

**CITY OF GRANBY, MISSOURI**

BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY DATA  
AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED  
JUNE 30, 2017

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Board of Aldermen  
City of Granby, Missouri

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Granby, Missouri, as of and for the year ended June 30, 2017, 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. 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, each major fund, and the aggregate remaining fund information of the City of Granby, Missouri, as of June 30, 2017, 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.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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 the 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 regarding 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.

Management has omitted the Management Discussion and Analysis letter that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.



Decker & DeGood  
Springfield, Missouri  
August 30, 2018

**CITY OF GRANBY MISSOURI**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 325,492	\$ 121,665	\$ 447,157
Investments	40,498	35,436	75,934
Internal balances	128,212	(128,212)	-
Receivables-			
Sales taxes	33,415	-	33,415
Real estate taxes	1,464	-	1,464
Court fines	6,143	-	6,143
Motor fuel taxes	7,249	-	7,249
TIF taxes	33,779	-	33,779
Utilities, net	-	63,690	63,690
Prepaid items	13,111	12,470	25,581
Restricted cash and cash equivalents-			
Cash	-	260,240	260,240
Investments	30,357	176,836	207,193
Capital assets:			
Land	265,220	65,965	331,185
Other capital assets, net of accumulated depreciation	1,157,900	3,698,240	4,856,140
<b>Total Assets</b>	<b>2,042,840</b>	<b>4,306,331</b>	<b>6,349,171</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	14,623	12,146	26,769
<b>LIABILITIES</b>			
Accounts payable	21,856	48,733	70,589
Accrued wages	5,134	4,034	9,168
Accrued payroll taxes and benefits	2,020	533	2,553
Accrued interest	281	32,662	32,943
Accrued pension-lagers	7,346	-	7,346
Court bonds payable	2,367	-	2,367
Sales tax payable	-	10,627	10,627
Fuel assistance payable	-	3,747	3,747
Noncurrent liabilities:			
Due within one year	18,357	255,023	273,380
Due in more than one year:			
Certificates of participation	-	585,000	585,000
Revenue bonds	-	265,000	265,000
Line of credit	-	15,461	15,461
Lease purchase	4,494	8,989	13,483
Customer deposits	-	89,027	89,027
Net pension liability	31,947	33,341	65,288
<b>Total Liabilities</b>	<b>93,802</b>	<b>1,352,177</b>	<b>1,445,979</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	19,002	8,628	27,630
<b>NET POSITION</b>			
Net investment in capital assets	1,400,269	2,634,732	4,035,001
Restricted-			
Debt reserves	-	435,925	435,925
Unrestricted (Deficit)	544,390	(112,985)	431,405
<b>Total Net Position</b>	<b>\$ 1,944,659</b>	<b>\$ 2,957,672</b>	<b>\$ 4,902,331</b>

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

**CITY OF GRANBY, MISSOURI**  
**STATEMENT OF ACTIVITIES-**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 70,341	\$ 1,782	\$ 11,473	\$ -	\$ (57,086)	\$ -	\$ (57,086)
Public safety- Police	227,549	33,278	2,280	9,933	(182,058)	-	(182,058)
Courts	8,423	-	-	-	(8,423)	-	(8,423)
Fire	64,535	12,662	-	-	(51,873)	-	(51,873)
Streets	317,918	-	-	-	(317,918)	-	(317,918)
Parks and recreation	52,789	-	10,588	-	(42,201)	-	(42,201)
Cemetery	35,455	9,750	-	-	(25,705)	-	(25,705)
TIF	1,435	-	-	-	(1,435)	-	(1,435)
Interest on long term debt	1,065	-	-	-	(1,065)	-	(1,065)
<b>Total governmental activities</b>	<b>779,510</b>	<b>57,472</b>	<b>24,341</b>	<b>9,933</b>	<b>(687,764)</b>	<b>-</b>	<b>(687,764)</b>
<b>Business-type activities:</b>							
Water	236,251	260,115	-	-	-	23,864	23,864
Sewer	440,776	375,342	-	35,245	-	(30,189)	(30,189)
Gas	318,159	420,081	-	-	-	101,922	101,922
Sanitation	124,423	97,110	19,249	-	-	(8,064)	(8,064)
<b>Total business-type activities</b>	<b>1,119,609</b>	<b>1,152,648</b>	<b>19,249</b>	<b>35,245</b>	<b>-</b>	<b>87,533</b>	<b>87,533</b>
<b>Total government</b>	<b>\$ 1,899,119</b>	<b>\$ 1,210,120</b>	<b>\$ 43,590</b>	<b>\$ 45,178</b>	<b>(687,764)</b>	<b>87,533</b>	<b>(600,231)</b>
<b>General Revenues</b>							
<b>Taxes:</b>							
Surtax					92,383	-	92,383
Franchise taxes					68,348	-	68,348
Sales taxes and use taxes					304,693	-	304,693
Missouri motor fuel taxes					86,596	-	86,596
Interest on investments					645	1,025	1,670
Miscellaneous					5,617	-	5,617
Gain on sale of asset					2,534	6,147	8,681
Transfers (to) from					19,724	(19,724)	-
Total general revenues, transfers, and special items					580,540	(12,552)	567,988
Change in net position					(107,224)	74,981	(32,243)
Net position beginning (restated)					2,051,883	2,882,691	4,934,574
Net position ending					\$ 1,944,659	\$ 2,957,672	\$ 4,902,331

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

**CITY OF GRANBY MISSOURI**  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Street Fund	Cemetery Fund	TIF Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 211,961	\$ 21,483	\$ 6,463	\$ 85,585	\$ 325,492
Investments	-	40,498	-	-	40,498
Due from other funds	15,590	149,885	-	88,090	253,565
Accounts receivable:					
Sales tax	20,403	13,012	-	-	33,415
Real estate taxes	541	-	-	923	1,464
Court fines	6,143	-	-	-	6,143
Motor fuel taxes	-	7,249	-	-	7,249
TIF taxes - Newton County	-	-	-	33,779	33,779
Prepaid items	9,423	3,688	-	-	13,111
Restricted assets:					
Investments	30,357	-	-	-	30,357
<b>TOTAL ASSETS</b>	<b>\$ 294,418</b>	<b>\$ 235,815</b>	<b>\$ 6,463</b>	<b>\$ 208,377</b>	<b>\$ 745,073</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 15,350	\$ 6,022	\$ 484	\$ -	\$ 21,856
Accrued wages	3,383	1,496	255	-	5,134
Accrued payroll taxes and benefits	1,808	183	29	-	2,020
Accrued pension-lagers	7,346	-	-	-	7,346
Court bonds payable	2,367	-	-	-	2,367
Due to other funds	102,653	22,243	457	-	125,353
Total Liabilities	132,907	29,944	1,225	-	164,076
<b>FUND BALANCES</b>					
Fund Balances -					
Nonspendable	25,013	153,573	-	88,090	266,676
Restricted-					
Parks	30,357	-	-	-	30,357
Streets	-	52,298	-	-	52,298
Cemetery	-	-	5,238	-	5,238
TIF	-	-	-	120,287	120,287
Unassigned	106,141	-	-	-	106,141
Total Fund Balances	161,511	205,871	5,238	208,377	580,997
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 294,418</b>	<b>\$ 235,815</b>	<b>\$ 6,463</b>	<b>\$ 208,377</b>	<b>\$ 745,073</b>

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

**CITY OF GRANBY, MISSOURI**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**BALANCE SHEET TO THE GOVERNMENT-WIDE**  
**STATEMENT OF NET POSITION**  
JUNE 30, 2017

Total Fund Balances-Governmental Funds		\$ 580,997
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.</p>		
Non-depreciable assets	265,220	
Depreciable assets	1,157,900	1,423,120
<p>Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:</p>		
Net pension liability		(31,947)
Deferred outflows - pension related		14,623
Deferred inflows - pension related		(19,002)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.</p>		
		(22,851)
<p>Interest on long-term debt is accrued as a liability in the government-wide statements but is not recognized in the government funds until due.</p>		
		(281)
Net position of governmental activities		\$ 1,944,659

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



**CITY OF GRANBY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Street Fund	Cemetery Fund	TIF Fund	Governmental Funds
<b>REVENUES</b>					
Taxes:					
Surtax	\$ 38,954	\$ -	\$ 7,640	\$ 48,163	\$ 94,757
Franchise taxes	68,348	-	-	-	68,348
Sales and use taxes	152,092	109,258	-	43,343	304,693
Intergovernmental:					
Missouri motor fuel taxes	-	86,596	-	-	86,596
Licenses & permits	907	-	-	-	907
Fines & forfeitures	33,278	-	-	-	33,278
Fire district contract	12,662	-	-	-	12,662
Interest	311	302	11	21	645
Rents	875	-	-	-	875
Summer ball	10,588	-	-	-	10,588
Sale of lots	-	-	2,850	-	2,850
Burial	-	-	6,900	-	6,900
Donations	11,473	-	-	-	11,473
Grants	12,213	-	-	-	12,213
Miscellaneous	4,938	5	657	17	5,617
<b>Total Revenues</b>	<b>346,639</b>	<b>196,161</b>	<b>18,038</b>	<b>91,544</b>	<b>652,402</b>

<b>EXPENDITURES</b>					
Current:					
General government	23,535	-	-	-	23,535
Public safety- Police	217,275	-	-	-	217,275
Courts	8,423	-	-	-	8,423
Fire	50,691	-	-	-	50,691
Streets	-	208,745	-	-	208,745
Parks and recreation	46,005	-	-	-	46,005
Cemetery	-	-	31,684	-	31,684
TIF	-	-	-	1,435	1,435
Capital outlay	72,220	-	-	-	72,220
Debt service:					
Principal	13,186	-	-	-	13,186
Interest	784	-	-	-	784
<b>Total Expenditures</b>	<b>432,119</b>	<b>208,745</b>	<b>31,684</b>	<b>1,435</b>	<b>673,983</b>

<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>(85,480)</b>	<b>(12,584)</b>	<b>(13,626)</b>	<b>90,109</b>	<b>(21,581)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from	39,355	2,987	4,928	-	47,270
Transfers (to)	(14,891)	(8,590)	(3,715)	(350)	(27,546)
<b>NET CHANGES IN FUND BALANCES</b>	<b>(61,016)</b>	<b>(18,187)</b>	<b>(12,413)</b>	<b>89,759</b>	<b>(1,857)</b>
<b>FUND BALANCES - BEGINNING (RESTATED)</b>	<b>222,527</b>	<b>224,058</b>	<b>17,651</b>	<b>118,618</b>	<b>582,854</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 161,511</b>	<b>\$ 205,871</b>	<b>\$ 5,238</b>	<b>\$ 208,377</b>	<b>\$ 580,997</b>

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

**CITY OF GRANBY, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Net change in fund balances--total governmental funds	\$	(1,857)
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p> <p>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 expense.</p>		
Expenditures for capital assets		72,220
Current year's depreciation expense		(183,585)
<p>The net effect of various miscellaneous transactions involving capital assets:</p>		
Cost of disposals, net of accumulated depreciation		2,535
<p>Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		13,186
<p>Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported regardless of when financial resources are available. This is the net adjustment to property tax revenue in converting to the full accrual basis.</p>		
		(2,374)
<p>Some expenses reported in statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest		(281)
Change in pension expense		(7,068)
		(7,349)
Change in net position of governmental activities	\$	(107,224)

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

**CITY OF GRANBY, MISSOURI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	Business-type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 42,478	\$ 41,388	\$ 19,945	\$ 17,854	\$ 121,665
Investments	35,436	-	-	-	35,436
Utility Receivables, net	20,472	25,030	12,777	5,411	63,690
Prepaid items	3,712	4,935	3,823	-	12,470
Due from other funds	32,177	3,202	14,305	-	49,684
<b>Total Current Assets</b>	<b>134,275</b>	<b>74,555</b>	<b>50,850</b>	<b>23,265</b>	<b>282,945</b>
<b>Noncurrent Assets:</b>					
<b>Restricted cash and cash equivalents:</b>					
Debt reserves	-	174,644	85,596	-	260,240
Investments - debt reserves	-	113,836	63,000	-	176,836
<b>Capital assets:</b>					
Land	31,250	23,665	11,050	-	65,965
Other capital assets, net of accumulated depreciation	222,038	2,705,118	745,809	25,275	3,698,240
<b>Total Noncurrent Assets</b>	<b>253,288</b>	<b>3,017,263</b>	<b>905,455</b>	<b>25,275</b>	<b>4,201,281</b>
<b>TOTAL ASSETS</b>	<b>387,563</b>	<b>3,091,818</b>	<b>956,305</b>	<b>48,540</b>	<b>4,484,226</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts related to pensions	3,741	5,934	2,135	336	12,146
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	13,075	7,949	14,230	13,479	48,733
Accrued wages	972	1,811	909	342	4,034
Accrued payroll taxes and benefits	132	246	126	29	533
Accrued interest	281	28,964	3,417	-	32,662
Sales tax payable	10,627	-	-	-	10,627
Fuel assistance payable	-	-	3,747	-	3,747
Due to other funds	4,040	21,390	143,253	9,212	177,895
Current portion of long-term debt	4,356	81,312	169,355	-	255,023
<b>Total Current Liabilities</b>	<b>33,483</b>	<b>141,672</b>	<b>335,037</b>	<b>23,062</b>	<b>533,254</b>
<b>Noncurrent Liabilities:</b>					
Line of credit	-	15,461	-	-	15,461
Certificate of participation	-	585,000	-	-	585,000
Revenue bonds	-	265,000	-	-	265,000
Lease purchase	4,494	-	4,495	-	8,989
Customer deposits	42,145	-	46,882	-	89,027
Net pension liability	10,268	16,287	5,862	924	33,341
<b>TOTAL LIABILITIES</b>	<b>90,390</b>	<b>1,023,420</b>	<b>392,276</b>	<b>23,986</b>	<b>1,530,072</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred amounts related to pensions	2,657	4,215	1,517	239	8,628
<b>NET POSITION</b>					
Net investment in capital assets	244,438	1,782,010	583,009	25,275	2,634,732
Restricted-					
Debt reserves	-	145,500	290,425	-	435,925
Unrestricted (Deficit)	53,819	142,607	(308,787)	(624)	(112,985)
<b>TOTAL NET POSITION</b>	<b>\$ 298,257</b>	<b>\$ 2,070,117</b>	<b>\$ 564,647</b>	<b>\$ 24,651</b>	<b>\$ 2,957,672</b>

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

**CITY OF GRANBY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION-**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 260,115	\$ 375,342	\$ 420,081	\$ 97,110	\$ 1,152,648
Total Operating Revenues	<u>260,115</u>	<u>375,342</u>	<u>420,081</u>	<u>97,110</u>	<u>1,152,648</u>
<b>OPERATING EXPENSES:</b>					
Depreciation	16,904	117,533	38,369	5,323	178,129
Dues and subscriptions	63,390	813	31,821	801	96,825
Gas purchase	-	-	186,675	-	186,675
Insurance	29,457	20,303	6,197	4,894	60,851
Miscellaneous	2,897	653	1,391	74	5,015
Office supplies and postage	4,062	4,113	2,913	1,622	12,710
Payroll taxes	4,319	6,377	2,255	1,360	14,311
Professional fees	10,608	34,357	7,178	4,005	56,148
Repairs & maintenance	21,613	26,570	4,525	1,406	54,114
Wages and retirement benefits	44,826	101,219	25,532	19,304	190,881
Sanitation expense	-	-	-	81,601	81,601
Supplies	3,802	4,873	1,481	1,468	11,624
Telephone	1,375	3,861	913	76	6,225
Testing	-	3,811	-	-	3,811
Travel and training	2,393	1,635	-	-	4,028
Uniforms	2,137	2,253	-	-	4,390
Utilities	27,258	38,425	523	385	66,591
Vehicle expense	929	3,588	-	2,104	6,621
Total Operating Expenses	<u>235,970</u>	<u>370,384</u>	<u>309,773</u>	<u>124,423</u>	<u>1,040,550</u>
<b>OPERATING INCOME (LOSS)</b>	<u>24,145</u>	<u>4,958</u>	<u>110,308</u>	<u>(27,313)</u>	<u>112,098</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest income	266	757	1	1	1,025
Gain on sale of asset	2,546	-	3,601	-	6,147
Grants	-	35,245	-	19,249	54,494
Interest expense	(281)	(70,392)	(8,386)	-	(79,059)
Total Non-operating Revenues (Expenses)	<u>2,531</u>	<u>(34,390)</u>	<u>(4,784)</u>	<u>19,250</u>	<u>(17,393)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>26,676</u>	<u>(29,432)</u>	<u>105,524</u>	<u>(8,063)</u>	<u>94,705</u>
Transfers (out)	(38,212)	(5,731)	(31,058)	(1,984)	(76,985)
Transfer in	934	52,571	310	3,446	57,261
<b>CHANGE IN NET POSITION</b>	<u>(10,602)</u>	<u>17,408</u>	<u>74,776</u>	<u>(6,601)</u>	<u>74,981</u>
<b>TOTAL NET POSITION - BEGINNING (RESTATED)</b>	<u>308,859</u>	<u>2,052,709</u>	<u>489,871</u>	<u>31,252</u>	<u>2,882,691</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 298,257</u>	<u>\$ 2,070,117</u>	<u>\$ 564,647</u>	<u>\$ 24,651</u>	<u>\$ 2,957,672</u>

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

**CITY OF GRANBY, MISSOURI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 293,484	\$ 378,001	\$ 421,221	\$ 97,332	\$ 1,190,038
Payments to suppliers	(162,862)	(144,480)	(232,557)	(91,091)	(630,990)
Payments to employees	(64,257)	(98,137)	(34,055)	(21,057)	(217,506)
Net Cash Provided by (Used for) Operating Activities	<u>66,365</u>	<u>135,384</u>	<u>154,609</u>	<u>(14,816)</u>	<u>341,542</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Change in interfund balances	(39,883)	(2,271)	20,537	(5,125)	(26,742)
Grants	-	35,245	-	19,249	54,494
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(39,883)</u>	<u>32,974</u>	<u>20,537</u>	<u>14,124</u>	<u>27,752</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Transfer in	934	52,571	310	3,446	57,261
Transfer (out)	(38,212)	(5,731)	(31,058)	(1,984)	(76,985)
Principal paid	-	(77,346)	(100,000)	-	(177,346)
d2gmail	-	(41,428)	(4,969)	-	(46,397)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(37,278)</u>	<u>(71,934)</u>	<u>(135,717)</u>	<u>1,462</u>	<u>(243,467)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest earned	266	757	1	1	1,025
Net Cash Provided by Investing Activities	<u>266</u>	<u>757</u>	<u>1</u>	<u>1</u>	<u>1,025</u>
<b>NET CASH INCREASE (DECREASE) FOR THE YEAR</b>	<u>(10,530)</u>	<u>97,181</u>	<u>39,430</u>	<u>771</u>	<u>126,852</u>
<b>CASH AT BEGINNING OF YEAR</b>	<u>88,444</u>	<u>232,687</u>	<u>129,111</u>	<u>17,083</u>	<u>467,325</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 77,914</u>	<u>\$ 329,868</u>	<u>\$ 168,541</u>	<u>\$ 17,854</u>	<u>\$ 594,177</u>
<b>SUMMARY OF CASH AND CASH EQUIVALENTS</b>					
Cash and cash equivalents	\$ 77,914	\$ 41,388	\$ 19,945	\$ 17,854	\$ 157,101
Restricted cash and cash equivalents	-	288,480	148,596	-	437,076
Total Cash and Cash Equivalents	<u>\$ 77,914</u>	<u>\$ 329,868</u>	<u>\$ 168,541</u>	<u>\$ 17,854</u>	<u>\$ 594,177</u>
<b>Reconciliation of operating income (Loss) to net cash provided by operating activities:</b>					
Operating Income (Loss)	\$ 24,145	\$ 4,958	\$ 110,308	\$ (27,313)	\$ 112,098
Adjustments to reconcile net operating income to net cash provided by operating activities:					
Depreciation expense	16,904	117,533	38,369	5,323	178,129
(Increase) Decrease in Accounts Receivable	7,321	2,659	(1,286)	222	8,916
(Increase) Decrease in Prepaid Items	(1,135)	(1,839)	(1,246)	2,577	(1,643)
Increase (Decrease) in amounts related to pensions	(14,479)	11,868	(5,566)	827	(7,350)
Increase (Decrease) in Accounts Payable	8,194	2,614	12,306	4,768	27,882
Increase (Decrease) in Sales Tax Payable	10,627	-	-	-	10,627
Increase (Decrease) in Wages and benefits	(633)	(2,409)	(702)	(1,220)	(4,964)
Increase (Decrease) in Customer deposits	15,421	-	2,426	-	17,847
Net Cash Provided by (Used for) Operating Activities	<u>\$ 66,365</u>	<u>\$ 135,384</u>	<u>\$ 154,609</u>	<u>\$ (14,816)</u>	<u>\$ 341,542</u>

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

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Granby, Missouri (the “City”) were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (U.S. GAAP). The following summary of the more significant policies of the City is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

**THE REPORTING ENTITY**

Entity status for financial reporting purposes is governed by Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for the establishment of GAAP in governmental entities. The financial statements of the City present the financial activities of the City and any component units. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit’s Board or because the component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

**GOVERNMENT-WIDE 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 activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund but distinguish between the City’s governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements. Separate financial statements are provided for governmental funds and proprietary funds. Separate columns are presented for each major governmental fund and for each major enterprise fund. Non-major funds are aggregated and presented in a single column labeled “Nonmajor Governmental Funds.”

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Governmental Fund Types:** Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The following are the City's major governmental funds:

General Fund

The General Fund is the government's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund type.

Street Fund

This is a special revenue fund used to account for all financial resources (Missouri Motor Fuel taxes and a 1 cent sales tax) that by law or Council designation is used for street repairs, maintenance and capital improvements. The Street Fund is considered a major fund type

Cemetery Fund

This is a special revenue fund used to account for the portion of the general surtaxes designated for operation and maintenance of the City's cemetery. The Cemetery Fund is not classified as a major fund.

TIF Fund

This is a special revenue fund used to account for the revenues and expenditures relating to tax increment financing projects which are restricted by statute. The TIF Fund is not classified as a major fund.

**Proprietary Fund Types:** Proprietary funds are used to account for the City's ongoing activities that are similar to those often found in the private sector. The following are the City's major proprietary funds:

Waterworks System Fund

The Waterworks System Fund was established to account for operations of the water system of the City of Granby.

Sewer Revenue Fund

The Sewer Revenue Fund was established to account for operations of the sewer system of the City of Granby.

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Gas System Fund

The Gas System Fund was established to account for operations of the gas system of the City of Granby.

Sanitation Fund

The Sanitation Fund was established to account for the sanitation collection system as well as the recycling center of the City of Granby.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund 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 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due (i.e., matured).

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current fixed period. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.



**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**ASSETS, LIABILITIES AND NET POSITION/FUND BALANCES**

**Cash and Cash Equivalents**

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**Statement of Cash Flows**

For cash flow statement purposes, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Investments**

Missouri State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are Certificate of Deposit stated at fair value (cost).

**Due to/from other funds**

Transactions between funds that are representative of lending/borrowing arrangement outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted Assets**

The City elects to use restricted assets before unrestricted assets when the situation arises where either can be used. Certain assets are classified as restricted assets because their use is limited by applicable debt or other agreement.

Restricted assets consisted of the following for the year ended June 30, 2017:

	Cash Balances	Required Debt Reserves
<b>Business-Type Activities:</b>		
Sewer Fund		
Debt reserves	\$ 155,454	\$ 94,125
Principal and interest	67,500	67,500
Depreciation and replacement	65,526	128,800
Total	288,480	290,425
Gas Fund		
Debt reserves	85,596	82,500
Principal and interest	63,000	63,000
Total	148,596	145,500
Total Business-Type Activities Restricted Assets	\$ 437,076	\$ 435,925

**Accounts Receivable**

Receivables reflect amounts collected within 60 days after year end with no allowance for doubtful accounts with the exception of Water, Sewer, Gas and Sanitation Funds which represent 30 days. Those accounts had \$ 1,486 for water, \$ 2,832 for sewer \$ 2,004 for gas, and \$ 1,412 for refuse as allowance for doubtful accounts. An estimated amount has been recorded for services rendered, but not yet billed, as of the close of the fiscal year.

**Inventories**

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets and Depreciation**

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$ 1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The City has elected not to go back 20 years and record estimated cost of streets less depreciation, but began in 2004 recording capital outlay of street projects and then depreciating the cost from twenty to forty years.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and utility plants	40-50 years
Infrastructure	20-40 years
Furniture and equipment	5-20 years
Vehicles	5-10 years

**Capitalized Interest**

Interest costs are capitalized when incurred by proprietary funds where proceeds were used to finance construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. For the year ended June 30, 2017, the City did not have any projects that interest was capitalized and interest expense for the year was \$ 79,059.

**Deferred Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the City has one item that meet the definition of deferred outflows of resources. It is the statement of net position and proprietary fund statements for amounts related to pension outflows as per GASB 68.

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Inflows of Resources**

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. At this time, the City has one item that meet the definition of deferred inflows of resources. It is the amount that is related to pension inflows as per GASB 68.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are report at fair value.

**Long-term Debt**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, and losses on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the current period.

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

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balances-Governmental Funds**

As of June 30, 2017, fund balances of the governmental funds are classified as follows:

**Non-spendable**-This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted**-This classification includes amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed**-This classification includes amounts that can be used only for specific purposes determined by a formal action by the City Council. Such formal action may be in the form of an ordinance and may only be modified or rescinded by a subsequent formal action.

**Assigned**-This classification includes amounts that are intended by the City to be used for a specific purpose but are neither restricted nor committed. Assignments may be made only by the government body or official.

**Unassigned**-All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances 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, as needed, unless the City Council has provided otherwise in its commitment or assigned actions.

The City does not have a minimum fund balance policy.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position - continued**

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Use of Estimates**

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

**Vacation, sick leave, and other compensated absences**

City employees accrue benefits of accrued vacation but the City only reports those benefits as paid and doesn't believe that the total liability would be paid in any one year. The City offers up to 20 paid vacation days awarded annually on the employee's anniversary date and which is to be used within the year. The City also provides for sick days up to 480 hours that may be carried over, however, no payment is allowed for sick days not taken.

**Revenue Recognition - Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the following year. Levy for 2016 was \$ .4467 with a valuation base of \$ 13,642,307 broken down as follows: \$ .3623 General and \$ .0844 Cemetery.

**Revenue – Sales Tax**

The City has four authorizations of sales tax revenue. A one cent general sales tax (\$ 108,959), a 1/4 cent Fire sales tax (\$ 27,276), a 1/8 cent Park sales tax (\$ 12,850) and a one cent Transportation sales tax (\$109,258).

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfund activity**

Transactions among the City funds that would be treated as revenues and expenditures or expense if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

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

The City has the following types of interfund activity:

Cost Reimbursements - amounts provided for by the General Fund and reimbursed by the Street Fund and Proprietary Funds.

Transfers - flows of assets (such as cash) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfer and as other financing sources in the funds receiving transfers.

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The City is required by Missouri State Law RSMo 105.485 to prepare a budget each year based on estimates of revenues and expected expenditures which include at a minimum a budget message, budget summary, schedule with prior year comparison of estimated revenue and expenditures, schedule of bonded debt obligations and budget approval letter. The accompanying statement of revenues, expenditures and changes in fund balance-budget and actual includes the budgeted expenditures for the year, along with management's estimate of revenues for the year for both the original budget and the final budget which is reflective of any amendments throughout the fiscal year. The legal level of budgetary control is at the total fund level.

**Excess of expenditures over appropriations**

For the year ended June 30, 2017, expenditures were within appropriations for all of the funds.

**Compliance on Bond Reserves**

The City is in compliance with significant requirements regarding deposits and debt service payments.

**Legal Debt Margin**

The City's assessed value supports a general obligation bond limit of \$ 1,364,231. The City did not have any general obligation bonds outstanding as of June 30, 2017.



**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**DETAILED NOTES ON ALL FUNDS**

**NOTE B – DEPOSITS AND INVESTMENTS**

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

Investments. As of June 30, 2017, the City's bank balances and certificates of investments were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

Investment Policies. The City does not have a formal investment policy.

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a written investment policy covering credit risk.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not limit investment maturities as a means of managing its exposure to fair value losses arising from fluctuating interest rates.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City currently uses four local financial institutions as follows: Community Bank and Trust, First Community Bank, Southwest Missouri Bank and the Corporate Trust Services of First Bank of Missouri.

**Custodial Credit Risk** is the risk that in the event of a broker/agent failure, securities that are uninsured and not registered in the name of the City and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the City. The City does have a written investment policy on custodial credit risk which all investments are either insured or registered in the City's name and held by the City's agent.

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE C – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2017 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 265,220	\$ -	\$ -	\$ 265,220
Capital assets being depreciated:				
Buildings	\$ 879,534	\$ 43,497	\$ -	\$ 923,031
Infrastructure	4,353,260	-	-	4,353,260
Equipment	1,059,824	58,240	28,901	1,089,163
Total capital assets being depreciated	<u>6,292,618</u>	<u>101,737</u>	<u>28,901</u>	<u>6,365,454</u>
Less: Accumulated depreciation for:				
Buildings	484,986	22,550	-	507,536
Infrastructure	787,647	109,165	-	896,812
Equipment	3,762,104	51,870	10,768	3,803,206
Total accumulated depreciation	<u>5,034,737</u>	<u>183,585</u>	<u>10,768</u>	<u>5,207,554</u>
Total capital assets being depreciated, net	<u>\$ 1,257,881</u>			<u>\$ 1,157,900</u>
Governmental activities capital assets, net	<u>\$ 1,523,101</u>			<u>\$ 1,423,120</u>

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

Governmental activities:

General government	\$ 41,910
Police and court	8,102
Streets	109,173
Parks and recreation	6,785
Fire	13,844
Cemetery	3,771
	<u>\$ 183,585</u>

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE C – CAPITAL ASSETS AND DEPRECIATION (Continued)**

Business Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 65,965	\$ -	\$ -	\$ 65,965
Capital assets being depreciated:				
Buildings	\$ 230,005	\$ -	\$ -	\$ 230,005
Equipment	602,032	59,033	56,101	604,964
Vehicles	87,170	-	-	87,170
Infrastructure	6,989,875	-	-	6,989,875
Total capital assets being depreciated	<u>7,909,082</u>	<u>59,033</u>	<u>56,101</u>	<u>7,912,014</u>
Less accumulated depreciation for:				
Buildings	50,049	5,679	-	55,728
Equipment	455,445	32,416	20,915	466,946
Vehicles	82,168	1,243	-	83,411
Infrastructure	3,468,898	138,791	-	3,607,689
Total accumulated depreciation	<u>4,056,560</u>	<u>178,129</u>	<u>20,915</u>	<u>4,213,774</u>
 Total capital assets being depreciated, net	 <u>\$ 3,852,522</u>			 <u>\$ 3,698,240</u>
Business-type activities capital assets, net	<u>\$ 3,918,487</u>			<u>\$ 3,764,205</u>

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

Business-type activities:	
Water	\$ 16,904
Sewer	117,533
Gas	38,369
Sanitation	5,323
	<u>\$ 178,129</u>

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE D – LONG-TERM DEBT**

**Governmental Activities:**

The following is a summary of debt transactions of the City for the year ended June 30, 2017 as it relates to the business type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Lease purchases	\$ 27,187	8,850	\$ 13,186	\$ 22,851	\$ 17,542

**Business-type activities:**

The following is a summary of debt transactions of the City for the year ended June 30, 2017 as it relates to the business type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds	\$ 345,000	\$ -	\$ 40,000	\$ 305,000	\$ 40,000
COP	890,000	-	120,000	770,000	185,000
Line of credit	54,119	-	17,346	36,773	21,312
Lease purchase	-	17,700	-	17,700	8,711
Total debt payable	<u>1,289,119</u>	<u>17,700</u>	<u>177,346</u>	<u>1,129,473</u>	<u>255,023</u>

Total Business-type Activities long-term debt	<u>\$ 1,289,119</u>	<u>\$ 17,700</u>	<u>\$ 177,346</u>	<u>\$ 1,129,473</u>	<u>\$ 255,023</u>
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Long term debt payable within one year \$ 255,023

Long term debt payable in more than one year

Revenue Bonds	265,000
COP	585,000
Line of credit	15,461
Lease purchase	8,989
	<u>\$ 1,129,473</u>

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE D – LONG-TERM DEBT (Continued)**

The Proprietary Funds long-term debt as of June 30, 2017 follows:

<p>\$675,000 Certificate of Participation (COP) Bonds to refinance a lease purchase agreement for the purpose of expanding and upgrading the City's wastewater system, due in annual installments with interest rates 2.5% to 4.25%, maturing October 1, 2028.</p>	<p>\$ 605,000</p>
<p>\$450,000 Refunding Revenue Bonds for Waterworks and Sewerage System, due in annual installments with interest 1.0% to 3.7%, maturing October 1, 2023.</p>	<p>305,000</p>
<p>\$630,000 Certificates of Participation to refinance the 1998 Certificates of Participation for the City's gas system, due in annual installments with interest of 3.75%, maturing January 1, 2018.</p>	<p>165,000</p>
<p>Line of Credit from Arvest Bank for up to \$100,000 for the Sewer pump and lift station project. City only borrowed \$74,119 to complete the project. Due in annual installments with interest of 2.5%, maturing March 25, 2019.</p>	<p>36,773</p>
<p>\$17,700 Lease purchase agreement for 2017 Case backhoe. Total lease purchase agreement is \$26,550, split equally between Street Fund, Water Fund and Gas Fund (\$ 8,850 each). Annual payments with interest of 3.17%, maturing February 3, 2019.</p>	<p><u>17,700</u></p>
	<p><u>\$ 1,129,473</u></p>

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE D – LONG-TERM DEBT (Continued)**

The annual requirements to amortize bonded debt as of June 30, 2017 is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 246,311	\$ 32,100	\$ 278,411
2019	75,462	27,354	102,816
2020	60,000	25,113	85,113
2021	60,000	23,263	83,263
2022	65,000	21,413	86,413
2023-2027	405,000	66,850	471,850
2028-2029	200,000	9,750	209,750
	<u>\$ 1,111,773</u>	<u>\$ 205,843</u>	<u>\$ 1,317,616</u>

**Governmental activities**

\$22,967 Lease purchase agreement for a 2105 Ford F-250 for the Fire Department, due in annual installments with interest of 2.5%, maturing October 15, 2017. \$ 8,141

\$16,600 Lease purchase agreement for a 2007 and a 2008 Chevy Impala for the Police Department, due in annual installments with interest of 2.5%, maturing November 1, 2017. 5,860

\$8,850 Lease purchase agreement for 2017 Case backhoe. Total lease purchase agreement is \$26,550, split equally between Street Fund, Water Fund and Gas Fund (\$ 8,850 each). Annual payments with interest of 3.17%, maturing February 3, 2019. 8,850

\$ 22,851

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE D – LONG-TERM DEBT (Continued)**

Following is a summary of debt maturities and interest requirements on above leases:

Year Ending June 30,	Governmental Activities Total	Business-Type Total
2018	\$ 18,638	\$ 9,274
2019	4,637	9,274
Total minimum lease payment	23,275	18,548
Less: amount representing interest	(424)	(848)
Present value of minimum lease payments	<u>\$ 22,851</u>	<u>\$ 17,700</u>

**NOTE E – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City. In the past three years, the City has had no losses that exceeded commercial insurance coverage.

**NOTE F – DEFINED BENEFIT PENSION PLAN**

The City of Granby participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the State of Missouri. The retirement system covers all full-time City employees.

Plan description

The City of Granby's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Granby participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)**

**Benefits provided**

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	2017 Valuation
Benefit Multiplier:	1.50%
Final Average Salary:	5 years
Member Contributions:	4.00%

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

**Employees covered by benefit terms**

At June 30, 2017, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	2
Active employees	10
Total	14

**Contributions**

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. 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 an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employers contribution rates are 16.0% General and 9.1% Police of annual covered payroll.

**Net Pension Liability**

The employer’s net pension liability was measured as June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.



**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial assumptions**

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

Mortality rates were based on the healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale.

The actuarial assumptions were based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	43%	5.29%
Fixed Income	26%	2.93%
Real Assets	21%	3.31%
Strategic Assets	10%	5.73%

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)**

**Discount rate**

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Balances at 7/1/2016 Liability (Asset)</b>	\$ 119,941	\$ 47,836	\$ 72,105
Changes for the year:			
Service Cost	20,282	-	20,282
Interest	9,129	-	9,129
Difference between expected and actual experience	(1,141)	-	(1,141)
Changes in assumptions	-	-	-
Contribution - employer	-	14,771	(14,771)
Contribution - employee	-	12,067	(12,067)
Net investment income	-	8,795	(8,795)
Benefit payments, including refunds	(8,114)	(8,114)	-
Administrative expense	-	(1,180)	1,180
Other changes	-	634	(634)
<b>Net changes</b>	<b>20,156</b>	<b>26,973</b>	<b>(6,817)</b>
<b>Balances at 6/30/2017 Liability (Asset)</b>	<b>\$ 140,097</b>	<b>\$ 74,809</b>	<b>\$ 65,288</b>

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)**

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25 %, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower 6.25% or one percentage point higher 8.25 % than the current rate.

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability (Asset)	\$ 91,615	\$ 65,288	\$ 43,998

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2017 the employer recognized pension expense of \$ 17,174. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 21,955	\$ (25,723)
Differences in assumptions	4,814	-
Excess (deficit) in investment returns	-	(1,907)
Total	\$ 26,769	\$ (27,630)

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)**

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

Year ended:		
2018	\$	714
2019		717
2020		586
2021		60
2022		166
Thereafter		<u>(3,104)</u>
Total	\$	<u><u>(861)</u></u>

**Payable to the Pension Plan**

At June 30, 2017, the City of Granby reported a payable of \$ 7,346 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**NOTE G – GRANTS**

Intergovernmental awards received by the City are subject to audit and adjustment by the grantor agencies. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agencies. No disallowed costs have resulted from this audit and management believes that further examination will not result in any disallowed costs.

**NOTE H – INTERNAL BALANCES**

Internal balances represent amounts of expenditures paid on behalf of other funds. Balances are not expected to be repaid in the next fiscal year.

**NOTE I – TRANSFERS BETWEEN FUNDS**

Transfers to the General Fund of \$ 39,355 are made up of the following funds and amounts: \$ 13,712 from the Water Fund, \$ 5,421 from the Sewer Fund, \$ 1,984 from the Sanitation Fund, \$ 8,590 from the Street Fund, \$ 3,715 from the Cemetery Fund, and \$ 5,933 from the Gas Fund. These transfers are for rental/administration fees equal to 2.5% of the total monthly income of the previous month from each of the above funds paid to the General Fund.

Remaining transfers between funds represent reimbursements of expenditures by other funds.

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE J – COMMITMENTS AND CONTINGENCIES**

The City has contracted with the East Newton Area Fire District Protection District (the District), a political subdivision of the State of Missouri for the operation of a fire department. The City agrees to answer fire alarms within a portion of the District determined by the contract. The City agrees to make its firefighting equipment available to the District at the time of the fire responses. The City is responsible for all costs and maintenance of the City's firefighting equipment. The District will make available any and all of its equipment to the City for the purpose of firefighting and fire preventions. The District agrees to pay a monthly sum of \$ 1,050 beginning March 30, 2017 for a period of 24 months.

**NOTE K – COST OF NATURAL GAS PURCHASES**

Major supplier

The City has an agreement with a local supplier of natural gas for its natural gas resale. The agreement calls for a fix rate of 3.22/mcf that includes cost of delivery and is good until March of 2021.

**NOTE L – RESTATEMENT OF FUND BALANCES**

The City has previously included the balance of a trust held for the Cemetery Fund of \$255,681 as a restricted investment. Prior audit balance was \$ 273,332 less the \$ 255,681 restates the balance to \$ 17,651. The City does not have signing authority on the trust, nor are any City board members trustees. The City is required to have expenditures for the Cemetery approved by the trustees before release of funds. As of recent years, applications have been denied. Based on these facts, the City does not have the financial authority nor access to these funds, therefore, should not be reported as an asset.

The City has previously reported bond costs of \$ 4,954 in the Gas Fund. Per a prior GASB ruling, bond costs are not to be amortized over the life of the bond and instead expensed off. Balance as stated June 30, 2016, was \$ 494,825 less adjustment of \$ 4,954 gives the restated balance of \$ 489,871.

**NOTE M – TAX INCREMENT FINANCING (TIF)**

In 1998, a Tax Increment Financing (TIF) was approved for the general redevelopment of the Granby commercial district for new retail and to improve the downtown area and the City's Park system. The baseline for the TIF is set from 1997. The General Funds are responsible for 50% of the City sales tax increase from the 1997 baseline. The 50% is paid from the following fund: General Fund 42%, Street Fund 42%, Fire 11%, and Parks 5%. Newton County is also responsible for 50% of the County sales tax increase from the 1997 baseline. The TIF is for a period of 23 years, set to expire in 2021.

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE N – FUTURE ACCOUNTING PRONOUNCEMENTS**

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

**The City adopted the following statements during the year ended June 30, 2017:**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement did not have a material effect on the financial statements as the City has no OPEB plans.

GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement NO. 14*, issued June 2016, will be effective for the City beginning with its fiscal year ending December 31, 2017. This Statement establishes additional blending requirement for the financial statement presentation of component units that are organized as not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, will be effective for the City beginning with its fiscal year ending December 31, 2017. This Statement is to improve accounting and financial reporting by establishing recognition and measurement requirements for irrevocable split-interest agreements. Another objective of this Statement is to enhance the transparency and decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying resources that are available to a government.

GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73* issued March 2016, will be effective for the City beginning with its fiscal year ending December 31, 2017 except for the requirement of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This Statement is to improve consistency in the application of pension accounting and financial reporting requirements by addressing certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68 *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

The City did not have any changes to report for the year ending June 30, 2017 upon adopting GASB 74, 80 to 82.

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2017

**NOTE N – FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)**

**The Statements which might impact the City are as follows:**

GASB Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45 and No. 57. The Statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the City beginning with its fiscal year ending December 31, 2019. This Statement is to provide financial statement users with information about assets retirement obligations (AROs) that were not addressed in GASB standards establishing uniform accounting and financial reporting requirement for these obligations.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the City beginning after December 15, 2018. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 85, *Omnibus 2017 Activities*, issued March 2017, will be effective for the City beginning after June 15, 2017. This Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the City beginning after June 15, 2017. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is deceased in substance.

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE N – FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)**

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning after December 25, 2019. This Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The City's management has not yet determined the effect these statements will have on the City's financial statements.



**CITY OF GRANBY, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - UNAUDITED**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund			
	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Surtax	\$ 47,307	\$ 38,954	\$ 38,954	\$ -
Franchise taxes	58,870	68,348	68,348	-
Sales taxes	151,942	152,092	152,092	-
Licenses & permits	2,062	907	907	-
Fines & forfeitures	36,367	33,278	33,278	-
Fire district contract	16,061	12,662	12,662	-
Rents	10,664	875	875	-
Summer ball	7,634	10,588	10,588	-
Interest	323	311	311	-
Donations	5,202	11,473	11,473	-
Grants	10,476	12,213	12,213	-
Miscellaneous	3,435	4,938	4,938	-
Total Revenues	<u>350,343</u>	<u>346,639</u>	<u>346,639</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	93,486	23,535	23,535	-
Public safety- Police	171,435	217,275	217,275	-
Courts	8,925	8,423	8,423	-
Fire	40,397	50,691	50,691	-
Parks and recreation	16,194	46,005	46,005	-
Capital outlay	4,484	72,220	72,220	-
Debt service:				
Principal	-	13,186	13,186	-
Interest	-	784	784	-
Total Expenditures	<u>334,921</u>	<u>432,119</u>	<u>432,119</u>	<u>-</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	15,422	(85,480)	(85,480)	-
<b>OTHER SOURCES (USES)</b>				
Transfers from other funds	-	39,355	39,355	-
Transfers to other funds	-	(14,891)	(14,891)	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 15,422</u>	<u>\$ (61,016)</u>	<u>(61,016)</u>	<u>\$ -</u>
<b>FUND BALANCES - BEGINNING</b>			<u>222,527</u>	
<b>FUND BALANCES - ENDING</b>			<u>\$ 161,511</u>	

**CITY OF GRANBY, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - UNAUDITED**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Street Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 119,604	\$ 109,258	\$ 109,258	\$ -
Missouri motor fuel taxes	83,992	86,596	86,596	-
Interest	7	302	302	-
Miscellaneous	102	5	5	-
Total Revenues	<u>203,705</u>	<u>196,161</u>	<u>196,161</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Streets	156,826	208,745	208,745	-
Total Expenditures	<u>156,826</u>	<u>208,745</u>	<u>208,745</u>	<u>-</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	46,879	(12,584)	(12,584)	-
<b>OTHER SOURCES (USES)</b>				
Transfers from other funds	-	2,987	2,987	-
Transfers to other funds	-	(8,590)	(8,590)	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>46,879</u>	<u>(18,187)</u>	<u>(18,187)</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING</b>			<u>224,058</u>	
<b>FUND BALANCES - ENDING</b>			<u>\$ 205,871</u>	

**CITY OF GRANBY, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - UNAUDITED**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Cemetery Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
<b>REVENUES</b>				
Surtax	\$ 9,703	\$ 7,640	\$ 7,640	\$ -
Sales and use taxes	8,165	-	-	-
Sale of lots	10,400	2,850	2,850	-
Burial	-	6,900	6,900	-
Miscellaneous	1,980	657	657	-
Interest	73	11	11	-
Total Revenues	<u>30,321</u>	<u>18,058</u>	<u>18,058</u>	<u>-</u>
<b>EXPENDITURES</b>				
Cemetery	20,649	31,684	31,684	-
Total Expenditures	<u>20,649</u>	<u>31,684</u>	<u>31,684</u>	<u>-</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	9,672	(13,626)	(13,626)	-
<b>OTHER SOURCES (USES)</b>				
Transfers from other funds	-	4,928	4,928	-
Transfers to other funds	-	(3,715)	(3,715)	-
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 9,672</u>	<u>\$ (12,413)</u>	(12,413)	<u>\$ -</u>
<b>FUND BALANCES - BEGINNING (RESTATED)</b>			<u>17,651</u>	
<b>FUND BALANCES - ENDING</b>			<u>\$ 5,238</u>	

**CITY OF GRANBY, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**  
**SCHEDULE OF CHANGES IN NET PENSION**  
**LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED JUNE 30,**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service costs	\$ 20,282	\$ 21,761	\$ 19,446
Interest on Total Pension Liability	9,129	8,968	5,729
Difference between expected and actual experience	(1,141)	(24,124)	23,958
Changes in Assumptions	-	6,052	-
Benefit payments, including refunds	(8,114)	(11,248)	(157)
Net change in total pension liability	<u>20,156</u>	<u>1,409</u>	<u>48,976</u>
Total Pension Liability-beginning	119,941	118,532	69,556
Total Pension Liability-ending	<u>\$ 140,097</u>	<u>\$ 119,941</u>	<u>\$ 118,532</u>
 Plan Fiduciary Net Position			
Contributions - employer	\$ 14,771	\$ 11,332	\$ 13,158
Contributions - employee	12,067	10,217	12,401
Net investment income	8,795	676	1,316
Benefits payments, including refunds	(8,114)	(11,248)	(157)
Pension Plan Administrative Expense	(1,180)	(757)	(839)
Other (Net Transfer)	634	(6,251)	5,673
Net change in plan fiduciary net position	<u>26,973</u>	<u>3,969</u>	<u>31,552</u>
Plan Fiduciary Net Position-beginning	47,836	43,867	12,315
Plan Fiduciary Net Position-ending	<u>\$ 74,809</u>	<u>\$ 47,836</u>	<u>\$ 43,867</u>
 Net Pension Liability	<u>\$ 65,288</u>	<u>\$ 72,105</u>	<u>\$ 74,665</u>
 Plan fiduciary net position as a percentage of the total pension liability	53.40%	39.88%	37.01%
 Covered-employee payroll	\$ 275,174	\$ 274,978	\$ 317,729
 Net Pension liability as a percentage of covered employee payroll	23.73%	26.22%	23.50%

Notes to schedule:

\*Information not available as this represents the first actuarial valuation performed pursuant to GASB Statement No. 67.

This schedule is intended to cover ten years. The City implemented GASB Statement No. 67 in fiscal year 2014. Information for years prior to fiscal year 2014 is therefore unavailable.

**CITY OF GRANBY, MISSOURI**  
 REQUIRED SUPPLEMENTARY INFORMATION-UNAUDITED  
 SCHEDULE OF PENSION PLAN CONTRIBUTIONS  
 LAST TEN FISCAL YEARS (ONLY FOUR PRESENTED)  
FOR THE YEARS ENDED JUNE 30

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2014	\$ 4,801	\$ 4,801	\$ -	\$ 113,315	4.24%
2015	13,158	13,158	-	310,037	4.24%
2016	11,332	11,332	-	255,407	4.44%
2017	14,770	14,770	-	301,673	4.90%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: February 28, 2017

Notes: The roll-forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 13 to 24 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.  Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information: None

City began participation in the Lagers retirement system in 2014, therefore, only four years of history is presented.