



# CITY OF GRANBURY

## *Texas*

**Comprehensive Annual Financial Report  
for Fiscal Year Ended September 30, 2013**



**CITY OF GRANBURY, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Year Ended September 30, 2013**

**Prepared by the Finance Department.**

**CITY OF GRANBURY, TEXAS**  
Annual Financial Report  
For the Year Ended September 30, 2013

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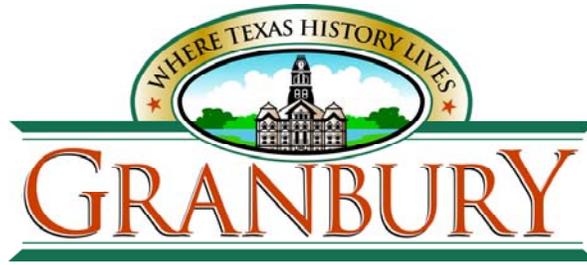
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## **INTRODUCTORY SECTION**

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

March 10, 2014

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, 2013.

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

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

## THE REPORT

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

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

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

## CITY PROFILE

### Location

Granbury is located in Hood County, in the heart of north Texas, just southwest of the Dallas-Fort Worth Metroplex. Granbury is home to approximately 8,290 people, and serves as the center of commerce and recreation to over 54,300 county residents (NCTCOG). There are currently 13.6 square miles of land within the City's boundaries.



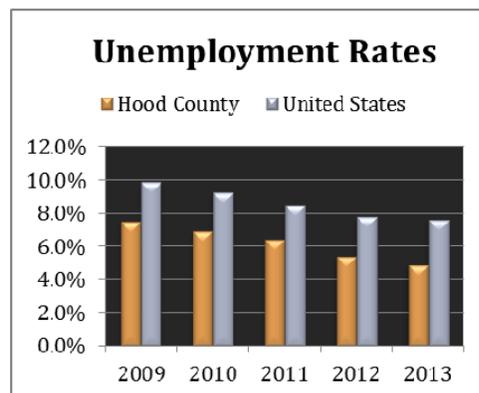
### Government Structure

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

### Services Provided

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

## ECONOMIC CONDITIONS AND OUTLOOK



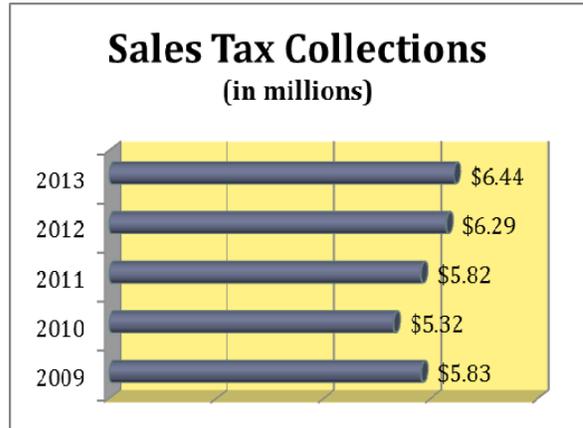
The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### Regional Economy

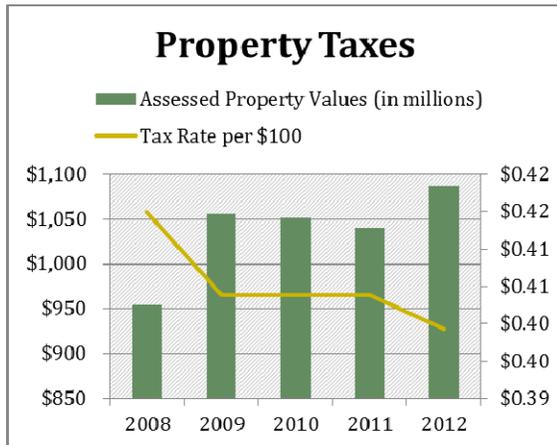
Granbury is only 30 miles from the Dallas-Fort Worth Metroplex, which has shown relatively strong economic growth over the past three years. Hood County has also enjoyed a robust economic environment for the past three years; unemployment rates have decreased and sales taxes have increased.

Local Economy

Granbury is the financial hub not only of Hood County but the surrounding area. Customers come from a 30-mile radius to shop in Granbury. The latest census figures show there are almost 30,000 people that live within 5 miles, 40,000 people that live within 10 miles and 130,000 people that live within 20 miles of Granbury. The stability of Wal-Mart Supercenter, H-E-B, Home Depot, and Lowe’s Home Improvement Center continues to be a catalyst for growth in the regional economy. These establishments, along with other restaurants, banks, supermarkets, hotels and retail stores located along U.S. Highway 377 and in other sections of the City, provide outlets to meet any of the needs of area residents as well as providing a solid retail sales base for the City. Sales tax collections in Fiscal Year 2012/2013 are up by 3% compared to the prior year. The sales tax revenue for 2013/2014 has been conservatively budgeted to remain constant compared to 2012/2013 collections.

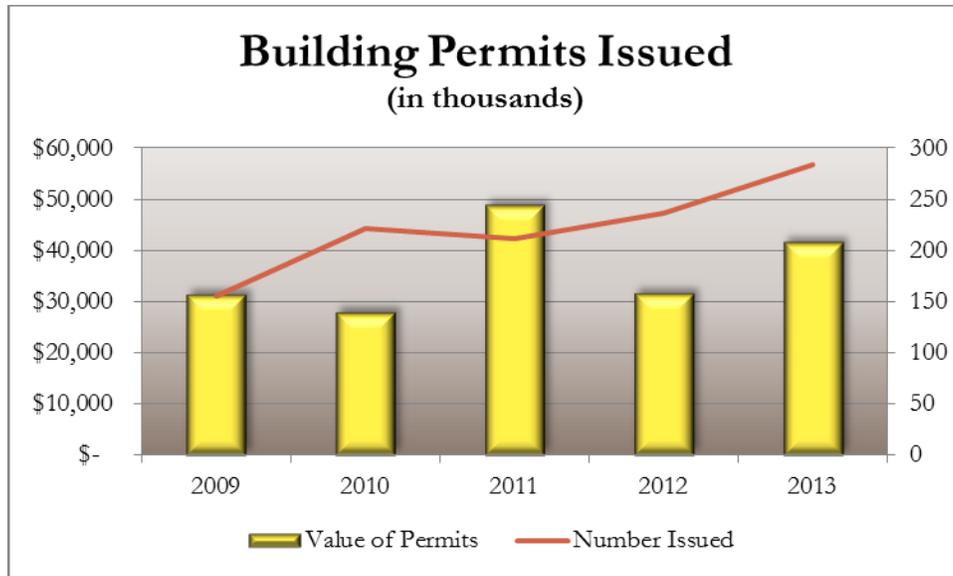


Tourism plays an important role in maintaining the healthy economy of the City. Granbury’s Tourism Department actively promotes and markets Granbury as a premier leisure and meeting destination for the purpose of positively impacting the City’s economy. The historical downtown district, with its shopping,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



Total assessed property values increased by \$46,503,280 (4.5%) for the 2012 Tax Year to \$1,087,038,259. The City’s property tax rate decreased from \$.40390 to \$.39926 for Tax Year 2012. The City has not had a tax rate increase since 1997, reflecting a constant desire by the City Council to keep city taxes as low as possible in these trying economic times.

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



## FINANCIAL INFORMATION

### Accounting System and Budgetary Control

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

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

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

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

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

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

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

### Cash Management

As of February 1, 2011, the City's depository contract is with First National Bank of Granbury. It is a three-year relationship period with two one-year extension options, set to expire on January 31, 2014. The City has the option each year to choose the interest rate calculation for the year from two choices:

- Fixed rate of .60%
- Variable rate equal to the 90-day ask rate of US Treasury Bills, though not to fall below .20% nor to exceed 2.00%

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

The ending balance of the City's investment portfolio for Fiscal Year 2012-13 was approximately \$8.4M. The overall portfolio provided \$11,045 in investment income, representing interest revenue net of realized gain, unrealized gains and losses and investment expenses.

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

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

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

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

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

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

### Long-Term Financing

The City intends that the length of any long-term financing matches the life of assets purchased with the financing. The City will generally use lease-purchase options for purchases of larger pieces of equipment with an expected useful life of at least five years. Certificates of obligation or bonded indebtedness are issued for projects and other significant capital improvements with longer useful lives. On January 1, 2012, the City issued the Utility System Revenue Bonds, Series 2012 to construct and improve the City's water and wastewater system, including the acquisition of sites and pay costs related to the issuance of the Bonds.

### Tax Appraisal/Collection Responsibilities

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

## OTHER INFORMATION

### Independent Audit

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

It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material aspects, the financial position of the City at September 30, 2013, 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, 2012.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Granbury has received a Certificate of Achievement for ten consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

#### Acknowledgments

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

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

Respectfully submitted,

Wayne McKethan  
City Manager

# **CITY OF GRANBURY, TEXAS**

**MAYOR**  
**Rickie Pratt**

**MAYOR PRO-TEM**  
**Nin Hulett**

**COUNCIL MEMBERS**  
**Tony Allen**  
**Gary Couch**  
**Mickey Parson**  
**Laurel Pirkle**

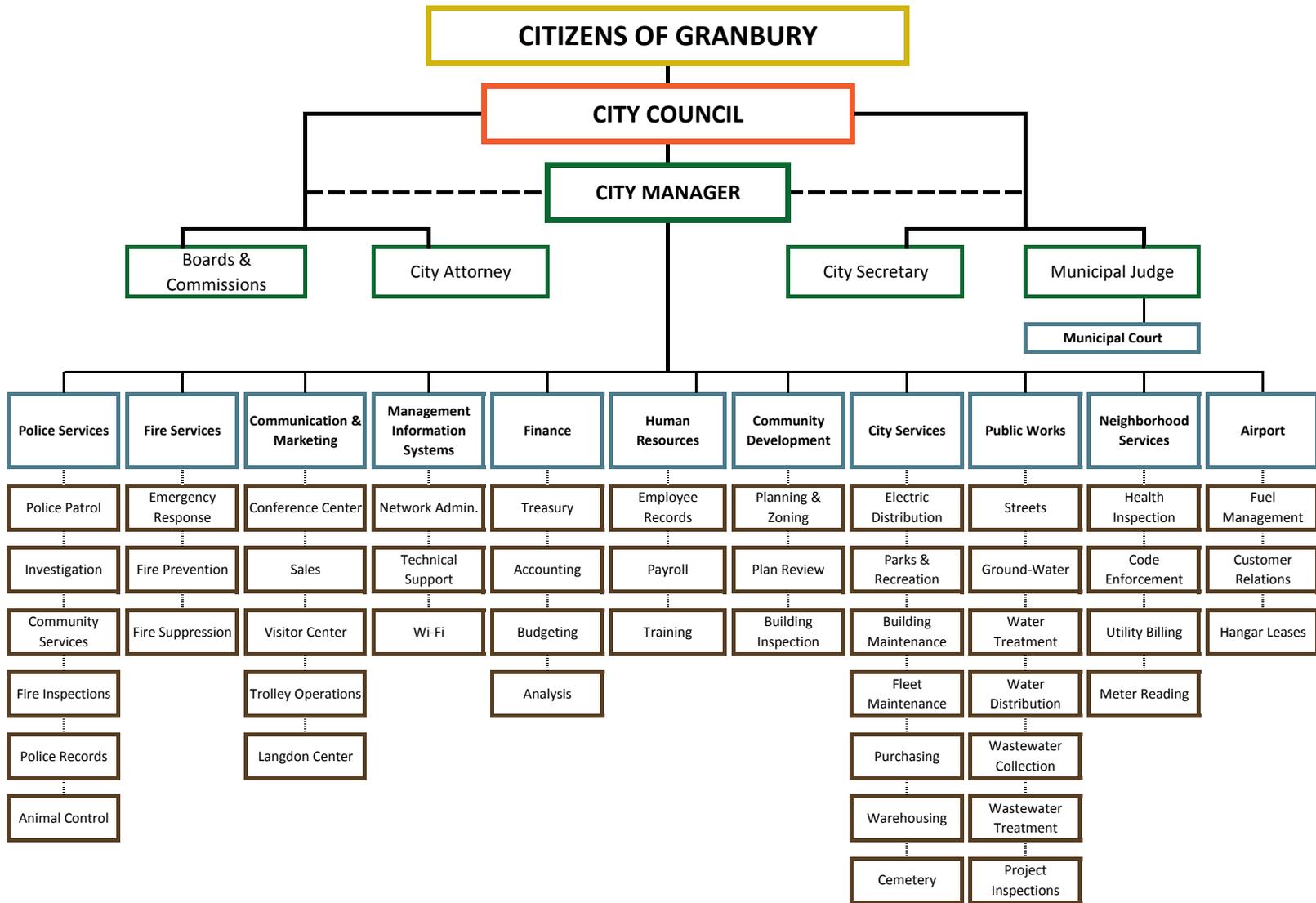
**CITY MANAGER**  
**Wayne McKethan**

## **DEPARTMENT DIRECTORS**

**Dee Arcos**  
**Keith Callahan**  
**Alva Cox**  
**Mitch Galvan**  
**Mitchell George**  
**Eva Gregory**  
**Gary Hawkins**  
**Ben Macon**  
**Scott Sopchak**  
**Tony Tull**

**City Secretary**  
**City Services**  
**Public Works**  
**Police Chief**  
**Communication & Marketing**  
**Finance**  
**Airport**  
**Municipal Court Judge**  
**Community Development**  
**Information Technology**

# CITY OF GRANBURY ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Granbury  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO

## **FINANCIAL SECTION**

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of City of Granbury, Texas (the "City"), as of and for the year ended September 30, 2013, 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, 2013, 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, Texas Municipal Retirement System Schedule of Funding Progress, and Volunteer Fire Fighter's Retirement Fund Schedule of Funding Progress on pages 60 - 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



George, Morgan & Sneed, P.C.  
Weatherford, Texas  
March 10, 2014

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**CITY OF GRANBURY, TEXAS**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2013**

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, 2013. 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 \$56,071,475 (Net Position). Of this amount \$10,724,286 (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 \$275,162.
- As of the close of the current fiscal year, the City of Granbury's governmental funds reported combined ending fund balances of \$10,455,066.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,005,826 or 37% of the total General Fund expenditures.
- At the end of the current fiscal year, unrestricted net position for the Utility Fund was \$4,884,801, or 32% of total Enterprise Fund operating expenses, excluding depreciation expense.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

The City maintains five (5) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund 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 water, sewer, electric and airport operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-funded health insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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

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

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

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

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-59 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 \$56,071,475 as of September 30, 2013.

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 (5%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$10,724,286, may be used to meet the government’s ongoing obligations to citizens and creditors.

As of September 30, 2013, 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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 12,582,532	\$ 14,764,911	\$ 10,849,171	\$ 12,345,405	\$ 23,431,703	\$ 27,110,316
Capital assets	43,406,495	42,790,887	35,440,994	33,924,476	78,847,489	76,715,363
Total Assets	<u>55,989,027</u>	<u>57,555,798</u>	<u>46,290,165</u>	<u>46,269,881</u>	<u>102,279,192</u>	<u>103,825,679</u>
Deferred outflows of Resources	312,506	699,079	198,079	899,662	510,585	1,598,741
Total deferred outflows of resources	<u>312,506</u>	<u>699,079</u>	<u>198,079</u>	<u>899,662</u>	<u>510,585</u>	<u>1,598,741</u>
Current liabilities	750,570	615,218	1,591,665	1,718,486	2,342,235	2,333,704
Long-term liabilities	24,970,343	26,321,121	18,955,938	19,453,843	43,926,281	45,774,964
Total liabilities	<u>25,720,913</u>	<u>26,936,339</u>	<u>20,547,603</u>	<u>21,172,329</u>	<u>46,268,516</u>	<u>48,108,668</u>
Deferred inflows of resources	374,288	195,928	75,498	74,001	449,786	269,929
Total deferred inflows of resources	<u>374,288</u>	<u>195,928</u>	<u>75,498</u>	<u>74,001</u>	<u>449,786</u>	<u>269,929</u>
Net Position:						
Invested in capital assets net of related debt	23,852,148	24,079,825	18,832,307	18,713,942	42,684,455	42,793,767
Restricted	433,837	373,215	2,228,897	2,055,300	2,662,734	2,428,515
Unrestricted	5,920,347	6,669,570	4,803,939	5,153,971	10,724,286	11,823,541
Total Net Position	<u>\$ 30,206,332</u>	<u>\$ 31,122,610</u>	<u>\$ 25,865,143</u>	<u>\$ 25,923,213</u>	<u>\$ 56,071,475</u>	<u>\$ 57,045,823</u>

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

**Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Program revenues:						
Charges for services	\$ 1,441,695	\$ 1,381,735	\$ 19,416,503	\$ 18,429,265	\$ 20,858,198	\$ 19,811,000
Operating grants and contributions	197,729	225,524	-	-	197,729	225,524
Capital grants and contributions	12,916	1,378,236	525,911	242,725	538,827	1,620,961
General revenues:						
Property taxes	4,305,186	4,170,353	-	-	4,305,186	4,170,353
Sales taxes	6,463,449	6,290,017	-	-	6,463,449	6,290,017
Hotel/Motel Occupancy Taxes	540,925	516,739	-	-	540,925	516,739
Franchise taxes	1,505,084	1,433,587	-	-	1,505,084	1,433,587
Investment earnings	58,025	50,927	32,891	32,452	90,916	83,379
Other Revenue	435,688	173,681	-	-	435,688	173,681
Total revenues	<u>14,960,697</u>	<u>15,620,799</u>	<u>19,975,305</u>	<u>18,704,442</u>	<u>34,936,002</u>	<u>34,325,241</u>
Expenses						
City Council	160,440	198,980			160,440	198,980
Legal	324,388	208,465			324,388	208,465
Executive	472,304	401,612			472,304	401,612
Financial Administration	336,005	334,433			336,005	334,433
Purchasing	182,041	141,959			182,041	141,959
Social Services	43,000	58,000			43,000	58,000
Management Information Services	536,787	485,899			536,787	485,899
Economic Development	116,727	139,536	86,000	50,000	202,727	189,536
Human Resources	231,540	186,462			231,540	186,462
Warehouse	161,524	113,644			161,524	113,644
Fleet Maintenance	171,979	151,327			171,979	151,327
Building Maintenance	205,287	133,168			205,287	133,168
Granbury Public TV Channel 27	77,660	89,466			77,660	89,466
Other governmental functions	891,290	716,790			891,290	716,790
Police	3,399,519	3,190,898			3,399,519	3,190,898
Fire	394,463	389,955			394,463	389,955
Municipal Court	235,166	217,676			235,166	217,676
Streets	1,595,888	2,175,696			1,595,888	2,175,696
Public Works	407,924	390,741			407,924	390,741
Community Development	467,040	388,881			467,040	388,881
Neighborhood Services	171,629	165,114			171,629	165,114
Airport			1,029,054	814,026	1,029,054	814,026
Cemetery	29,188	40,323			29,188	40,323
Tourism	1,281,171	1,012,067			1,281,171	1,012,067
Parks	1,971,622	1,852,181			1,971,622	1,852,181
Conference Center	689,392	734,102			689,392	734,102
Interest and fiscal charges	1,071,451	1,136,676			1,071,451	1,136,676
Water treatment and distribution	-	-	4,516,917	4,320,820	4,516,917	4,320,820
Wastewater collection and treatment	-	-	2,365,317	2,163,270	2,365,317	2,163,270
Electricity	-	-	11,038,127	10,823,508	11,038,127	10,823,508
Total expenses	<u>15,625,425</u>	<u>15,054,051</u>	<u>19,035,415</u>	<u>18,171,624</u>	<u>34,660,840</u>	<u>33,225,675</u>
Increase (decrease) in net position before transfers	(664,728)	566,748	939,890	532,818	275,162	1,099,566
Transfers	275,804	328,212	(275,804)	(328,212)	-	-
Increase (decrease) in net position	(388,924)	894,960	664,086	204,606	275,162	1,099,566
Net Position October 1	31,122,610	30,227,650	25,923,213	25,718,607	57,045,823	55,946,257
Prior period adjustment	(527,354)		(722,156)		(1,249,510)	
Net Position September 30	<u>\$ 30,206,332</u>	<u>\$ 31,122,610</u>	<u>\$ 25,865,143</u>	<u>\$ 25,923,213</u>	<u>\$ 56,071,475</u>	<u>\$ 57,045,823</u>

**Governmental Activities.** Governmental activities decreased the City’s net position by \$388,924 compared with an \$894,960 increase in the prior year. Total governmental activities revenues decreased \$660,102 (4%) to \$14,960,697. Total governmental activities expenses increased \$571,374 (4%) from the prior year. Key elements of these changes are as follows.

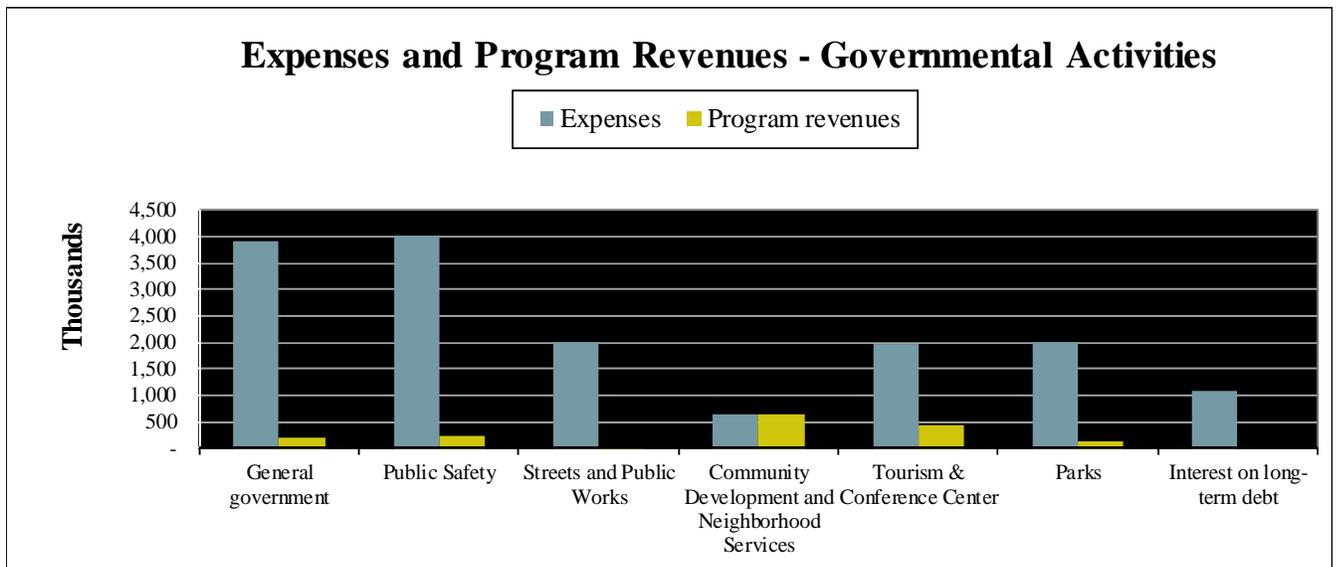
Revenues:

- Property taxes increased due to a slight increase in the I&S rate. The assessed property value also increased.
- Capital grants and contributions decreased \$1,365,320. The City was donated the Langdon Center and art collection in the prior year valued at \$1,354,236.
- Sales tax revenue increased \$173,432 (3%) in the current year due to the continued improvement of the economy and addition of new businesses. Sales tax reported in the governmental activities includes an adjustment for sales tax earned in September that is not considered available for the governmental fund statements.
- Other revenue increased due to an increase in donations and miscellaneous receipts of insurance proceeds.

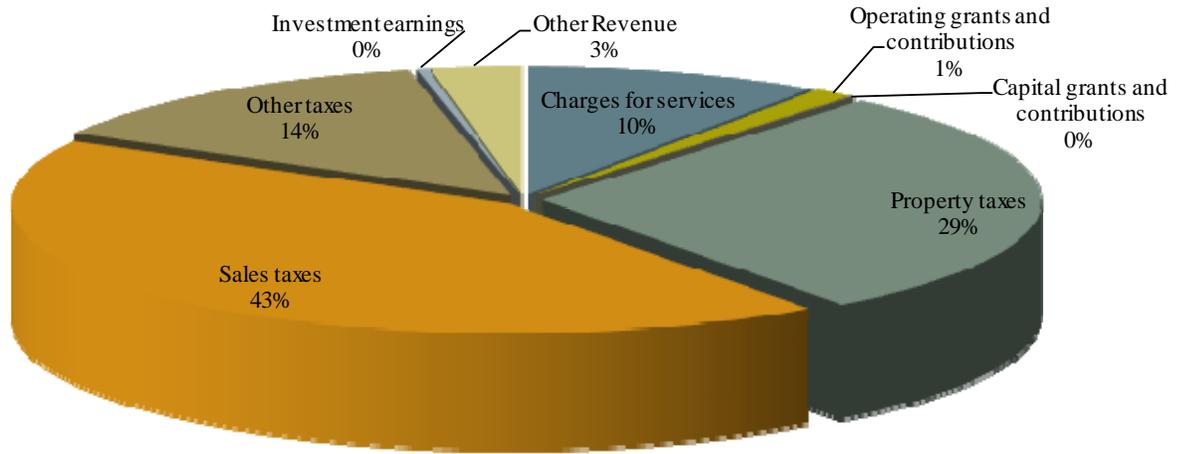
Expenses:

- Other governmental functions increased \$174,500 primarily due to expenses related to a 380 economic development agreement.
- Police expenses increased \$208,621 primarily due to salary increases.
- Street expenses decreased \$579,808 primarily due to a decrease in depreciation expense.
- Community development expenses increased \$78,159 primarily due to an increase in engineering expenses.
- Tourism and Parks expenses increased \$269,104 and \$119,441. Tourism primarily increased due to having a full year’s worth of director positions and an increase in advertising. Parks increased primarily due to an increase in maintenance.

Below are two graphs summarizing governmental revenue and expense:



## Revenues by Source - Governmental Activities



**Business-type activities.** Business-type activities increased the City’s net position by \$664,086 in the current year compared to an increase of \$204,606 in the prior year. The business-type activities total revenues increased \$1,270,863 (7%) to \$19,975,305 and total expenses increased \$863,791 (5%) to \$19,035,415. Key elements of these changes are as follows.

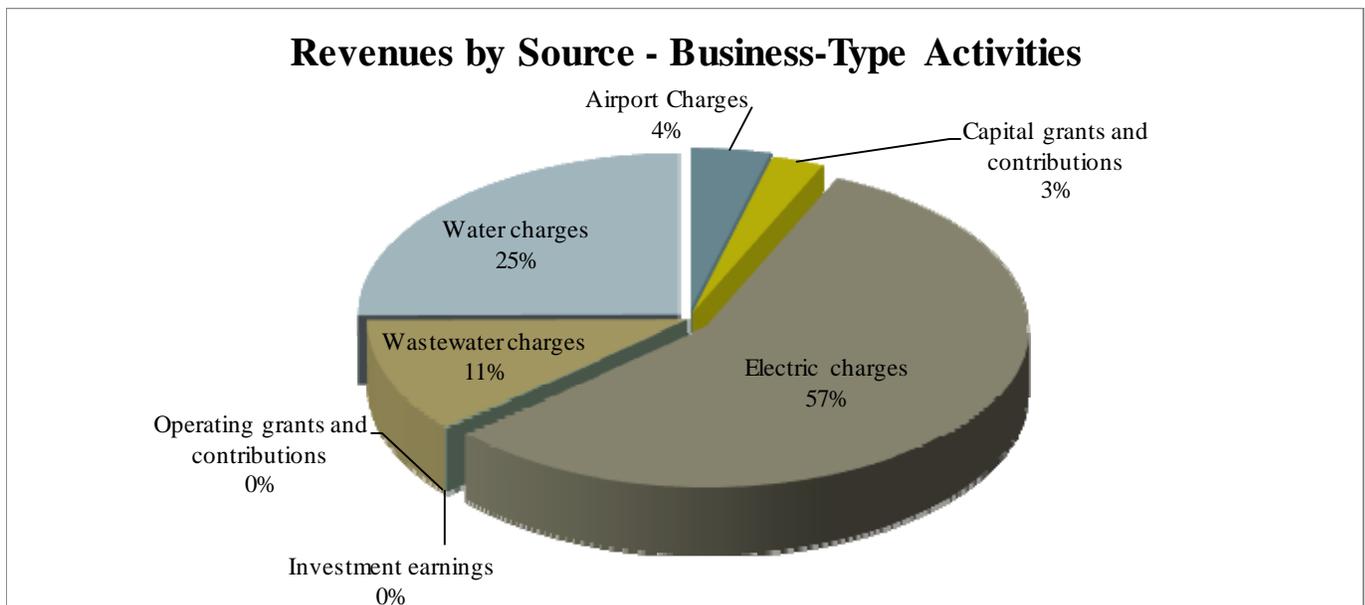
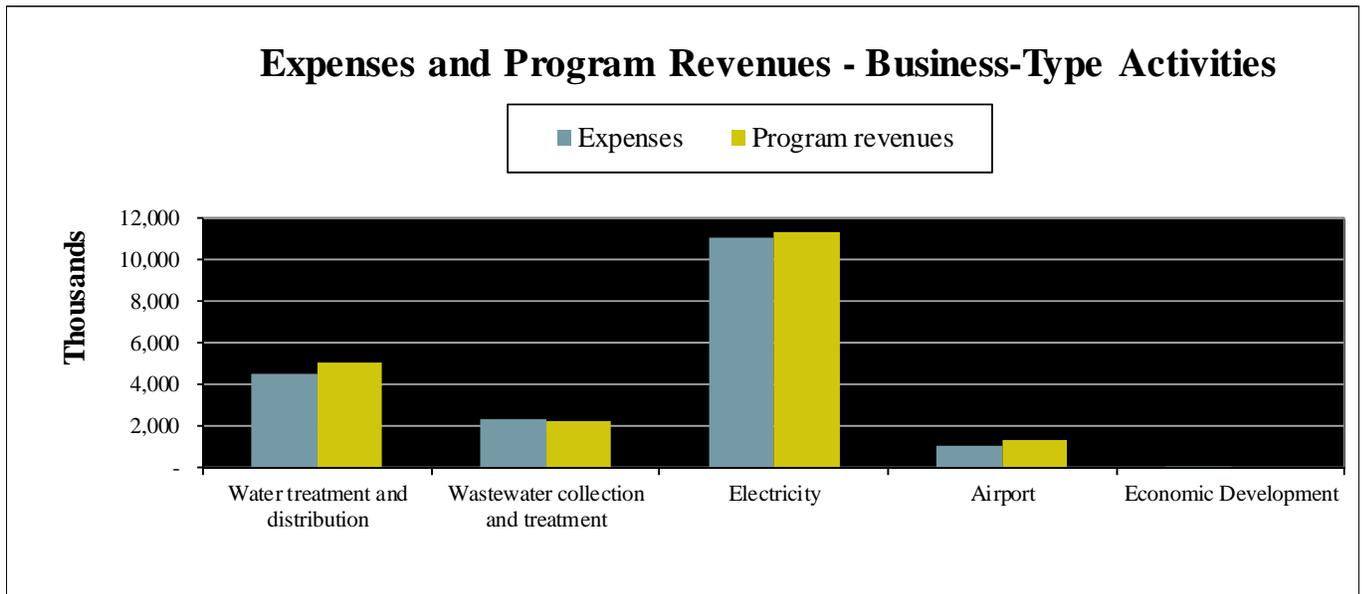
**Revenues:**

- Charges for services increased \$987,238. Electric sales decreased due to a decrease in minimum rates. Water revenue increased \$763,994 because of an increase in consumption, wastewater increased \$269,455 due to a rate increase during the year and airport revenues increased \$112,011 due to an increase in the gallons of fuel sold.
- The City received \$499,273 in capital grants and contributions for the airport project in the current year.

**Expenses:**

- Electric department expense increased \$214,619 primarily because electricity purchased for resale increased \$34,005 due to an increase in kwh purchased. Personnel costs increased approximately \$70,000 and maintenance of electric primaries increased \$58,944.
- Airport expenses increased \$215,028 because a part time employee was changed to full time and there was an increase in the gallons of fuel purchased.
- Water treatment expenses increased \$196,097 primarily due to an increase in maintenance and an increase in the amount of water purchased.
- Wastewater collection and treatment expenses increased \$202,047 primarily due to an increase in maintenance and an increase in engineering expenses.

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 \$10,455,066. \$3,461,016 (33%) of this amount constitutes unassigned fund balance, which is available for spending at the City’s discretion. The remainder is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,005,826. The fund balance of the general fund decreased \$51,164. Property tax revenue remained steady despite a \$46.5 million increase in the assessed value of property in the City because of a \$.0046 decrease in the M&O and I&S tax rates. Sales taxes increased due to the improvement in the local economy and addition of new businesses. Expenditures increased primarily due to the purchase of communication towers at the cemetery (general government), engineering expenses (general government), purchase of six automobiles (public safety), personnel expense increases (public safety), purchase of radio and portable equipment (public safety) and addition of a fire training center (public safety). Transfers out increased because of transfers to the Airport fund.

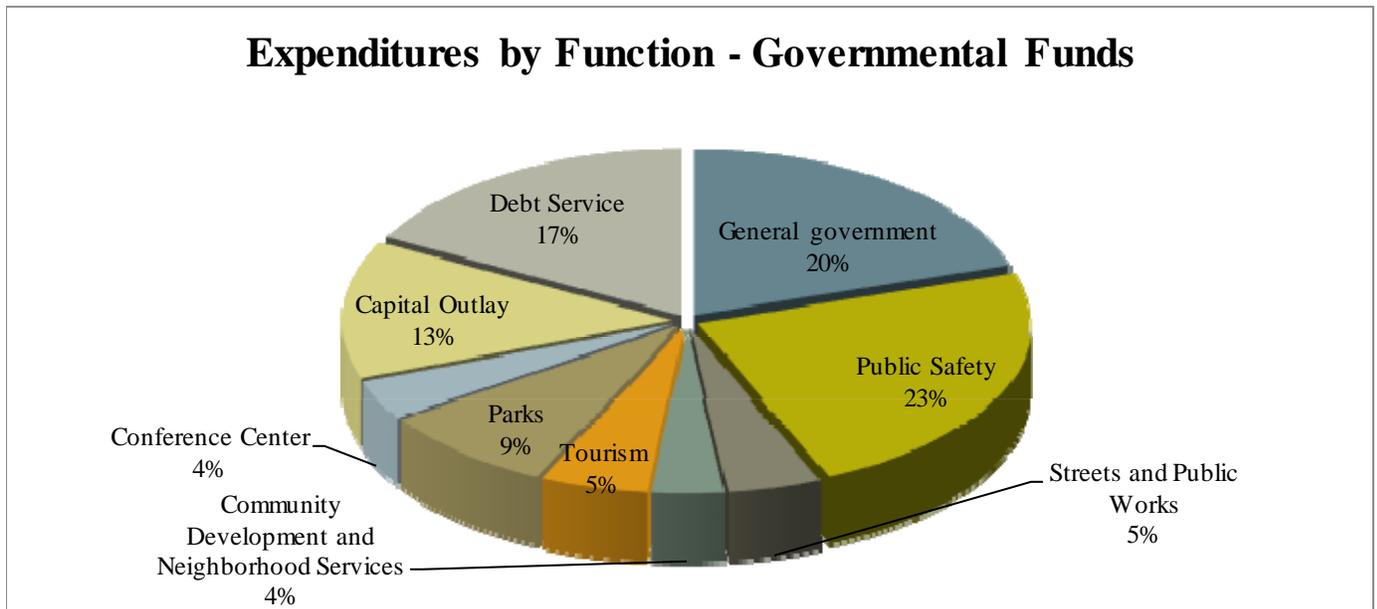
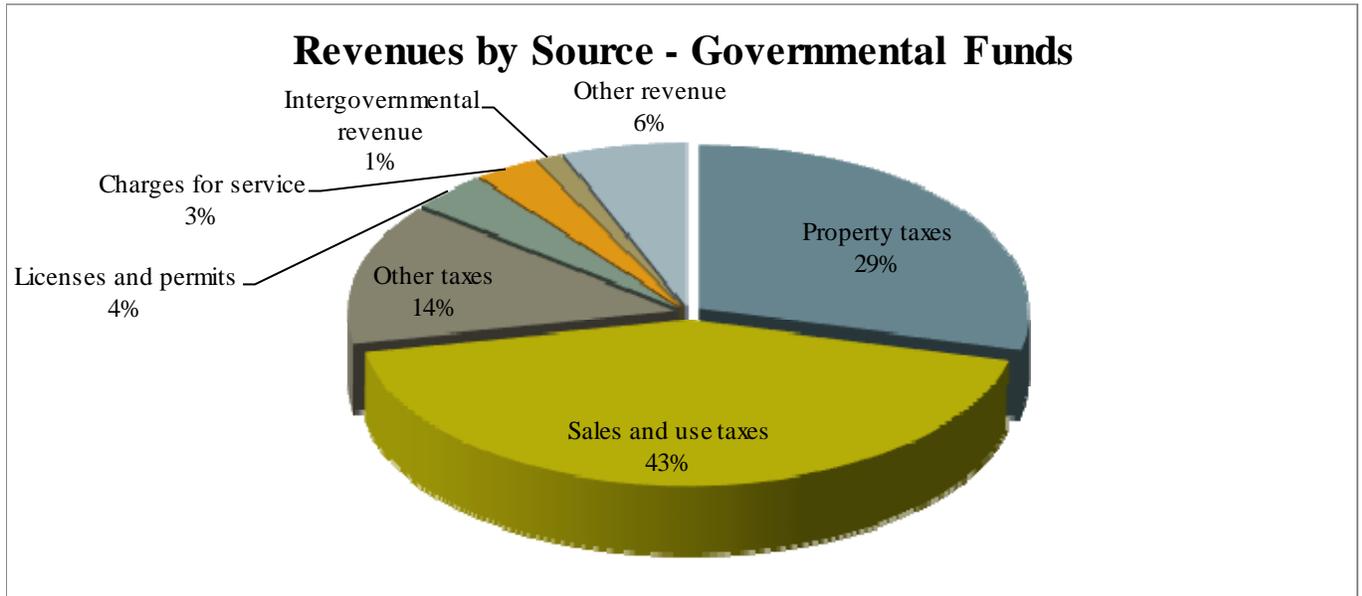
Below is a comparison of the general fund's net change in fund balance for 2013 and 2012.

	2013	2012	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Taxes:				
Property	\$ 1,543,656	\$ 1,491,582	\$ 52,074	3.49%
Sales and Use	6,440,471	6,282,851	157,620	2.51%
Franchise	1,505,084	1,433,587	71,497	4.99%
Fines and fees	184,388	201,206	(16,818)	-8.36%
Licenses and permits	561,786	521,189	40,597	7.79%
Charges for service	61,506	62,541	(1,035)	-1.65%
Intergovernmental revenue	197,729	204,720	(6,991)	-3.41%
Park and recreation	133,236	108,792	24,444	22.47%
Interest income	27,844	26,832	1,012	3.77%
Other revenue	506,206	271,633	234,573	86.36%
Total revenues	<u>11,161,906</u>	<u>10,604,933</u>	<u>556,973</u>	<u>5.25%</u>
Expenditures:				
General government	3,636,842	3,339,088	297,754	8.92%
Public Safety	4,232,488	3,697,344	535,144	14.47%
Streets	421,448	587,464	(166,016)	-28.26%
Public Works	408,090	381,797	26,293	6.89%
Community Development	466,779	385,779	81,000	21.00%
Neighborhood Services	173,138	161,227	11,911	7.39%
Cemetery	100,227	60,283	39,944	66.26%
Parks	1,479,716	1,337,862	141,854	10.60%
Total expenditures	<u>10,918,728</u>	<u>9,950,844</u>	<u>967,884</u>	<u>9.73%</u>
Other financing sources (uses):				
Transfers in	398,664	328,212	70,452	21.47%
Transfers out	(907,214)	(715,054)	(192,160)	26.87%
Issuance of Capital Lease	214,208	92,774	121,434	130.89%
Net change in fund balances	<u>\$ (51,164)</u>	<u>\$ 360,021</u>	<u>\$ (411,185)</u>	<u>-114.21%</u>

The Debt Service fund has a total fund balance of \$266,352, all of which is restricted for the payment of debt service. Debt Service fund balance decreased in 2013 by \$6,664.

The fund balance of the capital projects fund decreased \$2,395,374 because of capital outlay for street improvements, property acquisition, the opera house renovation and conference center lighting. 100% of the fund balance is restricted to be used to fund projects with bond proceeds.

Below are two graphs summarizing governmental fund revenue and expenditures.



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

Unrestricted net position of the enterprise funds are \$4,803,939 comprised of the Utility Fund \$4,884,801 and the Airport Fund negative \$80,862. The Utility Fund had a net position increase in 2013 of \$241,275 and the Airport had a net position increase of \$422,811.

Unrestricted net position of the self-fund health insurance internal service fund were \$1,179. At August 1, 2012, the City changed its method of providing health insurance to its employees and is no longer self-funded. The City’s self-funded health insurance fund is only responsible for medical claims incurred before the change.

## **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 7% or \$713,260. The most significant changes to general fund budgeted expenditures were increases of \$211,000 for management information services and City Wifi, \$237,000 for legal expenditures, and \$50,000 an increase in police salaries. These increases were funded with increases to budgeted revenues and beginning fund balance.

General fund actual expenditures budgetary basis were \$3,089 more than budgeted. The largest items over budget were \$52,455 legal for a settlement that was not budgeted for and \$98,603 police for salaries that were over budget.

## **CAPITAL ASSETS**

The City of Granbury's investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounts to \$78,847,489 (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:

- Communication tower at the cemetery for \$182,089
- Fire training center for \$147,583.
- 2013 Ford F250, a dog park and a fire memorial park for \$62,468.
- (5) 2013 Chevrolet Tahoe, (1) Chevrolet Caprice and radio and radar equipment for police department for \$351,675.
- Fencing for the cemetery for \$83,590.
- Airport property acquisition for \$181,742 funded with the 2006 Tax and Revenue Certificates of Obligation.
- Current year capital asset events funded with the 2007 Tax and Revenue Certificates of Obligation include \$1,767,400 for opera center improvements and \$31,987 for Langdon Center improvements and \$29,391 for street improvements.

### Business-Type Activities:

- Electric system improvements for \$138,980.
- Sewer camera for \$66,483.
- \$101,757 worth of new electric and water meters were installed.
- Current year capital asset events funded with the 2012 Utility System Revenue Bonds include \$1,243,320 for new water wells and \$724,201 for engineering and the pilot study.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 5,347,623	\$ 5,347,623	\$ 1,033,573	\$ 1,033,573	\$ 6,381,196	\$ 6,381,196
Buildings	10,135,672	10,398,465	35,255	43,717	10,170,927	10,442,182
Improvements other than buildings	22,739,066	22,816,618	31,231,143	31,536,627	53,970,209	54,353,245
Machinery and equipment	1,396,519	2,533,888	683,443	584,340	2,079,962	3,118,228
Construction in progress	3,787,615	1,694,293	2,457,580	726,219	6,245,195	2,420,512
Total	\$ 43,406,495	\$ 42,790,887	\$ 35,440,994	\$ 33,924,476	\$ 78,847,489	\$ 76,715,363

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 \$43,377,358. Of this amount, \$14,719,741 comprises bonded debt backed by the full faith and credit of the government, \$13,946,907 are certificates of obligation secured by ad valorem taxes and surplus revenues of the utility fund and \$12,903,214 represents bonds secured solely by electric, water and sewer revenues. The capital leases payable of \$1,423,988 pertains to equipment and new airport hangars being financed by lease/purchase financing. The notes payable is the amount borrowed by the Granbury Historic Properties Corporation, a blended component unit, to purchase the opera house.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Capital Leases Payable	\$ 309,367	\$ 225,195	\$ 1,114,621	\$ 655,564	\$ 1,423,988	\$ 880,759
Notes Payable	383,508	405,875	-	-	383,508	405,875
Revenue Bonds			12,903,214	13,674,187	12,903,214	13,674,187
General Obligation	10,726,491	9,097,146	3,993,250	4,183,891	14,719,741	13,281,037
Certificates of Obligation	13,141,407	16,384,646	805,500	865,125	13,946,907	17,249,771
Total Outstanding Debt	\$ 24,560,773	\$ 26,112,862	\$ 18,816,585	\$ 19,378,767	\$ 43,377,358	\$ 45,491,629

During the year the City issued the \$8,170,000 General Obligation Refunding Bonds, Series 2013 to refund General Obligation, Series 2005 and Tax & Revenue, Certificate of Obligation, Series 2006 bonds.

The City's bond ratings are listed below:

	General Obligation	Utility Revenue
Fitch Ratings	AA	A+
Standard & Poor's Corporation	AA-	A

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

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

General Fund revenues and transfers in are budgeted to increase by approximately 9% in fiscal year 2013-2014 when compared to the 2012-2013 budget. Granbury has maintained its status as a regional retail and tourism hub, and accordingly, sales tax receipts were up 3% for FY 2012/13 when compared with the previous year's actual receipts. Sales tax makes up about 48% of the General Fund budgeted revenues. Property tax revenue is budgeted to increase about 3% from the 2012-13 budgeted amounts. Certified assessed property valuations increased approximately \$30 million (3%) from the preceding year, but the property tax rate has been decreased from \$.399262 to \$.394593 per \$100. The maintenance and operations portion of the tax rate was increased from \$.14294 to \$.157383 and the debt service rate decreased from \$.25632 to \$.237210.

General Fund expenditures and transfers out are budgeted to increase approximately 7% from 2012-13 budgeted amounts to \$12,528,608. After several conservative budget years, there was a need for expansion in various departments, whether that was through capital improvements or additional personnel.

Operating revenue in the Utility Fund is budgeted to decrease by approximately 1% from 2012-13 budgeted amounts to \$19,149,883. After extensive study and analysis, a new utility rate structure was implemented in July 2013. The new rate structure is in line with the current market, balances minimums and rates to produce adequate revenues for financial stability, and ensures that each utility service (Electric, Water, Sewer) support itself as "stand alone". The City's existing electric provider is Bryan Texas Utilities (BTU). The city negotiated a 10-year contract for service beginning January 1, 2008. The ten-year contract locks in an energy cost at \$72.75 per megawatt hour. This results in an estimated "all-in" charge of \$81.68 per megawatt hour, including ancillary services, transmission services and transmission losses. While the 2008 contract represents a 28% increase in energy cost, the fixed nature of the City's contract will protect the customers of the City's Electric system from future increased energy costs.

Operating expenses, excluding depreciation, are budgeted to increase approximately 2.6% compared to 2012-13 budgeted amounts at \$18,436,193. The City's revenue sources have maintained growth rates from the previous years, department budgets have grown, previously frozen positions have been unfrozen, and other positions have been added.

## **REQUEST FOR INFORMATION**

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

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## **BASIC FINANCIAL STATEMENTS**

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City of Granbury, Texas  
Statement of Net Position  
September 30, 2013

**EXHIBIT A-1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 4,482,543	\$ 2,697,360	\$ 7,179,903
Investments	5,760,000	50,000	5,810,000
Receivables (Net of allowances for uncollectibles)			
Property taxes	112,013	-	112,013
Franchise taxes	314,766	-	314,766
Accounts	-	2,252,551	2,252,551
Due from other governments	1,094,007	-	1,094,007
Fines and fees receivable	136,408	-	136,408
Miscellaneous receivables	90,500	112,294	202,794
Accrued interest	185	90	275
Internal balances	224,873	(224,873)	-
Prepaid items	3,835	-	3,835
Inventories	99,691	1,296,347	1,396,038
Restricted assets:			
Cash and cash equivalents	263,711	2,106,637	2,370,348
Investments	-	2,558,765	2,558,765
Other assets	-	-	-
Capital assets (net of accumulated depreciation):			
Land	5,347,623	1,033,573	6,381,196
Buildings	10,135,672	35,255	10,170,927
Improvements other than buildings	22,739,066	31,231,143	53,970,209
Machinery and equipment	1,396,519	683,443	2,079,962
Construction in progress	3,787,615	2,457,580	6,245,195
<b>Total Assets</b>	<u>55,989,027</u>	<u>46,290,165</u>	<u>102,279,192</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred charge on refunding	312,506	198,079	510,585
<b>Total Deferred Outflows of Resources</b>	<u>312,506</u>	<u>198,079</u>	<u>510,585</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities	638,538	1,109,267	1,747,805
Current Liabilities Payable from Restricted Assets:			
Interest payable	112,032	38,890	150,922
Customer deposits		443,508	443,508
Noncurrent liabilities:			
Due Within One Year	2,244,690	1,356,053	3,600,743
Due in More Than One Year	22,725,653	17,599,885	40,325,538
<b>Total Liabilities</b>	<u>25,720,913</u>	<u>20,547,603</u>	<u>46,268,516</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unearned revenue	374,288	75,498	449,786
<b>Total Deferred Inflows of Resources</b>	<u>374,288</u>	<u>75,498</u>	<u>449,786</u>
<b>NET POSITION:</b>			
Investments in Capital Assets, Net of Debt	23,852,148	18,832,307	42,684,455
Restricted Net Position			
Debt Service (Expendable)	224,649	1,116,635	1,341,284
Impact fees for capital improvements (Expendable)	-	1,112,262	1,112,262
Public Safety (expendable)	43,614	-	43,614
Culture and Recreation (expendable)	82,231	-	82,231
Public, educational, and governmental programing	45,863	-	45,863
Court technology and security (expendable)	37,480	-	37,480
Unrestricted Net Position	5,920,347	4,803,939	10,724,286
<b>Total Net Position</b>	<u>\$ 30,206,332</u>	<u>\$ 25,865,143</u>	<u>\$ 56,071,475</u>

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

City of Granbury, Texas  
Statement of Activities  
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
City Council	\$ 160,440	\$	\$	\$
Legal	324,388			
Executive	472,304			
Financial Administration	336,005			
Purchasing	182,041			
Social Services	43,000			
Management Information Services and City WIFI	536,787	63,816		
Economic Development	116,727		118,121	
Human Resources	231,540			
Warehouse	161,524			
Fleet Maintenance	171,979			
Building Maintenance	205,287			
Granbury Public TV Channel 27	77,660	22,751		
Other governmental functions	891,290	-		
Police	3,399,519	165,262	13,805	-
Fire	394,463		-	-
Municipal Court	235,166	39,376		
Streets	1,595,888		-	12,916
Public Works	407,924			
Community Development	467,040	541,384	65,803	
Neighborhood Services	171,629	46,495		
Cemetery	29,188			
Tourism	1,281,171	60,550		-
Parks	1,971,622	133,211		-
Conference Center	689,392	368,850		
Interest and fiscal charges	1,071,451	-		
Total governmental activities	<u>15,625,425</u>	<u>1,441,695</u>	<u>197,729</u>	<u>12,916</u>
Business-type activities:				
Water treatment and distribution	4,516,917	5,008,528	-	26,638
Wastewater collection and treatment	2,365,317	2,237,232	-	-
Electricity	11,038,127	11,368,958	-	
Airport	1,029,054	801,785	-	499,273
Economic Development	86,000			
Total business-type activities	<u>- 19,035,415</u>	<u>19,416,503</u>	<u>-</u>	<u>525,911</u>
Total primary government	<u>\$ 34,660,840</u>	<u>\$ 20,858,198</u>	<u>\$ 197,729</u>	<u>\$ 538,827</u>

General Revenues:

Taxes:

Property Taxes, levied for general purposes

Property Taxes, levied for debt service

Sales Taxes

Hotel/Motel Occupancy Taxes

Franchise Taxes

Investment Earnings

Other Revenue

Transfers

Total General Revenues and Transfers

Change in Net Position

Prior Period adjustment

Net Position, October 1, 2012

Net Position, September 30, 2013

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

EXHIBIT B-1

City of Granbury, Texas  
 Statement of Activities  
 For the Year Ended September 30, 2013

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (160,440)	\$	\$ (160,440)
(324,388)		(324,388)
(472,304)		(472,304)
(336,005)		(336,005)
(182,041)		(182,041)
(43,000)		(43,000)
(472,971)		(472,971)
1,394		1,394
(231,540)		(231,540)
(161,524)		(161,524)
(171,979)		(171,979)
(205,287)		(205,287)
(54,909)		(54,909)
(891,290)		(891,290)
(3,220,452)		(3,220,452)
(394,463)		(394,463)
(195,790)		(195,790)
(1,582,972)		(1,582,972)
(407,924)		(407,924)
140,147		140,147
(125,134)		(125,134)
(29,188)		(29,188)
(1,220,621)		(1,220,621)
(1,838,411)		(1,838,411)
(320,542)		(320,542)
(1,071,451)		(1,071,451)
<u>(13,973,085)</u>	<u>-</u>	<u>(13,973,085)</u>
	518,249	518,249
	(128,085)	(128,085)
	330,831	330,831
	272,004	272,004
	(86,000)	(86,000)
<u>-</u>	<u>906,999</u>	<u>906,999</u>
\$ <u>(13,973,085)</u>	\$ <u>906,999</u>	\$ <u>(13,066,086)</u>
\$ 1,542,932	\$ -	\$ 1,542,932
2,762,254	-	2,762,254
6,463,449	-	6,463,449
540,925	-	540,925
1,505,084	-	1,505,084
58,025	32,891	90,916
435,688	-	435,688
275,804	(275,804)	-
<u>13,584,161</u>	<u>(242,913)</u>	<u>13,341,248</u>
(388,924)	664,086	275,162
(527,354)	(722,156)	(1,249,510)
<u>31,122,610</u>	<u>25,923,213</u>	<u>57,045,823</u>
\$ <u>30,206,332</u>	\$ <u>25,865,143</u>	\$ <u>56,071,475</u>

City of Granbury, Texas  
Balance Sheet  
Governmental Funds  
September 30, 2013

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Assets:					
Cash and cash equivalents	\$ 3,047,776	\$ 265,288	\$ 817,459	\$ 350,841	\$ 4,481,364
Investments	1,560,000	-	4,200,000	-	5,760,000
Receivables (Net of allowances for uncollectibles)					
Property taxes	41,684	70,329	-	-	112,013
Franchise taxes	314,766	-	-	-	314,766
Due from other governments	1,094,007	-	-	-	1,094,007
Fines and fees receivable	136,408	-	-	-	136,408
Miscellaneous receivables	30,405	-	-	60,095	90,500
Interest	50	-	135	-	185
Due from other funds	822,873	2,594	-	-	825,467
Inventories	96,231	-	-	3,460	99,691
Prepaid items	3,835	-	-	-	3,835
Restricted Assets:					
Cash and cash equivalents	263,711	-	-	-	263,711
 Total assets	<u>\$ 7,411,746</u>	<u>\$ 338,211</u>	<u>\$ 5,017,594</u>	<u>\$ 414,396</u>	<u>\$ 13,181,947</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 567,212	\$ 1,530	\$ 11,168	\$ 58,628	\$ 638,538
Due to other funds	2,594	-	-	598,000	600,594
 Total liabilities	<u>569,806</u>	<u>1,530</u>	<u>11,168</u>	<u>656,628</u>	<u>1,239,132</u>
Deferred inflows of resources:					
Deferred revenue	1,329,221	70,329	-	88,199	1,487,749
 Total deferred inflows of resources	<u>1,329,221</u>	<u>70,329</u>	<u>-</u>	<u>88,199</u>	<u>1,487,749</u>
Fund Balance:					
Nonspendable	908,067	-	-	-	908,067
Restricted	209,188	266,352	5,006,426	-	5,481,966
Committed	249,475	-	-	214,379	463,854
Assigned	140,163	-	-	-	140,163
Unassigned	4,005,826	-	-	(544,810)	3,461,016
 Total fund balances	<u>5,512,719</u>	<u>266,352</u>	<u>5,006,426</u>	<u>(330,431)</u>	<u>10,455,066</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,411,746</u>	<u>338,211</u>	<u>\$ 5,017,594</u>	<u>\$ 414,396</u>	<u>\$ 13,181,947</u>

City of Granbury, Texas  
 Reconciliation of the Governmental Funds Balance Sheet  
 To the Statement of Net Position  
 September 30, 2013

Total Fund Balances - Governmental Funds	10,455,066
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 \$80,791,127 and the accumulated depreciation was \$37,384,632.	43,406,495
Deferred outflows of resources (deferred refunding charges) related to governmental activity debt are not financial resources and therefore are not reported in the governmental funds.	312,506
Long-term liabilities, including \$23,867,898 bonds payable, \$383,508 notes payable, \$309,367 capital leases payable and \$409,570 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.	(24,970,343)
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.	(112,032)
Property taxes receivable, franchise taxes receivable, sales tax receivable and fines and fees receivable are not available soon enough to pay for the current period's expenditures and therefore are deferred revenue in the fund financial statements.	1,113,461
The City uses an internal service fund to charge the costs of self-insurance to 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.	1,179
Net Position of Governmental Activities	30,206,332

City of Granbury, Texas  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the year ended September 30, 2013

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes:					
Property	\$ 1,543,656	\$ 2,762,254	\$ -	\$ -	\$ 4,305,910
Sales and Use	6,440,471	-	-	-	6,440,471
Hotel/Motel Occupancy	-	-	-	540,925	540,925
Franchise	1,505,084	-	-	-	1,505,084
Fines and fees	184,388	-	-	-	184,388
Licenses and permits	561,786	-	-	-	561,786
Charges for service	61,506	-	-	402,494	464,000
Intergovernmental revenue	197,729	-	-	-	197,729
Park and recreation	133,236	-	-	-	133,236
Interest income	27,844	14,894	15,131	156	58,025
Other revenue	506,206	-	-	26,906	533,112
<b>Total revenues</b>	<b>11,161,906</b>	<b>2,777,148</b>	<b>15,131</b>	<b>970,481</b>	<b>14,924,666</b>
<b>Expenditures:</b>					
Current					
General government					
City Council	158,857	-	-	-	158,857
Legal	325,773	-	-	-	325,773
Executive	413,176	-	-	-	413,176
Financial Administration	336,670	-	-	-	336,670
Purchasing	148,910	-	-	-	148,910
Social Services	43,000	-	-	-	43,000
Management Information Services and City WiFi	620,242	-	-	-	620,242
Economic Development	115,502	-	-	-	115,502
Human Resources	216,674	-	-	-	216,674
Warehouse	147,273	-	-	-	147,273
Fleet Maintenance	217,399	-	-	-	217,399
Building Maintenance	190,330	-	-	-	190,330
Granbury Public TV Channel 27	94,660	-	-	-	94,660
Other governmental functions	608,376	-	-	-	608,376
Public Safety:					
Police	3,615,853	-	-	-	3,615,853
Fire	384,889	-	-	-	384,889
Municipal Court	231,746	-	-	-	231,746
Streets	421,448	-	-	-	421,448
Public Works	408,090	-	-	-	408,090
Community Development	466,779	-	-	-	466,779
Neighborhood Services	173,138	-	-	-	173,138
Cemetery	100,227	-	-	-	100,227
Tourism	-	-	-	953,968	953,968
Parks	1,479,716	-	-	-	1,479,716
Conference Center	-	-	-	677,325	677,325
Capital outlay	-	-	2,410,505	-	2,410,505
Debt service:					
Principal	-	1,962,662	-	22,367	1,985,029
Interest and fiscal charges	-	987,741	-	23,793	1,011,534
Debt issuance costs	-	119,333	-	-	119,333
<b>Total expenditures</b>	<b>10,918,728</b>	<b>3,069,736</b>	<b>2,410,505</b>	<b>1,677,453</b>	<b>18,076,422</b>
Excess (deficiency) of revenue over (under) expenditures	\$ 243,178	\$ (292,588)	\$ (2,395,374)	\$ (706,972)	\$ (3,151,756)
<b>Other financing sources (uses)</b>					
Transfers in	398,664	166,578	-	617,776	1,183,018
Transfers out	(907,214)	-	-	-	(907,214)
Refunding bonds issued	-	4,980,000	-	-	4,980,000
Payment to bond refunding escrow agent	-	(5,231,783)	-	-	(5,231,783)
Bond (Discount)/Premium	-	371,129	-	-	371,129
Issuance of Capital lease	214,208	-	-	-	214,208
<b>Total other financing sources (uses)</b>	<b>(294,342)</b>	<b>285,924</b>	<b>-</b>	<b>617,776</b>	<b>609,358</b>
Net change in fund balances	(51,164)	(6,664)	(2,395,374)	(89,196)	(2,542,398)
Fund Balance, October 1, 2012	5,563,883	273,016	7,401,800	(241,235)	12,997,464
Fund Balance, September 30, 2013	\$ 5,512,719	\$ 266,352	\$ 5,006,426	\$ (330,431)	\$ 10,455,066

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, 2013

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Total Net Change in Fund Balances - Governmental Funds	(2,542,398)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$3,414,898 of capital outlays and \$1,985,029 of debt principal payments is to increase net position.	5,399,927
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.	(6,702)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,792,588)
Current year issuance of capital lease are other financing sources in the fund financial statements. The effect of the \$214,208 increase in capital leases payable is a decrease in net position.	(214,208)
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 \$18,021 decrease in interest payable, \$201,311 increase in compensated absences, \$41,395 amortization of deferred charges, premiums and discounts, and \$119,346 change from issuing refunding bonds decrease net position.	(261,241)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	29,817
The City uses an internal service fund to charge costs of self-insurance to individual funds. The adjustment to reflect the consolidation of the internal service fund activities related to governmental activities.	(1,531)
Change in Net Position of Governmental Activities	(388,924)

City of Granbury, Texas  
Statement of Net Position  
Proprietary Funds  
September 30, 2013

	Business-type Activities Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 2,695,506	\$ 1,854	\$ 2,697,360	\$ 1,179
Investments	50,000	-	50,000	-
Receivables (Net of allowance for uncollectibles):				
Accounts	2,252,551	-	2,252,551	-
Miscellaneous Receivables	-	112,294	112,294	-
Interest	90	-	90	-
Supplies inventory	1,258,611	37,736	1,296,347	-
Restricted Assets:				
Cash and cash equivalents	2,106,637	-	2,106,637	-
Investments	2,558,765	-	2,558,765	-
 Total current assets	 <u>10,922,160</u>	 <u>151,884</u>	 <u>11,074,044</u>	 <u>1,179</u>
Capital assets, at cost:				
Land	885,750	147,823	1,033,573	-
Construction in Progress	2,457,580	-	2,457,580	-
Buildings	147,438	256,487	403,925	-
Improvements other than buildings	46,690,095	4,388,684	51,078,779	-
Machinery and Equipment	3,730,060	128,138	3,858,198	-
Less: accumulated depreciation	(20,726,857)	(2,664,204)	(23,391,061)	-
Capital assets, net	<u>33,184,066</u>	<u>2,256,928</u>	<u>35,440,994</u>	<u>-</u>
 Total noncurrent assets	 <u>33,184,066</u>	 <u>2,256,928</u>	 <u>35,440,994</u>	 <u>-</u>
 Total assets	 <u>\$ 44,106,226</u>	 <u>\$ 2,408,812</u>	 <u>\$ 46,515,038</u>	 <u>\$ 1,179</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred charge on refunding	\$ 198,079	\$ -	\$ 198,079	\$ -
 Total deferred outflows of resources	 <u>\$ 198,079</u>	 <u>\$ -</u>	 <u>\$ 198,079</u>	 <u>\$ -</u>

City of Granbury, Texas  
Statement of Net Position  
Proprietary Funds  
September 30, 2013

	Business-type Activities			Governmental Activities
	Enterprise Funds			
	Utility Fund	Airport Fund	Totals	
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 1,088,446	\$ 20,821	\$ 1,109,267	\$ -
Compensated absences payable	55,564	1,925	57,489	-
Due to other funds	14,873	210,000	224,873	-
Current Liabilities Payable from Restricted Assets:				
Current portion of long-term debt	1,255,551	43,013	1,298,564	-
Interest payable	38,890	-	38,890	-
Customer deposits payable	443,508	-	443,508	-
Total current liabilities	<u>2,896,832</u>	<u>275,759</u>	<u>3,172,591</u>	<u>-</u>
Noncurrent Liabilities:				
Compensated absences payable	81,866	-	81,866	-
Capital leases payable	70,747	956,450	1,027,197	-
Bonds payable	<u>16,490,822</u>	<u>-</u>	<u>16,490,822</u>	<u>-</u>
Total noncurrent liabilities	<u>16,643,435</u>	<u>956,450</u>	<u>17,599,885</u>	<u>-</u>
Total liabilities	<u>\$ 19,540,267</u>	<u>\$ 1,232,209</u>	<u>\$ 20,772,476</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unearned Revenue	<u>\$ 75,498</u>	<u>\$ -</u>	<u>\$ 75,498</u>	<u>\$ -</u>
Total deferred inflows of resources	<u>\$ 75,498</u>	<u>\$ -</u>	<u>\$ 75,498</u>	<u>\$ -</u>
<b>NET POSITION:</b>				
Investment in capital assets, net of debt	\$ 17,574,842	\$ 1,257,465	\$ 18,832,307	\$ -
Restricted for debt service (Expendable)	1,116,635	-	1,116,635	-
Restricted impact fees for capital improvements - water (Expendable)	207,709	-	207,709	-
Restricted impact fees for capital improvements - wastewater (Expendable)	904,553	-	904,553	-
Unrestricted	<u>4,884,801</u>	<u>(80,862)</u>	<u>4,803,939</u>	<u>1,179</u>
Total net position	<u>\$ 24,688,540</u>	<u>\$ 1,176,603</u>	<u>\$ 25,865,143</u>	<u>\$ 1,179</u>

City of Granbury, Texas  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the year ended September 30, 2013

	Business-type Activities Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
Operating revenues:				
Charges for sales and services:				
Charges for Water and Sewer Sales	\$ 6,827,171	\$ -	\$ 6,827,171	\$ -
Charges for Electricity Sales	11,145,165	-	11,145,165	-
Charges for Airport Services	-	788,231	788,231	-
Impact fees	281,501	-	281,501	-
Other Revenue	360,880	13,555	374,435	5,932
Total operating revenue	<u>18,614,717</u>	<u>801,786</u>	<u>19,416,503</u>	<u>5,932</u>
Operating expenses:				
Administration	570,760	-	570,760	-
Airport	-	857,152	857,152	-
Water treatment and distribution	2,691,343	-	2,691,343	-
Wastewater collection and treatment	1,247,475	-	1,247,475	-
Electricity	9,178,111	-	9,178,111	-
Management Information Systems	254,012	-	254,012	-
Meter Reading	190,575	-	190,575	-
Fleet Maintenance	50,208	-	50,208	-
Building Maintenance	338,307	-	338,307	-
Self-funded health insurance	-	-	-	7,727
Utility Franchise Fees	812,300	-	812,300	-
Depreciation	1,909,914	132,017	2,041,931	-
Total operating expenses	<u>17,243,005</u>	<u>989,169</u>	<u>18,232,174</u>	<u>7,727</u>
Operating income	<u>1,371,712</u>	<u>(187,383)</u>	<u>1,184,329</u>	<u>(1,795)</u>
Nonoperating revenues (expenses):				
Interest revenue	32,891	-	32,891	264
Interest expense	(600,920)	(39,885)	(640,805)	-
Debt issuance costs	(76,436)	-	(76,436)	-
Contribution for Economic Development	(86,000)	-	(86,000)	-
Total nonoperating revenues (expenses)	<u>(730,465)</u>	<u>(39,885)</u>	<u>(770,350)</u>	<u>264</u>
Income (loss) before contributions and transfers	<u>641,247</u>	<u>(227,268)</u>	<u>413,979</u>	<u>(1,531)</u>
Capital contributions and transfers:				
Capital contributions	26,638	499,273	525,911	-
Transfers in	-	150,806	150,806	-
Transfers out	(426,610)	-	(426,610)	-
Change in Net Position	241,275	422,811	664,086	(1,531)
Prior Period Adjustment	(722,156)	-	(722,156)	-
Net Position, October 1, 2012	<u>25,169,421</u>	<u>753,792</u>	<u>25,923,213</u>	<u>2,710</u>
Net Position, September 30, 2013	<u>\$ 24,688,540</u>	<u>\$ 1,176,603</u>	<u>\$ 25,865,143</u>	<u>\$ 1,179</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, 2013

	Business-type Activities			Governmental
	Enterprise Funds			Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 18,513,629	\$ 838,540	\$ 19,352,169	\$ -
Receipts from interfund services provided	-	-	-	17,151
Payments to suppliers	(13,743,140)	(734,231)	(14,477,371)	(16,236)
Cash paid to employees	(1,448,482)	(137,931)	(1,586,413)	-
Net cash provided by operating activities	<u>3,322,007</u>	<u>(33,622)</u>	<u>3,288,385</u>	<u>915</u>
<b>Cash flow from noncapital financing activities:</b>				
Transfers in		150,806	150,806	
Transfers out	(426,610)	-	(426,610)	-
Contributions for Economic Development	(86,000)	-	(86,000)	-
Net cash provided (used) by noncapital financing activities	<u>(512,610)</u>	<u>150,806</u>	<u>(361,804)</u>	<u>-</u>
<b>Cash flow from capital and related financing activities:</b>				
Principal payments on long-term debt	(1,195,657)	(62,033)	(1,257,690)	-
Proceeds from capital leases		473,495	473,495	
Capital grants and contributions		488,957	488,957	
Capital expenditures	(2,604,640)	(993,991)	(3,598,631)	-
Interest paid on bonds	(622,814)	(25,055)	(647,869)	-
Net cash (used) by capital and related financing activities	<u>(4,423,111)</u>	<u>(118,627)</u>	<u>(4,541,738)</u>	<u>-</u>
<b>Cash flow from investing activities:</b>				
Proceeds from sales and maturities of investments	3,000,000	-	3,000,000	-
Purchase of investments	(156)	-	(156)	-
Interest Received	33,522	-	33,522	264
Net cash provided (used) by investing activities	<u>3,033,366</u>	<u>-</u>	<u>3,033,366</u>	<u>264</u>
Net increase (decrease) in cash and cash equivalents	1,419,652	(1,443)	1,418,209	1,179
Cash and cash equivalents, October 1, 2012	<u>3,382,491</u>	<u>3,297</u>	<u>3,385,788</u>	<u>-</u>
Cash and cash equivalents, September 30, 2013	<u>\$ 4,802,143</u>	<u>\$ 1,854</u>	<u>\$ 4,803,997</u>	<u>\$ 1,179</u>
<b>Reconciliation of Operating Income to</b>				
<b>Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 1,371,712	\$ (187,383)	\$ 1,184,329	\$ (1,795)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,909,914	132,017	2,041,931	
Loss on disposal of capital assets	22,187		22,187	
(Increase) decrease in accounts receivable	(151,200)	-	(151,200)	
(Increase) decrease in miscellaneous receivables	-	36,754	36,754	11,219
(Increase) decrease in inventory	22,712	5,701	28,413	
Increase (decrease) in accounts payable	34,216	(22,636)	11,580	(8,509)
Increase (decrease) in compensated absences payable	62,354	1,925	64,279	
Increase (decrease) in unearned revenue	1,497	-	1,497	
Increase (decrease) in customer meter deposits	48,615	-	48,615	
Total adjustments	<u>1,950,295</u>	<u>153,761</u>	<u>2,104,056</u>	<u>2,710</u>
Net cash provided by operating activities	<u>\$ 3,322,007</u>	<u>\$ (33,622)</u>	<u>\$ 3,288,385</u>	<u>\$ 915</u>
<b>Noncash Investing, Capital and Financing Activities</b>				
Contribution of capital assets from developers	\$ 26,638	\$ -	\$ 26,638	\$ -
Capital assets purchased with capital lease	69,045	-	69,045	
Increase in bonds payable due to refinancing	(174,653)		(174,653)	
Increase in capital leases due to refinancing		(14,830)	(14,830)	
	<u>\$ (78,970)</u>	<u>\$ (14,830)</u>	<u>\$ (93,800)</u>	<u>\$ -</u>

City of Granbury, Texas  
Statement of Fiduciary Net Position  
Fiduciary Fund  
September 30, 2013

	Future Construction Escrow Agency Fund	Employee Benefits Trust
<b>ASSETS:</b>		
Assets:		
Cash and cash equivalents	\$ 34,063	\$ 198,124
Total assets	<u>\$ 34,063</u>	<u>\$ 198,124</u>
<b>LIABILITIES</b>		
Liabilities:		
Escrow liability	\$ 34,063	\$ -
Total liabilities	<u>\$ 34,063</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Unrestricted Net Position		- <u>\$ 198,124</u>

City of Granbury, Texas  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the year ended September 30, 2013

	<u>Employee Benefits Trust</u>
Additions	
Contributions	
Employer	\$ 1,150,477
Employees	91,807
Miscellaneous income	75,000
Interest Income	<u>300</u>
Total additions	<u>1,317,584</u>
Deductions	
Insurance Premiums	<u>1,214,137</u>
Change in Net Position	<u>103,447</u>
Net Position, October 1, 2012	94,677
Net Position, September 30, 2013	<u><u>\$ 198,124</u></u>

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

*Blended Component Unit.*

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

**B. Government-wide and Fund Financial Statements**

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

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

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

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

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

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

The City utilizes one *internal service fund* to account for self-funded health insurance.

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

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**D. Assets, Liabilities and Net Position or Equity**

**1. *Deposits and Investments***

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

**2. *Receivables and Payables***

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. *Property Tax***

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

**4. *Inventory***

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

**5. *Prepaid Items***

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

**6. *Capital Assets***

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the proprietary funds during the current fiscal year was \$640,805. Of this amount \$0 was included as part of the cost of capital assets under construction in connection with utility construction projects.

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**7. *Compensated Absences***

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

**8. *Long-term Obligations***

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

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

**9. *Fund Balance – Governmental Funds***

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

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

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

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Unassigned – All amounts not included in other spendable classifications.

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays and inventory	\$ 100,067	\$ -	\$ -	\$ -	\$ 100,067
Due from other funds	808,000				808,000
Restricted:					
Debt Service		266,352			266,352
Construction			5,006,426		5,006,426
Public Safety	43,614				43,614
Culture and Recreation	82,231				82,231
Public, educational and governmental programming	45,863				45,863
Court technology & security	37,480				37,480
Committed:					
Culture and Recreation				214,379	214,379
Encumbrances	249,475				249,475
Assigned					
Subsequent year budget deficit	88,755				88,755
Cemetery Gas Well	51,408				51,408
Unassigned	4,005,826			(544,810)	3,461,016
	<u>\$ 5,512,719</u>	<u>\$ 266,352</u>	<u>\$ 5,006,426</u>	<u>\$ (330,431)</u>	<u>\$ 10,455,066</u>

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

The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the City strive to maintain an unassigned fund balance of not less than 15% of the General Fund budgeted expenditures.

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**10. *Net Position***

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

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

Restricted Fund Balance (Exhibit C-1)	\$ 5,481,966
Adjustments	
Unspent proceeds from bonds reclassified to investment in capital assets, net of debt	(5,006,426)
Accrued interest payable restricted for debt service	(112,032)
Deferred property tax revenue restricted for debt service	70,329
Total adjustments	(5,048,129)
Restricted Net Position (Exhibit A-1)	\$ 433,837

**11. *Use of Estimates***

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

**12. *Comparative Data***

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

**13. *Deficit Fund Equity***

The tourism fund reported a negative fund balance of \$544,810. Management expects the fund to report a positive change in fund balance next year. Additionally, the general fund will make transfers to cover the deficit fund equity.

**14. *Accounting Change***

Change in Accounting Principle – As a result of implementing GASB Statement Nos. 63 and 65, the City has restated the beginning net position in the government-wide Statement of Net Position and the Proprietary Funds

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Statement of Net Position effectively decreasing net position as of September 30, 2013 by \$527,354 in the governmental activities and \$722,156 in the business-type activities. The decrease results from no longer deferring and amortizing bond issuance costs.

**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, 2013, the City did not own any types of securities other than those permitted by statute.

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name at a level of not less than 102% of market value. At September 30, 2013, \$12,096 of the City's total deposits at First Financial Bank was exposed to custodial risk and was uninsured and not collateralized. The two other banks where the City holds deposits were fully collateralized.

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

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, 2013 included the following:

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 2: DEPOSITS AND INVESTMENTS (continued)**

Investment	Credit Rating	Maturities	Percentage of Total Investments	Cost	Fair Value
Tex-Pool	AAAm	74 days	48.88%	\$ 4,040,043	\$ 4,040,043
TexStar Pool	AAAm	52 days	51.12%	4,225,018	4,225,018
			100.00%	\$ 8,265,061	\$ 8,265,061

Reconciliation to financial statements

Investments from Exhibit A-1	\$ 8,368,765
Less: Certificate of Deposit	(103,704)
	\$ 8,265,061

**NOTE 3: RESTRICTED ASSETS**

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

	Cash	Investments
Governmental Activities		
PEG Fees	\$ 63,581	\$ -
Granbury Lake Level	200,130	-
Total	\$ 263,711	\$ -
Business-type Activities		
Customer deposits	\$ 443,508	\$ -
Impact fees restricted for capital improvements	384,769	473,704
Interest and sinking funds	116,574	-
Revenue bond reserve	123,255	885,061
Bond construction fund	1,038,531	1,200,000
Total	\$2,106,637	\$2,558,765

**NOTE 4: RECEIVABLES**

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 4: RECEIVABLES (continued)**

	General	Debt Service	Capital Projects	Nonmajor Funds	Total Governmental Funds	Total Enterprise Funds
Receivables:						
Property taxes	\$ 48,328	\$ 82,740	\$ -	\$ -	\$ 131,068	\$ -
Franchise taxes	314,766				314,766	
Accounts receivable						1,557,959
Earned income not billed						855,128
Fines and fees receivable	389,736				389,736	
Due from other governments	1,094,007				1,094,007	
Miscellaneous	30,405	-	-	60,095	90,500	112,294
Interest	50	-	135	-	185	90
Gross Receivables	1,877,292	82,740	135	60,095	2,020,262	2,525,471
Less: Allowance for Uncollectibles	(259,972)	(12,411)	-	-	(272,383)	(160,536)
Net Total Receivables	<u>\$ 1,617,320</u>	<u>\$ 70,329</u>	<u>\$ 135</u>	<u>\$ 60,095</u>	<u>\$ 1,747,879</u>	<u>\$ 2,364,935</u>

**NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)**

**Deferred outflows of resources**

Deferred amount on refunding (utility fund)	\$ 198,079
Total deferred outflows of resources for enterprise funds	\$ 198,079

Deferred amount on refunding (governmental activities)	312,506
Total deferred outflows of resources for governmental activities	\$ 312,506

**Deferred inflows of resources**

Deferred property taxes receivable (general fund)	\$ 36,927
Deferred property taxes receivable (debt service fund)	70,329
Deferred sales tax receivable (general fund)	555,031
Deferred franchise tax receivable (general fund)	314,766
Deferred fines and fees receivable (general fund)	136,408
Unearned revenues (general fund)	286,089
Unearned revenues (nonmajor funds)	88,199
Total deferred inflows for governmental funds	\$ 1,487,749

Unearned revenues	75,498
Total deferred inflows for enterprise funds	\$ 75,498

**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, 2013, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Utility Fund	\$ 14,873	Warehouse inventory
	Tourism Fund	598,000	Borrowings through pooled cash
	Airport Fund	210,000	Borrowings through pooled cash
Debt Service	General Fund	2,594	Debt service
Total Governmental Funds		\$ 825,467	

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**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, 2013, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Enterprise	\$ 398,664	Unrestricted revenues of utility fund used to finance various general fund programs
Debt Service	General Fund	166,578	Debt service
Nonmajor Funds	General	547,776	Conference Center and tourism
	General	70,000	Historic Properties
Total Governmental Funds Transfers In		<u>\$ 1,183,018</u>	
Airport Fund	General	<u>\$ 150,806</u>	Airport
Total Enterprise Funds Transfers In		<u>\$ 150,806</u>	

**NOTE 7: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013 was as follows:

Governmental activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers &amp; Adjustments</u>	<u>Ending Balance</u>
<b>Non - Depreciable Assets:</b>					
Land	\$ 5,347,623	\$ -	\$ -	\$ -	\$ 5,347,623
Construction in Progress	1,694,293	2,672,422		(579,100)	3,787,615
Total non-depreciable assets	<u>7,041,916</u>	<u>2,672,422</u>	<u>-</u>	<u>(579,100)</u>	<u>9,135,238</u>
<b>Depreciable Assets:</b>					
Buildings	13,969,816	209,940	(2,675)	742,857	14,919,938
Improvements other than buildings	47,635,864	76,066	(42,026)	514,445	48,184,349
Machinery and equipment	7,978,014	456,470	(96,066)	213,183	8,551,601
Total capital assets being depreciated	<u>69,583,694</u>	<u>742,476</u>	<u>(140,767)</u>	<u>1,470,485</u>	<u>71,655,888</u>
<b>Accumulated Depreciation:</b>					
Buildings	(3,571,351)	(600,975)	2,438	(614,378)	(4,784,266)
Improvements other than buildings	(24,819,246)	(1,640,515)	42,026	972,452	(25,445,283)
Machinery and equipment	(5,444,126)	(551,098)	84,947	(1,244,805)	(7,155,082)
Total accumulated depreciation	<u>(33,834,723)</u>	<u>(2,792,588)</u>	<u>129,411</u>	<u>(886,731)</u>	<u>(37,384,631)</u>
Governmental activities capital assets, net	<u>\$ 42,790,887</u>	<u>\$ 622,310</u>	<u>\$ (11,356)</u>	<u>\$ 4,654</u>	<u>\$ 43,406,495</u>

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 7: CAPITAL ASSETS (Continued)**

Governmental activities:

City Council	1,583
Executive	1,348
Management Information Services	120,779
Warehouse	13,941
Building maintenance	6,272
Other governmental functions	282,914
Police	83,856
Fire	144,212
Streets	1,204,973
Cemetery	11,960
Tourism	372,506
Parks	548,244
Total depreciation expense - governmental activities	<u><u>\$ 2,792,588</u></u>

Business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers &amp; Adjustments</u>	<u>Ending Balance</u>
Non - Depreciable Assets:					
Land	\$ 1,033,573	\$ -			\$ 1,033,573
Construction in Progress	726,219	2,433,500		(702,139)	2,457,580
Total non-depreciable assets	<u>1,759,792</u>	<u>2,433,500</u>	<u>-</u>	<u>(702,139)</u>	<u>3,491,153</u>
Depreciable Assets:					
Buildings	1,007,987			(604,060)	403,927
Improvements other than buildings	49,545,293	813,253	(13,642)	733,876	51,078,780
Machinery and equipment	4,077,993	267,829	(168,564)	(319,062)	3,858,196
Total capital assets being depreciated	<u>54,631,273</u>	<u>1,081,082</u>	<u>(182,206)</u>	<u>(189,246)</u>	<u>55,340,903</u>
Accumulated Depreciation:					
Buildings	(964,270)	(18,777)		614,375	(368,672)
Improvements other than buildings	(17,952,927)	(1,870,339)	7,366	(31,737)	(19,847,637)
Machinery and equipment	(3,493,653)	(152,815)	167,625	304,090	(3,174,753)
Total accumulated depreciation	<u>(22,410,850)</u>	<u>(2,041,931)</u>	<u>174,991</u>	<u>886,728</u>	<u>(23,391,062)</u>
Business-type activities capital assets, net	<u><u>\$ 33,980,215</u></u>	<u><u>\$ 1,472,651</u></u>	<u><u>\$ (7,215)</u></u>	<u><u>\$ (4,657)</u></u>	<u><u>\$ 35,440,994</u></u>

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 7: CAPITAL ASSETS (Continued)**

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

Business-type activities:	
Water treatment and distribution	\$ 1,055,546
Wastewater collection and treatment	629,105
Electricity	225,263
Airport	132,017
Total depreciation expense - business-type activities	\$ 2,041,931

**NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT**

General Obligation Bonds, Certificates of Obligation Bonds and Capital Leases Payable principal and interest are paid by the debt service fund. The Note Payable to OmniAmerican Bank is paid by the Granbury Historic Properties Corporation. The compensated absences balances were earned in the funds as follows: general fund \$388,883 and tourism fund \$20,687.

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

	9/30/2012	Additions	Retirements	9/30/2013	Due Within One Year
<b>General Obligation Bonds</b>					
\$3,267,500; General Obligation Refunding Bonds Series 2005 due in semi-annual payments from 5/15/2005, 2.75% to 4.20% until 8/15/2022.	2,505,000		2,505,000	-	
\$4,980,000; General Obligation Refunding Bonds Series 2013 due in semi-annual payments from 8/15/2013; 2% to 3% until 8/15/2024.	-	4,980,000	260,000	4,720,000	245,000
Series 2013 unamortized bond premium		371,129	30,927	340,202	30,927
\$2,270,000; General Obligation Refunding Bonds Series 2008 due in semi-annual payments from 8/15/2008, 3.50% to 4.00% until 8/15/2024.	1,645,000		110,000	1,535,000	110,000
Series 2008 unamortized bond premium	32,752		2,730	30,022	2,730
\$5,845,000; General Obligation Refunding Bonds Series 2011 due in annual installments beginning from 08/15/2011, 2.00% to 4.00% until 08/15/2022	4,660,000		790,000	3,870,000	805,000
Series 2011 unamortized bond premium	254,394	-	23,127	231,267	23,127
<b>Total General Obligation Bonds</b>	<b>9,097,146</b>	<b>5,351,129</b>	<b>3,721,784</b>	<b>10,726,491</b>	<b>1,216,784</b>

**City of Granbury, Texas  
Notes to Financial Statements  
September 30, 2013**

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

**Certificates of Obligation**

\$3,859,500; Tax and Revenue Certificates of Obligation - Series 2006 due in semi-annual installments at 4.00% to 4.15% until 8/15/2024.	2,979,875		2,774,500	205,375	205,375
\$680,000; City of Granbury, Texas Combination Tax and Revenue Certificates of Obligation, Series 2006A due in semi-annual installments at 4.45% until August 15, 2021.	465,000		45,000	420,000	45,000
\$15,050,000 Combination Tax and Revenue Certificates of Obligation - Series 2007. Interest is payable semi-annually at 4.00% to 4.70% until 8/15/32.	13,065,000	-	430,000	12,635,000	450,000
Series 2007 unamortized bond discount	(125,229)	-	(6,261)	(118,968)	(6,261)
Total Certificates of Obligation	<u>16,384,646</u>	<u>-</u>	<u>3,243,239</u>	<u>13,141,407</u>	<u>694,114</u>

**Notes Payable**

\$483,450; Promissory Note to OmniAmerican Bank payable in 12 monthly installments of interest only beginning on December 14, 2006 at 5.69%, thereafter, equal monthly principal and interest installments of \$3,048. On November 14, 2009 and every third year thereafter, until maturity the loan rate will change. At each change date the rate will be the lessor of the Prime Rate minus 2.56% or the maximum rate allowed by law. Note is secured by opera house and related properties This note was refinanced through First Financial Bank	405,875		22,367	383,508	23,116
Total Notes Payable	<u>405,875</u>	<u>-</u>	<u>22,367</u>	<u>383,508</u>	<u>23,116</u>

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

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

**Capital Leases Payable**

\$237,715 Lease payable to Government Capital Corp in 5 annual payments of \$52,461.98 including interest at 9.1% until October 2012.	49,878	-	49,878	-	-
\$370,000 Lease payable to Suntrust Leasing in 40 quarterly payments of \$11,114 including interest at 3.71% until December 2014. Secured by rescue truck	95,540		41,484	54,056	43,045
\$100,709.80 Lease payable to Kansas State Bank in 20 quarterly payments of \$5,035.49 including interest at 3.179% until November 2016. Secured by Forklift and Fire Chevy.	79,777		17,817	61,960	18,390
\$214,208 Lease payable to Houston Community Bank in 20 quarterly payments of \$14,582.11 including interest at 1.18% until March 2018. Secured by (2) 2013 Ford F250 and (2) 2013 Chevy Silverado Trucks.	-	214,208	20,857	193,351	42,085
Total Capital Leases	225,195	214,208	130,036	309,367	103,520
Compensated Absences Payable	208,259	401,236	199,925	409,570	207,156
Total Governmental Activities	26,321,121	5,966,573	7,317,351	24,970,343	2,244,690

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

	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2014	1,160,000	312,888	\$ 1,472,888	700,375	578,237	\$ 1,278,612
2015	1,402,500	279,988	1,682,488	510,000	550,020	1,060,020
2016	865,000	241,925	1,106,925	535,000	529,417	1,064,417
2017	890,000	220,100	1,110,100	555,000	507,792	1,062,792
2018	912,500	195,150	1,107,650	580,000	485,367	1,065,367
2019-2023	4,472,500	503,425	4,975,925	3,135,000	2,054,572	5,189,572
2024-2028	422,500	14,400	436,900	3,665,000	1,340,906	5,005,906
2029-2033	-		-	3,580,000	423,188	4,003,188
Debt Service Requirements	10,125,000	1,767,876	11,892,876	13,260,375	6,469,499	19,729,874
Add: Unamortized Premium	601,491					
Less: Unamortized Discount				(118,968)		
	\$ 10,726,491	\$ 1,767,876	\$ 11,892,876	\$ 13,141,407	\$ 6,469,499	\$ 19,729,874

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

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

	Notes Payable		
	Principal	Interest	Total
2014	\$ 23,116	\$ 12,286	\$ 35,402
2015	23,889	11,513	35,402
2016	24,831	10,540	35,371
2017	25,513	9,889	35,402
2018	26,584	8,818	35,402
2019-2023	143,289	31,106	174,395
2024-2028	116,286	7,369	123,655
	\$ 383,508	\$ 91,521	\$ 475,029

**BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT**

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

Four debt issues of the City are allocated between the governmental activities and business-type activities. The General Obligation Refunding Bonds Series 2005 were allocated \$3,267,500 governmental activities and \$3,267,500 business-type activities. The Tax and Revenue Certificates of Obligation Series 2006 were allocated \$3,859,500 governmental activities and \$1,120,500 business-type activities. The General Obligation Refunding Bonds Series 2008 were allocated \$2,270,000 governmental activities and \$2,270,000 business-type activities. The 2013 General Obligation refunding bonds were allocated \$4,980,000 governmental activities and \$3,190,000 business-type activities.

April 2, 2013, the City issued the \$8,170,000 General Obligation Refunding Bonds, Series 2013 with interest ranges between 2.00% and 3.00%. The bonds are split between Government-wide General Obligation Refunding Bonds of \$4,980,000 and Enterprise General Obligation Refunding Bonds of \$3,190,000. The City issued the bonds to refund \$5,010,000 General Obligation Refunding Bonds, Series 2005, \$3,325,000 Tax and Revenue Certificates of Obligation, Series 2006. This refunding reduced principal and interest payments over the life of the bonds by \$954,880 and resulted in a net present value savings (economic gain) of \$833,068.

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

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

	9/30/2012	Additions	Retirements	9/30/2013	One Year
<b>Revenue Bonds</b>					
\$3,352,000; Utility System Subordinated Lien Revenue Bonds - Series 1998 - dated 3/30/98, due in annual installments at 4.50% to 2038.	2,769,000		57,000	2,712,000	60,000
\$270,000; Utility System Subordinated Lien Revenue Bonds - Series 1999 - dated 6/28/99, due in annual installments at 4.50% to 2038.	220,000		5,000	215,000	5,000
\$4,005,000; Utility Systems Revenue Improvement and Refunding Bonds - Series 2003 - due in semi-annual installments at 2.00% to 3.00% to 9/15/2014.	500,000		245,000	255,000	255,000
\$5,910,000; Utility Systems Revenue Refunding Bonds Series 2010 due in annual installments at 2% to 3.625% to 9/15/2022	5,395,000	-	270,000	5,125,000	270,000
2010 Series unamortized bond premium	28,111	-	2,811	25,300	2,811
\$4,700,000; Utility Systems Revenue Bonds Series 2012 due in annual installments at 3.0% to 4.0% to 9/15/2031	4,550,000		180,000	4,370,000	185,000
2012 Series unamortized bond premium	212,076		11,162	200,914	11,162
<b>Total Revenue Bonds</b>	<b>13,674,187</b>	<b>-</b>	<b>770,973</b>	<b>12,903,214</b>	<b>788,973</b>

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

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

**General Obligation and Certificates of Obligation**

\$3,267,500; General Obligation Refunding Bonds Series 2005 due in semi-annual installments at 3.00% to 4.20% until 8/15/2022.	2,505,000		2,505,000	-	
\$3,190,000; General Obligation Refunding Bonds Series 2013 due in semi-annual payments from 8/15/2013; 2% to 3% until 8/15/2024.	-	3,190,000	235,000	2,955,000	230,000
2013 Series unamortized bond premium		237,778	19,815	217,963	19,815
\$1,120,500; Tax and Revenue Certificates of Obligation - Series 2006 due in semi-annual installments at 4.00% to 4.15% until 8/15/2024.	865,125		805,500	59,625	59,625
\$2,270,000; General Obligation Refunding Bonds Series 2008 due in semi-annual payments from 8/15/2008, 3.50% to 4.00% until 8/15/2024.	1,645,000	-	110,000	1,535,000	110,000
2008 Series unamortized bond premium	33,891	-	2,729	31,162	2,729
<b>Total Certificates of Obligation</b>	<b>5,049,016</b>	<b>3,427,778</b>	<b>3,678,044</b>	<b>4,798,750</b>	<b>422,169</b>

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

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

Capital Leases Payable

\$98,600 Lease payable to Kansas State Bank in quarterly payments of \$5,596 including interest at until September 2014. Secured by sewer jetter.	42,371	-	20,664	21,707	21,706
\$886,000 Lease payable to Suntrust Leasing in 60 quarterly payments of \$22,949, including interest at 6.31% until August 2020 and secured by the airport hanger.	573,171		573,171	-	-
\$574,094.46 Lease payable to Community Bank in 32 quarterly payments of \$17,940 plus interest at 3.0% until February 2021 and secured by the airport hanger.	-	574,094	35,881	538,214	17,940
\$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.	-	188,705	4,880	183,825	9,993
\$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.	-	284,790	7,365	277,425	15,080
\$50,524.40 Lease payable to Kansas State Bank in 20 quarterly payments of \$2,526.22 including interest at 3.179% until November 2016. Secured by Electric Chevy.	40,023		8,938	31,085	9,226
\$69,045 Lease payable to Houston Community Bank in 20 quarterly payments of \$14,582.11 including interest at 1.18% until March 2018. Secured by (2) 2013 Ford F250 and (2) 2013 Chevy Silverado Trucks.	-	69,045	6,679	62,366	13,476

	655,564	1,116,634	657,578	1,114,621	87,422
Compensated Absences Payable	75,076	114,500	50,223	139,353	57,489
Total Business-type Activities	19,453,843	4,658,912	5,156,818	18,955,938	1,356,053

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

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

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

	Revenue Bonds			General Obligation and Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 775,000	\$ 469,153	\$ 1,244,153	399,625	137,023	\$ 536,648
2015	798,000	446,277	1,244,277	417,500	126,188	543,688
2016	821,000	421,317	1,242,317	415,000	116,075	531,075
2017	849,000	395,623	1,244,623	435,000	106,050	541,050
2018	878,000	366,168	1,244,168	447,500	93,925	541,425
2019-2023	4,134,000	1,363,265	5,497,265	2,192,500	253,675	2,446,175
2024-2028	1,907,000	785,830	2,692,830	242,500	9,000	251,500
2029-2033	1,642,000	369,665	2,011,665	-	-	-
2034-2038	873,000	121,500	994,500	-	-	-
Debt Service Requirements	12,677,000	4,738,798	17,415,798	4,549,625	841,936	5,391,561
Add: Unamortized Premium	226,214			249,125		
	<u>\$ 12,903,214</u>	<u>\$ 4,738,798</u>	<u>\$ 17,415,798</u>	<u>\$ 4,798,750</u>	<u>\$ 841,936</u>	<u>\$ 5,391,561</u>

The City covenants and agrees to fix, maintain, charge and collect for services rendered by the Enterprise Fund, such rates and charges that will produce net revenues equal to 1.2 times the debt service of the bonds and any additional bonds; and that will be sufficient to generate all deposits required to be made into the funds created under bond ordinances and any ordinance authorizing additional bonds. In the event that the City should become legally obligated to pay any other indebtedness from the net revenues of the Enterprise Fund, the City shall fix, maintain, charge and collect additional rates and charges for services rendered by the Enterprise Fund sufficient to establish and maintain funds for the payment thereof. The debt service coverage ratio of the Enterprise Fund at September 30, 2013 was as follows:

Revenues(1)	\$ 18,366,107
Operating expenses excluding depreciation	<u>15,333,091</u>
Net revenues available for debt service	<u>\$ 3,033,016</u>
Maximum annual debt service payment for the business-type activities revenue bonds	<u>\$ 1,244,623</u>
Debt Coverage Ratio (net revenues available for debt service divided by maximum debt service requirement)	<u>2.44</u>

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 9: CAPITAL LEASES PAYABLE**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2014	108,779	174,374	283,153
2015	75,437	149,809	225,246
2016	64,323	147,657	211,980
2017	49,216	137,865	187,081
2018	22,090	126,534	148,624
2019 - 2023	-	389,038	389,038
2023 -		<u>181,905</u>	<u>181,905</u>
 Total debt service requirements	 319,845	 1,307,182	 1,627,027
 Less: Interest Portion	 <u>10,478</u>	 <u>192,561</u>	 <u>203,039</u>
 Debt Principal	 \$ <u>309,367</u>	 \$ <u>1,114,621</u>	 \$ <u>1,423,988</u>

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

Assets under lease and related accumulated depreciation are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Improvements other than buildings	\$ -	\$ 1,459,027	\$ 1,459,027
Machinery and equipment	694,981	214,188	909,169
Less: Accumulated Depreciation	<u>(388,822)</u>	<u>(471,311)</u>	<u>(860,133)</u>
 Net	 \$ <u>306,159</u>	 \$ <u>1,201,904</u>	 \$ <u>1,508,063</u>

**NOTE 10: RISK MANAGEMENT**

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 11: RETIREMENT PLAN**

Plan Description

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City for 2013 and 2012 were the same and were as follows:

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

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the projected unit credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

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

	2013	2012	2011
Annual required contribution (ARC)	\$ 1,145,980	\$ 1,033,122	\$ 1,039,586
Interest on Net Pension Obligation	-	-	-
Adjustment to the ARC	-	-	-
Annual pension cost	1,145,980	1,033,122	1,039,586
Contributions Made	1,145,980	1,033,122	1,039,586
Increase (decrease) in Net Pension Obligation	-	-	-
Net Pension Obligation/(Asset), beginning of year	-	-	-
Net Pension Obligation/(Asset), end of year	\$ -	\$ -	\$ -

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 11: RETIREMENT PLAN (continued)**

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2011 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

**General System-wide Actuarial Assumptions**

Actuarial Valuation Date	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of payroll	Level Percent of payroll	Level Percent of payroll
GASB 25 Equivalent Single Amortization Period	27.2 Years-Closed	26.2 Years-Closed	25.2 Years-Closed
Amortization period for new gains/losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation At	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	2.1%	2.1%

**Funded Status and Funding Progress**

The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (ALL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2012	22,170,955	27,971,858	79.3%	5,800,903	6,491,127	89.4%

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

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 11: RETIREMENT PLAN (continued)**

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

**NOTE 12: VOLUNTEER FIRE FIGHTER'S RETIREMENT FUND**

The Fire Fighter's Pension Commissioner is the administrator of the Texas Emergency Services Retirement Systems (TESRS), a cost-sharing multiple employer pension systems established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2012, there were 188 member fire or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

At August 31, 2012, TESRS membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	2,750
Terminated Participants Entitled to Benefits but Not Yet Receiving Them	2,252
Active Participants (Vested and Nonvested)	4,446

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified 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.

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 and continuing monthly payments to a member's surviving spouse and dependent children.

**Funding Policy**

Contribution provisions were established by S.B. 411, 65th Legislature, Regular Session (1977) and were amended by board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The State may also be required to make annual contributions up a limited amount to make TESRS actuarially sound.

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 12: VOLUNTEER FIRE FIGHTER'S RETIREMENT FUND (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 were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2012 total contributions (dues and prior service, and interest on financing of prior service) of \$3,517,455 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state did not appropriate any state contribution for the fiscal years ending August 31, 2012 and 2013. Total contributions made were less than the contributions required by the state statute and required based on the August 31, 2010 actuarial valuation. The City's contributions for the years ended September 30, 2013, 2012 and 2011 were \$44,045, \$39,905 and \$49,450 respectively.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2012 revealed the inadequacy of the expected contributions from the political subdivisions (dues and prior service contributions) even tougher with the actual state appropriations for the fiscal year ending August 31, 2013 (\$528,538 to pay for part of the System's administrative expenses) and with the assumed legislative appropriations of (1) the maximum state contribution amount in future years for up to 30 years as is necessary for the System to have a 30-year amortization period, and (2) approximately \$530,000 each year to pay for part of the System's administrative expenses. On August 31, 2013 the actuarial liabilities exceeded the actuarial assets by \$33,868,555.

**NOTE 13: OTHER POSTEMPLOYMENT BENEFITS**

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

**A. Supplemental Death Benefits Fund**

The City participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

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

**City of Granbury, Texas  
Notes to Financial Statements  
September 30, 2013**

**NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The city's contributions to the TMRS SDBF for the years ended 2013, 2012 and 2011 were \$11,181, \$10,898 and \$13,084, respectively, which equaled the required contributions for each year.

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

Plan/ Calendar Year	Annual Required Contribution Rate	Actual Contribution Made Rate	Percentage of ARC Contributed
2011	0.03%	0.03%	100%
2012	0.03%	0.03%	100%
2013	0.03%	0.03%	100%

**NOTE 14: CONTINGENT LIABILITIES**

**A. Federal and State Programs**

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

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

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

**B. Litigation**

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

**NOTE 15: CONTRACTS AND COMMITMENTS**

**A. Purchased Power for Resale**

In August of 2007, the City entered into an agreement with Bryan Texas Utilities ("BTU") effective January 1, 2008 through December 31, 2017 for the purchase of its power and energy to serve its retail customers. Each month during the term of this agreement Granbury shall pay BTU a monthly energy charge, calculated by multiplying the energy delivered times \$72.75 per megawatt hour. Granbury will also pay BTU monthly an ancillary services charge, calculated by multiplying the energy delivered times \$2.00 per megawatt hour. The total cost incurred under this agreement for the year ended September 30, 2013 was \$8,034,625.

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 15: CONTRACTS AND COMMITMENTS (continued)**

**B. Water Capacity**

The City has an annual agreement with the Brazos River Authority for 10,800 acre feet of water. The cost is adjusted annually by the Brazos River Authority. The amount paid to the Brazos River Authority under this agreement for the year ended September 30, 2013 was \$691,707.

**C. Water Treatment**

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

The total cost to purchase water from the SWATS Plant for the year ended September 30, 2013 was \$587,316.

**D. Airport Expansion**

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

**E. Engineering Services**

June 19, 2012, the City approved a contract for \$1,363,000 for the design of a new reverse osmosis water treatment plant. The contract will be funded with the Utility System Revenue Refunding Bonds, Series 2012. As of September 30, 2013, \$945,340 has been expended on the project.

**NOTE 16: SELF-INSURANCE**

The City maintained self-funded health insurance fund to account for the City’s employee health care coverage program through August 1, 2012. The City had obtained stop loss insurance coverage for an individual employee’s health care claims exceeding \$40,000. At September 30, 2013 a liability of \$0 has been recorded, which represents estimated claims incurred but not yet reported. Changes in this claims liability during the year were as follows:

	<u>Beginning Balance</u>	<u>Current-year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2011	\$ 90,299	\$ 1,617,474	\$ 1,549,483	\$ 158,290
2012	\$ 158,290	\$ 1,075,238	\$ 1,225,019	\$ 8,509
2013	\$ 8,509	\$ (782)	\$ 7,727	\$ -

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 17: ECONOMIC DEVELOPMENT AGREEMENTS**

**A. Chapter 380 Agreement**

The City entered into a Chapter 380 Economic Development Agreement with a developer and grocery store. Upon the construction of a grocery store, the City agrees to pay fifty percent of real and personal property taxes and fifty percent of 1 cent sales taxes collected from within the development property to the developer and grocery store. Payments will continue annually until either the maximum reimbursement amount is paid or December 31, 2021, even if the maximum reimbursement amount has not been paid. The maximum reimbursement amount is \$1,154,787. \$138,995 was been recorded as an expense for September 30, 2013.

**B. Property Lease**

August 15, 2006 the City entered into an economic development agreement with Babe's-Granbury, LLC ("Babe's"). Under the terms of the agreement the City would fund up to \$200,000 for improvements to real property the City purchased June 2006 for \$531,264. Babe's agreed to lease the property for an initial term of ten years with an option to extend the terms of the agreement for two additional ten year periods. From September 1, 2007 to the end of the term of this agreement and any extensions thereof, the base rent shall be the greater of \$5,500 per month or the amount which equals the interest accruing on the sum of money actually expended by the City to acquire, build out/remodel and maintain the premises through March 1, 2007 at the rate of 6% per annum. In addition, the City shall receive percentage rent which is 2% of annual gross sales exceeding the breakpoint of \$4,000,000 per annum. During the year ended September 30, 2013 the City received \$66,000 in rents under this agreement.

**NOTE 18: SUBSEQUENT EVENTS**

November 5, 2013, the City approved purchasing and financing a rescue fire truck for \$811,475.

December 18, 2013, the City approved purchasing and financing two vehicles for \$82,000 and other various equipment for \$738,500.

Subsequent events were evaluated through March 10, 2014, which is the date the financial statements were available to be issued.

**NOTE 19: NEW ACCOUNTING PRONOUNCEMENTS**

The City of Granbury and its component units implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year. GASB Statement No. 63 changed the name of Exhibits A-1 and D-1 to the Statement of Net Position and net assets were changed to net position. GASB Statement No. 65 changed the classification of deferred revenues in Exhibit A-1, C-1, and D-1 from liabilities to deferred inflows of resources and changed the accounting for bond issuance costs in the government-wide and proprietary fund financial statements. As a result, the beginning net position of the government-wide and proprietary fund Statement of Net Position was restated, effectively decreasing net position as of September 30, 2013, by \$1,249,510. The decrease results from no longer deferring and amortizing bond issuance costs.

**City of Granbury, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**NOTE 20: FUTURE ACCOUNTING PRONOUNCEMENTS**

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

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**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, 2013

	Budgeted Amounts		Actual	Budget to	Actual	Variance with
	Original	Final	Amounts	GAAP	Amounts	Final Budget
			GAAP	Differences	Budgetary	Positive
			Basis		Basis	(Negative)
<b>REVENUES:</b>						
Taxes:						
General property	\$ 1,438,946	1,435,324	\$ 1,543,656	\$	\$ 1,543,656	\$ 108,332
Sales and use	6,200,000	6,240,000	6,440,471		6,440,471	200,471
Franchise	1,542,272	1,517,272	1,505,084		1,505,084	(12,188)
Fines and fees	217,623	218,223	184,388		184,388	(33,835)
Licenses and permits	550,900	538,800	561,786		561,786	22,986
Charges for service	-	91,500	61,506		61,506	(29,994)
Intergovernmental revenue	215,338	215,338	197,729		197,729	(17,609)
Park and recreation	110,250	118,960	133,236		133,236	14,276
Interest income	24,000	24,000	27,845		27,845	3,845
Other revenue	342,197	552,137	506,206		506,206	(45,931)
Total revenues	<u>10,641,526</u>	<u>10,951,554</u>	<u>11,161,907</u>	<u>-</u>	<u>11,161,907</u>	<u>210,353</u>
<b>EXPENDITURES:</b>						
Current						
General government						
City Council	203,514	231,514	158,857		158,857	72,657
Legal	192,144	429,594	325,773	156,276	482,049	(52,455)
Executive	430,609	430,609	413,176		413,176	17,433
Financial Administration	367,777	367,777	336,670	1,664	338,334	29,443
Purchasing	147,322	147,322	148,910		148,910	(1,588)
Social Services	43,000	43,000	43,000		43,000	-
Management Information Services and City WIFI	400,682	611,963	620,242		620,242	(8,279)
Economic Development	139,179	139,179	115,502		115,502	23,677
Human Resources	220,218	236,968	216,674		216,674	20,294
Warehouse	135,879	143,880	147,273		147,273	(3,393)
Fleet Maintenance	206,272	206,271	217,399	(21,681)	195,718	10,553
Building Maintenance	188,147	206,602	190,330	(350)	189,980	16,622
Granbury Public TV Channel 27	99,750	119,346	94,660	6,660	101,320	18,026
Other governmental functions	594,733	645,355	608,376		608,376	36,979
Public Safety:						
Police	3,295,051	3,346,535	3,615,853	(170,715)	3,445,138	(98,603)
Fire	300,964	301,964	384,889	(35,870)	349,019	(47,055)
Municipal Court	234,424	234,749	231,746		231,746	3,003
Streets	403,654	403,654	421,448		421,448	(17,794)
Public Works	410,072	410,072	408,090	5,000	413,090	(3,018)
Community Development	457,278	485,777	466,779	(2,300)	464,479	21,298
Neighborhood Services	175,408	175,408	173,138		173,138	2,270
Cemetery	89,611	100,048	100,227		100,227	(179)
Parks	1,416,373	1,447,734	1,479,716	4,820	1,484,536	(36,802)
Total expenditures	<u>10,152,061</u>	<u>10,865,321</u>	<u>10,918,728</u>	<u>(56,496)</u>	<u>10,862,232</u>	<u>3,089</u>
Excess (deficiency) of revenue over (under) expenditures	<u>489,465</u>	<u>86,233</u>	<u>243,179</u>	<u>56,496</u>	<u>299,675</u>	<u>213,442</u>
Other financing sources (uses):						
Transfers in	398,664	398,664	398,664		398,664	-
Transfers out	(662,847)	(818,047)	(907,214)		(907,214)	(89,167)
Issuance of capital lease			214,208	(214,208)	-	-
Total other financing sources (uses)	<u>(264,183)</u>	<u>(419,383)</u>	<u>(294,342)</u>	<u>(214,208)</u>	<u>(508,550)</u>	<u>(89,167)</u>
Net change in fund balance	225,282	(333,150)	(51,163)	(157,712)	(208,875)	124,275
Fund Balance, October 1, 2012	<u>5,563,883</u>	<u>5,563,883</u>	<u>5,563,883</u>		<u>5,563,883</u>	<u>-</u>
Fund Balance, September 30, 2013	<u>\$ 5,789,165</u>	<u>\$ 5,230,733</u>	<u>\$ 5,512,720</u>	<u>\$ (157,712)</u>	<u>\$ 5,355,008</u>	<u>\$ 124,275</u>

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (ALL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2010	18,646,410	25,011,390	74.6%	6,364,980	6,655,206	95.6%
12/31/2011	20,189,061	26,435,927	76.4%	6,246,866	6,228,913	100.3%
12/31/2012	22,170,955	27,971,858	79.3%	5,800,903	6,491,127	89.4%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability <sup>1</sup> (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Total Members Covered (c)	UAAL Per Member Covered (b-a)/(c)
8/31/2006	\$ 42,268,305	\$ 58,082,828	\$ 15,814,523	72.8%	8061	\$ 1,962
8/31/2008 <sup>2</sup>	60,987,157	64,227,341	3,240,184	95.0%	8254	393
8/31/2010 <sup>3</sup>	64,113,803	81,264,230	17,150,427	78.9%	8644	1,984
8/31/2012 <sup>2</sup>	67,987,487	101,856,042	33,868,555	66.7%	9448	3,585

## Notes:

<sup>1</sup>The actuarial accrued liability is based upon the entry age actuarial cost method.<sup>2</sup>Changes in actuarial assumptions were reflected in this valuation.<sup>3</sup>Changes in actuarial assumption and method were reflected in this valuation.

Schedule of Employer Contributions

Fiscal Year Ending August 31,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2007	3,162,742 <sup>1</sup>	3,162,742 <sup>5</sup>	100%
2008	3,160,764 <sup>1</sup>	11,239,339 <sup>6</sup>	356%
2009	2,698,271 <sup>2</sup>	2,698,271	100%
2010	2,875,103 <sup>2</sup>	2,875,103	100%
2011	3,125,329 <sup>3</sup>	3,125,329	100%
2012	4,423,898 <sup>3,4</sup>	3,517,455	80%

## Notes:

<sup>1</sup> Based on the August 31, 2006 actuarial valuation.<sup>2</sup> Based on the August 31, 2008 actuarial valuation.<sup>3</sup> Based on the revised August 31, 2010 actuarial valuation.<sup>4</sup> Includes a requested state contribution of \$906,443<sup>5</sup> Includes a state contribution of \$709,072<sup>6</sup> Includes a state contribution of \$8,800,000

## **COMBINING FINANCIAL STATEMENTS**

### **NONMAJOR GOVERNMENTAL FUNDS**

#### **SPECIAL REVENUE FUNDS**

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.

**Convention and Visitor's Bureau** – To account for the accumulation of resources from the hotel/motel occupancy tax assessment levied by the City. These monies are spent to promote the progress, development or growth of the City within the guidelines set forth on disposition or revenues collected under the authority of the Texas Hotel Occupancy Tax Act (Article 1269; Vernon's Texas Civil Statutes).

**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.

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City of Granbury, Texas  
Nonmajor Funds  
Combining Balance Sheet  
September 30, 2013

	Special Revenue			Total Nonmajor Funds
	Tourism Fund	Granbury Historic Properties	Total Special Revenue Funds	
<b>Assets:</b>				
Cash	\$ 86,462	\$ 264,379	\$ 350,841	\$ 350,841
Receivables (Net of allowances for uncollectibles)				
Miscellaneous receivables	60,095	-	60,095	60,095
Inventories	3,460	-	3,460	3,460
<b>Total assets</b>	<b>\$ 150,017</b>	<b>\$ 264,379</b>	<b>\$ 414,396</b>	<b>\$ 414,396</b>
<b>Liabilities and fund balance:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 58,628	\$ -	\$ 58,628	\$ 58,628
Due to other funds	598,000	-	598,000	598,000
<b>Total liabilities</b>	<b>656,628</b>	<b>-</b>	<b>656,628</b>	<b>656,628</b>
<b>Deferred inflows of resources:</b>				
Deferred revenue	38,199	50,000	88,199	88,199
<b>Total deferred inflows of resources</b>	<b>38,199</b>	<b>50,000</b>	<b>88,199</b>	<b>88,199</b>
<b>Fund Balance:</b>				
Committed Fund Balance		214,379	214,379	214,379
Unassigned Fund Balance	(544,810)		(544,810)	(544,810)
<b>Total fund balances</b>	<b>(544,810)</b>	<b>214,379</b>	<b>(330,431)</b>	<b>(330,431)</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 150,017</b>	<b>\$ 264,379</b>	<b>\$ 414,396</b>	<b>\$ 414,396</b>

City of Granbury, Texas  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the year ended September 30, 2013

	Special Revenue			Total Nonmajor Funds
	Tourism Fund	Granbury Historic Properties	Total Special Revenue Funds	
<b>Revenues:</b>				
Hotel/Motel Occupancy Tax	\$ 540,925	\$ -	\$ 540,925	\$ 540,925
Charges for service	402,494	-	402,494	402,494
Interest	-	156	156	156
Other Revenue	5,031	21,875	26,906	26,906
<b>Total revenue</b>	<b>948,450</b>	<b>22,031</b>	<b>970,481</b>	<b>970,481</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Tourism	932,419	21,549	953,968	953,968
Conference Center	677,325		677,325	677,325
<b>Debt Service:</b>				
Principal		22,367	22,367	22,367
Interest and fiscal charges		23,793	23,793	23,793
<b>Total expenditures</b>	<b>1,609,744</b>	<b>67,709</b>	<b>1,677,453</b>	<b>1,677,453</b>
Excess (deficiency) of revenues over (under) expenditures	(661,294)	(45,678)	(706,972)	(706,972)
<b>Other financing sources (uses):</b>				
Transfers in	547,776	70,000	617,776	617,776
<b>Total other financing sources (uses):</b>	<b>547,776</b>	<b>70,000</b>	<b>617,776</b>	<b>617,776</b>
Net change in fund balances	(113,518)	24,322	(89,196)	(89,196)
Fund Balance, October 1, 2012	(431,292)	190,057	(241,235)	(241,235)
Fund Balance, September 30, 2013	\$ (544,810)	\$ 214,379	\$ (330,431)	\$ (330,431)

## **INDIVIDUAL FUND SCHEDULES**

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City of Granbury, Texas  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the year ended September 30, 2013  
 (With comparative totals for September 30, 2012)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)	Actual Budgetary Basis
<b>REVENUES:</b>					
Taxes:					
General property	\$ 1,438,946	\$ 1,435,324	\$ 1,543,656	\$ 108,332	\$ 1,491,582
Sales and use	6,200,000	6,240,000	6,440,471	200,471	6,282,851
Franchise	1,542,272	1,517,272	1,505,084	(12,188)	1,433,587
Fines and fees	217,623	218,223	184,388	(33,835)	201,206
Licenses and permits	550,900	538,800	561,786	22,986	521,189
Charges for service	-	91,500	61,506	(29,994)	62,541
Intergovernmental revenue	215,338	215,338	197,729	(17,609)	204,720
Park and recreation	110,250	118,960	133,236	14,276	108,792
Interest income	24,000	24,000	27,845	3,845	26,832
Other revenue	342,197	552,137	506,206	(45,931)	271,633
Total revenues	<u>10,641,526</u>	<u>10,951,554</u>	<u>11,161,907</u>	<u>210,353</u>	<u>10,604,933</u>
<b>EXPENDITURES:</b>					
Current					
General government					
City Council	203,514	231,514	158,857	72,657	398,767
Legal	192,144	429,594	482,049	(52,455)	208,313
Executive	430,609	430,609	413,176	17,433	402,130
Financial Administration	367,777	367,777	338,334	29,443	335,616
Purchasing	147,322	147,322	148,910	(1,588)	143,805
Social Services	43,000	43,000	43,000	-	58,000
Management Information Services	400,682	611,963	620,242	(8,279)	500,445
Economic Development	139,179	139,179	115,502	23,677	136,366
Human Resources	220,218	236,968	216,674	20,294	183,900
Warehouse	135,879	143,880	147,273	(3,393)	103,473
Fleet Maintenance	206,272	206,271	195,718	10,553	151,147
Building Maintenance	188,147	206,602	189,980	16,622	128,682
Granbury Public TV Channel 27	99,750	119,346	101,320	18,026	88,419
Other governmental functions	594,733	645,355	608,376	36,979	430,670
Public Safety:					
Police	3,295,051	3,346,535	3,445,138	(98,603)	3,043,014
Fire	300,964	301,964	349,019	(47,055)	347,425
Municipal Court	234,424	234,749	231,746	3,003	215,770
Streets	403,654	403,654	421,448	(17,794)	406,424
Public Works	410,072	410,072	413,090	(3,018)	381,797
Community Development	457,278	485,777	464,479	21,298	386,779
Neighborhood Services	175,408	175,408	173,138	2,270	161,227
Cemetery	89,611	100,048	100,227	(179)	60,283
Parks	1,416,373	1,447,734	1,484,536	(36,802)	1,387,232
Total expenditures	<u>10,152,061</u>	<u>10,865,321</u>	<u>10,862,232</u>	<u>3,089</u>	<u>9,659,684</u>
Excess (deficiency) of revenue over (under) expenditures	<u>489,465</u>	<u>86,233</u>	<u>299,675</u>	<u>213,442</u>	<u>945,249</u>
Other financing sources (uses):					
Transfers in	398,664	398,664	398,664	-	328,212
Transfers out	<u>(662,847)</u>	<u>(818,047)</u>	<u>(907,214)</u>	<u>(89,167)</u>	<u>(715,054)</u>
Total other financing sources (uses)	<u>(264,183)</u>	<u>(419,383)</u>	<u>(508,550)</u>	<u>(89,167)</u>	<u>(386,842)</u>
Net change in fund balance	225,282	(333,150)	(208,875)	124,275	558,407
Fund Balance, October 1, 2012	<u>5,563,883</u>	<u>5,563,883</u>	<u>5,563,883</u>	<u>-</u>	<u>5,203,862</u>
Fund Balance, September 30, 2013	<u>\$ 5,789,165</u>	<u>\$ 5,230,733</u>	<u>\$ 5,355,008</u>	<u>\$ 124,275</u>	<u>\$ 5,762,269</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, 2013  
 (With comparative totals for September 30, 2012)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
Revenues:					
Hotel/Motel Occupancy Tax	\$ 546,000	546,000	\$ 540,925	\$ (5,075)	\$ 516,739
Charges for Service	583,000	583,000	402,494	(180,506)	408,631
Other Revenue	5,000	5,000	5,031	31	2,228
Total revenues	1,134,000	1,134,000	948,450	(185,550)	927,598
Expenditures:					
Current:					
Tourism	899,884	903,243	932,419	(29,176)	870,176
Conference Center	626,692	678,533	677,325	1,208	620,234
Total expenditures	1,526,576	1,581,776	1,609,744	(27,968)	1,490,410
Excess (deficiency) of revenues over (under) expenditures	(392,576)	(447,776)	(661,294)	(213,518)	(562,812)
Other financing sources (uses):					
Transfers in	392,576	447,776	547,776	100,000	613,029
Total other financing sources (uses):	392,576	447,776	547,776	100,000	613,029
Net change in fund balance	-	-	(113,518)	(113,518)	50,217
Fund Balance, October 1, 2012	(431,292)	(431,292)	(431,292)	-	(481,509)
Fund Balance, September 30, 2013	\$ (431,292)	\$ (431,292)	\$ (544,810)	\$ (113,518)	\$ (431,292)

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, 2013  
 (With comparative totals for September 30, 2012)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
<b>Revenues:</b>					
Interest	\$ -	\$ -	\$ 156	\$ 156	\$ 354
Other revenue	-	-	21,875	21,875	-
Total revenues	-	-	22,031	22,031	354
<b>Expenditures:</b>					
Current:					
Tourism	30,000	30,000	21,549	8,451	29,326
Debt Service:					
Principal	22,367	22,367	22,367	-	21,606
Interest and fiscal charges	17,633	17,633	23,793	(6,160)	13,827
Total expenditures	70,000	70,000	67,709	2,291	64,759
Excess (deficiency) of revenues over (under) expenditures	(70,000)	(70,000)	(45,678)	24,322	(64,405)
<b>Other financing sources (uses):</b>					
Transfers in	70,000	70,000	70,000	-	40,000
Transfers out	-	-	-	-	(50,000)
Total other financing sources (uses):	70,000	70,000	70,000	-	(10,000)
Net change in fund balance	-	-	24,322	24,322	(74,405)
Fund Balance, October 1, 2012	190,057	190,057	190,057	-	264,462
Fund Balance, September 30, 2013	\$ 190,057	\$ 190,057	\$ 214,379	\$ 24,322	\$ 190,057

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, 2013  
(With comparative totals for September 30, 2012)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts	Final Budget	Actual
			GAAP	Positive	GAAP
			Basis	(Negative)	Basis
<b>Revenues:</b>					
Property tax revenue	\$ 2,802,647	\$ 2,802,647	\$ 2,762,254	\$ (40,393)	\$ 2,655,608
Interest income	-	-	14,894	14,894	8,750
<b>Total revenues</b>	<b>2,802,647</b>	<b>2,802,647</b>	<b>2,777,148</b>	<b>(25,499)</b>	<b>2,664,358</b>
<b>Expenditures:</b>					
Debt Service					
Principal	2,160,000	2,160,000	1,962,662	197,338	1,600,274
Interest and fiscal charges	1,216,613	1,216,613	987,741	228,872	1,078,223
Debt issuance costs	-	-	119,333	(119,333)	-
<b>Total expenditures</b>	<b>3,376,613</b>	<b>3,376,613</b>	<b>3,069,736</b>	<b>306,877</b>	<b>2,678,497</b>
Excess (deficiency) of revenues over (under) expenditures	(573,966)	(573,966)	(292,588)	281,378	(14,139)
<b>Other financing sources (uses):</b>					
Transfers in	573,966	573,966	166,578	(407,388)	112,025
Issuance of Debt			4,980,000	4,980,000	-
Payment to refunded bond escrow agent			(5,231,783)	(5,231,783)	-
Bond (Discount)/Premium			371,129	371,129	-
<b>Total other financing sources (uses)</b>	<b>573,966</b>	<b>573,966</b>	<b>285,924</b>	<b>(288,042)</b>	<b>112,025</b>
Net change in fund balance	-	-	(6,664)	(6,664)	97,886
Fund Balance, October 1, 2012	273,016	273,016	273,016	-	175,130
Fund Balance, September 30, 2013	\$ 273,016	\$ 273,016	\$ 266,352	\$ (6,664)	\$ 273,016

City of Granbury, Texas  
 Utility - Enterprise Fund  
 Schedule of Revenues, Expenses, and Changes in  
 Fund Net Assets - Budget and Actual  
 For the year ended September 30, 2013  
 (With comparative totals for September 30, 2012)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	Prior Year Amounts Budgetary Basis
	Original	Final			
	Operating revenues:				
Charges for sales and services:					
Charges for Water and Sewer Sales	\$ 7,108,116	7,103,116	\$ 6,827,171	\$ (275,945)	\$ 5,773,414
Charges for Electricity Sales	11,212,366	11,212,366	11,145,165	(67,201)	11,394,217
Impact fees	285,000	520,794	281,501	(239,293)	183,911
Other Revenue	490,100	495,100	360,880	(134,220)	370,095
Total operating revenue	<u>19,095,582</u>	<u>19,331,376</u>	<u>18,614,717</u>	<u>(716,659)</u>	<u>17,721,637</u>
Operating expenses:					
Administration	575,225	565,525	570,760	(5,235)	574,521
Water treatment and distribution	2,916,636	2,920,814	2,747,441	173,373	2,490,325
Wastewater collection and treatment	1,460,206	1,692,520	1,438,842	253,678	1,072,550
Electricity	9,516,326	9,516,325	9,317,091	199,234	9,042,200
Management Information Systems	250,703	250,703	254,012	(3,309)	250,967
Meter Reading	221,124	230,124	311,376	(81,252)	266,739
Fleet Maintenance	49,554	49,554	50,208	(654)	48,369
Building Maintenance	333,900	333,900	338,307	(4,407)	251,427
Utility Franchise Fees	834,272	834,272	812,300	21,972	686,206
Total operating expenses	<u>16,157,946</u>	<u>16,393,737</u>	<u>15,840,337</u>	<u>553,400</u>	<u>14,683,304</u>
Operating income	<u>2,937,636</u>	<u>2,937,639</u>	<u>2,774,380</u>	<u>(163,259)</u>	<u>3,038,333</u>
Nonoperating revenues (expenses):					
Interest revenue	15,000	15,000	32,889	17,889	32,452
Debt Service					
Principal	(1,134,375)	(1,134,375)	(1,154,375)	(20,000)	(1,146,989)
Interest expense	(688,164)	(688,164)	(600,920)	87,244	(673,570)
Contribution to Economic Development Corp	(86,000)	(86,000)	(86,000)	-	(50,000)
Total nonoperating revenues (expenses)	<u>(1,893,539)</u>	<u>(1,893,539)</u>	<u>(1,808,406)</u>	<u>85,133</u>	<u>(1,838,107)</u>
Income before contributions and transfers	<u>1,044,097</u>	<u>1,044,100</u>	<u>965,974</u>	<u>(78,126)</u>	<u>1,200,226</u>
Transfers (to) from other funds:					
Transfers out	(416,784)	(416,784)	(426,610)	(9,826)	(328,212)
Change in Net Position	627,313	627,316	539,364	(87,952)	872,014
Prior period adjustment			(722,156)		
Net Position, October 1, 2012	<u>25,169,423</u>	<u>25,169,423</u>	<u>25,169,423</u>	<u>-</u>	<u>24,872,797</u>
Net Position, September 30, 2013	<u>\$ 25,796,736</u>	<u>\$ 25,796,739</u>	<u>\$ 24,986,631</u>	<u>\$ (87,952)</u>	<u>\$ 25,744,811</u>
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			1,154,375		1,146,989
Capitalized expenses			507,246		128,823
Noncash capital contributions			26,638		194,375
Bond issuance costs			(76,436)		(61,733)
Depreciation expense			(1,909,914)		(1,983,844)
Net Position, September 30, 2013 (GAAP Basis)			<u>\$ 24,688,540</u>		<u>\$ 25,169,421</u>

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, 2013  
 (With comparative totals for September 30, 2012)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	Prior Year Amounts Budgetary Basis
	Original	Final			
Operating revenues:					
Charges for sales and services:					
Charges for Airport Services	\$ 663,880	799,044	\$ 788,231	\$ (10,813)	\$ 699,651
Intergovernmental	200,000	200,000	-	(200,000)	
Other Revenue	15,332	15,332	13,555	(1,777)	7,977
Total operating revenue	879,212	1,014,376	801,786	(212,590)	707,628
Operating expenses:					
Airport	873,083	1,008,247	857,152	151,095	646,153
Total operating expenses	873,083	1,008,247	857,152	151,095	646,153
Operating income	6,129	6,129	(55,366)	(61,495)	61,475
Nonoperating revenues (expenses):					
Debt Services:					
Principal	(117,050)	(117,050)	(117,050)	-	(53,504)
Interest expense	(39,885)	(39,885)	(39,885)	-	(38,294)
Total nonoperating revenues (expenses)	(156,935)	(156,935)	(156,935)	-	(91,798)
Income before contributions and transfers	(150,806)	(150,806)	(212,301)	(61,495)	(30,323)
Capital contributions and transfers:					
Capital contributions			499,273	499,273	48,350
Transfers in	150,806	150,806	150,806		
Change in Net Position	-	-	437,778	437,778	18,027
Net Position, October 1, 2012	753,792	753,792	753,792	-	811,840
Net Position, September 30, 2013	\$ 753,792	\$ 753,792	\$ 1,191,570	\$ 437,778	\$ 829,867
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			117,050		53,504
Depreciation expense			(132,017)		(129,579)
Net Position, September 30, 2013 (GAAP Basis)			\$ 1,176,603		\$ 753,792

**STATISTICAL SECTION**  
**(Unaudited)**

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## STATISTICAL SECTION (Unaudited)

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

### Contents

#### **Financial Trends**

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

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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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 23,852,148	\$ 24,079,825	\$ 23,554,937	\$ 24,835,034
Restricted	433,837	373,215	196,278	124,151
Unrestricted	<u>5,920,347</u>	<u>6,669,570</u>	<u>6,476,435</u>	<u>5,482,138</u>
Total governmental activities net position	<u>\$ 30,206,332</u>	<u>\$ 31,122,610</u>	<u>\$ 30,227,650</u>	<u>\$ 30,441,323</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 18,832,307	\$ 18,713,942	\$ 19,309,403	\$ 18,342,485
Restricted	2,228,897	2,055,300	1,942,666	1,885,682
Unrestricted	<u>4,803,939</u>	<u>5,153,971</u>	<u>4,466,538</u>	<u>2,933,897</u>
Total business-type activities net position	<u>\$ 25,865,143</u>	<u>\$ 25,923,213</u>	<u>\$ 25,718,607</u>	<u>\$ 23,162,064</u>
Primary government				
Invested in capital assets, net of related debt	\$ 42,684,455	\$ 42,793,767	\$ 42,864,340	\$ 43,177,519
Restricted	2,662,734	2,428,515	2,138,944	2,009,833
Unrestricted	<u>10,724,286</u>	<u>11,823,541</u>	<u>10,942,973</u>	<u>8,416,035</u>
Total primary government net position	<u>\$ 56,071,475</u>	<u>\$ 57,045,823</u>	<u>\$ 55,946,257</u>	<u>\$ 53,603,387</u>

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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 22,960,635	\$ 22,600,463	\$ 18,059,848	\$ 12,198,367	\$ 12,135,787	\$ 13,911,564
146,421	908,594	708,320	9,333,330	6,339,709	5,055,292
<u>5,414,504</u>	<u>6,209,368</u>	<u>7,726,224</u>	<u>4,463,834</u>	<u>4,777,858</u>	<u>4,088,794</u>
<u>\$ 28,521,560</u>	<u>\$ 29,718,425</u>	<u>\$ 26,494,392</u>	<u>\$ 25,995,531</u>	<u>\$ 23,253,354</u>	<u>\$ 23,055,650</u>
\$ 17,715,818	\$ 16,555,077	\$ 13,722,158	\$ 10,660,808	\$ 9,983,589	\$ 10,350,798
1,347,878	1,780,529	2,248,030	2,744,457	212,505	1,820,565
<u>3,256,805</u>	<u>3,220,687</u>	<u>7,080,013</u>	<u>8,798,227</u>	<u>10,507,410</u>	<u>6,940,565</u>
<u>\$ 22,320,501</u>	<u>\$ 21,556,293</u>	<u>\$ 23,050,201</u>	<u>\$ 22,203,492</u>	<u>\$ 20,703,504</u>	<u>\$ 19,111,928</u>
\$ 40,676,453	\$ 39,155,540	\$ 31,782,006	\$ 22,859,175	\$ 22,119,376	\$ 24,262,362
1,494,299	2,689,123	2,956,350	12,077,787	6,552,214	6,875,857
<u>8,671,309</u>	<u>9,430,055</u>	<u>14,806,237</u>	<u>13,262,061</u>	<u>15,285,268</u>	<u>11,029,359</u>
<u>\$ 50,842,061</u>	<u>\$ 51,274,718</u>	<u>\$ 49,544,593</u>	<u>\$ 48,199,023</u>	<u>\$ 43,956,858</u>	<u>\$ 42,167,578</u>

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

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

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

2009	2008	2007	2006	2005	2004
\$ 3,685,121	\$ 2,720,467	\$ 2,313,719	\$ 3,010,541	\$ 1,811,482	\$ 1,466,203
789,544	650,246	548,239	576,023	385,836	406,451
3,863,039	3,634,534	3,296,431	2,289,435	2,198,236	2,115,396
1,856,830	2,397,422	1,261,447	1,286,261	2,191,238	1,490,952
2,012,465	1,628,634	1,337,705	664,232	819,096	935,631
694,373	716,416	521,784	620,038	372,638	327,726
740,413	863,080	675,411	708,325	427,289	416,605
1,052,101					
1,425,114	1,471,751	925,700	1,044,027	1,058,143	1,056,473
<u>16,119,000</u>	<u>14,082,550</u>	<u>10,880,436</u>	<u>10,198,882</u>	<u>9,263,958</u>	<u>8,215,437</u>
16,155,179	16,382,222	13,604,372	12,303,971	11,452,440	8,782,461
16,155,179	16,382,222	13,604,372	12,303,971	11,452,440	8,782,461
<u>\$ 32,274,179</u>	<u>\$ 30,464,772</u>	<u>\$ 24,484,808</u>	<u>\$ 22,502,853</u>	<u>\$ 20,716,398</u>	<u>\$ 16,997,898</u>
\$ 160,839	\$ 118,086	\$ 57,994	\$ 41,008	\$ 2,405	\$ -
435,406	833,711	940,169	624,637	601,736	361,120
344,787	342,064	298,144	228,026	235,681	293,246
180,361	224,158	181,031	126,410	86,617	29,531
592,698	654,439	474,451	524,451		
43,824	117,213	96,501	98,889		
284,597					
256,316	206,636	124,444	222,645	1,075,895	56,263
1,157,262	1,609,694	695,670	510,000	-	-
<u>3,456,090</u>	<u>4,106,001</u>	<u>2,868,404</u>	<u>2,376,066</u>	<u>2,002,334</u>	<u>740,160</u>
\$ 5,488,023	\$ 5,584,102	\$ 5,063,138	\$ 5,199,608	\$ 4,251,698	\$ 3,861,255
10,219,190	8,930,095	8,388,975	8,355,400	7,178,001	6,047,575
1,040,163	719,145	-	-	-	-
16,747,376	15,233,342	13,452,113	13,555,008	11,429,699	9,908,830
<u>\$ 20,203,466</u>	<u>\$ 19,339,343</u>	<u>\$ 16,320,517</u>	<u>\$ 15,931,074</u>	<u>\$ 13,432,033</u>	<u>\$ 10,648,990</u>
\$ (12,662,910)	\$ (9,976,549)	\$ (8,012,032)	\$ (7,822,816)	\$ (7,261,624)	\$ (7,475,277)
592,197	(1,148,880)	(152,259)	1,251,037	(22,741)	1,126,369
<u>\$ (12,070,713)</u>	<u>\$ (11,125,429)</u>	<u>\$ (8,164,291)</u>	<u>\$ (6,571,779)</u>	<u>\$ (7,284,365)</u>	<u>\$ (6,348,908)</u>
\$ 3,949,167	\$ 3,642,715	\$ 2,910,725	\$ 2,364,302	\$ 2,378,219	\$ 2,054,964
5,825,860	6,300,680	5,992,656	4,949,332	4,191,539	4,062,171
1,290,566	1,745,402	1,661,242	1,522,111	1,299,416	524,503
246,530	120,784	-	702,953	447,763	533,012
135,380	788,628	707,063	574,446	245,565	201,077
18,542	602,373	270,499	451,848	(1,103,174)	505,194
<u>11,466,045</u>	<u>13,200,582</u>	<u>11,542,185</u>	<u>10,564,992</u>	<u>7,459,328</u>	<u>7,880,921</u>
39,103	257,345	511,149	419,681	263,600	260,520
151,450	-	-	281,118	247,543	203,795
(18,542)	(602,373)	(270,499)	(451,848)	1,103,174	(505,194)
172,011	(345,028)	240,650	248,951	1,614,317	(40,879)
<u>\$ 11,638,056</u>	<u>\$ 12,855,554</u>	<u>\$ 11,782,835</u>	<u>\$ 10,813,943</u>	<u>\$ 9,073,645</u>	<u>\$ 7,840,042</u>
\$ (1,196,865)	\$ 3,224,033	\$ 3,530,153	\$ 2,742,176	\$ 197,704	\$ 405,644
764,208	(1,493,908)	88,391	1,499,988	1,591,576	1,085,490
<u>\$ (432,657)</u>	<u>\$ 1,730,125</u>	<u>\$ 3,618,544</u>	<u>\$ 4,242,164</u>	<u>\$ 1,789,280</u>	<u>\$ 1,491,134</u>

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

	2013	2012	2011	2010
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ 120,985
Unreserved, Designated				244,500
Unreserved, Undesignated				3,832,279
Nonspendable	908,067	908,569	881,547	
Restricted	209,188	159,923	102,630	
Committed	249,475	91,736	290,148	
Assigned	140,163	119,263	98,977	
Unassigned	4,005,826	4,284,392	3,830,560	
Total general fund	<u>\$ 5,512,719</u>	<u>\$ 5,563,883</u>	<u>\$ 5,203,862</u>	<u>\$ 4,197,764</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ 8,904,460
Unreserved, reported in				
Special revenue funds				(159,594)
Capital projects funds				
Debt service funds				
Restricted	5,272,778	7,674,816	8,020,303	
Committed	214,379	190,057	264,462	
Unassigned	(544,810)	(431,292)	(481,509)	
Total all other governmental funds	<u>\$ 4,942,347</u>	<u>\$ 7,433,581</u>	<u>\$ 7,803,256</u>	<u>\$ 8,744,866</u>

Notes:

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

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

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

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

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

2009	2008	2007	2006	2005	2004
\$ 182,845	\$ 92,604	\$ 90,778	\$ 102,715	\$ 86,765	\$ 176,292
237,123	174,887	33,549			
3,606,454	3,463,563	4,936,439	4,274,902	4,207,472	3,785,879
<u>\$ 4,026,422</u>	<u>\$ 3,731,054</u>	<u>\$ 5,060,766</u>	<u>\$ 4,377,617</u>	<u>\$ 4,294,237</u>	<u>\$ 3,962,171</u>
\$ 10,795,494	\$ 15,523,780	\$ 5,972,211	\$ 8,155,928	\$ 6,252,944	\$ 4,879,000
(130,816)	1,023,434	1,450,466	928,303	403,368	219,471
-	-		230,410		
-	-			525	
<u>\$ 10,664,678</u>	<u>\$ 16,547,214</u>	<u>\$ 7,422,677</u>	<u>\$ 9,314,641</u>	<u>\$ 6,656,837</u>	<u>\$ 5,098,471</u>

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

	2013	2012	2011	2010
<b>Revenues</b>				
Taxes	\$ 12,792,390	\$ 12,380,367	\$ 11,999,657	\$ 11,276,922
Licenses, fees, permits	561,786	521,189	586,854	413,456
Fines and penalties	184,388	201,206	225,678	204,284
Charges for services	464,000	471,172	574,503	988,147
Intergovernmental	197,729	204,720	148,656	408,834
Investment earnings	58,025	50,927	42,066	24,870
Other revenues	666,348	382,653	480,697	527,445
Total revenues	<u>\$ 14,924,666</u>	<u>\$ 14,212,234</u>	<u>\$ 14,058,111</u>	<u>\$ 13,843,958</u>
<b>Expenditures</b>				
General government	\$ 3,636,842	\$ 3,339,088	\$ 2,959,350	\$ 2,963,528
Police	3,847,599	3,364,569	3,158,866	3,123,521
Fire	384,889	332,775	268,848	243,174
Streets	421,448	587,464	425,147	431,840
Other public works	408,090	381,797	257,252	350,734
Parks and recreation	1,479,716	1,337,862	1,561,616	1,430,571
Tourism	953,968	899,502	610,847	157,248
Conference Center	677,325	620,234	695,673	1,125,080
Capital projects	2,410,505	458,364	889,421	1,949,390
Other	740,144	607,289	645,256	1,210,061
Debt service:				
Interest	1,011,534	1,092,050	1,213,773	1,313,553
Principal	1,985,029	1,621,880	1,739,187	1,644,804
Other debt service	119,333	-	156,173	-
Total expenditures	<u>\$ 18,076,422</u>	<u>\$ 14,642,874</u>	<u>\$ 14,581,409</u>	<u>\$ 15,943,504</u>
Excess of revenues over (under) expenditures	<u>\$ (3,151,756)</u>	<u>\$ (430,640)</u>	<u>\$ (523,298)</u>	<u>\$ (2,099,546)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	\$ 214,208	\$ 92,774	\$ 247,504	\$ -
Other resources	119,346	-	-	-
Transfers in	1,183,018	1,093,266	812,863	1,043,059
Transfers out	(907,214)	(765,054)	(439,033)	(691,983)
Total other financing sources (uses)	<u>\$ 609,358</u>	<u>\$ 420,986</u>	<u>\$ 621,334</u>	<u>\$ 351,076</u>
Net change in fund balances	<u>\$ (2,542,398)</u>	<u>\$ (9,654)</u>	<u>\$ 98,036</u>	<u>\$ (1,748,470)</u>
Debt service as a percentage of noncapital expenditures	21.3%	20.6%	23.3%	21.9%

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

2009	2008	2007	2006	2005	2004
\$ 11,052,963	\$ 11,739,003	\$ 10,509,765	\$ 8,801,261	\$ 7,786,126	\$ 6,615,413
422,064	812,582	978,807	601,656	590,607	361,120
301,707	295,328	211,130	213,066	235,681	307,956
950,949	746,650	581,596	105,169	100,150	29,531
129,878	367,407	464,524	619,531	1,075,894	56,263
135,380	788,628	707,063	574,446	245,564	201,077
832,402	853,062	652,596	851,336	447,764	518,302
<u>\$ 13,825,343</u>	<u>\$ 15,602,660</u>	<u>\$ 14,105,481</u>	<u>\$ 11,766,465</u>	<u>\$ 10,481,786</u>	<u>\$ 8,089,662</u>
\$ 2,956,474	\$ 3,178,311	\$ 2,517,756	\$ 3,404,820	\$ 2,290,606	\$ 1,825,828
3,651,120	2,918,879	2,701,280	1,993,067	1,886,185	1,815,936
356,732	321,180	405,237	273,109	733,988	262,613
575,096	1,001,539	625,661	503,814	965,702	673,064
363,188	526,815	245,104	233,650	223,150	636,115
1,699,408	2,873,611	1,881,095	1,573,495	1,702,503	637,519
709,506	1,853,946	1,208,596	679,828	408,593	418,576
844,259	-	-	-	-	-
4,116,108	5,891,032	3,662,600	1,778,918	1,581,225	616,859
1,405,567	1,446,563	1,165,589	1,216,767	1,649,998	276,765
1,371,194	1,348,889	894,147	909,130	731,283	727,990
1,620,116	1,574,803	1,150,115	1,284,442	772,638	727,990
-	361,207	30,000	134,897	326,860	-
<u>\$ 19,668,768</u>	<u>\$ 23,296,775</u>	<u>\$ 16,487,180</u>	<u>\$ 13,985,937</u>	<u>\$ 13,272,731</u>	<u>\$ 8,619,255</u>
<u>\$ (5,843,425)</u>	<u>\$ (7,694,115)</u>	<u>\$ (2,381,699)</u>	<u>\$ (2,219,472)</u>	<u>\$ (2,790,945)</u>	<u>\$ (529,593)</u>
\$ 237,715	\$ 17,320,000	\$ 1,220,734	\$ 3,859,500	\$ 4,454,500	
-	(2,433,432)	-	699,308	1,330,050	
2,536,066	2,212,527	1,145,902	1,647,963	1,074,991	1,038,638
(2,517,524)	(1,610,154)	(875,403)	(1,246,115)	(2,178,165)	(533,444)
<u>\$ 256,257</u>	<u>\$ 15,488,941</u>	<u>\$ 1,491,233</u>	<u>\$ 4,960,656</u>	<u>\$ 4,681,376</u>	<u>\$ 505,194</u>
<u>\$ (5,587,168)</u>	<u>\$ 7,794,826</u>	<u>\$ (890,466)</u>	<u>\$ 2,741,184</u>	<u>\$ 1,890,431</u>	<u>\$ (24,399)</u>
27.1%	18.9%	16.2%	19.1%	15.7%	18.2%

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

Revenue Source	2013	2012	2011	2010	2009
<b>Principal General Government Revenue Sources</b>					
Sales Tax	\$ 6,440,471	\$ 6,282,851	\$ 5,810,019	\$ 5,314,801	\$ 5,903,965
Ad Valorem Tax	4,305,910	4,147,190	4,204,828	4,198,621	3,932,562
Franchise Taxes	692,784	747,381	738,682	645,413	705,342
Utility Fund Franchise Tax	812,300	686,206	724,326	647,648	-
Hotel Occupancy Tax	540,925	516,739	521,802	470,439	511,094
All Other Sources	2,232,276	1,831,867	2,058,454	2,567,036	2,772,380
<b>Total General Government Revenue</b>	<b>\$ <u>15,024,666</u></b>	<b>\$ <u>14,212,234</u></b>	<b>\$ <u>14,058,111</u></b>	<b>\$ <u>13,843,958</u></b>	<b>\$ <u>13,825,343</u></b>

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

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

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

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

**Principal Enterprise Funds Revenue Sources**

Electric Sales	\$ 11,145,165	\$ 11,394,217	\$ 11,524,273	\$ 11,367,715	\$ 10,021,246
Water Sales	4,778,739	3,999,322	4,810,721	3,448,982	3,589,752
Sewer Revenue	2,048,432	1,774,092	1,719,432	1,645,412	1,666,807
All Other	1,444,167	1,261,634	1,248,318	496,696	619,961
<b>Total Utility Fund Revenue</b>	<b>\$ <u>19,416,503</u></b>	<b>\$ <u>18,429,265</u></b>	<b>\$ <u>19,302,744</u></b>	<b>\$ <u>16,958,805</u></b>	<b>\$ <u>15,897,766</u></b>

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

						Change:
Fiscal Year						2004-2013
2008	2007	2006	2005	2004		
\$ 6,299,449	\$ 5,886,474	\$ 4,905,828	\$ 4,191,539	\$ 3,776,501	70.5%	
3,679,002	2,941,958	2,306,763	2,215,853	2,043,183	110.7%	
621,152	649,171	627,468	548,455	490,996	41.1%	
549,329	513,574	522,973	454,297	405,038	100.5%	
590,071	518,588	400,483	328,854	285,670	89.4%	
3,863,657	3,595,716	3,002,950	2,742,788	1,088,274	105.1%	
<u>15,602,660</u>	<u>14,105,481</u>	<u>11,766,465</u>	<u>10,481,786</u>	<u>8,089,662</u>	<u>85.7%</u>	
\$ 8,720,371	\$ 8,205,466	\$ 8,337,142	\$ 7,206,813	\$ 6,162,279	80.9%	
3,590,578	3,085,172	3,509,350	2,846,714	2,658,445	79.8%	
1,579,610	1,581,036	1,537,969	1,400,063	1,370,548	49.5%	
880,983	1,091,588	871,345	487,252	181,873	694.1%	
<u>\$ 14,771,542</u>	<u>\$ 13,963,262</u>	<u>\$ 14,255,807</u>	<u>\$ 11,940,842</u>	<u>\$ 10,373,145</u>	<u>87.2%</u>	

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

Tax Year	Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Tax Rate per \$100 Valuation
2003	2003-2004	\$ 398,403,530	\$ 67,863,790	\$ 466,267,320	0.44000
2004	2004-2005	\$ 440,296,379	\$ 63,941,914	\$ 504,238,293	0.44000
2005	2005-2006	\$ 491,629,180	\$ 69,200,360	\$ 560,829,540	0.41500
2006	2006-2007	\$ 625,317,480	\$ 79,122,350	\$ 704,439,830	0.41500
2007	2007-2008	\$ 771,644,714	\$ 100,897,480	\$ 872,539,194	0.41500
2008	2008-2009	\$ 850,869,950	\$ 103,470,110	\$ 954,340,060	0.41500
2009	2009-2010	\$ 946,949,874	\$ 109,656,260	\$ 1,056,606,134	0.40390
2010	2010-2011	\$ 962,289,440	\$ 88,763,600	\$ 1,051,053,040	0.40390
2011	2011-2012	\$ 943,563,119	\$ 96,971,860	\$ 1,040,534,979	0.40390
2012	2012-2013	\$ 1,079,701,929	\$ 7,336,330	\$ 1,087,038,259	0.39926

Source: Hood County Appraisal District

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

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

Tax Year	Fiscal Year	City Tax Rate			Hood County	Granbury Independent School District
		Operations	Debt Repayment	City of Granbury Total Tax Rate		
2003	2003-2004	0.2505	0.1895	0.44000	0.360500	1.700000
2004	2004-2005	0.2491	0.1909	0.44000	0.370500	1.670000
2005	2005-2006	0.1545	0.2605	0.41500	0.396219	1.670000
2006	2006-2007	0.1658	0.2492	0.41500	0.390000	1.440000
2007	2007-2008	0.0810	0.3340	0.41500	0.36698	1.17115
2008	2008-2009	0.1011	0.3139	0.41500	0.366537	1.17000
2009	2009-2010	0.1198	0.2841	0.40390	0.331091	1.15500
2010	2010-2011	0.1437	0.2602	0.40390	0.343888	1.14000
2011	2011-2012	0.1451	0.2588	0.40390	0.348888	1.15000
2012	2012-2013	0.14294	0.25632	0.39926	0.343908	1.14500

Source: Hood County Appraisal District ([www.hood-cad.org](http://www.hood-cad.org))

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

Tax Year	Fiscal Year	Original Levy	Subsequent Adjustments	Total Levy	Collected within the Fiscal Year of Levy	
					Current Tax Collections	Percent of Total Levy Collected
2003	2003-2004	\$ 2,050,508	\$ (581)	\$ 2,049,927	\$ 2,000,053	97.5670%
2004	2004-2005	\$ 2,219,358	\$ (427)	\$ 2,218,931	\$ 2,171,216	97.8497%
2005	2005-2006	\$ 2,320,128	\$ (319)	\$ 2,319,809	\$ 2,247,109	96.8661%
2006	2006-2007	\$ 2,906,579	\$ (1,717)	\$ 2,904,862	\$ 2,815,999	96.9409%
2007	2007-2008	\$ 3,582,159	\$ (3,118)	\$ 3,579,041	\$ 3,526,332	98.5273%
2008	2008-2009	\$ 3,908,078	\$ (13,753)	\$ 3,894,325	\$ 3,861,944	99.1685%
2009	2009-2010	\$ 4,199,011	\$ (34,829)	\$ 4,164,182	\$ 4,118,410	98.9008%
2010	2010-2011	\$ 4,168,290	\$ (8,816)	\$ 4,159,474	\$ 4,121,545	99.0881%
2011	2011-2012	\$ 4,141,351	\$ (11,918)	\$ 4,129,433	\$ 4,067,391	98.4976%
2012	2012-2013	\$ 4,294,424	\$ (46,580)	\$ 4,247,844	\$ 4,194,524	98.7448%

Source: Hood County Appraisal District

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

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Delinquent Tax Collections	Total Collections to Date		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Levy
	Total Tax Collections	Total Collections as a Percent of Total Levy		
\$ 44,762	\$ 2,044,815	99.7506%	\$ 5,112	0.2494%
\$ 43,650	\$ 2,214,866	99.8168%	\$ 4,065	0.1832%
\$ 67,833	\$ 2,314,942	99.7902%	\$ 4,867	0.2098%
\$ 83,843	\$ 2,899,842	99.8272%	\$ 5,020	0.1728%
\$ 47,643	\$ 3,573,975	99.8584%	\$ 5,067	0.1416%
\$ 26,442	\$ 3,888,386	99.8475%	\$ 5,939	0.1525%
\$ 38,006	\$ 4,156,416	99.8135%	\$ 7,767	0.1865%
\$ 29,117	\$ 4,150,662	99.7882%	\$ 8,811	0.2118%
\$ 42,351	\$ 4,109,742	99.5231%	\$ 19,692	0.4769%
\$ -	\$ 4,194,524	98.7448%	\$ 53,320	1.2552%

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

<b>Fiscal Year Ending</b>	<b>09/30/2013</b>	<b>9/30/2012</b>	<b>9/30/2011</b>	<b>9/30/2010</b>
<b>Tax Year</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Property use category</b>				
Real, Residential, Single family	\$ 464,702,920	\$ 446,958,430	\$ 448,837,500	\$ 448,927,360
Real, Residential, Multi-family	39,576,630	39,046,300	39,659,200	34,153,200
Real, Vacant Lots/Tracts	42,005,010	43,122,120	37,047,630	39,898,620
Real, Acreage (Land Only)	67,637,360	64,708,830	68,820,080	66,823,820
Real, Farm/Ranch Improvements	5,422,210	8,006,060	9,466,970	10,339,670
Real, Commercial	380,787,530	357,495,960	382,230,510	368,468,070
Real, Industrial	2,194,980	2,216,760	2,677,270	2,716,820
Real/Tangible Personal, Utilities	10,552,930	10,506,340	10,595,480	10,024,860
Tangible Personal, Commercial	100,114,430	91,924,550	84,237,070	104,027,420
Tangible Personal, Industrial	7,006,700	4,679,350	4,078,990	5,120,590
Tangible Personal, Mobile Homes	329,630	367,960	447,540	508,250
Tangible Personal, Other			-	-
Real Property, Inventory	14,195,140	18,153,540	15,108,480	19,470,310
Special	14,375,950	13,204,650	9,700,620	12,958,760
Real Minerals/Oil & Gas	14,141,160	10,769,990	10,105,180	12,328,890
Mixed PTD	-190,886	-44,472	-10,800	-10,090
<b>Total Appraised Value</b>	<b>\$ 1,162,851,694</b>	<b>\$ 1,111,116,368</b>	<b>\$ 1,123,001,720</b>	<b>\$ 1,135,756,550</b>
<b>Less: Exemptions or Deductions:</b>				
Optional > 65 Res. Homestead	\$ 13,909,120	\$ 13,421,820	\$ 13,051,760	\$ 12,975,610
Disabled or Deceased Veterans	3,917,120	3,800,520	2,963,560	2,517,800
Agriculture & Unheard Protests	48,722,370	43,821,370	44,396,600	42,124,640
Residential, Capped Value Loss	2,895,780	4,606,300	6,934,390	16,631,700
Other	6,369,045	4,931,379	4,602,370	4,900,666
<b>Total Exemptions</b>	<b>\$ 75,813,435</b>	<b>\$ 70,581,389</b>	<b>\$ 71,948,680</b>	<b>\$ 79,150,416</b>
<b>Net Assessed Valuation</b>	<b>\$ 1,087,038,259</b>	<b>\$ 1,040,534,979</b>	<b>\$ 1,051,053,040</b>	<b>\$ 1,056,606,134</b>
<b>Percent of Fair Market Value</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Hood County Appraisal District

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

<u>9/30/2008</u> <u>2007</u>	<u>9/30/2007</u> <u>2006</u>	<u>9/30/2006</u> <u>2005</u>	<u>9/30/2005</u> <u>2004</u>	<u>9/30/2004</u> <u>2003</u>
342,834,240 \$	281,488,580 \$	229,589,790 \$	204,276,510 \$	180,729,060
34,652,200	19,613,530	16,805,450	16,795,780	24,479,510
34,359,450	31,794,560	23,437,500	16,106,490	15,882,000
54,352,620	35,652,180	28,040,910	20,161,580	16,737,080
9,892,190	2,724,190	1,973,470	1,918,430	1,776,520
317,791,290	250,900,150	193,184,770	180,319,950	169,527,690
2,666,370	865,470	690,590	664,510	664,510
9,789,270	9,729,550	8,857,850	9,242,510	9,901,120
94,635,880	76,099,740	66,168,970	62,086,184	66,367,350
4,873,400	1,392,180	1,410,560	355,890	100,000
1,385,200	1,630,430	1,620,830	1,499,840	1,396,440
-	-	-	-	-
7,272,300	4,992,790	6,641,590	7,972,270	2,485,100
12,202,580	12,089,250	13,783,100	10,685,930	-
7,352,950	14,691,350	-	-	-
-	-	-	-	-
934,059,940 \$	743,663,950 \$	592,205,380 \$	532,085,874 \$	490,046,380
11,874,130 \$	11,535,820 \$	10,823,890 \$	10,038,538 \$	9,257,510
656,300	581,300	572,520	524,660	556,390
36,083,100	21,740,540	18,261,310	14,993,010	10,419,000
10,460,130	5,365,890	1,716,030	2,288,313	3,546,160
2,447,086	570	2,090	3,060	-
61,520,746 \$	39,224,120 \$	31,375,840 \$	27,847,581 \$	23,779,060
872,539,194 \$	704,439,830 \$	560,829,540 \$	504,238,293 \$	466,267,320
100%	100%	100%	100%	100%

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

Taxpayer	Rank	Tax Year 2013		Tax Year 2003		
		Taxable Assessed Valuation	Percent of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Assessed Valuation
Health Care Reit Inc	1	21,097,320	1.94%			
Hood General Hospital	2	12,776,400	1.18%	7,490,440	5	1.61%
HEB Grocery Company LP	3	9,936,960	0.91%			
Wal-Mart Real Estate Business Trust	4	9,139,050	0.84%	8,663,280	2	1.86%
Pacific Lake Granbury LP	5	9,000,000	0.83%			
HCRI Texas Properties LTD	6	7,627,630	0.70%			
Quicksilver Resources-Minerals	7	7,381,250	0.68%			
1909 Partners LP	8	7,120,150	0.66%			
Lowes Home Centers Inc	9	7,034,200	0.65%			
HC Development Properties LP	10	6,990,080	0.64%			
Lumberman's Investment				9,250,990	1	1.98%
Wal-Mart Properties, Inc.				8,160,950	3	1.75%
Avalon Granbury LTD				8,025,000	4	1.72%
Home Depot USA Inc				7,392,070	6	1.59%
Southwestern Bell Telephone				5,930,200	7	1.27%
American Religious Town Hall				5,166,550	8	1.11%
Kroger CO #491				4,984,780	9	1.07%
Home Depot				4,906,300	10	1.05%
		<u>\$ 84,078,760</u>	7.73%	<u>\$ 69,970,560</u>		15.01%

Source: Hood County Appraisal District

**CITY OF GRANBURY**  
**Sales Tax Revenue by Business Type**  
(Unaudited)  
September 30, 2013

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

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

Source: MuniServices Sales Tax Analysis and Reporting Service

**City of Granbury**  
Electricity and Water Sales  
By Type of Customer  
Last Ten Years

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**ELECTRICITY SALES**

Type of Customer	2013	2012	2011	2010
Residential	\$ 3,395,007	\$ 3,594,577	\$ 3,830,305	\$ 3,662,399
Commercial	7,131,527	7,383,818	7,305,734	7,063,527
Other	538,887	464,866	458,904	468,572
Total	\$ <u>11,065,421</u>	\$ <u>11,443,261</u>	\$ <u>11,594,943</u>	\$ <u>11,194,499</u>

**WATER SALES**

Type of Customer	2013	2012	2011	2010
Residential	\$ 2,331,133	\$ 2,185,014	\$ 2,281,391	\$ 1,802,050
Commercial	2,438,937	1,850,843	1,884,012	1,440,659
Other	90,312	86,303	42,497	40,958
Total	\$ <u>4,860,382</u>	\$ <u>4,122,160</u>	\$ <u>4,207,899</u>	\$ <u>3,283,666</u>

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

**City of Granbury**  
 Electricity and Water Sales  
 By Type of Customer  
 Last Ten Years

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<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
3,303,224 \$	3,009,301 \$	2,888,694 \$	2,830,217 \$	2,524,370 \$	2,118,385
6,323,593	5,647,582	5,300,267	5,022,701	4,244,480	3,702,392
474,674	329,635	319,640	484,225	388,645	341,502
<u>10,101,491</u> \$	<u>8,986,519</u> \$	<u>8,508,602</u> \$	<u>8,337,142</u> \$	<u>7,157,496</u> \$	<u>6,162,279</u>

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
2,051,180 \$	2,160,225 \$	1,723,997 \$	1,759,120 \$	1,455,765 \$	1,261,491
1,667,731	1,674,588	1,553,845	1,923,854	1,423,096	1,398,953
57,360	36,643	20,254	-	-	-
<u>3,776,271</u> \$	<u>3,871,456</u> \$	<u>3,298,097</u> \$	<u>3,682,974</u> \$	<u>2,878,861</u> \$	<u>2,660,445</u>

**CITY OF GRANBURY**  
Top Ten Utility Rate Payers  
by Rate Type  
Compared to Ten Years Ago  
(Unaudited)  
September 30, 2013

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**Ten Largest Electric Customers**

Customers	Annual Kwh Consumed (000)			
	Rank	2013	Rank	2003
Lake Granbury Medical Center	1	5,860	2	813
Granbury ISD	2	5,561	1	1,733
Waterview Point Retirement & Cove	3	3,241		
Kroger	4	3,121	3	717
City of Granbury	5	3,060	7	277
Lowe's Home Center	6	2,931		
Brookshire Grocery Co.	7	2,880	4	664
Hood County	8	2,537	5	649
AT&T	9	1,099	6	485
Creative Solutions	10	1,051		
Whataburger			8	129
Beard, Ray			9	105
Hood County News			10	88

**Ten Largest Water Customers**

Customers	Annual Gallons Consumed (in hundreds of gallons)			
	Rank	2013	Rank	2003
Lake Granbury Medical Center	1	75,739		
City of Granbury	2	71,618		
Waterview Point Retirement & Cove	3	65,592		
HEB Grocery Co.	4	64,060		
Hood County	5	54,362	5	10,754
Jerry Durant Toyota	6	46,992		
Bella Firma Dev.	7	33,060		
Creative Solutions	8	29,804	2	14,162
Aqua Texas	9	28,560		
Taco Bell	10	26,528		
Home Depot			1	15,286
Granbury ISD			3	11,400
Wal-Mart			4	10,795
Beard, Ray			6	10,118
Brinker			7	9,497
Granbury Heights Apartments			8	8,631
The Bromley			9	6,033
Fresenius Medical Center			10	5,635

**City of Granbury**  
 Utility Service Rates  
 Electric, Water and Sewer  
 September 30, 2013  
 (Unaudited)

**Electric Rate Structure - last updated 06/15/2013**

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

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

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

**Water Rate Structure - last updated 06/15/2013**

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

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

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

**City of Granbury**  
 Utility Service Rates  
 Electric, Water and Sewer  
 September 30, 2013  
 (Unaudited)

**Sewer Rate Structure - last updated 06/15/2013**

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

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

**Garbage Rate Structure - last updated 10/01/2011**

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

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

<b>All Customers</b>	<b>Inside City Limits</b>	<b>Outside City Limits</b>
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
2004	\$466,267,320	\$11,338,000	\$393,092	\$10,944,908
2005	\$503,686,504	\$15,230,000	\$428,935	\$14,801,065
2006	\$560,829,540	\$18,069,500	\$464,599	\$17,604,901
2007	\$704,439,830	\$17,890,300	\$688,822	\$17,201,478
2008	\$872,539,194	\$31,429,250	\$957,812	\$30,471,438
2009	\$954,340,060	\$29,986,250	\$141,370	\$29,844,880
2010	\$1,056,606,134	\$28,494,375	\$182,969	\$28,311,406
2011	\$1,051,053,040	\$26,819,750	\$175,130	\$26,644,620
2012	\$1,040,534,979	\$25,319,875	\$273,016	\$25,046,859
2013	\$1,087,038,259	\$23,385,375	\$266,352	\$23,119,023

Year Ended September 30	Ratio Net General Bonded Debt to Assessed Value	Estimated Population	Net General Bonded Debt Per Capita
2004	2.35%	6,450	\$1,697
2005	2.94%	6,700	\$2,209
2006	3.14%	7,050	\$2,497
2007	2.44%	7,400	\$2,325
2008	3.49%	7,600	\$4,009
2009	3.13%	7,850	\$3,802
2010	2.68%	8,200	\$3,453
2011	2.54%	8,030	\$3,318
2012	2.41%	8,648	\$2,896
2013	2.13%	8,290	\$2,789

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

**CITY OF GRANBURY**  
Government-wide Outstanding Debt  
Last Ten Years  
September 30, 2013

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
2004	\$ 1,210,000	\$ 10,128,000	\$ 545,889	\$ 10,873,000	\$ -	\$ 6,197,000
2005	\$ 4,262,500	\$ 10,967,500	\$ 1,665,800	\$ 10,145,000	\$ 3,267,500	\$ 2,382,500
2006	\$ 4,105,000	\$ 13,964,500	\$ 1,401,358	\$ 9,514,000	\$ 3,195,000	\$ 3,370,500
2007	\$ 3,942,500	\$ 13,977,800	\$ 1,167,728	\$ 8,816,000	\$ 3,172,500	\$ 3,237,200
2008	\$ 5,822,500	\$ 25,606,750	\$ 1,057,932	\$ 11,216,000	\$ 5,197,500	\$ 1,073,250
2009	\$ 5,425,000	\$ 24,561,250	\$ 1,127,889	\$ 10,109,000	\$ 4,950,000	\$ 1,023,750
2010	\$ 5,007,500	\$ 23,486,875	\$ 993,370	\$ 9,990,000	\$ 4,692,500	\$ 973,125
2011	\$ 9,665,000	\$ 17,154,750	\$ 660,301	\$ 9,444,000	\$ 4,425,000	\$ 920,250
2012	\$ 9,097,146	\$ 16,384,646	\$ 631,070	\$ 13,674,187	\$ 4,183,891	\$ 865,125
2013	\$ 10,726,491	\$ 13,141,407	\$ 692,875	\$ 12,903,214	\$ 4,739,125	\$ 59,625

**CITY OF GRANBURY**  
Government-wide Outstanding Debt  
Last Ten Years  
September 30, 2013

**Total Government-wide Indebtedness**

Lease/ Purchases	Total Government-wide Indebtedness	Estimated Population	Total Debt per Capita	Per Capita Income	Debt as Percent of Personal Income
\$ -	\$ 28,953,889	6,450	\$ 4,488.98	\$ 29,505	15.21%
\$ 131,635	\$ 32,822,435	6,700	\$ 4,898.87	\$ 31,834	15.39%
\$ 102,290	\$ 35,652,648	7,050	\$ 5,057.11	\$ 34,253	14.76%
\$ 71,968	\$ 34,385,696	7,400	\$ 4,646.72	\$ 36,142	12.86%
\$ 345,694	\$ 50,319,626	7,600	\$ 6,621.00	\$ 38,575	17.16%
\$ 458,033	\$ 47,654,922	7,850	\$ 6,070.69	\$ 28,963	20.96%
\$ 265,563	\$ 45,408,933	8,200	\$ 5,537.67	\$ 29,618	18.70%
\$ 769,380	\$ 43,038,681	8,030	\$ 5,359.74	\$ 25,669	20.88%
\$ 655,564	\$ 45,491,629	8,648	\$ 5,260.36	\$ 26,688	19.71%
\$ 1,114,621	\$ 43,377,358	8,290	\$ 5,232.49	\$ 27,967	18.71%

**CITY OF GRANBURY**  
 Estimated Direct and Overlapping Ad Valorem Tax  
 Supported Gross Debt Statement  
 as of September 30, 2013  
 (Unaudited)

Governmental Subdivision	Gross Debt	Estimated Percent Overlapping (1)	Direct and Estimated Overlapping Bonded Debt
Direct:			
City of Granbury	\$ 23,385,375	100.00%	\$ 23,385,375
Total direct debt			<u>23,385,375</u>
Overlapping:			
Granbury Independent School District	78,496,915	22.55%	17,698,029
Hood County	16,995,000	20.52%	<u>3,487,331</u>
Total overlapping debt			<u>21,185,360</u>
Total Direct and Overlapping Consolidated Gross Debt Outstanding			<u>\$ 44,570,735</u>
Direct and Overlapping Gross Debt Per Capita	A.		\$ 5,376.45
Ratio of Direct and Overlapping Gross Debt to 2012 Net Assessed Valuation	B.		4.10%

A. Based on population estimate of 8,290 at 9/30/13

B. Based on the assessed valuation of \$1,087,038,259 for tax year 2012.

(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, 2013  
 (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>0.39926</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
2003	2003-2004	\$ 466,267,320	\$ 11,656,683	\$ 2,050,508	\$ 9,606,175
2004	2004-2005	\$ 503,686,504	\$ 12,592,163	\$ 2,219,358	\$ 10,372,805
2005	2005-2006	\$ 560,829,540	\$ 14,020,739	\$ 2,320,128	\$ 11,700,611
2006	2006-2007	\$ 704,439,830	\$ 17,610,996	\$ 2,906,579	\$ 14,704,417
2007	2007-2008	\$ 872,539,194	\$ 21,813,480	\$ 3,582,159	\$ 18,231,321
2008	2008-2009	\$ 954,340,060	\$ 23,858,502	\$ 3,908,078	\$ 19,950,424
2009	2009-2010	\$ 1,056,606,134	\$ 26,415,153	\$ 4,199,011	\$ 22,216,142
2010	2010-2011	\$ 1,051,053,040	\$ 26,276,326	\$ 4,168,290	\$ 22,108,036
2011	2011-2012	\$ 1,040,534,979	\$ 26,013,374	\$ 4,141,351	\$ 21,872,023
2012	2012-2013	\$ 1,087,038,259	\$ 27,175,956	\$ 4,294,424	\$ 22,881,532

**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
2004	\$ 10,373,145	\$ 7,305,580	\$ 3,067,565	\$ 1,476,881	2.08
2005	\$ 11,940,842	\$ 8,702,705	\$ 3,238,137	\$ 1,496,602	2.16
2006	\$ 14,255,807	\$ 11,794,118	\$ 2,461,689	\$ 1,487,971	1.65
2007	\$ 13,670,688	\$ 11,264,609	\$ 2,406,079	\$ 1,549,623	1.55
2008	\$ 14,481,970	\$ 13,959,465	\$ 522,505	\$ 1,588,726	0.33
2009	\$ 15,618,682	\$ 13,630,141	\$ 1,988,541	\$ 1,564,747	1.27
2010	\$ 16,831,663	\$ 14,606,975	\$ 2,224,688	\$ 896,608	2.48
2011	\$ 18,480,550	\$ 14,791,791	\$ 3,688,759	\$ 901,728	4.09
2012	\$ 17,570,178	\$ 14,554,481	\$ 3,015,697	\$ 1,247,523	2.42
2013	\$ 18,366,107	\$ 15,333,091	\$ 3,033,016	\$ 1,244,623	2.44

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
2004	\$ 437,500	\$ 517,017	\$ 954,517	\$ 8,619,254	11.0742%
2005	\$ 562,500	\$ 493,780	\$ 1,056,280	\$ 8,180,179	12.9127%
2006	\$ 1,020,000	\$ 414,969	\$ 1,434,969	\$ 8,702,584	16.4890%
2007	\$ 859,200	\$ 799,070	\$ 1,658,270	\$ 9,146,567	18.1300%
2008	\$ 1,457,750	\$ 1,258,184	\$ 2,715,934	\$ 11,658,882	23.2950%
2009	\$ 1,443,000	\$ 1,287,367	\$ 2,730,367	\$ 10,464,803	26.0910%
2010	\$ 1,491,875	\$ 1,229,837	\$ 2,721,712	\$ 9,451,642	28.7962%
2011	\$ 1,634,625	\$ 1,183,844	\$ 2,818,469	\$ 9,276,335	30.3834%
2012	\$ 1,499,875	\$ 1,065,362	\$ 2,565,237	\$ 9,950,844	25.7791%
2013	\$ 1,832,625	\$ 979,932	\$ 2,812,557	\$ 11,018,728	25.5252%

**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
2004	\$ 466,267,320	203	-1.93%	\$ 29,004,716	61.20%
2005	\$ 504,238,293	262	29.06%	\$ 52,310,086	80.35%
2006	\$ 560,829,540	254	-3.05%	\$ 39,988,865	-23.55%
2007	\$ 704,439,830	255	0.39%	\$ 59,069,210	47.71%
2008	\$ 872,539,194	221	-13.33%	\$ 68,875,653	16.60%
2009	\$ 954,340,060	156	-29.41%	\$ 31,368,138	-54.46%
2010	\$ 1,056,606,134	221	41.67%	\$ 27,939,407	-10.93%
2011	\$ 1,051,053,040	211	-4.52%	\$ 48,901,275	75.03%
2012	\$ 1,040,534,979	237	12.32%	\$ 31,518,255	-35.55%
2013	\$ 1,087,038,259	284	19.83%	\$ 41,544,776	31.81%

Construction activity data from City of Granbury records

**CITY OF GRANBURY**  
Demographic Statistics  
Last Ten Years  
(Unaudited)

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<u>Year Ended September 30</u>	<u>Estimated Population</u>	<u>Unemployment Rate for Hood County</u>	<u>School Enrollment</u>	<u>Per Capita Income</u>
2004	6,450	5.2%	6,642	\$ 29,505
2005	6,700	4.3%	6,833	\$ 31,834
2006	7,050	4.3%	6,803	\$ 34,253
2007	7,400	4.5%	6,906	\$ 36,142
2008	7,600	4.8%	6,917	\$ 38,575
2009	7,850	7.5%	6,705	\$ 28,963
2010	8,200	6.9%	6,615	\$ 29,618
2011	8,030	6.4%	6,514	\$ 25,669
2012	8,648	5.4%	6,590	\$ 26,688
2013	8,290	4.9%	6,510	\$ 27,967

Sources:

Population estimate by North Central Texas Council of Governments.

Unemployment rates from Texas Workforce Commission web site ([www.tracer2.com](http://www.tracer2.com))

School enrollment from 2011-12 AEIS District Reports. (<http://ritter.tea.state.tx.us/perfreport/aeis/>)

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

**CITY OF GRANBURY**  
Employers and Selected Statistics  
(Unaudited)

<b>MAJOR EMPLOYERS</b>		2013			2012		
Employer	Line of Business	Employees	Rank	% of Total Employed	Employees	Rank	% of Total Employed
Granbury ISD	School District	1,000	1	4.3%	921	1	3.9%
Lake Granbury Medical Center	Medical Services	424	2	1.8%	323	4	1.4%
Wal-Mart Supercenter	Retail	417	3	1.8%	411	2	1.8%
Hood County	County Government	355	4	1.5%	350	3	1.5%
Culberson Construction Inc	Homebuilders	325	5	1.4%	228	6	1.0%
H - E - B	Retail	200	6	0.9%	250	5	1.1%
Granbury Care Center	Nursing Home	187	7	0.8%	178	8	0.8%
City of Granbury	Municipal Government	170	8	0.7%	175	9	0.8%
United Cooperative Svc	Utility Services	151	9	0.6%	153	10	0.7%
Lowe's	Home Improvement	150	10	0.6%			
Equibrand Corp	Rope Manufacturer				200	7	0.9%
Total		3,379			3,189		

<u>Selected Business Statistics</u>	2013	2012	2011	2010	2009	2000	1990
Total Number Employed, Hood County	27,511	23,324	24,454	25,433	25,201	n/a	n/a
Number of Business Establishments, Hood County	1,438	1,277	818	745	707	n/a	n/a
Number of Households, Granbury	3,806	3,775	3,296	3,763	3,573	2,391	1,875

Note: Information on the Top Ten Employers from 2003 is not available. Comparison will be made to the prior year until a ten-year prior comparison can be made.

Sources: The Nielsen Company via Granbury-Hood County Economic Development Corp.; Texas Workforce Solutions, Granbury office;

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

**Count of Employees by Year**

<b>Job Classification</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Building Inspectors	9	9	9	9	9	6	9	8	7	7
Street & Road Repair	6	4.5	4	7	7	11	9	9	9	8
Drivers	3	1.5	1	2	2	2	4	4	2	2
Airport Operations	5	3	3	3	4	4	5	5	5	5
Waterworkers	14	13	11	12.5	12.5	15	13	13	14	13
Electric Distribution	7	7	6	6	6	11	8	8	6	7
Sewage Treatment	9	8	7	7	7	14	8	11	12	7
Firefighters-Paid	0	-	-	-	-	-	-	-	-	-
Firefighters-Volunteer	43	42	43	43	60	61	67	67	59	55
Police Officers	32	29	32	33	33	35	32	27	25	27
Warehouse Operation	2	2	2	2	2	2	2	4	2	2
Automobile Repair	3	2	3	3	3	4	3	3	3	3
Promotional/Development	13	8.5	5	3	3	4	3	3	3	4
Clerical-Office	41	39.25	38	38.5	43	43	41	41	40	35
Animal Control	1	1	1	1	1	1	1	1	1	1
Building Maintenance	14	12.5	11	12	12	13	6	6	7	1
Parks & Recreation	26	31	27	24	24	28	27	27	36	36
<b>Total</b>	<b>228</b>	<b>213.25</b>	<b>203</b>	<b>206</b>	<b>228.5</b>	<b>254</b>	<b>238</b>	<b>237</b>	<b>231</b>	<b>213</b>

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

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

	FY 2013	FY 2012	FY 2011	FY 2010
City-owned Equipment				
Vehicles	151	151	147	147
Mobile Equipment	120	120	105	105
Street Department				
Miles of Roadway	51.5 miles	51.5 miles	51.5 miles	51.3 miles
City Parks				
Maintained Public Parks	110 acres	110 acres	57 acres	57 acres
Athletic Fields:				
Soccer Fields	8	8	8	8
Ball Fields	9	9	9	9
Basketball Court	1	1	1	1
Volleyball Pit	2	2	2	2
Playgrounds	3	3	3	3
Boat Ramps	2	2	3	3
Swimming Pool	1	1	1	1
Hike & Bike Trail	2.5 miles	2.5 miles	2.5 miles	2.5 miles
Splash Park	1	1	1	1
Airport				
Enclosed Hangars	74	75	78	78
Open T-Hangars	7	9	10	10
Commercial Hangars	5	3	3	3
Water Department				
Water lines (in miles)	53.4	52.1	51.2	51 miles
Wells	33	29	23	22
Water Plant	1	1	1	1
Sewer Department				
Lift Stations	43	43	43	40
Sewer lines (in miles)	43 miles	41.8 miles	41.7 miles	41.5 miles
Electric Department				
Overhead line	87 miles	82 miles	82 miles	82 miles
Underground line	11 miles	11 miles	11 miles	11 miles

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

Source: City of Granbury records

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

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

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

	FY 2013	FY 2012	FY 2011	FY 2010
Municipal Court				
Citations processed	1,846	2,296	2,680	2,220
Police Department				
Calls for Service	21,456	22,022	20,524	18,387
Arrests	731	790	733	721
Accidents	794	738	822	838
Fire Department				
Calls for Service: Fire/Rescue	736	766	879	659
Calls for Service: EMS	182	181	221	531
Community Services				
Building Permits Issued	284	237	211	221
Building Permits Value	\$ 41,544,776	\$ 31,518,255	\$ 48,901,275	\$ 27,939,407
Utility Department				
Electric Connections	3,242	3,223	3,186	3,197
Water Connections	5,008	4,615	4,563	4,406
Sewer Connections	3,782	3,672	3,499	3,365
Electric Department				
KWH Sold	91,016,235	91,762,161	93,583,876	89,806,103
Water Department, in Gallons (000)				
Well production	427,516	493,386	499,348	477,466
Water Plant production	103,975	73,957	77,505	68,439
Water purchased	144,395	108,965	163,325	50,779
Wastewater Department, In Gallons (000)				
Discharge Flow	360,775	361,060	346,509	378,880

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

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

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

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**OVERALL COMPLIANCE AND INTERNAL CONTROL  
SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Granbury, Texas (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise of the City's basic financial statements, and have issued our report thereon dated March 10, 2014.

**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 over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



George, Morgan & Sneed, P.C.  
Weatherford, Texas  
March 10, 2014