are not reported in the governmental fund financial statements.	5,398,020
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.	(32,058)
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.	(3,993,466)
Current year proceeds from the sale of bonds are other financing sources in the fund financial statements. The net effect of the increase in certificates of obligation is a decrease in net position.	(19,283,357)
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 \$363,656 increase in interest payable, \$130,237 increase in compensated absences, and \$167,133 amortization of deferred charges, premiums and discounts decrease net position.	(326,760)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	552,352
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.	(153,791)
GASB required the City to recognize their total OPEB liability, deferred resource inflow related to OPEB, and deferred resource outflow related to OPEB. The changes in these balances decreased net position.	(48,455)
The City uses an internal service fund to charge the costs of fleet to the appropriate functions in other funds. The adjustment to reflect the consolidation of the internal service fund activities related to governmental activities increased net position.	999,755
Change in Net Position of Governmental Activities	\$ 3,278,342

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, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 290,480	\$ 755,072	\$ 1,045,552	\$ 1,022,452
Investments	9,601,570	1,563,642	11,165,212	-
Receivables (Net of allowance for uncollectibles):				
Accounts	2,475,076	-	2,475,076	-
Miscellaneous Receivables	62,700	97,712	160,412	-
Interest	189	-	189	-
Prepaid expenses	26,195	-	26,195	-
Supplies inventory	1,404,655	29,746	1,434,401	-
Restricted Assets:				
Cash and cash equivalents	1,604,581	9,300	1,613,881	-
Investments	39,250,214	-	39,250,214	-
Total current assets	54,715,660	2,455,472	57,171,132	1,022,452
Capital assets, at cost:				
Land	3,185,413	9,426,178	12,611,591	-
Construction in Progress	15,243,809	10,066,254	25,310,063	-
Buildings	1,513,967	168,474	1,682,441	-
Improvements other than buildings	96,992,685	4,653,603	101,646,288	-
Machinery and Equipment	4,686,478	349,100	5,035,578	713,960
Less: accumulated depreciation	(35,431,848)	(3,721,285)	(39,153,133)	(31,648)
Capital assets, net	86,190,504	20,942,324	107,132,828	682,312
Total noncurrent assets	86,190,504	20,942,324	107,132,828	682,312
Total assets	\$140,906,164	\$ 23,397,796	\$164,303,960	\$ 1,704,764
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	70,062	-	\$ 70,062	-
Deferred outflow related to pensions	364,335	12,416	376,751	-
Deferred outflow related to OPEB	21,112	839	21,951	-
Total deferred outflows of resources	\$ 455,509	\$ 13,255	\$ 468,764	\$ -

	Business-type Activities Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
LIABILITIES:				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 864,039	\$ 86,108	\$ 950,147	\$ -
Unearned revenue	237,118	332	237,450	-
Compensated absences payable	81,596	3,169	84,765	-
Due to other funds	14,873	-	14,873	-
Current Liabilities Payable from Restricted Assets:				
Accounts payable and accrued liabilities	2,109,541	-	2,109,541	-
Current portion of long-term debt	3,189,368	67,373	3,256,741	-
Interest payable	208,271	-	208,271	-
Customer deposits payable	876,062	9,300	885,362	-
Total current liabilities	7,580,868	166,282	7,747,150	-
Noncurrent Liabilities:				
Compensated absences payable	86,414	-	86,414	-
Net pension liability	1,402,319	55,873	1,458,192	-
Total OPEB liability	127,018	5,045	132,063	-
Texas Capital Fund loan	36,046	-	36,046	-
Capital leases payable	900,779	229,895	1,130,674	-
Bonds payable	85,866,597	-	85,866,597	-
Total noncurrent liabilities	88,419,173	290,813	88,709,986	-
Total liabilities	\$ 96,000,041	\$ 457,095	\$ 96,457,136	\$ -
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflows related to pensions	\$ 293,549	\$ 11,696	\$ 305,245	\$ -
Deferred Inflows related to OPEB	5,400	214	5,614	-
Total deferred inflows of resources	\$ 298,949	\$ 11,910	\$ 310,859	\$ -
NET POSITION:				
Net investment in capital assets	\$ 30,405,182	\$ 20,645,056	\$ 51,050,238	\$ 682,312
Restricted for debt service (Expendable)	756,295	-	756,295	-
Restricted impact fees for capital improvements - water (Expendable)	741,259	-	741,259	-
Restricted impact fees for capital improvements - wastewater (Expendable)	1,104,892	-	1,104,892	-
Unrestricted	12,055,055	2,296,990	14,352,045	1,022,452
Total net position	\$ 45,062,683	\$ 22,942,046	\$ 68,004,729	\$ 1,704,764
Reconciliation to government-wide statement of net position:				
Total Net Position	\$ 45,062,683	\$ 22,942,046	\$ 68,004,729	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	672,940	3,004	675,944	
	\$ 45,735,623	\$ 22,945,050	\$ 68,680,673	

CITY OF GRANBURY, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
Operating revenues:				
Charges for sales and services:				
Charges for Water and Wastewater Sales	\$ 11,807,202	\$ -	\$ 11,807,202	\$ -
Charges for Electricity Sales	10,606,264	-	10,606,264	-
Charges for Airport Services	-	736,266	736,266	-
Impact fees	716,154	-	716,154	-
Other Revenue	486,199	45,381	531,580	506,025
Total operating revenue	<u>23,615,819</u>	<u>781,647</u>	<u>24,397,466</u>	<u>506,025</u>
Operating expenses:				
Administration	949,373	-	949,373	-
Airport	-	508,907	508,907	-
Water treatment and distribution	3,059,234	-	3,059,234	-
Wastewater collection and treatment	1,515,137	-	1,515,137	-
Electricity	6,157,459	-	6,157,459	-
Meter Reading	276,005	-	276,005	-
Utility Franchise Fees	1,330,332	-	1,330,332	-
Depreciation	4,138,881	186,833	4,325,714	31,648
Total operating expenses	<u>17,426,421</u>	<u>695,740</u>	<u>18,122,161</u>	<u>31,648</u>
Operating income	<u>6,189,398</u>	<u>85,907</u>	<u>6,275,305</u>	<u>474,377</u>
Nonoperating revenues (expenses):				
Interest revenue	780,929	18,442	799,371	1,235
Intergovernmental revenue	-	43,159	43,159	-
Gain (loss) on disposal of capital assets	5,712	-	5,712	-
Interest expense	(1,668,161)	(14,706)	(1,682,867)	-
Debt issuance costs	(123,663)	-	(123,663)	-
Total nonoperating revenues (expenses)	<u>(1,005,183)</u>	<u>46,895</u>	<u>(958,288)</u>	<u>1,235</u>
Income (loss) before contributions and transfers	<u>5,184,215</u>	<u>132,802</u>	<u>5,317,017</u>	<u>475,612</u>
Capital contributions and transfers:				
Capital grants and contributions	3,237,290	-	3,237,290	-
Transfers in	-	3,916,429	3,916,429	1,200,000
Transfers out	(1,944,192)	(51,033)	(1,995,225)	(14,880)
Net capital contributions and transfers	<u>1,293,098</u>	<u>3,865,396</u>	<u>5,158,494</u>	<u>1,185,120</u>
Change in Net Position	6,477,313	3,998,198	10,475,511	1,660,732
Net Position, October 1, 2019	<u>38,585,370</u>	<u>18,943,848</u>	<u>57,529,218</u>	<u>44,032</u>
Net Position, September 30, 2020	<u>\$ 45,062,683</u>	<u>\$ 22,942,046</u>	<u>\$ 68,004,729</u>	<u>\$ 1,704,764</u>
Reconciliation to government-wide statement of activities:				
Change in Net Position	\$ 6,477,313	\$ 3,998,198	\$ 10,475,511	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	657,973	3,004	660,977	
	<u>\$ 7,135,286</u>	<u>\$ 4,001,202</u>	<u>\$ 11,136,488</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, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 23,902,822	\$ 781,289	\$ 24,684,111	\$ -
Receipts from interfund services provided	-	-	-	506,025
Payments to suppliers	(11,646,507)	(446,726)	(12,093,233)	-
Cash paid to employees	(2,021,193)	(126,015)	(2,147,208)	-
Net cash provided (used) by operating activities	<u>10,235,122</u>	<u>208,548</u>	<u>10,443,670</u>	<u>506,025</u>
Cash flow from noncapital financing activities:				
Transfers in	-	3,916,429	3,916,429	1,200,000
Transfers out	(1,944,192)	(51,033)	(1,995,225)	(14,880)
Net cash provided (used) by noncapital financing activities	<u>(1,944,192)</u>	<u>3,865,396</u>	<u>1,921,204</u>	<u>1,185,120</u>
Cash flow from capital and related financing activities:				
Principal payments on long-term debt	(2,523,992)	(106,917)	(2,630,909)	-
Insurance proceeds	5,712	-	5,712	-
Capital grants and contributions	242,000	43,159	285,159	-
Capital outlay	(11,404,332)	(3,270,489)	(14,674,821)	(713,960)
(Increase) decrease in miscellaneous receivables	369	276,207	276,576	-
Interest paid on long-term debt	(1,753,623)	(14,706)	(1,768,329)	-
Net cash (used) by capital and related financing activities	<u>(15,433,866)</u>	<u>(3,072,746)</u>	<u>(18,506,612)</u>	<u>(713,960)</u>
Cash flow from investing activities:				
Proceeds from sales and maturities of investments	6,232,936	-	6,232,936	-
Purchase of investments	-	(363,724)	(363,724)	-
Interest Received	783,679	18,442	802,121	1,235
Net cash provided (used) by investing activities	<u>7,016,615</u>	<u>(345,282)</u>	<u>6,671,333</u>	<u>1,235</u>
Net increase (decrease) in cash and cash equivalents	(126,321)	655,916	529,595	978,420
Cash and cash equivalents, October 1, 2019	<u>2,021,382</u>	<u>108,456</u>	<u>2,129,838</u>	<u>44,032</u>
Cash and cash equivalents, September 30, 2020	<u>\$ 1,895,061</u>	<u>\$ 764,372</u>	<u>\$ 2,659,433</u>	<u>\$ 1,022,452</u>
Reconciliation of Operating Income to				
Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	<u>\$ 6,189,398</u>	<u>\$ 85,907</u>	<u>\$ 6,275,305</u>	<u>\$ 474,377</u>
Adjustments to reconcile operating income to				
net cash provided (used) by operating activities:				
Depreciation expense	4,138,881	186,833	4,325,714	31,648
(Increase) decrease in accounts receivable	160,733	-	160,733	-
(Increase) decrease in miscellaneous receivables	11,575	(3,265)	8,310	-
(Increase) decrease in prepaid items	(19,802)	-	(19,802)	-
(Increase) decrease in inventory	27,172	(3,186)	23,986	-
Increase (decrease) in accounts payable	(332,348)	(13,798)	(346,146)	-
Increase (decrease) in compensated absences payable	12,033	697	12,730	-
Increase (decrease) in unearned revenue	28,418	332	28,750	-
Increase (decrease) in customer meter deposits	97,852	2,575	100,427	-
Increase (decrease) in net pension balances	(85,105)	(45,095)	(130,200)	-
Increase (decrease) in total OPEB balances	6,315	(2,452)	3,863	-
Total adjustments	<u>4,045,724</u>	<u>122,641</u>	<u>4,168,365</u>	<u>31,648</u>
Net cash provided by operating activities	<u>\$ 10,235,122</u>	<u>\$ 208,548</u>	<u>\$ 10,443,670</u>	<u>\$ 506,025</u>
Noncash Investing, Capital and Financing Activities				
Contribution of capital assets from developers	\$ 2,995,290	\$ -	\$ 2,995,290	\$ -
Decrease in bonds payable due to refinancing	(290,000)	-	(290,000)	-
	<u>\$ 2,705,290</u>	<u>\$ -</u>	<u>\$ 2,705,290</u>	<u>\$ -</u>

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

CITY OF GRANBURY, Texas
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2020

	Employee Benefits Trust
ASSETS:	
Assets:	
Cash and cash equivalents	\$ 237,594
Prepaid items	111,246
	348,840
Total assets	\$ 348,840
 NET POSITION	
Restricted Net Position	\$ 348,840

CITY OF GRANBURY, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the year ended September 30, 2020

	Employee Benefits Trust
Additions	
Contributions	
Employer	\$ 1,093,299
Employees	163,446
Interest Income	2,486
Total additions	1,259,231
Deductions	
Insurance Premiums	1,291,527
Income (loss) before transfers	(32,296)
Transfer in	
Change in net position	(32,296)
Net Position, October 1, 2019	381,136
Net Position, September 30, 2020	\$ 348,840

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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, to be determined by the City Council. All appointed members shall be members of the employed staff of the City of Granbury. These members shall serve the length of time as set forth by the City Council, but for a term not longer than six years. At all times the members must be residents of the City. In the event that a member resides outside of the City, the City Council shall replace any member residing outside of the City with a person who resides in the City. 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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *internal service fund* is used to account for fleet costs of the City.

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

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

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

Proprietary funds, distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund 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 FIT, Texas Term and Texas Class public investment pools and US Treasuries are not considered cash and cash equivalents. Assets reported as cash and cash equivalents are considered cash and cash equivalents for the statement of cash flows.

2. Receivables and Payables

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

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Property Tax

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

4. Inventory

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

5. Prepaid Items

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

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, 2020

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. Issuance 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).

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Committed – includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (City Council ordinance).

Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Action is required by the City Council to designate, remove or change the constraints on an item in this category.

Unassigned – All amounts not included in other spendable classifications. 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	\$ 149,861	\$ -	\$ -	\$ 18,934	\$ 168,795
<u>Restricted:</u>					
Debt Service	-	801,769	-	-	801,769
Construction	-	-	19,214,618	-	19,214,618
Police training, K9 program and forfeiture funds	71,145	-	-	-	71,145
Park improvements	482,436	-	-	-	482,436
Public, educational and governmental programming	40,357	-	-	-	40,357
Tourism	-	-	-	181,998	181,998
Court Technology & Security	70,385	-	-	-	70,385
<u>Committed:</u>					
Culture and Recreation	-	-	-	124,861	124,861
General Government	314,144	-	-	-	314,144
Clean Air Coalition	227,235	-	-	-	227,235
Police	5,031	-	-	-	5,031
Streets	99,990	-	-	-	99,990
Parks	24,064	-	-	-	24,064
Cemetery	14,036	-	-	-	14,036
<u>Assigned:</u>					
Cemetery Gas Well	174,637	-	-	-	174,637
<u>Unassigned:</u>	9,878,471	-	-	-	9,878,471
	<u>\$ 11,551,792</u>	<u>\$ 801,769</u>	<u>\$ 19,214,618</u>	<u>\$ 325,793</u>	<u>\$ 31,893,972</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the City 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)	\$ 20,862,708
Adjustments	
Unspent proceeds from bonds reclassified to net investment in capital assets	(19,214,618)
Accrued interest payable restricted for debt service	(485,949)
Deferred property tax revenue restricted for debt service	44,031
Total adjustments	(19,656,536)
Restricted Net Position (Exhibit A-1)	\$ 1,206,172

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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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, 2020, the City did not own any types of securities other than those permitted by statute.

The City invests idle funds in the Texas Local Government Investment Pool (TexPool), TexSTAR investment pool, the Texas Cooperative Liquid Assets Securities System (Texas CLASS) investment pool, Texas Fixed Income Trust (Texas FIT), 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 FIT 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 FIT and other persons who do not have a business relationship with Texas FIT 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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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, 2020, the City’s deposits at all banks were adequately insured.

\$46,695,987 of the City’s cash balance is held in an escrow account and collateralized in the name of the financial institution, not the City.

Credit Risk– Investments

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

Interest Rate Risk – Investments

In accordance with its investment policy, the City manages interest rate risk by avoiding over-concentration of assets in a specific maturity sector, a specific issuer or a specific class of securities. Portfolio maturities are staggered in a way that protects interest income from volatility and concentrations in a specific maturity sector. The maximum dollar weighted average maturity will be limited to two years. The City’s investments at September 30, 2020 included the following:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>% of Total Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Tex-Pool	AAAm	38 days	0.53%	\$ 425,000	\$ 425,000
Texas CLASS Pool	AAAm	56 days	25.46%	20,458,577	20,458,577
Texas FIT	AAAf	104 days	23.13%	18,588,004	18,588,004
Texas TERM Pool	AAAm	57 days	2.62%	2,104,688	2,104,688
TexStar Pool	AAAm	39 days	2.26%	1,815,018	1,815,018
BOK Financial US Treasuries		15 - 243 days	46.01%	36,971,703	37,150,689
			100.00%	<u>\$ 80,362,990</u>	<u>\$ 80,541,976</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 3: RESTRICTED ASSETS

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

	<u>Cash</u>	<u>Investments</u>
Governmental Activities		
PEG Fees	\$ 40,357	\$ -
Police forfeitures	71,039	-
Trust and agency	215,152	-
Construction	41,234	19,288,114
Total	<u>\$ 367,782</u>	<u>\$19,288,114</u>
Business-type Activities		
Customer deposits	\$ 885,362	\$ -
Impact fees restricted for capital improvements	637,521	1,209,507
Interest and sinking funds	56,522	-
Revenue bond reserve	16,484	890,018
Bond construction fund	17,992	37,150,689
Total	<u>\$ 1,613,881</u>	<u>\$ 39,250,214</u>

NOTE 4: RECEIVABLES

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is based upon historical experience and is equal to 15% of outstanding delinquent property taxes at September 30. In the governmental activities the fines and fees receivable is reported net of an allowance which is 80% of the outstanding receivable. Trade accounts receivable in the enterprise fund that are inactive at year-end comprise the trade accounts receivable allowance for uncollectible accounts. Receivables as of year-end for the governmental funds and enterprise fund, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Tourism</u>	<u>Total Governmental Funds</u>	<u>Total Enterprise Funds</u>
Receivables:					
Property taxes	\$ 43,973	\$ 51,801	\$ -	\$ 95,774	\$ -
Franchise taxes	393,178	-	-	393,178	-
Accounts receivable	-	-	-	-	1,411,186
Earned income not billed	-	-	-	-	1,088,055
Fines and fees receivable	624,009	-	-	624,009	-
Due from other governments	1,658,541	-	-	1,658,541	-
Miscellaneous	495,374	-	79,913	575,287	160,412
Interest	62	-	-	62	189
Gross Receivables	<u>3,215,137</u>	<u>51,801</u>	<u>79,913</u>	<u>3,346,851</u>	<u>2,659,842</u>
Less: Allowance					
for Uncollectibles	(505,547)	(7,770)	-	(513,317)	(24,165)
Net Total Receivables	<u>\$2,709,590</u>	<u>\$ 44,031</u>	<u>\$ 79,913</u>	<u>\$2,833,534</u>	<u>\$2,635,677</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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 three types of items in this category, unavailable revenues for governmental funds, deferred inflows related to pensions, and deferred inflows relating to OPEB 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)	\$ 35,204
Deferred property taxes receivable (debt service fund)	44,031
Deferred sales tax receivable (general fund)	882,184
Deferred franchise tax receivable (general fund)	393,178
Deferred fines and fees receivable (general fund)	124,802
Deferred grants receivable (general fund)	463,056
Total deferred inflows for governmental funds	\$ 1,942,455

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, 2020, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Utility Fund	\$ 14,873	Warehouse inventory
	Debt Service	306	Debt Service
Debt Service	General Fund	846	Debt service
Total Governmental Funds		\$ 16,025	

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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

The composition of interfund transfers for the City's individual major funds and nonmajor funds as of September 30, 2020, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Airport	\$ 51,033	Unrestricted revenues of airport fund used to finance various general fund programs
	Enterprise	1,443,270	Unrestricted revenues of utility fund used to finance various general fund programs
Debt Service	General	247,411	Debt service
	Utility	922	Debt service
Capital Projects	Internal Service	14,880	Capital Outlay
Nonmajor	General	316,982	Tourism
	General	<u>40,000</u>	Historic Properties
Total Governmental Funds Transfers In		<u><u>\$ 2,114,498</u></u>	
Airport Fund	General	\$ 897,393	Airport
	Capital Projects	<u>3,019,036</u>	Capital Outlay
Total Enterprise Funds Transfers In		<u><u>\$ 3,916,429</u></u>	

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 7: CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2020 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Non - Depreciable Assets:					
Land	\$ 6,660,750	\$ -	\$ -	\$ -	\$ 6,660,750
Construction in Progress	986,327	2,602,048	-	(1,843,232)	1,745,143
Total non-depreciable assets	<u>7,647,077</u>	<u>2,602,048</u>	<u>-</u>	<u>(1,843,232)</u>	<u>8,405,893</u>
Depreciable Assets:					
Buildings	27,612,596	-	-	29,913	27,642,509
Improvements other than buildings	62,092,670	5,470,712	-	-	67,563,382
Machinery and equipment	12,635,589	413,064	-	1,755,924	14,804,577
Total capital assets being depreciated	<u>102,340,855</u>	<u>5,883,776</u>	<u>-</u>	<u>1,785,837</u>	<u>110,010,468</u>
Accumulated Depreciation:					
Buildings	(9,218,335)	(1,105,688)	-	-	(10,324,023)
Improvements other than buildings	(35,080,747)	(1,923,962)	-	-	(37,004,709)
Machinery and equipment	(9,612,447)	(986,586)	-	25,337	(10,573,696)
Total accumulated depreciation	<u>(53,911,529)</u>	<u>(4,016,236)</u>	<u>-</u>	<u>25,337</u>	<u>(57,902,428)</u>
Governmental activities capital assets, net	<u>\$ 56,076,403</u>	<u>\$ 4,469,588</u>	<u>\$ -</u>	<u>\$ (32,058)</u>	<u>\$ 60,513,933</u>

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

Governmental activities:	
Information technology	\$ 78,814
Fleet	5,643
Warehouse	8,565
Building maintenance	92,597
Granbury broadcasting services	17,988
Other governmental functions	414,034
Police	262,570
Fire	400,659
Municipal Court	4,836
Streets	1,401,801
Cemetery	14,132
Tourism	726,155
Parks	588,442
Total depreciation expense - governmental activities	<u>\$ 4,016,236</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 7: CAPITAL ASSETS (Continued)

Capital asset activity for the business-type activities for the year ended September 30, 2020 was as follows:

Business-type activities:	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Non - Depreciable Assets:					
Land	\$12,611,591	\$ -	\$ -	\$ -	\$ 12,611,591
Construction in Progress	11,918,977	14,157,693	-	(766,607)	25,310,063
Total non-depreciable assets	<u>24,530,568</u>	<u>14,157,693</u>	<u>-</u>	<u>(766,607)</u>	<u>37,921,654</u>
Depreciable Assets:					
Buildings	1,682,441	-	-	-	1,682,441
Improvements other than buildings	98,117,331	2,995,290	-	533,667	101,646,288
Machinery and equipment	4,748,202	303,161	(7,734)	258,276	5,301,905
Total capital assets being depreciated	<u>104,547,974</u>	<u>3,298,451</u>	<u>(7,734)</u>	<u>791,943</u>	<u>108,630,634</u>
Accumulated Depreciation:					
Buildings	(336,362)	(134,224)	-	-	(470,586)
Improvements other than buildings	(31,460,091)	(3,707,589)	-	-	(35,167,680)
Machinery and equipment	(3,013,364)	(492,779)	7,734	(25,336)	(3,523,745)
Total accumulated depreciation	<u>(34,809,817)</u>	<u>(4,334,592)</u>	<u>7,734</u>	<u>(25,336)</u>	<u>(39,162,011)</u>
Business-type activities capital assets, net	<u>\$ 94,268,725</u>	<u>\$ 13,121,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,390,277</u>

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

Business-type activities:	
Water treatment and distribution	\$ 2,983,794
Wastewater collection and treatment	900,493
Electricity	263,472
Airport	186,833
Total depreciation expense - business-type activities	<u>\$ 4,334,592</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 \$646,160 and tourism fund \$13,753.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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

As of September 30, 2020 the City had the following governmental activities long-term debt outstanding:

	09/30/2019	Additions	Retirements	09/30/2020	Due Within One Year
General Obligation Bonds					
Not Direct Placements					
\$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.	\$ 2,075,000	\$ -	\$ 510,000	\$ 1,565,000	\$ 530,000
Series 2013 unamortized bond premium	154,638	-	30,927	123,711	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.	147,500	-	25,000	122,500	25,000
Series 2008 unamortized bond premium	1,113	-	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.	55,000	-	15,000	40,000	20,000
Series 2011 unamortized bond premium	36,893	-	16,175	20,718	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.	7,715,000	-	70,000	7,645,000	660,000
Series 2014 unamortized bond premium	607,294	-	50,608	556,686	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.	3,340,000	-	955,000	2,385,000	440,000
Series 2016 unamortized bond premium	411,183	-	32,040	379,143	32,040
Total General Obligation Bonds	<u>\$ 14,543,621</u>	<u>\$ -</u>	<u>\$ 1,705,863</u>	<u>\$ 12,837,758</u>	<u>\$ 1,804,750</u>
Certificates of Obligation					
Not Direct Placements					
\$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.	1,375,000	-	215,000	1,160,000	220,000
Series 2015 unamortized bond premium	65,769	-	13,153	52,616	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.	9,255,000	-	220,000	9,035,000	210,000
Series 2016 unamortized bond premium	434,650	-	26,543	408,107	26,543
\$16,460,000; Combination Tax and Revenue Certificates of Obligation Series 2020 due in semi-annual installments at 2.00% to 5.00% until 8/15/2040.	-	16,460,000	-	16,460,000	-
Series 2020 unamortized bond premium	-	2,823,357	88,230	2,735,127	141,298
Total Not Direct Placement	<u>11,130,419</u>	<u>19,283,357</u>	<u>562,926</u>	<u>29,850,850</u>	<u>610,994</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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

	<u>09/30/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2020</u>	<u>Due Within One Year</u>
Direct Placements					
\$2,210,000; Combination Tax and Revenue Certificates of Obligation Series 2019 due in semi-annual installments at 2.38% until 8/15/2029.	2,210,000	-	191,000	2,019,000	204,000
Total Certificates of Obligation	<u>\$ 13,340,419</u>	<u>\$ 19,283,357</u>	<u>\$ 753,926</u>	<u>\$ 31,869,850</u>	<u>\$ 814,994</u>
Notes Payable					
Direct Placements					
\$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.	\$ 233,135	\$ -	\$ 27,271	\$ 205,864	\$ 29,102
Total Notes Payable	<u>\$ 233,135</u>	<u>\$ -</u>	<u>\$ 27,271</u>	<u>\$ 205,864</u>	<u>\$ 29,102</u>
\$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.	474,370	-	81,017	393,353	83,268
\$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.	32,478	-	32,478	-	-
\$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.	217,014	-	49,394	167,620	50,405
\$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.	523,222	-	50,591	472,631	52,330
Total Capital Leases	<u>\$ 1,247,084</u>	<u>\$ -</u>	<u>\$ 213,480</u>	<u>\$ 1,033,604</u>	<u>\$ 186,003</u>
Compensated Absences Payable	<u>\$ 529,676</u>	<u>\$ 659,913</u>	<u>\$ 529,676</u>	<u>\$ 659,913</u>	<u>\$ 345,320</u>
Net Pension Liability	<u>\$ 6,976,242</u>	<u>\$ -</u>	<u>\$ 1,518,363</u>	<u>\$ 5,457,879</u>	<u>\$ -</u>
Total OPEB Liability	<u>\$ 354,884</u>	<u>\$ 106,595</u>	<u>\$ -</u>	<u>\$ 461,479</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 37,225,061</u>	<u>\$ 20,049,865</u>	<u>\$ 4,748,579</u>	<u>\$ 52,526,347</u>	<u>\$ 3,180,169</u>

Liabilities for compensated absences, net pension liability, and other post-employment benefits that are included in governmental activities are expended primarily in the General Fund as benefits are used by the employees.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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 that are not direct placement are as follows:

	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,675,000	\$ 438,725	\$ 2,113,725	\$ 430,000	\$ 1,311,931	\$ 1,741,931
2022	1,700,000	383,625	2,083,625	850,000	972,981	1,822,981
2023	1,025,000	327,225	1,352,225	1,280,000	939,681	2,219,681
2024	1,067,500	291,800	1,359,300	1,335,000	885,082	2,220,082
2025	685,000	251,600	936,600	1,375,000	848,381	2,223,381
2026-2030	3,855,000	825,000	4,680,000	6,260,000	3,588,356	9,848,356
2031-2035	1,750,000	106,600	1,856,600	8,150,000	2,306,807	10,456,807
2036-2040	-	-	-	6,975,000	790,481	7,765,481
Debt Service Requirements	11,757,500	2,624,575	14,382,075	26,655,000	11,643,700	38,298,700
Add: Unamortized Premium	1,080,258		1,080,258	3,195,850		3,195,850
	<u>\$ 12,837,758</u>	<u>\$ 2,624,575</u>	<u>\$ 15,462,333</u>	<u>\$ 29,850,850</u>	<u>\$ 11,643,700</u>	<u>\$ 41,494,550</u>

Governmental bonds from direct placements include a provision that in the event the City defaults on the payments or performance of covenants, conditions, or obligations, the holders of the bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City to observe and perform the covenant, a condition and obligation prescribed by bond ordinance.

Payments to maturity on the direct placement bonds include the following:

	Certificates of Obligation		
	Principal	Interest	Total
2021	\$ 204,000	\$ 48,052	\$ 252,052
2022	209,000	43,197	252,197
2023	213,000	38,223	251,223
2024	219,000	33,153	252,153
2025	224,000	27,941	251,941
2026-2030	950,000	57,192	1,007,192
	<u>2,019,000</u>	<u>247,758</u>	<u>2,266,758</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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

Payments to maturity on direct placement notes payable include the following:

	Notes Payable		
	Principal	Interest	Total
2021	\$ 29,101	\$ 6,300	\$ 35,401
2022	30,323	5,079	35,402
2023	31,337	4,064	35,401
2024	32,376	3,026	35,402
2025	33,469	1,933	35,402
2026-2030	49,258	2,259	51,517
	\$ 205,864	\$ 22,661	\$ 228,525

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.

In December 2018, the City issued \$13,810,000 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, 2020, expenditures for the project totaled \$11,632,544. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2020, the balance of the escrow account was \$4,115,591.

In December 2018, the City issued \$34,950,000 in Combination Tax and Surplus Revenue Certificates of Obligation from the Texas Water Development Board's Clean Water State Revolving Fund for the construction of improvements and extensions to the City's wastewater system. As of September 30, 2020, expenditures for the project totaled \$4,551,059. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2020, the balance of the escrow account was \$33,035,098.

On August 15, 2020, the City issued \$2,695,000 of General Obligation Refunding Bonds, Series 2020. The bonds consisted of General Obligation bonds with interest rates range from 2% to 5%. The net proceeds were used to refund the Utility System Revenue Refunding Bonds, Series 2012. The refunding decreased debt service payments for the City by \$464,200 with a net present value savings (economic gain) of \$432,141 or 14.48%

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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

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

	09/30/2019	Additions	Retirements	09/30/2020	Due Within One Year
Revenue Bonds					
\$4,700,000; Utility System Revenue Refunding Bonds Series 2012 due in annual installments at 3.00% to 4.00% to 9/15/2031. Paid by net revenues of the utility fund.	3,200,000	-	3,200,000	-	-
Series 2012 unamortized bond premium	113,942	-	113,942	-	-
Total Revenue Bonds	\$ 3,313,942	\$ -	\$ 3,313,942	\$ -	\$ -
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	\$ 1,170,000	\$ -	\$ 335,000	\$ 835,000	\$ 345,000
Series 2013 unamortized bond premium	99,074	-	19,816	79,258	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.	147,500	-	25,000	122,500	25,000
Series 2008 unamortized bond discount	1,921	-	1,740	181	181
\$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.	605,000	-	110,000	495,000	110,000
Series 2016 unamortized bond premium	104,612	-	8,151	96,461	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	4,215,000	-	685,000	3,530,000	695,000
Series 2018 unamortized bond premium	261,067	-	14,240	246,827	14,240
\$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	-	2,695,000	-	2,695,000	205,000
Series 2018 unamortized bond premium	-	405,199	4,606	400,593	36,836
Total General Obligation Bonds	\$ 6,604,174	\$ 3,100,199	\$ 1,203,553	\$ 8,500,820	\$ 1,459,223

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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

	09/30/2019	Additions	Retirements	09/30/2020	Due Within One Year
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.	\$ 15,775,000	\$ -	\$ 220,000	\$ 15,555,000	\$ 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.	2,180,000	-	270,000	1,910,000	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.	14,755,000	-	160,000	14,595,000	170,000
\$13,810,000; Combination Tax and Surplus Revenue Certificates of Obligation Series 2018A due in annual installments at 0.76% to 2.27% until 8/15/2048.	13,810,000	-	385,000	13,425,000	385,000
\$34,950,000; Combination Tax and Surplus Revenue Certificates of Obligation Series 2018B due in annual installments at 0.56% to 1.97% until 8/15/2048.	34,950,000	-	-	34,950,000	560,000
Total Certificates of Obligation	<u>\$ 81,470,000</u>	<u>\$ -</u>	<u>\$ 1,035,000</u>	<u>\$ 80,435,000</u>	<u>\$ 1,610,000</u>
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.	\$ 52,067	\$ -	\$ 8,011	\$ 44,056	\$ 8,010
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.	\$ 107,365	\$ -	\$ 71,760	\$ 35,605	\$ 35,605
\$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.	116,720	-	12,229	104,491	12,661
\$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.	176,165	-	18,993	157,172	19,107
\$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.	2,761	-	2,761	-	-
\$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.	3,935	-	3,935	-	-
\$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.	1,121,134	-	108,220	1,012,914	112,135
Total Capital Leases	<u>\$ 1,528,080</u>	<u>\$ -</u>	<u>\$ 217,898</u>	<u>\$ 1,310,182</u>	<u>\$ 179,508</u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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

	09/30/2019	Additions	Retirements	09/30/2020	Due Within One Year
Compensated Absences Payable	\$ 158,449	\$ 171,179	\$ 158,449	\$ 171,179	\$ 84,765
Net Pension Liability	\$ 2,110,962	\$ -	\$ 652,770	\$ 1,458,192	\$ -
Total OPEB Liability	\$ 111,639	\$ 20,424	\$ -	\$ 132,063	\$ -
Total Business-type Activities	<u>\$ 95,349,313</u>	<u>\$ 3,291,802</u>	<u>\$ 6,589,623</u>	<u>\$ 92,051,492</u>	<u>\$ 3,341,506</u>

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

	General Obligation and Certificates of Obligation		
	Principal	Interest	Total
2021	\$ 2,990,000	\$ 1,629,946	\$ 4,619,946
2022	3,055,000	1,578,333	4,633,333
2023	3,120,000	1,521,913	4,641,913
2024	3,157,500	1,485,389	4,642,889
2025	3,205,000	1,445,716	4,650,716
2026-2030	15,855,000	6,307,425	22,162,425
2031-2035	18,005,000	5,035,242	23,040,242
2036-2040	17,420,000	3,187,800	20,607,800
2041-2045	14,755,000	1,599,437	16,354,437
2046-2050	6,550,000	269,904	6,819,904
Debt Service Requirements	88,112,500	24,061,105	112,173,605
Add: Unamortized Premium	823,320		823,320
	<u>\$ 88,935,820</u>	<u>\$ 24,061,105</u>	<u>\$ 112,996,925</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, 2020.

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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 10: TEXAS CAPITAL LOAN FUND (Continued)

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.

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

	<u>Principal</u>
2021	\$ 8,010
2022	8,010
2023	8,010
2024	8,010
2025	8,010
2026-2030	4,006
Total	<u><u>\$ 44,056</u></u>

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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2021	\$ 214,657	\$ 222,155	\$ 436,812
2022	214,657	186,137	400,794
2023	214,657	186,137	400,794
2024	174,588	186,137	360,725
2025	114,616	186,139	300,755
2026-2030	<u>203,999</u>	<u>533,370</u>	<u>737,369</u>
Total debt service requirements	1,137,174	1,500,075	2,637,249
Less: Interest Portion	<u>103,570</u>	<u>189,893</u>	<u>293,463</u>
Debt Principal	<u><u>\$ 1,033,604</u></u>	<u><u>\$ 1,310,182</u></u>	<u><u>\$ 2,343,786</u></u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 11: CAPITAL LEASES PAYABLE (Continued)

The City rents the airport T-hangers to individuals on a monthly basis. The above lease commitment will be offset by approximately \$325,000 rental income annually.

Assets under lease and related accumulated depreciation are as follows:

	Governmental Activities	Business-type Activities	Total
Improvements other than buildings	\$ 572,131	\$ 2,685,021	\$ 3,257,152
Machinery and equipment	1,159,277	-	1,159,277
Less: Accumulated Depreciation	<u>(661,616)</u>	<u>(936,085)</u>	<u>(1,597,701)</u>
Net	<u>\$ 1,069,792</u>	<u>\$ 1,748,936</u>	<u>\$ 2,818,728</u>

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 888 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.tmrs.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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

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 2019
Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service requirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	102
Active employees	175
	386

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 16.14% and 16.16% in calendar years 2019 and 2020, respectively. The city’s contributions to TMRS for the year ended September 30, 2020, were \$1,558,992, and were \$39,796 greater than the required contributions of \$1,519,196.

Net Pension Liability

The city’s Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% 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 are based on the PUB(10) mortality tables with Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality rates. The rates for actives, health retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for health retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2015 and first used in the December 31, 2019 actuarial valuation. The postretirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs to 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>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Abo	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	<u>100.0%</u>	

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	\$ 42,699,731	\$ 33,879,044	\$ 8,820,687
Changes for the year:			
Service cost	1,523,720	-	1,523,720
Interest	2,880,002	-	2,880,002
Change of benefit terms	-	-	-
Difference between expected and actual experience	466,289	-	466,289
Changes of assumptions	148,698	-	148,698
Contributions - employer	-	1,447,489	(1,447,489)
Contributions - employee	-	627,783	(627,783)
Net investment income	-	5,240,512	(5,240,512)
Benefit payments, including refunds of employee contributions	(1,589,800)	(1,589,800)	-
Administrative expense	-	(29,595)	29,595
Other changes	-	(891)	891
Net changes	3,428,909	5,695,498	(2,266,589)
Balance at 12/31/2019	<u>\$ 46,128,640</u>	<u>\$ 39,574,542</u>	<u>\$ 6,554,098</u>

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 13,408,577	\$ 6,554,098	\$ 969,775

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

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.

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, 2019, there were 237 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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

Covered Membership

On August 31, 2019, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,649
Terminated Members Entitled to but Not Yet Receiving Benefits	1,842
Active Participants	3,702

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.

According to the state law governing the System, 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 in 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. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to 15 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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

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, 2019, total contributions of \$3,480,509 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,329,224 for the fiscal year ending August 31, 2019. The City's contributions for the years ended September 30, 2020, 2019 and 2018 were \$68,110, \$58,380 and \$57,820, 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.

The most recently completed biennial actuarial valuation as of August 31, 2018 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019.

	<u>System</u>	<u>City</u>
	100.00%	1.28%
Total Pension Liability	\$ 143,501,039	\$ 1,832,508
Plan Fiduciary Net Position	115,155,476	1,470,535
Net Pension Liability	\$ 28,345,563	\$ 361,973
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.2%	80.2%

Actuarial Assumptions

The total pension liability in the August 31, 2018 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.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

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 5.01%) 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 0.26% for adverse deviation. The target allocation and expected arithmetic 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>
Equities		
Large cap domestic	32.0%	5.81%
Small cap domestic	15.0%	5.92%
Developed international	15.0%	6.21%
Emerging markets	5.0%	7.18%
Master limited partnership	5.0%	7.61%
Real Estate	5.0%	4.46%
Fixed Income	23.0%	1.61%
Cash	0.0%	0.00%
Total	<u>100.0%</u>	
Weighted average		5.01%

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, 2018 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	\$ 643,350	\$ 361,973	\$ 173,623

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

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

At September 30, 2020, the City reported a liability of \$361,973 for its proportionate share of the TESRS's net pension liability. This liability reflects are 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
City's proportional share of the collective net pension liability	\$ 361,973
State's proportionate share that is associated with the City	152,666
	\$ 514,639

TESRS's net pension liability was measured as of August 31, 2018 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, 2017 through August 31, 2018.

For the year ended September 30, 2020, the City recognized pension expense of \$1,639,316. \$1,576,186 of this expense was for TMRS and \$63,130 was for TESRS.

At September 30, 2020, 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	\$ 350,871	\$ 183,515
Changes in actuarial assumptions	111,892	-
Difference between projected and actual investment earnings	-	1,188,462
Contributions subsequent to the measurement date	1,196,577	-
Total TMRS	\$ 1,659,340	\$ 1,371,977
Differences between expected and actual economic experience	\$ -	\$ 395
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	46,842	-
Contributions subsequent to the measurement date	68,110	-
Total TESRS	\$ 114,952	\$ 395
Total	\$ 1,774,292	\$ 1,372,372

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

\$1,264,687 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	TMRS	TESRS	Total
Year Ended September 30:			
2020	\$ (315,507)	\$ 9,611	\$ (305,896)
2021	(246,855)	5,344	(241,511)
2022	237,794	11,753	249,547
2023	(584,646)	19,739	(564,907)
2024	-	-	-
Thereafter	-	-	-
Total	\$ (909,214)	\$ 46,447	\$ (862,767)

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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	28
Active employees	175
	280

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50% to 11.50% 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 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.75%. The discount rate was based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Changes in the OPEB Liability

	Total OPEB Liability
Balance at 12/31/2018	\$ 466,523
Changes for the year:	
Service cost	21,524
Interest	17,624
Change of benefit terms	-
Difference between expected and actual experience	(3,485)
Changes of assumptions	95,840
Benefit payments	(4,484)
Net changes	<u>127,019</u>
Balance at 12/31/2019	<u><u>\$ 593,542</u></u>

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

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 2.75% 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 (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB Liability	\$ 720,223	\$ 593,542	\$ 495,556

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$57,145.

For the year ended September 30, 2020, 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	\$ 2,910	\$ 2,853
Changes in assumptions and other inputs	95,746	22,379
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	3,655	-
Total	\$ 102,311	\$ 25,232

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

Year Ended September 30:		
2020	\$	17,997
2021		17,997
2022		15,413
2023		13,472
2024		8,545
Thereafter		-
Total	\$	73,424

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 15: CONTINGENT LIABILITIES

A. Federal and State Programs

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

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

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

B. Litigation

The City is the defendant in one lawsuit. 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, 2020 was \$4,840,939.

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, 2020 was \$866,046.

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 and \$3,000,000 reimbursement in 2019 for part of the land cost. These funds were deposited into the Airport Fund and must be used for the airport expansion project. Current year expenditures for airport expansion project were \$3,209,278. The Texas Department of Transportation will oversee the construction phase of the project.

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 16: CONTRACTS AND COMMITMENTS (Continued)

D. Water Treatment Plant Phase II

The City entered into an \$11,825,160 construction contract for the water treatment plant phase II. Expenditures as of September 30, 2020 were \$10,006,312.

E. Encumbrances

Amounts totaling \$684,500 have been encumbered in the general fund and are reported as committed fund balance.

NOTE 17: ECONOMIC DEVELOPMENT AGREEMENT

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, 2020 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, 2020.

<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 and operate grocery store	Property Tax Sales Tax	50% 50% of 1 cent	\$ 41,568 \$ 141,189

CITY OF GRANBURY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 19: SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be estimated at this time.

Subsequent events were evaluated through February 22, 2021, which is the date the financial statements were available to be issued.

NOTE 20: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 84, *Fiduciary Activities*. The statement changed the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Future Construction Escrow Fund has been changed from a fiduciary fund to a permanent fund in the governmental fund statements because the City is the primary beneficiary of the trust.

NOTE 21: FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. This Statement is effective for reporting periods beginning after December 15, 2020. The City has not yet determined the effect this Statement will have on its financial reporting.

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, 2020

	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	\$ 3,148,501	\$ 3,148,501	\$ 3,189,145	\$ -	\$ 3,189,145	\$ 40,644
Sales and use	8,750,000	8,750,000	9,456,937	-	9,456,937	706,937
Franchise	2,163,205	2,163,205	2,272,673	-	2,272,673	109,468
Fines and fees	154,000	154,000	207,695	-	207,695	53,695
Licenses and permits	648,000	648,000	1,056,126	-	1,056,126	408,126
Charges for service	122,500	122,500	125,770	-	125,770	3,270
Intergovernmental revenue	176,311	357,075	378,776	-	378,776	21,701
Park and recreation	154,000	154,000	103,790	-	103,790	(50,210)
Interest income	100,000	100,000	133,389	-	133,389	33,389
Other revenue	1,397,100	2,876,374	201,916	-	201,916	(2,674,458)
Total revenues	<u>16,813,617</u>	<u>18,473,655</u>	<u>17,126,217</u>	<u>-</u>	<u>17,126,217</u>	<u>(1,347,438)</u>
EXPENDITURES:						
Current						
General Government:						
City Council	178,003	178,003	158,787	-	158,787	19,216
Legal	179,400	179,400	179,680	-	179,680	(280)
Executive	719,170	719,170	715,449	-	715,449	3,721
Financial Administration	546,090	546,090	521,010	-	521,010	25,080
Purchasing	162,285	162,285	159,886	-	159,886	2,399
Social Services	54,000	54,000	53,990	-	53,990	10
Information Technology	1,061,853	1,061,853	768,099	110,781	878,880	182,973
Economic Development	69,800	197,800	181,953	-	181,953	15,847
Human Resources	212,390	212,390	196,400	-	196,400	15,990
Warehouse	145,829	145,829	137,812	-	137,812	8,017
Fleet Maintenance	327,009	327,009	304,275	(1,000)	303,275	23,734
Building Maintenance	757,748	757,748	728,736	(10,168)	718,568	39,180
Granbury Broadcasting Services	212,189	225,689	192,283	-	192,283	33,406
Other governmental functions	1,156,876	944,640	896,510	18,819	915,329	29,311
Public Safety:						
Police	5,903,755	5,987,786	5,359,919	(59,673)	5,300,246	687,540
Fire	678,671	680,171	429,838	(22,494)	407,344	272,827
Municipal Court	204,980	204,980	200,859	-	200,859	4,121
Streets	1,609,963	1,609,963	945,685	(332,771)	612,914	997,049
Building & Permits	778,082	778,082	770,135	-	770,135	7,947
Community Development	558,325	558,325	506,482	(49,070)	457,412	100,913
Clean Air Coalition	107,336	107,336	92,900	227,235	320,135	(212,799)
Cemetery	66,631	81,667	50,989	14,036	65,025	16,642
Parks	1,994,714	2,037,073	1,907,740	13,722	1,921,462	115,611
Total expenditures	<u>17,685,099</u>	<u>17,757,289</u>	<u>15,459,417</u>	<u>(90,583)</u>	<u>15,368,834</u>	<u>2,388,455</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(871,482)</u>	<u>716,366</u>	<u>1,666,800</u>	<u>90,583</u>	<u>1,757,383</u>	<u>1,041,017</u>
Other financing sources (uses):						
Transfers in	1,411,059	1,411,059	1,494,303	-	1,494,303	83,244
Transfers out	(356,982)	(1,954,375)	(2,201,786)	-	(2,201,786)	(247,411)
Insurance recoveries	-	9,245	21,013	-	21,013	11,768
Total other financing sources (uses)	<u>1,054,077</u>	<u>(534,071)</u>	<u>(686,470)</u>	<u>-</u>	<u>(686,470)</u>	<u>(152,399)</u>
Net change in fund balance	182,595	182,295	980,330	90,583	1,070,913	888,618
Fund Balance, October 1, 2019	<u>10,571,462</u>	<u>10,571,462</u>	<u>10,571,462</u>	<u>-</u>	<u>10,571,462</u>	<u>-</u>
Fund Balance, September 30, 2020	<u>\$ 10,754,057</u>	<u>\$ 10,753,757</u>	<u>\$ 11,551,792</u>	<u>\$ 90,583</u>	<u>\$ 11,642,375</u>	<u>\$ 888,618</u>

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

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

	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 1,146,288	\$ 1,267,619	\$ 1,339,522
Interest (on the Total Pension Liability)	2,247,052	2,373,921	2,440,411
Changes of benefit terms (TMRS Plan Participation)	-	-	-
Difference between expected and actual experience	(235,764)	(65,276)	(7,656)
Change of assumptions	-	11,679	-
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)	(1,422,391)
Net Change in Total Pension Liability	1,689,194	2,244,687	2,349,886
Total Pension Liability - Beginning	32,261,788	33,950,982	36,195,669
Total Pension Liability - Ending	<u>\$ 33,950,982</u>	<u>\$ 36,195,669</u>	<u>\$ 38,545,555</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,210,021	\$ 1,211,241	\$ 1,192,079
Contributions - Employee	529,121	543,376	548,984
Net Investment Income	1,489,869	41,001	1,906,944
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)	(1,422,391)
Administrative Expense	(15,553)	(24,971)	(21,531)
Other	(1,279)	(1,233)	(1,160)
Net Change in Plan Fiduciary Net Position	1,743,797	426,158	2,202,925
Plan Fiduciary Net Position - Beginning	26,039,928	27,783,725	28,209,883
Plan Fiduciary Net Position - Ending	<u>\$ 27,783,725</u>	<u>\$ 28,209,883</u>	<u>\$ 30,412,808</u>
Net Pension Liability Ending	<u>\$ 6,167,257</u>	<u>\$ 7,985,786</u>	<u>\$ 8,132,747</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.83%	77.94%	78.90%
Covered Payroll	\$ 7,537,242	\$ 7,762,515	\$ 7,842,632
Net Pension Liability as a Percentage of Covered Payroll	81.82%	102.88%	103.70%

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

Exhibit F-2

2017	2018	2019
\$ 1,343,239	\$ 1,452,692	\$ 1,523,720
2,595,907	2,722,499	2,880,002
-	-	-
(399,213)	(122,510)	466,289
-	-	148,698
(1,518,579)	(1,919,859)	(1,589,800)
2,021,354	2,132,822	3,428,909
38,545,555	40,566,909	42,699,731
<u>\$ 40,566,909</u>	<u>\$ 42,699,731</u>	<u>\$ 46,128,640</u>

\$ 1,251,745	\$ 1,377,130	\$ 1,447,489
552,124	597,017	627,783
4,216,502	(1,045,637)	5,240,512
(1,518,579)	(1,919,859)	(1,589,800)
(21,845)	(20,200)	(29,595)
(1,107)	(1,055)	(891)
4,478,840	(1,012,604)	5,695,498
30,412,808	34,891,648	33,879,044
<u>\$ 34,891,648</u>	<u>\$ 33,879,044</u>	<u>\$ 39,574,542</u>
<u>\$ 5,675,261</u>	<u>\$ 8,820,687</u>	<u>\$ 6,554,098</u>

86.01% 79.34% 85.79%

\$ 7,887,489 \$ 8,530,196 \$ 8,968,332

71.95% 103.41% 73.08%

CITY OF GRANBURY, Texas
 Schedule of Contributions
 Texas Municipal Retirement System
 Last 10 Fiscal Years (will ultimately be displayed)

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

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

2017	2018	2019	2020
\$ 1,232,864	\$ 1,358,868	\$ 1,399,802	\$ 1,519,196
\$ 1,232,864	\$ 1,358,868	\$ 1,411,069	\$ 1,558,992
\$ -	\$ -	\$ (11,267)	\$ (39,796)
\$ 7,824,858	\$ 8,427,131	\$ 8,742,684	\$ 9,650,118
15.76%	16.12%	16.14%	16.16%

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

Exhibit F-4

<u>2017</u>	<u>2018</u>	<u>2019</u>
0.01308	0.01231	0.01277
\$ 313,942	\$ 266,517	\$ 361,973
<u>152,898</u>	<u>102,409</u>	<u>152,666</u>
<u>\$ 466,840</u>	<u>\$ 368,926</u>	<u>\$ 514,639</u>
81.41%	84.26%	80.25%

CITY OF GRANBURY, Texas
 Schedule of Contributions
 Texas Emergency Services Retirement System
 Last 10 Fiscal Years (will ultimately be displayed)

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

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 63,280	\$ 57,820	\$ 58,380	\$ 68,110
\$ 63,280	\$ 57,820	\$ 58,380	\$ 68,110
\$ -	\$ -	\$ -	\$ -

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	2018	2019
Total OPEB Liability			
Service Cost	\$ 21,296	\$ 25,591	\$ 21,524
Interest (on the Total OPEB Liability)	15,035	15,561	17,624
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	4,522	(3,485)
Change of assumptions	37,184	(34,777)	95,840
Benefit payments	(3,155)	(3,412)	(4,484)
Net Change in Total OPEB Liability	70,360	7,485	127,019
Total OPEB Liability - Beginning	388,678	459,038	466,523
Total OPEB Liability - Ending	<u>\$ 459,038</u>	<u>\$ 466,523</u>	<u>\$ 593,542</u>
Covered Payroll	\$ 7,887,489	\$ 8,530,196	\$ 8,968,332
Total OPEB Liability as a Percentage of Covered Payroll	5.82%	5.47%	6.62%

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, 2020

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 \$2,388,455 less than budgeted. However, within the general fund, legal and Clean Air Coalition expenditures exceeded appropriations by \$280 and \$212,799, respectively.

4. Schedule of Contributions – Texas Municipal Retirement System

Valuation Date

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor

City of Granbury, Texas
Notes to Required Supplementary Information
September 30, 2020

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, 2020

	Special Revenue			Total Nonmajor Funds
	Tourism	Granbury Historic Properties	Total Special Revenue Funds	
Assets:				
Cash	\$ 150,665	\$ 124,861	\$ 275,526	\$ 275,526
Receivables (Net of allowances for uncollectibles)				
Miscellaneous receivables	79,913	-	79,913	79,913
Inventories	12,089	-	12,089	12,089
Prepaid items	6,845	-	6,845	6,845
Total assets	\$ 249,512	\$ 124,861	\$ 374,373	\$ 374,373
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ 33,555	\$ -	\$ 33,555	\$ 33,555
Customer deposits payable	100	-	100	100
Unearned revenue	14,925	-	14,925	14,925
Total liabilities	48,580	-	48,580	48,580
Fund Balance:				
Nonspendable Fund Balance	18,934	-	18,934	18,934
Restricted Fund Balance	181,998	-	181,998	181,998
Committed Fund Balance	-	124,861	124,861	124,861
Total fund balances	200,932	124,861	325,793	325,793
Total liabilities, deferred inflows and fund balances	\$ 249,512	\$ 124,861	\$ 374,373	\$ 374,373

CITY OF GRANBURY, Texas
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended September 30, 2020

	Special Revenue			Total Nonmajor Funds
	Tourism	Granbury Historic Properties	Total Special Revenue Funds	
Revenues:				
Hotel/Motel Occupancy Tax	\$ 653,155	\$ -	\$ 653,155	\$ 653,155
Charges for service	300,409	-	300,409	300,409
Interest	2,153	299	2,452	2,452
Other Revenue	8,997	-	8,997	8,997
Total revenue	<u>964,714</u>	<u>299</u>	<u>965,013</u>	<u>965,013</u>
Expenditures:				
Current:				
Tourism	733,934	-	733,934	733,934
Conference Center	650,584	-	650,584	650,584
Debt Service:				
Principal	-	27,271	27,271	27,271
Interest and fiscal charges	-	11,458	11,458	11,458
Total expenditures	<u>1,384,518</u>	<u>38,729</u>	<u>1,423,247</u>	<u>1,423,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(419,804)</u>	<u>(38,430)</u>	<u>(458,234)</u>	<u>(458,234)</u>
Other financing sources (uses):				
Transfers in	<u>316,982</u>	<u>40,000</u>	<u>356,982</u>	<u>356,982</u>
Total other financing sources (uses):	<u>316,982</u>	<u>40,000</u>	<u>356,982</u>	<u>356,982</u>
Net change in fund balances	(102,822)	1,570	(101,252)	(101,252)
Fund Balance, October 1, 2019	<u>303,754</u>	<u>123,291</u>	<u>427,045</u>	<u>427,045</u>
Fund Balance, September 30, 2020	<u>\$ 200,932</u>	<u>\$ 124,861</u>	<u>\$ 325,793</u>	<u>\$ 325,793</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, 2020
 (With comparative totals for September 30, 2019)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)	Actual Budgetary Basis
REVENUES:					
Taxes:					
General property	\$ 3,148,501	\$ 3,148,501	\$ 3,189,145	\$ 40,644	\$ 2,989,294
Sales and use	8,750,000	8,750,000	9,456,937	706,937	9,055,290
Franchise	2,163,205	2,163,205	2,272,673	109,468	1,784,308
Fines and fees	154,000	154,000	207,695	53,695	212,431
Licenses and permits	648,000	648,000	1,056,126	408,126	768,360
Charges for service	122,500	122,500	125,770	3,270	86,637
Intergovernmental revenue	176,311	357,075	378,776	21,701	219,441
Park and recreation	154,000	154,000	103,790	(50,210)	241,388
Interest income	100,000	100,000	133,389	33,389	279,389
Other revenue	1,397,100	2,876,374	201,916	(2,674,458)	344,299
Total revenues	<u>16,813,617</u>	<u>18,473,655</u>	<u>17,126,217</u>	<u>(1,347,438)</u>	<u>15,980,837</u>
EXPENDITURES:					
Current					
General government					
City Council	178,003	178,003	158,787	19,216	186,110
Legal	179,400	179,400	179,680	(280)	168,843
Executive	719,170	719,170	715,449	3,721	702,214
Financial Administration	546,090	546,090	521,010	25,080	509,917
Purchasing	162,285	162,285	159,886	2,399	155,961
Social Services	54,000	54,000	53,990	10	54,000
Information Technology	1,061,853	1,061,853	878,880	182,973	981,973
Economic Development	69,800	197,800	181,953	15,847	67,525
Human Resources	212,390	212,390	196,400	15,990	189,648
Warehouse	145,829	145,829	137,812	8,017	142,656
Fleet Maintenance	327,009	327,009	303,275	23,734	310,622
Building Maintenance	757,748	757,748	718,568	39,180	735,611
Granbury Broadcasting Services	212,189	225,689	192,283	33,406	124,117
Other governmental functions	1,156,876	944,640	915,329	29,311	1,099,797
Public Safety:					
Police	5,903,755	5,987,786	5,300,246	687,540	4,538,406
Fire	678,671	680,171	407,344	272,827	463,920
Municipal Court	204,980	204,980	200,859	4,121	194,516
Streets	1,609,963	1,609,963	612,914	997,049	2,738,597
Building & Permits	778,082	778,082	770,135	7,947	716,943
Community Development	558,325	558,325	457,412	100,913	574,729
Clean Air Coalition	107,336	107,336	320,135	(212,799)	78,316
Cemetery	66,631	81,667	65,025	16,642	71,953
Parks	1,994,714	2,037,073	1,921,462	115,611	1,822,758
Total expenditures	<u>17,685,099</u>	<u>17,757,289</u>	<u>15,368,834</u>	<u>2,388,455</u>	<u>16,629,132</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(871,482)</u>	<u>716,366</u>	<u>1,757,383</u>	<u>1,041,017</u>	<u>(648,295)</u>
Other financing sources (uses):					
Transfers in	1,411,059	1,411,059	1,494,303	83,244	1,497,689
Transfers out	(356,982)	(1,954,375)	(2,201,786)	(247,411)	(686,760)
Insurance recoveries	-	9,245	21,013	11,768	75,632
Total other financing sources (uses)	<u>1,054,077</u>	<u>(534,071)</u>	<u>(686,470)</u>	<u>(152,399)</u>	<u>886,561</u>
Net change in fund balance	182,595	182,295	1,070,913	888,618	238,266
Fund Balance, October 1, 2019	<u>10,571,462</u>	<u>10,571,462</u>	<u>10,571,462</u>	<u>-</u>	<u>9,980,531</u>
Fund Balance, September 30, 2020	<u>\$ 10,754,057</u>	<u>\$ 10,753,757</u>	<u>\$ 11,642,375</u>	<u>\$ 888,618</u>	<u>\$ 10,218,797</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, 2020
(With comparative totals for September 30, 2019)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Hotel/Motel Occupancy Tax	\$ 750,000	\$ 750,000	\$ 653,155	\$ (96,845)	\$ 844,772
Charges for Service	522,100	527,892	300,409	(227,483)	482,775
Interest	-	-	2,153	2,153	6,791
Other Revenue	5,000	13,488	8,997	(4,491)	19,929
Total revenues	1,277,100	1,291,380	964,714	(326,666)	1,354,267
Expenditures:					
Current:					
Tourism	821,293	829,323	733,934	95,389	635,345
Conference Center	772,789	779,039	650,584	128,455	947,207
Total expenditures	1,594,082	1,608,362	1,384,518	223,844	1,582,552
Excess (deficiency) of revenues over (under) expenditures	(316,982)	(316,982)	(419,804)	(102,822)	(228,285)
Other financing sources (uses):					
Transfers in	316,982	316,982	316,982	-	336,530
Total other financing sources (uses):	316,982	316,982	316,982	-	336,530
Net change in fund balance	-	-	(102,822)	(102,822)	108,245
Fund Balance, October 1, 2019	303,754	303,754	303,754	-	195,509
Fund Balance, September 30, 2020	\$ 303,754	\$ 303,754	\$ 200,932	\$ (102,822)	\$ 303,754

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, 2020
 (With comparative totals for September 30, 2019)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Interest	\$ -	\$ -	\$ 299	\$ 299	\$ 773
Total revenues	-	-	299	299	773
Expenditures:					
Debt Service:					
Principal	-	27,271	27,271	-	27,249
Interest and fiscal charges	-	12,729	11,458	1,271	10,286
Total expenditures	-	40,000	38,729	1,271	37,535
Excess (deficiency) of revenues over (under) expenditures	-	(40,000)	(38,430)	1,570	(36,762)
Other financing sources (uses):					
Transfers in	-	40,000	40,000	-	40,000
Total other financing sources (uses):	-	40,000	40,000	-	40,000
Net change in fund balance	-	-	1,570	1,570	3,238
Fund Balance, October 1, 2019	123,291	123,291	123,291	-	120,053
Fund Balance, September 30, 2020	\$ 123,291	\$ 123,291	\$ 124,861	\$ 1,570	\$ 123,291

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, 2020
(With comparative totals for September 30, 2019)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Property tax revenue	\$ 3,119,235	\$ 3,119,235	\$ 3,185,417	\$ 66,182	\$ 2,947,643
Interest income	-	-	26,865	26,865	55,953
Total revenues	<u>3,119,235</u>	<u>3,119,235</u>	<u>3,212,282</u>	<u>93,047</u>	<u>3,003,596</u>
Expenditures:					
Debt Service					
Principal	4,391,000	4,391,000	2,414,480	1,976,520	2,229,973
Interest and fiscal charges	<u>2,495,527</u>	<u>2,495,527</u>	<u>950,754</u>	<u>1,544,773</u>	<u>952,778</u>
Total expenditures	<u>6,886,527</u>	<u>6,886,527</u>	<u>3,365,234</u>	<u>3,521,293</u>	<u>3,182,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,767,292)</u>	<u>(3,767,292)</u>	<u>(152,952)</u>	<u>3,614,340</u>	<u>(179,155)</u>
Other financing sources (uses):					
Transfers in	<u>3,767,292</u>	<u>3,767,292</u>	<u>248,333</u>	<u>(3,518,959)</u>	<u>377,428</u>
Total other financing sources (uses)	<u>3,767,292</u>	<u>3,767,292</u>	<u>248,333</u>	<u>(3,518,959)</u>	<u>377,428</u>
Net change in fund balance	-	-	95,381	95,381	198,273
Fund Balance, October 1, 2019	<u>706,388</u>	<u>706,388</u>	<u>706,388</u>	<u>-</u>	<u>508,115</u>
Fund Balance, September 30, 2020	<u>\$ 706,388</u>	<u>\$ 706,388</u>	<u>\$ 801,769</u>	<u>\$ 95,381</u>	<u>\$ 706,388</u>

CITY OF GRANBURY, Texas
 Utility - Enterprise Fund
 Schedule of Revenues, Expenses, and Changes in
 Fund Net Position - Budget and Actual
 For the year ended September 30, 2020
 (With comparative totals for September 30, 2019)

	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 Water and Sewer Sales	\$ 9,947,000	9,981,000	\$ 11,807,202	\$ 1,826,202	\$ 10,473,837
Charges for Electricity Sales	10,953,000	10,953,000	10,606,264	(346,736)	10,786,134
Impact fees	200,000	285,715	716,154	430,439	296,835
Other Revenue	537,000	1,215,695	486,199	(729,496)	644,644
Total operating revenue	21,637,000	22,435,410	23,615,819	1,180,409	22,201,450
Operating expenses:					
Administration	1,188,102	1,188,102	949,373	238,729	811,055
Water treatment and distribution	4,218,574	4,256,564	3,116,668	1,139,896	3,268,150
Wastewater collection and treatment	2,048,078	2,145,543	1,973,526	172,017	1,719,230
Electricity	6,654,784	6,732,479	6,170,421	562,058	6,384,032
Meter Reading	543,721	543,721	489,449	54,272	477,943
Utility Franchise Fees	1,246,860	1,246,860	1,330,332	(83,472)	843,855
Total operating expenses	15,900,119	16,113,269	14,029,769	2,083,500	13,504,265
Operating income	5,736,881	6,322,141	9,586,050	3,263,909	8,697,185
Nonoperating revenues (expenses):					
Interest revenue	109,300	109,300	780,929	671,629	1,173,838
Intergovernmental	-	10,750	242,000	231,250	30,000
Gain (loss) on disposal of capital assets	-	3,990	5,712	1,722	29,861
Debt Service					
Principal	(2,523,992)	(2,523,992)	(2,523,992)	-	(2,156,730)
Interest expense	(1,741,300)	(1,741,300)	(1,668,161)	73,139	(1,580,009)
Total nonoperating revenues (expenses)	(4,155,992)	(4,141,252)	(3,163,512)	977,740	(2,503,040)
Income before contributions and transfers	1,580,889	2,180,889	6,422,538	4,241,649	6,194,145
Transfers (to) from other funds:					
Transfers out	(1,364,059)	(1,964,059)	(1,944,192)	19,867	(1,529,765)
Change in Net Position	216,830	216,830	4,478,346	4,261,516	4,664,380
Net Position, October 1, 2019	38,585,370	38,585,370	38,585,370	-	32,514,202
Net Position, September 30, 2020	\$ 38,802,200	\$ 38,802,200	\$ 43,063,716	\$ 4,261,516	\$ 37,178,582
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			2,523,992		2,156,730
Capitalized expenses			742,229		753,527
Noncash capital contributions			2,995,290		2,529,654
Bond issuance costs			(123,663)		(891,772)
Depreciation expense			(4,138,881)		(3,141,351)
Net Position, September 30, 2020 (GAAP Basis)			\$ 45,062,683		\$ 38,585,370

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, 2020
 (With comparative totals for September 30, 2019)

	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	\$ 716,900	\$ 716,900	\$ 736,266	\$ 19,366	\$ 755,261
Other Revenue	27,000	27,000	45,381	18,381	30,211
Total operating revenue	743,900	743,900	781,647	37,747	785,472
Operating expenses:					
Airport	3,670,350	4,567,743	3,779,396	788,347	4,742,556
Total operating expenses	3,670,350	4,567,743	3,779,396	788,347	4,742,556
Operating income	(2,926,450)	(3,823,843)	(2,997,749)	826,094	(3,957,084)
Nonoperating revenues (expenses):					
Interest revenue	45,070	45,070	18,442	(26,628)	59,934
Intergovernmental	3,050,000	3,050,000	43,159	(3,006,841)	76,608
Gain (loss) on disposal of capital assets	-	-	-	-	(223)
Debt Services:					
Principal	(106,917)	(106,917)	(106,917)	-	(109,201)
Interest expense	(14,703)	(14,703)	(14,706)	(3)	(15,565)
Total nonoperating revenues (expenses)	2,973,450	2,973,450	(60,022)	(3,033,472)	11,553
Income before contributions and transfers	47,000	(850,393)	(3,057,771)	(2,207,378)	(3,945,531)
Capital contributions and transfers:					
Capital grants and contributions	-	-	-	-	3,000,000
Transfers in	-	897,393	3,916,429	3,019,036	-
Transfers out	(47,000)	(47,000)	(51,033)	(4,033)	(51,303)
Change in Net Position	-	-	807,625	807,625	(996,834)
Net Position, October 1, 2019	18,943,848	18,943,848	18,943,848	-	15,821,161
Net Position, September 30, 2020	\$ 18,943,848	\$ 18,943,848	\$ 19,751,473	\$ 807,625	\$ 14,824,327
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			106,917		109,201
Capitalized expenses			3,270,489		4,173,225
Depreciation expense			(186,833)		(162,905)
Net Position, September 30, 2020 (GAAP Basis)			\$ 22,942,046		\$ 18,943,848

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental activities				
Net investment in capital assets	\$ 33,781,453	\$ 31,815,661	\$ 19,202,230	\$ 18,930,751
Restricted	1,206,172	1,709,417	2,265,469	741,433
Unrestricted	<u>7,996,363</u>	<u>6,180,568</u>	<u>5,053,503</u>	<u>3,782,128</u>
Total governmental activities net position	<u>\$ 42,983,988</u>	<u>\$ 39,705,646</u>	<u>\$ 26,521,202</u>	<u>\$ 23,454,312</u>
Business-type activities				
Net investment in capital assets	\$ 51,307,687	\$ 44,739,831	\$ 36,316,597	\$ 32,950,860
Restricted	2,602,446	1,946,516	1,775,724	1,916,636
Unrestricted	<u>14,770,540</u>	<u>10,857,838</u>	<u>10,243,043</u>	<u>8,324,280</u>
Total business-type activities net position	<u>\$ 68,680,673</u>	<u>\$ 57,544,185</u>	<u>\$ 48,335,364</u>	<u>\$ 43,191,776</u>
Primary government				
Net investment in capital assets	\$ 85,089,140	\$ 76,555,492	\$ 55,518,827	\$ 51,881,611
Restricted	3,808,618	3,655,933	4,041,193	2,658,069
Unrestricted	<u>22,766,903</u>	<u>17,038,406</u>	<u>15,296,546</u>	<u>12,106,408</u>
Total primary government net position	<u>\$ 111,664,661</u>	<u>\$ 97,249,831</u>	<u>\$ 74,856,566</u>	<u>\$ 66,646,088</u>

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

2016	2015	2014	2013	2012	2011
\$ 15,439,007	\$ 21,537,158	\$ 26,045,119	\$ 23,852,148	\$ 24,079,825	\$ 23,554,937
518,032	683,036	682,251	433,837	373,215	196,278
2,916,432	2,151,316	4,551,589	5,920,347	6,669,570	6,476,435
<u>\$ 18,873,471</u>	<u>\$ 24,371,510</u>	<u>\$ 31,278,959</u>	<u>\$ 30,206,332</u>	<u>\$ 31,122,610</u>	<u>\$ 30,227,650</u>
\$ 31,227,763	\$ 24,172,309	\$ 19,645,350	\$ 18,832,307	\$ 18,713,942	\$ 19,309,403
2,152,889	2,302,058	2,135,756	2,228,897	2,055,300	1,942,666
3,273,513	4,035,059	5,133,124	4,803,939	5,153,971	4,466,538
<u>\$ 36,654,165</u>	<u>\$ 30,509,426</u>	<u>\$ 26,914,230</u>	<u>\$ 25,865,143</u>	<u>\$ 25,923,213</u>	<u>\$ 25,718,607</u>
\$ 46,666,770	\$ 45,709,467	\$ 45,690,469	\$ 42,684,455	\$ 42,793,767	\$ 42,864,340
2,670,921	2,985,094	2,818,007	2,662,734	2,428,515	2,138,944
6,189,945	6,186,375	9,684,713	10,724,286	11,823,541	10,942,973
<u>\$ 55,527,636</u>	<u>\$ 54,880,936</u>	<u>\$ 58,193,189</u>	<u>\$ 56,071,475</u>	<u>\$ 57,045,823</u>	<u>\$ 55,946,257</u>

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

	2020	2019	2018	2017	2016
Expenses					
Governmental activities					
General government and administration	\$ 5,684,189	\$ 5,456,209	\$ 4,962,329	\$ 5,277,053	\$ 5,157,740
Community development & neighborhood services	514,704	636,114	515,406	570,259	576,517
Clean air coalition	94,299	80,002	83,030	191,163	107,164
Public safety	6,543,413	5,723,779	5,220,008	4,861,240	4,568,792
Highways and streets	2,944,273	2,328,881	2,307,570	2,071,754	1,974,197
Culture and recreation	2,437,891	2,319,057	2,292,525	2,111,405	2,134,237
Tourism	1,454,339	1,318,801	1,458,865	1,516,439	1,470,289
Conference Center	601,806	846,809	720,418	747,513	797,778
Interest on long-term debt	1,442,092	939,641	904,937	962,776	1,208,731
Total governmental activities expenses	21,717,006	19,649,293	18,465,088	18,309,602	17,995,445
Business-type activities					
Airport	710,446	747,801	813,608	816,103	928,078
Economic Development	-	-	100,000	-	-
Municipal utilities	19,057,773	18,363,871	16,352,116	18,997,394	19,187,348
Total business-type activities expenses	19,768,219	19,111,672	17,265,724	19,813,497	20,115,426
Total primary government expenses	\$ 41,485,225	\$ 38,760,965	\$ 35,730,812	\$ 38,123,099	\$ 38,110,871
Program Revenues					
Governmental activities					
Charges for services					
General government and administration	\$ 71,409	\$ 79,128	\$ 83,343	\$ 87,600	\$ 95,124
Community development & neighborhood services	1,077,338	748,866	1,048,631	725,408	636,114
Public safety	230,208	234,994	198,202	229,807	250,188
Culture and recreation	117,190	249,441	330,589	177,062	162,674
Tourism	68,746	90,603	132,234	129,803	119,338
Conference Center	240,660	418,892	496,135	486,511	475,866
Operating grants and contributions	776,832	206,104	231,094	349,489	414,078
Capital grants and contributions	5,463,020	10,866,405	782,295	3,719,258	173,761
Total governmental activities program revenues	8,045,403	12,894,433	3,302,523	5,904,938	2,327,143
Business-type activities					
Charges for services					
Water and Wastewater	\$ 12,779,481	\$ 11,088,259	\$ 10,599,523	\$ 9,549,632	\$ 8,760,445
Electric	10,836,338	11,113,191	11,500,530	11,426,686	11,012,050
Airport	781,647	785,472	780,692	783,772	706,142
Operating grants and contributions	43,159	106,608	28,946	265,558	390,151
Capital grants and contributions	3,237,290	5,529,654	574,512	4,659,668	334,048
Total business-type activities program revenues	27,677,915	28,623,184	23,484,203	26,685,316	21,202,836
Total primary government program revenues	\$ 35,723,318	\$ 41,517,617	\$ 26,786,726	\$ 32,590,254	\$ 23,529,979
Net (Expense) Revenue					
Governmental activities	\$ (13,671,603)	\$ (6,754,860)	\$ (15,162,565)	\$ (12,404,664)	\$ (15,668,302)
Business-type activities	7,909,696	9,511,512	6,218,479	6,871,819	1,087,410
Total primary government net expense	\$ (5,761,907)	\$ 2,756,652	\$ (8,944,086)	\$ (5,532,845)	\$ (14,580,892)
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property	\$ 6,373,269	\$ 5,915,411	\$ 5,611,150	\$ 5,421,753	\$ 4,933,982
Sales	9,568,220	9,096,824	8,534,403	8,083,300	7,593,985
Other	2,902,370	2,656,633	2,444,890	2,442,810	2,287,719
Miscellaneous	222,929	269,720	419,209	457,809	318,904
Investment earnings	304,361	435,829	270,434	112,960	47,046
Transfers	(2,421,204)	1,564,887	1,247,706	466,873	(5,011,373)
Total governmental activities	16,949,945	19,939,304	18,527,792	16,985,505	10,170,263
Business-type activities					
Investment earnings	799,876	1,233,772	254,147	121,918	45,956
Miscellaneous	5,712	28,424	9,010	10,747	-
Extraordinary item	-	-	-	-	-
Transfers	2,421,204	(1,564,887)	(1,247,706)	(466,873)	5,011,373
Total business-type activities	3,226,792	(302,691)	(984,549)	(334,208)	5,057,329
Total primary government	\$ 20,176,737	\$ 19,636,613	\$ 17,543,243	\$ 16,651,297	\$ 15,227,592
Change in Net Position					
Governmental activities	\$ 3,278,342	\$ 13,184,444	\$ 3,365,227	\$ 4,580,841	\$ (5,498,039)
Business-type activities	11,136,488	9,208,821	5,233,930	6,537,611	6,144,739
Total primary government	\$ 14,414,830	\$ 22,393,265	\$ 8,599,157	\$ 11,118,452	\$ 646,700

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

	2015	2014	2013	2012	2011
\$	4,952,657	\$ 4,105,938	\$ 3,910,972	\$ 3,359,741	\$ 3,207,553
	436,091	431,114	638,669	553,995	618,122
	147,426	-	-	-	-
	4,181,858	4,167,610	4,029,148	3,798,529	3,802,080
	1,991,264	2,123,431	2,003,812	2,566,437	2,176,533
	2,048,587	2,274,039	2,000,810	1,892,504	1,987,545
	1,413,290	990,605	1,281,171	1,012,067	943,788
	635,391	667,948	689,392	734,102	776,819
	992,957	885,592	1,071,451	1,136,676	1,256,281
	<u>16,799,521</u>	<u>15,646,277</u>	<u>15,625,425</u>	<u>15,054,051</u>	<u>14,768,721</u>
	1,011,149	1,121,761	1,029,054	814,026	660,769
	-	86,000	86,000	50,000	-
	<u>18,705,520</u>	<u>18,828,482</u>	<u>17,920,361</u>	<u>17,307,598</u>	<u>17,421,382</u>
	<u>19,716,669</u>	<u>20,036,243</u>	<u>19,035,415</u>	<u>18,171,624</u>	<u>18,082,151</u>
\$	<u>\$ 36,516,190</u>	<u>\$ 35,682,520</u>	<u>\$ 34,660,840</u>	<u>\$ 33,225,675</u>	<u>\$ 32,850,872</u>
\$	93,531	\$ 129,325	\$ 86,567	\$ 112,348	\$ 185,624
	659,348	552,552	587,879	531,760	663,553
	158,452	159,187	204,638	214,834	250,230
	139,163	165,724	133,211	111,934	205,935
	134,441	131,428	60,550	23,505	38,528
	373,481	296,814	368,850	387,354	419,184
	476,781	772,777	197,729	225,524	148,656
	503,633	821,184	12,916	1,378,236	933,906
	<u>2,538,830</u>	<u>3,028,991</u>	<u>1,652,340</u>	<u>2,985,495</u>	<u>2,845,616</u>
\$	8,390,222	\$ 8,179,989	\$ 7,245,760	\$ 6,081,786	\$ 6,915,407
	11,329,466	11,371,262	11,368,958	11,639,851	11,790,282
	779,968	854,860	801,785	707,628	596,505
	12,250	-	-	-	550
	732,847	806,241	525,911	242,725	824,842
	<u>21,244,753</u>	<u>21,212,352</u>	<u>19,942,414</u>	<u>18,671,990</u>	<u>20,127,586</u>
\$	<u>\$ 23,783,583</u>	<u>\$ 24,241,343</u>	<u>\$ 21,594,754</u>	<u>\$ 21,657,485</u>	<u>\$ 22,973,202</u>
\$	(14,260,691)	\$ (12,617,286)	\$ (13,973,085)	\$ (12,068,556)	\$ (11,923,105)
	1,528,084	1,176,109	906,999	500,366	2,045,435
	<u>\$ (12,732,607)</u>	<u>\$ (11,441,177)</u>	<u>\$ (13,066,086)</u>	<u>\$ (11,568,190)</u>	<u>\$ (9,877,670)</u>
\$	4,574,859	\$ 4,404,767	\$ 4,305,186	\$ 4,170,353	\$ 4,196,466
	7,232,245	6,632,629	6,463,449	6,290,017	5,821,793
	2,295,658	2,160,645	2,046,009	1,950,326	2,035,545
	359,722	317,355	435,688	173,681	115,286
	31,670	27,754	58,025	50,927	42,066
	(2,781,257)	146,763	275,804	328,212	373,830
	<u>11,712,897</u>	<u>13,689,913</u>	<u>13,584,161</u>	<u>12,963,516</u>	<u>12,584,986</u>
	15,367	20,942	32,891	32,452	9,384
	-	-	-	-	-
	499,448	-	-	-	-
	2,781,257	(147,964)	(275,804)	(328,212)	(373,830)
	<u>3,296,072</u>	<u>(127,022)</u>	<u>(242,913)</u>	<u>(295,760)</u>	<u>(364,446)</u>
\$	<u>\$ 15,008,969</u>	<u>\$ 13,562,891</u>	<u>\$ 13,341,248</u>	<u>\$ 12,667,756</u>	<u>\$ 12,220,540</u>
\$	(2,547,794)	\$ 1,072,627	\$ (388,924)	\$ 894,960	\$ 661,881
	4,824,156	1,049,087	664,086	204,606	1,680,989
\$	<u>\$ 2,276,362</u>	<u>\$ 2,121,714</u>	<u>\$ 275,162</u>	<u>\$ 1,099,566</u>	<u>\$ 2,342,870</u>

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

	2020	2019	2018	2017
General Fund				
Nonspendable	\$ 149,861	\$ 152,253	\$ 161,818	\$ 159,055
Restricted	664,323	793,336	1,636,077	472,999
Committed	684,500	775,084	422,419	301,256
Assigned	174,637	162,602	101,501	51,026
Unassigned	9,878,471	8,688,187	7,658,716	6,223,898
Total general fund	<u>\$ 11,551,792</u>	<u>\$ 10,571,462</u>	<u>\$ 9,980,531</u>	<u>\$ 7,208,234</u>
All Other Governmental Funds				
Nonspendable	\$ 18,934	\$ 17,342	\$ 17,078	\$ 5,040
Restricted	20,198,385	6,097,697	4,372,480	4,191,174
Committed	124,861	123,291	120,053	115,579
Unassigned	-	-	-	(18,962)
Total all other governmental funds	<u>\$ 20,342,180</u>	<u>\$ 6,238,330</u>	<u>\$ 4,509,611</u>	<u>\$ 4,292,831</u>

Notes:

The City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011. Definitions of GASB 54 fund balance categories can be found on pages 34-35 of the notes to the financial statements.

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

2016	2015	2014	2013	2012	2011
\$ 511,494	\$ 619,482	\$ 947,407	\$ 908,067	\$ 908,569	\$ 881,547
471,552	497,395	556,739	209,188	159,923	102,630
231,344	270,982	15,746	249,475	91,736	290,148
43,938	44,238	55,131	140,163	119,263	98,977
4,785,111	3,798,559	2,860,905	4,005,826	4,284,392	3,830,560
<u>\$ 6,043,439</u>	<u>\$ 5,230,656</u>	<u>\$ 4,435,928</u>	<u>\$ 5,512,719</u>	<u>\$ 5,563,883</u>	<u>\$ 5,203,862</u>
\$ 5,800	\$ -	\$ -	\$ -	\$ -	\$ -
5,663,282	1,774,344	4,446,333	5,272,778	7,674,816	8,020,303
111,495	107,088	111,500	214,379	190,057	264,462
(103,786)	(217,378)	(447,076)	(544,810)	(431,292)	(481,509)
<u>\$ 5,676,791</u>	<u>\$ 1,664,054</u>	<u>\$ 4,110,757</u>	<u>\$ 4,942,347</u>	<u>\$ 7,433,581</u>	<u>\$ 7,803,256</u>

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

	2020	2019	2018	2017
Revenues				
Taxes	\$ 18,757,327	\$ 17,621,307	\$ 16,663,653	\$ 15,733,847
Licenses, fees, permits	1,056,126	768,360	838,574	737,790
Fines and penalties	207,695	212,431	176,838	200,801
Charges for services	426,179	569,412	935,851	651,070
Intergovernmental	378,776	219,441	329,654	1,891,996
Investment earnings	303,631	435,749	270,434	112,960
Other revenues	314,703	612,406	644,637	625,945
Total revenues	<u>\$ 21,444,437</u>	<u>\$ 20,439,106</u>	<u>\$ 19,859,641</u>	<u>\$ 19,954,409</u>
Expenditures				
General government	\$ 5,194,870	\$ 5,331,394	\$ 5,065,550	\$ 5,353,951
Police	5,560,778	4,750,431	4,617,414	3,832,502
Fire	429,838	450,062	428,606	853,293
Streets	945,685	2,439,635	652,771	2,447,429
Building & permits	770,135	716,943	578,544	548,658
Parks and recreation	1,907,740	1,818,546	1,761,169	1,744,042
Tourism	733,934	635,345	755,242	807,756
Conference Center	650,584	947,207	1,005,600	732,905
Capital projects	2,027,048	840,670	56,176	871,689
Other	650,371	769,456	678,080	773,205
Debt service:				
Interest	2,441,751	963,064	997,590	1,207,002
Principal	962,212	2,257,222	2,198,742	1,978,750
Bond issuance costs	283,357	50,000	-	-
Total expenditures	<u>\$ 22,558,303</u>	<u>\$ 21,969,975</u>	<u>\$ 18,795,484</u>	<u>\$ 21,151,182</u>
Excess of revenues over (under) expenditures	<u>\$ (1,113,866)</u>	<u>\$ (1,530,869)</u>	<u>\$ 1,064,157</u>	<u>\$ (1,196,773)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	\$ 19,283,357	\$ 2,210,000	\$ 572,131	\$ 347,802
Other resources	21,013	75,632	107,792	162,933
Transfers in	2,114,498	2,251,647	2,465,142	1,918,857
Transfers out	(5,220,822)	(686,760)	(1,220,145)	(1,451,984)
Total other financing sources (uses)	<u>\$ 16,198,046</u>	<u>\$ 3,850,519</u>	<u>\$ 1,924,920</u>	<u>\$ 977,608</u>
Net change in fund balances	<u>\$ 15,084,180</u>	<u>\$ 2,319,650</u>	<u>\$ 2,989,077</u>	<u>\$ (219,165)</u>
Debt service as a percentage of noncapital expenditures	17.1%	17.8%	18.1%	18.7%

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

2016	2015	2014	2013	2012	2011
\$ 14,872,298	\$ 13,994,697	\$ 13,146,849	\$ 12,792,390	\$ 12,380,367	\$ 11,999,657
613,565	703,918	595,351	561,786	521,189	586,854
225,259	190,154	149,611	184,388	201,206	225,678
672,307	496,838	406,679	464,000	471,172	574,503
582,339	858,629	267,614	197,729	204,720	148,656
47,046	31,670	27,732	58,025	50,927	42,066
494,225	541,213	1,127,908	666,348	382,653	480,697
<u>\$ 17,507,039</u>	<u>\$ 16,817,119</u>	<u>\$ 15,721,744</u>	<u>\$ 14,924,666</u>	<u>\$ 14,212,234</u>	<u>\$ 14,058,111</u>
\$ 4,905,160	\$ 4,745,797	\$ 3,840,821	\$ 3,636,842	\$ 3,339,088	\$ 2,959,350
3,896,217	3,867,902	3,731,731	3,847,599	3,364,569	3,158,866
404,201	1,255,424	354,000	384,889	332,775	268,848
528,257	534,995	562,719	421,448	587,464	425,147
447,070	578,796	547,800	408,090	381,797	257,252
1,795,998	2,114,803	1,762,250	1,479,716	1,337,862	1,561,616
780,866	797,357	2,507,455	953,968	899,502	610,847
835,599	644,068	682,689	677,325	620,234	695,673
861,287	1,107,772	811,717	2,410,505	458,364	889,421
891,118	672,887	486,545	740,144	607,289	645,256
713,451	712,289	912,346	1,011,534	1,092,050	1,213,773
2,220,965	2,350,470	2,030,855	1,985,029	1,621,880	1,739,187
373,502	297,604	-	119,333	-	156,173
<u>\$ 18,653,691</u>	<u>\$ 19,680,164</u>	<u>\$ 18,230,928</u>	<u>\$ 18,076,422</u>	<u>\$ 14,642,874</u>	<u>\$ 14,581,409</u>
<u>\$ (1,146,652)</u>	<u>\$ (2,863,045)</u>	<u>\$ (2,509,184)</u>	<u>\$ (3,151,756)</u>	<u>\$ (430,640)</u>	<u>\$ (523,298)</u>
\$ 10,250,850	\$ 3,919,383	\$ 452,839	\$ 214,208	\$ 92,774	\$ 247,504
38,692	72,944	-	119,346	-	-
2,012,029	2,420,229	2,806,721	1,183,018	1,093,266	812,863
(6,329,399)	(5,201,486)	(2,658,757)	(907,214)	(765,054)	(439,033)
<u>\$ 5,972,172</u>	<u>\$ 1,211,070</u>	<u>\$ 600,803</u>	<u>\$ 609,358</u>	<u>\$ 420,986</u>	<u>\$ 621,334</u>
<u>\$ 4,825,520</u>	<u>\$ (1,651,975)</u>	<u>\$ (1,908,381)</u>	<u>\$ (2,542,398)</u>	<u>\$ (9,654)</u>	<u>\$ 98,036</u>
17.4%	18.6%	19.6%	20.4%	20.6%	22.1%

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

Revenue Source	2020	2019	2018	2017	2016
Principal General Government Revenue Sources					
Sales and Use Tax	\$ 9,456,937	\$ 9,055,290	\$ 8,600,566	\$ 7,926,229	\$ 7,624,373
Ad Valorem Tax	6,374,562	5,936,937	5,619,520	5,394,768	4,945,177
Franchise Taxes	942,341	940,453	770,024	777,796	747,865
Utility Fund Franchise Tax	1,330,332	843,855	944,219	897,679	857,990
Hotel Occupancy Tax	653,155	844,772	729,324	737,375	696,893
All Other Sources	2,687,110	2,817,799	3,195,988	4,220,562	2,634,741
Total General Government Revenue	<u>\$ 21,444,437</u>	<u>\$ 20,439,106</u>	<u>\$ 19,859,641</u>	<u>\$ 19,954,409</u>	<u>\$ 17,507,039</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	\$ 10,606,264	\$ 10,786,134	\$ 11,217,517	\$ 11,138,774	\$ 10,638,496
Water Sales	8,402,021	7,323,070	7,044,556	6,180,897	5,756,374
Wastewater Revenue	3,405,181	3,150,767	2,991,968	2,775,382	2,512,036
All Other	1,984,000	1,726,951	1,626,704	1,665,037	1,448,509
Total Utility Fund Revenue	<u>\$ 24,397,466</u>	<u>\$ 22,986,922</u>	<u>\$ 22,880,745</u>	<u>\$ 21,760,090</u>	<u>\$ 20,355,415</u>

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

<hr/> <hr/>						
	Fiscal Year					Change:
2015	2014	2013	2012	2011	2011-2020	
<hr/>						
\$ 7,151,484	\$ 6,599,573	\$ 6,440,471	\$ 6,282,851	\$ 5,810,019	62.8%	
4,577,167	4,415,081	4,305,910	4,147,190	4,204,828	51.6%	
790,557	731,411	692,784	747,381	738,682	27.6%	
849,286	843,618	812,300	686,206	724,326	83.7%	
626,203	557,166	540,925	516,739	521,802	25.2%	
2,822,422	2,574,895	2,232,276	1,831,867	2,058,454	30.5%	
<u>\$ 16,817,119</u>	<u>\$ 15,721,744</u>	<u>\$ 15,024,666</u>	<u>\$ 14,212,234</u>	<u>\$ 14,058,111</u>	<u>52.5%</u>	
\$ 10,993,672	\$ 11,056,172	\$ 11,145,165	\$ 11,394,217	\$ 11,524,273	-8.0%	
5,472,711	5,314,357	4,778,739	3,999,322	4,810,721	74.7%	
2,440,580	2,394,387	2,048,432	1,774,092	1,719,432	98.0%	
1,583,938	1,641,195	1,444,167	1,261,634	1,248,318	58.9%	
<u>\$ 20,490,901</u>	<u>\$ 20,406,111</u>	<u>\$ 19,416,503</u>	<u>\$ 18,429,265</u>	<u>\$ 19,302,744</u>	<u>26.4%</u>	

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

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Assessed Value</u>	<u>Tax Rate per \$100 Valuation</u>
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
2018	2018-2019	\$ 1,488,205,565	\$ 5,174,380	\$ 1,493,379,945	0.39939
2019	2019-2020	\$ 1,632,761,134	\$ 6,047,610	\$ 1,638,808,744	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		
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	0.415744	1.21000
2018	2018-2019	0.20128	0.19811	0.39939	0.428018	1.19500
2019	2019-2020	0.19967	0.19972	0.39939	0.428018	1.12500

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
2010	2010-2011	\$ 4,168,290	\$ (8,540)	\$ 4,159,750	\$ 4,121,545	99.0815%
2011	2011-2012	\$ 4,141,351	\$ (11,127)	\$ 4,130,225	\$ 4,067,391	98.4787%
2012	2012-2013	\$ 4,294,424	\$ (41,732)	\$ 4,252,692	\$ 4,194,524	98.6322%
2013	2013-2014	\$ 4,361,775	\$ (12,868)	\$ 4,348,907	\$ 4,315,859	99.2401%
2014	2014-2015	\$ 4,518,300	\$ (4,350)	\$ 4,513,951	\$ 4,480,950	99.2689%
2015	2015-2016	\$ 4,906,608	\$ (5,091)	\$ 4,901,517	\$ 4,870,281	99.3627%
2016	2016-2017	\$ 5,417,381	\$ (14,085)	\$ 5,403,296	\$ 5,345,137	98.9236%
2017	2017-2018	\$ 5,576,464	\$ (14,693)	\$ 5,561,771	\$ 5,516,861	99.1925%
2018	2018-2019	\$ 5,853,856	\$ (10,829)	\$ 5,843,026	\$ 5,820,894	99.6212%
2019	2019-2020	\$ 6,375,855	\$ (33,128)	\$ 6,342,727	\$ 6,309,569	99.4772%

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		
\$ 35,590	\$ 4,157,135	99.9371%	\$ 2,615	0.0629%
\$ 59,310	\$ 4,126,701	99.9147%	\$ 3,524	0.0853%
\$ 54,030	\$ 4,248,554	99.9027%	\$ 4,137	0.0973%
\$ 28,660	\$ 4,344,519	99.8991%	\$ 4,387	0.1009%
\$ 28,676	\$ 4,509,626	99.9042%	\$ 4,325	0.0958%
\$ 26,723	\$ 4,897,005	99.9079%	\$ 4,513	0.0921%
\$ 53,061	\$ 5,398,198	99.9056%	\$ 5,098	0.0944%
\$ 34,978	\$ 5,551,840	99.8214%	\$ 9,932	0.1786%
\$ 9,864	\$ 5,830,758	99.7900%	\$ 12,269	0.2100%
\$ -	\$ 6,309,569	99.4772%	\$ 33,158	0.5228%

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

Fiscal Year Ending	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Tax Year	2019	2018	2017	2016
<i>Property use category</i>				
Real, Residential, Single family	\$ 820,251,664	\$ 716,225,506	\$ 626,908,890	\$ 564,533,270
Real, Residential, Multi-family	\$ 80,784,467	\$ 55,947,220	\$ 57,507,490	\$ 51,110,960
Real, Vacant Lots/Tracts	\$ 58,665,970	\$ 63,181,070	\$ 62,954,700	\$ 68,636,150
Real, Qualified Open-space Land	\$ 43,636,830	\$ 44,317,190	\$ 44,373,730	\$ 47,088,100
Real, Rural Land	\$ 9,300,540	\$ 7,734,330	\$ 7,450,720	\$ 7,249,500
Real, Commercial	\$ 520,693,810	\$ 496,522,065	\$ 507,380,480	\$ 507,984,820
Real, Industrial	\$ 3,000,130	\$ 2,807,450	\$ 2,852,840	\$ 2,622,570
Tangible Personal Property	\$ 5,108,170	\$ 5,132,400	\$ 3,604,400	\$ 3,474,740
Real/Tangible Personal, Utilities	\$ 22,145,260	\$ 20,508,560	\$ 20,807,760	\$ 19,935,130
Tangible Personal, Commercial	\$ 116,067,470	\$ 121,337,510	\$ 115,199,910	\$ 121,399,950
Tangible Personal, Industrial	\$ 5,757,840	\$ 1,574,100	\$ 9,035,070	\$ 22,037,920
Tangible Personal, Mobile Homes	\$ 289,770	\$ 337,030	\$ 341,190	\$ 378,440
Real Property, Inventory	\$ 17,896,380	\$ 7,934,600	\$ 7,903,750	\$ 8,939,530
Special Inventory	\$ 21,197,180	\$ 21,864,380	\$ 19,880,940	\$ 20,134,780
Real Minerals/Oil & Gas	\$ 7,862,890	\$ 7,287,580	\$ 3,910,240	\$ 4,337,100
Mixed PTD	\$ (23,083)	\$ (144,300)	\$ (23,500)	\$ (4,980)
Total Appraised Value	\$ 1,732,635,288	\$ 1,572,566,691	\$ 1,490,088,610	\$ 1,449,857,980
Less: Exemptions or Deductions:				
Optional > 65 Res. Homestead	\$ 24,085,379	\$ 21,874,370	\$ 20,464,770	\$ 19,261,650
Disabled or Deceased Veterans	\$ 11,999,630	\$ 9,602,019	\$ 7,069,829	\$ 5,207,004
Agriculture & Unheard Protests	\$ 43,075,280	\$ 43,971,470	\$ 44,052,720	\$ 46,764,630
Residential, Capped Value Loss	\$ 11,689,567	\$ 3,954,032	\$ 2,831,037	\$ 2,353,530
Other	\$ 2,976,688	\$ (215,145)	\$ 2,149,169	\$ 2,851,838
Total Exemptions	\$ 93,826,544	\$ 79,186,746	\$ 76,567,525	\$ 76,438,652
Net Assessed Valuation	\$ 1,638,808,744	\$ 1,493,379,945	\$ 1,413,521,085	\$ 1,373,419,328
Percent of Fair Market Value	100%	100%	100%	100%

Source: Hood County Appraisal District

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

<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	<u>9/30/2013</u>	<u>9/30/2012</u>	<u>9/30/2011</u>
<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 527,546,060	\$ 501,976,240	\$ 477,935,220	\$ 464,702,920	\$ 446,958,430	\$ 448,837,500
\$ 47,024,980	\$ 44,482,770	\$ 41,923,330	\$ 39,576,630	\$ 39,046,300	\$ 39,659,200
\$ 60,718,140	\$ 58,541,910	\$ 50,644,930	\$ 42,005,010	\$ 43,122,120	\$ 37,047,630
\$ 44,881,390	\$ 46,750,000	\$ 47,921,880	\$ 67,637,360	\$ 64,708,830	\$ 68,820,080
\$ 7,584,980	\$ 7,213,810	\$ 17,152,810	\$ 5,422,210	\$ 8,006,060	\$ 9,466,970
\$ 434,696,240	\$ 392,331,310	\$ 396,789,380	\$ 380,787,530	\$ 357,495,960	\$ 382,230,510
\$ 2,147,740	\$ 2,116,560	\$ 2,462,190	\$ 2,194,980	\$ 2,216,760	\$ 2,677,270
\$ 1,004,350	\$ 965,040	\$ 10,219,060	\$ -	\$ -	\$ -
\$ 17,323,730	\$ 12,524,180	\$ 11,821,370	\$ 10,552,930	\$ 10,506,340	\$ 10,595,480
\$ 115,944,620	\$ 102,257,650	\$ 91,154,860	\$ 100,114,430	\$ 91,924,550	\$ 84,237,070
\$ 15,707,560	\$ 9,050,770	\$ 773,190	\$ 7,006,700	\$ 4,679,350	\$ 4,078,990
\$ 370,420	\$ 345,590	\$ 356,980	\$ 329,630	\$ 367,960	\$ 447,540
\$ 9,021,500	\$ 9,036,230	\$ 8,522,040	\$ 14,195,140	\$ 18,153,540	\$ 15,108,480
\$ 19,063,260	\$ 18,107,580	\$ 17,292,880	\$ 14,375,950	\$ 13,204,650	\$ 9,700,620
\$ 11,736,060	\$ 12,353,800	\$ 12,538,690	\$ 14,141,160	\$ 10,769,990	\$ 10,105,180
\$ (88,546)	\$ (6,070)	\$ (6,730)	\$ (190,886)	\$ (44,472)	\$ (10,800)
<u>\$ 1,314,682,484</u>	<u>\$ 1,218,047,370</u>	<u>\$ 1,187,502,080</u>	<u>\$ 1,162,851,694</u>	<u>\$ 1,111,116,368</u>	<u>\$ 1,123,001,720</u>
\$ 17,924,460	\$ 16,231,640	\$ 14,880,720	\$ 13,909,120	\$ 13,421,820	\$ 13,051,760
\$ 5,321,866	\$ 4,593,900	\$ 4,479,249	\$ 3,917,120	\$ 3,800,520	\$ 2,963,560
\$ 44,541,430	\$ 46,408,000	\$ 47,574,150	\$ 48,722,370	\$ 43,821,370	\$ 44,396,600
\$ 753,550	\$ 1,076,290	\$ 1,502,480	\$ 2,895,780	\$ 4,606,300	\$ 6,934,390
\$ 3,710,212	\$ 5,396,259	\$ 5,599,164	\$ 6,369,045	\$ 4,931,379	\$ 4,602,370
<u>\$ 72,251,518</u>	<u>\$ 73,706,089</u>	<u>\$ 74,035,763</u>	<u>\$ 75,813,435</u>	<u>\$ 70,581,389</u>	<u>\$ 71,948,680</u>
<u>\$ 1,242,430,966</u>	<u>\$ 1,144,341,281</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>
100%	100%	100%	100%	100%	100%

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

Taxpayer	Tax Year 2019			Tax Year 2009		
	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation
Welltower TCG Ridea	1	\$ 22,328,180	1.36%			
Hood General Hospital	2	\$ 13,556,010	0.83%	5	\$ 8,266,940	0.78%
Luton Ranch SC LP	3	\$ 12,537,150	0.77%			
Lakehouse Equity Fund	4	\$ 12,450,000	0.76%			
Welltower TCG NNN Land	5	\$ 11,281,100	0.69%			
Kroger Texas LP	6	\$ 11,149,740	0.68%			
Shottenkirk Texas Pro	7	\$ 11,038,480	0.67%			
ARI	8	\$ 9,688,790	0.59%			
HEB Grocery Company	9	\$ 8,856,888	0.54%			
Wal-Mart Real Estate	10	\$ 8,642,870	0.53%	1	\$ 9,146,080	0.87%
Quicksilver Resources (Min)				2	\$ 9,068,470	0.86%
Tapestry Group Lake Granbury LLC				3	\$ 8,500,000	0.80%
Wal-Mart Properties, Inc				4	\$ 8,401,310	0.80%
Lowe's Home Centers Inc				6	\$ 8,111,260	0.77%
The Shops of Granbury, Ltd				7	\$ 7,534,210	0.71%
HD Development Properties LP				8	\$ 7,336,840	0.69%
Granbury Marina Hotel, LP				9	\$ 7,228,530	0.68%
TCG Granbury Cottages, LLC etal				10	\$ 6,868,210	0.65%
		<u>\$ 121,529,208</u>	7.42%		<u>\$ 80,461,850</u>	7.62%

Source: Hood County Appraisal District

CITY OF GRANBURY
Sales Tax Revenue by Business Type
(Unaudited)
September 30, 2020

Fiscal Year	2020	2019	2018	2017
<i>Sales Tax Category</i>				
Retail:				
Motor Vehicle & Parts	\$ 365,063	\$ 366,567	\$ 405,353	\$ 370,879
Furniture & Home Furnishings	\$ 279,944	\$ 225,199	\$ 196,754	\$ 169,716
Electronics & Appliance	\$ 37,981	\$ 115,573	\$ 136,153	\$ 108,577
Building Materials	\$ 1,628,937	\$ 1,410,398	\$ 1,334,958	\$ 1,371,254
Apparel Stores	\$ 277,872	\$ 268,114	\$ 262,122	\$ 220,794
General Merchandise	\$ 1,268,068	\$ 1,269,391	\$ 1,263,430	\$ 1,191,687
All Other Retail	\$ 2,007,092	\$ 1,677,608	\$ 1,565,674	\$ 1,438,418
Total Retail	\$ 5,864,956	\$ 5,332,850	\$ 5,164,444	\$ 4,871,323
Agriculture/Manufacturing/Mining	\$ 450,276	\$ 416,720	\$ 413,600	\$ 354,932
Services	\$ 1,512,592	\$ 1,672,092	\$ 1,459,290	\$ 1,276,362
Wholesalers	\$ 355,171	\$ 390,026	\$ 384,946	\$ 340,329
Food & Accommodation	\$ 1,196,458	\$ 1,182,787	\$ 1,152,846	\$ 1,051,885
All Other	\$ 77,483	\$ 60,816	\$ 25,440	\$ 31,399
Total Sales Tax Received	\$ 9,456,937	\$ 9,055,290	\$ 8,600,566	\$ 7,926,229
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, 2020

2016	2015	2014	2013	2012	2011
\$ 313,972	\$ 357,382	\$ 280,756	\$ 243,210	\$ 252,640	\$ 235,380
\$ 172,403	\$ 165,189	\$ 182,908	\$ 162,761	\$ 171,575	\$ 156,146
\$ 50,686	\$ 53,284	\$ 93,884	\$ 80,488	\$ 90,322	\$ 81,059
\$ 1,132,022	\$ 1,038,175	\$ 955,273	\$ 990,088	\$ 878,580	\$ 833,216
\$ 231,035	\$ 191,794	\$ 136,370	\$ 122,338	\$ 114,634	\$ 101,695
\$ 1,184,226	\$ 1,164,962	\$ 1,010,511	\$ 1,011,228	\$ 992,909	\$ 1,012,588
\$ 1,020,292	\$ 924,567	\$ 1,083,006	\$ 1,153,924	\$ 1,290,870	\$ 831,478
\$ 4,104,636	\$ 3,895,353	\$ 3,742,708	\$ 3,764,038	\$ 3,791,531	\$ 3,251,562
\$ 352,589	\$ 291,357	\$ 413,761	\$ 385,708	\$ 390,398	\$ 481,475
\$ 1,210,484	\$ 713,673	\$ 788,306	\$ 697,989	\$ 660,682	\$ 557,085
\$ 565,717	\$ 557,188	\$ 438,871	\$ 320,307	\$ 267,459	\$ 247,725
\$ 947,192	\$ 888,846	\$ 829,682	\$ 783,573	\$ 739,506	\$ 662,558
\$ 443,754	\$ 805,067	\$ 386,245	\$ 511,835	\$ 440,440	\$ 609,614
\$ 7,624,373	\$ 7,151,484	\$ 6,599,573	\$ 6,463,449	\$ 6,290,017	\$ 5,810,019
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	2020	2019	2018	2017	2016
Residential	\$ 3,702,701	\$ 3,622,407	\$ 3,792,144	\$ 3,580,932	\$ 3,420,101
Commercial	\$ 5,187,784	\$ 5,375,791	\$ 5,504,278	\$ 6,959,122	\$ 6,646,565
Other	\$ 1,715,779	\$ 1,787,936	\$ 1,921,095	\$ 598,720	\$ 571,830
Total	\$ 10,606,264	\$ 10,786,134	\$ 11,217,517	\$ 11,138,774	\$ 10,638,496

WATER SALES

Type of Customer	2020	2019	2018	2017	2016
Residential	\$ 4,387,350	\$ 3,729,829	\$ 3,815,847	\$ 2,747,226	\$ 2,558,538
Commercial	\$ 3,629,901	\$ 3,178,201	\$ 2,843,730	\$ 3,280,440	\$ 3,055,130
Other	\$ 384,770	\$ 415,038	\$ 384,979	\$ 153,230	\$ 142,706
Total	\$ 8,402,021	\$ 7,323,069	\$ 7,044,556	\$ 6,180,897	\$ 5,756,374

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

2015	2014	2013	2012	2011
\$ 3,505,676	\$ 3,510,579	\$ 3,395,007	\$ 3,594,577	\$ 3,830,305
\$ 6,632,906	\$ 6,746,776	\$ 7,131,527	\$ 7,383,818	\$ 7,305,734
\$ 851,383	\$ 864,285	\$ 538,887	\$ 464,866	\$ 458,904
<u>\$ 10,989,965</u>	<u>\$ 11,121,641</u>	<u>\$ 11,065,421</u>	<u>\$ 11,443,261</u>	<u>\$ 11,594,943</u>

WATER SALES

2015	2014	2013	2012	2011
\$ 2,614,942	\$ 2,547,695	\$ 2,331,133	\$ 2,185,014	\$ 2,281,391
\$ 2,889,001	\$ 2,661,313	\$ 2,438,937	\$ 1,850,843	\$ 1,884,012
\$ 34,250	\$ 120,286	\$ 90,312	\$ 86,303	\$ 42,497
<u>\$ 5,538,193</u>	<u>\$ 5,329,295</u>	<u>\$ 4,860,382</u>	<u>\$ 4,122,160</u>	<u>\$ 4,207,899</u>

CITY OF GRANBURY
Top Ten Utility Rate Payers
by Rate Type
Compared to Five Years Ago
(Unaudited)
September 30, 2020

Ten Largest Electric Customers

Customers	Annual Kwh Consumed (in thousands of Kwh)			
	2020		2015	
	Rank	Consumption	Rank	Consumption
City of Granbury	1	7,335	2	9,184
GISD	2	6,125	1	10,523
Lake Granbury Medical Center	3	5,712	3	3,921
Brookshire Grocery Co.	4	2,608	6	1,879
Lowe's Home Center	5	1,789	7	1,873
Waterview Point Retirement	6	1,732	5	3,444
Hood County	7	1,594	4	4,227
Medproperties Granbury, LLC	8	1,439		
Waterview Cove	9	1,125		
AT&T	10	1,046	9	1,146
Kroger			8	1,374
Hilton Garden Inn			10	1,054

Ten Largest Water Customers

Customers	Annual Gallons Consumed (in hundreds of gallons)			
	2020		2015	
	Rank	Consumption	Rank	Consumption
Monarch Utilities	1	243,311		
City Of Granbury	2	172,416	1	79,475
Creative Solutions	3	147,524	7	51,415
Lake Granbury Medical Center	4	113,922	4	75,959
Waterview Point Retirement	5	87,309	2	78,545
Hood County	6	78,013	5	75,519
Shottenkirk Toyota Granbury	7	74,783		
Lake Granbury Medical Investor	8	59,819		
GISD	9	53,893		
Waterview Cove	10	53,327		
Wash My Ride			3	77,535
Jerry Durant Toyota			6	75,260
Lake Granbury Youth Services			8	46,824
Granbury SNF			9	38,499
Kroger			10	29,312

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2020
 (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	18.01	27.69
Rate per 1,000 gallons:		
0-2,000 gallons	5.63	8.44
2,000- 10,000 gallons	7.60	11.39
10,001-20,000 gallons	8.73	13.09
over 20,000 gallons	9.00	13.51
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	20.26	28.14
1" Meters	41.64	58.52
2" Meters	195.82	274.60
3" and 4" Meters	391.64	549.20
6" Meters	650.00	911.00
Rate per 1,000 gallons:		
0-2,000 gallons	5.63	8.44
2,000- 10,000 gallons	7.60	11.39
10,001-20,000 gallons	8.73	13.09
over 20,000 gallons	9.00	13.51

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2020
 (Unaudited)

Sewer Rate Structure

Residential Rate Structure

<i>Sewer</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum Charge	26.88	38.08
Rate per 1,000 gallons	3.92	5.89

Commercial/ Multi Unit Rate Structure

<i>Sewer</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum- Small Commercial	40.88	49.84
Minimum- Large Commercial	40.88	49.84
Minimum- Multi Unit	7.28	11.20
Rate per 1,000 gallons	3.92	5.89

Garbage Rate Structure

<i>Garbage</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Residential Customer	14.86	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
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
2019	\$ 1,493,379,945	\$ 21,147,795	\$ 706,388	\$ 20,441,407
2020	\$ 1,638,808,744	\$ 21,338,578	\$ 801,769	\$ 20,536,809

Year Ended September 30	Ratio Net General Bonded Debt to Assessed Value	Estimated Population	Net General Bonded Debt Per Capita
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
2019	1.37%	10,410	\$ 1,964
2020	1.25%	10,730	\$ 1,914

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, 2020

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
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	\$ 13,231,650	\$ 29,253,811	\$ 1,320,400	\$ 170,321	\$ 8,765,839	\$ 80,435,000
2018	\$ 16,205,135	\$ 11,600,115	\$ 1,777,443	\$ 3,550,104	\$ 7,773,119	\$ 33,370,000
2019	\$ 14,543,621	\$ 13,340,419	\$ 1,480,219	\$ 3,333,942	\$ 6,604,174	\$ 81,470,000
2020	\$ 12,837,758	\$ 31,869,850	\$ 1,239,468	\$ -	\$ 8,500,820	\$ 80,435,000

CITY OF GRANBURY
 Government-wide Outstanding Debt
 Last Ten Years
 September 30, 2020

<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>
\$ 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%
\$ 1,310,182	\$ 134,487,203	9,310	\$ 14,445	\$ 31,508	45.85%
\$ 1,796,059	\$ 76,071,975	9,520	\$ 7,991	\$ 33,913	23.56%
\$ 1,528,080	\$ 122,300,455	10,410	\$ 11,748	\$ 33,462	35.11%
\$ 1,310,182	\$ 136,193,078	10,730	\$ 12,693	\$ 35,997	35.26%

CITY OF GRANBURY
 Estimated Direct and Overlapping Ad Valorem Tax
 Supported Gross Debt Statement
 as of September 30, 2020
 (Unaudited)

Governmental Subdivision	Gross Debt	Estimated Percent Applicable (1)	Direct and Estimated Overlapping Bonded Debt
<u>Direct:</u>			
• City of Granbury	\$ 45,947,076	100.00%	\$ 45,947,076
Total Direct Debt			<u>\$ 45,947,076</u>
<u>Overlapping:</u>			
• Granbury Independent School District	\$ 99,409,000	24.36%	\$ 24,216,032
• Hood County	\$ 13,536,000	23.27%	\$ 3,149,827
Total Overlapping Debt			<u>\$ 27,365,860</u>
<u>Total Direct and Overlapping Consolidated</u>			
Gross Debt Outstanding			<u>\$ 73,312,936</u>

Direct and Overlapping Gross Debt Per Capita	A. \$ 6,833
Ratio of Direct and Overlapping Gross Debt to 2019 Net Assessed Valuation	B. 4.47%

A. Based on population estimate of 10,730 as of 9/30/2020.

B. Based on the assessed valuation of \$1,638,808,744 for tax year 2019.

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, 2020
 (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><u>\$ 2.101</u></u>

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

Tax Year	Fiscal Year	Assessed Value (Adjusted)	Maximum Allowable Taxable Amount	Actual Tax Levy	Margin
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
2018	2018-2019	\$ 1,493,379,945	\$ 37,334,499	\$ 5,853,856	\$ 31,480,643
2019	2019-2020	\$ 1,638,808,744	\$ 40,970,219	\$ 6,375,855	\$ 34,594,363

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
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
2019	\$ 23,078,453	\$ 12,750,739	\$ 10,327,714	\$ 339,150	30.45
2020	\$ 23,680,594	\$ 13,287,540	\$ 10,393,054	\$ 343,000	30.30

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
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%
2019	\$ 1,960,000	\$ 909,081	\$ 2,869,081	\$ 16,276,467	17.6272%
2020	\$ 2,201,000	\$ 913,232	\$ 3,114,232	\$ 15,459,417	20.1446%

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
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%
2019	\$ 1,493,379,945	357	-5.05%	\$ 66,617,919	4.18%
2020	\$ 1,638,808,744	939	163.03%	\$ 100,944,108	51.53%

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
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
2019	10,410	3.4%	7,143	\$ 33,462
2020	10,730	7.3%	7,346	\$ 35,997

Sources:

Population and Per capita income from <https://www.census.gov/quickfacts/fact/table/granburycitytexas>

Unemployment rates from Texas Labor Market web site (<https://texaslmi.com/LMIbyCategory/LAUS>)

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	2020			2010		
		Employees	Rank	% of Total Employed	Employees	Rank	% of Total Employed
Granbury ISD	School District	1008	1	3.9%	1,127	1	5.2%
Lake Granbury Medical	Medical Services	700	2	2.7%	385	3	1.8%
Walmart Supercenter	Retail	450	3	1.8%	420	2	2.0%
Hood County	County Government	364	4	1.4%	337	4	1.6%
H - E - B	Retail	363	5	1.4%			
City of Granbury	Municipal Government	202	6	0.8%	155	6	0.7%
Lowe's	Home Improvement	160	7	0.6%	145	8	0.7%
Kroger	Retail	153	8	0.6%	150	7	0.7%
Home Depot	Home Improvement	153	9	0.6%	120	10	0.6%
Granbury Care Center	Nursing Home	132	10	0.5%	160	5	0.7%
Neighbors Well Service	Well Services				125	9	0.6%
	Total	3,685		14.4%	3,124		14.5%

SELECTED BUSINESS STATISTICS *

	2020	2019	2018	2017	2016	2015	2010
Total Number Employed, Hood County	25,641	26,820	26,127	25,065	24,113	23,414	21,516
Number of Business Establishments, Hood County	1,557	1,515	1,444	1,401	1,359	1,343	1,213
Number of Households, Granbury	4,091	3,996	3,744	3,667	3,671	3,721	3,763

*Prior year data restated where current source provided updated 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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Building Inspectors	8	10	9	8	9	10	9	9	9	9
Computer Install, Inspec	1	2	3	3	3	3	3	0	0	0
Street & Road Repair	7	7	7	7	7	7	7	6	4.5	4
Drivers	3	3	3	3	3	3	3	3	1.5	1
Airport Operations	6	6	6	6	6	6	6	5	3	3
Waterworkers	24	20	19	19	16	14	15	14	13	11
Electric Distribution	7	7	7	8	7	7	7	7	7	6
Sewage Treatment	15	14	9	9	9	9	9	9	8	7
TV or Radio	1	1	1	1	1	1	2	0	0	0
Firefighters-Paid	0	0	0	0	0	0	0	0	0	0
Firefighters-Volunteer	58	49	58	62	35	47	35	43	42	43
Police Officers	46	44	39	36	34	34	33	32	29	32
Warehouse Operation	2	2	2	2	2	2	2	2	2	2
Automobile Repair	3	3	3	3	3	3	3	3	2	3
Promotional/Development	4	5	2	2	2	2	6	13	8.5	5
Clerical-Office	46	44	36	36	36	37	39	41	39.25	38
Animal Control	1	1	1	1	1	1	1	1	1	1
Building Maintenance	13	12	13	13	13	12	14	14	12.5	11
Restaurants	5	5	6	6	6	6	5	0	0	0
Parks & Recreation	30	25	26	26	26	26	26	26	31	27
Total	280	260	250	251	219	230	225	228	213.25	203

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	2020	2019	2018	2017
City-Owned Equipment				
Vehicles	123	145	146	137
Mobile Equipment	104	89	88	114
Street Department				
Roadway (<i>in miles</i>)	62.4	62.4	57	55
City Parks				
Maintained Public Parks (<i>in acres</i>)	126	110	110	110
Athletic Fields:				
Soccer Fields	8	8	8	8
Ball Fields	9	9	9	9
Basketball Court	1.5	1.5	1	1
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>)	2.93	2.93	2.75	2.75
Splash Park	1	1	1	1
Airport				
Enclosed Hangars	75	75	75	75
Open T-Hangars	9	9	9	9
Commercial Hangars	8	8	8	8
Water Department				
Water lines (<i>in miles</i>)	155.4	151.5	150	135
Wells	18	36	36	36
Water Plant	1	1	1	1
Sewer Department				
Lift Stations	44	43	42	42
Sewer lines (<i>in miles</i>)	50.2	46.4	44.9	44.9
Electric Department				
Overhead Line (<i>in miles</i>)	92	92	87	87
Underground Line (<i>in miles</i>)	38	30	23	17

Source: City of Granbury records

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

2016	2015	2014	2013	2012	2011
132	142	152	151	151	147
119	117	123	120	120	105
54	53	51.5	51.5	51.5	51.5
110	110	110	110	110	57
8	8	8	8	8	8
9	9	9	9	9	9
1	2	2	1	1	1
2	2	2	2	2	2
4	4	4	3	3	3
2	2	2	2	2	3
1	1	1	1	1	1
2.75	2.5	2.5	2.5	2.5	2.5
1	1	1	1	1	1
75	75	75	75	75	78
9	7	7	7	9	10
8	5	5	5	3	3
135	121.5	109.4	98.4	88.6	79.7
36	33	30	33	29	23
1	1	1	1	1	1
42	43	40	43	43	43
44.9	44.4	43	43	41.8	41.7
87	87	87	87	82	82
13	11	11	11	11	11

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

Fiscal Year	2020	2019	2018	2017
Municipal Court				
Citations Processed	2,002	2,004	1,898	1,480
Police Department				
Calls for Service	26,541	20,920	21,762	21,326
Arrests	669	693	757	661
Accidents	953	881	952	959
Fire Department				
Calls for Service: Fire/Rescue	925	916	946	921
Calls for Service: EMS	365	251	260	269
Community Services				
Building Permits Issued	939	357	376	328
Building Permits Value (\$)	100,944,108	66,617,919	63,941,951	55,733,558
	52%	4%	15%	28%
Utility Department				
Electric Connections	3,439	3,376	3,341	3,313
Water Connections	6,067	5,776	5,659	5,393
Sewer Connections	4,927	4,797	4,798	4,415
Electric Department				
KWH Sold	89,652,143	90,564,811	93,003,141	88,061,026
Water Department				
Well Production (<i>in gallons, 000</i>)	302,000	300,990	290,294	510,595
Water Plant Production (<i>in gallons, 000</i>)	509,701	432,200	378,813	45,380
Water purchased (<i>in gallons, 000</i>)	-	-	13,600	110,856
Wastewater Department				
Discharge Flow (<i>in gallons, 000</i>)	468,239	515,495	473,960	464,185

Source: City of Granbury records from departments.

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

2016	2015	2014	2013	2012	2011
1,715	1,480	1,617	1,846	2,296	2,680
21,453	19,620	22,129	21,456	22,022	20,524
606	655	714	731	790	733
736	948	872	794	738	822
817	753	770	736	766	879
731	740	138	182	181	221
235	228	249	284	237	211
43,439,911	45,685,267	53,181,956	41,544,776	31,518,255	48,901,275
-5%	-14%	28%	32%	-36%	75%
3,317	3,304	3,286	3,242	3,223	3,186
5,366	5,314	5,209	5,008	4,615	4,563
4,156	3,977	3,891	3,782	3,672	3,499
89,408,844	93,693,230	94,826,877	91,016,235	91,762,161	93,583,876
531,715	511,391	524,689	427,516	493,386	499,348
48,311	69,448	81,505	103,975	73,957	77,505
98,670	85,706	59,696	144,395	108,965	163,325
509,657	500,186	345,939	360,775	361,060	346,509

**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, 2020, 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 22, 2021.

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.

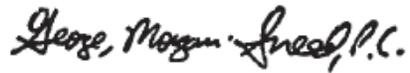
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, 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 financial statements. 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 22, 2021

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, 2020. 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, 2020.

Report on Internal Control over Compliance

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

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

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

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

George Morgan Sneed, P.C.

Weatherford, Texas
February 22, 2021

CITY OF GRANBURY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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, 2020

None.

CITY OF GRANBURY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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, 2020

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	7218171	\$ -	\$ 242,000
Total U.S. Department of Housing and Urban Development			-	242,000
<u>U.S. Department of Justice</u>				
Bulletproof Vest Partnership Program	16.607	201233	-	4,225
Pass-through Texas Office of Governor				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3795401	-	65,000
Total U.S. Department of Justice			-	69,225
<u>U.S. Department of Transportation</u>				
Pass-through North Central Texas Council of Governments				
Highway Planning and Construction	20.205	TRN4886	-	50,253
Total U.S. Department of Transportation			-	50,253
<u>U.S. Department of Treasury</u>				
Pass-through Texas Division of Emergency Management				
Coronavirus Relief Funds	21.019	2020	84,994	578,820
Total U.S. Department of Treasury			84,994	578,820
<u>U.S. Environmental Protection Agency</u>				
Pass-through from Texas Water Development Board				
Capitalization Grants for Clean Water State Revolving Funds	66.458	73813	-	1,859,490
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62814	-	7,645,609
Total U.S. Environmental Protection Agency			-	9,505,099
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 84,994	\$ 10,445,397

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, 2020

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 and Clean 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.