

**CITY OF GRANBY, MISSOURI**

BASIC FINANCIAL STATEMENTS  
(MODIFIED CASH BASIS)  
WITH SUPPLEMENTARY DATA  
AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED  
JUNE 30, 2018

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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 modified cash basis financial statements 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 and for the year ended June 30, 2018, 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 the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 modified cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information the City of Granby, Missouri, as of June 30, 2018, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

### *Basis of Accounting*

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### *Other Matters*

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Granby, Missouri's basic financial statements. The budget to actual supplementary information on pages 32-35, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.



Decker & DeGood  
Springfield, Missouri  
January 10, 2019

**CITY OF GRANBY, MISSOURI**

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
	<hr/>	<hr/>	<hr/>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 533,614	\$ 97,501	\$ 631,115
Investments	46,589	35,450	82,039
Restricted cash and cash equivalents-			
Cash	-	226,629	226,629
Investments	30,371	113,941	144,312
Capital assets:			
Land	285,220	65,965	351,185
Construction in progress	-	31,847	31,847
Other capital assets, net of accumulated depreciation	1,162,236	3,539,381	4,701,617
	<hr/>	<hr/>	<hr/>
Total Assets	2,058,030	4,110,714	6,168,744
<b>LIABILITIES</b>			
Sales tax payable	-	7,568	7,568
Current maturities of long-term debt	14,868	84,586	99,454
Noncurrent liabilities:			
Due in more than one year:			
Certificates of participation	-	565,000	565,000
Revenue bonds	-	225,000	225,000
Lease obligations	185,016	-	185,016
Customer deposits	-	106,004	106,004
	<hr/>	<hr/>	<hr/>
Total Liabilities	199,884	988,158	1,188,042
<b>NET POSITION</b>			
Net investment in capital assets	1,247,572	2,762,607	4,010,179
Restricted-			
Debt reserves	-	290,425	290,425
Unrestricted	610,574	69,524	680,098
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 1,858,146	\$ 3,122,556	\$ 4,980,702
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See accompanying notes to the basic financial statements.

**CITY OF GRANBY, MISSOURI**

STATEMENT OF ACTIVITIES

(MODIFIED CASH BASIS)

FOR THE YEAR ENDED JUNE 30, 2018

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
Governmental activities:							
General government	\$ 108,919	\$ 1,490	\$ 22,954	\$ -	\$ (84,475)	\$ -	\$ (84,475)
Public safety- Police	223,958	33,372	-	-	(190,586)	-	(190,586)
Courts	12,812	-	-	-	(12,812)	-	(12,812)
Fire	63,052	13,842	-	-	(49,210)	-	(49,210)
Streets	311,918	-	-	8,160	(303,758)	-	(303,758)
Parks and recreation	63,270	1,150	-	2,698	(59,422)	-	(59,422)
Cemetery	27,453	15,400	761	-	(11,292)	-	(11,292)
TIF	2,031	-	-	-	(2,031)	-	(2,031)
Interest on long term debt	3,601	-	-	-	(3,601)	-	(3,601)
Total governmental activities	817,014	65,254	23,715	10,858	(717,187)	-	(717,187)
Business-type activities:							
Water	284,248	261,198	-	-	-	(23,050)	(23,050)
Sewer	383,513	379,257	-	23,392	-	19,136	19,136
Gas	344,858	540,915	-	-	-	196,057	196,057
Sanitation	126,654	96,715	16,852	-	-	(13,087)	(13,087)
Total business-type activities	1,139,273	1,278,085	16,852	23,392	-	179,056	179,056
Total government	\$ 1,956,287	\$ 1,343,339	\$ 40,567	\$ 34,250	(717,187)	179,056	(538,131)

General Revenues

Taxes:

Property taxes	100,098	-	100,098
Franchise taxes	67,174	-	67,174
Sales taxes and use taxes	269,594	-	269,594
Missouri motor fuel taxes	86,127	-	86,127
County sales tax	47,341	-	47,341
Interest on investments	176	252	428
Miscellaneous	10,414	-	10,414
Insurance claim	17,593	7,694	25,287
Transfers (to) from	61,743	(61,743)	-
Total general revenues, transfers, and special items	660,260	(53,797)	559,122
Change in net position	(56,927)	125,259	20,991
Net position beginning (restated)	1,915,073	2,997,297	4,912,370
Net position ending	\$ 1,858,146	\$ 3,122,556	\$ 4,933,361

See accompanying notes to the basic financial statements.



**CITY OF GRANBY, MISSOURI**

BALANCE SHEET  
(MODIFIED CASH BASIS)  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Street Fund	TIF Fund	Nonmajor Fund Cemetery Fund	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 223,496	\$ 115,063	\$ 192,400	\$ 2,655	\$ 533,614
Investments	6,074	40,515	-	-	46,589
Due from other funds	-	36,000	4,582	-	40,582
Restricted assets:					
Investments	30,371	-	-	-	30,371
<b>TOTAL ASSETS</b>	<u>\$ 259,941</u>	<u>\$ 191,578</u>	<u>\$ 196,982</u>	<u>\$ 2,655</u>	<u>\$ 651,156</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Due to other funds	\$ 38,841	\$ 1,741	\$ -	\$ -	\$ 40,582
Total Liabilities	<u>38,841</u>	<u>1,741</u>	<u>-</u>	<u>-</u>	<u>40,582</u>
<u>FUND BALANCES</u>					
Fund Balances -					
Restricted-					
Streets	-	189,837	-	-	189,837
Cemetery	-	-	-	2,655	2,655
TIF	-	-	196,982	-	196,982
Unassigned	221,100	-	-	-	221,100
Total Fund Balances	<u>221,100</u>	<u>189,837</u>	<u>196,982</u>	<u>2,655</u>	<u>610,574</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 259,941</u>	<u>\$ 191,578</u>	<u>\$ 196,982</u>	<u>\$ 2,655</u>	<u>\$ 651,156</u>

See accompanying notes to the basic financial statements.

**CITY OF GRANBY, MISSOURI**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**BALANCE SHEET (MODIFIED CASH BASIS)**  
**TO THE GOVERNMENT-WIDE**  
**STATEMENT OF NET POSITION**  
JUNE 30, 2018

Total Fund Balances-Governmental Funds		\$ 610,574
<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	285,220	
Depreciable assets	1,162,236	
		1,447,456
<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>		
		(199,884)
Net position of governmental activities		\$ 1,858,146

See accompanying notes to the basic financial statements.



**CITY OF GRANBY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**(MODIFIED CASH BASIS)**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

REVENUES	General Fund	Street Fund	TIF Fund	Cemetery Fund	Governmental Funds
Taxes:					
Property taxes	\$ 43,365	\$ -	\$ 50,343	\$ 6,390	\$ 100,098
Franchise taxes	67,174	-	-	-	67,174
Sales and use taxes	150,924	100,425	18,245	-	269,594
Intergovernmental:					
Missouri motor fuel taxes	-	86,127	-	-	86,127
County sales tax	-	-	47,341	-	47,341
Licenses & permits	1,490	-	-	-	1,490
Fines & forfeitures	33,372	-	-	-	33,372
Fire district contract	13,842	-	-	-	13,842
Interest	107	23	46	-	176
Rents	1,150	-	-	-	1,150
Old mining town days	8,616	-	-	-	8,616
Summer ball	8,172	-	-	-	8,172
Sale of lots	-	-	-	4,700	4,700
Burial	-	-	-	10,700	10,700
Donations	4,682	-	-	761	5,443
Grants	4,182	8,160	-	-	12,342
Miscellaneous	10,414	-	-	-	10,414
Total Revenues	<u>347,490</u>	<u>194,735</u>	<u>115,975</u>	<u>22,551</u>	<u>680,751</u>
EXPENDITURES					
Current:					
General government	66,034	-	-	-	66,034
Public safety- Police	212,981	-	-	-	212,981
Courts	12,812	-	-	-	12,812
Fire	46,045	-	-	-	46,045
Streets	-	203,275	-	-	203,275
Parks and recreation	58,103	-	-	-	58,103
Cemetery	-	-	-	23,682	23,682
TIF	-	-	2,031	-	2,031
Capital outlay	210,351	1,026	-	-	211,377
Debt service:					
Principal	18,594	4,373	-	-	22,967
Interest	3,321	280	-	-	3,601
Total Expenditures	<u>628,241</u>	<u>208,954</u>	<u>2,031</u>	<u>23,682</u>	<u>862,908</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(280,751)	(14,219)	113,944	(1,131)	(182,157)
OTHER FINANCING SOURCES (USES)					
Insurance claim	13,746	3,847	-	-	17,593
Bank loan	200,000	-	-	-	200,000
Transfers from	144,014	23,770	-	-	167,784
Transfers (to)	-	(13,183)	(90,638)	(2,220)	(106,041)
NET CHANGES IN FUND BALANCES	77,009	215	23,306	(3,351)	97,179
FUND BALANCES - BEGINNING (RESTATED)	144,091	189,622	173,676	6,006	513,395
FUND BALANCES - ENDING	<u>\$ 221,100</u>	<u>\$ 189,837</u>	<u>\$ 196,982</u>	<u>\$ 2,655</u>	<u>\$ 610,574</u>

See accompanying notes to the basic financial statements.

**CITY OF GRANBY, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**(MODIFIED CASH BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Net change in fund balances--total governmental funds	\$	97,179
<p style="margin-left: 20px;">Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p> <p style="margin-left: 20px;">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		211,377
Current year's depreciation expense		(188,450)
<p style="margin-left: 20px;">The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Proceeds from bank loan		(200,000)
Principal payments		22,967
		(177,033)
Change in net position of governmental activities	\$	(56,927)

See accompanying notes to the basic financial statements.

**CITY OF GRANBY, MISSOURI**

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

PROPRIETARY FUNDS

JUNE 30, 2018

	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	Total Enterprise Funds
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 13,400	\$ 1,302	\$ 82,575	\$ 224	\$ 97,501
Investments	35,450	-	-	-	35,450
Total Current Assets	<u>48,850</u>	<u>1,302</u>	<u>82,575</u>	<u>224</u>	<u>132,951</u>
Noncurrent Assets:					
Restricted cash and cash equivalents:					
Debt reserves	-	226,629	-	-	226,629
Investments - debt reserves	-	113,941	-	-	113,941
Capital assets:					
Land	31,250	23,665	11,050	-	65,965
Construction in progress	-	31,847	-	-	31,847
Other capital assets, net of accumulated depreciation	213,361	2,596,181	708,398	21,441	3,539,381
Total Noncurrent Assets	<u>244,611</u>	<u>2,992,263</u>	<u>719,448</u>	<u>21,441</u>	<u>3,977,763</u>
<b>TOTAL ASSETS</b>	<u>293,461</u>	<u>2,993,565</u>	<u>802,023</u>	<u>21,665</u>	<u>4,110,714</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Sales tax payable	7,568	-	-	-	7,568
Current portion of long-term debt	4,498	75,590	4,498	-	84,586
Total Current Liabilities	<u>12,066</u>	<u>75,590</u>	<u>4,498</u>	<u>-</u>	<u>92,154</u>
Noncurrent Liabilities:					
Certificate of participation	-	565,000	-	-	565,000
Revenue bonds	-	225,000	-	-	225,000
Customer deposits	50,502	-	55,502	-	106,004
<b>TOTAL LIABILITIES</b>	<u>62,568</u>	<u>865,590</u>	<u>60,000</u>	<u>-</u>	<u>988,158</u>
<b>NET POSITION</b>					
Net investment in capital assets	240,113	1,786,103	714,950	21,441	2,762,607
Restricted-					
Debt reserves	-	290,425	-	-	290,425
Unrestricted (Deficit)	<u>(9,220)</u>	<u>51,447</u>	<u>27,073</u>	<u>224</u>	<u>69,524</u>
<b>TOTAL NET POSITION</b>	<u>\$ 230,893</u>	<u>\$ 2,127,975</u>	<u>\$ 742,023</u>	<u>\$ 21,665</u>	<u>\$ 3,122,556</u>

See accompanying notes to the basic financial statements.

**CITY OF GRANBY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**(MODIFIED CASH BASIS)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	Total Enterprise Funds
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 261,198	\$ 379,257	\$ 540,915	\$ 96,715	\$ 1,278,085
Total Operating Revenues	<u>261,198</u>	<u>379,257</u>	<u>540,915</u>	<u>96,715</u>	<u>1,278,085</u>
<b>OPERATING EXPENSES:</b>					
Depreciation	15,373	115,852	38,676	3,834	173,735
Dues and subscriptions	84,055	334	6,269	728	91,386
Gas purchase	-	-	196,177	-	196,177
Insurance	32,333	24,395	19,457	1,960	78,145
Miscellaneous	1,140	1,148	1,183	42	3,513
Office supplies and postage	4,548	4,786	4,217	-	13,551
Payroll taxes	3,984	7,058	3,794	1,208	16,044
Professional fees	8,403	9,591	9,635	-	27,629
Repairs & maintenance	32,483	23,561	3,105	883	60,032
Wages and retirement benefits	55,266	102,085	52,710	15,955	226,016
Sanitation expense	-	-	-	97,489	97,489
Supplies	4,685	2,505	1,930	564	9,684
Telephone	654	3,759	978	-	5,391
Testing	-	3,639	-	-	3,639
Travel and training	818	1,603	-	-	2,421
Uniforms	2,781	2,295	1,553	-	6,629
Utilities	36,450	42,672	984	411	80,517
Vehicle expense	1,276	4,662	679	3,580	10,197
Total Operating Expenses	<u>284,249</u>	<u>349,945</u>	<u>341,347</u>	<u>126,654</u>	<u>1,102,195</u>
OPERATING INCOME (LOSS)	<u>(23,051)</u>	<u>29,312</u>	<u>199,568</u>	<u>(29,939)</u>	<u>175,890</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest income	17	129	105	1	252
Insurance claim	3,847	-	3,847	-	7,694
Grants	-	23,392	-	16,852	40,244
Interest expense	-	(33,568)	(3,510)	-	(37,078)
Total Non-operating Revenues (Expenses)	<u>3,864</u>	<u>(10,047)</u>	<u>442</u>	<u>16,853</u>	<u>11,112</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(19,187)</u>	<u>19,265</u>	<u>200,010</u>	<u>(13,086)</u>	<u>187,002</u>
Transfers (out)	(47,637)	(9,528)	(29,960)	(2,049)	(89,174)
Transfer in	-	24,548	-	2,883	27,431
CHANGE IN NET POSITION	<u>(66,824)</u>	<u>34,285</u>	<u>170,050</u>	<u>(12,252)</u>	<u>125,259</u>
TOTAL NET POSITION - BEGINNING (RESTATED)	<u>297,717</u>	<u>2,093,690</u>	<u>571,973</u>	<u>33,917</u>	<u>2,997,297</u>
TOTAL NET POSITION - ENDING	<u>\$ 230,893</u>	<u>\$ 2,127,975</u>	<u>\$ 742,023</u>	<u>\$ 21,665</u>	<u>\$ 3,122,556</u>

See accompanying notes to the basic financial statements.

**CITY OF GRANBY, MISSOURI**  
**STATEMENT OF CASH FLOWS**  
**(MODIFIED CASH BASIS)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 266,499	\$ 379,257	\$ 545,788	\$ 96,715	\$ 1,288,259
Payments to suppliers	(209,626)	(124,950)	(246,167)	(105,657)	(686,400)
Payments to employees	(59,250)	(109,143)	(56,504)	(17,163)	(242,060)
Net Cash Provided by (Used for) Operating Activities	<u>(2,377)</u>	<u>145,164</u>	<u>243,117</u>	<u>(26,105)</u>	<u>359,799</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Change in interfund balances	28,135	(18,189)	(128,948)	(9,212)	(128,214)
Transfers from other funds	-	24,548	-	2,883	27,431
Transfers to other funds	(47,637)	(9,528)	(29,960)	(2,049)	(89,174)
Net Cash (Used for) Noncapital Financing Activities	<u>(19,502)</u>	<u>(3,169)</u>	<u>(158,908)</u>	<u>(8,378)</u>	<u>(189,957)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital expenditures	(6,697)	(38,761)	(1,265)	-	(46,723)
Grants	-	23,392	-	16,852	40,244
Insurance claims	3,847	-	3,847	-	7,694
Principal paid	(4,352)	(81,183)	(169,352)	-	(254,887)
Interest paid	-	(33,568)	(3,510)	-	(37,078)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(7,202)</u>	<u>(130,120)</u>	<u>(170,280)</u>	<u>16,852</u>	<u>(290,750)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest earned	17	129	105	1	252
Net Cash Provided by Investing Activities	<u>17</u>	<u>129</u>	<u>105</u>	<u>1</u>	<u>252</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	(29,064)	12,004	(85,966)	(17,630)	(120,656)
<b>CASH AT BEGINNING OF YEAR</b>					
	77,914	329,868	168,541	17,854	594,177
<b>CASH AT END OF YEAR</b>					
	<u>\$ 48,850</u>	<u>\$ 341,872</u>	<u>\$ 82,575</u>	<u>\$ 224</u>	<u>\$ 473,521</u>
<b>SUMMARY OF CASH AND CASH EQUIVALENTS</b>					
Cash and cash equivalents	\$ 48,850	\$ 1,302	\$ 82,575	\$ 224	\$ 132,951
Restricted cash and cash equivalents	-	340,570	-	-	340,570
Total Cash and Cash Equivalents	<u>\$ 48,850</u>	<u>\$ 341,872</u>	<u>\$ 82,575</u>	<u>\$ 224</u>	<u>\$ 473,521</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating Income (Loss)	\$ (23,051)	\$ 29,312	\$ 199,568	\$ (29,939)	\$ 175,890
Adjustments to reconcile net operating income to net cash provided by operating activities:					
Depreciation expense	15,373	115,852	38,676	3,834	173,735
Increase (Decrease) in Sales Tax Payable	(3,056)	-	-	-	(3,056)
Increase (Decrease) in Customer deposits	8,357	-	4,873	-	13,230
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,377)</u>	<u>\$ 145,164</u>	<u>\$ 243,117</u>	<u>\$ (26,105)</u>	<u>\$ 359,799</u>

See accompanying notes to the basic financial statements.



**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

**FINANCIAL REPORTING ENTITY**

PRIMARY GOVERNMENT

The City of Granby's primary government is a general-purpose local government formed as a council-mayor form of municipal government under the laws of the State of Missouri. The governing body is an elected four-member City Council, with the Mayor serving as the president of the Council. The City operates the general government activities of the community, including police protection, street and road maintenance, parks, sewer and various administrative functions.

BLENDED COMPONENT UNITS

The financial statements of the City present the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on accounting principles generally accepted in the United States of America. 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.

**BASIS OF PRESENTATION**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.



**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance, revenues, and expenditures or expenses. The City's funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

**Governmental Funds**

General Fund – The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following special revenue funds, all of which are reported as major funds:

Street Fund – This fund is 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 fund is 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.

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**Proprietary Fund**

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.

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**

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

BASIS OF ACCOUNTING

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transactions or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

**FINANCIAL POSITION**

CASH AND CASH EQUIVALENTS

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificate of deposits or short-term investments with an original maturity of three months or less.

INVESTMENTS

Investments would be certificates of deposits acquired with cash whose original maturity term exceeds three months. The City had \$ 226,351 in investments as of June 30, 2018, all of which are carried at cost which approximates fair value.

STATEMENT OF CASH FLOWS

For the purpose of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.



**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2018

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

**DUE TO/FROM OTHER FUNDS**

Receivables and payables to other funds arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting.

**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, 2018:

	Cash Balances	Required Debt Reserves
<b>Business-Type Activities:</b>		
Sewer Fund		
Debt reserves	\$ 200,765	\$ 94,125
Principal and interest	67,500	67,500
Depreciation and replacement	72,305	128,800
Total Business-Type Activities Restricted Assets	\$ 340,570	\$ 290,425

**CAPITAL ASSETS**

The City's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**Government-Wide Statements**

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The City has elected not to go back 20 years and record estimated cost of streets less depreciation, but started in 2004 recording capital outlay of street projects and then depreciating the assets from twenty to forty years.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$ 1,000 is used to report capital assets. The range of estimated useful lives by the type of asset is as follows:

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**CAPITAL ASSETS - continued**

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

**Fund Financial Statements**

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

**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, 2018, the City did not capitalize any interest and total interest expense and agent fees were \$ 37,078.

**Inventories**

The costs of inventory items are recorded as expenditures/expense when purchased rather than when consumed.

**Long-Term Debt**

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

NET POSITION/FUND BALANCE CLASSIFICATIONS

**Government-Wide Statements**

Net Position is classified and displayed in three components:

1. *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

**Fund Financial Statements**

**Governmental Funds**

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

**Nonspendable** - Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

**Restricted** - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

**Committed** - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the City's highest level of decision-making authority.

**Assigned** - Amounts constrained by the City's intent to be used for specific purposes but that are neither restricted nor committed.



**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

NET POSITION/FUND BALANCE CLASSIFICATIONS - continued

**Unassigned** - The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to a specific purpose. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

It is the City's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also City policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

**Proprietary Funds**

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

**REVENUES, EXPENDITURES AND EXPENSES**

PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Licenses & permits
Police & Court	Fines and forfeits, operating and capital grants
Parks	Participation fees
Refuse	Hauling fees

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**OPERATING REVENUE AND EXPENSES**

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

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 2017 was \$ .4405 with a valuation base of \$ 13,240,533 broken down as follows: \$ .3567 General and \$ .0838 Cemetery.

Revenue Sales Taxes

The City has five authorizations of sales tax revenue. A one cent general sales tax (\$ 107,325), a 1/4 cent Fire sales tax (\$ 26,081), a 1/8 cent Park sales tax (\$ 6,989), a 1/4 cent Police sales tax (\$ 21,841), and a one cent Transportation sales tax (\$107,358).

Intergovernmental Revenues/Capital Grants Earned

Revenues from federal and state operating grants are recognized when expenditures are made. Similarly, capital grants are considered earned when the expenditure is made.

**INTERNAL AND INTERFUND BALANCES AND ACTIVITIES**

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

FUND FINANCIAL STATEMENTS

Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. *Interfund loans.* Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. *Interfund transfer.* Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.
- c. *Cost reimbursements.* Amounts provided for by the General Fund and reimbursed by the Street and Proprietary Funds.

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**INTERNAL AND INTERFUND BALANCES AND ACTIVITIES - continued**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances resulting from cash transaction or events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. *Internal balances.* Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the “Governmental” and “Business-Type Activities” columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b. *Internal activities.* Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

**USE OF ESTIMATES**

The preparation of financial statements in accordance with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

**Restriction of Net Position**

The City records restrictions to indicate that a portion of the net position is legally segregated for a specific future use.

**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.

**Budgetary basis of accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (modified cash basis) for all governmental funds.

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**Excess of expenditures over appropriations**

For the year ended June 30, 2018, expenditures were within appropriations for all of the funds.

**Compliance with Bond Reserve Ordinances**

The City is in compliance with significant requirements regarding debt reserves.

**Legal Debt Margin**

The City's assessed value supports a general obligation bond limit of \$ 1,324,053. The City did not have any general obligation bonds outstanding as of June 30, 2018.

**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.

Investment Policies

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does 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's policy is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy is to invest in only those instruments approved by the State of Missouri which have minimal risk.

**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, 2018

**NOTE C – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2018 was as follows:

**Governmental Activities:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 265,220	\$ 20,000	\$ -	\$ 285,220
Capital assets being depreciated:				
Buildings	\$ 923,031	\$ 184,182	\$ -	\$ 1,107,213
Infrastructure	4,353,260	-	-	4,353,260
Equipment	1,090,572	7,195	-	1,097,767
Total capital assets being depreciated	<u>6,366,863</u>	<u>191,377</u>	<u>-</u>	<u>6,558,240</u>
Less: Accumulated depreciation for:				
Buildings	507,536	25,122	-	532,658
Infrastructure	896,812	109,165	-	1,005,977
Equipment	3,803,206	54,163	-	3,857,369
Total accumulated depreciation	<u>5,207,554</u>	<u>188,450</u>	<u>-</u>	<u>5,396,004</u>
Total capital assets being depreciated, net	<u>\$ 1,159,309</u>			<u>\$ 1,162,236</u>
Governmental activities capital assets, net	<u>\$ 1,424,529</u>			<u>\$ 1,447,456</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental activities:

General government	\$ 42,885
Police and court	10,977
Streets	108,643
Parks and recreation	5,167
Fire	17,007
Cemetery	3,771
	<u>\$ 188,450</u>



**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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
Construction in progress	\$ -	\$ 31,847	\$ -	\$ 31,847
Capital assets being depreciated:				
Buildings	\$ 230,005	\$ -	\$ -	\$ 230,005
Equipment	604,964	14,876	-	619,840
Vehicles	87,170	-	-	87,170
Infrastructure	6,989,875	-	-	6,989,875
Total capital assets being depreciated	7,912,014	14,876	-	7,926,890
Less accumulated depreciation for:				
Buildings	55,728	5,582	-	61,310
Equipment	466,946	29,208	-	496,154
Vehicles	83,411	1,243	-	84,654
Infrastructure	3,607,689	137,702	-	3,745,391
Total accumulated depreciation	4,213,774	173,735	-	4,387,509
Total capital assets being depreciated, net	<u>\$ 3,698,240</u>			<u>\$ 3,539,381</u>
Business-type activities capital assets, net	<u>\$ 3,764,205</u>			<u>\$ 3,637,193</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Business-type activities:

Water	\$ 15,373
Sewer	115,852
Gas	38,676
Sanitation	3,834
	<u>\$ 173,735</u>



**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2018

**NOTE D – LONG-TERM DEBT**

**Governmental Activities:**

The following is a summary of debt transactions of the City for the year ended June 30, 2018 as it relates to the business type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Lease purchases	\$ 22,851	200,000	\$ 22,967	\$ 199,884	\$ 14,868

\$200,000 Lease purchase agreement to purchase a building to be the Police Department, payments due monthly of \$ 1,500 including interest of 3.5%, maturing April 1, 2032. \$ 195,407

\$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. 4,477

\$ 199,884

The annual requirement to amortize bonded debt as of June 30, 2018 follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 14,868	\$ 7,752	\$ 22,620
2020	11,710	6,290	18,000
2021	12,126	5,874	18,000
2022	12,558	5,442	18,000
2023	13,004	4,996	18,000
2024-2028	72,297	17,703	90,000
2029	63,321	4,355	67,676
	<u>\$ 199,884</u>	<u>\$ 52,412</u>	<u>\$ 252,296</u>

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**Business-type activities**

The following is a summary of debt transactions of the City for the year ended June 30, 2018 as it relates to the business type activities:

	Beginning			Ending	Amounts
	Balance	Additions	Reductions	Balance	Due Within
					One Year
Revenue Bonds	\$ 305,000	\$ -	\$ 40,000	\$ 265,000	\$ 40,000
Certificate of Participation	770,000	-	185,000	585,000	20,000
Line of credit	36,773	-	21,183	15,590	15,590
Lease purchase	17,700	-	8,704	8,996	8,996
Total Business-type					
Activities long-term debt	<u>\$ 1,129,473</u>	<u>\$ -</u>	<u>\$ 254,887</u>	<u>\$ 874,586</u>	<u>\$ 84,586</u>
Long term debt payable within one year				\$ 84,586	
Long term debt payable in more than one year					
Revenue Bonds				225,000	
Certificate of Participation				565,000	
				<u>\$ 874,586</u>	

**CITY OF GRANBY, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

The Proprietary Fund long-term debt as of June 30, 2018 follows:

\$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.	\$ 585,000
\$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.	265,000
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.	15,590
\$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.	<u>8,996</u>
	<u>\$ 874,586</u>

**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2018

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

The annual requirement to amortize bonded debt as of June 30, 2018 follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 84,586	\$ 27,354	\$ 111,940
2020	60,000	25,113	85,113
2021	60,000	23,263	83,263
2022	65,000	21,413	86,413
2023	100,000	19,400	119,400
2024-2028	405,000	53,950	458,950
2029	100,000	3,250	103,250
	<u>\$ 874,586</u>	<u>\$ 173,743</u>	<u>\$ 1,048,329</u>

**NOTE E – 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.

General Information about the Pension Plan

**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).

**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) 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.

**CITY OF GRANBY, MISSOURI**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

	2018 Valuation
Benefit Multiplier:	1.50%
Final Average Salary:	5 years
Member Contributions:	4%

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 February 28, 2018, 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	4
Active employees	8
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. Employer’s contribution rates are 3.6% General and 6.6% Police of annual covered payroll.

Contributions required by State Statute and made for each of the past three years are as follows:

Year Ending: June 30,		
2018	\$	15,596
2017		14,770
2016		11,332

These contributions represent 100 percent of the required contribution in each fiscal year.

**NOTE F – 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. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.



**CITY OF GRANBY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2018

**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 – TRANSFERS**

Transfers to the General Fund of \$ 36,117 are made up of the following funds and amounts: \$ 6,339 from the Water Fund, \$ 9,529 from the Sewer Fund, \$ 2,049 from the Sanitation Fund, \$ 5,041 from the Street Fund, and \$ 13,159 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.

**NOTE I – 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 J – 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 K – 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, 2018

**NOTE L – CHANGE IN ACCOUNTING METHOD**

The City in prior reports has presented the financial information in accordance with GASB 34. However, the City's records are kept on the modified cash basis and presented to the auditor in the same method. Therefore, to be consistent, the City approved to prepare the financial statements on the same method.

**Governmental Funds:**

	General Fund	Street Fund	Cemetery Fund	TIF Fund
As previously reported	\$ 161,511	\$ 205,871	\$ 768	\$ 208,377
Adjustment for change	(17,420)	(16,249)	5,238	(34,701)
As restated, July 1, 2017	<u>\$ 144,091</u>	<u>\$ 189,622</u>	<u>\$ 6,006</u>	<u>\$ 173,676</u>

**Proprietary Funds:**

	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund
As previously reported	\$ 298,257	\$ 2,070,117	\$ 564,647	\$ 24,651
Adjustment for change	(540)	23,573	7,326	9,266
As restated, July 1, 2017	<u>\$ 297,717</u>	<u>\$ 2,093,690</u>	<u>\$ 571,973</u>	<u>\$ 33,917</u>

**Government-Wide Funds:**

	Governmental Activities	Business-Type Activities
As previously reported	\$ 1,944,659	\$ 2,957,672
Adjustment for change	(29,586)	39,625
As restated, July 1, 2017	<u>\$ 1,915,073</u>	<u>\$ 2,997,297</u>

**CITY OF GRANBY, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - UNAUDITED**  
**(MODIFIED CASH BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Surtax	\$ 44,717	\$ 43,365	\$ 43,365	\$ -
Franchise taxes	68,348	67,174	67,174	-
Sales taxes	182,174	150,924	150,924	-
Licenses & permits	1,545	1,490	1,490	-
Fines & forfeitures	66,447	33,372	33,372	-
Fire district contract	14,100	13,842	13,842	-
Rents	1,049	1,150	1,150	-
Summer ball	10,000	8,172	8,172	-
Old mining town days	9,470	8,616	8,616	-
Interest	43	107	107	-
Donations	2,000	4,682	4,682	-
Grants	500	4,182	4,182	-
Miscellaneous	42,570	10,414	10,414	-
Total Revenues	<u>442,963</u>	<u>347,490</u>	<u>347,490</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	29,934	66,034	66,034	-
Public safety- Police	206,825	212,981	212,981	-
Courts	17,463	12,812	12,812	-
Fire	60,413	46,045	46,045	-
Parks and recreation	33,011	58,103	58,103	-
Capital outlay	10,000	210,351	210,351	-
Debt service:				
Principal	-	18,594	18,594	-
Interest	-	3,321	3,321	-
Total Expenditures	<u>357,646</u>	<u>628,241</u>	<u>628,241</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	85,317	(280,751)	(280,751)	-
<b>OTHER SOURCES (USES)</b>				
Insurance claim	840	13,746	13,746	-
Bank loan	-	200,000	200,000	-
Transfers from other funds	-	144,014	144,014	-
NET CHANGE IN FUND BALANCE	<u>\$ 86,157</u>	<u>\$ 77,009</u>	77,009	<u>\$ -</u>
FUND BALANCES - BEGINNING (RESTATED)			<u>144,091</u>	
FUND BALANCES - ENDING			<u>\$ 221,100</u>	

**CITY OF GRANBY, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - UNAUDITED**  
**(MODIFIED CASH BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Street Fund			Variance with Final Budget
	Budget			
REVENUES	Original	Final	Actual	
Sales taxes	\$ 120,291	\$ 100,425	\$ 100,425	\$ -
Missouri motor fuel taxes	86,938	86,127	86,127	-
Interest	9	23	23	-
Grants	-	8,160	8,160	-
Total Revenues	<u>207,238</u>	<u>194,735</u>	<u>194,735</u>	<u>-</u>
EXPENDITURES				
Current:				
Streets	205,887	203,275	203,275	-
Capital outlay	-	1,026	1,026	-
Debt service:				
Principal	-	4,373	4,373	-
Interest	-	280	280	-
Total Expenditures	<u>205,887</u>	<u>208,954</u>	<u>208,954</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,351	(14,219)	(14,219)	-
OTHER SOURCES (USES)				
Insurance claim	-	3,847	3,847	-
Transfers from other funds	-	23,770	23,770	-
Transfers to other funds	-	(13,183)	(13,183)	-
NET CHANGE IN FUND BALANCE	<u>\$ 1,351</u>	<u>\$ 215</u>	215	<u>\$ -</u>
FUND BALANCES - BEGINNING (RESTATED)			<u>189,622</u>	
FUND BALANCES - ENDING			<u>\$ 189,837</u>	

**CITY OF GRANBY, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - UNAUDITED**  
**(MODIFIED CASH BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		TIF Fund	
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Surtax	\$ 43,252	\$ 50,343	\$ 50,343	\$ -
Sales and use taxes	19,706	18,245	18,245	-
County sales tax	20,721	47,341	47,341	-
Interest	21	46	46	-
Total Revenues	<u>83,700</u>	<u>115,975</u>	<u>115,975</u>	<u>-</u>
EXPENDITURES				
TIF	1,436	2,031	2,031	-
Total Expenditures	<u>1,436</u>	<u>2,031</u>	<u>2,031</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	82,264	113,944	113,944	-
OTHER SOURCES (USES)				
Transfers to other funds	-	(90,638)	(90,638)	-
NET CHANGES IN FUND BALANCES	<u>\$ 82,264</u>	<u>\$ 23,306</u>	23,306	<u>\$ -</u>
FUND BALANCES - BEGINNING (RESTATEd)			<u>173,676</u>	
FUND BALANCES - ENDING			<u>\$ 196,982</u>	

**CITY OF GRANBY, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - UNAUDITED**  
**(MODIFIED CASH BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Nonmajor Fund/Cemetery Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
<b>REVENUES</b>				
Surtax	\$ 7,640	\$ 6,390	\$ 6,390	\$ -
Sale of lots	2,850	4,700	4,700	-
Burial	6,900	10,700	10,700	-
Donations	657	761	761	-
Interest	11	-	-	-
Total Revenues	<u>18,058</u>	<u>22,551</u>	<u>22,551</u>	<u>-</u>
<b>EXPENDITURES</b>				
Cemetery	24,621	23,682	23,682	-
Total Expenditures	<u>24,621</u>	<u>23,682</u>	<u>23,682</u>	<u>-</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	(6,563)	(1,131)	(1,131)	-
<b>OTHER SOURCES (USES)</b>				
Transfers to other funds	-	(2,220)	(2,220)	-
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ (6,563)</u>	<u>\$ (3,351)</u>	(3,351)	<u>\$ -</u>
<b>FUND BALANCES - BEGINNING (RESTATED)</b>			<u>6,006</u>	
<b>FUND BALANCES - ENDING</b>			<u>\$ 2,655</u>	