

CITY OF GRANBY, MISSOURI

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

**FOR THE YEAR ENDED
JUNE 30, 2020**

CONTENTS

	<u>PAGE NO.</u>
Independent Auditor's Report	1-2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position (Modified Cash Basis)	3
Statement of Activities (Modified Cash Basis)	4
Fund Financial Statements:	
Balance Sheet (Modified Cash Basis) – Governmental Funds	5
Reconciliation of the Governmental Funds Balance Sheet (Modified Cash Basis) to the Government-wide Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balances (Modified Cash Basis) – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities (Modified Cash Basis)	8
Statement of Net Position (Modified Cash Basis) – Proprietary Funds	9
Statement of Revenues, Expenses and Changes in Net Position – (Modified Cash Basis) Proprietary Funds	10
Statement of Cash Flows (Modified Cash Basis) – Proprietary Funds	11
Notes to Financial Statements	12-30
 SUPPLEMENTARY INFORMATION SECTION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Modified Cash Basis) Major Governmental Funds	31-33

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, 2020, 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 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Granby, Missouri, as of June 30, 2020, 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.

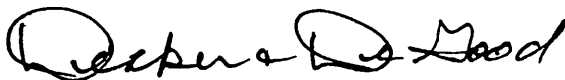
Basis of Accounting

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 31-33, 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
October 20, 2020

CITY OF GRANBY, MISSOURI
STATEMENT OF NET POSITION
(MODIFIED CASH BASIS)
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 585,057	\$ 216,580	\$ 801,637
Investments	77,152	124,289	201,441
Restricted cash and cash equivalents-			
Cash	-	217,559	217,559
Investments	101,084	99,844	200,928
Internal balances	54,530	(54,530)	-
Capital assets:			
Land	285,220	65,965	351,185
Construction in progress	-	36,647	36,647
Other capital assets, net of accumulated depreciation	1,043,824	3,267,973	4,311,797
Total Assets	2,146,867	3,974,327	6,121,194
LIABILITIES			
Current maturities of long-term debt	7,060	78,621	85,681
Noncurrent liabilities:			
Certificates of participation	-	535,000	535,000
Revenue bonds	-	145,000	145,000
Lease obligations	-	-	-
Customer deposits	-	114,898	114,898
Total Liabilities	7,060	873,519	880,579
NET POSITION			
Net investment in capital assets	1,321,984	2,611,963	3,933,947
Restricted-			
Debt reserves	-	274,400	274,400
Unrestricted (Deficit)	817,823	214,445	1,032,268
Total Net Position	\$ 2,139,807	\$ 3,100,808	\$ 5,240,615

See accompanying notes to the basic financial statements.

CITY OF GRANBY, MISSOURI
STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 79,062	\$ 981	\$ 12,085	\$ -	\$ (65,996)	\$ -	\$ (65,996)
Public safety- Police	209,397	-	500	-	(208,897)	-	(208,897)
Courts	15,797	17,270	-	-	1,473	-	1,473
Fire	48,203	13,928	-	-	(34,275)	-	(34,275)
Streets	303,546	-	-	-	(303,546)	-	(303,546)
Parks and recreation	49,149	855	4,256	-	(44,038)	-	(44,038)
Sanitation	139,264	103,258	34,042	-	(1,964)	-	(1,964)
Cemetery	32,892	10,100	-	26,200	3,408	-	3,408
TIF	6,246	-	-	-	(6,246)	-	(6,246)
Interest on long term debt	827	-	-	-	(827)	-	(827)
Total governmental activities	884,383	146,392	50,883	26,200	(660,908)	-	(660,908)
Business-type activities:							
Water	196,654	278,402	-	-	-	81,748	81,748
Sewer	447,735	386,830	-	-	-	(60,905)	(60,905)
Gas	424,436	553,452	9,104	-	-	138,120	138,120
Total business-type activities	1,068,825	1,218,684	9,104	-	-	158,963	158,963
Total government	\$ 1,953,208	\$ 1,365,076	\$ 59,987	\$ 26,200	(660,908)	158,963	(501,945)

General Revenues

Taxes:

Property taxes for general purposes	100,486	-	100,486
Property taxes for cemetery	8,799	-	8,799
Franchise taxes	64,569	-	64,569
Sales taxes and use taxes	311,327	-	311,327
Missouri motor fuel taxes	84,165	-	84,165
County sales tax	8,763	-	8,763
Interest on investments	969	646	1,615
Miscellaneous	6,811	-	6,811
Fee in lieu of taxes	56,218	(56,218)	-
Transfers (to) from	237,287	(237,287)	-
Total general revenues and transfers	879,394	(292,859)	586,535
Change in net position	218,486	(133,896)	84,590
Net position beginning	1,921,321	3,234,704	5,156,025
Net position ending	\$ 2,139,807	\$ 3,100,808	\$ 5,240,615

See accompanying notes to the basic financial statements.

CITY OF GRANBY, MISSOURI

BALANCE SHEET
(MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Street Fund	TIF Fund	Nonmajor Fund Cemetery Fund	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 182,806	\$ 162,937	\$ 233,610	\$ 5,704	\$ 585,057
Investments	36,536	40,616			77,152
Due from other funds	49,970	-	7,998	-	57,968
Restricted assets:					
Cash and cash equivalents	101,084	-	-	-	101,084
TOTAL ASSETS	\$ 370,396	\$ 203,553	\$ 241,608	\$ 5,704	\$ 821,261
<u>LIABILITIES</u>					
Due to other funds	\$ -	\$ 3,155	\$ -	\$ 283	\$ 3,438
TOTAL LIABILITIES	-	3,155	-	283	3,438
<u>FUND BALANCES</u>					
FUND BALANCES					
Fund Balances -					
Assigned	\$ 101,084	\$ -	\$ -	\$ -	\$ 101,084
Restricted-					
Streets	-	200,398	-	-	200,398
Cemetery	-	-	-	5,421	5,421
TIF	-	-	241,608	-	241,608
Unassigned	269,312	-	-	-	269,312
TOTAL FUND BALANCES	370,396	200,398	241,608	5,421	817,823
TOTAL LIABILITIES AND FUND BALANCES	\$ 370,396	\$ 203,553	\$ 241,608	\$ 5,704	\$ 821,261

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, 2020

Total Fund Balances-Governmental Funds		\$ 817,823
<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	<u>1,043,824</u>	
		1,329,044
<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>		
		<u>(7,060)</u>
Net position of governmental activities		<u><u>\$ 2,139,807</u></u>

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, 2020

REVENUES	General Fund	Street Fund	TIF Fund	Nonmajor Fund Cemetery Fund	Governmental Funds
Taxes:					
Property taxes	\$ 45,534	\$ -	\$ 54,952	\$ 8,799	\$ 109,285
Franchise taxes	64,569	-	-	-	64,569
Sales tax	177,993	112,493	20,841	-	311,327
Intergovernmental:					
Missouri motor fuel taxes	-	84,165	-	-	84,165
County sales tax	-	-	8,763	-	8,763
Licenses & permits	981	-	-	-	981
Fines & forfeitures	17,270	-	-	-	17,270
Fire district contract	13,928	-	-	-	13,928
Interest	518	353	98	-	969
Old mining town days	4,256	-	-	-	4,256
Sanitation fee	103,258	-	-	-	103,258
Summer ball	855	-	-	-	855
Sale of lots	-	-	-	-	-
Burial	-	-	-	10,100	10,100
Donations	12,085	-	-	50	12,135
Grants	34,042	-	-	-	34,042
Miscellaneous	6,785	-	-	26	6,811
Total Revenues	<u>482,074</u>	<u>197,011</u>	<u>84,654</u>	<u>18,975</u>	<u>782,714</u>
EXPENDITURES					
Current:					
General government	30,107	-	-	-	30,107
Public safety- Police	191,509	-	-	-	191,509
Courts	15,797	-	-	-	15,797
Fire	43,274	-	-	-	43,274
Streets	-	193,973	-	-	193,973
Parks and recreation	39,206	-	-	-	39,206
Sanitation	136,912	-	-	-	136,912
Cemetery	-	-	-	27,015	27,015
TIF	-	-	6,246	-	6,246
Capital outlay	52,179	6,327	43,068	26,200	127,774
Debt service:					
Principal	183,805	6,053	-	-	189,858
Interest	243	584	-	-	827
Total Expenditures	<u>693,032</u>	<u>206,937</u>	<u>49,314</u>	<u>53,215</u>	<u>1,002,498</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(210,958)	(9,926)	35,340	(34,240)	(219,784)
OTHER FINANCING SOURCES (USES)					
Capital contribution	-	-	-	26,200	26,200
Transfers in	237,287	-	8,797	-	246,084
Transfers out	(8,797)	-	-	-	(8,797)
Transfers in - Fee in lieu of taxes	56,218	-	-	-	56,218
NET CHANGES IN FUND BALANCES	73,750	(9,926)	44,137	(8,040)	99,921
FUND BALANCES - BEGINNING (RESTATED)	296,646	210,324	197,471	13,461	717,902
FUND BALANCES - ENDING	<u>\$ 370,396</u>	<u>\$ 200,398</u>	<u>\$ 241,608</u>	<u>\$ 5,421</u>	<u>\$ 817,823</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, 2020

Net change in fund balances--total governmental funds	\$	99,921
<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		127,774
Current year's depreciation expense		(199,067)
<p>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>		
Principal payments		189,858
Change in net position of governmental activities	\$	218,486

See accompanying notes to the basic financial statements.

CITY OF GRANBY, MISSOURI
STATEMENT OF NET POSITION
(MODIFIED CASH BASIS)
PROPRIETARY FUNDS
JUNE 30, 2020

	Water Fund	Sewer Fund	Gas Fund	Total Enterprise Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 88,647	\$ 39,747	\$ 88,186	\$ 216,580
Investments	35,539	-	88,750	124,289
Total Current Assets	<u>124,186</u>	<u>39,747</u>	<u>176,936</u>	<u>340,869</u>
Noncurrent Assets:				
Restricted cash and cash equivalents:				
Debt reserves	-	217,559	-	217,559
Investments - debt reserves	-	99,844	-	99,844
Capital assets:				
Land	31,250	23,665	1,050	65,965
Construction in progress	-	36,647	-	36,647
Other capital assets, net of accumulated depreciation	232,434	2,385,598	649,941	3,267,973
Total Noncurrent Assets	<u>263,684</u>	<u>2,763,313</u>	<u>660,991</u>	<u>3,687,988</u>
TOTAL ASSETS	<u>387,870</u>	<u>2,803,060</u>	<u>837,927</u>	<u>4,028,857</u>
LIABILITIES				
Current Liabilities:				
Due to other funds	18,040	10,752	25,738	54,530
Current portion of long-term debt	6,810	65,000	6,811	78,621
Total Current Liabilities	<u>24,850</u>	<u>75,752</u>	<u>32,549</u>	<u>133,151</u>
Noncurrent Liabilities:				
Certificate of participation	-	535,000	-	535,000
Revenue bonds	-	145,000	-	145,000
Customer deposits	61,090	-	53,808	114,898
TOTAL LIABILITIES	<u>85,940</u>	<u>755,752</u>	<u>86,357</u>	<u>928,049</u>
NET POSITION				
Net investment in capital assets	256,873	1,700,910	654,180	2,611,963
Restricted-				
Debt reserves	-	274,400	-	274,400
Unrestricted	45,057	71,998	97,390	214,445
TOTAL NET POSITION	<u>\$ 301,930</u>	<u>\$ 2,047,308</u>	<u>\$ 751,570</u>	<u>\$ 3,100,808</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, 2020

	Water Fund	Sewer Fund	Gas Fund	Total Enterprise Funds
OPERATING REVENUES:				
Charges for services	\$ 278,402	\$ 386,830	\$ 553,452	\$ 1,218,684
Total Operating Revenues	<u>278,402</u>	<u>386,830</u>	<u>553,452</u>	<u>1,218,684</u>
OPERATING EXPENSES:				
Depreciation	18,299	111,450	40,882	170,631
Dues and subscriptions	250	373	2,937	3,560
Gas purchase		-	195,894	195,894
Health insurance	13,241	17,111	24,690	55,042
Insurance	8,479	7,616	2,807	18,902
Miscellaneous	74	3,070	997	4,141
Office supplies and postage	2,988	3,448	3,427	9,863
Payroll taxes	3,230	7,281	6,635	17,146
Professional fees	2,030	28,400	6,796	37,226
Repairs & maintenance	15,136	18,897	12,202	46,235
Wages	42,841	101,089	87,992	231,922
Retirement benefits	1,574	5,561	4,522	11,657
Supplies	4,846	7,133	23,691	35,670
Telephone	899	3,531	1,440	5,870
Testing	60	3,823	-	3,883
Travel and training	1,169	654	839	2,662
Uniforms	628	1,807	2,230	4,665
Utilities	77,579	36,991	2,550	117,120
Vehicle expense	2,162	3,231	3,905	9,298
Total Operating Expenses	<u>195,485</u>	<u>361,466</u>	<u>424,436</u>	<u>981,387</u>
OPERATING INCOME	<u>82,917</u>	<u>25,364</u>	<u>129,016</u>	<u>237,297</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest income	108	521	17	646
(Loss) Gain on sale of assets	-	(30,936)	9,104	(21,832)
Debt issuance costs	-	(28,739)	-	(28,739)
Interest expense	(1,169)	(26,594)	-	(27,763)
Total Non-operating Revenues (Expenses)	<u>(1,061)</u>	<u>(85,748)</u>	<u>9,121</u>	<u>(77,688)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS	<u>81,856</u>	<u>(60,384)</u>	<u>138,137</u>	<u>159,609</u>
Transfers (out)	(13,996)	(19,348)	(203,943)	(237,287)
Fee in lieu of taxes	(13,996)	(14,542)	(27,680)	(56,218)
CHANGE IN NET POSITION	<u>53,864</u>	<u>(94,274)</u>	<u>(93,486)</u>	<u>(133,896)</u>
TOTAL NET POSITION - BEGINNING	<u>248,066</u>	<u>2,141,582</u>	<u>845,056</u>	<u>3,234,704</u>
TOTAL NET POSITION - ENDING	<u>\$ 301,930</u>	<u>\$ 2,047,308</u>	<u>\$ 751,570</u>	<u>\$ 3,100,808</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, 2020

	Water Fund	Sewer Fund	Gas Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 281,805	\$ 386,830	\$ 550,284	\$ 1,218,919
Payments to suppliers	(129,541)	(126,255)	(266,350)	(522,146)
Payments to employees	(47,645)	(123,761)	(117,204)	(288,610)
Net Cash Provided by Operating Activities	<u>104,619</u>	<u>136,814</u>	<u>166,730</u>	<u>408,163</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Increase in due to other funds	18,040	10,752	23,940	52,732
Fee in lieu of taxes paid to General Fund	(13,996)	(14,542)	(27,680)	(56,218)
Transfers to other funds	(13,996)	(19,348)	(203,943)	(237,287)
Net Cash (Used for) Noncapital Financing Activities	<u>(9,952)</u>	<u>(23,138)</u>	<u>(207,683)</u>	<u>(240,773)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital expenditures	(13,066)	(22,026)	(6,027)	(41,119)
Basis of asset sold	-	6,980	11,468	18,448
Refunded bond issue	-	560,000	-	560,000
Principal paid	(7,022)	(605,000)	(7,002)	(619,024)
Interest paid	(1,169)	(55,333)	-	(56,502)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(21,257)</u>	<u>(115,379)</u>	<u>(1,561)</u>	<u>(138,197)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned	108	521	17	646
Net Cash Provided by Investing Activities	<u>108</u>	<u>521</u>	<u>17</u>	<u>646</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	73,518	(1,182)	(42,497)	29,839
CASH AT BEGINNING OF YEAR				
	<u>50,668</u>	<u>358,332</u>	<u>219,433</u>	<u>628,433</u>
CASH AT END OF YEAR				
	<u>\$ 124,186</u>	<u>\$ 357,150</u>	<u>\$ 176,936</u>	<u>\$ 658,272</u>
SUMMARY OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	\$ 124,186	\$ 39,747	\$ 176,936	\$ 340,869
Restricted cash and cash equivalents	-	317,403	-	317,403
Total Cash and Cash Equivalents	<u>\$ 124,186</u>	<u>\$ 357,150</u>	<u>\$ 176,936</u>	<u>\$ 658,272</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating Income	\$ 82,917	\$ 25,364	\$ 129,016	\$ 237,297
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation expense	18,299	111,450	40,882	170,631
Increase (Decrease) in Sales Tax Payable	(5,256)	-	-	(5,256)
Increase (Decrease) in Customer deposits	8,659	-	(3,168)	5,491
Net Cash Provided by Operating Activities	<u>\$ 104,619</u>	<u>\$ 136,814</u>	<u>\$ 166,730</u>	<u>\$ 408,163</u>

See accompanying notes to the basic financial statements.

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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.

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 classified as a major fund.

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 classified as a nonmajor fund.

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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 transaction 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 \$ 402,369 in investments as of June 30, 2020, 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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DUE 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, 2020:

	Cash Balances	Required Debt Reserves
Business-Type Activities:		
Sewer Fund		
Debt reserves	\$ 46,336	\$ 45,000
Principal and interest	111,528	73,000
Depreciation and replacement	159,539	156,400
Total Business-Type Activities Restricted Assets	\$ 317,403	\$ 274,400

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, 2020

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.

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, 2020

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 are in a nonspendable form or are 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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCE CLASSIFICATIONS - continued

Unassigned – Amounts are residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories and include all deficit amounts in all other governmental funds.

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 adopted a policy of setting back monies for unforeseen liabilities or operations or any formal stabilization arrangements in place.

The City had set back for year ended June30, 2020 the following:

General Fund	\$	10,657
Street Fund		6,865
Water Fund		10,874
Sewer Fund		14,592
Gas Fund		<u>24,497</u>
	<u>\$</u>	<u>67,485</u>

These amounts are included under the line item: Cash and Cash Equivalents

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.

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2019 was \$.4165 with a valuation base of \$ 15,968,122 broken down as follows: \$.3380 General and \$.0785 Cemetery.

Revenue Sales Taxes

The City has five authorizations of sales tax revenue. A one cent general sales tax (\$ 120,413), a 1/4 cent Fire sales tax (\$ 30,103), a 1/8 cent Park sales tax (\$ 14,863), a 1/4 cent Police sales tax (\$ 33,455), and a one cent Transportation sales tax (\$112,493).

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.

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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.

Budgetary basis of accounting

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

Excess of expenditures over appropriations

For the year ended June 30, 2020, expenditures were within appropriations for all the funds.

Compliance with Bond Reserve Ordinances

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

Legal Debt Margin

The City’s assessed value supports a general obligation bond limit of \$ 1,596,812. The City did not have any general obligation bonds outstanding as of June 30, 2020.

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.

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

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.

NOTE C – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2020 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	\$ 285,220	\$ -	\$ -	\$ 285,220
Capital assets being depreciated:				
Buildings	\$ 1,068,257	\$ 18,327	\$ -	\$ 1,086,584
Infrastructure	4,451,782	-	-	4,451,782
Equipment	1,251,835	109,446	-	1,361,281
Total capital assets being depreciated	<u>6,771,874</u>	<u>127,773</u>	<u>-</u>	<u>6,899,647</u>
Less: Accumulated depreciation for:				
Buildings	558,720	27,574	-	586,294
Infrastructure	4,090,059	111,627	-	4,201,686
Equipment	1,007,528	60,315	-	1,067,843
Total accumulated depreciation	<u>5,656,307</u>	<u>199,516</u>	<u>-</u>	<u>5,855,823</u>
Total capital assets being depreciated, net	<u>\$ 1,115,567</u>			<u>\$ 1,043,824</u>
Governmental activities capital assets, net	<u>\$ 1,400,787</u>			<u>\$ 1,329,044</u>

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C – CAPITAL ASSETS AND DEPRECIATION (Continued)

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

Governmental activities:

General government	\$ 48,955
Police and court	17,888
Streets	109,573
Parks and recreation	9,943
Sanitation	2,352
Fire	4,929
Cemetery	5,876
	<u>\$ 199,516</u>

Business-type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 65,965	\$ -	\$ -	\$ 65,965
Construction in progress	\$ 36,647	\$ -	\$ -	\$ 36,647
Capital assets being depreciated:				
Buildings	\$ 235,513	\$ 1,268	\$ -	\$ 236,781
Equipment	623,727	37,291	96,140	564,878
Vehicles	87,170	2,560	12,786	76,944
Infrastructure	7,011,330	-	-	7,011,330
Total capital assets being depreciated	<u>7,957,740</u>	<u>41,119</u>	<u>108,926</u>	<u>7,889,933</u>
Less accumulated depreciation for:				
Buildings	66,895	5,738	-	72,633
Equipment	505,336	25,188	77,223	453,301
Vehicles	85,897	1,614	12,786	74,725
Infrastructure	3,883,210	138,091	-	4,021,301
Total accumulated depreciation	<u>4,541,338</u>	<u>170,631</u>	<u>90,009</u>	<u>4,621,960</u>
Total capital assets being depreciated, net	<u>\$ 3,416,402</u>			<u>\$ 3,267,973</u>
Business-type activities capital assets, net	<u>\$ 3,519,014</u>			<u>\$ 3,370,585</u>

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C – CAPITAL ASSETS AND DEPRECIATION (Continued)

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

Business-type activities:

Water	\$	18,299
Sewer		111,450
Gas		40,882
		40,882
	\$	170,631

NOTE D – LONG-TERM DEBT

Governmental Activities:

The following is a summary of debt transactions of the City for the year ended June 30, 2020 as it relates to the business type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Lease purchases	\$ 196,918	-	\$ 189,858	\$ 7,060	\$ 7,060

\$13,833 Lease purchase agreement for 2019 Case backhoe.

Total lease purchase agreement is \$41,500, split equally between Street Fund, Water Fund and Gas Fund (\$ 13,833 each). Annual payments with interest of 4.22%, maturing April 9, 2022.

\$ 7,060

The annual requirement to amortize bonded debt as of June 30, 2020 follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 7,060	\$ 298	\$ 7,358

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 as it relates to the business type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds	\$ 225,000	\$ -	\$ 40,000	\$ 185,000	\$ 40,000
Certificate of Participation	565,000	560,000	565,000	560,000	25,000
Lease purchase	27,666		14,405	13,261	13,261
Total Business-type Activities long-term debt	<u>\$ 817,666</u>	<u>\$ 560,000</u>	<u>\$ 619,405</u>	<u>\$ 758,261</u>	<u>\$ 78,261</u>
Long term debt payable within one year				\$ 78,261	
Long term debt payable in more than one year					
Revenue Bonds				145,000	
Certificate of Participation				535,000	
				<u>\$ 758,261</u>	

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE D – LONG-TERM DEBT (Continued)

The Proprietary Fund long-term debt as of June 30, 2020 follows:

\$560,000 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 1.75% to 2.50%, maturing October 1, 2028.	\$ 560,000
\$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.	185,000
\$27,666 Lease purchase agreement for 2019 Case backhoe. Total lease purchase agreement is \$41,500, split equally between Street Fund, Water Fund and Gas Fund (\$13,833 each). Annual payments with interest of 4.22%, maturing April 9, 2022.	13,261
	\$ 758,261

The annual requirement to amortize bonded debt as of June 30, 2020 follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 78,261	\$ 15,353	\$ 93,614
2022	70,000	16,203	86,203
2023	75,000	14,393	89,393
2024	100,000	12,510	112,510
2025	80,000	9,350	89,350
2026-2029	355,000	17,776	372,776
	\$ 758,261	\$ 85,585	\$ 843,846

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.

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

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.

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.

	2019 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 after 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. On February 28, 2020, 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	3
Active employees	12
Total	17

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 5.6% General and 3.5% Police of annual covered payroll.

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ending: June 30,		
2019	\$	21,587
2018		21,213
2017		14,770

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.

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 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, 2020 for a period of 24 months.

CITY OF GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - UNAUDITED
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund			
	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 49,030	\$ 49,030	\$ 45,534	\$ (3,496)
Franchise taxes	68,400	68,400	64,569	(3,831)
Sales taxes	176,200	176,200	177,993	1,793
Licenses & permits	1,500	1,500	981	(519)
Fines & forfeitures	40,000	40,000	17,270	(22,730)
Fire district contract	15,500	15,500	13,928	(1,572)
Summer ball	12,500	12,500	855	(11,645)
Old mining town days	10,000	10,000	4,256	(5,744)
Sanitation fees	103,255	103,255	103,258	3
Interest	7	7	518	511
Donations	1,600	1,600	12,085	10,485
Grants	500	500	34,042	33,542
Miscellaneous	2,065	2,065	6,785	4,720
Total Revenues	<u>480,557</u>	<u>480,557</u>	<u>482,074</u>	<u>1,517</u>
EXPENDITURES				
Current:				
General government	34,184	34,184	30,107	4,077
Public safety- Police	209,237	209,237	191,509	17,728
Courts	16,120	16,120	15,797	323
Fire	43,362	43,362	43,274	88
Parks and recreation	37,565	37,565	39,206	(1,641)
Sanitation	129,976	129,976	136,912	(6,936)
Capital outlay	53,523	53,523	52,179	1,344
Debt service:				
Principal	183,805	183,805	183,805	-
Interest	243	243	243	-
Total Expenditures	<u>708,015</u>	<u>708,015</u>	<u>693,032</u>	<u>14,983</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(227,458)	(227,458)	(210,958)	16,500
OTHER SOURCES (USES)				
Transfers in - Fee in lieu of taxes	56,218	56,218	56,218	-
Transfers from other funds	63,250	63,250	228,490	165,240
NET CHANGE IN FUND BALANCE	<u>\$ (107,990)</u>	<u>\$ (107,990)</u>	73,750	<u>\$ 181,740</u>
FUND BALANCES - BEGINNING			<u>296,646</u>	
FUND BALANCES - ENDING			<u><u>\$ 370,396</u></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, 2020

REVENUES	Street Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
Sales taxes	\$ 113,500	\$ 113,500	\$ 112,493	\$ (1,007)
Missouri motor fuel taxes	82,600	82,600	84,165	1,565
Interest	-	-	353	353
Miscellaneous	3,000	3,000	-	(3,000)
Total Revenues	<u>199,100</u>	<u>199,100</u>	<u>197,011</u>	<u>(2,089)</u>
EXPENDITURES				
Current:				
Streets	198,674	198,674	193,973	4,701
Capital outlay	110,465	110,465	6,327	104,138
Debt service:				
Principal	6,053	6,053	6,053	-
Interest	584	584	584	-
Total Expenditures	<u>315,776</u>	<u>315,776</u>	<u>206,937</u>	<u>108,839</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ (116,676)</u>	<u>\$ (116,676)</u>	(9,926)	<u>\$ 106,750</u>
FUND BALANCES - BEGINNING			<u>210,324</u>	
FUND BALANCES - ENDING			<u>\$ 200,398</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, 2020

	TIF Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
REVENUES				
Property taxes	\$ 45,000	\$ 45,000	\$ 54,952	\$ 9,952
Sales tax	20,000	20,000	20,841	841
County sales tax	20,000	20,000	8,763	(11,237)
Interest	50	50	98	48
Total Revenues	<u>85,050</u>	<u>85,050</u>	<u>84,654</u>	<u>(396)</u>
EXPENDITURES				
TIF	-	-	6,246	(6,246)
Capital expenditures	85,000	85,000	43,068	41,932
Total Expenditures	<u>85,000</u>	<u>85,000</u>	<u>49,314</u>	<u>35,686</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	50	50	35,340	35,290
OTHER SOURCES (USES)				
Transfers in	-	-	8,797	8,797
NET CHANGES IN FUND BALANCES	<u>\$ 50</u>	<u>\$ 50</u>	44,137	<u>\$ 44,087</u>
FUND BALANCES - BEGINNING			<u>197,471</u>	
FUND BALANCES - ENDING			<u>\$ 241,608</u>	