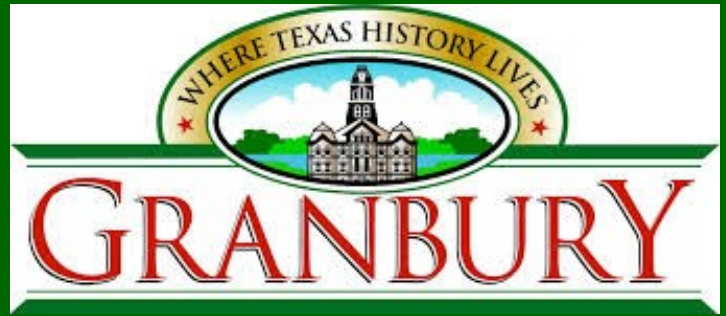


2015



Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2015



CITY OF GRANBURY, TEXAS

CITY OF GRANBURY, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended September 30, 2015

Prepared by the Finance Department.

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CITY OF GRANBURY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2015

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INTRODUCTORY SECTION

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

March 1, 2016

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, 2015.

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 8,940 people, and serves as the center of commerce and recreation to over 53,921 county residents (US Census Bureau). There are currently 13.99 square miles of land within the City's boundaries.



Government Structure

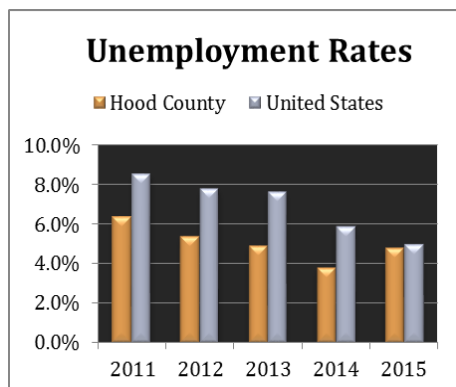
Founded in 1873, Granbury is a Home Rule Charter City and operates under a Council-Manager form of government. The City Council is comprised of a mayor and five council members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members of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

Services Provided

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

ECONOMIC CONDITIONS AND OUTLOOK

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

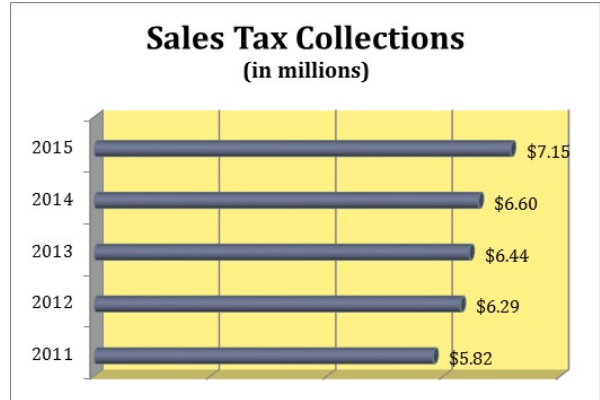


Regional Economy

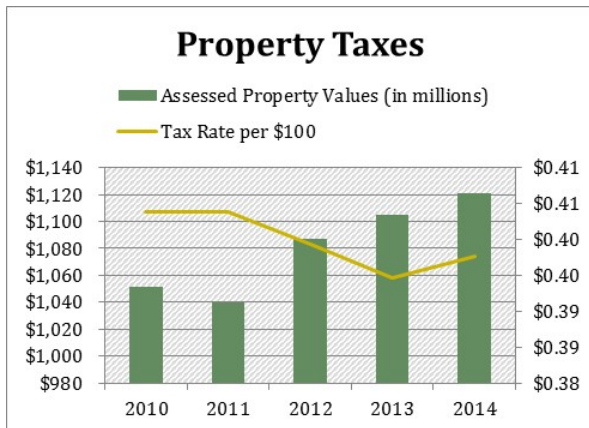
Granbury is only 30 miles from the Dallas-Fort Worth Metroplex, which has shown relatively strong economic growth over the past three years. Hood County has also enjoyed a robust economic environment for the past three years; unemployment rates have remained lower than national averages and sales taxes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

Local Economy

Granbury is the financial hub not only of Hood County but the surrounding area. Customers come from a 30-mile radius to shop in Granbury. The latest census figures show there are almost 30,000 people that live within 5 miles, 40,000 people that live within 10 miles and 130,000 people that live within 20 miles of Granbury. The stability of Wal-Mart Supercenter, H-E-B, Home Depot, Kroger 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 2014-2015 were up by 8% compared to the prior year. The sales tax revenue for 2015-2016 has been conservatively budgeted to remain constant when compared to 2014-2015 collections.

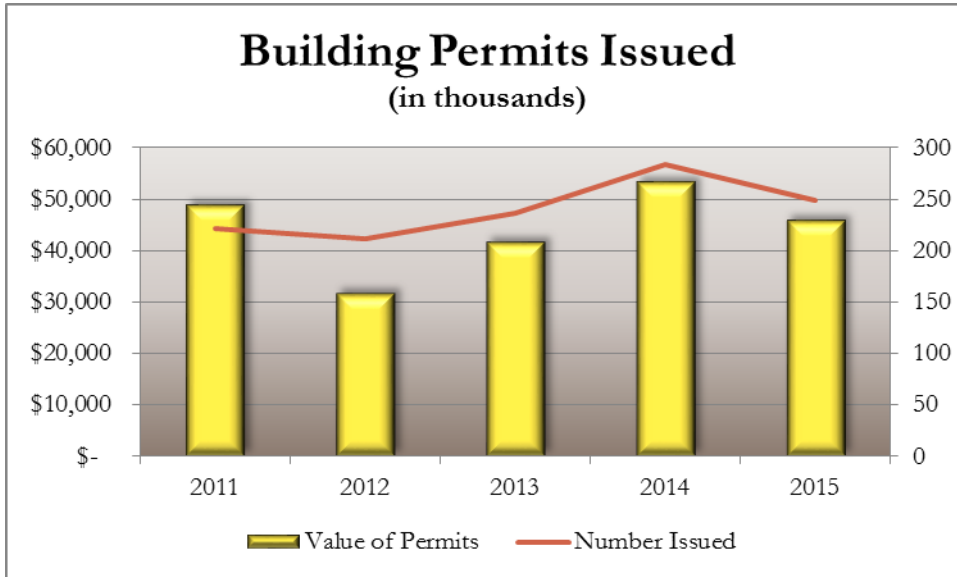


Tourism plays an important role in maintaining the healthy economy of the City. The historical downtown district, with its shopping, bed and breakfasts, and other attractions, also serves the City well by drawing tourists from outside the region. Additionally, Granbury’s 18,000-square-foot Resort Conference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



Total assessed property values increased by approximately \$16 million for the 2014 Tax Year to \$1,121 million. The City’s property tax rate increased from \$.394593 to \$.39758 for Tax Year 2014 when City Council adopted the effective tax rate as calculated by the Hood County Appraisal District. The change in tax rate represented the first slight increase in property tax rates since 1997.

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 stable property valuations; including a new YMCA, Texas Stone Supply, Lumin Health, Mesquite Pit and CiCi’s Pizza. While the value and the number of building permits slightly decreased when compared to the previous year, Granbury has experienced a tremendous growth in both commercial and residential development the last couple of years.



FINANCIAL INFORMATION

Accounting System and Budgetary Control

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

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

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

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

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

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

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

Cash Management

As of February 1, 2014, 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, 2017. The City has the option each year to choose the interest rate calculation for the year from two choices:

- Fixed rate of .25%
- Variable rate equal to the 90-day ask rate of US Treasury Bills, though not to fall below .05% 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 2014-15 was approximately \$4.M. The overall portfolio provided \$2,394 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.

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, 2015, 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, 2014. This was the eleventh consecutive year that the government has achieved this prestigious award.

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

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

Acknowledgments

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



Chris Coffman
City Manager

CITY OF GRANBURY, TEXAS

MAYOR
Nin Hulett

MAYOR PRO-TEM
Mickey Parson

COUNCIL MEMBERS
Tony Allen
Gary Couch
Rose Myers
Laurel Pirkle

CITY MANAGER
Chris Coffman

ASSISTANT CITY MANAGER
Sheri Campbell-Husband

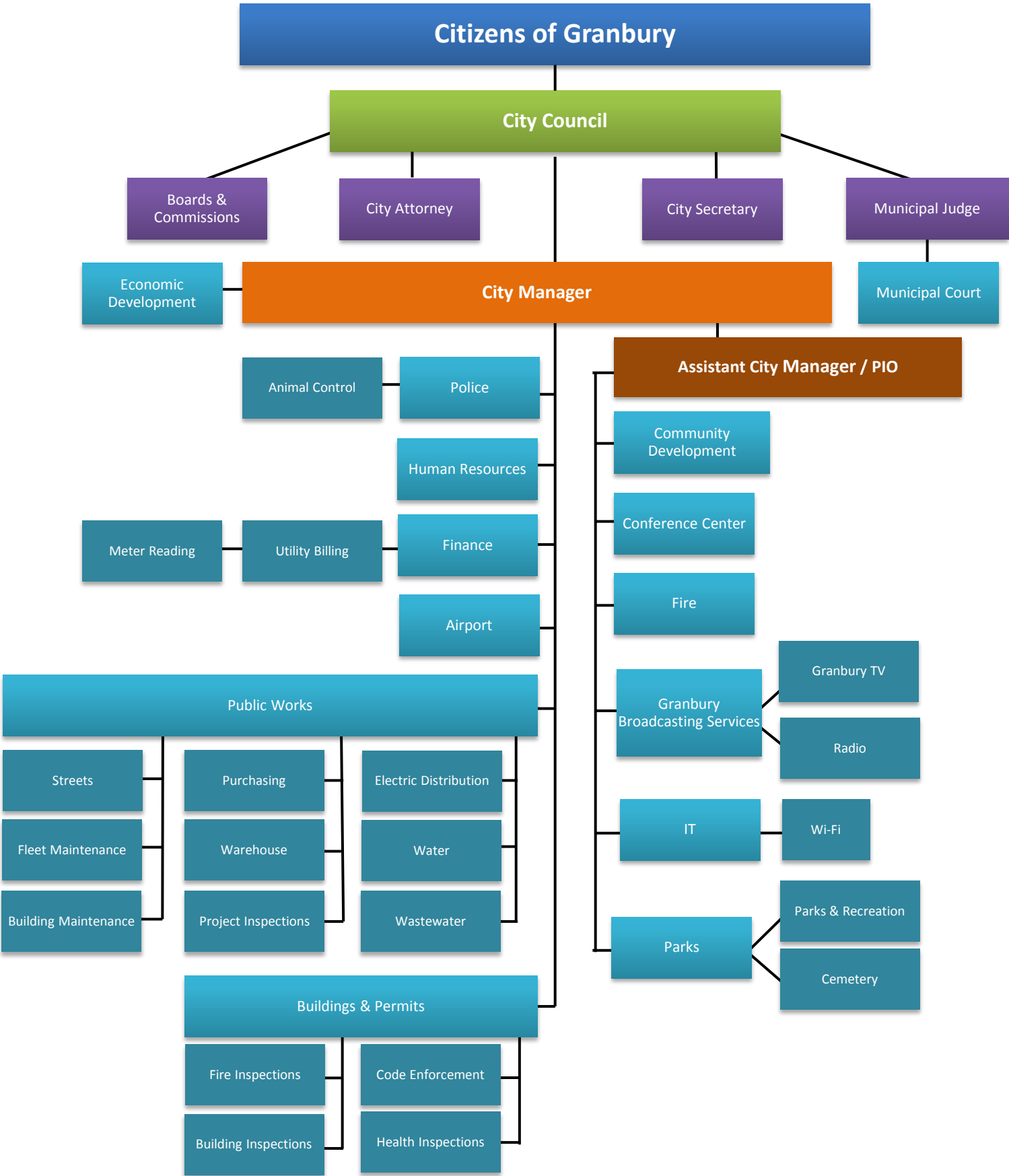
DEPARTMENT DIRECTORS

Alva Cox
Mitch Galvan
Eva S Gregory
Gary Hawkins
Ben Macon
Carla Walker
Aaron Mclain
Scott Sopchak
Tony Tull
Steve Dieterichs

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

CITY OF GRANBURY, TEXAS

Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Granbury
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

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, 2015, 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 – 16 and budgetary comparison schedule – general fund, schedule of changes in net pension liability and related ratios – Texas Municipal Retirement System, schedule of contributions – Texas Municipal Retirement System, schedule of the city's proportionate share of the net pension liability – Texas Emergency Services Retirement System, and schedule of contributions – Texas Emergency Services Retirement System on pages 63 - 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

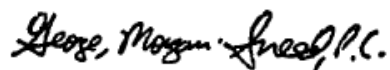
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2016, 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 1, 2016

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CITY OF GRANBURY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2015

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, 2015. 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 \$54,880,936 (Net Position). Of this amount \$6,186,375 (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 decreased by \$3,312,253. The City's operations decreased the governmental activities by \$2,547,794 and increased the business-type activities by \$4,824,156. Net position was decreased by a \$5,588,615 prior period adjustment as a result of implementing new accounting standards. See note 19 to the financial statements for a description of the new standards.
- As of the close of the current fiscal year, the City of Granbury's governmental funds reported combined ending fund balances of \$6,894,710.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,798,559 or 28% of the total General Fund expenditures.
- At the end of the current fiscal year, unrestricted net position for the Utility Fund was \$4,235,536, or 27% of total Utility Fund operating expenses, excluding depreciation expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

The City maintains five (5) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

Proprietary Funds – The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, electric and airport operations.

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

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-62 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 \$54,880,936 as of September 30, 2015.

The largest portion of the City’s net position (83%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position (5%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$6,186,375, may be used to meet the government’s ongoing obligations to citizens and creditors.

As of September 30, 2015, the City is able to report positive balances in three categories of net position, for the government as a whole, as well as for its separate categories – governmental and business-type activities.

Below are summaries of the City's Statement of Net Position and Statement of Activities.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 9,626,139	\$ 10,845,297	\$ 25,782,941	\$ 10,415,011	\$ 35,409,080	\$ 21,260,308
Capital assets	45,133,431	44,702,372	40,975,521	36,136,202	86,108,952	80,838,574
Total Assets	<u>54,759,570</u>	<u>55,547,669</u>	<u>66,758,462</u>	<u>46,551,213</u>	<u>121,518,032</u>	<u>102,098,882</u>
Deferred outflows of Resources	1,886,804	282,761	433,208	178,329	2,320,012	461,090
Total deferred outflows of resources	<u>1,886,804</u>	<u>282,761</u>	<u>433,208</u>	<u>178,329</u>	<u>2,320,012</u>	<u>461,090</u>
Current liabilities	1,635,602	739,431	2,160,463	1,614,026	3,796,065	2,353,457
Long-term liabilities	30,442,518	23,311,456	34,478,334	18,013,684	64,920,852	41,325,140
Total liabilities	<u>32,078,120</u>	<u>24,050,887</u>	<u>36,638,797</u>	<u>19,627,710</u>	<u>68,716,917</u>	<u>43,678,597</u>
Deferred inflows of resources	196,744	500,584	43,447	187,602	240,191	688,186
Total deferred inflows of resources	<u>196,744</u>	<u>500,584</u>	<u>43,447</u>	<u>187,602</u>	<u>240,191</u>	<u>688,186</u>
Net Position:						
Invested in capital assets net of related debt	21,537,158	26,045,119	24,172,309	19,645,350	45,709,467	45,690,469
Restricted	683,036	682,251	2,302,058	2,135,756	2,985,094	2,818,007
Unrestricted	2,151,316	4,551,589	4,035,059	5,133,124	6,186,375	9,684,713
Total Net Position	<u>\$ 24,371,510</u>	<u>\$ 31,278,959</u>	<u>\$ 30,509,426</u>	<u>\$ 26,914,230</u>	<u>\$ 54,880,936</u>	<u>\$ 58,193,189</u>

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	\$ 1,558,416	\$ 1,435,030	\$ 20,499,656	\$ 20,406,111	\$ 22,058,072	\$ 21,841,141
Operating grants and contributions	476,781	772,777	12,250	-	489,031	772,777
Capital grants and contributions	503,633	821,184	732,847	806,241	1,236,480	1,627,425
General revenues:						
Property taxes	4,574,859	4,404,767	-	-	4,574,859	4,404,767
Sales taxes	7,232,245	6,632,629	-	-	7,232,245	6,632,629
Hotel/Motel Occupancy Taxes	626,203	557,166	-	-	626,203	557,166
Franchise taxes	1,669,455	1,603,479	-	-	1,669,455	1,603,479
Investment earnings	31,670	27,754	15,367	20,942	47,037	48,696
Other Revenue	359,722	317,355	-	-	359,722	317,355
Extraordinary items	-	-	499,448	-	499,448	-
Total revenues	17,032,984	16,572,141	21,759,568	21,233,294	38,792,552	37,805,435
Expenses						
City Council	175,756	205,274	-	-	175,756	205,274
Legal	216,540	180,338	-	-	216,540	180,338
Executive	566,955	541,084	-	-	566,955	541,084
Financial Administration	420,668	392,031	-	-	420,668	392,031
Purchasing	161,101	164,636	-	-	161,101	164,636
Social Services	53,989	44,000	-	-	53,989	44,000
Management Information Services	829,306	522,905	-	-	829,306	522,905
Economic Development	96,078	148,355	-	86,000	96,078	234,355
Human Resources	271,601	237,418	-	-	271,601	237,418
Warehouse	168,431	158,350	-	-	168,431	158,350
Fleet Maintenance	307,990	246,576	-	-	307,990	246,576
Building Maintenance	627,211	211,880	-	-	627,211	211,880
Granbury Public TV Channel 27	94,506	121,235	-	-	94,506	121,235
Other governmental functions	962,525	931,856	-	-	962,525	931,856
Police	3,497,261	3,464,007	-	-	3,497,261	3,464,007
Fire	487,921	475,344	-	-	487,921	475,344
Municipal Court	196,676	228,259	-	-	196,676	228,259
Streets	1,442,712	1,604,620	-	-	1,442,712	1,604,620
Public Works	548,552	518,811	-	-	548,552	518,811
Community Development	436,091	431,114	-	-	436,091	431,114
Clean Air Coalition	147,426	-	-	-	147,426	-
Airport	-	-	1,011,149	1,121,761	1,011,149	1,121,761
Cemetery	68,870	71,339	-	-	68,870	71,339
Tourism	1,413,290	1,114,430	-	-	1,413,290	1,114,430
Parks	1,979,717	2,078,875	-	-	1,979,717	2,078,875
Conference Center	635,391	667,948	-	-	635,391	667,948
Interest and fiscal charges	992,957	885,592	-	-	992,957	885,592
Water treatment and distribution	-	-	4,981,249	4,675,413	4,981,249	4,675,413
Wastewater collection and treatment	-	-	2,496,113	2,508,138	2,496,113	2,508,138
Electricity	-	-	11,228,158	11,644,931	11,228,158	11,644,931
Total expenses	16,799,521	15,646,277	19,716,669	20,036,243	36,516,190	35,682,520
Increase (decrease) in net position before transfers	233,463	925,864	2,042,899	1,197,051	2,276,362	2,122,915
Transfers	(2,781,257)	146,763	2,781,257	(147,964)	-	(1,201)
Increase (decrease) in net position	(2,547,794)	1,072,627	4,824,156	1,049,087	2,276,362	2,121,714
Net Position October 1	31,278,959	30,206,332	26,914,230	25,865,143	58,193,189	56,071,475
Prior period adjustment	(4,359,655)	-	(1,228,960)	-	(5,588,615)	-
Net Position September 30	\$ 24,371,510	\$ 31,278,959	\$ 30,509,426	\$ 26,914,230	\$ 54,880,936	\$ 58,193,189

Governmental Activities. Governmental activities decreased the City’s net position by \$2,547,794 compared with a \$1,072,627 increase in the prior year. Total governmental activities revenues increased \$460,843 (3%) to \$17,032,984. Total governmental activities expenses increased \$1,153,244 (7%) from the prior year. Key elements of these changes are as follows.

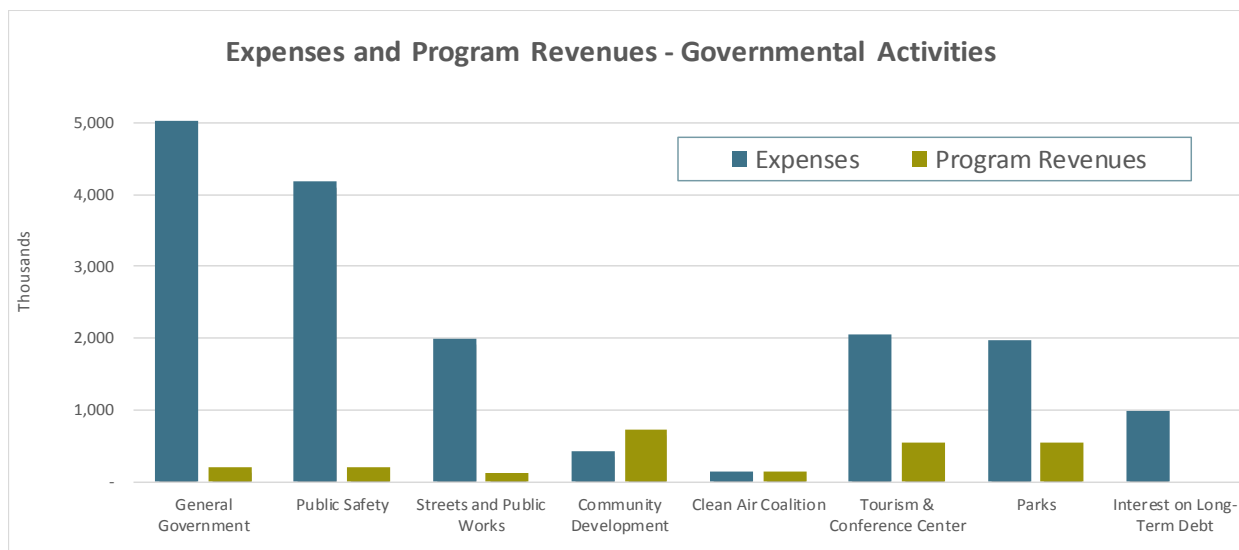
Revenues:

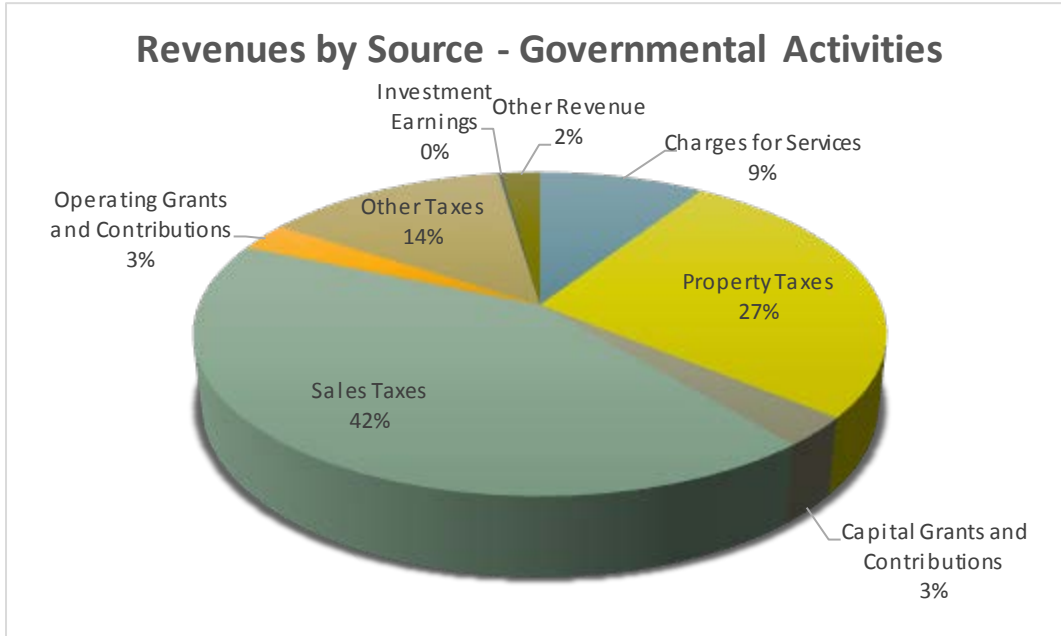
- Charges for services increased \$123,386 primarily due to an increase in building permit revenue due to an increase in the value of commercial projects.
- Operating grants and contributions decreased \$295,996 primarily because a \$321,000 tree replacement grant was received in the prior year.
- Capital grants and contributions decreased \$317,551 primarily due to contributions made by developers for street projects in the prior year.
- Property taxes increased \$170,092 due to an increase in the assessed property value and an increase in tax rate.
- Sales tax revenue increased \$599,616 (9%) in the current year due to the continued growth of the community. Sales tax reported in the governmental activities includes an adjustment for sales tax earned in September that is not considered available for the governmental fund statements.

Expenses:

- Management information services increased \$306,401 and building maintenance increased \$415,331 due to a change in the reporting of shared allocations. In previous years, these shared expenses were allocated and reported under operating expenses for both governmental and business-type activities. Beginning in fiscal year 2015, these expenses were recovered from the enterprise funds as transfers in.
- Streets increased \$161,908 primarily due to an increase in depreciation due to developer street contributions in the prior year.
- Clean air coalition was new in the current year.
- Tourism increased \$298,860 primarily due to an increase in depreciation expense since the Opera House was renovated and put into service during the prior year.
- Interest increased \$107,365 due to having more debt in the current year.

Below are two graphs summarizing governmental revenue and expense:





Business-type activities. Business-type activities increased the City’s net position by \$4,824,156 in the current year compared to an increase of \$1,049,087 in the prior year. The business-type activities total revenues increased \$526,274 (2%) to \$21,759,568 and total expenses decreased \$319,574 (2%) to \$19,716,669. Key elements of these changes are as follows.

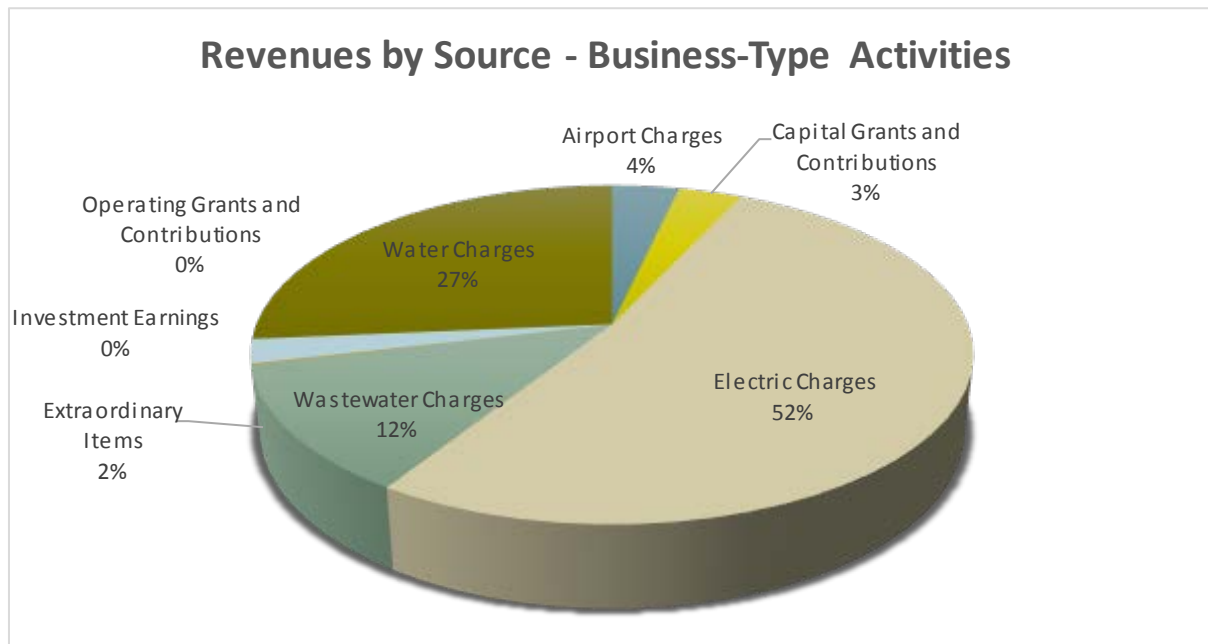
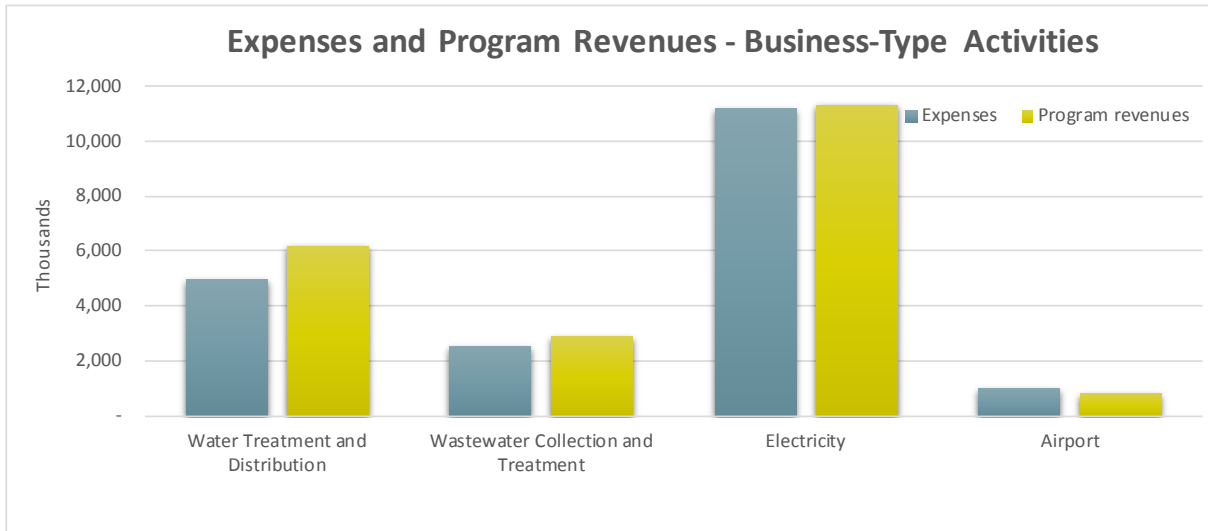
Revenues:

- There was a gain on the loss of a destroyed lift station in the current year in the amount of \$499,448. See note 8 to the financial statements for additional details.

Expenses:

- Airport expenses decreased \$110,612 primarily because fuel expense decreased due to lower fuel costs.
- Electric department expenses increased \$314,328 due to an increase in the amount of electricity purchased for resale and repairs and maintenance.
- In the previous year the amounts paid to the general fund for the shared allocation of expenses were allocated to the MIS, building maintenance and fleet maintenance department. During the year the City changed its methodology for calculating the shared allocation of expenses and these amounts were reported as transfers. As a result expenses decreased and transfers out increased.

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 \$6,894,710. \$3,581,181 (52%) 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 \$3,798,559. The fund balance of the general fund increased \$794,728. Sales tax increased 8% due to the continued growth of the community. Intergovernmental revenue increased approximately \$590,000 due to two grants received in the current year. Total revenue in the general fund increased by 8% overall. Expenditures increased 22% primarily due to the purchase of vehicles and equipment for the fire department, salary increases and vehicle purchases in the police department, land and property improvements in the parks department, and a change in the way shared allocation of expenses are reported.

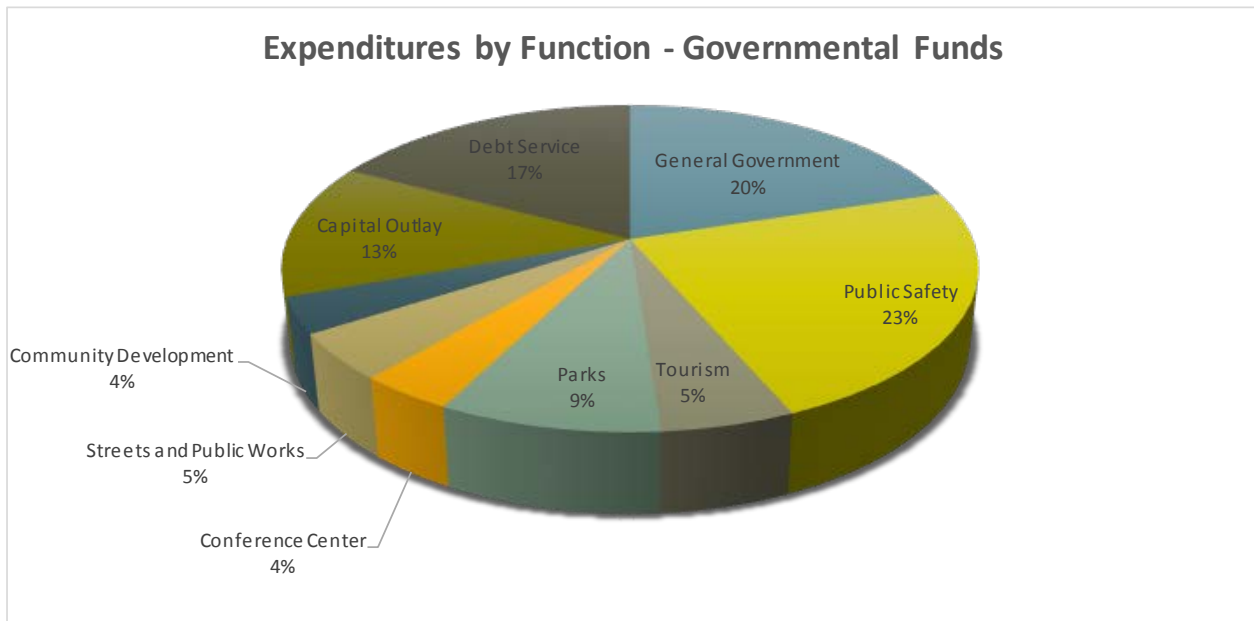
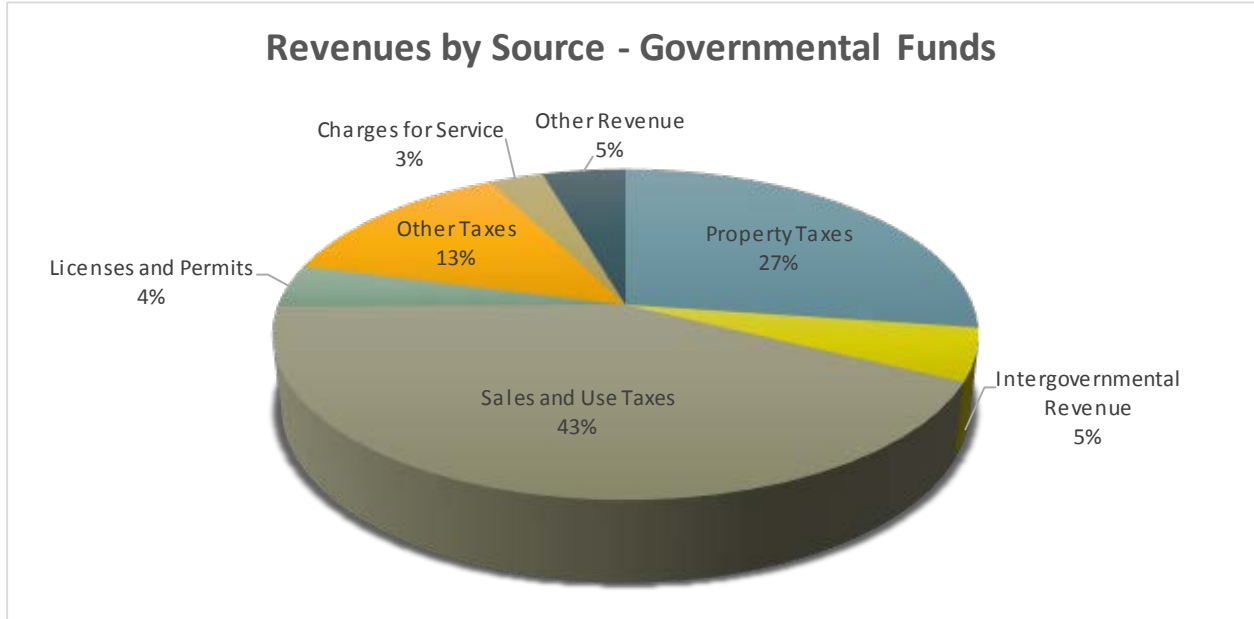
Below is a comparison of the general fund's net change in fund balance for 2015 and 2014.

	2015	2014	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Taxes:				
Property	\$ 1,763,490	\$ 1,761,949	\$ 1,541	0.09%
Sales and Use	7,151,484	6,599,573	551,911	8.36%
Franchise	1,639,843	1,575,029	64,814	4.12%
Fines and fees	190,154	149,611	40,543	27.10%
Licenses and permits	703,918	595,351	108,567	18.24%
Charges for service	33,887	49,358	(15,471)	-31.34%
Intergovernmental revenue	858,629	267,614	591,015	220.85%
Park and recreation	133,782	485,692	(351,910)	-72.46%
Interest income	9,582	17,214	(7,632)	-44.34%
Other revenue	318,575	312,132	6,443	2.06%
Total revenues	12,803,344	11,813,523	989,821	8.38%
Expenditures:				
General government	4,745,797	3,840,821	904,976	23.56%
Public Safety	5,123,326	4,085,731	1,037,595	25.40%
Streets	534,995	562,719	(27,724)	-4.93%
Public Works	578,796	547,800	30,996	5.66%
Community Development	441,303	430,693	10,610	2.46%
Clean Air Coalition	160,484	-	160,484	100.00%
Cemetery	71,100	55,852	15,248	27.30%
Parks	2,114,803	1,762,250	352,553	20.01%
Total expenditures	13,770,604	11,285,866	2,484,738	22.02%
Other financing sources (uses):				
Transfers in	1,610,262	351,470	1,258,792	358.15%
Transfers out	(1,042,428)	(2,408,757)	1,366,329	-56.72%
Insurance recoveries	72,944	-	72,944	100.00%
Issuance of Capital Lease	1,121,210	452,839	668,371	147.60%
Net change in fund balances	\$ 794,728	\$ (1,076,791)	\$ 1,871,519	173.81%

The Debt Service fund has a total fund balance of \$260,791, all of which is restricted for the payment of debt service. Debt Service fund balance increased in 2015 by \$89,439.

The fund balance of the capital projects fund decreased \$2,761,428 because of capital outlay for street improvements, skate park improvements, Moments in Time trail, downtown square improvement project, and property acquisition. 100% of the fund balance is restricted to be used to fund projects with bond proceeds.

Below are two graphs summarizing governmental fund revenue and expenditures.



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

Unrestricted net position of the enterprise funds were \$4,035,059 comprised of the Utility Fund \$4,235,536 and the Airport Fund negative \$200,477. The Utility Fund had a net position increase in 2015 of \$673,983 and the Airport had a net position increase of \$4,150,173 primarily due to the transfer of land from the capital projects fund in the amount of \$4,159,058.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City made revisions to the general fund original appropriations approved by the City Council. Overall these changes resulted in an increase in expenditures from the original budget of 3% or \$404,646. The most significant changes to general fund budgeted expenditures included: an increase to the executive budget of \$55,175 mainly due to personnel retirement, an increase of \$46,920 to management information services for additional software licensing fees, an increase in police of \$153,707 for the purchase and maintenance of new vehicles, and an increase in parks of \$90,531 primarily for the purchase of land.

General fund actual expenditures budgetary basis were \$810,667 less than budgeted. The clean air coalition was not budgeted because it was funded with a grant. Police, parks and community development were under budget \$145,359, \$134,874 and \$108,453, respectively.

CAPITAL ASSETS

The City of Granbury's investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounts to \$86,108,952 (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:

- The City purchased vehicles, machinery and equipment, and improvements other than buildings with capital leases totaling \$1,121,210.
- Drainage improvements of \$77,900 were contributed by developers.
- Current year capital asset events funded with bond funds include \$348,618 for Moments in Time trail and a skate park. Capital asset events for the Moments in Time trail not funded with bonds was \$452,671.

Business-Type Activities:

- \$4,159,058 of land was acquired for the airport.
- \$466,727 of water improvements and \$237,258 of sewer improvements were contributed by developers to the City.
- Current year capital asset events funded with the 2012 Utility System Revenue Bonds include \$1,089,538 for new water wells and \$131,096 for engineering and the pilot study.

- Current year capital asset events funded with the 2015A Combination Tax and Surplus Revenue Certificates of Obligation include \$133,870 for professional services relating to the construction of a water treatment plant.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,430,577	\$ 5,347,623	\$ 5,192,631	\$ 1,033,573	\$ 10,623,208	\$ 6,381,196
Buildings	13,654,988	14,042,841	147,915	135,485	13,802,903	14,178,326
Improvements other than buildings	21,901,506	22,529,432	31,705,098	30,360,642	53,606,604	52,890,074
Machinery and equipment	1,661,482	1,436,054	1,360,169	1,427,311	3,021,651	2,863,365
Construction in progress	2,484,878	1,346,422	2,569,708	3,179,191	5,054,586	4,525,613
Total	\$ 45,133,431	\$ 44,702,372	\$ 40,975,521	\$ 36,136,202	\$ 86,108,952	\$ 80,838,574

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 \$58,035,802. Of this amount, \$20,776,684 comprises bonded debt backed by the full faith and credit of the government, \$22,891,198 are certificates of obligation secured by ad valorem taxes and surplus revenues of the utility fund and \$11,302,269 represents bonds secured solely by electric, water and sewer revenues. The capital leases payable of \$2,729,254 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	
	2015	2014	2015	2014	2015	2014
Capital Leases Payable	\$ 1,472,077	\$ 614,842	\$ 1,257,177	\$ 1,407,137	\$ 2,729,254	\$ 2,021,979
Notes Payable	336,397	360,392	-	-	\$ 336,397	360,392
Revenue Bonds	-	-	11,302,269	12,114,241	11,302,269	12,114,241
General Obligation	16,840,147	9,509,707	3,936,537	4,376,581	20,776,684	13,886,288
Certificates of Obligation	6,461,198	12,447,293	16,430,000	-	22,891,198	12,447,293
Total Outstanding Debt	\$ 25,109,819	\$ 22,932,234	\$ 32,925,983	\$ 17,897,959	\$ 58,035,802	\$ 40,830,193

The City's bond ratings are listed below:

	General Obligation	Utility Revenue
Fitch Ratings	AA	Not rated
Standard & Poor's Corporation	AA	A+

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

Additional information on the City of Granbury's long-term debt can be found in Notes 9 and 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General Fund revenues and transfers in are budgeted to remain consistent in fiscal year 2016 when compared to the 2014-2015 budget. Sales tax makes up about 50% of the General Fund budgeted revenues. Property tax revenue is budgeted to increase about 8% from the 2014-2015 budgeted amounts. Certified assessed property valuations increased approximately \$104 million (9.3%) from the preceding year, but the property tax rate has remained the same at \$.397584 per \$100. The maintenance and operations portion of the tax rate was increased from \$.152907 to \$.180174 and the debt service rate decreased from \$.244677 to \$.217410. The increase in the maintenance and operations tax rate and reduction in the debt service rate were possible because of the increased property valuations, and because of the savings generated by the recent refinancing and debt roll off. Granbury has experienced tremendous growth in sales tax and property tax valuations during the last several years and therefore, continues to maintain its status as a regional retail and tourism hub. In fiscal year 2015 sales tax receipts were up 8.4% when compared with the previous year's actual collections.

Similarly, General Fund expenditures and transfers out are budgeted to remain consistent with 2014-2015 budgeted amounts. Total budget for the General Fund expenditures is \$13,606,864. While the significant growth in sales tax and property valuation is attributable to the increased commercial and residential activity, the City recognizes its reliance on the economically sensitive sales tax revenue and continues to budget conservatively.

Operating revenue in the Utility Fund is budgeted to remain consistent with 2014-2015 budgeted amounts at \$20,528,795. No rate adjustments were made for electric, water, and sewer services in fiscal year 2015. The City's electric provider is Bryan Texas Utilities (BTU). The existing 10-year contract for electric services will expire on December 31, 2017. The ten-year contract has locked in the energy cost at \$72.75 per megawatt hour which is 65%-75% higher than the power purchase rate the market currently offers. The estimated "all-in" charge the City pays BTU is \$84.99 per megawatt hour, including ancillary services, transmission services and transmission losses

Operating expenses for the Utility Fund, excluding depreciation, are budgeted to remain consistent with 2014-2015 budgeted amounts at \$19,554,007.

REQUEST FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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City of Granbury, Texas
Statement of Net Position
September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 3,195,295	\$ 1,866,582	\$ 5,061,877
Investments	2,060,000	550,000	2,610,000
Receivables (Net of allowances for uncollectibles)			
Property taxes	95,957	-	95,957
Franchise taxes	372,829	-	372,829
Accounts	-	2,062,057	2,062,057
Due from other governments	1,223,762	-	1,223,762
Fines and fees receivable	93,364	-	93,364
Miscellaneous receivables	280,045	842,138	1,122,183
Accrued interest	155	150	305
Internal balances	245,873	(245,873)	-
Prepaid items	69,970	-	69,970
Inventories	100,313	1,436,380	1,536,693
Restricted assets:			
Cash and cash equivalents	1,888,576	17,816,446	19,705,022
Investments	-	1,455,061	1,455,061
Capital assets (net of accumulated depreciation):			
Land	5,430,577	5,192,631	10,623,208
Buildings	13,654,988	147,915	13,802,903
Improvements other than buildings	21,901,506	31,705,098	53,606,604
Machinery and equipment	1,661,482	1,360,169	3,021,651
Construction in progress	2,484,878	2,569,708	5,054,586
Total Assets	54,759,570	66,758,462	121,518,032
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	950,643	274,629	1,225,272
Deferred charges on refunding	936,161	158,579	1,094,740
Total Deferred Outflows of Resources	1,886,804	433,208	2,320,012
LIABILITIES:			
Accounts payable and accrued liabilities	1,065,196	1,216,966	2,282,162
Unearned revenue	436,559	95,734	532,293
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accrued liabilities	-	132,718	132,718
Interest payable	133,847	114,953	248,800
Customer deposits	-	600,092	600,092
Noncurrent liabilities:			
Due Within One Year	2,553,858	1,580,730	4,134,588
Due in More Than One Year	27,888,660	32,897,604	60,786,264
Total Liabilities	32,078,120	36,638,797	68,716,917
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	196,744	43,447	240,191
Total Deferred Inflows of Resources	196,744	43,447	240,191
NET POSITION:			
Investments in Capital Assets, Net of Debt	21,537,158	24,172,309	45,709,467
Restricted Net Position			
Debt Service (Expendable)	185,641	1,049,749	1,235,390
Impact fees for capital improvements (Expendable)	-	1,252,309	1,252,309
Public Safety (Expendable)	39,026	-	39,026
Culture and Recreation (Expendable)	353,015	-	353,015
Public, educational, and governmental programing	65,895	-	65,895
Court technology and security (Expendable)	39,459	-	39,459
Unrestricted Net Position	2,151,316	4,035,059	6,186,375
Total Net Position	\$ 24,371,510	\$ 30,509,426	\$ 54,880,936

City of Granbury, Texas
Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
City Council	\$ 175,756	\$ -	\$ -	\$ -
Legal	216,540	-	-	-
Executive	566,955	-	-	-
Financial Administration	420,668	-	-	-
Purchasing	161,101	-	-	-
Social Services	53,989	-	-	-
Management Information Services and City WIFI	829,306	31,797	-	-
Economic Development	96,078	-	151,155	-
Human Resources	271,601	-	-	-
Warehouse	168,431	-	-	-
Fleet Maintenance	307,990	-	-	-
Building Maintenance	627,211	-	-	-
Granbury Public TV Channel 27	94,506	17,164	-	-
Other governmental functions	962,525	-	-	-
Police	3,497,261	124,102	54,725	-
Fire	487,921	-	-	-
Municipal Court	196,676	34,350	-	-
Streets	1,442,712	-	-	77,900
Public Works	548,552	44,570	-	-
Community Development	436,091	659,348	68,408	-
Clean Air Coalition	147,426	-	158,608	-
Cemetery	68,870	3,600	-	-
Tourism	1,413,290	134,441	43,885	-
Parks	1,979,717	135,563	-	425,733
Conference Center	635,391	373,481	-	-
Interest and fiscal charges	992,957	-	-	-
Total governmental activities	<u>16,799,521</u>	<u>1,558,416</u>	<u>476,781</u>	<u>503,633</u>
Business-type activities:				
Water treatment and distribution	4,981,249	5,744,707	12,250	446,727
Wastewater collection and treatment	2,496,113	2,645,515	-	237,258
Electricity	11,228,158	11,329,466	-	-
Airport	1,011,149	779,968	-	48,862
Total business-type activities	<u>19,716,669</u>	<u>20,499,656</u>	<u>12,250</u>	<u>732,847</u>
Total primary government	<u>\$ 36,516,190</u>	<u>\$ 22,058,072</u>	<u>\$ 489,031</u>	<u>\$ 1,236,480</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

Extraordinary Items

Transfers

Total General Revenues, Extraordinary Items & Transfers

Change in Net Position

Prior Period adjustment

Net Position, October 1, 2014

Net Position, September 30, 2015

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (175,756)	\$ -	\$ (175,756)
(216,540)	-	(216,540)
(566,955)	-	(566,955)
(420,668)	-	(420,668)
(161,101)	-	(161,101)
(53,989)	-	(53,989)
(797,509)	-	(797,509)
55,077	-	55,077
(271,601)	-	(271,601)
(168,431)	-	(168,431)
(307,990)	-	(307,990)
(627,211)	-	(627,211)
(77,342)	-	(77,342)
(962,525)	-	(962,525)
(3,318,434)	-	(3,318,434)
(487,921)	-	(487,921)
(162,326)	-	(162,326)
(1,364,812)	-	(1,364,812)
(503,982)	-	(503,982)
291,665	-	291,665
11,182	-	11,182
(65,270)	-	(65,270)
(1,234,964)	-	(1,234,964)
(1,418,421)	-	(1,418,421)
(261,910)	-	(261,910)
(992,957)	-	(992,957)
<u>(14,260,691)</u>	<u>-</u>	<u>(14,260,691)</u>
-	1,222,435	1,222,435
-	386,660	386,660
-	101,308	101,308
-	(182,319)	(182,319)
<u>-</u>	<u>1,528,084</u>	<u>1,528,084</u>
\$ <u>(14,260,691)</u>	\$ <u>1,528,084</u>	\$ <u>(12,732,607)</u>
\$ 1,762,700	\$ -	\$ 1,762,700
2,812,159	-	2,812,159
7,232,245	-	7,232,245
626,203	-	626,203
1,669,455	-	1,669,455
31,670	15,367	47,037
359,722	-	359,722
-	499,448	499,448
(2,781,257)	2,781,257	-
<u>11,712,897</u>	<u>3,296,072</u>	<u>15,008,969</u>
(2,547,794)	4,824,156	2,276,362
(4,359,655)	(1,228,960)	(5,588,615)
<u>31,278,959</u>	<u>26,914,230</u>	<u>58,193,189</u>
\$ <u>24,371,510</u>	\$ <u>30,509,426</u>	\$ <u>54,880,936</u>

City of Granbury, Texas
Balance Sheet
Governmental Funds
September 30, 2015

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Assets:					
Cash and cash equivalents	\$ 2,657,804	\$ 261,952	\$ 134,130	\$ 141,409	\$ 3,195,295
Investments	2,060,000	-	-	-	2,060,000
Receivables (Net of allowances for uncollectibles)					
Property taxes	37,260	58,697	-	-	95,957
Franchise taxes	372,829	-	-	-	372,829
Due from other governments	1,223,762	-	-	-	1,223,762
Fines and fees receivable	93,364	-	-	-	93,364
Miscellaneous receivables	208,003	-	-	72,042	280,045
Interest	155	-	-	-	155
Due from other funds	808,173	368	-	-	808,541
Inventories	97,512	-	-	2,801	100,313
Prepaid items	69,970	-	-	-	69,970
Restricted Assets:					
Cash and cash equivalents	70,350	-	1,818,226	-	1,888,576
Total assets	<u>\$ 7,699,182</u>	<u>\$ 321,017</u>	<u>\$ 1,952,356</u>	<u>\$ 216,252</u>	<u>\$ 10,188,807</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued expenses	\$ 895,375	\$ 1,529	\$ 97,503	\$ 70,789	\$ 1,065,196
Unearned revenue	401,806	-	-	34,753	436,559
Due to other funds	368	-	341,300	221,000	562,668
Total liabilities	<u>1,297,549</u>	<u>1,529</u>	<u>438,803</u>	<u>326,542</u>	<u>2,064,423</u>
Deferred inflows of resources:					
Deferred revenue	<u>1,170,977</u>	<u>58,697</u>	<u>-</u>	<u>-</u>	<u>1,229,674</u>
Total deferred inflows of resources	<u>1,170,977</u>	<u>58,697</u>	<u>-</u>	<u>-</u>	<u>1,229,674</u>
Fund Balance:					
Nonspendable	619,482	-	-	-	619,482
Restricted	497,395	260,791	1,513,553	-	2,271,739
Committed	270,982	-	-	107,088	378,070
Assigned	44,238	-	-	-	44,238
Unassigned	<u>3,798,559</u>	<u>-</u>	<u>-</u>	<u>(217,378)</u>	<u>3,581,181</u>
Total fund balances	<u>5,230,656</u>	<u>260,791</u>	<u>1,513,553</u>	<u>(110,290)</u>	<u>6,894,710</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,699,182</u>	<u>\$ 321,017</u>	<u>\$ 1,952,356</u>	<u>\$ 216,252</u>	<u>\$ 10,188,807</u>

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

City of Granbury, Texas
 Reconciliation of the Governmental Funds Balance Sheet
 To the Statement of Net Position
 September 30, 2015

Total Fund Balances - Governmental Funds	\$ 6,894,710
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 \$87,511,341 and the accumulated depreciation was \$42,377,910.	45,133,431
Deferred charges for refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds.	936,161
Included in the items related to noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of \$4,952,310, a deferred resource inflow related to pensions of \$196,744, and a deferred resource outflow related to pensions in the amount of \$950,643. This amounted to a decrease in net position in the amount of \$4,198,411.	753,899
Long-term liabilities, including \$23,301,345 bonds payable, \$336,397 notes payable, \$1,472,077 capital leases payable and \$380,389 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.	(30,442,518)
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.	(133,847)
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.	1,229,674
Net Position of Governmental Activities	\$ 24,371,510

City of Granbury, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended September 30, 2015

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 1,763,490	\$ 2,813,677	\$ -	\$ -	\$ 4,577,167
Sales and Use	7,151,484	-	-	-	7,151,484
Hotel/Motel Occupancy	-	-	-	626,203	626,203
Franchise	1,639,843	-	-	-	1,639,843
Fines and fees	190,154	-	-	-	190,154
Licenses and permits	703,918	-	-	-	703,918
Charges for service	33,887	-	-	462,951	496,838
Intergovernmental revenue	858,629	-	-	-	858,629
Park and recreation	133,782	-	-	-	133,782
Interest income	9,582	16,581	5,402	105	31,670
Other revenue	318,575	-	-	88,856	407,431
Total revenues	<u>12,803,344</u>	<u>2,830,258</u>	<u>5,402</u>	<u>1,178,115</u>	<u>16,817,119</u>
Expenditures:					
Current					
General government					
City Council	175,756	-	-	-	175,756
Legal	216,540	-	-	-	216,540
Executive	609,269	-	-	-	609,269
Financial Administration	424,593	-	-	-	424,593
Purchasing	162,394	-	-	-	162,394
Social Services	53,989	-	-	-	53,989
Management Information Services and City WIFI	759,853	-	-	-	759,853
Economic Development	98,916	-	-	-	98,916
Human Resources	273,835	-	-	-	273,835
Warehouse	194,830	-	-	-	194,830
Fleet Maintenance	307,021	-	-	-	307,021
Building Maintenance	661,663	-	-	-	661,663
Granbury Public TV Channel 27	104,407	-	-	-	104,407
Other governmental functions	702,731	-	-	-	702,731
Public Safety:					
Police	3,666,497	-	-	-	3,666,497
Fire	1,255,424	-	-	-	1,255,424
Municipal Court	201,405	-	-	-	201,405
Streets	534,995	-	-	-	534,995
Public Works	578,796	-	-	-	578,796
Community Development	441,303	-	-	-	441,303
Clean Air Coalition	160,484	-	-	-	160,484
Cemetery	71,100	-	-	-	71,100
Tourism	-	-	-	797,357	797,357
Parks	2,114,803	-	-	-	2,114,803
Conference Center	-	-	-	644,068	644,068
Capital outlay	-	-	1,107,772	-	1,107,772
Debt service:					
Principal	-	2,326,476	-	23,994	2,350,470
Interest and fiscal charges	-	700,884	-	11,405	712,289
Debt issuance costs	-	206,070	91,534	-	297,604
Total expenditures	<u>13,770,604</u>	<u>3,233,430</u>	<u>1,199,306</u>	<u>1,476,824</u>	<u>19,680,164</u>
Excess (deficiency) of revenue over (under) expenditures	<u>\$ (967,260)</u>	<u>\$ (403,172)</u>	<u>\$ (1,193,904)</u>	<u>\$ (298,709)</u>	<u>\$ (2,863,045)</u>
Other financing sources (uses):					
Transfers in	1,610,262	285,972	-	523,995	2,420,229
Transfers out	(1,042,428)	-	(4,159,058)	-	(5,201,486)
Certificates of Obligation issued	-	-	2,460,000	-	2,460,000
Refunding bonds issued	-	8,130,000	-	-	8,130,000
Bond (Discount)/Premium	-	860,333	131,534	-	991,867
Payment to bond refunding escrow agent	-	(8,783,694)	-	-	(8,783,694)
Insurance recoveries	72,944	-	-	-	72,944
Issuance of Capital lease	1,121,210	-	-	-	1,121,210
Total other financing sources (uses)	<u>1,761,988</u>	<u>492,611</u>	<u>(1,567,524)</u>	<u>523,995</u>	<u>1,211,070</u>
Net change in fund balances	794,728	89,439	(2,761,428)	225,286	(1,651,975)
Fund Balance, October 1, 2014	<u>4,435,928</u>	<u>171,352</u>	<u>4,274,981</u>	<u>(335,576)</u>	<u>8,546,685</u>
Fund Balance, September 30, 2015	<u>\$ 5,230,656</u>	<u>\$ 260,791</u>	<u>\$ 1,513,553</u>	<u>\$ (110,290)</u>	<u>\$ 6,894,710</u>

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

City of Granbury, Texas
 Reconciliation of Statement of Revenues,
 Expenditures and Changes in Fund Balances of
 The Governmental Funds to the Statement of Activities
 For the year ended September 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$ (1,651,975)
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 \$3,215,086 of capital outlays, \$77,900 of developer contributions and \$2,350,470 of debt principal payments is to increase net position.	5,643,456
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.	(2,861,926)
Current year issuance of capital lease are other financing sources in the fund financial statements. The effect of the \$1,121,210 increase in capital leases payable is a decrease in net position.	(1,121,210)
Current year proceeds from the sale of bonds are other financing sources in the fund financial statements. The net effect of the increase in certificates of obligation is a decrease in net position.	(2,591,534)
Transactions involving the issuance of refunding bonds are expenditures and other financing sources (uses) in the fund financial statements but change in deferred charges for refunding and noncurrent liabilities in the government-wide financial statements. The net effect is a decrease to net position.	(206,639)
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 \$27,791 increase in interest payable, \$1,167 increase in compensated absences, and \$44,727 amortization of deferred charges, premiums and discounts increase net position.	15,769
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	65,021
GASB required the City to recognize their net pension liability, deferred resource inflow related to pensions, and deferred resource outflow related to pensions. The changes in these balances increased net position.	161,244
Change in Net Position of Governmental Activities	\$ (2,547,794)

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

City of Granbury, Texas
Statement of Net Position
Proprietary Funds
September 30, 2015

	Business-type Activities		
	Enterprise Funds		
	Utility Fund	Airport Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 1,865,836	\$ 746	\$ 1,866,582
Investments	550,000	-	550,000
Receivables (Net of allowance for uncollectibles):			
Accounts	2,062,057	-	2,062,057
Miscellaneous Receivables	704,913	137,225	842,138
Interest	150	-	150
Supplies inventory	1,418,822	17,558	1,436,380
Restricted Assets:			
Cash and cash equivalents	17,816,446	-	17,816,446
Investments	1,455,061	-	1,455,061
	<u>25,873,285</u>	<u>155,529</u>	<u>26,028,814</u>
Capital assets, at cost:			
Land	885,750	4,306,881	5,192,631
Construction in Progress	2,569,708	-	2,569,708
Buildings	284,000	256,487	540,487
Improvements other than buildings	50,968,163	4,444,715	55,412,878
Machinery and Equipment	4,507,536	238,320	4,745,856
Less: accumulated depreciation	(24,490,851)	(2,995,188)	(27,486,039)
Capital assets, net	<u>34,724,306</u>	<u>6,251,215</u>	<u>40,975,521</u>
Total noncurrent assets	<u>34,724,306</u>	<u>6,251,215</u>	<u>40,975,521</u>
Total assets	\$ <u>60,597,591</u>	\$ <u>6,406,744</u>	\$ <u>67,004,335</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	\$ 158,579	\$ -	\$ 158,579
Deferred outflow related to pensions	248,849	25,780	274,629
	<u>407,428</u>	<u>25,780</u>	<u>433,208</u>
Total deferred outflows of resources	\$ <u>407,428</u>	\$ <u>25,780</u>	\$ <u>433,208</u>

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

City of Granbury, Texas
Statement of Net Position
Proprietary Funds
September 30, 2015

	Business-type Activities		
	Enterprise Funds		
	Utility Fund	Airport Fund	Totals
LIABILITIES:			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 1,198,190	\$ 18,776	\$ 1,216,966
Unearned revenue	94,246	1,488	95,734
Compensated absences payable	65,668	2,199	67,867
Due to other funds	14,873	231,000	245,873
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accrued liabilities	132,718	-	132,718
Current portion of long-term debt	1,397,257	115,606	1,512,863
Interest payable	114,953	-	114,953
Customer deposits payable	598,892	1,200	600,092
Total current liabilities	<u>3,616,797</u>	<u>370,269</u>	<u>3,987,066</u>
Noncurrent Liabilities:			
Compensated absences payable	66,015	-	66,015
Net pension liability	1,295,124	123,345	1,418,469
Capital leases payable	288,158	728,674	1,016,832
Bonds payable	30,396,288	-	30,396,288
Total noncurrent liabilities	<u>32,045,585</u>	<u>852,019</u>	<u>32,897,604</u>
Total liabilities	<u>\$ 35,662,382</u>	<u>\$ 1,222,288</u>	<u>\$ 36,884,670</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows related to pensions	\$ 39,669	\$ 3,778	\$ 43,447
Total deferred inflows of resources	<u>\$ 39,669</u>	<u>\$ 3,778</u>	<u>\$ 43,447</u>
NET POSITION:			
Investment in capital assets, net of debt	\$ 18,765,374	\$ 5,406,935	\$ 24,172,309
Restricted for debt service (Expendable)	1,049,749	-	1,049,749
Restricted impact fees for capital improvements - water (Expendable)	358,617	-	358,617
Restricted impact fees for capital improvements - wastewater (Expendable)	893,692	-	893,692
Unrestricted	4,235,536	(200,477)	4,035,059
Total net position	<u>\$ 25,302,968</u>	<u>\$ 5,206,458</u>	<u>\$ 30,509,426</u>

City of Granbury, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2015

	Business-type Activities Enterprise Funds		
	Utility Fund	Airport Fund	Totals
Operating revenues:			
Charges for sales and services:			
Charges for Water and Sewer Sales	\$ 7,913,291	\$ -	\$ 7,913,291
Charges for Electricity Sales	10,993,672	-	10,993,672
Charges for Airport Services	-	727,183	727,183
Impact fees	235,227	-	235,227
Intergovernmental	12,250	-	12,250
Other Revenue	556,493	52,785	609,278
Total operating revenue	<u>19,710,933</u>	<u>779,968</u>	<u>20,490,901</u>
Operating expenses:			
Administration	442,567	-	442,567
Airport	-	830,619	830,619
Water treatment and distribution	2,804,342	-	2,804,342
Wastewater collection and treatment	1,464,801	-	1,464,801
Electricity	9,933,954	-	9,933,954
Meter Reading	164,933	-	164,933
Utility Franchise Fees	849,286	-	849,286
Depreciation	2,046,110	151,055	2,197,165
Total operating expenses	<u>17,705,993</u>	<u>981,674</u>	<u>18,687,667</u>
Operating income	<u>2,004,940</u>	<u>(201,706)</u>	<u>1,803,234</u>
Nonoperating revenues (expenses):			
Interest revenue	15,367	-	15,367
Gain (loss) on disposal of capital assets	15,843	5,162	21,005
Interest expense	(637,987)	(29,475)	(667,462)
Debt issuance costs	(361,540)	-	(361,540)
Total nonoperating revenues (expenses)	<u>(968,317)</u>	<u>(24,313)</u>	<u>(992,630)</u>
Income (loss) before contributions and transfers	<u>1,036,623</u>	<u>(226,019)</u>	<u>810,604</u>
Capital contributions and transfers:			
Capital contributions	683,985	48,862	732,847
Transfers in	-	4,391,519	4,391,519
Transfers out	(1,546,073)	(64,189)	(1,610,262)
Net capital contributions and transfers	<u>(862,088)</u>	<u>4,376,192</u>	<u>3,514,104</u>
Extraordinary items			
Gain on destroyed lift station	499,448	-	499,448
Change in Net Position	673,983	4,150,173	4,824,156
Net Position, October 1, 2014	25,752,882	1,161,348	26,914,230
Prior Period Adjustment	<u>(1,123,897)</u>	<u>(105,063)</u>	<u>(1,228,960)</u>
Net Position, September 30, 2015	<u>\$ 25,302,968</u>	<u>\$ 5,206,458</u>	<u>\$ 30,509,426</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, 2015

	Business-type Activities		
	Enterprise Funds		
	Utility Fund	Airport Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 19,777,152	\$ 785,364	\$ 20,562,516
Payments to suppliers	(13,867,344)	(658,358)	(14,525,702)
Cash paid to employees	(1,618,050)	(169,522)	(1,787,572)
Net cash provided by operating activities	<u>4,291,758</u>	<u>(42,516)</u>	<u>4,249,242</u>
Cash flow from noncapital financing activities:			
Interfund Borrowing	-	-	-
Increase (decrease) in due to other funds	-	(59,000)	(59,000)
Transfers in	-	232,461	232,461
Transfers out	(1,546,073)	(64,189)	(1,610,262)
Contributions for Economic Development	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(1,546,073)</u>	<u>109,272</u>	<u>(1,436,801)</u>
Cash flow from capital and related financing activities:			
Principal payments on long-term debt	(1,336,031)	(91,418)	(1,427,449)
Proceeds from issuance of certificates of obligation	16,068,460	-	16,068,460
Proceeds from sale of capital assets	15,843	5,162	21,005
Transfers in	-	4,159,058	4,159,058
Capital grants and contributions	-	48,862	48,862
Capital outlay	(1,998,762)	(4,159,030)	(6,157,792)
Interest paid on long-term debt	(574,520)	(29,475)	(603,995)
Insurance proceeds received on lift station	399,777	-	399,777
Expenses related to lift station	(457,215)	-	(457,215)
Net cash (used) by capital and related financing activities	<u>12,117,552</u>	<u>(66,841)</u>	<u>12,050,711</u>
Cash flow from investing activities:			
Proceeds from sales and maturities of investments	1,103,899	-	1,103,899
Purchase of investments	(500,000)	-	(500,000)
Interest Received	15,295	-	15,295
Net cash provided (used) by investing activities	<u>619,194</u>	<u>-</u>	<u>619,194</u>
Net increase (decrease) in cash and cash equivalents	15,482,431	(85)	15,482,346
Cash and cash equivalents, October 1, 2014	<u>4,199,851</u>	<u>831</u>	<u>4,200,682</u>
Cash and cash equivalents, September 30, 2015	<u>\$ 19,682,282</u>	<u>\$ 746</u>	<u>\$ 19,683,028</u>
Reconciliation of Operating Income to			
Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 2,004,940	\$ (201,706)	\$ 1,803,234
Adjustments to reconcile operating income to			
net cash provided (used) by operating activities:			
Depreciation expense	2,046,110	151,055	2,197,165
Loss on disposal of capital assets	-	-	-
(Increase) decrease in accounts receivable	65,415	-	65,415
(Increase) decrease in miscellaneous receivables	209,204	2,708	211,912
(Increase) decrease in prepaid items	-	1,055	1,055
(Increase) decrease in inventory	(157,964)	6,060	(151,904)
Increase (decrease) in accounts payable	143,242	(853)	142,389
Increase (decrease) in compensated absences payable	17,960	197	18,157
Increase (decrease) in unearned revenue	(93,356)	1,488	(91,868)
Increase (decrease) in customer meter deposits	94,160	1,200	95,360
Increase (decrease) in net pension balances	(37,953)	(3,720)	(41,673)
Total adjustments	<u>2,286,818</u>	<u>159,190</u>	<u>2,446,008</u>
Net cash provided by operating activities	<u>\$ 4,291,758</u>	<u>\$ (42,516)</u>	<u>\$ 4,249,242</u>
Noncash Investing, Capital and Financing Activities			
Contribution of capital assets from developers	\$ 683,985	\$ -	\$ 683,985
Capital assets purchased with capital lease	<u>24,499</u>	<u>37,491</u>	<u>61,990</u>
	<u>\$ 708,484</u>	<u>\$ 37,491</u>	<u>\$ 745,975</u>

City of Granbury, Texas
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2015

	Future Construction Escrow Agency Fund	Employee Benefits Trust
ASSETS:		
Assets:		
Cash and cash equivalents	\$ 44,510	\$ 156,632
Total assets	<u>\$ 44,510</u>	<u>\$ 156,632</u>
LIABILITIES		
Liabilities:		
Accounts payable	\$ 150	\$ -
Escrow liability	<u>44,360</u>	<u>-</u>
Total liabilities	<u>\$ 44,510</u>	<u>\$ -</u>
NET POSITION		
Unrestricted Net Position		<u>\$ 156,632</u>

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

City of Granbury, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the year ended September 30, 2015

	<u>Employee Benefits Trust</u>
Additions	
Contributions	
Employer	\$ 1,127,699
Employees	63,299
Miscellaneous income	-
Interest Income	<u>281</u>
Total additions	<u>1,191,279</u>
Deductions	
Insurance Premiums	<u>1,112,201</u>
Change in net position	79,078
Net Position, October 1, 2014	<u>77,554</u>
Net Position, September 30, 2015	<u><u>\$ 156,632</u></u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Blended Component Unit.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 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 City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

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

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, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

D. Assets, Liabilities and Net Position or Equity

1. *Deposits and Investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased. Amounts invested in Tex-Pool 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."

3. *Property Tax*

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

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. *Inventory*

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

5. *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond September 30 are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid expenses in the governmental funds are accounted for using the purchases method.

6. *Capital Assets*

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the proprietary funds during the current fiscal year was \$667,462. Of this amount \$0 was included as part of the cost of capital assets under construction in connection with utility construction projects.

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

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

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

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. *Compensated Absences*

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

8. *Long-term Obligations*

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

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

9. *Fund Balance – Governmental Funds*

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays and inventory	\$ 167,482	\$ -	\$ -	\$ -	\$ 167,482
Due from other funds	452,000	-	-	-	452,000
Restricted:					
Debt Service	-	260,791	-	-	260,791
Construction	-	-	1,513,553	-	1,513,553
Police training, K9 program and forfeiture funds	39,026	-	-	-	39,026
Park improvements	353,015	-	-	-	353,015
Public, educational and governmental programming	65,895	-	-	-	65,895
Court technology & security	39,459	-	-	-	39,459
Committed:					
Culture and Recreation	-	-	-	107,088	107,088
Encumbrances	270,982	-	-	-	270,982
Assigned					
Cemetery Gas Well	44,238	-	-	-	44,238
Unassigned	3,798,559	-	-	(217,378)	3,581,181
	<u>\$ 5,230,656</u>	<u>\$ 260,791</u>	<u>\$ 1,513,553</u>	<u>\$ (110,290)</u>	<u>\$ 6,894,710</u>

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

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

10. Net Position

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

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted Fund Balance (Exhibit C-1)	\$ 2,271,739
Adjustments	
Unspent proceeds from bonds reclassified to investment in capital assets, net of debt	(1,513,553)
Accrued interest payable restricted for debt service	(133,847)
Deferred property tax revenue restricted for debt service	58,697
Total adjustments	(1,588,703)
Restricted Net Position (Exhibit A-1)	\$ 683,036

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 \$217,378. The deficit has been reduced from \$447,076 in 2013-2014 down to \$217,378. Management expects the fund to report a positive change in fund balance next year. Additionally, the general fund will make transfers to cover the deficit fund equity.

NOTE 2: DEPOSITS AND INVESTMENTS

The Texas Public Funds Investment Act authorizes the government to invest in obligations of the U.S. Treasury, obligations of states, agencies, counties, cities and other political subdivisions, secured certificates of deposit, repurchase agreements, bankers' acceptance, commercial paper, mutual funds, guaranteed investment contracts and investment pools. Investments are stated at fair value except for short-term highly liquid investments which are stated at cost or amortized cost. During the year ended September 30, 2015, 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 fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City’s funds are required to be deposited and invested under the terms of a depository contract. The City’s deposits are required to be collateralized with securities held by the pledging institution’s trust department or agent in the City’s name at a level of not less than 102% of fair value. At September 30, 2015, the City’s deposits at all banks were adequately insured.

\$15,934,970 of the City’s cash balance is held in an escrow account and collateralized in the name of the financial institution, not the City.

Credit Risk– Investments

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

Interest Rate Risk – Investments

In accordance with its investment policy, the City manages interest rate risk by avoiding over-concentration of assets in a specific maturity sector, a specific issuer or a specific class of securities. Portfolio maturities are staggered in a way that protects interest income from volatility and concentrations in a specific maturity sector. The maximum dollar weighted average maturity will be limited to two years. The City’s investments at September 30, 2015 included the following:

Investment	Credit Rating	Maturities	Percentage of Total Investments	Cost	Fair Value
Tex-Pool	AAAm	79 days	57.56%	\$ 2,340,043	\$ 2,340,043
TexStar Pool	AAAm	56 days	42.44%	1,725,018	1,725,018
			100.00%	<u>\$ 4,065,061</u>	<u>\$ 4,065,061</u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 3: RESTRICTED ASSETS

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

	<u>Cash</u>	<u>Investments</u>
Governmental Activities		
PEG Fees	\$ 70,350	\$ -
Construction	1,818,226	-
Total	<u>\$ 1,888,576</u>	<u>\$ -</u>
Business-type Activities		
Customer deposits	\$ 600,092	\$ -
Impact fees restricted for capital improvements	882,322	370,000
Interest and sinking funds	120,148	-
Revenue bond reserve	159,495	885,061
Bond construction fund	16,054,389	200,000
Total	<u>\$17,816,446</u>	<u>\$ 1,455,061</u>

NOTE 4: RECEIVABLES

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

	<u>General</u>	<u>Debt Service</u>	<u>Tourism</u>	<u>Total Governmental Funds</u>	<u>Total Enterprise Funds</u>
Receivables:					
Property taxes	\$ 43,602	\$ 69,055	\$ -	\$ 112,657	\$ -
Franchise taxes	372,829	-	-	372,829	-
Accounts receivable	-	-	-	-	1,046,257
Earned income not billed	-	-	-	-	1,049,965
Fines and fees receivable	468,419	-	-	468,419	-
Due from other governments	1,223,762	-	-	1,223,762	-
Miscellaneous	208,003	-	72,042	280,045	842,138
Interest	155	-	-	155	150
Gross Receivables	<u>2,316,770</u>	<u>69,055</u>	<u>72,042</u>	<u>2,457,867</u>	<u>2,938,510</u>
Less: Allowance					
for Uncollectibles	(381,397)	(10,358)	-	(391,755)	(34,165)
Net Total Receivables	<u>\$1,935,373</u>	<u>\$ 58,697</u>	<u>\$ 72,042</u>	<u>\$2,066,112</u>	<u>\$2,904,345</u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The City has two types of items in this category, unavailable revenues for governmental funds and deferred inflows related to pensions in the government-wide statement of net position and proprietary funds statements. At the end of the fiscal year, the components of deferred inflows in the governmental funds were as follows:

Deferred inflows of resources - governmental funds

Deferred property taxes receivable (general fund)	\$ 35,937
Deferred property taxes receivable (debt service fund)	58,697
Deferred sales tax receivable (general fund)	668,847
Deferred franchise tax receivable (general fund)	372,829
Deferred fines and fees receivable (general fund)	93,364
Total deferred inflows for governmental funds	\$ 1,229,674

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, 2015, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Utility Fund	\$ 14,873	Warehouse inventory
	Tourism Fund	221,000	Borrowings through pooled cash
	Airport Fund	231,000	Borrowings through pooled cash
	Capital Projects Fund	341,300	Capital outlay
Debt Service	General Fund	368	Debt service
Total Governmental Funds		\$ 808,541	

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

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, 2015, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Airport	64,189	Allocation of shared expenses
	Enterprise	1,546,073	Unrestricted revenues of utility fund used to finance various general fund programs
Debt Service	General	285,972	Debt service
Nonmajor	General	483,995	Conference Center, Tourism, and Opera House
	General	<u>40,000</u>	Historic Properties
Total Governmental Funds Transfers In		<u>\$ 2,420,229</u>	
Airport Fund	General	232,461	Airport
	Capital Projects	<u>4,159,058</u>	Land Purchase
Total Enterprise Funds Transfers In		<u>\$ 4,391,519</u>	

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

Governmental activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Non - Depreciable Assets:					
Land	\$ 5,347,623	\$ 82,954	\$ -	\$ -	\$ 5,430,577
Construction in Progress	1,346,422	1,593,575	-	(455,119)	2,484,878
Total non-depreciable assets	<u>6,694,045</u>	<u>1,676,529</u>	<u>-</u>	<u>(455,119)</u>	<u>7,915,455</u>
Depreciable Assets:					
Buildings	19,430,446	200,745	-	-	19,631,191
Improvements other than buildings	49,519,242	908,933	-	-	50,428,175
Machinery and equipment	8,793,245	506,778	(194,615)	431,111	9,536,519
Total capital assets being depreciated	<u>77,742,933</u>	<u>1,616,456</u>	<u>(194,615)</u>	<u>431,111</u>	<u>79,595,885</u>
Accumulated Depreciation:					
Buildings	(5,387,605)	(588,598)	-	-	(5,976,203)
Improvements other than buildings	(26,989,810)	(1,536,859)	-	-	(28,526,669)
Machinery and equipment	(7,357,191)	(736,469)	194,615	24,008	(7,875,037)
Total accumulated depreciation	<u>(39,734,606)</u>	<u>(2,861,926)</u>	<u>194,615</u>	<u>24,008</u>	<u>(42,377,909)</u>
Governmental activities capital assets, net	<u>\$ 44,702,372</u>	<u>\$ 431,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,133,431</u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 7: CAPITAL ASSETS (Continued)

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

Governmental activities:	
Executive	\$ 671
Management Information Services	98,545
Fleet	8,647
Warehouse	19,329
Building maintenance	7,833
Channel 27	6,942
Other governmental functions	259,794
Police	117,966
Fire	168,540
Streets	992,879
Cemetary	16,140
Tourism	683,713
Parks	480,927
Total depreciation expense - governmental activities	<u>\$ 2,861,926</u>

Business-type activities:	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Non - Depreciable Assets:					
Land	\$ 1,033,573	\$ 4,159,058	\$ -	\$ -	\$ 5,192,631
Construction in Progress	3,179,191	1,908,895	-	(2,518,378)	2,569,708
Total non-depreciable assets	<u>4,212,764</u>	<u>6,067,953</u>	<u>-</u>	<u>(2,518,378)</u>	<u>7,762,339</u>
Depreciable Assets:					
Buildings	516,542	23,945	-	-	540,487
Improvements other than buildings	52,120,497	774,003	-	2,518,378	55,412,878
Machinery and equipment	4,671,675	170,582	(120,409)	24,008	4,745,856
Total capital assets being depreciated	<u>57,308,714</u>	<u>968,530</u>	<u>(120,409)</u>	<u>2,542,386</u>	<u>60,699,221</u>
Accumulated Depreciation:					
Buildings	(381,057)	(11,515)	-	-	(392,572)
Improvements other than buildings	(21,759,855)	(1,947,925)	-	-	(23,707,780)
Machinery and equipment	(3,244,364)	(237,724)	120,409	(24,008)	(3,385,687)
Total accumulated depreciation	<u>(25,385,276)</u>	<u>(2,197,164)</u>	<u>120,409</u>	<u>(24,008)</u>	<u>(27,486,039)</u>
Business-type activities capital assets, net	<u>\$ 36,136,202</u>	<u>\$ 4,839,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,975,521</u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

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	\$ 1,199,105
Wastewater collection and treatment	611,658
Electricity	235,347
Airport	151,055
Total depreciation expense - business-type activities	\$ 2,197,165

NOTE 8: EXTRAORDINARY ITEM

In May 2015, a lift station was lost due to flooding. The lift station was insured at replacement cost. The lift station was about 40 years old and fully depreciated. The City received \$956,663 in insurance proceeds and incurred expenses of \$457,215 to secure the site and temporary measures to maintain services. The gain on the destroyed lift station of \$499,448 is reported as an extraordinary item on the proprietary funds statement of revenues, expenses, and changes in fund net position and of the government-wide statement of activities.

NOTE 9: 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 \$372,697 and tourism fund \$7,692.

November 12, 2014, the City issued \$8,130,000 of General Obligation Refunding Bonds, Series 2014. The bonds consisted of general obligation bonds with interest rates ranging from 2.00% to 4.00%. The net proceeds were used to refund Combination Tax and Revenue Certificates of Obligation, Series 2006A with a total principal amount of \$330,000 and Combination Tax and Revenue Certificates of Obligation, Series 2007 principal of \$7,800,000. The refunding decreased debt service payments for the City by \$850,618 with a net present value savings (economic gain) of \$697,772 or 8.58%.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 9: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

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

	<u>9/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2015</u>	<u>Due Within One Year</u>
General Obligation Bonds					
\$4,980,000; General Obligation Refunding Bonds Series 2013 due in semi-annual installments from 8/15/2013; 2.00% to 3.00% until 8/15/2024.	\$ 4,475,000	\$ -	\$ 460,000	4,015,000	\$ 470,000
Series 2013 unamortized bond premium	309,275	-	30,928	278,347	30,927
\$2,270,000; General Obligation Refunding Bonds Series 2008 due in semi-annual installments from 8/15/2008, 3.50% to 4.00% until 8/15/2024.	1,425,000	-	117,500	1,307,500	115,000
Series 2008 unamortized bond premium	27,292	-	2,730	24,562	2,730
\$5,845,000; General Obligation Refunding Bonds Series 2011 due in annual installments beginning from 8/15/2011, 2.00% to 4.00% until 8/15/2022.	3,065,000	-	825,000	2,240,000	280,000
Series 2011 unamortized bond premium	208,140	-	23,127	185,013	23,127
\$8,130,000; General Obligation Refunding Bonds Series 2014 due in annual installments beginning from 8/15/2015, 2.00% to 4.00% until 8/15/2031.	-	8,130,000	150,000	7,980,000	65,000
Series 2014 unamortized bond premium	-	860,333	50,608	809,725	50,608
Total General Obligation Bonds	<u>\$ 9,509,707</u>	<u>\$ 8,990,333</u>	<u>\$ 1,659,893</u>	<u>\$ 16,840,147</u>	<u>\$ 1,037,392</u>
Certificates of Obligation					
\$680,000; Combination Tax and Revenue Certificates of Obligation Series 2006A due in semi-annual installments at 4.45% until 8/15/2021.	\$ 375,000	\$ -	\$ 375,000	\$ -	\$ -
\$15,050,000; Combination Tax and Revenue Certificates of Obligation Series 2007 due in semi-annual installments at 4.00% to 4.70% until 8/15/2032.	12,185,000	-	8,265,000	3,920,000	485,000
Series 2007 unamortized bond discount	(112,707)	-	(75,524)	(37,183)	(8,112)
\$2,460,000; Combination Tax and Revenue Certificates of Obligation Series 2015 due in semi-annual installments at 2.00% to 4.00% until 8/15/2025.	-	2,460,000	-	2,460,000	480,000
Series 2015 unamortized bond premium	-	131,534	13,153	118,381	13,153
Total Certificates of Obligation	<u>\$ 12,447,293</u>	<u>\$ 2,591,534</u>	<u>\$ 8,577,629</u>	<u>\$ 6,461,198</u>	<u>\$ 970,041</u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 9: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

	<u>9/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2015</u>	<u>Due Within One Year</u>
Notes Payable					
\$483,450; Promissory Note to First Financial Bank payable in 12 monthly installments of \$2,949.90 including interest at 3.25%. Note is secured by the opera house and related properties.	\$ 360,392	\$ -	\$ 23,995	\$ 336,397	\$ 24,658
Total Notes Payable	<u>\$ 360,392</u>	<u>\$ -</u>	<u>\$ 23,995</u>	<u>\$ 336,397</u>	<u>\$ 24,658</u>
Capital Leases Payable					
\$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.	\$ 11,011	\$ -	\$ 11,011	\$ -	\$ -
\$100,710 Lease payable to Kansas State Bank in 20 quarterly payments of \$5,035.49 including interest at 3.179% until November 2016. Secured by Forklift and Fire Chevy.	43,570	-	18,982	24,588	19,592
\$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.	151,266	-	42,584	108,682	43,089
\$273,846 Lease payable to BB&T in quarterly payments of \$37,978.41, including interest at 1.5% until January 2019. Secured by multiple equipment purchases.	250,173	-	54,056	196,117	54,393
\$81,313 Lease payable to BB&T in quarterly payments of \$10,283.41, including interest at 1.040% until January 2016. Secured by (3) Chevrolet Tahoes.	61,142	-	40,656	20,486	20,487
\$97,680 Lease payable to US Bank in three annual installments of \$32,559.86 at 0% interest for 3 years.	97,680	-	32,560	65,120	32,560
\$812,000 Lease payable to First Financial Bank NA in quarterly payments of \$23,307.86, including interest at 2.750% until March 2025. Secured by 2014 Pumper Truck.	-	812,000	34,881	777,119	72,605
\$309,210 Lease payable to First Financial Bank NA in quarterly payments of \$19,652.43, including interest at 2.178% until March 2020. Secured by vehicles and equipment.	-	309,210	29,245	279,965	59,871
Total Capital Leases	<u>\$ 614,842</u>	<u>\$ 1,121,210</u>	<u>\$ 263,975</u>	<u>\$ 1,472,077</u>	<u>\$ 302,597</u>
Compensated Absences Payable	<u>\$ 379,222</u>	<u>\$ 380,389</u>	<u>\$ 379,222</u>	<u>\$ 380,389</u>	<u>\$ 219,170</u>
Net Pension Liability	<u>\$ -</u>	<u>\$ 4,952,310</u>	<u>\$ -</u>	<u>\$ 4,952,310</u>	<u>\$ -</u>
Total Governmental Activities	<u><u>\$23,311,456</u></u>	<u><u>\$18,035,776</u></u>	<u><u>\$10,904,714</u></u>	<u><u>\$30,442,518</u></u>	<u><u>\$ 2,553,858</u></u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 9: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

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

	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2016	930,000	539,200	\$ 1,469,200	965,000	259,463	\$ 1,224,463
2017	955,000	516,075	1,471,075	700,000	202,013	902,013
2018	982,500	489,825	1,472,325	725,000	175,962	900,962
2019	1,012,500	460,750	1,473,250	755,000	146,963	901,963
2020	1,042,500	429,125	1,471,625	785,000	118,862	903,862
2021-2025	6,230,000	1,457,175	7,687,175	1,160,000	382,813	1,542,813
2026-2030	3,855,000	582,000	4,437,000	-	298,312	298,312
2031-2035	535,000	21,400	556,400	1,290,000	103,831	1,393,831
Debt Service Requirements	15,542,500	4,495,550	20,038,050	6,380,000	1,688,219	8,068,219
Add: Unamortized Premium	1,297,647		1,297,647	118,381		118,381
Less: Unamortized Discount				(37,183)		(37,183)
	<u>\$ 16,840,147</u>	<u>\$ 4,495,550</u>	<u>\$ 21,335,697</u>	<u>\$ 6,461,198</u>	<u>\$ 1,688,219</u>	<u>\$ 8,149,417</u>

	Notes Payable		
	Principal	Interest	Total
2016	\$ 24,658	\$ 10,744	\$ 35,402
2017	25,513	9,889	35,402
2018	26,367	9,035	35,402
2019	27,249	8,153	35,402
2020	28,140	7,262	35,402
2021-2025	155,565	21,444	177,009
2026-2030	48,905	1,140	50,045
	<u>\$ 336,397</u>	<u>\$ 67,667</u>	<u>\$ 404,064</u>

NOTE 10: 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.

Two debt issues of the City are allocated between the governmental activities and business-type activities. The General Obligation Refunding Bonds Series 2008 were allocated \$2,270,000 governmental activities and \$2,270,000 business-type activities. The 2013 General Obligation refunding bonds were allocated \$4,980,000 governmental activities and \$3,190,000 business-type activities.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 10: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (Continued)

In June 2015, the City issued \$16,430,000 in Combination Tax and Surplus Revenue Certificates of Obligation from the Texas Water Development Board's Drinking Water State Revolving Fund for the construction of improvements and extensions to the City's water system. As of September 30, 2015, expenditures for the project totaled \$495,410. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2015, the balance of the escrow account was \$15,934,970. October 20, 2015 the City awarded a \$15,120,000 construction contract.

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

	<u>9/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2015</u>	<u>Due Within One Year</u>
Revenue Bonds					
\$3,352,000; Utility System Subordinated Lien Revenue Bonds Series 1998 dated 3/30/1998, due in annual installments at 4.50% to 2038.	\$ 2,652,000	\$ -	\$ 63,000	2,589,000	\$ 66,000
\$270,000; Utility System Subordinated Lien Revenue Bonds Series 1999 dated 6/28/1999, due in annual installments at 4.50% to 2038.	210,000	-	5,000	205,000	5,000
\$5,910,000; Utility System Revenue Refunding Bonds Series 2010 due in annual installments at 2.00% to 3.625% to 9/15/2022.	4,855,000	-	545,000	4,310,000	560,000
Series 2010 unamortized bond premium	22,489	-	2,810	19,679	2,811
\$4,700,000; Utility System Revenue Refunding Bonds Series 2010 due in annual installments at 3.00% to 4.00% to 9/15/2031.	4,185,000	-	185,000	4,000,000	190,000
Series 2012 unamortized bond premium	189,752	-	11,162	178,590	11,162
Total Revenue Bonds	<u>\$ 12,114,241</u>	<u>\$ -</u>	<u>\$ 811,972</u>	<u>\$ 11,302,269</u>	<u>\$ 834,973</u>
General Obligation and Certificates of Obligation					
\$3,190,000; General Obligation Refunding Bonds Series 2013 due in semi-annual installments from 8/15/2013 at 2.00% to 3.00% until 8/15/2024	\$ 2,725,000	\$ -	\$ 300,000	\$ 2,425,000	\$ 300,000
Series 2013 unamortized bond premium	198,148	-	19,815	178,333	19,815
\$2,270,000; General Obligation Refunding Bonds Series 2008 due in semi-annual installments from 8/15/2008 at 3.50% to 4.00% until 8/15/2024.	1,425,000	-	117,500	1,307,500	115,000
Series 2008 unamortized bond discount	28,433	-	2,729	25,704	2,729
\$16,430,000; Combination Tax and Surplus Revenue Certificates of Obligation Series 2015A due in annual installments at 0.00% to 2.22% until 8/15/2045.	-	16,430,000	-	16,430,000	-
Total Certificates of Obligation	<u>\$ 4,376,581</u>	<u>\$ 16,430,000</u>	<u>\$ 440,044</u>	<u>\$ 20,366,537</u>	<u>\$ 437,544</u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 10: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (Continued)

	<u>9/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2015</u>	<u>Due Within One Year</u>
Capital Leases Payable					
\$574,094.46 Lease payable to Northstar Bank in 32 quarterly payments of \$17,940 plus interest at 3.0% until February 2021 and secured by the airport hanger.	\$ 466,452	\$ -	\$ 61,937	\$ 404,515	\$ 81,558
\$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.	172,065	-	10,336	161,729	10,677
\$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.	259,691	-	15,599	244,092	16,113
\$50,524; Lease payable to Kansas State Bank in 20 quarterly payments of \$2,526.22 including interest at 3.179% until November 2016. Secured by Electric Chevy.	21,859	-	9,523	12,336	9,829
\$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.	48,890	-	13,636	35,254	13,798
\$485,573; Lease payable to BB&T in quarterly payments of \$37,978.41, including interest at 1.5% until January 2019. Secured by various equipment purchases.	438,180	-	95,055	343,125	96,369
\$24,499; Lease payable to First Financial Bank NA in quarterly payments of \$19,652.43, including interest at 2.178% until March 2020. Secured by vehicles and equipment.	-	24,499	2,317	22,182	4,744
\$37,491; Lease payable to First Financial Bank NA in quarterly payments of \$19,652.43, including interest at 2.178% until March 2020. Secured by vehicles and equipment.	-	37,491	3,547	33,944	7,258
Total Capital Leases	<u>\$ 1,407,137</u>	<u>\$ 61,990</u>	<u>\$ 211,950</u>	<u>\$ 1,257,177</u>	<u>\$ 240,346</u>
Compensated Absences Payable	<u>\$ 115,725</u>	<u>\$ 133,882</u>	<u>\$ 115,725</u>	<u>\$ 133,882</u>	<u>\$ 67,867</u>
Net Pension Liability	<u>\$ -</u>	<u>\$ 1,418,469</u>	<u>\$ -</u>	<u>\$ 1,418,469</u>	<u>\$ -</u>
Total Business-type Activities	<u>\$ 18,013,684</u>	<u>\$ 18,044,341</u>	<u>\$ 1,579,691</u>	<u>\$ 34,478,334</u>	<u>\$ 1,580,730</u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 10: 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
2016	\$ 821,000	\$ 421,317	\$ 1,242,317	\$ 415,000	\$ 453,138	\$ 868,138
2017	849,000	395,623	1,244,623	650,000	402,732	1,052,732
2018	878,000	366,167	1,244,167	662,500	390,607	1,053,107
2019	901,000	338,658	1,239,658	682,500	377,507	1,060,007
2020	935,000	308,875	1,243,875	692,500	363,722	1,056,222
2021-2025	3,015,000	1,076,318	4,091,318	3,010,000	1,573,003	4,583,003
2026-2030	2,070,000	624,240	2,694,240	2,775,000	1,319,570	4,094,570
2031-2035	1,087,000	242,185	1,329,185	2,955,000	1,071,818	4,026,818
2036-2040	548,000	49,985	597,985	3,640,000	762,380	4,402,380
2041-2045	-	-	-	4,680,000	314,783	4,994,783
Debt Service Requirements	11,104,000	3,823,368	14,927,368	20,162,500	7,029,260	27,191,760
Add: Unamortized Premium	198,269			204,037		
	<u>\$ 11,302,269</u>	<u>\$ 3,823,368</u>	<u>\$ 14,927,368</u>	<u>\$ 20,366,537</u>	<u>\$ 7,029,260</u>	<u>\$ 27,191,760</u>

The various bond ordinances contain a number of limitations and restrictions. Management believes the City is in compliance with all significant limitations and restrictions at September 30, 2015.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 11: CAPITAL LEASES PAYABLE

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2016	\$ 333,138	\$ 271,592	\$ 604,730
2017	297,466	251,977	549,443
2018	237,780	240,646	478,426
2019	189,839	179,871	369,710
2020	125,973	121,213	247,186
2021-2025	419,540	235,971	655,511
2026-2030	-	99,076	99,076
	<u>1,603,736</u>	<u>1,400,346</u>	<u>3,004,082</u>
Total debt service requirements	1,603,736	1,400,346	3,004,082
Less: Interest Portion	<u>131,659</u>	<u>143,169</u>	<u>274,828</u>
Debt Principal	<u>\$ 1,472,077</u>	<u>\$ 1,257,177</u>	<u>\$ 2,729,254</u>

The City rents the airport T-hangers to individuals on a monthly basis. The above lease commitment will be offset by approximately \$255,000 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	1,871,636	660,775	2,532,411
Less: Accumulated Depreciation	<u>(341,483)</u>	<u>(681,869)</u>	<u>(1,023,352)</u>
Net	<u>\$ 1,530,153</u>	<u>\$ 1,437,933</u>	<u>\$ 2,968,086</u>

NOTE 12: RISK MANAGEMENT

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

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 13: DEFINED BENEFIT PENSION PLANS

A. Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

	Plan Year 2015
Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	76
Inactive employees entitled to but not yet receiving benefits	58
Active employees	163
	297

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.01% and 15.59% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were \$1,207,638, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. For cities with fewer than twenty employees, more conservative methods and assumptions are used. These rates were projected on a fully generational basis by scale BB to account to future mortality improvements. For disable annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 32,261,788	\$ 26,039,928	\$ 6,221,860
Changes for the year:			
Service cost	1,146,288	-	1,146,288
Interest	2,247,052	-	2,247,052
Change of benefit terms	-	-	-
Difference between expected and actual experience	(235,764)	-	(235,764)
Changes of assumptions	-	-	-
Contributions - employer	-	1,210,021	(1,210,021)
Contributions - employee	-	529,121	(529,121)
Net investment income	-	1,489,869	(1,489,869)
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,468,382)	-
Administrative expense	-	(15,553)	15,553
Other changes	-	(1,279)	1,279
Net changes	<u>1,689,194</u>	<u>1,743,797</u>	<u>(54,603)</u>
Balance at 12/31/2014	<u><u>\$ 33,950,982</u></u>	<u><u>\$ 27,783,725</u></u>	<u><u>\$ 6,167,257</u></u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's Net Pension Liability	<u>\$ 11,286,344</u>	<u>\$ 6,167,257</u>	<u>\$ 2,004,313</u>

Pension Plan Fiduciary Net Position

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

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

B. Texas Emergency Services Retirement System (TESRS)

Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2014, there were 198 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2014, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,073
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,161
Active Participants (Vested and Nonvested)	4,036

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was 0%, since the first actuarial valuation report after adoption of the rules showed the System to have an adequate contribution arrangement without any Part Two contributions.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of \$4,176,659 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,530,343 for the fiscal year ending August 31, 2014. The City's contributions for the years ended September 30, 2015, 2014 and 2013 were \$53,760, \$50,715 and \$44,045, respectively.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed below.

The actuarial valuation as of August 31, 2014 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$625,000 each year to pay for part of the System's administrative expenses. On August 31, 2014 the actuarial liabilities exceeded the actuarial assets by \$26,093,761.

Net Pension Liability

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

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

	System 100.00%	City 1.12%
Total Pension Liability	\$ 109,854,799	\$ 1,230,374
Plan Fiduciary Net Position	91,683,156	1,026,851
Net Pension Liability	\$ 18,171,643	\$ 203,522
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.5%	83.5%

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50%). In addition, the final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

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

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate

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

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

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

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's Proportional Share of the Net Pension Liability	\$ 419,398	\$ 203,522	\$ 77,571

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

At August 31, 2014, the City reported a liability of \$203,522 for its proportionate share of the TESRS's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amounts recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

	City
City's proportional share of the collective net pension liability	\$ 203,522
State's proportionate share that is associated with the City	103,860
	\$ 307,382

TESRS's net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's portion of the net pension liability was based on the City's contributions to the pension plan relative to the contribution of all entities to the plan for the period September 1, 2013 through August 31, 2014.

For the year ended September 30, 2015, the City recognized pension expense of \$1,108,393. \$1,077,978 of this expense was for TMRS and \$30,415 was for TESRS.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 188,901
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	266,341	-
Contributions subsequent to the measurement date	<u>905,171</u>	<u>-</u>
Total TMRS	\$ 1,171,512	\$ 188,901
Differences between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	51,290
Contributions subsequent to the measurement date	<u>53,760</u>	<u>-</u>
Total TESRS	\$ 53,760	\$ 51,290
Total	<u>\$ 1,225,272</u>	<u>\$ 240,191</u>

\$958,931 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>TMRS</u>	<u>TESRS</u>	<u>Total</u>
Year Ended September 30:			
2016	\$ 19,722	\$ (12,822)	\$ 6,900
2017	19,722	(12,822)	6,900
2018	19,722	(12,823)	6,899
2019	19,723	(12,823)	6,900
2020	(1,449)	-	(1,449)
Thereafter	-	-	-
Total	<u>\$ 77,440</u>	<u>\$ (51,290)</u>	<u>\$ 26,150</u>

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 14: OTHER POSTEMPLOYMENT BENEFITS

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

Supplemental Death Benefits Fund

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

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

	Plan Year 2014	Plan Year 2015
Your City offers supplemental death to:		
Active Employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

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

The city's contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$16,054, \$13,507 and \$11,181, respectively, which equaled the required contributions for each year.

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

	Annual Required Contribution Rate	Actual Contribution Made Rate	Percentage of ARC Contributed
2013	0.03%	0.03%	100%
2014	0.03%	0.03%	100%
2015	0.04%	0.04%	100%

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 15: CONTINGENT LIABILITIES

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.

NOTE 16: CONTRACTS AND COMMITMENTS

A. Purchased Power for Resale

In August of 2007, the City entered into an agreement with Bryan Texas Utilities ("BTU") effective January 1, 2008 through December 31, 2017 for the purchase of its power and energy to serve its retail customers. Each month during the term of this agreement Granbury shall pay BTU a monthly energy charge, calculated by multiplying the energy delivered times \$72.75 per megawatt hour. Granbury will also pay BTU monthly an ancillary services charge, calculated by multiplying the energy delivered times \$2.00 per megawatt hour. The total cost incurred under this agreement for the year ended September 30, 2015 was \$8,551,866.

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, 2015 was \$760,319.

C. Water Treatment

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

The total cost to purchase water from the SWATS Plant for the year ended September 30, 2015 was \$499,462.

D. Airport Expansion

The City and Texas Department of Transportation have agreed to a joint project to expand the Granbury Regional Airport. The City is responsible for acquiring the land. The Texas Department of Transportation will administer the project.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 16: CONTRACTS AND COMMITMENTS (continued)

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, 2015, \$1,171,992 has been expended on the project.

NOTE 17: ECONOMIC DEVELOPMENT AGREEMENTS

A. Chapter 380 Agreements

The City entered into a Chapter 380 Economic Development Agreement with a developer and grocery store. Upon the construction of a grocery store, the City agrees to pay fifty percent of real and personal property taxes and fifty percent of 1 cent sales taxes collected from within the development property to the developer and grocery store. Payments will continue annually until either the maximum reimbursement amount is paid or December 31, 2021, even if the maximum reimbursement amount has not been paid. The maximum reimbursement amount is \$1,154,787. \$176,177 has been recorded as an expense for September 30, 2015.

The City entered into a Chapter 380 Economic Development Agreement with a grocery store. Upon the construction of a grocery store, the City agrees to pay fifty percent of real and personal property taxes and fifty percent of 1 cent sales taxes collected from within the development property to the developer and grocery store. Payments will continue annually until either the maximum reimbursement amount is paid or April 30, 2025, even if the maximum reimbursement amount has not been paid. The maximum reimbursement amount is \$1,000,000. \$12,402 has been recorded as an expense for September 30, 2015.

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, 2015 the City received \$66,000 in rents under this agreement.

NOTE 18: SUBSEQUENT EVENTS

On January 19, 2016, City Council approved the issuance of the Combination Tax and Revenue Certificates of Obligation, Series 2016A in the amount of \$10,000,000 to be utilized for funding the remaining purchase of the airport land protection zone and right-of-ways and any additional cost related to the relocation of power lines at the airport exceeding the amount funded by the Texas Department of Transportation. Additionally, the preliminary and final engineering design phase for the construction of associated taxiways, medium intensity runway lights, and associated expenses for the new runway will be included in the new obligation.

Subsequent events were evaluated through March 1, 2016, which is the date the financial statements were available to be issued.

City of Granbury, Texas
Notes to Financial Statements
September 30, 2015

NOTE 19: NEW ACCOUNTING PRONOUNCEMENTS

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. This Statement was issued to improve the accounting and financial reporting by state and local governments for pensions. This Statement requires government-wide and proprietary fund statements to recognize a liability equal to the net pension liability and changes in the net pension liability be included in pension expense in the period of change.

The City implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. This Statement addresses issues related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

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

	Governmental Activities	Business-type Activities	Total
Net Pension Liability (12/31/13 measurement date)	\$ (5,079,147)	\$ (1,431,028)	\$ (6,510,175)
Deferred Outflows of Resources	719,492	202,068	921,560
Prior Period Adjustment	\$ (4,359,655)	\$ (1,228,960)	\$ (5,588,615)

NOTE 20: FUTURE ACCOUNTING PRONOUNCEMENTS

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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City of Granbury, Texas
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended September 30, 2015

	Budgeted Amounts		Actual	Budget to	Actual	Variance with
	Original	Final	Amounts	GAAP	Amounts	Final Budget
			Basis	Differences	Budgetary	Positive
REVENUES:						
Taxes:						
General property	\$ 1,761,336	\$ 1,761,336	\$ 1,763,490	\$ -	\$ 1,763,490	\$ 2,154
Sales and use	6,933,500	7,037,500	7,151,484	-	7,151,484	113,984
Franchise	1,647,940	1,647,940	1,639,843	-	1,639,843	(8,097)
Fines and fees	181,935	181,935	190,154	-	190,154	8,219
Licenses and permits	600,780	600,780	703,918	-	703,918	103,138
Charges for service	62,410	62,410	33,887	-	33,887	(28,523)
Intergovernmental revenue	951,807	963,807	858,629	-	858,629	(105,178)
Park and recreation	190,250	190,250	133,782	-	133,782	(56,468)
Interest income	14,000	14,000	9,582	-	9,582	(4,418)
Other revenue	318,250	353,950	318,575	3,737	322,312	(31,638)
Total revenues	<u>12,662,208</u>	<u>12,813,908</u>	<u>12,803,344</u>	<u>3,737</u>	<u>12,807,081</u>	<u>(6,827)</u>
EXPENDITURES:						
Current						
General government						
City Council	194,757	194,757	175,756	-	175,756	19,001
Legal	268,200	268,200	216,540	(12,991)	203,549	64,651
Executive	625,510	685,785	609,269	-	609,269	76,516
Financial Administration	453,803	453,803	424,593	-	424,593	29,210
Purchasing	163,420	163,420	162,394	-	162,394	1,026
Social Services	54,000	54,000	53,989	-	53,989	11
Management Information Services and City WIFI	781,867	833,787	759,853	25,378	785,231	48,556
Economic Development	191,127	211,127	98,916	15,000	113,916	97,211
Human Resources	297,252	297,252	273,835	-	273,835	23,417
Warehouse	171,183	171,183	194,830	(26,448)	168,382	2,801
Fleet Maintenance	316,445	316,445	307,021	-	307,021	9,424
Building Maintenance	641,886	655,636	661,663	(24,229)	637,434	18,202
Granbury Public TV Channel 27	108,914	120,488	104,407	-	104,407	16,081
Other governmental functions	732,298	701,717	702,731	-	702,731	(1,014)
Public Safety:						
Police	3,532,004	3,685,711	3,666,497	(126,145)	3,540,352	145,359
Fire	456,661	459,181	1,255,424	(811,475)	443,949	15,232
Municipal Court	272,094	272,094	201,405	-	201,405	70,689
Streets	513,928	513,928	534,995	(83,939)	451,056	62,872
Public Works	577,785	577,785	578,796	(20,000)	558,796	18,989
Community Development	681,289	681,289	441,303	131,533	572,836	108,453
Clean Air Coalition	-	-	160,484	4,158	164,642	(164,642)
Cemetery	48,471	84,848	71,100	-	71,100	13,748
Parks	2,231,492	2,316,596	2,114,803	66,919	2,181,722	134,874
Total expenditures	<u>13,314,386</u>	<u>13,719,032</u>	<u>13,770,604</u>	<u>(862,239)</u>	<u>12,908,365</u>	<u>810,667</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(652,178)</u>	<u>(905,124)</u>	<u>(967,260)</u>	<u>865,976</u>	<u>(101,284)</u>	<u>803,840</u>
Other financing sources (uses):						
Transfers in	1,610,262	1,610,262	1,610,262	-	1,610,262	-
Transfers out	(815,278)	(835,994)	(1,042,428)	-	(1,042,428)	(206,434)
Insurance recoveries	-	36,982	72,944	-	72,944	35,962
Issuance of capital lease	-	-	1,121,210	(1,121,210)	-	-
Total other financing sources (uses)	<u>794,984</u>	<u>811,250</u>	<u>1,761,988</u>	<u>(1,121,210)</u>	<u>640,778</u>	<u>(170,472)</u>
Net change in fund balance	142,806	(93,874)	794,728	(255,234)	539,494	633,368
Fund Balance, October 1, 2014	<u>4,435,928</u>	<u>4,435,928</u>	<u>4,435,928</u>	<u>-</u>	<u>4,435,928</u>	<u>-</u>
Fund Balance, September 30, 2015	<u>\$ 4,578,734</u>	<u>\$ 4,342,054</u>	<u>\$ 5,230,656</u>	<u>\$ (255,234)</u>	<u>\$ 4,975,422</u>	<u>\$ 633,368</u>

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

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

	2014
Total Pension Liability	
Service Cost	\$ 1,146,288
Interest (on the Total Pension Liability)	2,247,052
Changes of benefit terms (TMRS Plan Participation)	-
Difference between expected and actual experience	(235,764)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(1,468,382)
Net Change in Total Pension Liability	1,689,194
Total Pension Liability - Beginning	32,261,788
Total Pension Liability - Ending	<u>\$ 33,950,982</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,210,021
Contributions - Employee	529,121
Net Investment Income	1,489,869
Benefit payments, including refunds of employee contributions	(1,468,382)
Administrative Expense	(15,553)
Other	(1,279)
Net Change in Plan Fiduciary Net Position	1,743,797
Plan Fiduciary Net Position - Beginning	26,039,928
Plan Fiduciary Net Position - Ending	<u>\$ 27,783,725</u>
Net Pension Liability Ending	\$ 6,167,257
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.83%
Covered Employee Payroll	\$ 7,537,242
Net Pension Liability as a Percentage of Covered Employee Payroll	81.82%

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

	2014	2015
Actuarially Determined Contribution	\$ 1,205,557	\$ 1,207,638
Contributions in relation to the actuarially determined contribution	\$ 1,205,557	\$ 1,207,638
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 7,503,874	\$ 7,682,345
Contributions as a percentage of covered employee payroll	16.07%	15.72%

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

	2014
Proportion of the Net Pension Liability (Asset)	0.01120
Proportionate Share of Net Pension Liability (Asset)	\$ 203,522
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the City	103,860
Total	\$ 307,382
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.46%

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

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

City of Granbury, Texas
Notes to Required Supplementary Information
September 30, 2015

1. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. Formal budgetary integration is employed as a management control device during the year for the general, special revenue, debt service and enterprise funds.
- b. Budgetary data for the capital projects fund has not been presented in the accompanying financial statements because such funds are budgeted over the life of the respective projects and not on an annual basis.
- c. Unencumbered appropriations for annually budgeted funds lapse at year end.
- d. Prior to August 1 of each year, the City Manager submits the proposed budget for the following fiscal year to the City Council. From the date of its submission the budget is public record. The City Council shall hold public hearings on the proposed budget. Notices of the public hearings are published at least ten days before the date of the hearings. After the public hearings the Council may make any changes they feel appropriate and shall adopt the budget at least twenty days prior to the beginning of the next fiscal year. Should the Council take no action on or prior to such day, the budget, as submitted, shall be deemed to have been adopted by the Council.
- e. The budget is prepared by fund, function, department and class. The City's department heads are authorized to make budget transfers of \$5,000 or less with the approval of the director of finance. Transfers of greater than \$5,000 must be authorized by the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

2. Budget to GAAP Differences

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

The capital leases were not budgeted however were recorded in the general fund as other financing sources and expenditures for GAAP purposes.

3. Excess of Expenditures over Appropriations

Total expenditures were \$810,667 less than budgeted. However, within the general fund, other governmental functions actual expenditures budgetary basis exceeded appropriations. Additionally, clean air coalition budgetary basis exceeded appropriations because neither the grant revenue or the expenditures were part of the original fiscal year 2014-2015 budget.

4. Schedule of Contributions – Texas Municipal Retirement System

Valuation Date

Notes

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

City of Granbury, Texas
Notes to Required Supplementary Information
September 30, 2015

4. Schedule of Contributions – Texas Municipal Retirement System (Continued)

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information

Notes There were no benefit changes during the year.

5. Schedule of Contributions – Texas Emergency Services Retirement System

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Actuarial assumptions and methods as of the latest actuarial valuation are as follows:

Valuation Date

August 31, 2014

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	Market value smoother by a 5-year deferred recognition method with a 80%/120% corridor on market value
Inflation	3.50%
Salary Increases	N/A
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Mortality Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA

Other Information

Notes There were no benefit changes during the year.

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COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds from specific revenue sources (other than major capital projects or Proprietary Funds) that are legally restricted to expenditures for specified purposes.

Granbury Historic Properties Corporation – A blended component unit created to assist the City in acquisition/control of historical properties deemed important to the growth and development of the City.

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

City of Granbury, Texas
Nonmajor Funds
Combining Balance Sheet
September 30, 2015

	Special Revenue			Total Nonmajor Funds
	Tourism	Granbury Historic Properties	Total Special Revenue Funds	
Assets:				
Cash	\$ 9,805	\$ 131,604	\$ 141,409	\$ 141,409
Receivables (Net of allowances for uncollectibles)				
Miscellaneous receivables	72,042	-	72,042	72,042
Inventories	2,801	-	2,801	2,801
Total assets	\$ 84,648	\$ 131,604	\$ 216,252	\$ 216,252
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ 46,273	\$ 24,516	\$ 70,789	\$ 70,789
Unearned revenue	34,753	-	34,753	34,753
Due to other funds	221,000	-	221,000	221,000
Total liabilities	302,026	24,516	326,542	326,542
Fund Balance:				
Committed Fund Balance	-	107,088	107,088	107,088
Unassigned Fund Balance	(217,378)	-	(217,378)	(217,378)
Total fund balances	(217,378)	107,088	(110,290)	(110,290)
Total liabilities, deferred inflows and fund balances	\$ 84,648	\$ 131,604	\$ 216,252	\$ 216,252

City of Granbury, Texas
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended September 30, 2015

	Special Revenue			Total Nonmajor Funds
	Tourism	Granbury Historic Properties	Total Special Revenue Funds	
Revenues:				
Hotel/Motel Occupancy Tax	\$ 626,203	\$ -	\$ 626,203	\$ 626,203
Charges for service	462,951	-	462,951	462,951
Interest	-	105	105	105
Other Revenue	44,971	43,885	88,856	88,856
Total revenue	1,134,125	43,990	1,178,115	1,178,115
Expenditures:				
Current:				
Tourism	744,354	53,003	797,357	797,357
Conference Center	644,068	-	644,068	644,068
Debt Service:				
Principal	-	23,994	23,994	23,994
Interest and fiscal charges	-	11,405	11,405	11,405
Total expenditures	1,388,422	88,402	1,476,824	1,476,824
Excess (deficiency) of revenues over (under) expenditures	(254,297)	(44,412)	(298,709)	(298,709)
Other financing sources (uses):				
Transfers in	483,995	40,000	523,995	523,995
Transfers out	-	-	-	-
Total other financing sources (uses):	483,995	40,000	523,995	523,995
Net change in fund balances	229,698	(4,412)	225,286	225,286
Fund Balance, October 1, 2014	(447,076)	111,500	(335,576)	(335,576)
Fund Balance, September 30, 2015	\$ (217,378)	\$ 107,088	\$ (110,290)	\$ (110,290)

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INDIVIDUAL FUND SCHEDULES

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City of Granbury, Texas
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended September 30, 2015
(With comparative totals for September 30, 2014)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)	Actual Budgetary Basis
REVENUES:					
Taxes:					
General property	\$ 1,761,336	\$ 1,761,336	\$ 1,763,490	\$ 2,154	\$ 1,761,949
Sales and use	6,933,500	7,037,500	7,151,484	113,984	6,599,573
Franchise	1,647,940	1,647,940	1,639,843	(8,097)	1,575,029
Fines and fees	181,935	181,935	190,154	8,219	149,611
Licenses and permits	600,780	600,780	703,918	103,138	595,351
Charges for service	62,410	62,410	33,887	(28,523)	49,358
Intergovernmental revenue	951,807	963,807	858,629	(105,178)	267,614
Park and recreation	190,250	190,250	133,782	(56,468)	485,692
Interest income	14,000	14,000	9,582	(4,418)	17,214
Other revenue	318,250	353,950	322,312	(31,638)	312,132
Total revenues	<u>12,662,208</u>	<u>12,813,908</u>	<u>12,807,081</u>	<u>(6,827)</u>	<u>11,813,523</u>
EXPENDITURES:					
Current					
General government					
City Council	194,757	194,757	175,756	19,001	205,010
Legal	268,200	268,200	203,549	64,651	323,623
Executive	625,510	685,785	609,269	76,516	556,051
Financial Administration	453,803	453,803	424,593	29,210	386,102
Purchasing	163,420	163,420	162,394	1,026	163,076
Social Services	54,000	54,000	53,989	11	44,000
Management Information Services	781,867	833,787	785,231	48,556	591,830
Economic Development	191,127	211,127	113,916	97,211	149,735
Human Resources	297,252	297,252	273,835	23,417	234,379
Warehouse	171,183	171,183	168,382	2,801	145,015
Fleet Maintenance	316,445	316,445	307,021	9,424	235,391
Building Maintenance	641,886	655,636	637,434	18,202	220,742
Granbury Public TV Channel 27	108,914	120,488	104,407	16,081	144,629
Other governmental functions	732,298	701,717	702,731	(1,014)	592,847
Public Safety:					
Police	3,532,004	3,685,711	3,540,352	145,359	3,503,964
Fire	456,661	459,181	443,949	15,232	355,851
Municipal Court	272,094	272,094	201,405	70,689	228,467
Streets	513,928	513,928	451,056	62,872	562,719
Public Works	577,785	577,785	558,796	18,989	552,121
Community Development	681,289	681,289	572,836	108,453	430,666
Clean Air Coalition	-	-	164,642	(164,642)	-
Cemetery	48,471	84,848	71,100	13,748	55,852
Parks	2,231,492	2,316,596	2,181,722	134,874	1,837,525
Total expenditures	<u>13,314,386</u>	<u>13,719,032</u>	<u>12,908,365</u>	<u>810,667</u>	<u>11,519,595</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(652,178)</u>	<u>(905,124)</u>	<u>(101,284)</u>	<u>803,840</u>	<u>293,928</u>
Other financing sources (uses):					
Transfers in	1,610,262	1,610,262	1,610,262	-	351,470
Transfers out	(815,278)	(835,994)	(1,042,428)	(206,434)	(2,408,757)
Insurance recoveries	-	36,982	72,944	35,962	-
Issuance of capital lease	-	-	-	-	452,839
Total other financing sources (uses)	<u>794,984</u>	<u>811,250</u>	<u>640,778</u>	<u>(170,472)</u>	<u>(1,604,448)</u>
Net change in fund balance	142,806	(93,874)	539,494	633,368	(1,310,520)
Fund Balance, October 1, 2014	<u>4,435,928</u>	<u>4,435,928</u>	<u>4,435,928</u>	<u>-</u>	<u>5,512,719</u>
Fund Balance, September 30, 2015	<u>\$ 4,578,734</u>	<u>\$ 4,342,054</u>	<u>\$ 4,975,422</u>	<u>\$ 633,368</u>	<u>\$ 4,202,199</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, 2015
 (With comparative totals for September 30, 2014)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Hotel/Motel Occupancy Tax	\$ 558,000	558,000	\$ 626,203	\$ 68,203	\$ 557,166
Charges for Service	471,690	485,267	462,951	(22,316)	357,321
Other Revenue	33,360	33,360	44,971	11,611	70,921
Total revenues	<u>1,063,050</u>	<u>1,076,627</u>	<u>1,134,125</u>	<u>57,498</u>	<u>985,408</u>
Expenditures:					
Current:					
Tourism	777,073	822,661	744,354	78,307	2,455,425
Conference Center	722,936	737,961	644,068	93,893	682,689
Total expenditures	<u>1,500,009</u>	<u>1,560,622</u>	<u>1,388,422</u>	<u>172,200</u>	<u>3,138,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(436,959)</u>	<u>(483,995)</u>	<u>(254,297)</u>	<u>229,698</u>	<u>(2,152,706)</u>
Other financing sources (uses):					
Transfers in	436,959	483,995	483,995	-	2,250,440
Total other financing sources (uses):	<u>436,959</u>	<u>483,995</u>	<u>483,995</u>	<u>-</u>	<u>2,250,440</u>
Net change in fund balance	-	-	229,698	229,698	97,734
Fund Balance, October 1, 2014	<u>(447,076)</u>	<u>(447,076)</u>	<u>(447,076)</u>	<u>-</u>	<u>(544,810)</u>
Fund Balance, September 30, 2015	<u><u>\$ (447,076)</u></u>	<u><u>\$ (447,076)</u></u>	<u><u>\$ (217,378)</u></u>	<u><u>\$ 229,698</u></u>	<u><u>\$ (447,076)</u></u>

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, 2015
 (With comparative totals for September 30, 2014)

	Budgeted Amounts		Actual	Variance with	Prior Year
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
Revenues:					
Interest	\$ -	\$ -	\$ 105	\$ 105	\$ 387
Other revenue	-	5,000	43,885	38,885	184,163
Total revenues	-	5,000	43,990	38,990	184,550
Expenditures:					
Current:					
Tourism	-	5,000	53,003	(48,003)	52,030
Debt Service:					
Principal	23,994	23,994	23,994	-	23,116
Interest and fiscal charges	16,006	16,006	11,405	4,601	12,283
Total expenditures	40,000	45,000	88,402	(43,402)	87,429
Excess (deficiency) of revenues over (under) expenditures	(40,000)	(40,000)	(44,412)	(4,412)	97,121
Other financing sources (uses):					
Transfers in	40,000	40,000	40,000	-	50,000
Transfers out	-	-	-	-	(250,000)
Total other financing sources (uses):	40,000	40,000	40,000	-	(200,000)
Net change in fund balance	-	-	(4,412)	(4,412)	(102,879)
Fund Balance, October 1, 2014	111,500	111,500	111,500	-	214,379
Fund Balance, September 30, 2015	\$ 111,500	\$ 111,500	\$ 107,088	\$ (4,412)	\$ 111,500

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, 2015
(With comparative totals for September 30, 2014)

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	Prior Year Actual GAAP Basis
	Original	Final			
Revenues:					
Property tax revenue	\$ 2,744,021	\$ 2,744,021	\$ 2,813,677	\$ 69,656	\$ 2,653,132
Interest income	-	-	16,581	16,581	4,859
Total revenues	2,744,021	2,744,021	2,830,258	86,237	2,657,991
Expenditures:					
Debt Service					
Principal	2,330,000	2,330,000	2,326,476	3,524	2,007,739
Interest and fiscal charges	957,713	957,713	700,884	256,829	900,063
Debt issuance costs	400	400	206,070	(205,670)	-
Total expenditures	3,288,113	3,288,113	3,233,430	54,683	2,907,802
Excess (deficiency) of revenues over (under) expenditures	(544,092)	(544,092)	(403,172)	140,920	(249,811)
Other financing sources (uses):					
Transfers in	544,092	544,092	285,972	(258,120)	154,811
Issuance of Debt	-	-	8,130,000	8,130,000	-
Payment to refunded bond escrow agent	-	-	(8,783,694)	(8,783,694)	-
Bond (Discount)/Premium	-	-	860,333	860,333	-
Total other financing sources (uses)	544,092	544,092	492,611	(51,481)	154,811
Net change in fund balance	-	-	89,439	89,439	(95,000)
Fund Balance, October 1, 2014	171,352	171,352	171,352	-	266,352
Fund Balance, September 30, 2015	\$ 171,352	\$ 171,352	\$ 260,791	\$ 89,439	\$ 171,352

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, 2015
 (With comparative totals for September 30, 2014)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	Prior Year Amounts Budgetary Basis
	Original	Final			
Operating revenues:					
Charges for sales and services:					
Charges for Water and Sewer Sales	\$ 8,042,029	8,042,029	\$ 7,913,291	\$ (128,738)	\$ 7,708,744
Charges for Electricity Sales	11,323,914	11,323,914	10,993,672	(330,242)	11,056,172
Impact fees	870,942	870,942	235,227	(635,715)	251,555
Intergovernmental	-	-	12,250	12,250	-
Other Revenue	463,100	513,543	556,493	42,950	534,780
Total operating revenue	20,699,985	20,750,428	19,710,933	(1,039,495)	19,551,251
Operating expenses:					
Administration	588,321	523,321	442,567	80,754	674,589
Water treatment and distribution	3,537,703	3,535,703	2,865,959	669,744	3,604,960
Wastewater collection and treatment	2,111,828	2,095,828	1,540,871	554,957	1,974,421
Electricity	9,496,362	9,602,105	9,983,308	(381,203)	9,916,788
Management Information Systems	-	-	-	-	279,155
Meter Reading	292,544	292,544	232,816	59,728	337,373
Fleet Maintenance	-	-	-	-	74,334
Building Maintenance	-	-	-	-	381,078
Utility Franchise Fees	876,370	876,370	849,286	27,084	843,618
Total operating expenses	16,903,128	16,925,871	15,914,807	1,011,064	18,086,316
Operating income	3,796,857	3,824,557	3,796,126	(28,431)	1,464,935
Nonoperating revenues (expenses):					
Interest revenue	7,560	7,560	15,367	7,807	20,939
Gain (loss) on disposal of capital assets	-	(30,000)	15,843	45,843	-
Debt Service					
Principal	(1,336,031)	(1,336,031)	(1,336,031)	-	(1,174,625)
Interest expense	(471,159)	(471,159)	(637,987)	(166,828)	(586,601)
Contribution to Economic Development Corp	(50,000)	(50,000)	-	50,000	(86,000)
Total nonoperating revenues (expenses)	(1,849,630)	(1,879,630)	(1,942,808)	(63,178)	(1,826,287)
Income before contributions and transfers	1,947,227	1,944,927	1,853,318	(91,609)	(361,352)
Transfers (to) from other funds:					
Transfers out	(1,546,073)	(1,546,073)	(1,546,073)	-	(351,470)
Extraordinary items					
Gain of destroyed lift station	-	-	499,448	499,448	-
Change in Net Position	401,154	398,854	806,693	407,839	(712,822)
Prior period adjustment			(1,123,897)		-
Net Position, October 1, 2014	25,752,882	25,752,882	25,752,882	-	24,688,540
Net Position, September 30, 2015	\$ 26,154,036	\$ 26,151,736	\$ 25,435,678	\$ 407,839	\$ 23,975,718
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			1,336,031		1,174,625
Capitalized expenses			254,924		1,813,873
Noncash capital contributions			683,985		758,101
Bond issuance costs			(361,540)		-
Depreciation expense			(2,046,110)		(1,969,435)
Net Position, September 30, 2014 (GAAP Basis)			\$ 25,302,968		\$ 25,752,882

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, 2015
 (With comparative totals for September 30, 2014)

	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	\$ 908,850	908,850	\$ 727,183	\$ (181,667)	\$ 843,636
Intergovernmental	300,000	300,000	-	(300,000)	-
Other Revenue	43,037	45,187	52,785	7,598	11,224
Total operating revenue	<u>1,251,887</u>	<u>1,254,037</u>	<u>779,968</u>	<u>(474,069)</u>	<u>854,860</u>
Operating expenses:					
Airport	<u>1,336,710</u>	<u>1,338,860</u>	<u>830,619</u>	<u>508,241</u>	<u>1,038,548</u>
Total operating expenses	<u>1,336,710</u>	<u>1,338,860</u>	<u>830,619</u>	<u>508,241</u>	<u>1,038,548</u>
Operating income	<u>(84,823)</u>	<u>(84,823)</u>	<u>(50,651)</u>	<u>34,172</u>	<u>(183,688)</u>
Nonoperating revenues (expenses):					
Gain (loss) on disposal of capital assets	-	-	5,162	(5,162)	-
Debt Services:					
Principal	(107,160)	(122,760)	(91,419)	(31,341)	(117,050)
Interest expense	(26,289)	(10,689)	(29,475)	(18,786)	(32,035)
Total nonoperating revenues (expenses)	<u>(133,449)</u>	<u>(133,449)</u>	<u>(115,732)</u>	<u>(50,127)</u>	<u>(149,085)</u>
Income before contributions and transfers	<u>(218,272)</u>	<u>(218,272)</u>	<u>(166,383)</u>	<u>(15,955)</u>	<u>(332,773)</u>
Capital contributions and transfers:					
Capital contributions	50,000	50,000	48,862	(1,138)	48,140
Transfers in	232,461	232,461	4,391,519	4,159,058	203,506
Transfers out	(64,189)	(64,189)	(64,189)	-	-
Change in Net Position	-	-	4,209,809	4,141,965	(81,127)
Prior period adjustment			(105,063)		-
Net Position, October 1, 2014	<u>1,161,348</u>	<u>1,161,348</u>	<u>1,161,348</u>	<u>-</u>	<u>1,176,603</u>
Net Position, September 30, 2015	<u>\$ 1,161,348</u>	<u>\$ 1,161,348</u>	<u>\$ 5,266,094</u>	<u>\$ 4,141,965</u>	<u>\$ 1,095,476</u>
Reconciliation from budgetary basis to GAAP Basis					
Principal payments on long-term debt			91,419		117,050
Capitalized expenses			-		104,832
Depreciation expense			(151,055)		(156,010)
Net Position, September 30, 2015 (GAAP Basis)			<u>\$ 5,206,458</u>		<u>\$ 1,161,348</u>

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 21,537,158	\$ 26,045,119	\$ 23,852,148	\$ 24,079,825
Restricted	683,036	682,251	433,837	373,215
Unrestricted	<u>2,151,316</u>	<u>4,551,589</u>	<u>5,920,347</u>	<u>6,669,570</u>
Total governmental activities net position	<u>\$ 24,371,510</u>	<u>\$ 31,278,959</u>	<u>\$ 30,206,332</u>	<u>\$ 31,122,610</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 24,172,309	\$ 19,645,350	\$ 18,832,307	\$ 18,713,942
Restricted	2,302,058	2,135,756	2,228,897	2,055,300
Unrestricted	<u>4,035,059</u>	<u>5,133,124</u>	<u>4,803,939</u>	<u>5,153,971</u>
Total business-type activities net position	<u>\$ 30,509,426</u>	<u>\$ 26,914,230</u>	<u>\$ 25,865,143</u>	<u>\$ 25,923,213</u>
Primary government				
Invested in capital assets, net of related debt	\$ 45,709,467	\$ 45,690,469	\$ 42,684,455	\$ 42,793,767
Restricted	2,985,094	2,818,007	2,662,734	2,428,515
Unrestricted	<u>6,186,375</u>	<u>9,684,713</u>	<u>10,724,286</u>	<u>11,823,541</u>
Total primary government net position	<u>\$ 54,880,936</u>	<u>\$ 58,193,189</u>	<u>\$ 56,071,475</u>	<u>\$ 57,045,823</u>

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

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 23,554,937	\$ 24,835,034	\$ 22,960,635	\$ 22,600,463	\$ 18,059,848	\$ 12,198,367
196,278	124,151	146,421	908,594	708,320	9,333,330
<u>6,476,435</u>	<u>5,482,138</u>	<u>5,414,504</u>	<u>6,209,368</u>	<u>7,726,224</u>	<u>4,463,834</u>
<u>\$ 30,227,650</u>	<u>\$ 30,441,323</u>	<u>\$ 28,521,560</u>	<u>\$ 29,718,425</u>	<u>\$ 26,494,392</u>	<u>\$ 25,995,531</u>
\$ 19,309,403	\$ 18,342,485	\$ 17,715,818	\$ 16,555,077	\$ 13,722,158	\$ 10,660,808
1,942,666	1,885,682	1,347,878	1,780,529	2,248,030	2,744,457
<u>4,466,538</u>	<u>2,933,897</u>	<u>3,256,805</u>	<u>3,220,687</u>	<u>7,080,013</u>	<u>8,798,227</u>
<u>\$ 25,718,607</u>	<u>\$ 23,162,064</u>	<u>\$ 22,320,501</u>	<u>\$ 21,556,293</u>	<u>\$ 23,050,201</u>	<u>\$ 22,203,492</u>
\$ 42,864,340	\$ 43,177,519	\$ 40,676,453	\$ 39,155,540	\$ 31,782,006	\$ 22,859,175
2,138,944	2,009,833	1,494,299	2,689,123	2,956,350	12,077,787
<u>10,942,973</u>	<u>8,416,035</u>	<u>8,671,309</u>	<u>9,430,055</u>	<u>14,806,237</u>	<u>13,262,061</u>
<u>\$ 55,946,257</u>	<u>\$ 53,603,387</u>	<u>\$ 50,842,061</u>	<u>\$ 51,274,718</u>	<u>\$ 49,544,593</u>	<u>\$ 48,199,023</u>

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

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

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

2010	2009	2008	2007	2006
\$ 3,111,790	\$ 3,685,121	\$ 2,720,467	\$ 2,313,719	\$ 3,010,541
750,951	789,544	650,246	548,239	576,023
-	-	-	-	-
3,708,098	3,863,039	3,634,534	3,296,431	2,289,435
2,062,831	1,856,830	2,397,422	1,261,447	1,286,261
2,000,545	2,012,465	1,628,634	1,337,705	664,232
533,592	694,373	716,416	521,784	620,038
200,396	740,413	863,080	675,411	708,325
1,480,106	1,052,101	-	-	-
1,367,112	1,425,114	1,471,751	925,700	1,044,027
<u>15,215,421</u>	<u>16,119,000</u>	<u>14,082,550</u>	<u>10,880,436</u>	<u>10,198,882</u>
-	-	-	-	-
-	-	-	-	-
17,286,113	16,155,179	16,382,222	13,604,372	12,303,971
<u>17,286,113</u>	<u>16,155,179</u>	<u>16,382,222</u>	<u>13,604,372</u>	<u>12,303,971</u>
<u>\$ 32,501,534</u>	<u>\$ 32,274,179</u>	<u>\$ 30,464,772</u>	<u>\$ 24,484,808</u>	<u>\$ 22,502,853</u>
\$ 172,760	\$ 160,839	\$ 118,086	\$ 57,994	\$ 41,008
414,984	435,406	833,711	940,169	624,637
186,143	344,787	342,064	298,144	228,026
188,393	180,361	224,158	181,031	126,410
508,336	592,698	654,439	474,451	524,451
40,766	43,824	117,213	96,501	98,889
430,178	284,597	-	-	-
158,834	256,316	206,636	124,444	222,645
3,283,441	1,157,262	1,609,694	695,670	510,000
<u>5,383,835</u>	<u>3,456,090</u>	<u>4,106,001</u>	<u>2,868,404</u>	<u>2,376,066</u>
\$ 5,334,199	\$ 5,488,023	\$ 5,584,102	\$ 5,063,138	\$ 5,199,608
11,619,113	10,219,190	8,930,095	8,388,975	8,355,400
-	-	-	-	-
-	-	-	-	-
1,592,694	1,040,163	719,145	-	-
18,546,006	16,747,376	15,233,342	13,452,113	13,555,008
<u>\$ 23,929,841</u>	<u>\$ 20,203,466</u>	<u>\$ 19,339,343</u>	<u>\$ 16,320,517</u>	<u>\$ 15,931,074</u>
\$ (9,831,586)	\$ (12,662,910)	\$ (9,976,549)	\$ (8,012,032)	\$ (7,822,816)
1,259,893	592,197	(1,148,880)	(152,259)	1,251,037
<u>\$ (8,571,693)</u>	<u>\$ (12,070,713)</u>	<u>\$ (11,125,429)</u>	<u>\$ (8,164,291)</u>	<u>\$ (6,571,779)</u>
\$ 4,206,922	\$ 3,949,167	\$ 3,642,715	\$ 2,910,725	\$ 2,364,302
5,316,603	5,825,860	6,300,680	5,992,656	4,949,332
1,693,299	1,290,566	1,745,402	1,661,242	1,522,111
158,579	246,530	120,784	-	702,953
24,870	135,380	788,628	707,063	574,446
351,076	18,542	602,373	270,499	451,848
<u>11,751,349</u>	<u>11,466,045</u>	<u>13,200,582</u>	<u>11,542,185</u>	<u>10,564,992</u>
5,493	39,103	257,345	511,149	419,681
-	151,450	-	-	281,118
(423,823)	(18,542)	(602,373)	(270,499)	(451,848)
(418,330)	172,011	(345,028)	240,650	248,951
<u>\$ 11,333,019</u>	<u>\$ 11,638,056</u>	<u>\$ 12,855,554</u>	<u>\$ 11,782,835</u>	<u>\$ 10,813,943</u>
\$ 1,919,763	\$ (1,196,865)	\$ 3,224,033	\$ 3,530,153	\$ 2,742,176
841,563	764,208	(1,493,908)	88,391	1,499,988
<u>\$ 2,761,326</u>	<u>\$ (432,657)</u>	<u>\$ 1,730,125</u>	<u>\$ 3,618,544</u>	<u>\$ 4,242,164</u>

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

	2015	2014	2013	2012
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated	-	-	-	-
Unreserved, Undesignated	-	-	-	-
Nonspendable	619,482	947,407	908,067	908,569
Restricted	497,395	556,739	209,188	159,923
Committed	270,982	15,746	249,475	91,736
Assigned	44,238	55,131	140,163	119,263
Unassigned	3,798,559	2,860,905	4,005,826	4,284,392
Total general fund	<u>\$ 5,230,656</u>	<u>\$ 4,435,928</u>	<u>\$ 5,512,719</u>	<u>\$ 5,563,883</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Restricted	1,774,344	4,446,333	5,272,778	7,674,816
Committed	107,088	111,500	214,379	190,057
Unassigned	(217,378)	(447,076)	(544,810)	(431,292)
Total all other governmental funds	<u>\$ 1,664,054</u>	<u>\$ 4,110,757</u>	<u>\$ 4,942,347</u>	<u>\$ 7,433,581</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)

2011	2010	2009	2008	2007	2006
\$ -	\$ 120,985	\$ 182,845	\$ 92,604	\$ 90,778	\$ 102,715
-	244,500	237,123	174,887	33,549	-
-	3,832,279	3,606,454	3,463,563	4,936,439	4,274,902
881,547	-	-	-	-	-
102,630	-	-	-	-	-
290,148	-	-	-	-	-
98,977	-	-	-	-	-
3,830,560	-	-	-	-	-
<u>\$ 5,203,862</u>	<u>\$ 4,197,764</u>	<u>\$ 4,026,422</u>	<u>\$ 3,731,054</u>	<u>\$ 5,060,766</u>	<u>\$ 4,377,617</u>
\$ -	\$ 8,904,460	\$ 10,795,494	\$ 15,523,780	\$ 5,972,211	\$ 8,155,928
-	(159,594)	(130,816)	1,023,434	1,450,466	928,303
-	-	-	-	-	230,410
-	-	-	-	-	-
8,020,303	-	-	-	-	-
264,462	-	-	-	-	-
(481,509)	-	-	-	-	-
<u>\$ 7,803,256</u>	<u>\$ 8,744,866</u>	<u>\$ 10,664,678</u>	<u>\$ 16,547,214</u>	<u>\$ 7,422,677</u>	<u>\$ 9,314,641</u>

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

	2015	2014	2013	2012
Revenues				
Taxes	\$ 13,994,697	\$ 13,146,849	\$ 12,792,390	\$ 12,380,367
Licenses, fees, permits	703,918	595,351	561,786	521,189
Fines and penalties	190,154	149,611	184,388	201,206
Charges for services	496,838	406,679	464,000	471,172
Intergovernmental	858,629	267,614	197,729	204,720
Investment earnings	31,670	27,732	58,025	50,927
Other revenues	541,213	1,127,908	666,348	382,653
Total revenues	<u>\$ 16,817,119</u>	<u>\$ 15,721,744</u>	<u>\$ 14,924,666</u>	<u>\$ 14,212,234</u>
Expenditures				
General government	\$ 4,745,797	\$ 3,840,821	\$ 3,636,842	\$ 3,339,088
Police	3,867,902	3,731,731	3,847,599	3,364,569
Fire	1,255,424	354,000	384,889	332,775
Streets	534,995	562,719	421,448	587,464
Other public works	578,796	547,800	408,090	381,797
Parks and recreation	2,114,803	1,762,250	1,479,716	1,337,862
Tourism	797,357	2,507,455	953,968	899,502
Conference Center	644,068	682,689	677,325	620,234
Capital projects	1,107,772	811,717	2,410,505	458,364
Other	672,887	486,545	740,144	607,289
Debt service:				
Interest	712,289	912,346	1,011,534	1,092,050
Principal	2,350,470	2,030,855	1,985,029	1,621,880
Bond issuance costs	297,604	-	119,333	-
Total expenditures	<u>\$ 19,680,164</u>	<u>\$ 18,230,928</u>	<u>\$ 18,076,422</u>	<u>\$ 14,642,874</u>
Excess of revenues over (under) expenditures	<u>\$ (2,863,045)</u>	<u>\$ (2,509,184)</u>	<u>\$ (3,151,756)</u>	<u>\$ (430,640)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	\$ 3,919,383	\$ 452,839	\$ 214,208	\$ 92,774
Other resources	72,944	-	119,346	-
Transfers in	2,420,229	2,806,721	1,183,018	1,093,266
Transfers out	(5,201,486)	(2,658,757)	(907,214)	(765,054)
Total other financing sources (uses)	<u>\$ 1,211,070</u>	<u>\$ 600,803</u>	<u>\$ 609,358</u>	<u>\$ 420,986</u>
Net change in fund balances	<u>\$ (1,651,975)</u>	<u>\$ (1,908,381)</u>	<u>\$ (2,542,398)</u>	<u>\$ (9,654)</u>
Debt service as a percentage of noncapital expenditures	24.9%	19.6%	20.4%	20.6%

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

2011	2010	2009	2008	2007	2006
\$ 11,999,657	\$ 11,276,922	\$ 11,052,963	\$ 11,739,003	\$ 10,509,765	\$ 8,801,261
586,854	413,456	422,064	812,582	978,807	601,656
225,678	204,284	301,707	295,328	211,130	213,066
574,503	988,147	950,949	746,650	581,596	105,169
148,656	408,834	129,878	367,407	464,524	619,531
42,066	24,870	135,380	788,628	707,063	574,446
480,697	527,445	832,402	853,062	652,596	851,336
<u>\$ 14,058,111</u>	<u>\$ 13,843,958</u>	<u>\$ 13,825,343</u>	<u>\$ 15,602,660</u>	<u>\$ 14,105,481</u>	<u>\$ 11,766,465</u>
\$ 2,959,350	\$ 2,963,528	\$ 2,956,474	\$ 3,178,311	\$ 2,517,756	\$ 3,404,820
3,158,866	3,123,521	3,651,120	2,918,879	2,701,280	1,993,067
268,848	243,174	356,732	321,180	405,237	273,109
425,147	431,840	575,096	1,001,539	625,661	503,814
257,252	350,734	363,188	526,815	245,104	233,650
1,561,616	1,430,571	1,699,408	2,873,611	1,881,095	1,573,495
610,847	157,248	709,506	1,853,946	1,208,596	679,828
695,673	1,125,080	844,259	-	-	-
889,421	1,949,390	4,116,108	5,891,032	3,662,600	1,778,918
645,256	1,210,061	1,405,567	1,446,563	1,165,589	1,216,767
1,213,773	1,313,553	1,371,194	1,348,889	894,147	909,130
1,739,187	1,644,804	1,620,116	1,574,803	1,150,115	1,284,442
156,173	-	-	361,207	30,000	134,897
<u>\$ 14,581,409</u>	<u>\$ 15,943,504</u>	<u>\$ 19,668,768</u>	<u>\$ 23,296,775</u>	<u>\$ 16,487,180</u>	<u>\$ 13,985,937</u>
<u>\$ (523,298)</u>	<u>\$ (2,099,546)</u>	<u>\$ (5,843,425)</u>	<u>\$ (7,694,115)</u>	<u>\$ (2,381,699)</u>	<u>\$ (2,219,472)</u>
\$ 247,504	\$ -	\$ 237,715	\$ 17,320,000	\$ 1,220,734	\$ 3,859,500
-	-	-	(2,433,432)	-	699,308
812,863	1,043,059	2,536,066	2,212,527	1,145,902	1,647,963
(439,033)	(691,983)	(2,517,524)	(1,610,154)	(875,403)	(1,246,115)
<u>\$ 621,334</u>	<u>\$ 351,076</u>	<u>\$ 256,257</u>	<u>\$ 15,488,941</u>	<u>\$ 1,491,233</u>	<u>\$ 4,960,656</u>
<u>\$ 98,036</u>	<u>\$ (1,748,470)</u>	<u>\$ (5,587,168)</u>	<u>\$ 7,794,826</u>	<u>\$ (890,466)</u>	<u>\$ 2,741,184</u>
22.1%	21.9%	27.1%	16.8%	15.9%	18.0%

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

Revenue Source	2015	2014	2013	2012	2011
Principal General Government Revenue Sources					
Sales Tax	\$ 7,151,484	\$ 6,599,573	\$ 6,440,471	\$ 6,282,851	\$ 5,810,019
Ad Valorem Tax	4,577,167	4,415,081	4,305,910	4,147,190	4,204,828
Franchise Taxes	790,557	731,411	692,784	747,381	738,682
Utility Fund Franchise Tax	849,286	843,618	812,300	686,206	724,326
Hotel Occupancy Tax	626,203	557,166	540,925	516,739	521,802
All Other Sources	2,822,422	2,574,895	2,232,276	1,831,867	2,058,454
Total General Government Revenue	<u>\$ 16,817,119</u>	<u>\$ 15,721,744</u>	<u>\$ 15,024,666</u>	<u>\$ 14,212,234</u>	<u>\$ 14,058,111</u>

Current and comparative ad valorem tax rates are shown on page 90.

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

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

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

Principal Enterprise Funds Revenue Sources

Electric Sales	\$ 10,993,672	\$ 11,056,172	\$ 11,145,165	\$ 11,394,217	\$ 11,524,273
Water Sales	5,472,711	5,314,357	4,778,739	3,999,322	4,810,721
Sewer Revenue	2,440,580	2,394,387	2,048,432	1,774,092	1,719,432
All Other	1,583,938	1,641,195	1,444,167	1,261,634	1,248,318
Total Utility Fund Revenue	<u>\$ 20,490,901</u>	<u>\$ 20,406,111</u>	<u>\$ 19,416,503</u>	<u>\$ 18,429,265</u>	<u>\$ 19,302,744</u>

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

<hr/> <hr/>						
	Fiscal Year					Change:
2010	2009	2008	2007	2006	2006-2015	
\$ 5,314,801	\$ 5,903,965	\$ 6,299,449	\$ 5,886,474	\$ 4,905,828	45.8%	
4,198,621	3,932,562	3,679,002	2,941,958	2,306,763	98.4%	
645,413	705,342	621,152	649,171	627,468	26.0%	
647,648	-	549,329	513,574	522,973	62.4%	
470,439	511,094	590,071	518,588	400,483	56.4%	
2,567,036	2,772,380	3,863,657	3,595,716	3,002,950	-6.0%	
<u>\$ 13,843,958</u>	<u>\$ 13,825,343</u>	<u>\$ 15,602,660</u>	<u>\$ 14,105,481</u>	<u>\$ 11,766,465</u>	<u>42.9%</u>	
\$ 11,367,715	\$ 10,021,246	\$ 8,720,371	\$ 8,205,466	\$ 8,337,142	31.9%	
3,448,982	3,589,752	3,590,578	3,085,172	3,509,350	55.9%	
1,645,412	1,666,807	1,579,610	1,581,036	1,537,969	58.7%	
496,696	619,961	880,983	1,091,588	871,345	81.8%	
<u>\$ 16,958,805</u>	<u>\$ 15,897,766</u>	<u>\$ 14,771,542</u>	<u>\$ 13,963,262</u>	<u>\$ 14,255,807</u>	<u>43.7%</u>	

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

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Assessed Value</u>	<u>Tax Rate per \$100 Valuation</u>
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
2013	2013-2014	\$ 1,112,336,147	\$ 1,130,170	\$ 1,113,466,317	0.39459
2014	2014-2015	\$ 1,134,944,921	\$ 9,396,360	\$ 1,144,341,281	0.39758

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		
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	0.366980	1.17115
2008	2008-2009	0.1011	0.3139	0.41500	0.366537	1.17000
2009	2009-2010	0.1198	0.2841	0.40390	0.331091	1.15500
2010	2010-2011	0.1437	0.2602	0.40390	0.343888	1.14000
2011	2011-2012	0.1451	0.2588	0.40390	0.348888	1.15000
2012	2012-2013	0.1429	0.2563	0.39926	0.343908	1.14500
2013	2013-2014	0.1574	0.2372	0.39459	0.383908	1.14500
2014	2014-2015	0.1529	0.2447	0.39758	0.397584	1.26500

Source: Hood County Appraisal District (www.hood-cad.org)

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

Tax Year	Fiscal Year	Original Levy	Subsequent Adjustments	Total Levy	Collected within the Fiscal Year of Levy	
					Current Tax Collections	Percent of Total Levy Collected
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%
2013	2013-2014	\$ 4,361,775	\$ (12,196)	\$ 4,349,579	\$ 4,315,859	99.2248%
2014	2014-2015	\$ 4,518,300	\$ (6,012)	\$ 4,512,288	\$ 4,480,950	99.3055%

Source: Hood County Appraisal District

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

Delinquent Tax Collections	Total Collections to Date		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Levy
	Total Tax Collections	Total Collections as a Percent of Total Levy		
\$ 68,653	\$ 2,315,762	99.8255%	\$ 4,047	0.1745%
\$ 84,776	\$ 2,900,775	99.8593%	\$ 4,087	0.1407%
\$ 48,864	\$ 3,575,196	99.8926%	\$ 3,845	0.1074%
\$ 27,927	\$ 3,889,871	99.8856%	\$ 4,454	0.1144%
\$ 40,395	\$ 4,158,804	99.8709%	\$ 5,378	0.1291%
\$ 32,420	\$ 4,153,965	99.8676%	\$ 5,509	0.1324%
\$ 55,136	\$ 4,122,527	99.8328%	\$ 6,906	0.1672%
\$ 39,253	\$ 4,233,777	99.6688%	\$ 14,067	0.3312%
\$ 18,184	\$ 4,334,043	99.6428%	\$ 15,535	0.3572%
\$ -	\$ 4,480,950	99.3055%	\$ 31,338	0.6945%

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

Fiscal Year Ending	9/30/2015	9/30/2014	9/30/2013	9/30/2012
Tax Year	2014	2013	2012	2011
Property use category				
Real, Residential, Single family	\$ 501,976,240	\$ 477,935,220	\$ 464,702,920	\$ 446,958,430
Real, Residential, Multi-family	44,482,770	41,923,330	39,576,630	39,046,300
Real, Vacant Lots/Tracts	58,541,910	50,644,930	42,005,010	43,122,120
Real, Qualified Open-space Land	46,750,000	47,921,880	67,637,360	64,708,830
Real, Rural Land	7,213,810	17,152,810	5,422,210	8,006,060
Real, Commercial	392,331,310	396,789,380	380,787,530	357,495,960
Real, Industrial	2,116,560	2,462,190	2,194,980	2,216,760
Tangible Personal Property	965,040	10,219,060		
Real/Tangible Personal, Utilities	12,524,180	11,821,370	10,552,930	10,506,340
Tangible Personal, Commercial	102,257,650	91,154,860	100,114,430	91,924,550
Tangible Personal, Industrial	9,050,770	773,190	7,006,700	4,679,350
Tangible Personal, Mobile Homes	345,590	356,980	329,630	367,960
Real Property, Inventory	9,036,230	8,522,040	14,195,140	18,153,540
Special Inventory	18,107,580	17,292,880	14,375,950	13,204,650
Real Minerals/Oil & Gas	12,353,800	12,538,690	14,141,160	10,769,990
Mixed PTD	(6,070)	(6,730)	-190,886	-44,472
Total Appraised Value	\$ 1,218,047,370	\$ 1,187,502,080	\$ 1,162,851,694	\$ 1,111,116,368
Less: Exemptions or Deductions:				
Optional > 65 Res. Homestead	\$ 16,231,640	\$ 14,880,720	\$ 13,909,120	\$ 13,421,820
Disabled or Deceased Veterans	4,593,900	4,479,249	3,917,120	3,800,520
Agriculture & Unheard Protests	46,408,000	47,574,150	48,722,370	43,821,370
Residential, Capped Value Loss	1,076,290	1,502,480	2,895,780	4,606,300
Other	5,396,259	5,599,164	6,369,045	4,931,379
Total Exemptions	\$ 73,706,089	\$ 74,035,763	\$ 75,813,435	\$ 70,581,389
Net Assessed Valuation	\$ 1,144,341,281	\$ 1,113,466,317	\$ 1,087,038,259	\$ 1,040,534,979
Percent of Fair Market Value	100%	100%	100%	100%

Source: Hood County Appraisal District

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

<u>9/30/2011</u> <u>2010</u>	<u>9/30/2010</u> <u>2009</u>	<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>
\$ 448,837,500	\$ 448,927,360	\$ 342,834,240	\$ 281,488,580	\$ 229,589,790	\$ 204,276,510
39,659,200	34,153,200	34,652,200	19,613,530	16,805,450	16,795,780
37,047,630	39,898,620	34,359,450	31,794,560	23,437,500	16,106,490
68,820,080	66,823,820	54,352,620	35,652,180	28,040,910	20,161,580
9,466,970	10,339,670	9,892,190	2,724,190	1,973,470	1,918,430
382,230,510	368,468,070	317,791,290	250,900,150	193,184,770	180,319,950
2,677,270	2,716,820	2,666,370	865,470	690,590	664,510
10,595,480	10,024,860	9,789,270	9,729,550	8,857,850	9,242,510
84,237,070	104,027,420	94,635,880	76,099,740	66,168,970	62,086,184
4,078,990	5,120,590	4,873,400	1,392,180	1,410,560	355,890
447,540	508,250	1,385,200	1,630,430	1,620,830	1,499,840
15,108,480	19,470,310	7,272,300	4,992,790	6,641,590	7,972,270
9,700,620	12,958,760	12,202,580	12,089,250	13,783,100	10,685,930
10,105,180	12,328,890	7,352,950	14,691,350	-	-
-10,800	-10,090	-	-	-	-
<u>\$ 1,123,001,720</u>	<u>\$ 1,135,756,550</u>	<u>\$ 934,059,940</u>	<u>\$ 743,663,950</u>	<u>\$ 592,205,380</u>	<u>\$ 532,085,874</u>
\$ 13,051,760	\$ 12,975,610	\$ 11,874,130	\$ 11,535,820	\$ 10,823,890	\$ 10,038,538
2,963,560	2,517,800	656,300	581,300	572,520	524,660
44,396,600	42,124,640	36,083,100	21,740,540	18,261,310	14,993,010
6,934,390	16,631,700	10,460,130	5,365,890	1,716,030	2,288,313
4,602,370	4,900,666	2,447,086	570	2,090	3,060
<u>\$ 71,948,680</u>	<u>\$ 79,150,416</u>	<u>\$ 61,520,746</u>	<u>\$ 39,224,120</u>	<u>\$ 31,375,840</u>	<u>\$ 27,847,581</u>
<u>\$ 1,051,053,040</u>	<u>\$ 1,056,606,134</u>	<u>\$ 872,539,194</u>	<u>\$ 704,439,830</u>	<u>\$ 560,829,540</u>	<u>\$ 504,238,293</u>
100%	100%	100%	100%	100%	100%

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

Taxpayer	Rank	Tax Year 2014		Tax Year 2004		
		Taxable Assessed Valuation	Percent of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Assessed Valuation
Health Care Reit, Inc	1	20,761,400	1.81%			
Lake Granbury Medical Center	2	12,396,600	1.08%	8,509,000	3	1.69%
ARI	3	11,027,700	0.96%			
HEB Grocery Company LP	4	9,198,710	0.80%			
Wal-Mart Real Estate Business	5	9,139,050	0.80%	8,663,280	1	1.72%
Pacific Lake Granbury LP	6	9,000,000	0.79%			
HCRI Texas Properties LTD	7	8,427,630	0.74%			
Lake Granbury Medical Center	8	7,816,520	0.68%	4,199,000	9	0.83%
Quicksilver Resources Minerals	9	7,747,330	0.68%			
Lowe's Home Centers, Inc	10	7,715,170	0.67%			
Wal-Mart Properties, Inc				8,516,000	2	1.69%
Avalon Granbury LTD				8,026,000	4	1.59%
Home Depot USA, Inc.				7,392,000	5	1.47%
Southwestern Bell Telephone				6,787,000	6	1.35%
Kroger Co #491				5,042,000	7	1.00%
Durant Chevrolet				4,959,000	8	0.98%
Granbury Hospital Corp.				4,094,000	10	0.81%
		<u>\$ 103,230,110</u>	9.02%	<u>\$ 66,187,280</u>		13.14%

Source: Hood County Appraisal District

CITY OF GRANBURY
Sales Tax Revenue by Business Type
(Unaudited)
September 30, 2015

Sales Tax Category	Fiscal Year		
	2015	2014	2013
Retail:			
Motor Vehicle & Parts	\$ 357,382	\$ 280,756	\$ 243,210
Furniture & Home Furnishings	165,189	182,908	162,761
Electronics & Appliance	53,284	93,884	80,488
Building Materials	1,038,175	955,273	990,088
Apparel Stores	191,794	136,370	122,338
General Merchandise	1,164,962	1,010,511	1,011,228
All Other Retail	924,567	1,083,006	1,153,924
Total Retail	\$ 3,895,353	\$ 3,742,708	\$ 3,764,038
Agriculture/Manufacturing/Mining	\$ 291,357	\$ 413,761	\$ 385,708
Services	713,673	788,306	697,989
Wholesalers	557,188	438,871	320,307
Accommodation & Food	888,846	829,682	783,573
All Other	805,067	386,245	511,835
Total Sales Tax Received	\$ <u>7,151,484</u>	\$ <u>6,599,573</u>	\$ <u>6,463,449</u>
City Sales Tax Rate	1.50%	1.50%	1.50%

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

Source: MuniServices Sales Tax Analysis and Reporting Service

CITY OF GRANBURY
Sales Tax Revenue by Business Type
(Unaudited)
September 30, 2015

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

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

ELECTRICITY SALES

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

WATER SALES

Type of Customer	2015	2014	2013	2012
Residential	\$ 2,614,942	\$ 2,547,695	\$ 2,331,133	\$ 2,185,014
Commercial	\$ 2,889,001	\$ 2,661,313	2,438,937	1,850,843
Other	\$ 34,250	\$ 120,286	90,312	86,303
Total	\$ <u>5,538,193</u>	\$ <u>5,329,295</u>	\$ <u>4,860,382</u>	\$ <u>4,122,160</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

ELECTRICITY SALES

2011	2010	2009	2008	2007	2006
\$ 3,830,305	\$ 3,662,399	\$ 3,303,224	\$ 3,009,301	\$ 2,888,694	\$ 2,830,217
7,305,734	7,063,527	6,323,593	5,647,582	5,300,267	5,022,701
458,904	468,572	474,674	329,635	319,640	484,225
<u>\$ 11,594,943</u>	<u>\$ 11,194,499</u>	<u>\$ 10,101,491</u>	<u>\$ 8,986,519</u>	<u>\$ 8,508,602</u>	<u>\$ 8,337,142</u>

WATER SALES

2011	2010	2009	2008	2007	2006
\$ 2,281,391	\$ 1,802,050	\$ 2,051,180	\$ 2,160,225	\$ 1,723,997	\$ 1,759,120
1,884,012	1,440,659	1,667,731	1,674,588	1,553,845	1,923,854
42,497	40,958	57,360	36,643	20,254	-
<u>\$ 4,207,899</u>	<u>\$ 3,283,666</u>	<u>\$ 3,776,271</u>	<u>\$ 3,871,456</u>	<u>\$ 3,298,097</u>	<u>\$ 3,682,974</u>

CITY OF GRANBURY
 Top Ten Utility Rate Payers
 by Rate Type
 Compared to Ten Years Ago
 (Unaudited)
 September 30, 2015

Ten Largest Electric Customers

Customers	Annual Kwh Consumed (000)			
	Rank	2015	Rank	2010
GISD	1	10,523	1	3,968
City of Granbury	2	9,184	6	2,543
Lake Granbury Medical Center	3	3,921	2	3,706
Hood County	4	4,227	8	1,174
Waterview Point Retirement	5	3,444		
Brookshire Grocery	6	1,879	5	2,688
Lowe's Home Center	7	1,873	4	3,096
Kroger	8	1,374	3	3,411
AT&T	9	1,146	7	1,193
Hilton Garden Inn	10	1,054		
AT&T*			9	1,154
Lake Granbury Medical Investors*			10	809

* For FY14-15 accounts for the same business have been combined, but were shown separated in FY 09-10.

Ten Largest Water Customers

Customers	Annual Gallons Consumed (in hundreds of gallons)			
	Rank	2015	Rank	2010
City of Granbury	1	79,475	2	39,618
Waterview Point	2	78,545		
Wash My Ride	3	77,535		
Lake Granbury Medical	4	75,959	4	31,396
Hood County	5	75,519	1	55,614
Jerry Durant Toyota	6	75,260		
Creative Solutions	7	51,415		
Lake Granbury Youth Services	8	46,824		
Granbury SNF	9	38,499		
Kroger	10	29,312		
Lowe's			3	34,032
Walmart			5	29,974
Blue Rapids Car Wash			6	27,341
Granbury Villa			7	25,454
Classic Car Wash			8	25,156
Spanish Oak Apartments			9	24,827
Hood County Justice Center			10	24,064

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2015
 (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
The residential minimum and rate is applicable to individual apartment units metered via an individual meter.		
Commercial 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
Rate per/kWh	0.1083	0.1083
All Customers		
	<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

CITY OF GRANBURY
 Utility Service Rates
 Electric, Water and Sewer
 September 30, 2015
 (Unaudited)

Sewer Rate Structure - last updated 06/15/2013

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

Commercial/ Multi Unit Rate Structure		
Sewer	Inside City Limits	Outside City Limits
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

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

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

All Customers	Inside City Limits	Outside City Limits
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
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
2014	\$1,113,466,317	\$21,525,000	\$171,352	\$21,353,648
2015	\$1,144,341,281	\$20,776,684	\$260,791	\$20,515,893

Year Ended September 30	Ratio Net General Bonded Debt to Assessed Value	Estimated Population	Net General Bonded Debt Per Capita
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
2014	1.92%	8,779	\$2,432
2015	1.79%	8,940	\$2,295

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

CITY OF GRANBURY
Government-wide Outstanding Debt
Last Ten Years
September 30, 2015

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
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
2014	\$ 9,509,707	\$ 12,447,293	\$ 975,234	\$ 12,114,241	\$ 4,376,581	\$ -
2015	\$ 16,840,148	\$ 6,461,199	\$ 1,808,475	\$ 11,302,268	\$ 3,936,537	\$ 16,430,000

CITY OF GRANBURY
Government-wide Outstanding Debt
Last Ten Years
September 30, 2015

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
\$ 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%
\$ 1,407,137	\$ 40,830,193	8,779	\$ 4,650.89	\$ 29,105	15.98%
\$ 1,257,177	\$ 58,035,804	8,940	\$ 6,491.70	\$ 26,864	24.17%

CITY OF GRANBURY
 Estimated Direct and Overlapping Ad Valorem Tax
 Supported Gross Debt Statement
 as of September 30, 2015
 (Unaudited)

Governmental Subdivision	Gross Debt	Estimated Percent Applicable (1)	Direct and Estimated Overlapping Bonded Debt
Direct:			
City of Granbury	\$ 42,085,000	100.00%	\$ <u>42,085,000</u>
Total direct debt			<u>42,085,000</u>
Overlapping:			
Granbury Independent School District	116,660,063	29.42%	34,321,391
Hood County	22,595,000	21.13%	<u>4,774,324</u>
Total overlapping debt			<u>39,095,714</u>
Total Direct and Overlapping Consolidated Gross Debt Outstanding			<u>\$ 81,180,714</u>
Direct and Overlapping Gross Debt Per Capita A.			\$ 9,080.62
Ratio of Direct and Overlapping Gross Debt to 2014 Net Assessed Valuation B.			7.09%

A. Based on population estimate of 9,940 at 9/30/2015.

B. Based on the assessed valuation of \$1,113,466,317 for tax year 2014.

Note 1: The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County entities certified taxable values. The share of market values for Granbury Independent School District and Hood County is calculated by the Hood County Appraisal District.

CITY OF GRANBURY
 Computation of Legal Debt Margin
 September 30, 2015
 (Unaudited)

The City Charter of the City of Granbury, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to \$2.50 for every \$100 of assessed valuation.

Tax Rate Limit	\$ 2.500
Current Tax Rate	<u>0.39758</u>
Available Tax Rate	<u><u>\$ 2.102</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
2005	2005-2006	\$ 560,829,540	\$ 14,020,739	\$ 2,320,128	\$ 11,700,611
2006	2006-2007	\$ 704,439,830	\$ 17,610,996	\$ 2,906,579	\$ 14,704,417
2007	2007-2008	\$ 872,539,194	\$ 21,813,480	\$ 3,582,159	\$ 18,231,321
2008	2008-2009	\$ 954,340,060	\$ 23,858,502	\$ 3,908,078	\$ 19,950,424
2009	2009-2010	\$ 1,056,606,134	\$ 26,415,153	\$ 4,199,011	\$ 22,216,142
2010	2010-2011	\$ 1,051,053,040	\$ 26,276,326	\$ 4,168,290	\$ 22,108,036
2011	2011-2012	\$ 1,040,534,979	\$ 26,013,374	\$ 4,141,351	\$ 21,872,023
2012	2012-2013	\$ 1,087,038,259	\$ 27,175,956	\$ 4,294,424	\$ 22,881,532
2013	2013-2014	\$ 1,113,466,317	\$ 27,836,658	\$ 4,361,858	\$ 23,474,800
2014	2014-2015	\$ 1,144,341,281	\$ 28,608,532	\$ 4,518,300	\$ 24,090,232

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
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
2014	\$ 19,320,635	\$ 16,272,444	\$ 3,048,191	\$ 1,244,168	2.45
2015	\$ 19,478,823	\$ 15,659,883	\$ 3,818,940	\$ 1,242,318	3.07

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
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%
2014	\$ 1,860,375	\$ 891,125	\$ 2,751,500	\$ 11,285,866	24.3801%
2015	\$ 2,062,500	\$ 676,312	\$ 2,738,812	\$ 13,770,604	19.8888%

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
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%
2014	\$ 1,113,466,317	249	-12.32%	\$ 53,181,956	28.01%
2015	\$ 1,144,341,281	228	-8.43%	\$ 45,685,267	-14.10%

Construction activity data from City of Granbury records

CITY OF GRANBURY
Demographic Statistics
Last Ten Years
(Unaudited)

<u>Year Ended September 30</u>	<u>Estimated Population</u>	<u>Unemployment Rate for Hood County</u>	<u>School Enrollment</u>	<u>Per Capita Income</u>
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
2014	8,779	3.8%	6,621	\$ 29,105
2015	8,940	4.8%	6,658	\$ 26,864

Sources:
Population and Per capita income from <http://factfinder2.census.gov>
Unemployment rates from Texas Workforce Commission web site (www.tracer2.com)
School enrollment from National Center for Education Statistics (nces.ed.gov)

CITY OF GRANBURY
Employers and Selected Statistics
(Unaudited)

MAJOR EMPLOYERS		2015			2010		
Employer	Line of Business	Employees	Rank	% of Total Employed	Employees	Rank	% of Total Employed
Granbury ISD	School District	1028	1	4.4%	1,250	1	4.9%
Lake Granbury Medical Center	Medical Services	570	2	2.5%	360	3	1.4%
Wal-Mart Supercenter	Retail	380	3	1.6%	480	2	1.9%
Hood County	County Government	356	4	1.5%	340	4	1.3%
H - E - B	Retail	244	5	1.1%			0.0%
Kroger	Retail	205	6	0.9%			0.0%
City of Granbury	Municipal Government	175	7	0.8%	254	5	1.0%
United Cooperative Svc	Utility Services	153	8	0.7%			0.0%
Granbury Care Center	Nursing Home	145	9	0.6%	140	7	0.6%
Total Equipment & Service	Oilfield Services	143	10	0.6%			0.0%
Lowe's	Home Improvement				250	6	1.0%
Equibrand Corp	Rope Manufacturer				100	9	0.4%
Home Depot	Home Improvement				120	8	0.5%
Classic Chevrolet BPG	Auto Retail				90	10	0.4%
Total		<u>3,399</u>		<u>14.6%</u>	<u>3,384</u>		<u>13.3%</u>

<u>Selected Business Statistics</u>	2015	2014	2013	2012	2011	2010	2000
Total Number Employed, Hood County	23,214	29,075	27,511	23,324	24,454	25,433	n/a
Number of Business Establishments, Hood County	1,686	1,626	1,438	1,277	818	745	n/a
Number of Households, Granbury	3,721	4,104	3,806	3,775	3,296	3,763	2,391

Note: Information on the Top Ten Employers from 2004 is not available. A five year comparison will be made 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; United Census Bureau (http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml)

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

Count of Employees by Year

Job Classification	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Building Inspectors	10	9	9	9	9	9	9	6	9	8
Computer Install, Inspec	3	3	0	0	0	0	0	0	0	0
Street & Road Repair	7	7	6	4.5	4	7	7	11	9	9
Drivers	3	3	3	1.5	1	2	2	2	4	4
Airport Operations	6	6	5	3	3	3	4	4	5	5
Waterworkers	14	15	14	13	11	12.5	12.5	15	13	13
Electric Distribution	7	7	7	7	6	6	6	11	8	8
Sewage Treatment	9	9	9	8	7	7	7	14	8	11
TV or Radio	1	2	0	0	0	0	0	0	0	0
Firefighters-Paid	0	0	0	0	0	0	0	0	0	0
Firefighters-Volunteer	47	35	43	42	43	43	60	61	67	67
Police Officers	34	33	32	29	32	33	33	35	32	27
Warehouse Operation	2	2	2	2	2	2	2	2	2	4
Automobile Repair	3	3	3	2	3	3	3	4	3	3
Promotional/Development	2	6	13	8.5	5	3	3	4	3	3
Clerical-Office	37	39	41	39.25	38	38.5	43	43	41	41
Animal Control	1	1	1	1	1	1	1	1	1	1
Building Maintenance	12	14	14	12.5	11	12	12	13	6	6
Restaurants	6	5	0	0	0	0	0	0	0	0
Parks & Recreation	26	26	26	31	27	24	24	28	27	27
Total	230	225	228	213.25	203	206	228.5	254	238	237

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

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

	FY 2015	FY 2014	FY 2013	FY 2012
City-owned Equipment				
Vehicles	117	152	151	151
Mobile Equipment	142	123	120	120
Street Department				
Miles of Roadway	53	51.5 miles	51.5 miles	51.5 miles
City Parks				
Maintained Public Parks	110 acres	110 acres	110 acres	110 acres
Athletic Fields:				
Soccer Fields	8	8	8	8
Ball Fields	9	9	9	9
Basketball Court	2	2	1	1
Volleyball Pit	2	2	2	2
Playgrounds	4	4	3	3
Boat Ramps	2	2	2	2
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	75	75	74	75
Open T-Hangars	7	7	7	9
Commercial Hangars	5	5	5	3
Water Department				
Water lines (in miles)	55.4	53.4	53.4	52.1
Wells	33	30	33	29
Water Plant	1	1	1	1
Sewer Department				
Lift Stations	43	40	43	43
Sewer lines (in miles)	44.4	43 miles	43 miles	41.8 miles
Electric Department				
Overhead line	87 miles	87 miles	87 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 Ten Fiscal Years
 (Unaudited)

FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
147	147	151	138	118	114
105	105	98	69	101	88
51.5 miles	51.3 miles	51.3 miles	48.3 miles	47.5 miles	46.5 miles
57 acres	57 acres	57 acres	57 acres	57 acres	50 acres
8	8	8	8	8	8
9	9	9	9	9	8
1	1	1	1	1	1
2	2	2	1	1	1
3	3	3	4	4	2
3	3	3	3	3	3
1	1	1	1	1	1
2.5 miles	2.5 miles	2.5 miles	2.25 miles	2.25 miles	2.25 miles
1	1	1	1	-	-
78	78	78	78	78	78
10	10	10	10	10	10
3	3	3	3	3	3
51.2	51 miles	51 miles	51 miles	48 miles	45 miles
23	22	22	21	21	19
1	1	1	1	1	1
43	40	40	37	35	35
41.7 miles	41.5 miles	41.5 miles	41.5 miles	39.5 miles	39 miles
82 miles	82 miles	82 miles	82 miles	80 miles	80 miles
11 miles	11 miles	10.5 miles	10 miles	9 miles	9 miles

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

	FY 2015	FY 2014	FY 2013	FY 2012
Municipal Court				
Citations processed	1,480	1,617	1,846	2,296
Police Department				
Calls for Service	19,620	22,129	21,456	22,022
Arrests	655	714	731	790
Accidents	948	872	794	738
Fire Department				
Calls for Service: Fire/Rescue	753	770	736	766
Calls for Service: EMS	740	138	182	181
Community Services				
Building Permits Issued	228	249	284	237
Building Permits Value	\$ 45,685,267	\$ 53,181,956	\$ 41,544,776	\$ 31,518,255
Utility Department				
Electric Connections	3,304	3,286	3,242	3,223
Water Connections	5,614	5,509	5,008	4,615
Sewer Connections	3,977	3,891	3,782	3,672
Electric Department				
KWH Sold	93,693,230	94,826,877	91,016,235	91,762,161
Water Department, in Gallons (000)				
Well production	511,391	524,689	427,516	493,386
Water Plant production	69,448	81,505	103,975	73,957
Water purchased	85,706	59,696	144,395	108,965
Wastewater Department, In Gallons (000)				
Discharge Flow	500,186	345,939	360,775	361,060

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 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
2,680	2,220	3,829	3,542	2,554	2,414
20,524	18,387	10,840	13,931	13,254	11,245
733	721	448	968	1,010	980
822	838	762	1,131	1,120	959
879	659	769	842	1,425	1,100
221	531	282	364	n/a	n/a
211	221	156	221	255	254
\$ 48,901,275	\$ 27,939,407	\$ 31,368,138	\$ 68,875,653	\$ 59,069,210	\$ 39,988,865
3,186	3,197	3,156	3,054	3,034	3,067
4,563	4,406	4,352	4,296	4,090	3,951
3,499	3,365	3,338	3,188	3,086	3,002
93,583,876	89,806,103	86,567,727	87,465,019	83,964,190	85,830,313
499,348	477,466	440,271	492,375	435,511	437,375
77,505	68,439	93,711	71,469	51,359	69,933
163,325	50,779	57,378	76,795	27,330	69,668
346,509	378,880	354,491	396,066	413,527	345,649

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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, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 1, 2016.

Internal Control over Financial Reporting

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

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

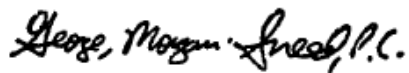
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations,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

Compliance and Other Matters

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

Purpose of this Report

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



George, Morgan & Sneed, P.C.
Weatherford, Texas
March 1, 2016

SINGLE AUDIT

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CITY OF GRANBURY, TEXAS

SINGLE AUDIT REPORT

**For the Fiscal Year Ended
September 30, 2015**



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CITY OF GRANBURY, TEXAS
Single Audit Report
For the Year Ended September 30, 2015

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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Granbury, Texas’s (the “City”) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2015. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City internal controls over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Granbury, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Granbury, Texas's basic financial statements. We issued our report thereon dated March 1, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on those financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

George Morgan Sneed, P.C.

Weatherford, Texas
March 1, 2016

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CITY OF GRANBURY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? _____ Yes X No

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

Noncompliance material to financial statements noted _____ Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

None

CITY OF GRANBURY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

None.

CITY OF GRANBURY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Contact for Corrective Action Plan:

Chris Coffman
City Manager

Financial Statement Findings

None.

Federal Award Findings and Questioned Costs

None.

CITY OF GRANBURY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Pass-through from Texas Department of Agriculture:			
Community Development Block Grant	14.228	7214262	<u>\$ 12,500</u>
Total U.S. Department of Housing and Urban Development			<u>12,500</u>
<u>U.S. Department of Transportation</u>			
Pass-through Texas Department of Transportation			
Highway Planning and Construction	20.205	CSJ #0902-51-015	<u>425,733</u>
Total U.S. Department of Transportation			<u>425,733</u>
<u>U.S. Environmental Protection Agency</u>			
Pass-through from Texas Water Development Board			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62673	<u>495,410</u>
Total U.S. Environmental Protection Agency			<u>495,410</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 933,643</u></u>

The accompanying notes are an integral part of this schedule.

CITY OF GRANBURY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Reporting Entity

The City of Granbury is a charter city in which the citizens elect the mayor at large and five council members by wards. The financial statements of the City of Granbury, Texas ("City") include all governmental activities, organizations, and functions of the City.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal program activity of the City of Granbury, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.