





CITY OF GRAPEVINE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2015

**Prepared by: Department of Fiscal Services
Finance Division**

CITY OF GRAPEVINE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

HOME RULE, COUNCIL-MANAGER FORM OF GOVERNMENT

**William D. Tate
MAYOR**

CITY COUNCIL

Darlene Freed, Mayor Pro Tem

Chris Coy

Mike Lease

Paul Slechta

Duff O'Dell

Sharron Spencer

**Bruno Rumbelow
CITY MANAGER**

**Jennifer Hibbs
ASSISTANT CITY MANAGER**

**Greg Jordan
CHIEF FINANCIAL OFFICER**

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INTRODUCTORY SECTION

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March 10, 2016

To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Grapevine, Texas

The Finance Division of Fiscal Services is pleased to submit the Comprehensive Annual Financial Report for the City of Grapevine. The City's Management assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, based upon a comprehensive framework of internal control that it has established for the purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City government. To enable the reader to gain an understanding of the City's financial activities, all necessary disclosures have been included.

This report fulfills the requirement of state law which requires the City file to the State an annual financial statement and audit opinion within 180 days after the last day of the municipality's fiscal year (FY).

Pattillo, Brown & Hill, LLP have issued an unqualified ("clean") opinion on the City of Grapevine's financial statements for the year ended September 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

The Management and Discussion Analysis (MD&A) is a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A can be found immediately following the independent auditors' report. The letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Profile of the City of Grapevine

Incorporated in February 1907, Grapevine is a home rule City operating under a Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a six-member Council. The City Manager is appointed by the City Council and is responsible for carrying out policies and for the daily management of the City. Council members serve three-year staggered terms, with two Council members elected each year. The Mayor is elected to serve a three-year term.

The City provides a full range of services, including police and fire protection, emergency ambulance service, sanitation, planning and zoning, public improvements, water and sewer services, culture and recreation and general administrative services.



Component units are legally separate organizations that a primary government must include as a part of its financial reporting entity. The City has included financial statements for five blended component units due to their fiscal dependency on the primary government. The Tax Reinvestment Zones Numbers One and Two (the "TIFS"), The Crime Control and Protection District (CCPD) "Crime District," The Grapevine 4B Economic Development Corporation, and the 4B Transit Fund, which accounts for local sales tax used to fund Grapevine's participation in the commuter rail development project with the Fort Worth Transit Authority (The "T"). The 4B Economic Development Fund accounts for the local sales tax used to stimulate the local economy, development, redevelopment and design and construction of the Main Street Rail Station.

The Heritage Foundation is a legally separate organization that is a discretely presented component unit of the City. The Foundation was organized to promote the preservation, protection and economic development of Grapevine's physical and cultural heritage. Additional information on all six component units can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City of Grapevine's financial planning and control. The budget is prepared by fund, and department (e.g. police, fire). Department Directors may transfer resources within their department as they see fit, but transfers between departments and funds require approval from the governing Council.

The City is located in the center of the Dallas/Fort Worth metropolitan complex, 21 miles northwest of downtown Dallas and 19 miles northeast of downtown Fort Worth. Three major freeways, State Hwy 114, State Hwy 121, and Interstate Hwy 635, intersect in the heart of Grapevine, providing excellent access to Dallas, Fort Worth and the area shopping, entertainment and employment centers. The City is located in Northeast Tarrant County and is home to the Dallas/Fort Worth International Airport. Two-thirds of the airport, including all terminal buildings, is located within Grapevine city limits. The City is approximately 35 square miles and based on the 2010 Census serves a population of 47,000.

Local Economy

During FY 2015, Grapevine continued to experience economic growth with advantages that include superior access to major highways, its proximity to DFW International Airport, a large existing tourist industry and a stable political climate. DFW International Airport is the largest employer in Grapevine with more than half of the total employment base. Other local economic indicators for Grapevine in FY 2015 included an unemployment rate of 3.3%; personal income per capita slightly increased over the past several fiscal years; and 333 certificates of occupancy were issued compared to 425 in FY 2014.

The overall sales tax receipts for FY 2015 were \$54,059,761 which equated to a 3.9% modest increase, while collections for FY 2014 were \$52,019,784 representing a 6.1% increase, thus reflecting steady growth. The City's hotel and occupancy tax receipts for FY 2015 were \$18,102,966 which equated to a 29.07% increase as the tax percentage increased from 6% to 7% as of October 2014. The hotel and occupancy tax collections for FY 2014 was \$14,025,119 representing a 9.8% increase. These results are indicators that the overall local economy continues to grow.

The City has overcome road construction challenges during the past several fiscal years. Work continues on the SH 121 "Section 13" project and the FM 2499 project in Northeast Grapevine with a combined cost of \$184 million. The Section 13 project doubles the current capacity of SH 121 in NE Grapevine and provides an improved connection between the DFW Connector project and the Sam Rayburn Toll Road. The FM 2499 project constructs new depressed main lanes from SH 121 to Denton Creek. These main lanes will no longer pass through the "at grade" signalized intersections with Stars and Stripes Way and Grapevine Mills Boulevard North. New service roads will be constructed to provide access to abutting properties and to connect with the two signalized intersections with anticipated completion date in 2017 for FM 2499 project and 2018 for SH 121.

Long-term Financial Planning

The City Council establishes their long term financial goals each year as a part of the budgeting process. The long-range financial forecasting is not intended to be a budget, or a proposed plan. Instead, it sets the stage for the budget process, assisting both the Council and staff in establishing priorities and allocating resources appropriately. For FY 2015, the Council continued with the following goals:

- (1) Maintain financial stability and strong fiscal management
- (2) Sustain existing programs at high service levels
- (3) Provide a safe and secure community
- (4) Address future transportation needs
- (5) Continue to enhance tourism development
- (6) Invest in “Quality of Life” capital projects

The established goals of the Council for the long-term are a continuation of the goals set in fiscal year 2007. The three goals established by the Council were: 1) long-range financial health of the General Fund, 2) improve the employee compensation plan, and 3) stabilize the City’s economic base. The long-range financial forecast is based on assumptions regarding the regional and state economy over the next several years. In meeting the goal to provide a safe and secure community, the Police responded to 81,509 calls for service while Fire responded to 5,588 calls for service and 3,715 ambulance runs.

Grapevine continued to maintain financial stability and strong fiscal management for FY 2015. The General, Debt Service, Utility Enterprise, and Stormwater Drainage Funds ended the fiscal year with fund balances that meet or exceed their requirement. The City also maintained existing services and transferred from the General Fund \$3,000,000 to the Quality of Life CIP Fund; \$700,000 to the Special Revenue – Crime District; \$3,279,000 to Permanent Capital Maintenance Fund; \$1,202,000 to the Capital Equipment Fund; and finally \$4,624 to the 4B Economic Development Fund and \$33,463 to the CVB Fund for the NGL Intern program.

Major Economic Initiatives and Community Development

Grapevine continues to experience strong construction growth. In FY 2015, construction values exceeded \$175.5 million, compared to \$131.2 million in FY 2014. The largest category in this fiscal year was \$96 million in new Commercial Construction, which accounted for approximately 55% of the construction value. A total of 104 single-family residential homes were permitted in FY 2015 and the total construction value for single-family residential was \$39.8 million. The following are some of the other major community development projects and economic initiatives that occurred or continued during FY 2015.

At the end of 2013, the City of Grapevine purchased a 185 acre commercial and industrial tract for local development. The first property sale in FY 2015 was for the North American Headquarters for Kubota Tractor Corporation, is relocating from Torrance, California. This project has a construction value of over \$50 million and will initially employ over 300 people. Future expansions may increase employment to 500 employees. The Kubota Headquarters is under construction and is scheduled to be finished in late 2016. The City has had great interest in the remainder of the site and currently is in discussions with additional projects including mixed-use, entertainment, destination restaurants, corporate offices and hotels.

In FY 2007 the City of Grapevine passed a 3/8 cent sales tax to participate in a commuter rail system that will span from Fort Worth to Dallas/Fort Worth International Airport. The City has purchased a site for the train station and it is currently under design in FY2015/2016 for an opening date in 2018.

Simon Properties, owner of Grapevine Mills Mall is completing \$40 million in interior renovations to the mall. In addition, Simon has been undertaking a major remix of tenants to reposition the mall in the market and increase the retail strength of the mall and increase sales per square foot. Additional tenants recruited to the mall in 2015 include Lunar Golf, The Limited Outlet, Converse, L'Patricia, Swarovski Crystal, Finish Line, Corning Corelle Revere Store and Suit Warehouse.

Other commercial development in 2015 included First Bank of Grapevine, Laurel Event Center, DL Rogers Office Headquarters Building and Sewell BMW of Grapevine. The Grapevine wine and craft brew industry continued to expand with the opening of Grapevine Craft Brewery, the addition of Umbra Winery, Bingham Wine Cellars, Sloan and Williams Winery's second location, Fusion Winery and the opening of Messina Hof Winery. The Gallery on Main Street, a 45,948 square foot retail building opened in 2015 and added Cotton Patch Restaurant and Hollywood Feed as tenants. The Gatehouse Shelter, a 28 building residential project located at Stone Myers and Westport Parkway opened in 2015 along with a 10,000 square foot commercial center to serve the area.

Staff continues to work on the two new General Obligation (GO) bond projects that were approved by citizens in November 2012. The first project is the multigenerational Community Activities Center (The REC) facility expansion that adds an additional 16,000 sq. ft. to the existing building. The facility was opened in the spring of 2015 and includes an indoor track, workout and classrooms, lounge area, aquatics and an active adult area. At the end of FY15 the REC membership was at 14,811. Land was acquired on Dallas Road for the new Public Safety Building and staff continues to work on the design phase of the new facility that will house Police, Court, IT and Fire Administration and will replace their existing facility. The facility planning continues and construction is expected to begin in late spring of FY 2015.

The Convention & Visitors Bureau (CVB) promotes Grapevine locally, regionally, nationally and internationally as a tourism and recreation destination. The CVB promotes many community events including Christmas Capital of Texas and GrapeFest which have been recognized as Top 100 events by the American Bus Association for 7 years and 8 years respectively. Grapevine is also recognized as an International Festivals & Events City by the International Festivals & Events Association ("IFEA") and received the IFEA World Festival & Event City Award in 2012. The CVB operates the Grapevine Shuttle which provides local transportation for visitors from the DFW International Airport and local Grapevine hotels to Historic Downtown Grapevine, restaurants, and retail establishments. Funding was appropriated in the FY15 Shuttle operations budget for three pedestrian shuttle stop shelter facilities which will provide shelter from inclement weather while visitors wait for the shuttle.

Awards and Acknowledgements

The City's Fiscal Services Purchasing Division was honored this year with receiving the 2015 Annual Achievement of Excellence in Procurement Award. The City of Grapevine was one of only 44 agencies in Texas and only one of 65 cities in the United States and Canada to receive the award. Grapevine staff have worked hard and therefore has received this award for 2 consecutive years.

The City Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City. The City Charter specifies that independent accountants selected by the City Council conduct such audits. Pattillo, Brown & Hill, LLP was selected by the City Council to conduct this year's audit. The independent auditor's report on the basic financial statements is included in the financial section of this report.

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report ("CAFR") for the fiscal year ended September 30, 2014. This was the 28th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire finance and utility division staff. We would also like to express our appreciation to other City department staff that provided information and contributed to the preparation of this report.

We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and professional manner.

Respectfully submitted,

Karen L Walker

Karen L. Walker
Managing Director of Financial Services



Government Finance Officers Association

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

Presented to

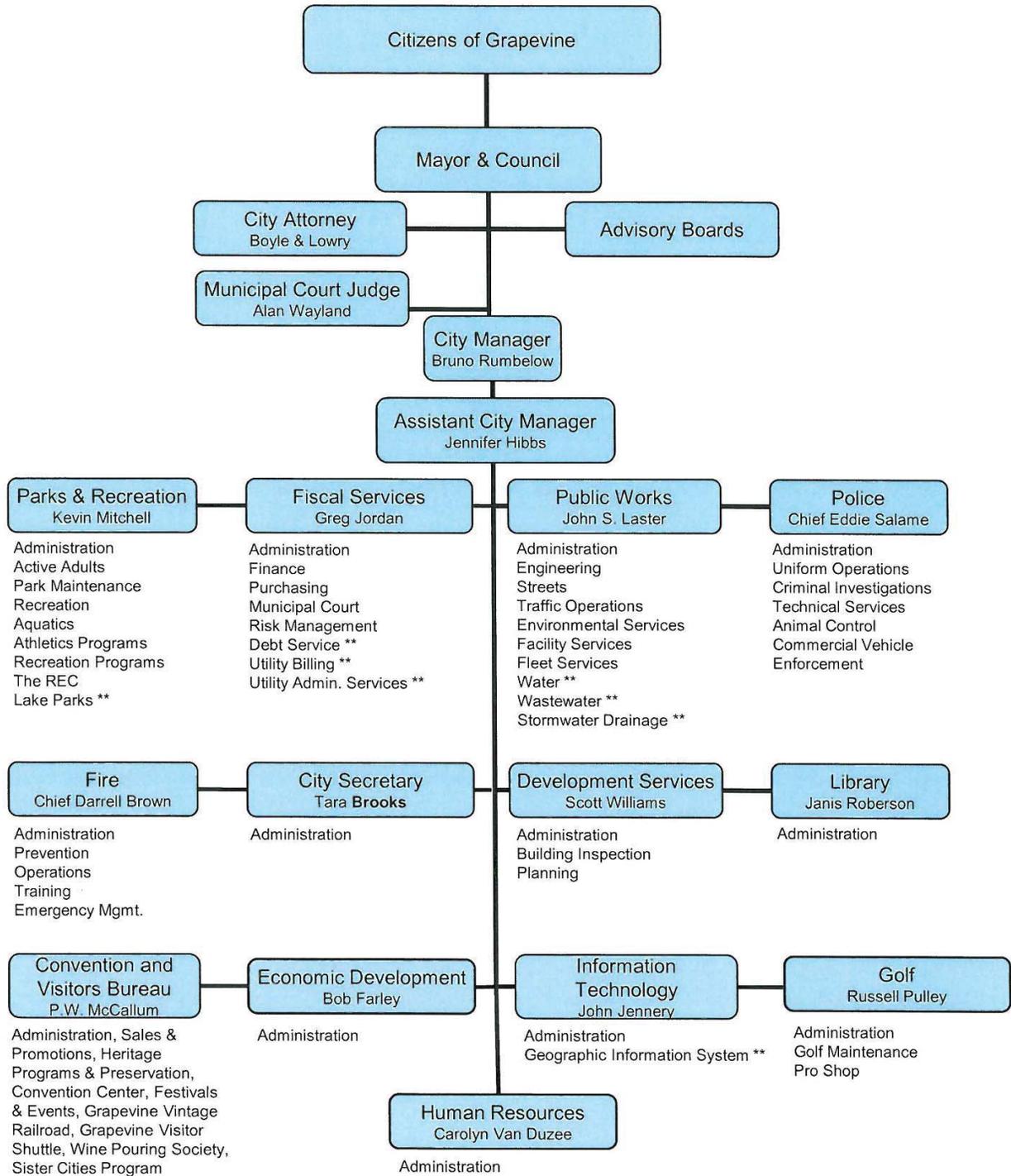
**City of Grapevine
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

City of Grapevine Organization Chart



CITY OF GRAPEVINE, TEXAS

ADMINISTRATIVE OFFICIALS

Bruno Rumbelow
City Manager

Jennifer Hibbs
Assistant City Manager

Tara Brooks
City Secretary

John F. Boyle, Jr.
City Attorney

Alan Wayland
Municipal Court Judge

Greg Jordan
Chief Financial Officer

Stan Laster
Director of Public Works

Scott Williams
Director of Development Services

Darrell Brown
Fire Chief

Edward Salame
Chief of Police

Janis Roberson
Library Director

Kevin Mitchell
Director of Parks and Recreation

Russell E. Pulley
Director of Golf

P. W. McCallum
Executive Director, Convention & Visitors Bureau

Carolyn Van Duzee
Human Resources Director

Karen L. Walker
Managing Director of Financial Services

Robert Smeby
Purchasing Agent

Gary W. Livingston
Management Services Director

Robert Farley
*Director of Economic
Development*

FINANCIAL SECTION

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Grapevine, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grapevine, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grapevine, Texas, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I to the financial statements, in 2015 the City adopted new accounting guidance, Governmental Account Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Account Standards (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance — Budget and Actual — General Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance — Budget and Actual — Hotel Occupancy Tax Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance — Budget and Actual — Crime District Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance — Budget and Actual — 4B-Economic Development Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – 4B Transit Fund, the Schedule of Funding Progress – Post-Retirement Health Care Plan, and the Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions 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 of Grapevine, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, 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 financial statements and 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory 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 10, 2016, on our consideration of the City of Grapevine, Texas' 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 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 City of Grapevine, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 10, 2016

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of the City of Grapevine (the "City"), 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.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$342,057,659 (net position). Of this amount, (\$12,952,385) represents unrestricted net position, which, if positive, may be used to meet the City's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,402,188 or 28% of total General Fund expenditures.
- The City transferred \$3,000,000 to the Quality of Life CIP Fund.

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 comprise 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, with the difference 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 as soon as 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 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 other 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, public safety, culture and recreation, public works, transportation, and economic development. The business-type activities of the City include water and sewer and the golf course.

The government-wide financial statements include not only the City itself (known as the primary government), but also include the Heritage Foundation, the Tax Reinvestment Zones Numbers One and Two, the Crime Control and Protection District (Crime District), and the Grapevine 4B Economic Development Corporation, which are legally separate entities. A blended presentation has been used to report the financial information for all of the component units except for the Heritage Foundation. The Crime District was established to account for the accumulation and use of sales tax proceeds designated for crime reduction programs. The Grapevine 4B Economic Development Corporation consists of two funds. The 4B Transit Fund accounts for local sales tax used to fund Grapevine's participation in the commuter rail development project with the Fort Worth Transit Authority (The "T"). The 4B Economic Development Fund accounts for the local sales tax used to stimulate the local economy, development, and redevelopment. The Heritage Foundation is a discretely presented component unit and is presented as a separate column in the government-wide financial statements.

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 three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements for governmental funds, proprietary funds, and fiduciary funds can be found in the financial section of this report.

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 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, the reader may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 20 individual 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, Special Revenue Fund—Hotel Occupancy Tax, Special Revenue Fund—Crime District, Special Revenue Fund—4B – Economic Development Fund, Special Revenue Fund—4B – Transit Fund, Debt Service Fund, Debt Service Fund—Tax Reinvestment Zone Number One (TIF #1), Debt Service Fund—Tax Reinvestment Zone Number Two (TIF #2), Capital Projects Fund – Streets, and Capital Projects Fund – General Facilities and Equipment, all of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds — There are two types of Proprietary funds, Enterprise Funds and Internal Service Funds. The City maintains one type of proprietary fund, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Lake Enterprise. The City has no Internal Service Funds.

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 Water and Sewer Fund and the Lake Enterprise Fund (golf course), which are both major funds.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 similar to the accounting used for proprietary funds. Agency Funds are one of the City’s fiduciary fund types. The agency funds account for funds held in an agency capacity for the Industrial Development Corporation, the Police Department entitled “Police Department Case Settlement” and the W.D. Tate Scholarship. The second type of fiduciary fund is the Grapevine Health Reimbursement Account (HRA), a trust fund. See Note 1 for additional information pertaining to fiduciary funds.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of the City’s Financial Position —

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. As of September 30, 2015, the City’s assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$342,057,659.

The largest portion of the City’s net position \$280,429,109 reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire capital assets 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 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 represents resources that are subject to external restrictions on how they may be used. Restricted net position are for (1) use of impact fees for construction purposes \$2,649,103, (2) debt service \$19,602,653, (3) capital projects \$3,016,556, (4) public safety \$1,818,451, (5) economic development \$46,995,888, (6) transportation \$460,686, and (7) culture and recreation \$37,598. Unrestricted net position of (\$12,952,385), if positive, may be used to meet the City’s ongoing obligations to citizens and creditors.

For fiscal year-end 2015, the City is able to report positive balances in two categories of net position for the City as a whole. Unrestricted net position is negative for the governmental activities and in total for the City due to the recognition of the net pension liability because of GASB Statement No. 68 and due to the fact that the City has a substantial amount of debt related to TIF #2 which is not capital related.

Condensed Schedule of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 187,036,392	\$ 191,870,267	\$ 32,782,280	\$ 21,314,845	\$ 219,818,672	\$ 213,185,112
Capital assets	261,484,947	217,856,048	109,956,822	87,042,438	371,441,769	304,898,486
Total assets	448,521,339	409,726,315	142,739,102	108,357,283	591,260,441	518,083,598
Deferred outflows of resources	7,959,879	2,504,740	946,670	362,059	8,906,549	2,866,799
Long-term liabilities	210,166,587	190,873,273	23,634,994	12,185,370	233,801,581	203,058,643
Other liabilities	17,943,345	17,801,392	4,876,786	4,459,558	22,820,131	22,260,950
Total liabilities	228,109,932	208,674,665	28,511,780	16,644,928	256,621,712	225,319,593
Deferred inflows of resources	1,353,050	-	134,569	-	1,487,619	-
Net position:						
Net investment in capital assets	176,132,960	139,391,718	104,296,149	77,872,302	280,429,109	217,264,020
Restricted	71,931,832	74,311,711	2,649,103	2,612,102	74,580,935	76,923,813
Unrestricted	(21,046,556)	(10,147,039)	8,094,171	11,590,010	(12,952,385)	1,442,971
Total net position	\$ 227,018,236	\$ 203,556,390	\$ 115,039,423	\$ 92,074,414	\$ 342,057,659	\$ 295,630,804

Analysis of the City's operations—

Governmental activities – Governmental activities increased the City's net position by \$15,323,436. Significant reasons for this increase are as follows:

Overall total revenues for fiscal year 2015 were 8.4% higher than the previous fiscal year and the City experienced increases in several categories of revenue. The largest of the revenue increases came from sales and hotel occupancy taxes. The increase for both of these items can be attributed to economic growth within the City. Another reason for the hotel occupancy tax increase is that the City increase the rate by 1% as of October 1, 2014. The City's operating expenses for 2015 increased by \$10,586,007 or 9.6%. The City also incurred more expenses than the prior year due to a major flooding event in the City which had a significant impact on many departments within the City. Additionally, for fiscal year 2015, the City reclassified the expenses of the Hotel Occupancy Tax fund to the tourism function. In previous years these expenses were classified as culture and recreation expenses.

Business-type activities – Business-type activities increased the City's net position by \$5,628,732. The increase is primarily due to the increase in capital contributions from developers within the City. The Utilities Fund had several capital projects either started or completed during the fiscal year and they included the Wastewater Treatment Plant Filters, the Head Works project, the Dove Water Tower's repairs, the SH 121 water and sewer relocations and other waterline improvements. The Lake Enterprise Fund (Golf) experienced significant decreases in activity for the year due to extensive flooding that forced the closure of the golf course for a few months during the year.

The following table provides a summary of the City's operations for the year ended September 30, 2015, and 2014.

CITY OF GRAPEVINE'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 18,525,588	\$ 18,136,682	\$ 24,647,820	\$ 26,684,826	\$ 43,173,408	\$ 44,821,508
Operating grants and contributions	1,381,374	275,370	-	-	1,381,374	275,370
Capital grants and contributions	1,608,783	203,010	4,896,352	-	6,505,135	203,010
General revenues:						
Property taxes	30,902,986	30,916,843	-	-	30,902,986	30,916,843
Hotel occupancy taxes	18,102,966	14,025,119	-	-	18,102,966	14,025,119
Sales taxes	54,059,761	52,019,784	-	-	54,059,761	52,019,784
Mixed beverage taxes	1,647,776	1,566,664	-	-	1,647,776	1,566,664
Franchise taxes	6,824,482	6,785,150	-	-	6,824,482	6,785,150
Investment earnings	266,322	119,696	43,357	20,223	309,679	139,919
Miscellaneous	11,316	22,504	-	-	11,316	22,504
Gain on sale of capital assets	1,489,776	262,068	6,525	-	1,496,301	262,068
Total revenues	134,821,130	124,332,890	29,594,054	26,705,049	164,415,184	151,037,939
Expenses:						
General government	18,943,835	16,347,850	-	-	18,943,835	16,347,850
Public safety	31,305,282	30,039,062	-	-	31,305,282	30,039,062
Culture and recreation	15,617,342	31,549,305	-	-	15,617,342	31,549,305
Public works	12,817,108	13,689,454	-	-	12,817,108	13,689,454
Transportation	9,222,903	11,275,274	-	-	9,222,903	11,275,274
Tourism	16,965,739	-	-	-	16,965,739	-
Economic development	10,035,979	1,405,250	-	-	10,035,979	1,405,250
Interest on long-term debt	5,655,201	6,029,291	-	-	5,655,201	6,029,291
Bond issuance costs	358,104	-	-	-	-	-
Water and sewer	-	-	19,691,317	19,762,999	19,691,317	19,762,999
Lake enterprise	-	-	2,850,206	2,763,797	2,850,206	2,763,797
Total expenses	120,921,493	110,335,486	22,541,523	22,526,796	143,463,016	132,862,282
Increases in net position						
before transfers	13,899,637	13,997,404	7,052,531	4,178,253	20,952,168	18,175,657
Transfers	1,423,799	1,660,755	(1,423,799)	(1,660,755)	-	-
Change in net position	15,323,436	15,658,159	5,628,732	2,517,498	20,952,168	18,175,657
Net position, beginning	203,556,390	189,018,152	92,074,414	89,693,000	295,630,804	278,711,152
Prior period adjustment	8,138,410	(1,119,921)	17,336,277	(136,084)	25,474,687	(1,256,005)
Net position, beginning, as restated	211,694,800	187,898,231	109,410,691	89,556,916	321,105,491	277,455,147
Net position, ending	\$ 227,018,236	\$ 203,556,390	\$ 115,039,423	\$ 92,074,414	\$ 342,057,659	\$ 295,630,804

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds – As of the end of the current fiscal year, the City of Grapevine's governmental funds reported combined ending fund balances of \$168,566,928, a decrease of \$5,769,045 compared with the prior year. Unassigned fund balance is \$11,925,427 (7%), which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it has already been (1) classified as nonspendable \$697,875 (2) restricted for debt service, capital projects, public safety, economic development, transportation, and culture and recreation programs \$123,247,718 (3) committed for stormwater drainage and public arts \$1,566,979 (4) or assigned for economic development, capital projects, tourism and culture and recreation programs \$31,128,929.

Significant changes in fund balances of major funds are as follows:

General Fund – The fund balance increased \$1,036,785 for FY 2015. Every year the General Fund makes transfers to other funds and this year some of those transfers included \$3,000,000 to the Quality of Life (non-major fund) for capital projects designated by the City Council; \$700,000 to the Crime District (CCPD); \$1,202,000 to the Capital Acquisition Fund; and \$3,279,000 to the Street Maintenance and Capital Replacement Fund. Fund Balance in the General Fund was also impacted by the increase in revenues and increased operating costs. This fiscal year the City experienced an increase in sales and mixed beverage taxes which attributed to the majority of the total General Fund revenue increase of \$2,008,083. Overall operating expenditures increased from the previous year by \$3,267,182 as the City continues to provide quality programs, public safety and other services for the City’s residents and visitors. A significant factor in this increase in expenditures is the major flooding experienced within the City during the fiscal year.

Special Revenue – Hotel Occupancy Tax Fund – Fund balance increased in the Hotel Occupancy Tax Fund by \$6,356,105, which was primarily due to an increase in hotel occupancy tax revenues of \$4,077,847. This increase is the result of increased occupancy and overall economic gains within the City as well as a 1% tax rate increase.

Special Revenue – Crime District Fund – The Crime District Fund experienced an increase in sales tax revenues of \$566,143. The General Fund transferred a net \$700,000 to the Crime District Fund in FY 2015 and the ending fund balance for FY 2015 was \$1,155,844.

Special Revenue – 4B – Economic Development – The 4B fund balance increased by \$6,520,565 over last fiscal year. This increase was primarily attributed to the sale of a large parcel of land for economic development. A portion of sales tax dollars are being transferred into the 4B – Economic Development Fund to cover the long-term debt on the original purchase of the 185 development parcel the City purchased in FY 2014. The first property in FY 2015 was sold to Kubota Tractor Corporation for their new headquarters building which is a relocation from Torrance, California. The new facility is under construction and expected to employ approximately 300 employees.

Special Revenue – 4B – Transit – The 4B fund balance increased by \$1,426 over last fiscal year. A portion of the economic sales tax dollars received are being reported in the 4B – Transit Fund and these sales tax receipts are being used to pay to the Ft. Worth Transit Authority and cover a portion of the City’s CVB shuttle visitors bus system.

Debt Service Fund – This fund has a total fund balance of \$17,358,435 which is restricted for the payment of debt service. The \$438,271 increase in fund balance was attributed to property tax revenue collections and the restructuring and refunding of previously issued debt.

Debt Service Fund – TIF #1 – The Debt Service Fund – TIF #1 had a total fund balance of \$33,934,516. The \$2,381,830 decrease in fund balance was primarily attributed to the increase in distributions out of the fund. This fund has a balance well in excess of the future debt service requirements. A significant portion of the funds of the TIF are being distributed to the participating entities.

Debt Service Fund – TIF #2 – The Debt Service – TIF #2 had a total fund balance of \$5,466,840. The \$1,050,204 decrease in fund balance was primarily attributed to the decrease in property tax collections for 2015. Also, a current refunding was issued in fiscal year 2015 in order to provide future debt service savings in this fund.

Capital Projects – Streets – The Streets capital projects fund had an ending fund balance of \$6,018,674. This is a decrease of \$524,683 over the prior year. The decrease in fund balance is due to funds being spent on several street capital outlay projects. The City worked on several street projects during FY 2015 that included South Nolen Drive, the DFW Connector Project, Main Street and pedestrian improvements, the repaving and improvement of the Jenkins Street parking lot, the widening of State Highway 26, the Hudgins Street road and pedestrian improvements, Kimball Road, and backlit street signs.

Capital Projects – General Facilities and Equipment – The General Facilities and Equipment capital projects fund had an ending fund balance of \$35,439,649. This is a decrease of \$2,249,310 compared to the prior year. The decrease in fund balance was primarily due to the City spending the previously issued 2012 GO bond proceeds on the new public safety facility.

Proprietary Funds –

The City of Grapevine’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of the proprietary funds have already been addressed in the discussion of the City of Grapevine’s business-type activities.

General Fund Budgetary Highlights

Significant amendment changes:

The General Fund transferred out \$8,219,087 to several funds including the Capital Equipment Fund, the General Facilities Fund, the Quality of Life Fund, the 4B Economic Development Fund and the Special Revenue Fund – Crime District (CCPD). Overall, the operating expenditures for the General Fund increased from the previous year primarily due to the adopted salary increases, professional services, apparatus and tools, and utilities. The Cultural and Recreation expenditure budget increased this year primarily due to the increased participant demand in athletic and recreation programs, aquatics and grounds maintenance.

Significant budget variances:

For the year ended September 30, 2015, revenues did exceed the final budget in the General Fund due to tax receipts being greater than anticipated and overall expenditures were higher due to the significant flooding that occurred and an increase in self-funded insurance costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Major capital asset events during the current fiscal year included the following amounts:

During fiscal year 2015, the City incurred \$16,001,942 in capital expenses related to the design and construction of the CAC expansion project (The REC). These expenses included approximately \$224,402 in design effort, \$15,573,117 during the construction phase which included work on the indoor playground of about \$204,422. The REC facility opened in April of 2015 as its intended multigenerational facility.

The City also incurred \$3,789,683 related to the design and construction of the new Public Safety Building. This new state-of-the-art facility will be home to our Police Department, Municipal Court, Fire Department Administration, Information Technology Department and Logistics. This will be a multi-level facility and boast three different buildings on one campus totally approximately 104,000 square feet. Our first responders will also benefit from enhanced technology allowing them to better assist Grapevine citizens. The new Public Safety Building is scheduled to open in the Spring of 2017.

Two CVB projects were completed this year including the Hudgins Ice House and the Wallis Hotel Renovation. Several Quality of Life projects were started this year as well, including the Wall-Farrar Nature Park, widening the Parr Park Trail and the multi-purpose fields at the newly renovated recreation center, The REC.

Capital assets—The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounted to \$371,441,769 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, intangible assets and construction in progress. The total net increase in the City’s investment in capital assets for the current fiscal year was \$66,543,283.

CITY OF GRAPEVINE’S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land and improvements	\$ 108,148,043	\$ 81,146,195	\$ 1,643,545	\$ 1,643,545	\$ 109,791,588	\$ 82,789,740
Easements	-	-	22,452,398	-	22,452,398	-
Construction in progress	40,981,780	20,858,378	83,339	403,861	41,065,119	21,262,239
Buildings	30,521,937	32,561,731	835,471	755,836	31,357,408	33,317,567
Improvements other than buildings	19,864,602	21,233,130	1,285,712	1,642,198	21,150,314	22,875,328
Machinery and equipment	14,275,927	14,319,565	1,899,035	1,529,869	16,174,962	15,849,434
Water storage rights	-	-	95,416	112,505	95,416	112,505
Infrastructure	<u>47,692,658</u>	<u>47,737,049</u>	<u>81,661,906</u>	<u>80,954,624</u>	<u>129,354,564</u>	<u>128,691,673</u>
Total	<u>\$ 261,484,947</u>	<u>\$ 217,856,048</u>	<u>\$ 109,956,822</u>	<u>\$ 87,042,438</u>	<u>\$ 371,441,769</u>	<u>\$ 304,898,486</u>

Additional information on the City’s capital assets can be found in Note 5 in the notes to the financial statements.

Long-term debt—At the end of the current fiscal year, the City had total bonded debt outstanding of \$171,122,443. Of this amount, \$152,282,443 comprises debt backed by the full faith and credit of the City.

CITY OF GRAPEVINE’S OUTSTANDING BONDS AND NOTES PAYABLE AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 88,810,000	\$ 96,655,000	\$ 7,140,000	\$ 9,095,000	\$ 95,950,000	\$ 105,750,000
Certificates of obligation	35,588,796	41,032,182	9,720,000	-	45,308,796	41,032,182
Revenue bonds	18,840,000	19,500,000	-	-	18,840,000	19,500,000
Notes payable	3,070,708	4,471,049	-	-	3,070,708	4,471,049
Premium on bonds issued	<u>7,137,404</u>	<u>5,762,011</u>	<u>815,535</u>	<u>460,614</u>	<u>7,952,939</u>	<u>6,222,625</u>
	<u>\$ 153,446,908</u>	<u>\$ 167,420,242</u>	<u>\$ 17,675,535</u>	<u>\$ 9,555,614</u>	<u>\$ 171,122,443</u>	<u>\$ 176,975,856</u>

Additional information on the City’s long-term debt can be found in Note 8 of the notes to the financial statements.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

The 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 additional information, contact the Finance Division, City of Grapevine, 200 S. Main Street, Grapevine, Texas 76051.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF GRAPEVINE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Heritage Foundation
ASSETS				
Cash and investments	\$ 164,520,675	\$ 26,155,523	\$ 190,676,198	\$ 512,209
Receivables, net				
Taxes	10,920,959	-	10,920,959	-
Accounts	7,290,677	3,185,082	10,475,759	-
Pledges	-	-	-	45,919
Internal balances	1,514,896	(1,514,896)	-	-
Due from primary government	-	-	-	1,131
Due from other governments	89,443	1,217,498	1,306,941	-
Inventory	527,217	73,635	600,852	-
Accrued interest	29,260	4,623	33,883	121
Prepaid expenses	179,865	8,869	188,734	-
Deposits	1,963,400	-	1,963,400	-
Restricted assets:				
Cash and investments	-	3,651,946	3,651,946	-
Capital assets (net of accumulated depreciation)				
Non-depreciable	149,129,823	24,179,282	173,309,105	450,067
Depreciable	112,355,124	85,777,540	198,132,664	950,630
Total assets	<u>448,521,339</u>	<u>142,739,102</u>	<u>591,260,441</u>	<u>1,960,077</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	6,840,585	680,341	7,520,926	-
Deferred loss on bond refunding	1,119,294	266,329	1,385,623	-
Total deferred outflows of resources	<u>7,959,879</u>	<u>946,670</u>	<u>8,906,549</u>	<u>-</u>
LIABILITIES				
Accounts payable	10,157,077	3,162,981	13,320,058	7,027
Contracts and retainage payable	373,431	174,073	547,504	-
Accrued and other liabilities	2,175,851	280,660	2,456,511	-
Developer deposits	2,126,593	-	2,126,593	-
Interest payable	755,468	71,402	826,870	-
Due to component unit	1,131	-	1,131	-
Unearned revenue	2,353,794	277,010	2,630,804	-
Customer deposits	-	910,660	910,660	-
Noncurrent liabilities:				
Due within one year	14,729,311	2,332,356	17,061,667	-
Due in more than one year	195,437,276	21,302,638	216,739,914	-
Total liabilities	<u>228,109,932</u>	<u>28,511,780</u>	<u>256,621,712</u>	<u>7,027</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,353,050	134,569	1,487,619	-
Total deferred inflows of resources	<u>1,353,050</u>	<u>134,569</u>	<u>1,487,619</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	176,132,960	104,296,149	280,429,109	1,400,697
Restricted for:				
Use of impact fees	-	2,649,103	2,649,103	-
Debt service	19,602,653	-	19,602,653	-
Capital projects	3,016,556	-	3,016,556	-
Public safety	1,818,451	-	1,818,451	-
Economic development	46,995,888	-	46,995,888	-
Transportation	460,686	-	460,686	-
Culture and recreation	37,598	-	37,598	-
Unrestricted	<u>(21,046,556)</u>	<u>8,094,171</u>	<u>(12,952,385)</u>	<u>552,353</u>
Total net position	<u>\$ 227,018,236</u>	<u>\$ 115,039,423</u>	<u>\$ 342,057,659</u>	<u>\$ 1,953,050</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRAPEVINE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 18,943,835	\$ 1,722,884	\$ 1,092,745	\$ 62,954
Public safety	31,305,282	3,705,048	222,977	-
Culture and recreation	15,617,342	4,322,474	65,652	-
Public works	12,817,108	1,448,331	-	1,545,829
Transportation	9,222,903	-	-	-
Economic development	10,035,979	-	-	-
Tourism	16,965,739	7,326,851	-	-
Interest on long-term debt	5,655,201	-	-	-
Bond issuance costs	358,104	-	-	-
Total governmental activities	<u>120,921,493</u>	<u>18,525,588</u>	<u>1,381,374</u>	<u>1,608,783</u>
Business-type activities:				
Water and sewer	19,691,317	22,433,799	-	4,896,352
Lake Enterprise	<u>2,850,206</u>	<u>2,214,021</u>	-	-
Total business-type activities	<u>22,541,523</u>	<u>24,647,820</u>	-	<u>4,896,352</u>
Total primary government	<u>\$ 143,463,016</u>	<u>\$ 43,173,408</u>	<u>\$ 1,381,374</u>	<u>\$ 6,505,135</u>
Component unit:				
Heritage Foundation	<u>\$ 161,739</u>	<u>\$ 4,939</u>	<u>\$ 54,329</u>	<u>\$ 9,817</u>

General revenues:

- Taxes:
 - Property
 - Franchise
 - Hotel occupancy
 - Sales
 - Mixed beverage
- Investment income
- Gain on disposal of capital assets
- Miscellaneous
- Transfers
 - Total general revenues and transfers

Change in net position

- Net position - beginning
- Prior period adjustment
- Net position - beginning, as restated
- Net position - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position			Component
Primary Government			Unit
Governmental Activities	Business-type Activities	Total	Heritage Foundation
\$(16,065,252)	\$ -	\$(16,065,252)	\$ -
(27,377,257)	-	(27,377,257)	-
(11,229,216)	-	(11,229,216)	-
(9,822,948)	-	(9,822,948)	-
(9,222,903)	-	(9,222,903)	-
(10,035,979)	-	(10,035,979)	-
(9,638,888)	-	(9,638,888)	-
(5,655,201)	-	(5,655,201)	-
(358,104)	-	(358,104)	-
(99,405,748)	-	(99,405,748)	-
-	7,638,834	7,638,834	-
-	(636,185)	(636,185)	-
-	7,002,649	7,002,649	-
(99,405,748)	7,002,649	(92,403,099)	-
			(92,654)
30,902,986	-	30,902,986	-
6,824,482	-	6,824,482	-
18,102,966	-	18,102,966	-
54,059,761	-	54,059,761	-
1,647,776	-	1,647,776	-
266,322	43,357	309,679	125
1,489,776	6,525	1,496,301	-
11,316	-	11,316	17,702
1,423,799	(1,423,799)	-	-
114,729,184	(1,373,917)	113,355,267	17,827
15,323,436	5,628,732	20,952,168	(74,827)
203,556,390	92,074,414	295,630,804	2,027,877
8,138,410	17,336,277	25,474,687	-
211,694,800	109,410,691	321,105,491	2,027,877
\$ 227,018,236	\$ 115,039,423	\$ 342,057,659	\$ 1,953,050

CITY OF GRAPEVINE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Revenue				
	General	Hotel Occupancy Tax	Crime District	4B-Economic Development	4B-Transit
ASSETS					
Cash and investments	\$ 10,885,905	\$ 14,082,777	\$ 6,151	\$ 10,769,660	\$ 1,179,034
Receivables (net of allowances for uncollectibles)					
Accounts	1,298,227	82,436	3,624	3,582,984	-
Taxes	4,961,580	1,437,829	2,168,145	678,222	1,566,922
Accrued interest	3,091	2,781	-	2,634	288
Inventory	504,110	4,258	-	-	-
Due from other funds	3,237,789	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	48,717	119,512	2,429	3,000	-
Deposits	-	-	-	1,963,400	-
Total assets	<u>\$ 20,939,419</u>	<u>\$ 15,729,593</u>	<u>\$ 2,180,349</u>	<u>\$ 16,999,900</u>	<u>\$ 2,746,244</u>
LIABILITIES					
Accounts payable	\$ 3,115,545	\$ 2,243,599	\$ 288,725	\$ 132,017	\$ 2,285,558
Accrued liabilities	1,680,132	163,409	294,814	13,795	-
Due to other funds	-	-	440,966	-	-
Due to component unit	-	1,131	-	-	-
Unearned revenue	1,710,139	397,111	-	-	-
Developer deposits	-	-	-	-	-
Total liabilities	<u>6,505,816</u>	<u>2,805,250</u>	<u>1,024,505</u>	<u>145,812</u>	<u>2,285,558</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	478,588	-	-	-	-
Total deferred inflows of resources	<u>478,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Inventory	504,110	4,258	-	-	-
Prepaid items	48,717	119,512	2,429	-	-
Restricted for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Public safety	-	-	1,153,415	-	-
Economic development	-	-	-	15,470,122	-
Transportation	-	-	-	-	460,686
Culture and recreation	-	-	-	-	-
Committed for:					
Stormwater drainage operations	-	-	-	-	-
Public arts	-	-	-	-	-
Assigned for:					
Economic development	-	-	-	1,383,966	-
Capital projects	-	-	-	-	-
Tourism	-	12,800,573	-	-	-
Culture and recreation	-	-	-	-	-
Unassigned	13,402,188	-	-	-	-
Total fund balances	<u>13,955,015</u>	<u>12,924,343</u>	<u>1,155,844</u>	<u>16,854,088</u>	<u>460,686</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,939,419</u>	<u>\$ 15,729,593</u>	<u>\$ 2,180,349</u>	<u>\$ 16,999,900</u>	<u>\$ 2,746,244</u>

The accompanying notes are an integral part of these financial statements.

Debt Service	Debt Service TIF #1	Debt Service TIF #2	Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
			Streets	General Facilities and Equipment		
\$ 17,352,092	\$ 33,925,064	\$ 5,465,520	\$ 8,497,881	\$ 35,368,289	\$ 26,988,302	\$ 164,520,675
-	-	-	-	1,850,000	473,406	7,290,677
107,011	1,250	-	-	-	-	10,920,959
4,184	8,202	1,320	1,261	431	5,068	29,260
-	-	-	-	-	18,849	527,217
-	-	-	-	-	1,119,099	4,356,888
-	-	-	71,410	-	18,033	89,443
-	-	-	-	-	6,207	179,865
-	-	-	-	-	-	1,963,400
<u>\$ 17,463,287</u>	<u>\$ 33,934,516</u>	<u>\$ 5,466,840</u>	<u>\$ 8,570,552</u>	<u>\$ 37,218,720</u>	<u>\$ 28,628,964</u>	<u>\$ 189,878,384</u>
\$ -	\$ -	\$ -	\$ 698,874	\$ 729,071	\$ 663,688	\$ 10,157,077
-	-	-	-	-	23,701	2,175,851
-	-	-	-	-	2,401,026	2,841,992
-	-	-	-	-	-	1,131
-	-	-	-	-	246,544	2,353,794
-	-	-	1,847,813	-	278,780	2,126,593
-	-	-	2,546,687	729,071	3,613,739	19,656,438
104,852	-	-	5,191	1,050,000	16,387	1,655,018
<u>104,852</u>	<u>-</u>	<u>-</u>	<u>5,191</u>	<u>1,050,000</u>	<u>16,387</u>	<u>1,655,018</u>
-	-	-	-	-	18,849	527,217
-	-	-	-	-	-	170,658
17,358,435	2,408,750	5,466,840	-	-	486,084	25,720,109
-	-	-	6,018,674	35,439,649	6,756,663	48,214,986
-	-	-	-	-	665,036	1,818,451
-	31,525,766	-	-	-	-	46,995,888
-	-	-	-	-	-	460,686
-	-	-	-	-	37,598	37,598
-	-	-	-	-	613,392	613,392
-	-	-	-	-	953,587	953,587
-	-	-	-	-	-	1,383,966
-	-	-	-	-	16,034,653	16,034,653
-	-	-	-	-	-	12,800,573
-	-	-	-	-	909,737	909,737
-	-	-	-	-	(1,476,761)	11,925,427
<u>17,358,435</u>	<u>33,934,516</u>	<u>5,466,840</u>	<u>6,018,674</u>	<u>35,439,649</u>	<u>24,998,838</u>	<u>168,566,928</u>
<u>\$ 17,463,287</u>	<u>\$ 33,934,516</u>	<u>\$ 5,466,840</u>	<u>\$ 8,570,552</u>	<u>\$ 37,218,720</u>	<u>\$ 28,628,964</u>	<u>\$ 189,878,384</u>

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CITY OF GRAPEVINE, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Total fund balances - governmental funds balance sheet \$ 168,566,928

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not reported in the funds. 261,111,516

Certain receivables will not be collected soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.

Property tax receivables	\$	125,019	
Property tax penalties and interest receivable		43,535	
Court fines and fees receivable		318,501	
Ambulance receivable		96,385	
Lawsuit settlement		1,050,000	
Grants		<u>21,578</u>	
			1,655,018

Accrued bond interest is not due and payable in the current period and therefore is not reported in the funds. (755,468)

Long-term liabilities and deferred losses on bond refundings reported as deferred outflows of resources are not due and payable in the current period and therefore are not reported in the funds. A summary of these items are as follows:

Long-term liabilities:			
Bonds payable	(150,376,200)	
Notes payable	(3,070,708)	
Compensated absences	(3,156,510)	
Sales tax obligation	(598,691)	
Net OPEB obligation	(17,550,808)	
Deferred outflows of resources:			
Deferred losses on bond refundings		<u>1,119,294</u>	
			(173,633,623)

Included in the items related to long-term liabilities is the recognition of the City's net pension liability and a deferred outflow of resources and deferred inflows of resources related to the net pension liability

Long-term liabilities:			
Net pension liability	(35,413,670)	
Deferred outflows of resources:			
Pension related deferred outflow of resources		6,840,585	
Deferred inflows of resources:			
Pension related deferred inflow of resources	(<u>1,353,050</u>)	
			(29,926,135)

Net position of governmental activities \$ 227,018,236

The accompanying notes are an integral part of these financial statements.

CITY OF GRAPEVINE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue				
	General	Hotel Occupancy Tax	Crime District	4B-Economic Development	4B-Transit
REVENUES					
Property tax	\$ 8,460,483	\$ -	\$ -	\$ -	\$ -
Hotel occupancy tax	-	18,102,966	-	-	-
Sales tax	27,306,949	-	13,196,742	3,982,577	9,573,493
Mixed beverage tax	1,647,776	-	-	-	-
Franchise tax	6,824,482	-	-	-	-
Licenses and permits	1,526,597	-	-	-	-
Intergovernmental	124,599	-	485	-	-
Charges for services	4,508,131	7,205,598	-	-	-
Fines and forfeitures	2,057,044	-	-	-	-
Investment income	21,181	22,928	2,216	16,303	1,426
Contributions	-	-	-	-	-
Miscellaneous	404,322	121,243	3,624	61	-
Total revenues	<u>52,881,564</u>	<u>25,452,735</u>	<u>13,203,067</u>	<u>3,998,941</u>	<u>9,574,919</u>
EXPENDITURES					
Current:					
General government	17,164,621	-	127,318	-	-
Public safety	13,627,011	-	13,232,874	-	-
Culture and recreation	10,642,798	-	-	-	-
Public works	5,322,597	-	-	-	-
Tourism	-	16,179,400	-	-	-
Economic development	-	-	-	1,130,687	-
Transportation	-	-	-	-	9,222,903
Capital outlay	208,617	18,935	-	-	-
Debt service:					
Principal	173,556	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>47,139,200</u>	<u>16,198,335</u>	<u>13,360,192</u>	<u>1,130,687</u>	<u>9,222,903</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,742,364</u>	<u>9,254,400</u>	<u>(157,125)</u>	<u>2,868,254</u>	<u>352,016</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	3,498,018	384,053	700,000	4,624	-
Transfers out	(8,219,087)	(3,282,348)	-	(2,127,343)	(350,590)
Sale of capital assets	15,490	-	-	5,775,030	-
Issuance of debt	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
Total other financing sources and uses	<u>(4,705,579)</u>	<u>(2,898,295)</u>	<u>700,000</u>	<u>3,652,311</u>	<u>(350,590)</u>
NET CHANGE IN FUND BALANCES	1,036,785	6,356,105	542,875	6,520,565	1,426
FUND BALANCES, BEGINNING	<u>12,918,230</u>	<u>6,568,238</u>	<u>612,969</u>	<u>10,333,523</u>	<u>459,260</u>
FUND BALANCES, ENDING	<u>\$ 13,955,015</u>	<u>\$ 12,924,343</u>	<u>\$ 1,155,844</u>	<u>\$ 16,854,088</u>	<u>\$ 460,686</u>

The accompanying notes are an integral part of these financial statements.

Debt Service	Debt Service TIF #1	Debt Service TIF #2	Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
			Streets	General Facilities and Equipment		
\$ 11,938,934	\$ 6,294,887	\$ 4,236,392	\$ -	\$ -	\$ -	\$ 30,930,696
-	-	-	-	-	-	18,102,966
-	-	-	-	-	-	54,059,761
-	-	-	-	-	-	1,647,776
-	-	-	-	-	-	6,824,482
-	-	-	-	-	-	1,526,597
-	-	-	92,790	625,000	131,070	973,944
-	-	-	-	-	2,967,677	14,681,406
-	-	-	-	-	43,105	2,100,149
30,241	54,112	9,679	10,718	33,564	63,954	266,322
-	-	-	-	-	304,190	304,190
-	-	-	-	-	76,642	605,892
<u>11,969,175</u>	<u>6,348,999</u>	<u>4,246,071</u>	<u>103,508</u>	<u>658,564</u>	<u>3,586,638</u>	<u>132,024,181</u>
24,960	-	-	-	2,845	558,519	17,878,263
-	-	-	-	-	1,812,599	28,672,484
-	-	-	-	-	2,288,455	12,931,253
-	-	-	-	-	2,754,289	8,076,886
-	-	-	-	-	-	16,179,400
-	6,286,916	2,618,376	-	-	-	10,035,979
-	-	-	-	-	-	9,222,903
-	-	-	927,464	4,327,867	18,993,209	24,476,092
10,408,727	2,215,000	1,680,000	-	-	-	14,477,283
5,229,112	172,875	1,002,629	-	-	-	6,404,616
-	-	22,811,463	-	-	-	22,811,463
126,257	-	209,052	3,280	-	19515	358,104
<u>516</u>	<u>554</u>	<u>9,560</u>	<u>1,200</u>	<u>2,162</u>	<u>6,743</u>	<u>20,735</u>
<u>15,789,572</u>	<u>8,675,345</u>	<u>28,331,080</u>	<u>931,944</u>	<u>4,332,874</u>	<u>26,433,329</u>	<u>171,545,461</u>
(3,820,397)	(2,326,346)	(24,085,009)	(828,436)	(3,674,310)	(22,846,691)	(39,521,280)
4,225,551	-	-	-	625,000	7,810,592	17,247,838
-	(55,484)	-	-	-	(1,549,742)	(15,584,594)
-	-	-	-	-	319,466	6,109,986
12,500,000	-	20,565,000	287,770	-	1,712,230	35,065,000
1,176,439	-	2,469,805	15,983	-	95,100	3,757,327
-	-	-	-	800,000	-	800,000
<u>(13,643,322)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,643,322)</u>
<u>4,258,668</u>	<u>(55,484)</u>	<u>23,034,805</u>	<u>303,753</u>	<u>1,425,000</u>	<u>8,387,646</u>	<u>33,752,235</u>
438,271	(2,381,830)	(1,050,204)	(524,683)	(2,249,310)	(14,459,045)	(5,769,045)
<u>16,920,164</u>	<u>36,316,346</u>	<u>6,517,044</u>	<u>6,543,357</u>	<u>37,688,959</u>	<u>39,457,883</u>	<u>174,335,973</u>
<u>\$ 17,358,435</u>	<u>\$ 33,934,516</u>	<u>\$ 5,466,840</u>	<u>\$ 6,018,674</u>	<u>\$ 35,439,649</u>	<u>\$ 24,998,838</u>	<u>\$ 168,566,928</u>

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CITY OF GRAPEVINE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds	\$(5,769,045)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount of capital assets recorded in the current period.	25,407,810
Governmental funds do not recognize assets contributed by other entities. However, in the Statement of Activities, the fair value of those assets are recognized as revenue, then depreciated over their estimated useful lives.	853,324
Depreciation on capital assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	(10,101,810)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of debt	(35,065,000)
Repayment of principal of long-term debt	14,477,283
Bond refunding	36,454,785
Amortization of:	
Premium on bond issuance	(2,858,573)
Loss on refunding	(247,051)
The net effect of various miscellaneous transactions involving capital assets (i.e., the sales, trade-ins, and donations) is to increase net position.	(5,659,655)
Interest is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period.	97,712
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences liability	(128,845)
Retainage payable	241,656
Net OPEB obligation	(3,211,345)
Net pension liability	378,341
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>453,849</u>
Change in net position of governmental activities	<u>\$ 15,323,436</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRAPEVINE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Lake Enterprise	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 26,089,402	\$ 66,121	\$ 26,155,523
Receivables, net	3,155,238	29,844	3,185,082
Due from other funds	11	-	11
Due from other governments	1,217,498	-	1,217,498
Accrued interest	4,596	27	4,623
Prepaid items	7,569	1,300	8,869
Inventory	-	73,635	73,635
Total current assets	<u>30,474,314</u>	<u>170,927</u>	<u>30,645,241</u>
Noncurrent assets:			
Restricted cash and investments:			
Customer deposits	911,004	-	911,004
Revenue bond construction	-	91,839	91,839
Impact fees	2,649,103	-	2,649,103
Total restricted cash and investments	<u>3,560,107</u>	<u>91,839</u>	<u>3,651,946</u>
Capital assets:			
Land	550,882	1,092,663	1,643,545
Easements	22,452,398	-	22,452,398
Construction in progress	83,339	-	83,339
Buildings, infrastructure and improvements	127,704,255	9,117,408	136,821,663
Vehicles, machinery and equipment	2,676,435	1,066,587	3,743,022
Water storage rights	683,547	-	683,547
Less accumulated depreciation	(47,614,833)	(7,855,859)	(55,470,692)
Net capital assets	<u>106,536,023</u>	<u>3,420,799</u>	<u>109,956,822</u>
Total noncurrent assets	<u>110,096,130</u>	<u>3,512,638</u>	<u>113,608,768</u>
Total assets	<u>140,570,444</u>	<u>3,683,565</u>	<u>144,254,009</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	500,716	179,625	680,341
Deferred loss on bond refunding	238,152	28,177	266,329
Total deferred outflows of resources	<u>738,868</u>	<u>207,802</u>	<u>946,670</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRAPEVINE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Lake Enterprise	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,041,368	\$ 121,613	\$ 3,162,981
Accrued liabilities	244,646	36,014	280,660
Due to other funds	-	1,514,907	1,514,907
Unearned revenue	277,010	-	277,010
Compensated absences	38,092	19,264	57,356
Accrued bond interest payable	62,102	9,300	71,402
Retainage payable	174,073	-	174,073
Bonds payable	1,905,000	370,000	2,275,000
Customer deposits	910,660	-	910,660
Total current liabilities	<u>6,652,951</u>	<u>2,071,098</u>	<u>8,724,049</u>
Noncurrent liabilities:			
Bonds payable	14,009,988	1,390,547	15,400,535
Net OPEB obligation	1,507,214	700,698	2,207,912
Net pension liability	2,592,205	929,919	3,522,124
Compensated absences	114,275	57,792	172,067
Total noncurrent liabilities	<u>18,223,682</u>	<u>3,078,956</u>	<u>21,302,638</u>
Total liabilities	<u>24,876,633</u>	<u>5,150,054</u>	<u>30,026,687</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	99,040	35,529	134,569
Total deferred inflows of resources	<u>99,040</u>	<u>35,529</u>	<u>134,569</u>
NET POSITION			
Net investment in capital assets	102,544,058	1,752,091	104,296,149
Restricted for:			
Impact fees	2,649,103	-	2,649,103
Unrestricted	11,140,478	(3,046,307)	8,094,171
Total net position	<u>\$ 116,333,639</u>	<u>\$(1,294,216)</u>	<u>\$ 115,039,423</u>

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CITY OF GRAPEVINE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Fund		
	Water and Sewer	Lake Enterprise	Total
OPERATING REVENUES			
Charges for services	\$ 21,547,359	\$ 2,193,227	\$ 23,740,586
Miscellaneous	<u>886,440</u>	<u>20,794</u>	<u>907,234</u>
Total operating revenues	<u>22,433,799</u>	<u>2,214,021</u>	<u>24,647,820</u>
OPERATING EXPENSES			
Salaries and benefits	3,039,975	1,164,782	4,204,757
Maintenance, repairs, and supplies	9,936,229	309,195	10,245,424
Depreciation	3,109,615	478,607	3,588,222
General and administrative	<u>3,306,996</u>	<u>842,369</u>	<u>4,149,365</u>
Total operating expenses	<u>19,392,815</u>	<u>2,794,953</u>	<u>22,187,768</u>
OPERATING INCOME	<u>3,040,984</u>	<u>(580,932)</u>	<u>2,460,052</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	43,090	267	43,357
Gain on disposal of property	333	6,192	6,525
Interest and fiscal agent charges	<u>(298,502)</u>	<u>(55,253)</u>	<u>(353,755)</u>
Total nonoperating revenues (expenses)	<u>(255,079)</u>	<u>(48,794)</u>	<u>(303,873)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>2,785,905</u>	<u>(629,726)</u>	<u>2,156,179</u>
Capital contributions	4,896,352	239,445	5,135,797
Transfers out	<u>(1,587,535)</u>	<u>(75,709)</u>	<u>(1,663,244)</u>
Total capital contributions and transfers	<u>3,308,817</u>	<u>163,736</u>	<u>3,472,553</u>
CHANGE IN NET POSITION	6,094,722	(465,990)	5,628,732
TOTAL NET POSITION, BEGINNING	92,286,242	(211,828)	92,074,414
PRIOR PERIOD ADJUSTMENT	<u>17,952,675</u>	<u>(616,398)</u>	<u>17,336,277</u>
NET POSITION, BEGINNING, AS RESTATED	<u>110,238,917</u>	<u>(828,226)</u>	<u>109,410,691</u>
TOTAL NET POSITION, ENDING	<u>\$ 116,333,639</u>	<u>\$ (1,294,216)</u>	<u>\$ 115,039,423</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRAPEVINE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Lake Enterprise	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 22,149,437	\$ 2,217,385	\$ 24,366,822
Cash paid to employees	(2,760,186)	(1,060,364)	(3,820,550)
Cash paid to suppliers for goods and services	(12,733,841)	(474,755)	(13,208,596)
Net cash provided by operating activities	<u>6,655,410</u>	<u>682,266</u>	<u>7,337,676</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital related debt	9,401,306	-	9,401,306
Principal repayment on bonds	(770,000)	(350,000)	(1,120,000)
Interest and related fees paid on long-term debt	(311,549)	(83,150)	(394,699)
Proceeds from the sale of assets	333	6,192	6,525
Acquisition and construction of capital assets	(1,541,513)	(179,601)	(1,721,114)
Net cash used by capital and related financing activities	<u>6,778,577</u>	<u>(606,559)</u>	<u>6,172,018</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments and cash equivalents	39,864	247	40,111
Net cash provided by investing activities	<u>39,864</u>	<u>247</u>	<u>40,111</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer out	(1,587,535)	(75,709)	(1,663,244)
Net cash used by noncapital financing activities	<u>(1,587,535)</u>	<u>(75,709)</u>	<u>(1,663,244)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	11,886,316	245	11,886,561
CASH AND CASH EQUIVALENTS, BEGINNING	<u>17,763,193</u>	<u>157,715</u>	<u>17,920,908</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 29,649,509</u>	<u>\$ 157,960</u>	<u>\$ 29,807,469</u>
(Including \$3,560,107 of restricted cash and investments in the Water and Sewer Fund and \$91,839 of restricted cash and investments in the Lake Enterprise Fund)			

The accompanying notes are an integral part of these financial statements.

CITY OF GRAPEVINE, TEXAS
STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Lake Enterprise	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 3,040,984	\$(580,932)	\$ 2,460,052
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	3,109,615	478,607	3,588,222
(Increase) decrease in assets:			
Customer receivable	(185,649)	3,364	(182,285)
Other receivable	(89,524)	-	(89,524)
Other assets	11,703	150	11,853
Inventories	-	(33,108)	(33,108)
Increase (decrease) in liabilities:			
Accounts payable	527,541	(5,669)	521,872
Accrued liabilities	33,630	4,393	38,023
Other liabilities	-	715,436	715,436
Unearned revenue	(20,892)	-	(20,892)
Customer deposits	(18,157)	-	(18,157)
Net OPEB obligation	263,526	104,185	367,711
Net pension liability	(27,694)	(9,935)	(37,629)
Compensated absences	10,327	5,775	16,102
Total adjustments	<u>3,614,426</u>	<u>1,263,198</u>	<u>4,877,624</u>
Net cash provided by operating activities	<u>\$ 6,655,410</u>	<u>\$ 682,266</u>	<u>\$ 7,337,676</u>

SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Contributions of capital assets	\$ 24,670,376	\$ -
Refunding debt issued	749,373	-
Transfer of capital assets from governmental activities	<u>-</u>	<u>239,445</u>
Total non-cash capital and related financing activities	<u>\$ 25,419,749</u>	<u>\$ 239,445</u>

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CITY OF GRAPEVINE, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	Agency	Grapevine Health Care Reimbursement Trust
ASSETS		
Cash and cash equivalents	\$ 162,785	\$ 2,442,870
Accrued interest receivable	-	2,568
Total assets	162,785	2,445,438
LIABILITIES		
Accounts payable	-	3,107
Due to beneficiary	162,785	-
Total liabilities	162,785	3,107
NET POSITION		
Held in trust for Grapevine Health Care Reimbursement		\$ 2,442,331

The accompanying notes are an integral part of these financial statements.

CITY OF GRAPEVINE, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Grapevine Health Care Reimbursement Trust</u>
ADDITIONS	
Employer contributions	\$ 73,791
Investment income	<u>12,194</u>
Total additions	<u>85,985</u>
DEDUCTIONS	
Distributions	<u>87,233</u>
Change in net position	(1,248)
NET POSITION, BEGINNING	<u>2,443,579</u>
NET POSITION, ENDING	<u>\$ 2,442,331</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRAPEVINE, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grapevine (“City”) is a municipal corporation incorporated under Article XI of the Texas Constitution (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, safety and convenience of its citizens.

The accounting and reporting policies of the City relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. The following represents the more significant accounting and reporting policies and practices used by the City.

A. Reporting Entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

Based on these criteria, the financial information of the following entities have been blended or discretely presented within the financial statements.

Blended Component Units

Grapevine Tax Increment Financing District Reinvestment Zone Number One and Two (the “TIF’s”) were formed to finance and make public improvements serving only the City, under the authority of the Tax Increment Financing Act. The TIF’s are governed by two separate boards of directors that are substantively the same as the City Council. The chairman of the board is also designated by the City Council. The City is obligated for the debts of both TIF’s.

The Grapevine Crime Control and Prevention District (Crime District) was established to account for the accumulation and use of sales tax proceeds designated for crime reduction programs. One-half (1/2) cent of local sales and use tax within the district funds the Crime District. The Board of Directors of the Crime Control and Prevention District is substantively the same as the City Council. The City is entitled to and can otherwise access all of the resources of the Crime District.

The Grapevine 4B Economic Development Corporation consists of two funds. The 4B Transit Fund accounts for funds designated for Grapevine's participation in the commuter rail development project with the Fort Worth Transit Authority (the "T"). The Economic Development Fund accounts for funds used to stimulate the local economy, development, and redevelopment. One-half (1/2) cent local sales and use tax within the district fund these two blended component units. Three eighths (3/8th) of one-half cent of the local sales tax is used to fund the 4B Transit Fund. One eighth (1/8th) of one-half cent of the local sales tax is used to fund the Economic Development Fund. The Boards of Directors of these blended component units include citizens as members, but are substantively the same as the City Council. The City is entitled to and can otherwise access all of the resources of the Grapevine 4B Economic Development Corporation.

Discretely Presented Component Unit

Grapevine Heritage Foundation (the "Foundation") is a Texas nonprofit corporation governed by a 9-member board of directors appointed by City Council, which includes a City Council member and the Director of the City's Convention and Visitor's Bureau. The Foundation's operating budget is subject to the approval of the City Council. The City is able to impose its will on the Foundation. The boards are not substantively the same. The Foundation does not provide services to the City.

Complete financial statements for the TIFS may be obtained from the City of Grapevine, Finance Department, 200 South Main St., Grapevine Texas 76051. Separate financial statements for the Heritage Foundation, the Crime Control and Protection District, The 4B Transit Fund, and the 4B Economic Development Fund are not prepared.

B. Government-wide Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with 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 fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a separate column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement 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 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Generally, monies must be expended on a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. Ad valorem taxes are recognized as revenues in the year for which they are levied. Sales taxes, franchise taxes, hotel occupancy taxes, charges for services and fines are recognized as revenue as earned, when measurable and available. Licenses, permits, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. 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 City's water and sewer and municipal golf course are charges to customers for sales and services. Operating expenses for the 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 non-operating revenues and expenses.

Governmental Funds

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

The City reports the following major governmental funds:

The **General Fund** accounts for several of the City's primary services (Police Administration, Fire, Public Works, Libraries, Parks and Recreation, etc.) and is the primary operating unit of the City.

The **Special Revenue Fund (Hotel Occupancy Tax Fund)** accounts for all hotel occupancy tax revenues which are restricted by state statute and can only be used on expenditures related to culture and recreation. Additional local revenues generated through tourism activities are accumulated in this fund and are assigned for use on expenditures related to culture and recreation. Per Ordinance No. 2014-37 the City Council passed a 1% increase in the Hotel Occupancy Tax Rate effective October 1, 2014.

The **Special Revenue Fund (Crime District Fund)** accounts for the accumulation and use of sales tax proceeds restricted for crime reduction programs.

The **Special Revenue Fund (4B-Economic Development Fund)** is used to account for the accumulation of sales tax restricted for economic development projects and local funds assigned by the City to stimulate the local economy, development, and redevelopment.

The **Special Revenue Fund (4B Transit Fund)** is used to account for the accumulation of sales taxes restricted to fund the City of Grapevine's participation in the commuter rail development project with the Fort Worth Transit Authority (the "T").

The **Debt Service Fund** is used to account for the accumulation of restricted property tax resources levied for the payment of general long-term debt principal, interest and related costs.

The **Tax Increment Financing Number One (TIF #1) Debt Service Fund** was established by ordinances authorizing the issuance of Combination Tax and Tax Increment Reinvestment Zone Certificate of Obligations Series 1996. A property tax is levied for the payment of the debt as it becomes due and is currently payable in annual installments as it becomes due.

The **Tax Increment Financing (TIF) Number Two Debt Service Fund** was established by ordinances authorizing the issuance of Combination Tax and Tax Increment Reinvestment Zone Certificate of Obligation Series 2000. A property tax is levied for the payment of the debt as it becomes due and is currently payable in annual installments as it becomes due.

The **Capital Projects Fund (Streets Fund)** is used to account for the construction of improvements to various streets, drainage and sidewalk projects.

The **Capital Projects Fund (General Facilities and Equipment Fund)** is used to account for general financing, acquisition, construction and improvements of the City's buildings and capital equipment.

Proprietary funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major proprietary funds of the City:

The Water and Sewer Fund accounts for the operation of the City's water and sewer utility activities including administration, operation and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

The Lake Enterprise Fund includes the operations of a municipal golf course.

There are no nonmajor proprietary funds for the fiscal year end September 30, 2015.

Fiduciary Funds. There are four fiduciary funds: three agency funds and the Grapevine Health Reimbursement Trust Fund (HRA). Agency Funds represent funds held in an agency capacity for the Industrial Development Corporation, funds held for the Police Department entitled “Police Department Case Settlement” and funds held for the W.D. Tate Scholarship. These funds do not belong to the City. The Industrial Development Corporation is organized solely for the purposes of promoting and developing commercial, industrial, manufacturing and medical research enterprises to promote and encourage employment, public health and welfare. The HRA is an employee benefit trust account organized solely for the purpose of holding resources required to be held in trust for the members and beneficiaries of the defined employee medical plans. Trust funds use the economic resources measurement focus. Agency funds do not have a measurement focus.

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 between the City’s governmental and business-type activities. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. Assets, Liabilities, and Net Position

1. Cash and Investments

Cash consists of demand deposits (principally interest-bearing accounts).

Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market prices at September 30, 2015, to be the fair value of investments.

For purposes of the statement of cash flows, proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Interfund Transactions, Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as either “due to/from other funds” or “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. Property Taxes and Other Receivables

The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real property located in the City. The appraisal of property within the City is the responsibility of the Central Appraisal Districts of Dallas, Denton, and Tarrant Counties as required by legislation passed by the Texas Legislature. The Appraisal Districts are required under such legislation to assess all property within their Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The assessed value upon which the completed tax year 2014 levy was based was approximately \$6,692,541,595. The value of property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2015, was \$0.332439 per \$100 of assessed valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are due by January 31 following the levy date. Property taxes levied for 2015 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2015 and those considered "available" at year-end are recognized as revenues in 2015. The City considers property taxes available if they are collected within 60 days after year-end. Prior year levies were recorded using these same principles. The remaining receivables are reflected as deferred inflows of resources in the fund financial statements.

All trade and property tax receivables are shown net of an allowance for uncollectibles. All other allowances for uncollectible accounts are based on accounts outstanding in excess of 360 days of the invoice date. The property tax receivable allowance is based on the average collection rate of delinquent taxes over the last 20 years.

Property taxes are imposed nonexchange revenues. Assets from imposed nonexchange transactions are recorded when the entity has enforceable legal claim to the asset, or when the entity receives resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as October 1.

The allowance for uncollectible accounts for utility billing is estimated based on a percentage of sales.

4. Inventories and Prepaid Items

Inventories are valued at average cost on a first-in, first-out basis.

Inventories in the General Fund are recorded using the consumption method (i.e., recorded as an expenditure when used). Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. A corresponding portion of fund balance is shown as nonexpendable in governmental funds for prepaid items to indicate it is not available for other subsequent expenditures. Prepaid items are defined as payments of greater than \$1,000 that benefit future periods.

5. Restricted Assets

Certain proceeds of the City’s general obligation, certificates of obligation and revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or they are maintained in separate investment accounts. The “revenue bond construction” accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction of assets. Also included in restricted assets are impact fees and customer deposits.

6. Capital Assets

Capital assets, which include land improvements, construction-in-progress, buildings and improvements, equipment, intangible assets and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Infrastructure assets are defined by the City as assets costing in excess of \$50,000 that have an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Depreciation has been provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings - wood framed	20
Buildings - metal storage	7
Buildings - steel framed	40
Water and sewer system	30-50
General infrastructure	20-30
Improvements other than buildings	10-20
Machinery and equipment	3-10
Motor vehicles	3-10

7. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position and/or balance sheet 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred loss on debt refundings – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position 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 resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General	Debt Service	Streets	General Facilities and Equipment	Nonmajor Governmental	Total
Property taxes	\$ 47,403	\$ 77,616	\$ -	\$ -	\$ -	\$ 125,019
Property tax penalties and interest	16,299	27,236	-	-	-	43,535
Court fines and fees	318,501	-	-	-	-	318,501
Ambulance	96,385	-	-	-	-	96,385
Litigation Settlement	-	-	-	1,050,000	-	1,050,000
Grant revenue	-	-	5,191	-	16,387	21,578
Total	<u>\$ 478,588</u>	<u>\$ 104,852</u>	<u>\$ 5,191</u>	<u>\$ 1,050,000</u>	<u>\$ 16,387</u>	<u>\$ 1,655,018</u>

In addition, the City has only one type of deferred inflows of resources which is required to be reported on the Statements of Net Position under the full accrual basis of accounting. This item, the difference in expected and actual pension experience, is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

8. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Employees are reimbursed upon termination for accumulated vacation and only non-exempt employees are reimbursed for compensatory time. The liabilities for these amounts are accrued as they are incurred in the government-wide and proprietary fund financial statements. Employees are not reimbursed upon termination for accumulated sick leave.

9. Long-term Debt

In the government-wide financial statements, and proprietary funds 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

10. Pension

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

11. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds 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 spent first out of committed funds, then assigned funds, and finally unassigned funds.

12. New Accounting Principles

Significant new accounting standards not yet implemented by the City include the following:

GASB Statement No. 72, “Fair Value Measurement and Application” – This statement addresses accounting and financial reporting issues related to fair value measures. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position. This statement will become effective for the City in fiscal year 2016.

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” – This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibility funding the benefits over time to a point-in time liability that is reflected on the employer’s financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the City in fiscal year 2018.

GASB Statement No. 77, “Tax Abatement Disclosures” – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the City in fiscal year 2017.

13. Change in Accounting Principles

As the result of implementing GASB Statement No. 68, the City has restated the beginning net position, effectively decreasing net position as of October 1, 2014 by \$24,990,820 for the governmental activities and by \$2,437,747 for the business-type activities and proprietary funds. These decreases result from recognition of the liability from the City’s defined benefit pension plan.

2. DEFICIT EQUITY BALANCES

The Lake Parks Fund (Special Revenue – nonmajor fund) had a deficit fund balance of (\$1,470,888). The deficit equity has increased in this fund for the current year because of significant flooding events. This deficit will either be resolved with increased revenues or a transfer from other funds in the future.

The Lake Enterprise Fund had a deficit net position of (\$1,294,216). The deficit equity has increased in this fund for the current year because of significant flooding events. The City anticipates the deficit equity balance in this fund will decline in the future due to changes put in place by the City. If this deficit continues, it will either be resolved with an increase in revenues or a transfer from other funds.

3. CASH AND INVESTMENTS

As of September 30, 2015, the City had the following cash and investments:

Total City cash deposits	\$ 30,278,373
Total investments	<u>167,167,635</u>
 Total City cash and investments	 <u>\$ 197,446,008</u>
 Cash and investments composition:	
Primary government	\$ 194,328,144
Component unit	512,209
Trust and agency funds	<u>2,605,655</u>
 Total cash and investments	 <u>\$ 197,446,008</u>

Investment Type	Fair Value	Weighted Average Maturity (Days)
TexPool	\$ 17,362,390	41
TexPool Prime	14,171,549	25
LOGIC	126,042,320	46
U. S. Treasury Bonds	260,820	228
Municipal Bonds	268,100	869
Federal Farm Credit Bonds	1,300,991	943
Federal Home Loan Bank Bonds	4,008,491	845
Federal Home Loan Mortgage Corporation	2,250,885	1026
Federal National Mortgage Association	<u>1,502,089</u>	1174
 Total portfolio	 <u>\$ 167,167,635</u>	
 Portfolio weighted average maturity (days)		 95

Investment pools are not categorized as to investment risk since specific securities relating to the City cannot be identified. Under the TexPool Participation Agreement, administrative and investment services to TexPool and TexPool Prime are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accountants. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool and TexPool Prime. Under the LOGIC Participation Agreement, administrative and investment services to LOGIC are provided by First Southwest Asset Management, Inc. and JP Morgan Asset Management, Inc. as co administrators. The administrators settle all trades for LOGIC and secure and value its assets every day. The fair value of the City's position in these pools is the same as the value of the pool shares. As of September 30, 2015, the City's investments in LOGIC, TexPool and TexPool Prime were all rated AAAM by Standard & Poor's.

Interest Rate Risk. In accordance with its investment policy, the City minimizes the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates, by:

- a. Structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity.
- b. Investing operating funds primarily in certificates of deposit, shorter-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds.
- c. Diversifying maturities and staggering purchase dates to minimize the impact of market movements over time.

Credit Risk. In accordance with its investment policy, the City minimizes credit risk, the risk of loss due to the failure of the issuer or backer of the investment by:

- a. Limiting investments to the safest types of investments.
- b. Pre-qualifying the financial institutions and broker/dealers with which the City will do business.
- c. Diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

Concentration of Credit Risk. The City's investment policy allows up to 100% to be invested in U. S. Treasury Bills/Notes/Bonds, and U. S. Agencies and Instrumentalities. The City's investment in the securities of U. S. agencies are rated AAA by Standard & Poor's. TexPool, TexPool Prime and LOGIC are public funds investment pools operating as a 2a-7 like pool and in full compliance with the Public Funds Investment Act.

Custodial Credit Risk. State statutes require that all City deposits in financial institutions be fully collateralized by U. S. Government obligations or obligations of the State of Texas or its agencies. The City's deposits were fully collateralized by government securities, or had a letter of credit issued by the Federal Home Loan Bank as required by State statutes at September 30, 2015.

4. RECEIVABLES

Receivables as of year-end for the City’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Accrued Interest	Taxes	Accounts	Gross Receivables	Less Allowance for Uncollectibles	Total
General	\$ 3,091	\$ 5,781,471	\$ 4,902,915	\$ 10,687,477	\$(4,424,579)	\$ 6,262,898
Hotel Occupancy	2,781	1,437,829	97,540	1,538,150	(15,104)	1,523,046
Crime District	-	2,168,145	3,624	2,171,769	-	2,171,769
4B - Economic Development	2,634	678,222	3,582,984	4,263,840	-	4,263,840
4B - Transit	288	1,566,922	-	1,567,210	-	1,567,210
Debt Service	4,184	1,098,412	-	1,102,596	(991,401)	111,195
Debt Service TIF #1	8,202	1,250	-	9,452	-	9,452
Debt Service TIF #2	1,320	-	-	1,320	-	1,320
Streets	1,261	-	-	1,261	-	1,261
General Facilities and Equipment	431	-	1,850,000	1,850,431	-	1,850,431
Water and Sewer	4,596	-	3,279,409	3,284,005	(124,171)	3,159,834
Lake Enterprise	27	-	29,844	29,871	-	29,871
Nonmajor funds	<u>5,068</u>	<u>-</u>	<u>473,406</u>	<u>478,474</u>	<u>-</u>	<u>478,474</u>
Total	<u>\$ 33,883</u>	<u>\$ 12,732,251</u>	<u>\$ 14,219,722</u>	<u>\$ 26,985,856</u>	<u>\$(5,555,255)</u>	<u>\$ 21,430,601</u>

5. CAPITAL ASSETS

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

Primary Government

	Beginning Balance	Transfers and Additions	Transfers and Retirements	Prior Period Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 81,146,195	\$ 62,954	\$ (4,031,260)	\$ 30,970,154	\$ 108,148,043
Construction in progress	20,858,378	23,368,416	(3,245,014)	-	40,981,780
Total assets not being depreciated	<u>102,004,573</u>	<u>23,431,370</u>	<u>(7,276,274)</u>	<u>30,970,154</u>	<u>149,129,823</u>
Capital assets, being depreciated:					
Buildings	52,134,473	702,237	(1,224,607)	-	51,612,103
Improvement other than buildings	32,359,734	486,123	(346,400)	-	32,499,457
Equipment and vehicles	38,187,546	3,164,270	(2,745,930)	-	38,605,886
Infrastructure	121,497,738	1,956,569	-	2,159,079	125,613,386
Total capital assets being depreciated	<u>244,179,491</u>	<u>6,309,199</u>	<u>(4,316,937)</u>	<u>2,159,079</u>	<u>248,330,832</u>
Less accumulated depreciation:					
Buildings	(19,572,742)	(1,525,009)	7,585	-	(21,090,166)
Improvement other than buildings	(11,126,604)	(1,525,783)	17,532	-	(12,634,855)
Equipment and vehicles	(23,867,981)	(2,890,979)	2,429,001	-	(24,329,959)
Infrastructure	(73,760,689)	(4,160,039)	-	-	(77,920,728)
Total accumulated depreciation	<u>(128,328,016)</u>	<u>(10,101,810)</u>	<u>2,454,118</u>	<u>-</u>	<u>(135,975,708)</u>
Total capital assets being depreciated, net	<u>115,851,475</u>	<u>(3,792,611)</u>	<u>(1,862,819)</u>	<u>2,159,079</u>	<u>112,355,124</u>
Governmental activities capital assets, net	<u>\$ 217,856,048</u>	<u>\$ 19,638,759</u>	<u>\$ (9,139,093)</u>	<u>\$ 33,129,233</u>	<u>\$ 261,484,947</u>
	Beginning Balance	Transfers and Additions	Transfers and Retirements	Prior Period Adjustments	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,643,545	\$ -	\$ -	\$ -	\$ 1,643,545
Easements	-	4,639,194	-	17,813,204	22,452,398
Construction in progress	403,861	83,339	(403,861)	-	83,339
Total assets not being depreciated	<u>2,047,406</u>	<u>4,722,533</u>	<u>(403,861)</u>	<u>17,813,204</u>	<u>24,179,282</u>
Capital assets, being depreciated:					
Buildings	2,432,585	122,653	-	-	2,555,238
Improvement other than buildings	6,996,585	14,980	-	-	7,011,565
Equipment and vehicles	2,473,911	1,382,441	(113,330)	-	3,743,022
Water storage rights	683,547	-	-	-	683,547
Infrastructure	123,734,206	1,559,834	-	1,960,820	127,254,860
Total capital assets being depreciated	<u>136,320,834</u>	<u>3,079,908</u>	<u>(113,330)</u>	<u>1,960,820</u>	<u>141,248,232</u>
Less accumulated depreciation:					
Buildings	(1,676,749)	(43,018)	-	-	(1,719,767)
Improvement other than buildings	(5,354,387)	(371,466)	-	-	(5,725,853)
Equipment and vehicles	(944,042)	(1,013,275)	113,330	-	(1,843,987)
Water storage rights	(571,042)	(17,089)	-	-	(588,131)
Infrastructure	(42,779,582)	(2,813,372)	-	-	(45,592,954)
Total accumulated depreciation	<u>(51,325,802)</u>	<u>(4,258,220)</u>	<u>113,330</u>	<u>-</u>	<u>(55,470,692)</u>
Total capital assets being depreciated, net	<u>84,995,032</u>	<u>(1,178,312)</u>	<u>-</u>	<u>1,960,820</u>	<u>85,777,540</u>
Business-type activities capital assets, net	<u>\$ 87,042,438</u>	<u>\$ 3,544,221</u>	<u>\$ (403,861)</u>	<u>\$ 19,774,024</u>	<u>\$ 109,956,822</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 685,387
Public safety	1,430,168
Public works	4,915,522
Culture and recreation	2,284,394
Tourism	<u>786,339</u>

Total depreciation expense - governmental activities \$ 10,101,810

Business-type activities:	
Water and sewer	\$ 3,109,615
Lake Enterprise	<u>478,607</u>
Total depreciation expense - business-type activities	3,588,222
Total transfers of accumulated depreciation from governmental activities	<u>669,998</u>
Total additions to accumulated depreciation for business-type activities	<u>\$ 4,258,220</u>

	<u>Beginning Balance</u>	<u>Transfers and Additions</u>	<u>Transfers and Retirements</u>	<u>Ending Balance</u>
Discretely Presented Component Unit:				
Capital assets, not being depreciated:				
Land	\$ 450,067	\$ -	\$ -	\$ 450,067
Total assets not being depreciated	<u>450,067</u>	<u>-</u>	<u>-</u>	<u>450,067</u>
Capital assets, being depreciated:				
Building	1,031,174	-	-	1,031,174
Improvements other than building	945,651	-	-	945,651
Vehicles and equipment	<u>31,275</u>	<u>-</u>	<u>-</u>	<u>31,275</u>
Total capital assets being depreciated	<u>2,008,100</u>	<u>-</u>	<u>-</u>	<u>2,008,100</u>
Less accumulated depreciation:				
Building	(211,423)	(27,234)	-	(238,657)
Improvements other than building	(739,739)	(47,799)	-	(787,538)
Vehicles and equipment	<u>(31,275)</u>	<u>-</u>	<u>-</u>	<u>(31,275)</u>
Total accumulated depreciation	<u>(982,437)</u>	<u>(75,033)</u>	<u>-</u>	<u>(1,057,470)</u>
Total capital assets being depreciated, net	<u>1,025,663</u>	<u>(75,033)</u>	<u>-</u>	<u>950,630</u>
Discretely presented component unit capital assets, net	<u>\$ 1,475,730</u>	<u>\$(75,033)</u>	<u>\$ -</u>	<u>\$ 1,400,697</u>

Construction Commitments

The City has active construction projects as of September 30, 2015. The projects include building projects, street construction and improvements of existing streets, and repair and maintenance of existing water and sewer systems. As of September 30, 2015, the City had outstanding construction commitments totaling \$34,783,996.

<u>Project</u>	<u>Commitment</u>
Streets and drainage projects	\$ 708,509
Water and wastewater projects	3,440,035
Public safety building	<u>30,635,452</u>
Total	<u>\$ 34,783,996</u>

The commitment for building, street and drainage construction is funded from unexpended general obligation, certificates of obligation, and revenue bond proceeds. Water and wastewater projects are funded from unexpended revenue bond proceeds and operations.

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2015, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Crime District	\$ 440,966
	Grant (nonmajor fund)	846
	Lake Parks (nonmajor fund)	1,281,081
	Lake Enterprise	<u>1,514,896</u>
Total General		3,237,789
Quality of Life (nonmajor fund)	Grant (nonmajor fund)	1,119,099
Water and Sewer	Lake Enterprise	<u>11</u>
Total		<u>\$ 4,356,899</u>

Interfund balances for all of the funds are created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid in one year or less. Similar transaction such as this also exist between the primary government and the City’s discretely presented component unit. The balances due to and due from component unit and primary government at September 30, 2015 consisted of the following:

<u>Receivable</u>	<u>Payable</u>	
Component unit - Heritage Foundation	Primary Government - Hotel Occupancy Tax Fun	<u>\$ 1,131</u>

Interfund Transfers

Various non-major funds received transfers from the General Fund during fiscal year 2015. The General Fund transferred \$3,000,000 to the Quality of Life Fund for capital projects. The General Fund transferred \$700,000 (net) to the Crime District Fund to supplement the difference in operating expenses from the anticipated sales tax revenue collection for the fiscal year. In addition, the Street Maintenance and Capital Replacement Fund received a \$3,279,000 transfer for capital projects related to streets and general facilities, and \$1,202,000 was transferred to the Capital Acquisition Fund for fleet, capital and technology equipment purchases. There were transfers to the Debt Service Fund of \$4,225,551 for payment of debt obligations. Transfers to the General Fund for \$3,498,018 were for payments from other funds for insurance, claims, fleet and IT costs administered by the General Fund. Additionally, there was a transfer of capital assets between the governmental activities and business-type activities for \$239,445.

The primary purpose of interfund transfers is the transfer of funds from one fund to support expenditures of another fund in accordance with the authority established for the individual fund.

A summary of interfund transfers by fund type is as follows:

Transfers in	Transfers out	Amount	Total
General	Hotel Occupancy Tax	\$ 1,346,398	
	4B-Economic Development	299,208	
	Water and Sewer	1,587,535	
	Lake Enterprise	75,709	
	Nonmajor governmental	<u>189,168</u>	
Total General			\$ 3,498,018
Hotel Occupancy Tax	General	33,463	
	4B-Transit	<u>350,590</u>	
Total Hotel Occupancy Tax			384,053
Crime District	General		700,000
4-B Economic Development	General		4,624
Total Hotel Occupancy Tax			
Debt Service	Hotel Occupancy Tax	1,935,950	
	4-B Economic Development	1,594,027	
	Nonmajor governmental	<u>695,574</u>	
Total Debt Service			4,225,551
General Facilities and Equipment	Nonmajor governmental		625,000
Nonmajor governmental	General	7,481,000	
	4B-Economic Development	234,108	
	Debt Service TIF #1	55,484	
	Nonmajor governmental	<u>40,000</u>	
Total nonmajor governmental			7,810,592
Business-type activities	Governmental activities		<u>239,445</u>
Total			<u>\$ 17,487,283</u>

7. LEASES

Operating Leases

Lake Parks:

The City entered into a 25-year lease agreement with the United States Corps of Engineers to operate and maintain approximately 770 acres of property at Lake Grapevine. The City is required to pay the cost to maintain and operate the property. Revenues generated from the operations on the property will be used to maintain the property. The term of the operating lease is from October 2004 through September 2029. The agreement covers the park areas of Meadowmere Park, Oak Grove Park and Silver Lake Park.

Gaylord Texan Resort and Convention Center:

The City leased property from the United States Corps of Engineers as referred to above (Lake Parks). The City entered into a sublease agreement with the Gaylord Texan Resort and Convention Center on March 18, 1994, for a portion of the land leased from the United States Corps of Engineers. The contract is for 49 years and the rent payment is \$1 per year. Gaylord Texan Resort and Convention Center has a sublease hold deed of trust and security agreement. The City agreed to sublease property to Gaylord Texan Resort and Convention Center so they could secure financing.

The City and Gaylord Texan Resort and Convention Center entered into an amended agreement in fiscal year 2008 pertaining to the United States Corps of Engineers leased property referred to as the "Lease Property." This amendment does not become effective until the issuance of a building permit for the expansion on this property. The "Lease Property" terms provide for annual rents during the construction of the expansion of \$54,360 with periodic fee increases due upon substantial completion of the expansion of the Gaylord Texan Resort and Convention Center. The annual rent will be adjusted every five years based on the terms of the contract. The Land Lease shall commence upon the issuance of a building permit for the expansion and shall have a primary term of 25 years with Gaylord Texan Resort and Convention Center having the right to extend the term for one additional period of 25 years.

In the amended agreement between the City and Gaylord Texan Resort and Convention Center, the City also granted to Gaylord Texan Resort and Convention Center an option for the right to lease the "Western Amenity Parcel." For a period of one year from the date of the Option Election, Gaylord Texan Resort and Convention Center has the right to lease the "Western Amenity Parcel," and to keep the option in effect, Gaylord Texan Resort and Convention Center must continue paying annual rent at an amount based upon the contract terms. Gaylord Texan Resort and Convention Center elected to pick up the option for the "Western Amenity Parcel" on June 5, 2008, and paid the City of Grapevine \$54,000 in accordance with the terms of the agreement.

In May 2009, the City and Gaylord Texan Resort and Convention Center entered into a third agreement and agreed to extend the required commencement date of the expansion from September 12, 2009 until September 12, 2012 and extended the renewal dates for parcels 5 and 7 as defined in the agreement, until September 12, 2012. The City then entered into several additional extensions and recently approved the sixth addendum or extension with the Gaylord Texan Resort on April 1, 2015 extending the agreement to September 12, 2016.

Cowboys Golf Course:

The City entered into a 25-year lease agreement with the Cowboys Golf Course in 1994. The rent fee is 3% of Cowboys' gross revenues from operations.

8. LONG-TERM LIABILITIES

General Obligation Bonds

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with principal maturing each year. A summary of the terms of general obligation bonds outstanding and their corresponding allocations to the governmental and business-type activities at September 30, 2015, follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.5% - 5.25%	\$ 64,055,000
Governmental activities, refunding	2.5% - 5.25%	<u>24,755,000</u>
Total governmental		88,810,000
Business-type activities, refunding	2.0% - 5.25%	<u>7,140,000</u>
Total general obligation debt		<u>\$ 95,950,000</u>

Annual debt service requirements for general obligation bonds are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>General</u> <u>Obligation</u>	<u>G. O.</u> <u>Interest</u>	<u>General</u> <u>Obligation</u>	<u>G. O.</u> <u>Interest</u>
2016	\$ 7,705,000	\$ 3,363,120	\$ 1,910,000	\$ 231,625
2017	6,640,000	3,178,008	1,835,000	166,050
2018	6,070,000	2,999,645	1,225,000	110,175
2019	6,320,000	2,796,095	1,275,000	61,375
2020	5,195,000	2,557,533	440,000	27,000
2021-2025	21,055,000	9,675,431	455,000	9,100
2026-2030	20,920,000	5,642,100	-	-
2031-2035	<u>14,905,000</u>	<u>1,121,635</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 88,810,000</u>	<u>\$ 31,333,567</u>	<u>\$ 7,140,000</u>	<u>\$ 605,325</u>

Certificates of Obligation

The City also issued certificates of obligation (“COs”) to finance the acquisition and construction of capital assets including certain capital improvement projects, municipal facilities, and machinery and equipment. Interest rates on the outstanding COs range from 3.00% – 7.00%. Annual debt service requirements to maturity for certificates of obligation of the primary government are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Certificates of Obligation	C. O. Interest	Certificates of Obligation	C. O. Interest
2016	\$ 4,820,095	\$ 1,299,438	\$ 365,000	\$ 297,319
2017	2,456,864	1,180,540	370,000	289,969
2018	2,528,694	1,104,506	385,000	282,419
2019	2,625,590	1,024,879	400,000	272,569
2020	2,737,553	924,373	400,000	260,569
2021-2025	14,270,000	2,802,338	2,160,000	1,149,350
2026-2030	5,935,000	452,159	2,585,000	752,882
2031-2035	<u>215,000</u>	<u>17,316</u>	<u>3,055,000</u>	<u>242,510</u>
Total	\$ <u>35,588,796</u>	\$ <u>8,805,549</u>	\$ <u>9,720,000</u>	\$ <u>3,547,587</u>

Revenue Bonds

The City issued revenue bonds to finance the acquisition of certain assets for the City. The interest rates on the outstanding revenue bonds range from 1.04% – 5.84%.

Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Revenue Bonds	Revenue Bond Interest
2016	\$ 670,000	\$ 925,436
2017	680,000	913,409
2018	695,000	897,714
2019	715,000	877,912
2020	740,000	853,654
2021-2025	4,215,000	3,750,720
2026-2030	5,460,000	2,507,153
2031-2035	<u>5,665,000</u>	<u>703,675</u>
Total	\$ <u>18,840,000</u>	\$ <u>11,429,673</u>

Notes Payable

The City issued tax notes to finance the construction of capital improvement projects, municipal facilities, and machinery and equipment. The interest rates on the outstanding tax notes range from 3.00% – 4.25%.

Tax, Land and Other Notes debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Tax, Land and Other Notes	Tax, Land and Other Interest
2016	\$ 571,533	\$ 69,289
2017	587,814	56,758
2018	716,361	43,120
2019	590,000	21,762
2020	<u>605,000</u>	<u>7,563</u>
Total	<u>\$ 3,070,708</u>	<u>\$ 198,492</u>

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2015:

	Balance 9/30/2014	Increases	Reductions	Prior Period Adjustment	Balance 9/30/2015	Due Within One Year
Governmental activities:						
General obligation bonds	\$ 96,655,000	\$ 12,500,000	\$(20,345,000)	\$ -	\$ 88,810,000	\$ 7,705,000
Certificates of obligation	41,032,182	22,565,000	(28,008,386)	-	35,588,796	4,820,095
Sales tax revenue bonds	19,500,000	-	(660,000)	-	18,840,000	670,000
Total bonds payable	<u>157,187,182</u>	<u>35,065,000</u>	<u>(49,013,386)</u>	<u>-</u>	<u>143,238,796</u>	<u>13,195,095</u>
Notes payable - taxes	4,285,000	-	(1,385,000)	-	2,900,000	555,000
Notes payable	186,049	-	(15,341)	-	170,708	16,533
Total notes payable	<u>4,471,049</u>	<u>-</u>	<u>(1,400,341)</u>	<u>-</u>	<u>3,070,708</u>	<u>571,533</u>
Total bonds and notes	<u>161,658,231</u>	<u>35,065,000</u>	<u>(50,413,727)</u>	<u>-</u>	<u>146,309,504</u>	<u>13,766,628</u>
Premium on bond issues	<u>5,762,011</u>	<u>3,757,327</u>	<u>(2,381,934)</u>	<u>-</u>	<u>7,137,404</u>	<u>-</u>
Net governmental bonds and notes outstanding	<u>167,420,242</u>	<u>38,822,327</u>	<u>(52,795,661)</u>	<u>-</u>	<u>153,446,908</u>	<u>13,766,628</u>
Sales tax obligation	772,247	-	(173,556)	-	598,691	173,556
Net OPEB obligation	14,339,463	4,463,045	(1,251,700)	-	17,550,808	-
Net pension obligation	5,313,656	-	-	(5,313,656)	-	-
Net pension liability	-	10,804,407	(10,628,896)	35,238,159	35,413,670	-
Compensated absences	<u>3,027,665</u>	<u>2,242,488</u>	<u>(2,113,643)</u>	<u>-</u>	<u>3,156,510</u>	<u>789,127</u>
Total governmental long-term liabilities	<u>\$ 190,873,273</u>	<u>\$ 56,332,267</u>	<u>\$(66,963,456)</u>	<u>\$ 29,924,503</u>	<u>\$ 210,166,587</u>	<u>\$ 14,729,311</u>

For the governmental activities, compensated absences and other long-term liabilities are generally liquidated by the General Fund.

	Balance 9/30/2014	Increases	Reductions	Prior Period Adjustment	Balance 9/30/2015	Due Within One Year
Business-type activities:						
Water and sewer obligations						
General obligation bonds	\$ 7,125,000	\$ 2,195,000	\$(3,800,000)	\$ -	\$ 5,520,000	\$ 1,540,000
Certificates of obligation	-	9,720,000	-	-	9,720,000	365,000
Premium on bond issues	284,931	531,987	(141,930)	-	674,988	-
Net water and sewer bonds payable	<u>7,409,931</u>	<u>12,446,987</u>	<u>(3,941,930)</u>	<u>-</u>	<u>15,914,988</u>	<u>1,905,000</u>
Lake enterprise obligations						
General obligation bonds	1,970,000	-	(350,000)	-	1,620,000	370,000
Premium on bond issues	175,683	-	(35,136)	-	140,547	-
Net Lake Enterprise bonds payable	<u>2,145,683</u>	<u>-</u>	<u>(385,136)</u>	<u>-</u>	<u>1,760,547</u>	<u>370,000</u>
Net business-type bonds payable	<u>9,555,614</u>	<u>12,446,987</u>	<u>(4,327,066)</u>	<u>-</u>	<u>17,675,535</u>	<u>2,275,000</u>
Net OPEB obligation	1,840,201	511,035	(143,324)	-	2,207,912	-
Net pension obligation	576,234	-	-	(576,234)	-	-
Net pension liability	-	1,074,570	(1,057,114)	3,504,668	3,522,124	-
Compensated absences	213,321	167,473	(151,371)	-	229,423	57,356
Total business-type long-term liabilities	<u>\$ 12,185,370</u>	<u>\$ 14,200,065</u>	<u>\$(5,678,875)</u>	<u>\$ 2,928,434</u>	<u>\$ 23,634,994</u>	<u>\$ 2,332,356</u>

Defeased Debt

As of September 30, 2015, the City had \$3,245,000 of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments. These bonds will be redeemed prior to their original maturity on February 15, 2016.

Current and Advance Refundings of Debt

Combination Tax and Tax Increment Reinvestment Zone Number Two Revenue Refunding Bonds, Series 2015A

On January 23, 2015, the City issued Combination Tax and Tax Increment Reinvestment Zone Number Two Revenue Refunding Bonds, Series 2015A in the amount of \$20,565,000 with stated interest rates ranging from 2-5.0%. These bonds were issued in order to current refund \$22,670,000 of Combination Tax and Tax Increment Zone Revenue Refunding Bonds, Series 2005A. The net proceeds from the bonds were placed in an irrevocable trust with an escrow agent to provide funds for the early redemption of the outstanding bonds on March 30, 2015.

The reacquisition price exceeded the net carrying amount of the old debt by \$330,938. This amount is being reported as a deferred outflow of resources on the Statement of Net Position and will be amortized over the remaining life of the refunding debt. The City and TIF refunded the Series 2005A bonds to reduce the total debt service payments by \$4,582,927 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,020,269.

General Obligation Refunding Bonds, Series 2015

On January 23, 2015 the City issued General Obligation Refunding Bonds, Series 2015 in the amount of \$14,695,000 with stated interest rates ranging from 2-5.0%. These bonds were issued in order to advance refund \$1,360,000 of General Obligation Refunding Bonds, Series 2004, \$8,440,000 of General Obligation Refunding Bonds, Series 2005, \$395,000 of Combination Tax and Lake Parks Revenue Certificates of Obligation, Series 2005A, \$3,245,000 of General Obligation Bonds, Series 2006, and \$3,030,000 of General Obligation refunding Bonds, Series 2006. The net proceeds from the bonds were placed in an irrevocable trust with an escrow agent to provide funds for the early redemption of the outstanding bonds on March 30, 2015 and February 15, 2016.

The reacquisition price exceeded the net carrying amount of the old debt by \$295,453. This amount is being reported as a deferred outflow of resources on the Statement of Net Position and will be amortized over the remaining life of the refunding debt. The City refunded the bonds to reduce the total debt service payments by \$1,736,740 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,579,099.

Other Long-term Liabilities – Texas Comptroller of Public Accounts

As of September 30, 2015, the City of Grapevine has three payout agreements with the Texas Comptroller of Public Accounts for overpayment of sales taxes that total \$598,691. These amounts will be withheld from sales tax receipts over a period of four years.

Pledged Revenues

Tax Increment Financing District #1

On October 3, 1996, the City issued Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 1996. These bonds were subsequently refunded with Combination Tax and Tax Increment Reinvestment Zone Revenue Refunding Bonds, Series 2009A. These bonds represent direct obligations of the City and are payable from a combination of the levy and collection of a direct and continuing ad valorem tax within the limits prescribed by law on all taxable property within the City and a subordinate lien on and pledge of the tax increments deposited into the tax increment fund established for TIF #1. The proceeds of the bonds were used to finance various public improvements within the zone. At September 30, 2015, the remaining principal and interest on the bonds was \$2,350,000 and \$58,750 respectively. Principal and interest payments for the fiscal year were \$2,215,000 and \$172,875. Tax increment revenues for TIF #1 for the current year were \$6,294,887. The outstanding revenue bonds have a final maturity of February 15, 2016.

Tax Increment Financing District #2

On June 6, 2000, the City issued Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2000. These bonds were subsequently refunded with Combination Tax and Tax Increment Reinvestment Zone Revenue Refunding Bonds, Series 2005A, and with Combination Tax and Tax Increment Reinvestment Zone Revenue Refunding Bonds, Series 2015A. These bonds represent direct obligations of the City and are payable from a combination of the levy and collection of a direct and continuing ad valorem tax within the limits prescribed by law on all taxable property within the City and a subordinate lien on and pledge of the tax increments deposited into the tax increment fund established for TIF #2. The proceeds of the bonds were used to finance various public improvements within the zone. At September 30, 2015, the remaining principal and interest on the bonds was \$20,190,000 and \$5,035,050 respectively. Principal and interest payments for the fiscal year was \$1,680,000 and \$1,002,630. Tax increment revenues for TIF #2 for the current year were \$4,236,392. The outstanding revenue bonds have a final maturity of August 15, 2026.

Sales Tax Revenue Bonds

On January 29, 2014, the City of Grapevine issued Grapevine 4B Economic Development Corporation Sales Tax Revenue Bonds, Series 2014. The bonds are special obligations of the corporation payable from and secured by a lien on and pledge of certain revenues which include the proceeds of the ¼ of the ½ cent sales and use tax levied within the City for the benefit of the corporation. These bonds were issued to acquire land within the City to be used to promote new and expanded business enterprises. At September 30, 2015, the remaining balances for principal and interest on the debt are \$18,840,000 and \$11,429,672 respectively. The bonds mature on February 15, 2034. Annual debt service requirements through February 15, 2034 do not exceed \$1,600,000 per year. Sales tax revenue collections in the 4B-Economic Development fund were \$3,982,577.

9. DEFINED BENEFIT PENSION POLICIES

Plan Descriptions. 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 agency 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 Sections 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.

Plan Benefits Provided. TMRS provides retirement and disability benefits. Benefit provisions are adopted by the governing body of the City of Grapevine, 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 actuarially equivalent 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.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

Starting in 1998, the City granted an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 1998, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A Summary of the plan provisions is as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, or 5 years at age 60 and above
Updated service credit	100% repeating, transfers
Annuity increase to retirees	70% of CPI, repeating

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefit	305
Inactive employees entitled to but not yet receiving benefits	192
Active employees	<u>541</u>
	<u><u>1,038</u></u>

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions 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 18.96% and 19.15% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were \$7,193,830, 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 inflati

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%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled 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 the 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 the 2009 through 2011, and the 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.

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 expenses 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 return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.0%	

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 period of projected benefit payments to determine the Total Pension Liability.

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	\$ 219,925,733	\$ 181,182,907	\$ 38,742,826
Changes for the year:			
Service cost	6,509,572	-	6,509,572
Interest	15,338,396	-	15,338,396
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,847,827)	-	(1,847,827)
Changes of assumptions	-	-	-
Contributions - employer	-	6,975,288	(6,975,288)
Contributions - employee	-	2,583,406	(2,583,406)
Net investment income	-	10,365,590	(10,365,590)
Benefit payments, including refunds of employee contributions	(8,121,165)	(8,121,165)	-
Administrative expense	-	(108,213)	108,213
Other changes	-	(8,897)	8,897
Net changes	<u>11,878,976</u>	<u>11,686,009</u>	<u>192,967</u>
Balance at 12/31/2014	<u>\$ 231,804,709</u>	<u>\$ 192,868,916</u>	<u>\$ 38,935,793</u>

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%) of 1-percentage-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	\$ 72,992,204	\$ 38,935,793	\$ 11,040,918

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2015, the City recognized pension expense of \$6,802,105.

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

	Deferred <u>Outflows of Resources</u>	Deferred <u>Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 1,487,619
Difference between projected and actual investment earnings	1,853,770	-
Contributions subsequent to the measurement date	<u>5,667,156</u>	<u>-</u>
Total	<u>\$ 7,520,926</u>	<u>\$ 1,487,619</u>

\$5,667,156 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Plan year ended Dec 31</u>	
2015	\$ 103,236
2016	103,236
2017	103,236
2018	103,236
2019	<u>(46,794)</u>
Total	<u>\$ 366,150</u>

Subsequent event

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change. Accordingly, the city has included in its approved fiscal year 2016 budget to continue to fund pension contributions above the required ADC which will help smooth impacts of any increases in the required ADC for fiscal year 2017.

10. COMMITMENTS AND CONTINGENCIES

The City is defendant in several pending lawsuits. City management estimates, based on the advice of legal counsel, that the potential claims against the City, in excess of insurance coverage, would not materially affect the basic financial statements of the City. The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability that may arise as the result of these audits is not believed to be estimable or probable.

Gaylord Texan Resort and Convention Center

The City of Grapevine, Texas has a Memorandum of Understanding with Opryland Hotel—Texas, Limited Partnership “Gaylord” whereas one cent (\$.01) of the Hotel Occupancy Tax [currently seven cents (\$.07)] collected by the City from the Gaylord, for the immediately preceding fiscal-year, shall be remitted each year back to the Gaylord. Per the agreement dated March 24, 1999, these payments will continue for a period of 20 years. The initial term payment was made in 2005, and for fiscal year-end 2015 the payment was made for expenditures of \$854,543.

On April 1, 2015, the City entered into the sixth addendum with the Gaylord Texan Resort related to the expansion of the Gaylord Texan Resort and Convention Center. Gaylord Entertainment, Inc. will receive a payment from the City in the amount equal to one-half of the “City Property Taxes” paid by Gaylord Texan Resort and Convention Center to the City for a 10-year period. The term “City Property Taxes” means the amount determined by multiplying the City ad valorem tax rate for the years in question times the “Incremental Increase” in value with the base year being 2009. On October 1, 2012, the Opryland Hotel – Texas, Limited Partnership changed its name to RHP Property, GT a Delaware Corporation and is now being reimbursed by the City as Marriott Gaylord.

Grapevine Mills Mall

In 2012, the Tax Increment Financing District Reinvestment Zone Number One (TIF#1) Board of Directors approved an Economic Development Agreement with Grapevine Mills LTD Partnership in an amount not to exceed \$14,000,000 for interior renovations (\$10,000,000) and future exterior improvements (\$4,000,000) at Grapevine Mills Mall. In the year ended September 30, 2015, the City paid \$5,000,000 to the mall for their first draw on the incentive agreement.

Great Wolf Lodge

The City of Grapevine, Texas entered into an incentive agreement with Great Wolf Resorts, Inc. under Chapter 380 of the Texas Local Government Code. The Developer must complete the project to construct a family oriented resort hotel featuring an indoor water park to be known as the "Great Wolf Lodge." The Project is to be completed in two phases. In consideration of the Developer's completion of the Project, the City agrees to provide the following incentives. For a period of 10 years after the issuance of a Certificate of Occupancy for Phase I, the City shall annually grant an amount to developer equal to one cent (\$.01) of the Hotel Occupancy Tax rate [currently seven cents (\$.07)] collected by the City from Phase I of the Project for the immediately preceding Fiscal Year. For a period of 10 years after the issuance of a Certificate of Occupancy for Phase I, the City shall annually grant an amount to Developer equal to one cent of the Hotel Occupancy Tax rate [currently seven cents (\$.07)] collected by the City from Phase II of the Project for the immediately preceding Fiscal Year. The City shall annually provide a grant in an amount equal to one half of one cent of the municipal sales tax revenue collected on the "Property" for a period of 10 years following the opening of Phase II. The initial term payment was made in 2008, and for the fiscal year-end 2015 the incentives earned were \$579,526 and were remitted by the City in fiscal year 2015.

Henry Schein

The City of Grapevine, Texas entered into a rebate agreement with Henry Schein, Inc. on March 6, 2007, for the rebate of Sales Tax Receipts from the one percent (1%) sales and use tax under Chapter 321 of the Texas Tax Code. The amount of the rebate is eighty seven and one half percent (87.5%) of the sales tax receipts for the sale of taxable items at the Henry Schein facility in Grapevine, TX. The rebate does not apply to the one half of one percent (.5 %) sales and use tax imposed on behalf of the Grapevine 4B Economic Development Corporation and one half of one percent (.5 %) sales and use tax imposed on behalf of the Grapevine Crime Control and Prevention District. The initial term of the agreement began on April 1, 2007, and continues until the 10th anniversary date of the commencement date. Thereafter, the term of this agreement shall be automatically renewed for two (2) successive terms of ten (10) years each. The initial term payment was made in 2007, and for the fiscal year-end 2015 the rebate amounts earned by Henry Schein, Inc. totaled \$1,210,900.

11. RISK MANAGEMENT

The City of Grapevine is exposed to various risks of loss related to tort liability, theft of and damage to property and destruction of assets; public officials' errors and omissions; bodily injury and property damage; injury to employees and natural disasters. During fiscal year 1987, the City of Grapevine established a risk management program to account for and finance its risk of loss. In fiscal year 1991, the Risk Management program was expanded to include implementation of the SIR (Self Insured Retention) plan.

Under this plan, the City provided insurance protection for all known exposures, including all third party liability, law enforcement liability, public officials' errors and omissions, and all bodily injury and property damage arising out of the City's operations on an insured basis with various retentions up to \$10,000 per occurrence. In addition, the City provides protection for all its real property on a blanket building basis, including contents with agreed values and replacement costs with \$5,000 retention per occurrence. The City provides statutory workers' compensation for all employees for bodily injury and indemnity loss of wages. The City provides liability protection for all its commercial auto vehicles (fleet) on an insured basis up to \$1,000 per occurrence. The City also provides \$10,000,000 excess umbrella liability over all liability exposures.

The City's loss experience has been very favorable with the experience modifier of .32 in the City's workers' compensation plan and similar loss ratios in the City's property and casualty insurance fund. The City purchases commercial insurance for claims in excess of its retention provided by the fund and for all other risks of loss. Risk management subrogates against third parties that damage City property or create bodily injury to City staff. Settled claims have not exceeded this commercial coverage in any of the past twenty fiscal years, nor has the City experienced significant reductions in coverage. All funds of the City participate in the program and make payments to the general fund based on actuarial estimates of the amounts needed to pay prior and current year premiums and claims. All third party liability and property protection is provided by A rated insurance carriers as defined by Best Key Rating Guide, A.M. Best Company. All workers' compensation protection afforded the employees of the City of Grapevine is through the Texas Municipal League Risk Retention Pool (TML Intergovernmental Risk Pool – Texas Municipal League, 211 E. 7th Street, Austin, Texas 78701).

The City establishes the insurance claim liability based on estimates of the ultimate cost of claims reported but unsettled and of claims incurred but not reported. Any claims incurred and not reported are not believed to be significant to the City's financial statements. Activity for the last two years is as follows:

	<u>2015</u>	<u>2014</u>
Claims payable, beginning of year	\$ 340,141	\$ 560,808
Current year claims and changes in estimates	8,547,508	6,849,116
Payments on claims	<u>(8,241,696)</u>	<u>(7,069,783)</u>
Claims payable at end of year	<u>\$ 645,953</u>	<u>\$ 340,141</u>

12. WATER STORAGE RIGHTS

Water storage rights of \$683,547 net of accumulated amortization of \$588,131, represent rights in the Federal Reservoir at Lake Grapevine purchased through a long-term contract with the federal government and are recorded at cost, with amortization being recorded using the straight-line method over the initial term of the contract of 40 years. Approximately 5 years remains on the contract.

13. IMPACT FEES

The City records impact fees received in excess of the cost of physical connection to the Water and Sewer system as revenues. Corresponding cash is recorded as a restricted asset for future expansion of the Water and Sewer system.

14. WATER AND SEWER CONTRACTS

The City has separate contracts with the Trinity River Authority of Texas (“TRA”) for the purchase of treated water and for the transportation, treatment and disposal of wastewater. The contracts require the City to pay varying amounts based on the costs associated with water purchased and wastewater transported and/or treated and disposed. The costs include the City’s proportionate share of TRA’s operating and maintenance expenses, related debt service costs, plus certain other miscellaneous charges.

Payments during 2015 for the purchase of treated water were \$7,389,461 and payments made for the transportation, treatment, and disposal of wastewater by TRA were \$1,368,647. If the City were unable to fulfill its obligations under the contracts, the only liability for future payment would be its proportionate share of debt service requirements. In addition, the City does not retain an ongoing financial interest in TRA and has no representation on the TRA Board; therefore, the TRA contracts are not considered to be joint venture agreements.

15. OTHER POSTEMPLOYMENT BENEFITS

Post-retirement Health Care Benefits

The City provides certain health care and life insurance benefits through a single-employer defined benefit OPEB plan, under City ordinance, for all full and part-time employees that meet eligibility requirements. Eligible individuals include retired employees who have satisfied the requirement as defined by the Texas Municipal Retirement System and their dependents that were covered prior to retirement. The requirement as defined by the Texas Municipal Retirement System is any age with 20 years of service or 5 years of service for age 60 and above. City Council members that serve three terms will be classified as retired employees when they leave office. As of the measurement date the City had 548 active members and 163 retirees eligible to participate in the City’s plan.

Retirees pay premiums for coverage in the OPEB programs. There is not a maximum employer paid premium amount (capped benefit). Active employees do not contribute to the retiree health care plan.

Retirees are eligible for medical, dental, vision, and prescription insurance until they become Medicare eligible. Retirees are also eligible for a \$20,000 life insurance policy. Once Medicare eligible, retirees are eligible for dental, vision, and life insurance only. At that time, the City medical plan will no longer be available. A supplement of \$250 will be made available to all retirees who either (1) retire after the age of 65 or (2) are covered pre-Medicare in the retiree medical program. Spouses of retirees will receive the \$250 supplement if they have been on the plan for one year prior to retirement.

Retirees are eligible for benefits immediately upon retirement. If the employee returns to work for an employer that offers health coverage, the retiree cannot rejoin the City's health plan at a later date.

In the event that an active employee passes away, the spouse and dependents will become eligible for retiree coverage if (1) the employee was eligible for retirement as defined by the Texas Municipal Retirement System; and (2) the employee had dependent coverage at the time of death. Coverage will continue under the plan as long as monthly retiree premiums are paid by the specified due date, until dependents are no longer considered eligible dependents as defined by the plan, until the covered dependent becomes Medicare eligible, or until a surviving spouse remarries.

When the retiree or eligible dependent becomes Medicare eligible, the City medical plan will no longer be available. Upon reaching Medicare eligibility retirees and their spouses may enroll in the Senior Insurance Plan.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that is projected recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost for the fiscal year ending September 30, 2015, is as follows:

Annual Required Contribution (ARC)	\$ 4,920,558
Interest on Net OPEB Obligation	728,085
Adjustment to the ARC	<u>(674,563)</u>
Annual OPEB Cost	4,974,080
Employer Contributions	<u>(1,395,024)</u>
Increase (Decrease) in Net OPEB Obligation	3,579,056
Net OPEB Obligation/(Asset), beginning of year	<u>16,179,664</u>
 Net Pension Obligation/(Asset), ending of year	 <u>\$ 19,758,720</u>

Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. In addition to the employer contribution, the retirees paid \$159,396 in the form of premiums which funded current medical claims.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2015 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2013	\$ 4,137,132	\$ 1,129,984	27.3%	\$ 13,037,576
9/30/2014	4,270,199	1,128,111	26.4%	16,179,664
9/30/2015	4,974,080	1,395,024	28.0%	19,758,720

Funding Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2014	-	\$ 49,256,419	\$ 49,256,419	- %	\$ 36,690,944	134.25%

The projection of future payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Actuarial Valuation Date	12/31/2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level as a percentage of payroll
Remaining Amortization Period	30 years; open
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Inflation rate	3% per annum
Investment Rate of Return	4.5% per annum, net of expenses
Payroll Growth Rate	3% per annum
General Inflation Rate	3% per annum
Health Care Trend	Initial rate of 7.25% declining to an ultimate rate of 4.75% after 13 years

There is no separately issued audited benefit plan report available for the City's OPEB plan.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

16. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2015, expenditures exceeded appropriations in the General Fund for general government and capital outlay expenditures (the legal level of budgetary control) by \$764,800 and \$63,436 respectively.

17. SUBSEQUENT EVENTS

On December 1, 2015, the City of Grapevine issued Public Property Finance Contractual Obligations, Series 2015 in the amount of \$3,070,000 with interest rates ranging from 2.0 – 4.0%. The proceeds from the sale of the contractual obligations will be used for acquisition of vehicles and equipment for the Fire Department; acquisitions of servers and computer equipment of the IT Data Center and finally costs associated with the issuance of the obligation.

On December 8, 2015, the City of Grapevine entered into an Economic Development and Incentive Agreement with John T. Evans Company (developer) to sell property for \$2,600,000. The City is authorized by Chapter 380 of the Texas Local Government Code to provide economic development incentives to support the expansion of local business activity. The project is a Perry's Steakhouse and will generate approximately 90 new full-time positions. The City will provide a total potential economic grant of \$750,000 if the developer meets the conditions and terms of the agreement.

At the end of 2013, the City of Grapevine purchased a 185 acre commercial and industrial tract of land in northeast Grapevine to use for future economic development. On January 21, 2016, the City closed on an agreement they had entered to sell 35 acres to Mercedes Benz, a major international company for \$2,975,000. They are building and housing a regional parts distribution center and a high-end technical training facility that is anticipated to be opened in 2017.

On January 21, 2016, the City of Grapevine entered into its seventh addendum to the original agreement dated March 24, 1999, Convention Development and Marketing Agreement with RHP Operations GT, LLC successor in interest to (Opryland Hotel-Gaylord). This new addendum provides for an expansion of their facility and offered an inventive of \$1 million of Hotel Occupancy funds to be paid annually for a period of not more than ten (10) years. The available CVB Funds means that for any fiscal year one cent (\$.01) of the Hotel Occupancy Tax (currently \$.07) is collected by the City from the Gaylord resorts existing 1,511 rooms in the Project for the immediately preceding fiscal year, which amount shall be allocated to the project and expended by the City to pay costs and expenses incurred in connection with the advertising and promotion of the project in accordance with this agreement.

On December 15, 2015, the City expanded the boundaries and extended the term of the Tax Increment Financing District Reinvestment Zone (TIF) Number One until December 31, 2038. The TIF will continue to promote and create mixed-use development and the project and financing plan outlines funding of approximately \$95 million. These public improvements will include streets, water, and sewer and storm facilities, open space, parks and recreation. The amended TIF will fund these improvements only through 100% contribution of the City's ad valorem increment tax that will be generated within the new designated boundary zone.

On January 19, 2016, the TIF Board as authorized by Section 311.011, 311.008 and 311.0085 of the Act and pursuant to Board Resolution TIF #1 2016-001, the Board amended the Plan to establish a TIF Educational Facilities Category. On February 2, 2016 the City Council approved an ordinance to amend the project and financing plan for the TIF #1. The goal of amending the TIF #1 is the continued funding of the construction of needed public infrastructure and to encourage private development.

On February 12, 2016, the City of Grapevine submitted \$2,408,750 to the Bank of New York Mellon for the last and final payment of the bond debt related to TIF #1. This amount included \$2,350,000 for principal and \$58,750 in interest for this financing district debt.

18. PRIOR PERIOD ADJUSTMENT

Adjustments were posted to restate beginning net position as of September 30, 2014. A summary of these adjustments is as follows:

	Government-wide Statement of Activities		Fund Level Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	
	Governmental Activities	Business-type Activities	Water and Sewer	Lake Enterprise
	Net position at September 30, 2014, as previously reported	\$ 203,556,390	\$ 92,074,414	\$ 92,286,242
Capital assets previously unreported	33,129,230	19,774,024	19,774,024	-
Recording of net pension liability - GASB Statement No. 68 implementation	(30,304,476)	(3,013,981)	(2,218,223)	(795,758)
Elimination of net pension obligation as of September 30, 2014	<u>5,313,656</u>	<u>576,234</u>	<u>396,874</u>	<u>179,360</u>
Net position at September 30, 2014, as restated	<u>\$ 211,694,800</u>	<u>\$ 109,410,691</u>	<u>\$ 110,238,917</u>	<u>\$(828,226)</u>

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF GRAPEVINE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 43,034,246	\$ 43,034,246	\$ 44,239,690	\$ 1,205,444
Licenses and permits	1,203,126	1,203,126	1,526,597	323,471
Intergovernmental	78,982	78,982	124,599	45,617
Charges for services	3,949,211	3,949,211	4,508,131	558,920
Fines and forfeitures	2,402,393	2,402,393	2,057,044	(345,349)
Investment income	20,500	20,500	21,181	681
Miscellaneous	265,000	265,000	404,322	139,322
Total revenues	<u>50,953,458</u>	<u>50,953,458</u>	<u>52,881,564</u>	<u>1,928,106</u>
EXPENDITURES				
Current:				
General government	16,105,442	16,399,821	17,164,621	(764,800)
Public safety	13,810,215	13,742,825	13,627,011	115,814
Culture and recreation	10,443,937	10,668,194	10,642,798	25,396
Public works	5,654,998	5,426,101	5,322,597	103,504
Capital outlay	105,808	145,181	208,617	(63,436)
Debt service principal	-	173,556	173,556	-
Total expenditures	<u>46,120,400</u>	<u>46,555,678</u>	<u>47,139,200</u>	<u>(583,522)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES				
	<u>4,833,058</u>	<u>4,397,780</u>	<u>5,742,364</u>	<u>1,344,584</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,409,149	3,409,149	3,498,018	88,869
Transfers out	(8,181,000)	(8,219,087)	(8,219,087)	-
Sale of capital assets	-	-	15,490	15,490
Total other financing sources (uses)	<u>(4,771,851)</u>	<u>(4,809,938)</u>	<u>(4,705,579)</u>	<u>104,359</u>
NET CHANGE IN FUND BALANCES				
	61,207	(412,158)	1,036,785	1,448,943
FUND BALANCES, BEGINNING				
	<u>12,918,230</u>	<u>12,918,230</u>	<u>12,918,230</u>	<u>-</u>
FUND BALANCES, ENDING				
	<u>\$ 12,979,437</u>	<u>\$ 12,506,072</u>	<u>\$ 13,955,015</u>	<u>\$ 1,448,943</u>

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**CITY OF GRAPEVINE, TEXAS
HOTEL OCCUPANCY TAX
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 15,337,872	\$ 15,337,872	\$ 18,102,966	\$ 2,765,094
Charges for services	6,951,558	6,951,558	7,205,598	254,040
Investment income	3,776	3,776	22,928	19,152
Miscellaneous	<u>59,000</u>	<u>59,000</u>	<u>121,243</u>	<u>62,243</u>
Total revenues	<u>22,352,206</u>	<u>22,352,206</u>	<u>25,452,735</u>	<u>3,100,529</u>
EXPENDITURES				
Current:				
Tourism	-	-	16,179,400	(16,179,400)
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>18,935</u>	<u>21,065</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>16,198,335</u>	<u>(16,158,335)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>22,312,206</u>	<u>22,312,206</u>	<u>9,254,400</u>	<u>(13,057,806)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	403,272	403,272	384,053	(19,219)
Transfers out	<u>(2,921,993)</u>	<u>(3,307,349)</u>	<u>(3,282,348)</u>	<u>25,001</u>
Total other financing sources (uses)	<u>(2,518,721)</u>	<u>(2,904,077)</u>	<u>(2,898,295)</u>	<u>5,782</u>
NET CHANGE IN FUND BALANCES	19,793,485	19,408,129	6,356,105	(13,052,024)
FUND BALANCES, BEGINNING	<u>6,568,238</u>	<u>6,568,238</u>	<u>6,568,238</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 26,361,723</u>	<u>\$ 25,976,367</u>	<u>\$ 12,924,343</u>	<u>\$ (13,052,024)</u>

**CITY OF GRAPEVINE, TEXAS
CRIME DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 12,913,790	\$ 12,913,790	\$ 13,196,742	\$ 282,952
Intergovernmental	158	158	485	327
Investment income	2,500	2,500	2,216	(284)
Miscellaneous	-	-	3,624	3,624
Total revenues	12,916,448	12,916,448	13,203,067	286,619
EXPENDITURES				
Current:				
General government	9,942	137,620	127,318	10,302
Public safety	13,754,340	13,747,255	13,232,874	514,381
Total expenditures	13,764,282	13,884,875	13,360,192	524,683
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(847,834)	(968,427)	(157,125)	811,302
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	525,000	700,000	175,000
Total other financing sources (uses)	700,000	699,687	700,000	313
NET CHANGE IN FUND BALANCES	(147,834)	(268,740)	542,875	811,615
FUND BALANCES, BEGINNING	612,969	612,969	612,969	-
FUND BALANCES, ENDING	\$ 465,135	\$ 344,229	\$ 1,155,844	\$ 811,615

CITY OF GRAPEVINE, TEXAS
4B - ECONOMIC DEVELOPMENT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 3,326,411	\$ 3,326,411	\$ 3,982,577	\$ 656,166
Investment income	45,000	45,000	16,303	(28,697)
Miscellaneous	-	-	61	61
Total revenues	3,371,411	3,371,411	3,998,941	627,530
EXPENDITURES				
Current:				
Economic development	1,052,603	1,686,081	1,130,687	555,394
Total expenditures	1,052,603	1,686,081	1,130,687	555,394
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	2,318,808	1,685,330	2,868,254	1,182,924
OTHER FINANCING SOURCES (USES)				
Transfers in	4,624	1,975,530	4,624	(1,970,906)
Transfers out	(1,883,383)	(1,931,235)	(2,127,343)	(196,108)
Sale of capital assets	-	-	5,775,030	5,775,030
Total other financing sources (uses)	(1,878,759)	44,295	3,652,311	3,608,016
NET CHANGE IN FUND BALANCES	440,049	1,729,625	6,520,565	4,790,940
FUND BALANCES, BEGINNING	10,333,523	10,333,523	10,333,523	-
FUND BALANCES, ENDING	\$ 10,773,572	\$ 12,063,148	\$ 16,854,088	\$ 4,790,940

CITY OF GRAPEVINE, TEXAS
4B - TRANSIT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Sales taxes	\$ 9,979,233	\$ 9,979,233	\$ 9,573,493	\$(405,740)
Investment income	<u>2,000</u>	<u>2,000</u>	<u>1,426</u>	<u>(574)</u>
Total revenues	<u>9,981,233</u>	<u>9,981,233</u>	<u>9,574,919</u>	<u>(406,314)</u>
EXPENDITURES				
Current:				
Transportation	<u>9,084,424</u>	<u>9,222,903</u>	<u>9,222,903</u>	<u>-</u>
Total expenditures	<u>9,084,424</u>	<u>9,222,903</u>	<u>9,222,903</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>896,809</u>	<u>758,330</u>	<u>352,016</u>	<u>(406,314)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(344,809)</u>	<u>(350,590)</u>	<u>(350,590)</u>	<u>-</u>
Total other financing sources (uses)	<u>(344,809)</u>	<u>(350,590)</u>	<u>(350,590)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	552,000	407,740	1,426	(406,314)
FUND BALANCE, BEGINNING	<u>459,260</u>	<u>459,260</u>	<u>459,260</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,011,260</u>	<u>\$ 867,000</u>	<u>\$ 460,686</u>	<u>\$(406,314)</u>

CITY OF GRAPEVINE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Plan Year	<u>2014</u>
A. Total pension liability	
Service Cost	\$ 6,509,572
Interest (on the Total Pension Liability)	15,338,396
Actuarial determined contribution	-
Difference between expected and actual experience	(1,847,827)
Contributions in relation to the actuarially determined contribution	-
Benefit payments, including refunds of employee contributions	<u>(8,121,165)</u>
Net change in total pension liability	11,878,976
Total pension liability - beginning	<u>219,925,733</u>
Total pension liability - ending (a)	<u><u>\$ 231,804,709</u></u>
B. Plan fiduciary net position	
Contributions - Employer	\$ 6,975,288
Contributions - Employee	2,583,406
Net Investment Income	10,365,590
Benefit payments, including refunds of employee contributions	(8,121,165)
Administrative Expenses	(108,213)
Other	<u>(8,897)</u>
Net change in plan fiduciary net position	11,686,009
Plan fiduciary net position - beginning	<u>181,182,907</u>
Plan fiduciary net position - ending (b)	<u>192,868,916</u>
C. Net pension liability - ending (a) - (b)	<u><u>\$ 38,935,793</u></u>
D. Plan fiduciary net position as a percentage of total pension liability	83.20%
E. Covered employee payroll	\$ 36,690,944
F. Net position liability as a percentage of covered employee payroll	106.12%

**CITY OF GRAPEVINE, TEXAS
SCHUEDLE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Fiscal Year	2014	2015
Actuarial determined contribution	\$ 6,911,778	\$ 7,193,830
Contributions in relation to the actuarially determined contribution	<u>6,911,778</u>	<u>7,193,830</u>
Contribution deficiency (excess)	-	-
Covered employee payroll	36,595,511	37,658,091
Contributions as a percentage of covered employee payroll	18.89%	19.10%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 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	7.0%
Retirement Age	Experience-based table of rates that are specific to the City's plan of 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 of with BB.

Other Information

There were no benefit changes during the year.

CITY OF GRAPEVINE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POST-RETIREMENT HEALTH CARE BENEFIT PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/2010	\$ -	\$ 36,241,223	0.0%	\$ 36,241,223	\$ 35,278,020	102.7%
12/31/2012	-	41,596,928	0.0%	41,596,928	35,493,723	117.2%
12/31/2014	-	49,256,419	0.0%	49,256,419	36,690,944	134.2%

CITY OF GRAPEVINE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Budgets

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

- (1) Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to September 15, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council, after public hearings. Total expenditures may not exceed appropriations at the individual fund level.
- (5) Budgets are legally adopted for the General Fund, Hotel Occupancy Tax Fund, the Crime District Fund, the 4B – Economic Development Fund, the 4B – Transit Fund, the Debt Service Fund and Enterprise Funds. Budgetary control is maintained at the fund level.
- (6) Budgets for the General, Hotel Occupancy Tax Special Revenue, Crime District, 4-B Economic Development Fund, 4B–Transit Fund, and Debt Service Fund are adopted in accordance with generally accepted accounting principles. Budget amounts are as amended by the City Council and adjusted for transfers of budgeted amounts between departments within any fund, authorized by the City Manager.
- (7) Budgetary comparison schedules are presented as required supplementary information for the General Fund and for each major special revenue fund. Capital Projects Funds have not been presented as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of these funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.
- (8) The budgetary comparison schedules included in the required supplementary information present a comparison of budgetary data to actual results of operations for the General Fund, Hotel Occupancy Tax Fund, Crime District Fund, 4B–Economic Development Fund, and 4B–Transit Fund. A comparison of budgetary data to actual results of operations for the Debt Service Fund is presented as supplementary information.

**COMBINING AND INDIVIDUAL
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues that are restricted in nature for a special purpose limited by state law and management intentions for expenditures.

Special Revenue Fund– to account for revenues that are restricted in name for a special purpose limited by state law and management intentions for expenditures. These funds include monies for state and federal forfeitures, copier service and replacement, library and parks programs and policy in-service training.

Storm Drainage Fund – to account for the services in the management and acquisition of capital for storm water drainage utility projects in the City.

Lake Parks Fund – to account for revenues from the campgrounds at Lake Grapevine. Revenues are restricted in accordance with Army Corp. of Engineer requirements and for debt covenant requirements for bonds issued for campground construction.

Grant Fund – is used to account for federal and state funded grants.

CAPITAL PROJECTS FUNDS

Capital Projects Funds – used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Parks Open Space and Recreation Fund - used to account for the financing, acquisition, construction and improvement of parks and public recreation facilities.

The Tax Increment Financing (TIF) Number One Capital Projects Fund – established for the financing, acquisition and construction of the infrastructure surrounding the Grapevine Mills Mall.

The Tax Increment Financing (TIF) Number Two Capital Projects Fund – established for the financing, acquisition and construction of the infrastructure surrounding Gaylord Texas Resort and Convention Center.

Street Maintenance and Capital Replacement Fund – to account for resources provided and expended on street maintenance and capital replacements.

Capital Acquisition Fund – to account for financial resources for the replacement and acquisition of capital assets.

Quality of Life Fund – to account for capital projects as designated by the City Council.

CITY OF GRAPEVINE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Revenue			
	Special Revenue	Storm Drainage	Lake Parks	Grant
ASSETS				
Cash	\$ 3,239,341	\$ 877,121	\$ 1,899	\$ 1,131,275
Receivables:				
Accounts, net	12,554	147,371	783	-
Accrued interest	769	141	-	-
Inventory	-	-	18,849	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	1,646
Prepays	6,207	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>3,258,871</u>	\$ <u>1,024,633</u>	\$ <u>21,531</u>	\$ <u>1,132,921</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 38,114	\$ 24,506	\$ 80,557	\$ -
Accrued and other liabilities	6,024	15,108	827	-
Due to other funds	-	-	1,281,081	1,119,945
Unearned revenue	-	-	129,954	-
Developer deposits	-	-	-	-
Total liabilities	<u>44,138</u>	<u>39,614</u>	<u>1,492,419</u>	<u>1,119,945</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventory	-	-	18,849	-
Restricted:				
Debt service	-	-	-	-
Capital projects	-	371,627	-	-
Public safety	665,036	-	-	-
Culture and recreation	37,598	-	-	-
Committed for:				
Stormwater drainage operations	-	613,392	-	-
Public arts	953,587	-	-	-
Assigned for:				
Capital projects	648,775	-	-	-
Culture and recreation	909,737	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(1,489,737)</u>	<u>12,976</u>
Total fund balances	<u>3,214,733</u>	<u>985,019</u>	<u>(1,470,888)</u>	<u>12,976</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>3,258,871</u>	\$ <u>1,024,633</u>	\$ <u>21,531</u>	\$ <u>1,132,921</u>

Capital Projects

Parks Open Space and Recreation	TIF #1	TIF #2	Street Maintenance and Capital Replacement	Capital Acquisition	Quality of Life	Total Other Governmental Funds
\$ 568,579	\$ 1,032,529	\$ 2,146,880	\$ 2,297,426	\$ 6,243,229	\$ 9,450,023	\$ 26,988,302
196,108	-	-	-	-	116,590	473,406
177	241	-	550	917	2,273	5,068
-	-	-	-	-	-	18,849
-	-	-	-	-	1,119,099	1,119,099
-	-	-	16,387	-	-	18,033
-	-	-	-	-	-	6,207
<u>\$ 764,864</u>	<u>\$ 1,032,770</u>	<u>\$ 2,146,880</u>	<u>\$ 2,314,363</u>	<u>\$ 6,244,146</u>	<u>\$ 10,687,985</u>	<u>\$ 28,628,964</u>
\$ -	\$ -	\$ -	\$ 380,089	\$ 9,197	\$ 131,225	\$ 663,688
-	-	-	-	1,742	-	23,701
-	-	-	-	-	-	2,401,026
-	-	-	-	-	116,590	246,544
278,780	-	-	-	-	-	278,780
<u>278,780</u>	<u>-</u>	<u>-</u>	<u>380,089</u>	<u>10,939</u>	<u>247,815</u>	<u>3,613,739</u>
-	-	-	16,387	-	-	16,387
-	-	-	16,387	-	-	16,387
-	-	-	-	-	-	18,849
486,084	-	-	-	-	-	486,084
-	1,032,770	2,146,880	-	3,205,386	-	6,756,663
-	-	-	-	-	-	665,036
-	-	-	-	-	-	37,598
-	-	-	-	-	-	613,392
-	-	-	-	-	-	953,587
-	-	-	1,917,887	3,027,821	10,440,170	16,034,653
-	-	-	-	-	-	909,737
-	-	-	-	-	-	(1,476,761)
<u>486,084</u>	<u>1,032,770</u>	<u>2,146,880</u>	<u>1,917,887</u>	<u>6,233,207</u>	<u>10,440,170</u>	<u>24,998,838</u>
<u>\$ 764,864</u>	<u>\$ 1,032,770</u>	<u>\$ 2,146,880</u>	<u>\$ 2,314,363</u>	<u>\$ 6,244,146</u>	<u>\$ 10,687,985</u>	<u>\$ 28,628,964</u>

CITY OF GRAPEVINE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue			
	Special Revenue	Storm Drainage	Lake Parks	Grant
REVENUES				
Charges for services	\$ 438,226	\$ 1,390,438	\$ 1,139,013	\$ -
Fines and forfeitures	43,105	-	-	-
Intergovernmental	12,469	-	-	118,601
Contributions	304,190	-	-	-
Investment income	4,895	977	-	-
Miscellaneous	<u>5,242</u>	<u>721</u>	<u>49,034</u>	<u>-</u>
Total revenues	<u>808,127</u>	<u>1,392,136</u>	<u>1,188,047</u>	<u>118,601</u>
EXPENDITURES				
Current:				
General government	288,038	1,711	-	-
Public safety	17,728	-	-	89,851
Culture and recreation	166,618	-	1,144,441	-
Public works	-	790,523	-	-
Capital outlay	10,004	589,870	6,918	8,003
Debt service:				
Bond issuance costs	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>1,212</u>	<u>-</u>
Total expenditures	<u>482,388</u>	<u>1,382,104</u>	<u>1,152,571</u>	<u>97,854</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>325,739</u>	<u>10,032</u>	<u>35,476</u>	<u>20,747</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(55,825)	(463,158)	(405,759)	-
Sale of capital assets	-	76,854	-	-
Issuance of debt	-	-	-	-
Premium on issuance of bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(55,825)</u>	<u>(386,304)</u>	<u>(405,759)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	269,914	(376,272)	(370,283)	20,747
FUND BALANCES, BEGINNING	<u>2,944,819</u>	<u>1,361,291</u>	<u>(1,100,605)</u>	<u>(7,771)</u>
FUND BALANCES, ENDING	<u>\$ 3,214,733</u>	<u>\$ 985,019</u>	<u>\$(1,470,888)</u>	<u>\$ 12,976</u>

Capital Projects

Parks Open Space and Recreation	TIF #1	TIF #2	Street Maintenance and Capital Replacement	Capital Acquisition	Quality of Life	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,967,677
-	-	-	-	-	-	43,105
-	-	-	-	-	-	131,070
-	-	-	-	-	-	304,190
26,331	1,968	1,112	4,349	8,789	15,533	63,954
-	-	-	-	6,023	15,622	76,642
<u>26,331</u>	<u>1,968</u>	<u>1,112</u>	<u>4,349</u>	<u>14,812</u>	<u>31,155</u>	<u>3,586,638</u>
-	-	-	268,770	-	-	558,519
-	-	-	40,417	1,664,603	-	1,812,599
-	-	-	293,008	-	684,388	2,288,455
-	-	-	1,835,302	85,800	42,664	2,754,289
17,015,145	2,774	-	781,248	411,109	168,138	18,993,209
-	-	-	-	19,515	-	19,515
-	-	2,828	-	2,703	-	6,743
<u>17,015,145</u>	<u>2,774</u>	<u>2,828</u>	<u>3,218,745</u>	<u>2,183,730</u>	<u>895,190</u>	<u>26,433,329</u>
(16,988,814)	(806)	(1,716)	(3,214,396)	(2,168,918)	(864,035)	(22,846,691)
196,108	55,484	-	3,279,000	1,280,000	3,000,000	7,810,592
-	(625,000)	-	-	-	-	(1,549,742)
-	-	-	-	242,612	-	319,466
-	-	-	-	1,712,230	-	1,712,230
-	-	-	-	95,100	-	95,100
<u>196,108</u>	<u>(569,516)</u>	<u>-</u>	<u>3,279,000</u>	<u>3,329,942</u>	<u>3,000,000</u>	<u>8,387,646</u>
(16,792,706)	(570,322)	(1,716)	64,604	1,161,024	2,135,965	(14,459,045)
<u>17,278,790</u>	<u>1,603,092</u>	<u>2,148,596</u>	<u>1,853,283</u>	<u>5,072,183</u>	<u>8,304,205</u>	<u>39,457,883</u>
<u>\$ 486,084</u>	<u>\$ 1,032,770</u>	<u>\$ 2,146,880</u>	<u>\$ 1,917,887</u>	<u>\$ 6,233,207</u>	<u>\$ 10,440,170</u>	<u>\$ 24,998,838</u>

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CITY OF GRAPEVINE, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 11,769,779	\$ 11,769,779	\$ 11,938,934	\$ 169,155
Investment income	40,000	40,000	30,241	(9,759)
Total revenues	11,809,779	11,809,779	11,969,175	159,396
EXPENDITURES				
Current:				
General government	-	24,960	24,960	-
Debt service:				
Principal	10,718,728	10,408,728	10,408,727	1
Interest and fiscal charges	5,295,204	5,229,124	5,229,112	12
Bond issuance costs	-	235,494	126,257	109,237
Other	7,000	516	516	-
Total expenditures	16,020,932	15,898,822	15,789,572	109,250
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(4,211,153)	(4,089,043)	(3,820,397)	268,646
OTHER FINANCING SOURCES (USES)				
Transfers in	4,225,551	4,225,551	4,225,551	-
Issuance of debt	-	-	12,500,000	12,500,000
Premium on issuance of debt	-	-	1,176,439	1,176,439
Payment to bond refunding escrow agent	-	(13,643,322)	(13,643,322)	-
Total other financing sources (uses)	4,225,551	(9,417,771)	4,258,668	13,676,439
NET CHANGE IN FUND BALANCE	14,398	(13,506,814)	438,271	13,945,085
FUND BALANCE, BEGINNING	16,920,164	16,920,164	16,920,164	-
FUND BALANCE, ENDING	\$ 16,934,562	\$ 3,413,350	\$ 17,358,435	\$ 13,945,085

CITY OF GRAPEVINE, TEXAS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Police Department Case Settlement			
	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
Cash and cash equivalents	\$ 18,276	\$ 428	\$ -	\$ 18,704
Total assets	<u>\$ 18,276</u>	<u>\$ 428</u>	<u>\$ -</u>	<u>\$ 18,704</u>
Due to beneficiary	\$ 18,276	\$ 428	\$ -	\$ 18,704
Total liabilities	<u>\$ 18,276</u>	<u>\$ 428</u>	<u>\$ -</u>	<u>\$ 18,704</u>

	Industrial Development Corporation			
	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
Cash and cash equivalents	\$ 130,287	\$ 86	\$ -	\$ 130,373
Total assets	<u>\$ 130,287</u>	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ 130,373</u>
Due to beneficiary	\$ 130,287	\$ 86	\$ -	\$ 130,373
Total liabilities	<u>\$ 130,287</u>	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ 130,373</u>

	W.D. Tate Scholarship			
	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
Cash and cash equivalents	\$ 11,389	\$ 2,319	\$ -	\$ 13,708
Total assets	<u>\$ 11,389</u>	<u>\$ 2,319</u>	<u>\$ -</u>	<u>\$ 13,708</u>
Due to beneficiary	\$ 11,389	\$ 2,319	\$ -	\$ 13,708
Total liabilities	<u>\$ 11,389</u>	<u>\$ 2,319</u>	<u>\$ -</u>	<u>\$ 13,708</u>

CITY OF GRAPEVINE, TEXAS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
(Continued)
YEAR ENDED SEPTEMBER 30, 2015

	Total Agency Funds			Balance 9/30/2015
	Balance 10/1/2014	Additions	Deletions	
Cash and cash equivalents	\$ 159,952	\$ 2,833	\$ -	\$ 162,785
Total assets	<u>\$ 159,952</u>	<u>\$ 2,833</u>	<u>\$ -</u>	<u>\$ 162,785</u>
Due to beneficiary	\$ 159,952	\$ 2,833	\$ -	\$ 162,785
Total liabilities	<u>\$ 159,952</u>	<u>\$ 2,833</u>	<u>\$ -</u>	<u>\$ 162,785</u>

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Grapevine, Texas' 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

	Page
Financial Trends	84 – 95
<p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
Revenue Capacity	96 – 101
<p>These schedules contain information to help the reader assess the City's most significant local revenue sources. Sales tax became the most significant revenue source in FY 2007. Beginning in FY 2010, sales tax revenue information became available to the City and is in Tables 5 and 6. Information about principal sales tax revenue payers is confidential under Texas statutes and is not provided. Additionally, information about the City's second most significant local revenue source, the property tax, is provided.</p>	
Debt Capacity	102 – 108
<p>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	109 – 110
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
Operating Information	111 – 113
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF GRAPEVINE, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 21,862	\$ 28,660	\$ 39,332	\$ 57,264
Restricted	21,049	32,626	34,200	40,419
Unrestricted	<u>16,653</u>	<u>18,198</u>	<u>29,360</u>	<u>25,626</u>
Total governmental activities net position	<u>\$ 59,564</u>	<u>\$ 79,484</u>	<u>\$ 102,892</u>	<u>\$ 123,309</u>
Business-type activities:				
Net investment in capital assets	\$ 63,936	\$ 65,750	\$ 68,641	\$ 68,785
Restricted	6,784	7,228	7,365	7,097
Unrestricted	<u>13,012</u>	<u>14,382</u>	<u>13,790</u>	<u>14,238</u>
Total business-type activities net position	<u>\$ 83,732</u>	<u>\$ 87,360</u>	<u>\$ 89,796</u>	<u>\$ 90,120</u>
Primary government:				
Net investment in capital assets	\$ 85,798	\$ 94,410	\$ 107,973	\$ 126,049
Restricted	27,833	39,854	41,565	47,516
Unrestricted	<u>29,665</u>	<u>32,580</u>	<u>43,150</u>	<u>39,864</u>
Total primary government net position	<u>\$ 143,296</u>	<u>\$ 166,844</u>	<u>\$ 192,688</u>	<u>\$ 213,429</u>

Source: Comprehensive Annual Financial Reports

TABLE 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 73,702	\$ 84,069	\$ 88,342	\$ 114,212	\$ 139,392	\$ 176,133
55,622	61,712	71,909	78,377	74,312	71,932
<u>13,109</u>	<u>10,421</u>	<u>14,469</u>	<u>(3,570)</u>	<u>(10,147)</u>	<u>(21,047)</u>
<u>\$ 142,433</u>	<u>\$ 156,202</u>	<u>\$ 174,720</u>	<u>\$ 189,019</u>	<u>\$ 203,557</u>	<u>\$ 227,018</u>
\$ 70,055	\$ 70,771	\$ 70,171	\$ 74,750	\$ 77,872	\$ 104,296
6,732	7,133	8,969	8,032	2,612	2,649
<u>11,924</u>	<u>11,240</u>	<u>10,530</u>	<u>6,912</u>	<u>11,590</u>	<u>8,094</u>
<u>\$ 88,711</u>	<u>\$ 89,144</u>	<u>\$ 89,670</u>	<u>\$ 89,694</u>	<u>\$ 92,074</u>	<u>\$ 115,039</u>
\$ 143,757	\$ 154,840	\$ 158,513	\$ 172,921	\$ 217,264	\$ 280,429
62,354	68,845	80,878	86,409	76,924	74,581
<u>25,033</u>	<u>21,661</u>	<u>24,999</u>	<u>19,382</u>	<u>1,443</u>	<u>(12,953)</u>
<u>\$ 231,144</u>	<u>\$ 245,346</u>	<u>\$ 264,390</u>	<u>\$ 278,712</u>	<u>\$ 295,631</u>	<u>\$ 342,057</u>

CITY OF GRAPEVINE, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2006	2007	2008	2009
EXPENSES				
Governmental activities:				
General government	\$ 13,964	\$ 19,150	\$ 17,898	\$ 19,245
Public safety	19,174	20,732	23,701	26,031
Culture and recreation	19,978	21,914	26,753	25,657
Public works	9,502	12,777	18,573	18,670
Transportation	-	-	-	-
Economic development	-	-	-	-
Tourism	-	-	-	-
Interest on long-term debt	6,579	6,634	6,403	5,093
Total governmental activities expenses	<u>69,197</u>	<u>81,207</u>	<u>93,328</u>	<u>94,696</u>
Business-type activities:				
Water and sewer	15,944	15,494	17,415	17,160
Lake Enterprise	2,664	2,668	2,786	2,885
Total business-type activities expenses	<u>18,608</u>	<u>18,162</u>	<u>20,201</u>	<u>20,045</u>
Total primary government expenses	<u>\$ 87,805</u>	<u>\$ 99,369</u>	<u>\$ 113,529</u>	<u>\$ 114,741</u>
PROGRAM REVENUES				
Governmental activities:				
Fees, fines, and charges for services:				
General government	\$ 1,148	\$ 3,535	\$ 4,071	\$ 3,771
Public safety	3,282	3,280	3,597	3,759
Culture and recreation	6,306	6,908	7,479	7,829
Public works	2,782	3,085	1,372	1,344
Tourism	-	-	-	-
Operating grants and contributions	805	2,310	1,629	957
Capital grants and contributions	3,759	785	1,891	5,204
Total governmental activities program revenues	<u>18,082</u>	<u>19,903</u>	<u>20,039</u>	<u>22,864</u>
Business-type activities:				
Charges for services:				
Water and sewer	20,348	17,689	18,893	17,950
Lake Enterprise	2,890	2,712	2,862	2,649
Capital grants and contributions	1,690	833	1,331	674
Total business-type activities program revenues	<u>24,928</u>	<u>21,234</u>	<u>23,086</u>	<u>21,273</u>
Total primary government program revenues	<u>\$ 43,010</u>	<u>\$ 41,137</u>	<u>\$ 43,125</u>	<u>\$ 44,137</u>

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 19,048	\$ 22,526	\$ 18,370	\$ 18,602	\$ 16,348	\$ 18,944
27,095	27,588	28,264	28,309	30,039	31,305
27,175	26,673	27,954	29,578	31,549	15,617
19,136	10,563	11,056	12,216	13,689	12,817
-	7,901	7,789	8,620	11,275	9,223
-	3,394	4,040	3,609	1,405	10,036
-	-	-	-	-	16,966
<u>5,432</u>	<u>5,140</u>	<u>4,590</u>	<u>4,095</u>	<u>6,029</u>	<u>5,655</u>
<u>97,886</u>	<u>103,785</u>	<u>102,063</u>	<u>105,029</u>	<u>110,335</u>	<u>120,563</u>
17,647	18,972	18,372	18,807	19,763	19,691
<u>2,955</u>	<u>3,062</u>	<u>3,053</u>	<u>3,156</u>	<u>2,764</u>	<u>2,850</u>
<u>20,602</u>	<u>22,034</u>	<u>21,425</u>	<u>21,963</u>	<u>22,527</u>	<u>22,541</u>
<u>\$ 118,488</u>	<u>\$ 125,819</u>	<u>\$ 123,488</u>	<u>\$ 126,992</u>	<u>\$ 132,862</u>	<u>\$ 143,104</u>
\$ 4,039	\$ 4,250	\$ 2,547	\$ 2,013	\$ 1,992	\$ 1,723
3,660	3,346	3,736	3,971	4,109	3,705
8,530	9,198	10,099	10,012	10,531	4,322
1,467	1,378	1,418	1,486	1,504	1,448
-	-	-	-	-	7,327
1,060	1,212	1,124	526	275	1,381
<u>3,819</u>	<u>1,302</u>	<u>810</u>	<u>108</u>	<u>203</u>	<u>1,609</u>
<u>22,575</u>	<u>20,686</u>	<u>19,734</u>	<u>18,116</u>	<u>18,614</u>	<u>21,515</u>
18,523	21,168	20,481	20,185	23,667	22,434
2,377	2,862	3,079	3,120	3,017	2,214
<u>274</u>	<u>26,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,896</u>
<u>21,174</u>	<u>50,715</u>	<u>23,560</u>	<u>23,305</u>	<u>26,684</u>	<u>29,544</u>
<u>\$ 43,749</u>	<u>\$ 71,401</u>	<u>\$ 43,294</u>	<u>\$ 41,421</u>	<u>\$ 45,298</u>	<u>\$ 51,059</u>

CITY OF GRAPEVINE, TEXAS
CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2006	2007	2008	2009
NET (EXPENSE) REVENUES				
Governmental activities	\$(51,115)	\$(61,304)	\$(73,289)	\$(71,832)
Business-type activities	<u>6,320</u>	<u>3,072</u>	<u>2,885</u>	<u>1,228</u>
Total primary government net expense	<u>(44,795)</u>	<u>(58,232)</u>	<u>(70,404)</u>	<u>(70,604)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	26,046	27,066	27,974	30,385
Franchise	5,945	6,191	6,295	6,319
Hotel occupancy	9,194	10,126	11,842	10,498
Sales	19,993	31,827	45,098	40,712
Mixed beverage	952	1,128	1,295	1,188
Investment earnings	2,187	3,257	2,520	1,213
Miscellaneous	310	124	-	36
Gain on sale of capital assets	-	-	-	31
Transfers	<u>1,741</u>	<u>1,505</u>	<u>1,673</u>	<u>1,867</u>
Total governmental activities	<u>66,368</u>	<u>81,224</u>	<u>96,697</u>	<u>92,249</u>
Business-type activities:				
Investment earnings	1,035	1,437	1,046	401
Miscellaneous	359	624	178	562
Transfers	<u>(1,741)</u>	<u>(1,505)</u>	<u>(1,673)</u>	<u>(1,867)</u>
Total business-type activities	<u>(347)</u>	<u>556</u>	<u>(449)</u>	<u>(904)</u>
Total primary government	<u>66,021</u>	<u>81,780</u>	<u>96,248</u>	<u>91,345</u>
CHANGE IN NET POSITION				
Governmental activities	15,253	19,920	23,408	20,417
Business-type activities	<u>5,973</u>	<u>3,628</u>	<u>2,436</u>	<u>324</u>
Total primary government	<u>\$ 21,226</u>	<u>\$ 23,548</u>	<u>\$ 25,844</u>	<u>\$ 20,741</u>

Notes:

In April 2007, the City increased sales tax local option from 1% to 2% resulting in additional sales tax revenues of \$10,614 in FY 2007.

For FY 2008, the City had \$11,561 in additional sales tax revenues due to the increase in the sales tax local option from 1% to 2%. This was the first year to have 12 months (annual) with this increase.

Source: Comprehensive Annual Financial Reports

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$(75,311)	\$(83,099)	\$(82,329)	\$(86,913)	\$(91,720)	\$(99,406)
<u>572</u>	<u>1,996</u>	<u>2,135</u>	<u>1,342</u>	<u>4,158</u>	<u>7,003</u>
<u>(74,739)</u>	<u>(81,103)</u>	<u>(80,194)</u>	<u>(85,571)</u>	<u>(87,562)</u>	<u>(92,403)</u>
33,092	29,559	32,048	29,979	30,917	30,903
6,133	6,401	6,356	6,618	6,785	6,824
10,725	12,105	12,327	12,772	14,025	18,103
42,000	45,572	46,932	49,047	52,020	54,060
1,226	1,223	1,051	1,159	1,567	1,648
426	338	286	159	120	266
-	-	170	6	23	11
119	33	-	-	262	1,490
<u>2,064</u>	<u>1,638</u>	<u>1,677</u>	<u>1,471</u>	<u>1,661</u>	<u>1,424</u>
<u>95,785</u>	<u>96,869</u>	<u>100,847</u>	<u>101,211</u>	<u>107,380</u>	<u>114,729</u>
83	75	68	152	20	43
-	170	-	-	-	-
<u>(2,064)</u>	<u>(1,638)</u>	<u>(1,677)</u>	<u>(1,471)</u>	<u>(1,661)</u>	<u>(1,424)</u>
<u>(1,981)</u>	<u>(1,393)</u>	<u>(1,609)</u>	<u>(1,319)</u>	<u>(1,641)</u>	<u>(1,381)</u>
<u>93,804</u>	<u>95,476</u>	<u>99,238</u>	<u>99,892</u>	<u>105,739</u>	<u>113,348</u>
20,474	13,770	18,518	14,298	15,658	15,323
<u>(1,409)</u>	<u>432</u>	<u>526</u>	<u>23</u>	<u>2,517</u>	<u>5,629</u>
<u>\$ 19,065</u>	<u>\$ 14,202</u>	<u>\$ 19,044</u>	<u>\$ 14,321</u>	<u>\$ 18,175</u>	<u>\$ 20,952</u>

CITY OF GRAPEVINE, TEXAS
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved**	\$ 691	\$ 667	\$ 727	\$ 632
Unreserved	5,904	7,562	8,190	8,105
Nonspendable*	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 6,595</u>	<u>\$ 8,229</u>	<u>\$ 8,917</u>	<u>\$ 8,737</u>
All other governmental funds				
Reserved for:				
Prepayments	\$ 64	\$ 76	\$ 91	\$ 583
Inventory	-	2	-	-
Debt service	21,906	26,778	29,863	31,784
Capital projects	20,983	284	6,249	20,566
Unreserved, reported in:				
Special revenue	4,071	7,289	10,002	9,238
Capital projects	4,484	28,753	24,982	18,631
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	-	-	-	-
Tourism	-	-	-	-
Committed for:				
Stormwater drainage operations	-	-	-	-
Public arts	-	-	-	-
Assigned for:				
Economic development	-	-	-	-
Capital projects	-	-	-	-
Culture and recreation	-	-	-	-
Tourism	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 51,508</u>	<u>\$ 63,182</u>	<u>\$ 71,187</u>	<u>\$ 80,802</u>

Note:

* Includes inventory, advances to other funds, and prepaid items.

** The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Source: Comprehensive Annual Financial Reports

TABLE 3

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 714	\$ -	\$ -	\$ -	\$ -	\$ -
7,468	-	-	-	-	-
-	657	653	659	600	553
<u>-</u>	<u>8,938</u>	<u>11,742</u>	<u>11,303</u>	<u>12,318</u>	<u>13,402</u>
<u>\$ 8,182</u>	<u>\$ 9,595</u>	<u>\$ 12,395</u>	<u>\$ 11,962</u>	<u>\$ 12,918</u>	<u>\$ 13,955</u>
\$ 118	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
40,700	-	-	-	-	-
16,861	-	-	-	-	-
11,347	-	-	-	-	-
20,426	-	-	-	-	-
-	15	18	18	15	23
-	42	14	4	23	122
-	26,713	28,858	29,051	28,234	25,720
-	19,863	17,655	90,741	68,131	48,216
-	836	1,078	1,088	1,288	1,818
-	28,985	35,493	41,198	40,137	46,996
-	345	369	412	459	461
-	264	152	41	48	38
-	4,605	5,954	5,268	6,544	-
-	3,005	3,179	2,024	990	613
-	453	600	697	841	954
-	-	-	-	1,717	1,384
-	9,322	10,627	8,043	13,382	16,034
-	841	635	677	732	910
-	-	-	-	-	12,801
<u>-</u>	<u>(1,822)</u>	<u>(1,777)</u>	<u>(841)</u>	<u>(1,123)</u>	<u>(1,477)</u>
<u>\$ 89,452</u>	<u>\$ 93,467</u>	<u>\$ 102,855</u>	<u>\$ 178,421</u>	<u>\$ 161,418</u>	<u>\$ 154,613</u>

CITY OF GRAPEVINE, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2006	2007	2008	2009
REVENUES				
Taxes:				
Property	\$ 26,296	\$ 26,913	\$ 27,945	\$ 29,454
Hotel occupancy	9,194	10,126	11,842	10,498
Sales	19,993	31,826	45,098	40,712
Mixed beverage	952	1,128	1,295	1,188
Franchise	5,945	6,191	6,295	6,319
Licenses and permits	1,550	1,776	1,227	1,087
Intergovernmental	1,042	931	673	3,000
Charges for services	11,209	12,987	12,489	12,893
Fines and forfeitures	1,860	1,607	2,197	2,208
Contributions	423	393	391	556
Interest and miscellaneous	4,895	4,354	4,354	2,108
Total revenues	<u>83,359</u>	<u>98,232</u>	<u>113,806</u>	<u>110,023</u>
EXPENDITURES				
General government	14,355	15,345	15,024	15,435
Public safety	17,527	19,047	20,589	21,582
Culture and recreation	17,015	19,470	21,982	21,714
Public works	4,840	4,514	4,674	4,922
Operations	2,262	6,552	14,168	13,485
Transportation	-	-	-	-
Economic development	-	-	-	-
Tourism	-	-	-	-
Capital outlay	8,235	8,290	10,295	18,695
Debt service:				
Principal	8,165	9,667	11,492	11,880
Interest and fiscal charges	6,575	6,599	6,370	5,304
Payment to bond refunding escrow agent	-	-	-	-
Bond issuance costs	-	-	-	-
Other	1,451	2,557	2,527	2,535
Total expenditures	<u>80,425</u>	<u>92,041</u>	<u>107,121</u>	<u>115,552</u>

TABLE 4

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	34,225	\$	29,930	\$	32,147	\$	28,326	\$	33,470	\$	30,931
	10,725		12,105		12,326		12,772		14,025		18,103
	42,000		45,572		46,932		49,047		52,020		54,060
	1,226		1,223		1,051		1,159		1,567		1,648
	6,133		6,401		6,356		6,618		6,785		6,824
	1,117		1,044		1,542		1,248		1,337		1,527
	4,525		1,505		1,012		1,175		430		974
	13,296		14,582		13,572		13,286		13,755		14,681
	2,126		1,712		2,017		2,258		2,413		2,100
	8		73		194		162		169		304
	<u>2,407</u>		<u>1,741</u>		<u>1,192</u>		<u>731</u>		<u>872</u>		<u>872</u>
	<u>117,788</u>		<u>115,888</u>		<u>118,341</u>		<u>116,782</u>		<u>126,843</u>		<u>132,024</u>
	16,367		17,681		13,979		13,714		15,611		17,878
	22,275		24,297		25,539		25,674		27,215		28,672
	22,677		23,495		24,832		26,202		27,707		12,931
	5,049		5,821		6,061		7,037		8,335		8,077
	13,819		-		-		-		-		-
	-		7,901		7,789		8,620		11,275		9,223
	-		3,405		4,543		3,609		1,405		10,036
	-		-		-		-		-		16,179
	15,051		13,076		9,446		17,011		53,121		24,476
	12,096		12,328		11,164		11,462		12,664		14,477
	5,547		5,029		4,564		3,864		6,695		6,405
	-		-		-		-		-		22,812
	-		-		-		-		-		358
	<u>1,050</u>		<u>30</u>		<u>25</u>		<u>394</u>		<u>269</u>		<u>21</u>
	<u>113,931</u>		<u>113,063</u>		<u>107,942</u>		<u>117,587</u>		<u>164,297</u>		<u>171,545</u>

CITY OF GRAPEVINE, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

(Continued)

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands)

	Fiscal Year			
	2006	2007	2008	2009
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ <u>2,934</u>	\$ <u>6,191</u>	\$ <u>6,685</u>	\$(<u>5,529</u>)
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	5,610	260	45,825
Notes payable issued	11,385	-	-	-
Premium on issuance of debt	6	2	-	2,184
Bond discount	(29)	-	-	-
Payments to escrow agent	-	-	76	(34,944)
Sale of capital assets	-	-	-	32
Transfers in	4,084	7,757	16,531	17,415
Transfers out	(2,343)	(6,252)	(14,859)	(15,548)
Total other financing sources (uses)	<u>13,103</u>	<u>7,117</u>	<u>2,008</u>	<u>14,964</u>
NET CHANGE IN FUND BALANCES	\$ <u>16,037</u>	\$ <u>13,308</u>	\$ <u>8,693</u>	\$ <u>9,435</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>20.4%</u>	<u>19.4%</u>	<u>18.4%</u>	<u>20.4%</u>

Source: Comprehensive Annual Financial Reports

TABLE 4

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ <u>3,857</u>	\$ <u>2,825</u>	\$ <u>10,399</u>	\$(<u>805</u>)	\$(<u>37,454</u>)	\$(<u>39,521</u>)
8,565	500	-	78,640	19,500	35,065
-	309	-	-	-	-
344	-	-	3,455	-	3,757
-	-	-	-	-	-
(6,954)	-	-	(7,834)	-	(13,643)
219	155	112	204	250	6,110
14,510	17,593	15,244	19,768	18,507	17,248
(<u>12,446</u>)	(<u>15,955</u>)	(<u>13,568</u>)	(<u>18,297</u>)	(<u>16,846</u>)	(<u>15,585</u>)
<u>4,238</u>	<u>2,602</u>	<u>1,788</u>	<u>75,936</u>	<u>21,411</u>	<u>32,952</u>
\$ <u>8,095</u>	\$ <u>5,427</u>	\$ <u>12,187</u>	\$ <u>75,131</u>	\$(<u>16,043</u>)	\$(<u>6,569</u>)
<u>17.8%</u>	<u>16.8%</u>	<u>15.7%</u>	<u>14.7%</u>	<u>17.5%</u>	<u>14.3%</u>

TABLE 5

CITY OF GRAPEVINE, TEXAS

TAXABLE SALES BY CATEGORY

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Agriculture/forestry/fishing/hunting	\$ -	\$ -	\$ 113	\$ 107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147
Construction	36,231	36,212	33,550	27,636	19,347	23,201	32,162	38,720	33,378	38,047
Manufacturing	67,275	76,917	149,328	173,395	158,571	149,298	157,499	157,403	123,836	121,833
Wholesale trade	77,063	103,370	212,637	200,208	216,540	236,470	248,355	266,052	205,385	214,558
Retail trade	794,410	873,696	887,650	774,650	774,638	804,182	846,060	897,364	701,870	694,519
Transportation/warehousing	11,049	7,823	9,726	7,794	10,239	13,817	11,893	13,751	9,777	10,766
Information	33,492	22,968	22,836	28,136	29,311	36,209	42,137	49,559	44,293	51,084
Finance/insurance	5,532	4,711	4,641	1,379	964	1,049	993	804	617	602
Professional/scientific/technical	32,869	47,792	85,256	23,165	15,745	15,485	18,966	20,321	21,865	19,105
Real estate/rental/leasing	37,942	35,622	34,950	25,870	34,389	37,831	36,597	46,875	38,116	45,222
Management of companies/enterprises	-	1,324	1,644	938	15	1	-	-	-	-
Admin/support/waste management/ remediation services	37,372	34,942	35,281	35,470	37,065	54,218	47,264	47,117	47,490	62,581
Educational services	144	153	186	104	344	531	2,762	1,931	900	463
Health care/social assistance	1,240	2,243	3,594	1,903	1,930	2,465	2,999	2,961	1,278	1,313
Arts/entertainment/recreation	27,049	31,372	28,676	23,115	25,623	25,657	26,034	24,592	21,877	11,678
Accommodation/food service	372,951	402,040	421,867	402,661	413,133	453,507	477,362	472,830	380,334	424,755
Other services (except public administration)	15,587	15,815	20,877	21,970	24,736	24,868	24,250	33,721	28,736	36,227
Other	-	-	-	-	-	-	-	-	-	-
Unclassified	4,491	6,111	6,997	9,849	-	17,457	-	-	-	-
Total	\$ 1,554,697	\$ 1,703,111	\$ 1,959,809	\$ 1,758,350	\$ 1,762,590	\$ 1,896,246	\$ 1,975,333	\$ 2,074,001	\$ 1,659,752	\$ 1,732,900
City direct sales tax rate	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: Texas Comptroller

(1) Sales tax rate changed from 1% to 2% on 4/1/2007

(2) Only information for three quarters is available for FY 2014

CITY OF GRAPEVINE, TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>State of Texas</u>
2006	1.00%	6.25%
10/01/06 - 03/31/07	1.00%	6.25%
04/01/07-9/30/07	2.00%	6.25%
2008	2.00%	6.25%
2009	2.00%	6.25%
2010	2.00%	6.25%
2011	2.00%	6.25%
2012	2.00%	6.25%
2013	2.00%	6.25%
2014	2.00%	6.25%
2015	2.00%	6.25%

Source: City Budget Office and Texas Comptroller

CITY OF GRAPEVINE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property Property	Personal Property			
2006	\$ 6,647,000	\$ 2,224,000	\$ 3,514,000	\$ 5,357,000	0.3625
2007	7,026,000	2,068,000	3,684,740	5,409,260	0.3625
2008	7,316,619	2,294,141	3,753,870	5,856,890	0.3625
2009	7,011,568	2,257,318	3,314,798	5,954,088	0.3500
2010	7,339,403	2,446,105	3,588,781	6,196,727	0.3500
2011	7,320,478	2,309,223	3,765,059	5,864,642	0.3500
2012	7,111,827	2,005,549	3,205,119	5,912,257	0.3480
2013	7,373,725	2,169,614	3,311,568	6,231,771	0.3457
2014	7,744,617	2,141,161	3,421,500	6,464,278	0.3425
2015	7,972,445	2,437,129	3,816,444	6,593,130	0.3324

Source: Tarrant County Appraisal District, Dallas and Denton County Appraisal Districts

Note: The Taxable Assessed Value represents the initial amount determined as of July of each year

TABLE 8

CITY OF GRAPEVINE, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates				Total Direct and Overlapping Rates
	Operating/ General Rate	General Obligation Debt Service	Total Direct Rate	Junior College	School District	Hospital District	County	
2006	\$ 0.1285	\$ 0.2340	\$ 0.3625	\$ 0.1390	\$ 1.7000	\$ 0.2350	\$ 0.2730	\$ 2.7090
2007	0.1150	0.2475	0.3625	0.131	1.324	0.234	0.242	2.293
2008	0.1275	0.2350	0.3625	0.139	1.290	0.230	0.267	2.289
2009	0.1189	0.2311	0.3500	0.138	1.290	0.228	0.264	2.270
2010	0.1364	0.2136	0.3500	0.138	1.290	0.228	0.264	2.270
2011	0.1346	0.2154	0.3500	0.138	1.290	0.228	0.264	2.270
2012	0.1423	0.2057	0.3480	0.149	1.310	0.228	0.264	2.299
2013	0.1357	0.2100	0.3457	0.149	1.320	0.228	0.264	2.307
2014	0.1314	0.2111	0.3425	0.150	1.320	0.228	0.264	2.304
2015	0.1421	0.1864	0.3284	0.149	1.320	0.280	0.264	2.342

Source: Tarrant County Appraisal District

Note: Tax rate limitations imposed by the Home Rules Section of the Texas Constitution, Article II, Section 5, provide that a maximum tax rate of \$2.50 per \$100 valuation may be imposed in any one year. No provisions are made limiting the amount of this \$2.50 tax rate that can be used for debt service.

TABLE 9

CITY OF GRAPEVINE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited) (Amounts Expressed in Thousands)

Taxpayer	2015		Taxpayer	2006	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
American Airlines Inc/ Amr Eagle Holding Inc	\$ 266,741	4.64%	Gaylord Texan Resort and Convention Center	\$ 336,899	6.44%
Gaylord Texan Resort and Convention Center	252,604	3.77%	American Airlines	279,545	5.35%
Grapevine Mills, Ltd. Partnership	230,100	3.43%	CAE Simuflite	189,736	3.63%
Great Wolf Lodge	122,985	1.83%	Grapevine Mills, Ltd. Partnership	179,633	3.44%
CAE Simuflite/Simuflite Training Unit	73,220	1.09%	Delta Airlines	153,757	2.94%
Fund Riverwalk LLC	72,000	1.07%	Verizon Directory/GTE	144,648	2.77%
Hawker Beechcraft Global Custo	66,149	0.99%	Mrah II LP/Mrah III LP	57,894	1.11%
Rackspace US Inc	57,229	0.85%	TXU Electric Delivery	43,823	0.84%
Silver Oaks LP	56,830	0.85%	John Q Hammons Hotel LP	35,000	0.67%
Oncor Electric Delivery Co., LLC.	52,945	0.79%	Industrial Prop Holding LP	34,559	0.66%
Total	\$ 1,250,803	19.31%	Total	\$ 1,455,494	27.85%

Source: Grapevine/Colleyville ISD Tax Assessor
Grapevine CAFR (2006)

CITY OF GRAPEVINE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Thousands)

Fiscal Year Ended	Taxes Levied for the Fiscal Year			Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Original Levy	Adjustments	Adjusted Levy	Amount	Percentage of Levy Collected		Amount	Percentage of Levy
2006	\$ 19,182	-	\$ 19,182	\$ 18,945	98.76%	208	\$ 19,153	99.85%
2007	19,572	-	19,572	19,368	98.96%	173	19,541	99.84%
2008	21,113	-	21,113	20,964	99.29%	114	21,078	99.83%
2009	22,250	-	22,250	21,936	98.59%	285	22,221	99.87%
2010	22,208	-	22,208	21,958	98.87%	213	22,171	99.83%
2011	21,114	-	21,114	20,954	99.24%	132	21,086	99.87%
2012	21,321	(1)	21,320	21,211	99.49%	89	21,300	99.90%
2013	21,467	(38)	21,429	21,364	99.70%	43	21,407	99.90%
2014	21,847	(26)	21,821	21,804	99.92%	(7)	21,797	99.89%
2015	22,020	-	22,020	21,952	99.69%	-	21,952	99.69%

CITY OF GRAPEVINE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands, excluding Percentage of Personal Income and Per Capita)

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government Debt	Percentage of Personal Income	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Sales Tax Revenue Bonds	Notes Payable	Water and Sewer Obligations	General Obligation Bonds	Certificates of Obligation	Other Obligations			
2006	\$ 71,755	\$ 70,600	\$ -	\$ 521	\$ 22,545	\$ -	\$ 4,485	\$ 282	\$ 170,188	9.39%	\$ 3,473
2007	66,275	68,905	-	3,611	13,300	6,820	4,240	144	163,295	9.26%	3,333
2008	60,690	63,675	-	3,195	11,570	6,685	3,980	-	149,795	8.32%	2,996
2009	54,315	65,960	-	6,945	6,780	12,540	-	-	146,540	8.14%	2,431
2010	51,290	59,870	-	5,835	1,585	15,305	-	-	130,690	6.88%	2,614
2011	45,335	55,473	-	4,852	1,035	14,042	-	-	120,795	7.14%	2,570
2012	40,355	50,794	-	3,605	790	9,923	-	-	105,467	6.16%	2,219
2013	102,690	45,659	-	6,296	-	10,962	-	-	165,607	8.89%	3,380
2014	96,655	41,032	19,500	4,472	-	9,095	-	-	170,754	8.94%	3,485
2015	93,563	37,957	18,840	3,087	10,097	7,438	-	-	170,982	8.31%	3,489

Note: Details regarding the City's outstanding debt can be found in notes to the financial statements.

* See Table 17 for personal income and population data.

CITY OF GRAPEVINE, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands except
Percentage of Actual Taxable Value of Property and Per Capita)

Fiscal Year	Governmental Activities			Business-type Activities	Resources Restricted For Debt Service	Net Bonded Debt	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	(a) General Obligation Bonds	Certificates of Obligation	Total	General Obligation Bonds				
2006	\$ 71,755	\$ 70,600	\$ 142,355	\$ -	\$ 21,906	\$ 120,449	2.72%	\$ 2,905
2007	66,275	68,905	135,180	6,820	26,778	115,222	2.49%	2,898
2008	60,690	63,675	124,365	6,685	29,863	101,187	2.12%	2,621
2009	54,315	65,960	120,275	12,540	31,784	101,031	2.02%	2,656
2010	51,290	59,870	111,160	15,305	40,700	85,765	1.79%	2,529
2011	45,335	55,473	100,808	15,135	26,713	89,230	1.72%	2,467
2012	40,355	50,794	91,149	9,895	28,858	72,186	1.71%	2,109
2013	102,690	45,659	148,349	10,845	29,051	130,143	2.09%	2,656
2014	96,655	41,032	137,687	9,095	20,985	125,797	2.27%	2,996
2015	93,563	37,957	131,520	7,438	19,603	119,355	1.81%	2,436

Note: Details regarding the City's outstanding debt can be found in notes to the financial statements.

^a See Table 7 for property value data.

^b See Table 17 for population data.

CITY OF GRAPEVINE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2015

(Unaudited) (Amounts Expressed in Whole Numbers)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid with Property Taxes:			
Carroll Independent School District	\$ 216,607,746	5.87%	\$ 12,714,875
Coppell Independent School District	212,350,850	2.43%	5,160,126
Dallas County	84,725,000	0.12%	101,670
Dallas County Community College District	321,510,000	0.12%	385,812
Dallas County Hospital District	728,005,000	0.12%	873,606
Dallas County Schools	60,215,000	0.12%	72,258
Denton County	634,275,000	- % *	-
Grapevine-Colleyville Independent School District	326,820,150	55.53%	181,483,229
Northwest Independent School District	765,546,815	1.75%	13,397,069
Tarrant County	333,795,000	6.09%	20,328,116
Tarrant County Hospital District	23,440,000	6.09%	<u>1,427,496</u>
Subtotal overlapping debt			235,944,256
Total direct - City of Grapevine	153,446,908	100.00%	<u>153,446,908</u>
Direct and Overlapping Debt			<u>\$ 389,391,164</u>

* Less than .01%

The percentage of overlapping debt applicable is estimated using taxable assessed property values.

Source: Municipal Advisory Council of Texas

CITY OF GRAPEVINE, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

Tax rate limitations imposed by the Home Rules Section of the Texas Constitution, Article II, Section 5, provide that a maximum tax rate of \$2.50 per \$100 valuation may be imposed in any one year.

CITY OF GRAPEVINE, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands, except for Coverage)

Fiscal Year	4B Economic Development Fund				
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Principal and Interest Payments	Coverage
2014	\$ 3,772	\$ 493	\$ 3,278	\$ 696	\$ 4.71
2015	3,983	1,664	2,319	1,594	1.45

Notes: ^a Includes tax revenues only^b Includes transfers out.^c Debt was issued in FY 2014, so prior year data does not exist.

Source: Comprehensive Annual Financial Report

CITY OF GRAPEVINE, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands, except for Coverage)

Fiscal Year	Tax Increment Financing District Reinvestment Zone Number One				
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Principal and Interest Payments	Coverage
2006	\$ 4,960	\$ 1	\$ 4,959	\$ 2,470	\$ 2.01
2007	5,350	5	5,345	2,482	2.15
2008	5,076	1	5,075	2,498	2.03
2009	5,274	3,087	2,187	2,240	0.98
2010	7,991	1	7,990	2,313	3.45
2011	5,955	1,671	4,284	2,328	1.84
2012	6,696	2,440	4,256	2,344	1.82
2013	4,808	2,352	2,456	2,360	1.04
2014	7,297	1,287	6,010	2,373	2.53
2015	6,349	8,675	(2,326)	2,387	(0.97)

Notes: ^a Includes tax revenues only^b Includes transfers out.^c TIF #1 has substantial enough fund balance to pay remainder of debt outstanding.

Source: Grapevine Tax Increment Financing District Reinvestment Zone Number One Basic Financial Statements

CITY OF GRAPEVINE, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands, except for Coverage)

Fiscal Year	Tax Increment Financing District Reinvestment Zone Number Two				
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Principal and Interest Payments	Coverage
2006	\$ 4,056	\$ -	\$ 4,056	\$ 1,686	\$ 2.41
2007	3,574	1,539	2,035	1,686	1.21
2008	3,392	1,536	1,856	2,691	0.69
2009	3,638	1,591	2,047	2,686	0.76
2010	5,749	726	5,023	2,677	1.88
2011	4,291	731	3,560	2,664	1.34
2012	5,736	1,548	4,188	2,672	1.57
2013	3,637	2,283	1,354	2,679	0.51
2014	5,878	2,446	3,432	2,681	1.28
2015	4,246	2,678	1,568	2,683	0.58

Notes: ^a Includes tax revenues only^b Includes transfers out.

Source: Grapevine Tax Increment Financing District Reinvestment Zone Number Two Basic Financial Statements

CITY OF GRAPEVINE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

(Unaudited) (Amounts Expressed in Thousands except for
Median Age and Unemployment Rate)

Calendar Year	(1) Estimated Population	Personal Income	(1) Personal Income Per Capita	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
2006	49	\$ 1,813	\$ 37	34	13	3.5%
2007	49	1,764	36	34	14	3.5%
2008	50	1,800	36	36	14	4.2%
2009	50	1,800	36	36	14	6.6%
2010	50	1,900	38	36	14	6.0%
2011	47	1,692	36	35	14	6.3%
2012	48	1,711	36	35	14	5.6%
2013	49	1,862	38	38	14	5.1%
2014	49	1,911	39	38	14	4.7%
2015	49	2,058	42	39	14	3.3%

Sources: (1) CLARITAS Report
(2) Grapevine/Colleyville ISD
(3) Texas Workforce Commission Website

CITY OF GRAPEVINE, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited) (Amounts Expressed in Thousands except for
Percentage of Total City Employment)

2015			2007		
Employer	Employees	Percentage of of Total City Employment (1)	Employer	Employees	Percentage of of Total City Employment
DFW International Airport	60.0	61.28%	DFW International Airport	16.0	33.00%
GameStop Corporation	2.4	2.50%	Grapevine/Colleyville ISD	2.0	4.00%
United Parcel Service	2.0	2.04%	United Parcel Service	2.0	4.00%
Grapevine Colleyville ISD	1.7	1.73%	GTE Directory Corporation	1.0	2.00%
Gaylord Texan Resort	1.8	1.84%	Baylor Medical Center	1.0	2.00%
Baylor Medical Center	1.1	1.12%	GameStop	1.0	2.00%
Great Wolf Lodge	0.6	0.61%	City of Grapevine	0.5	0.50%
City of Grapevine	0.6	0.61%	DFW Hilton Hotel	0.5	0.50%
Pavestone Mfg.	0.4	0.40%	SimuFlite Training Int'l.	0.3	0.50%
Texas Toyota	<u>0.4</u>	<u>0.40%</u>	Apollo Paper	<u>0.2</u>	<u>0.50%</u>
	<u>71.0</u>	<u>72.53%</u>		<u>24.5</u>	<u>50.00%</u>

Sources: City of Grapevine, Neilsen/Claritas Business Facts, Info. USA

(1) Per Neilsen/Claritas there are 91,961 total employees in the City (including 60,000 at DFW Airport) as of 2014.

TABLE 20

CITY OF GRAPEVINE, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Whole Numbers)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government and administration	78	78	59	60	59	59	57	58	61	63
Public safety	231	230	238	237	236	237	237	240	241	245
Development services	17	15	15	15	15	15	15	15	16	19
Culture and recreational	162	159	163	174	175	169	169	172	175	206
Water and sewer	50	51	51	51	60	59	59	59	60	59
Golf course	31	31	29	29	28	26	26	26	26	26
Public works	<u>58</u>	<u>54</u>	<u>75</u>	<u>67</u>	<u>67</u>	<u>65</u>	<u>65</u>	<u>66</u>	<u>66</u>	<u>66</u>
Total	<u>627</u>	<u>618</u>	<u>630</u>	<u>633</u>	<u>640</u>	<u>630</u>	<u>628</u>	<u>636</u>	<u>645</u>	<u>684</u>

Source: Annual Budget Report - City of Grapevine

CITY OF GRAPEVINE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Whole Numbers)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police										
Calls for service	36,360	45,815	49,618	52,111	65,361	66,686	67,634	58,680	44,266	81,509
Traffic citations	13,406	17,367	27,363	26,068	25,533	18,995	23,817	21,447	24,441	19,138
Criminal offenses	1,157	3,764	3,905	3,796	3,552	3,346	1,366	3,219	5,318	5,364
Fire										
Fire runs	4,171	3,601	4,682	4,844	4,595	5,079	5,135	5,156	5,101	5,588
Ambulance runs	4,151	3,056	3,132	3,980	3,015	3,343	3,026	3,541	3,614	3,715
Development services										
Area in square miles	36	36	36	36	36	36	36	36	36	36
Cultural and recreational										
Picnic areas	35	35	35	49	49	49	49	49	49	49
Library										
Volumes	173,184	182,241	183,529	191,437	197,509	205,194	186,817	197,377	204,206	252,227
Annual circulation	568,431	531,229	320,267	347,215	341,726	330,975	316,236	303,622	293,434	301,522
Water and sewer										
Number of water connections	13,965	14,117	14,117	14,120	14,343	14,384	14,460	14,517	14,476	14,564
Average daily consumption MG (water)	11.37	8.61	10.75	10.37	10.23	11.98	10.74	10.40	9,348	9,400
System capacity - MG (Water)	24	24	26	26	27	27	27	27	27	27
Number of sewer connections	12,866	12,860	12,946	13,107	13,130	13,081	13,103	13,315	13,387	13,452
Number of refuse connections	12,180	11,279	11,279	11,955	11,865	11,895	11,911	11,964	12,110	12,175
Sewer system capacity (MGD)	6	8	8	8	8	8	8	8	8	8
Lake Enterprise										
Number of golfers, annually	74,000	66,874	70,200	62,882	56,053	65,052	67,555	71,706	68,368	48,689

Source: City departments

CITY OF GRAPEVINE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited) (Amounts Expressed in Whole Numbers)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police stations	2	2	2	2	2	2	2	2	2	2
Patrol units	26	26	36	30	30	32	32	35	35	35
Fire stations	5	5	5	5	5	5	5	5	5	5
Public works										
Streets - paved (miles)	180	180	180	180	208	208	208	208	208	208
Parks and recreation										
Acreage*	1,772	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,557
Playgrounds	34	34	35	35	35	35	35	35	36	40
Swimming pools	2	2	2	2	2	2	2	2	2	3
Recreation centers	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	-
Central Library	1	1	1	1	1	1	1	1	1	1
Number of golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	247	280	280	280	280	280	280	290	292	294
Wastewater										
Sanitary sewers (miles)	210	230	230	227	227	227	227	224	225	226

Note: N/A - data not available.

Source: City departments

*Golf course included and land leased from Corp. of Engineers

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**INTERNAL CONTROL AND
COMPLIANCE SECTION**

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' 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
Members of the City Council
City of Grapevine, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grapevine, 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 10, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses (Item 2015-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

City of Grapevine, Texas' Responses to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 10, 2016

CITY OF GRAPEVINE, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Item 2015-001

Criteria:

According to the COSO framework, information and communication is one of the five critical components of internal control. According to COSO, "Information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives. Management obtains or generates and uses relevant and quality information from both internal and external sources to support the functioning of internal control. Communication is the continual, iterative process of providing, sharing, and obtaining necessary information. Internal communication is the means by which information is disseminated throughout the organization, flowing up, down, and across the entity."

Condition:

A deficiency in the design and operations of the City's internal controls exists where the financial information relating to grants, contracts and other agreements, and capital assets are not properly communicated to those in charge of the City's financial information which prevents them from properly accounting for and disclosing significant financial transactions which occur for the City.

Effect:

Material transactions involving grants and capital assets were not communicated to Finance in prior years which has led to material misstatements of these balances in the prior years.

Recommendation:

We recommend that the City evaluate procedures and policies to address internal controls with regard to the flow of financial information between departments of the City. Additionally, procedures and policies need to be modified to address that proper and continuous communication is occurring between the City departments that handle and initiate financial transactions and the Finance Department.

Management's Response:

The Finance Division staff will meet quarterly with the departments and their key staff to review and coordinate grants and capital project status.

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