



CITY OF GRANDVIEW, MISSOURI

POPULAR ANNUAL FINANCIAL REPORT FISCAL YEAR 2018

OCTOBER 1, 2017 - SEPTEMBER 30, 2018



A message from the City Administrator

It is my pleasure to present the Popular Annual Financial Report (PAFR) regarding the finances and administration of the City of Grandview, Missouri, for the fiscal year ended September 30, 2018. This is the second PAFR created by the City of Grandview, and we hope that it provides for the Mayor, Board of Aldermen and citizens relevant financial information in an easy-to-read document.

This report summarizes financial activities of the City of Grandview and includes information on where City revenue comes from and where those dollars are spent, as well as other trends in the local economy. The PAFR is done in conjunction with the Comprehensive Annual Financial Report (CAFR); and includes a condensed version of information contained in the CAFR. A copy of the CAFR is available on the City's website: www.grandview.org.

If you have any questions or comments regarding information in this document, please contact me at (816) 316 – 4872.

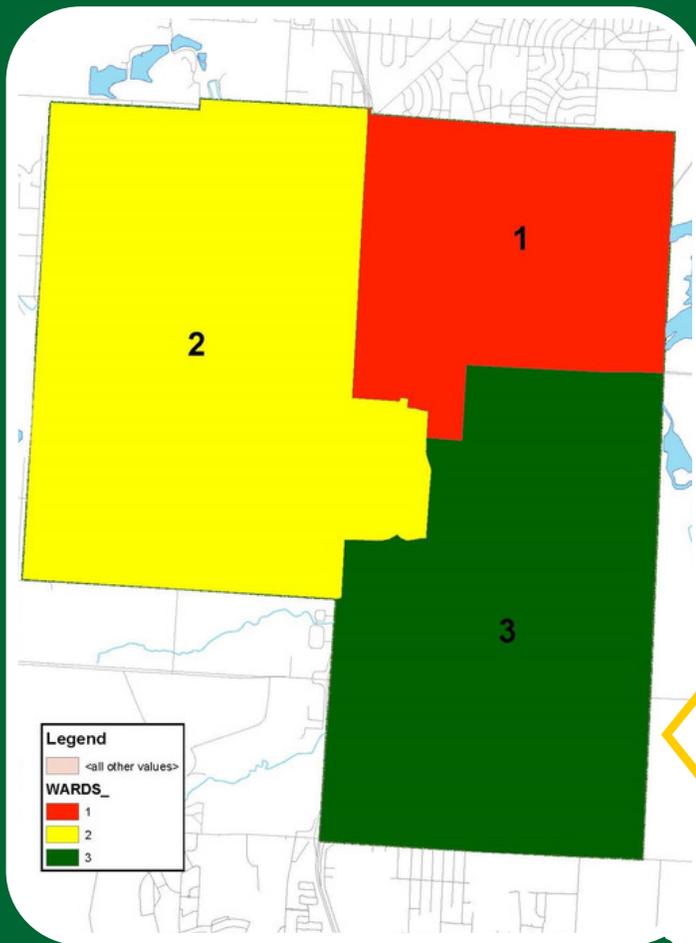
Sincerely,



Cemal Umut Gungor
City Administrator



Grandview Governance



Mayor – Leonard D. Jones Jr.

Ward 1 – Damon Randolph & Sandra Kessinger

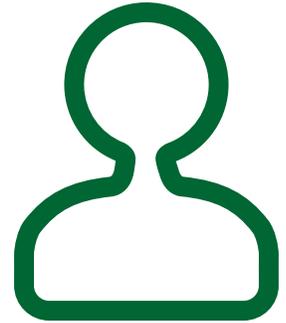
Ward 2 – Annette M. Turnbaugh & Brian Hochstein

Ward 3 – John T. Maloney & James N. Crain



GRANDVIEW, MISSOURI CITY PROFILE

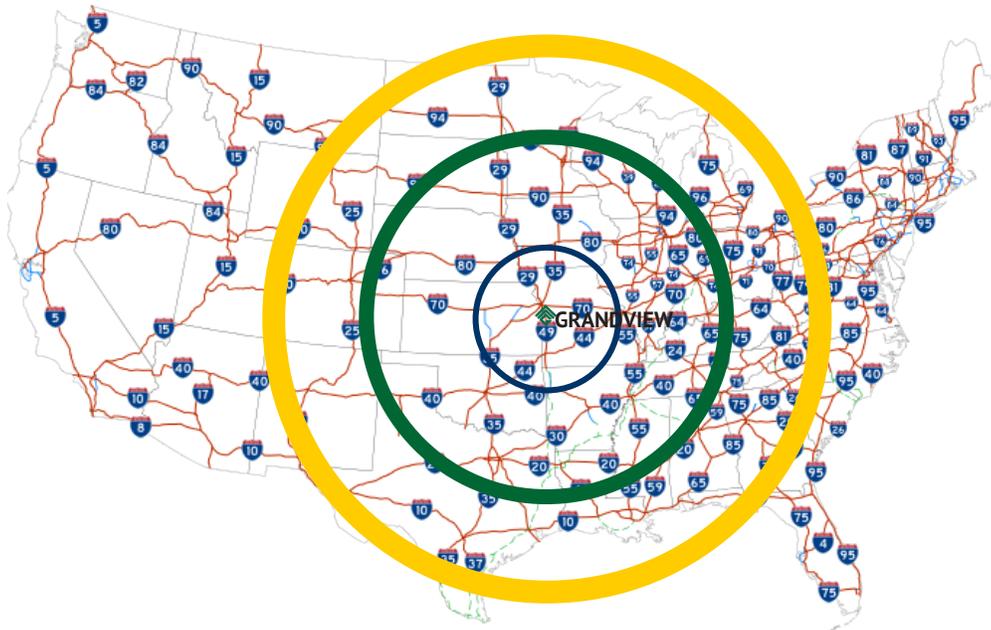
YEAR OF INCORPORATION: 1912



POPULATION
26,418

LAND SIZE
14.73
SQUARE MILES

MEDIAN AGE
32.8



LOCATION

SOUTHERN
JACKSON COUNTY,
MISSOURI ON I-49,
15 MILES SOUTH OF
DOWNTOWN
KANSAS CITY



CREDIT PROFILE

AA-Stable

Financial Activity Statements for Fiscal Years 2017 & 2018

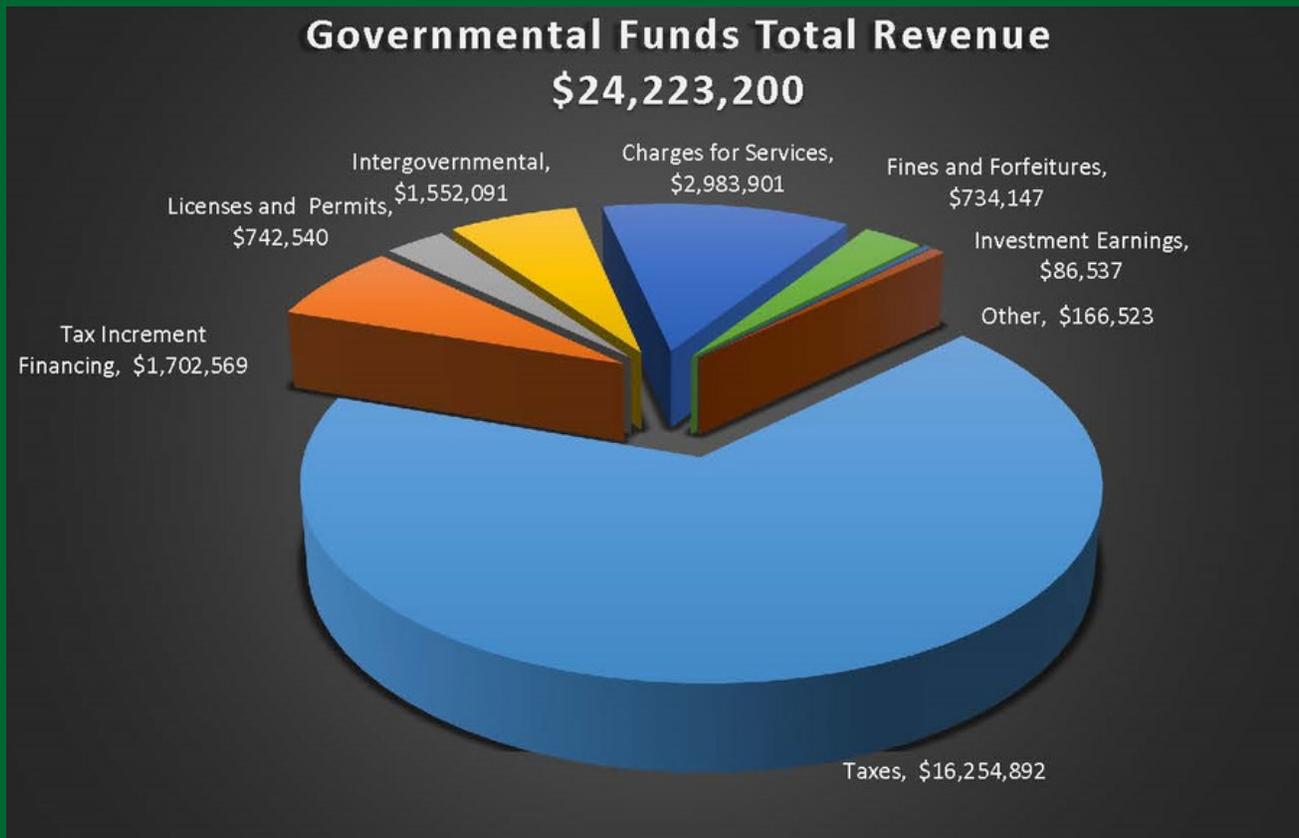
Governmental Funds			Proprietary Fund - Sanitary Sewer		
Revenues	2017	2018	Operating Revenues	2017	2018
Taxes	\$ 15,191,499	\$ 16,254,892	Charges for Services	\$ 3,984,351	\$ 4,197,575
Tax Increment Financing	1,592,927	1,702,569	Total Operating Revenues	3,984,351	4,197,575
Licenses & Permits	691,126	742,540	Operating Expenses	2017	2018
Intergovernmental	2,232,230	1,552,091	Services Operation & Maintenance	1,347,694	1,423,444
Charges for Services	2,747,833	2,983,901	Treatment Charges	1,775,139	2,217,513
Fines and Forfeitures	811,208	734,147	Depreciation & Amortization	238,987	242,089
Investment Earnings	132,097	86,537	Total Operating Expenses	3,361,820	3,883,046
Other	193,269	166,523	Operating Income (loss)	622,531	314,529
Total Revenues	23,592,189	24,223,200	Non-operating Revenue	2017	2018
Expenditures by Function	2017	2018	Investment Earnings	50,246	20,209
General Government	2,973,517	2,928,379	Other Income	525	33,925
Public Safety	9,134,007	9,429,022	Total Non-operating Revenues	50,771	54,134
Public Works	1,425,164	1,339,877	Income (loss) Before Transfers	673,302	368,663
Community Development	2,627,764	2,918,047	Transfers Out	(308,800)	(310,000)
Culture and Recreation	2,134,533	2,330,569	Change in Net Position	364,502	58,663
Capital Outlay	5,751,295	3,997,935	Net Position, October 1	14,947,509	15,317,285
Debt Service (Principal & Interest)	2,036,767	2,354,203	Net Position, September 30	\$ 15,312,011	\$ 15,375,948
Total Expenditures	26,083,047	25,298,032	Internal Services Fund - Insurance Deductible Fund		
Other Finance Sources (Uses)	2017	2018	Operating Expenses	2017	2018
Transfers In	1,363,366	1,602,843	Other	\$ 2,017	\$ 2,018
Transfers Out	(1,054,566)	(1,292,843)	Total Operating Expenses	2,017	2,018
Proceeds from Bond Issuance	3,500,000	-	Operating Income (loss)	(2,017)	(2,018)
Premium on Issuance	147,506	-	Non-operating Revenue	2017	2018
Insurance Recoveries	41,366	38,830	Investment Earnings	1,069	340
Sale of Capital Assets	8,199	30,529	Total Non-operating Revenues	1,069	340
Total Other Finance Sources	4,005,871	379,359	Income (loss) Before Transfers	(948)	(1,678)
Net Change in Fund Balances	1,515,013	(695,473)	Change in Net Position	(948)	(1,678)
Fund Balances, October 1	13,417,174	14,932,187	Net Position, October 1	89,846	61,372
Fund Balances, September 30	\$ 14,932,187	\$ 14,236,714	Net Position, September 30	\$ 88,898	\$ 59,694

Governmental Funds - Typically used to account for tax-supported activities; the governmental funds for the City of Grandview include the General Fund, Debt Service Funds, Special Revenue Funds, and Capital Project Funds. The City's basic services including capital improvements, community development, economic development, finance and administration, fire, parks and recreation, police, and public works are accounted for in these funds. The total net fund balances decreased by 4.9% primarily due to increased expenditures over revenues of almost \$1.1 million and a net increase in Transfers-In of \$0.3 million during FY 2018.

Proprietary Funds - Financed primarily by user charges for the provision of that service. The only proprietary fund used by the City of Grandview is the Sanitary Sewer Fund. A rate study done in 2017 evaluated the costs of treatment and projected cost trends for the next few years. The rate study and resulting report recommended that the City increase sewer rates 5.7% this year and the next four years. This will help reduce the City's increased operating cost. Thus, the net position increased 0.4% during FY 2018.

Internal Service Funds - Tracks goods or services transferred between departments on a cost reimbursement basis. The only internal service fund for the City of Grandview is the Insurance Deductible Fund. The net position remained essentially unchanged during FY 2018.

Where Does the Money Come From?



Taxes are the majority of the City's revenue, 67%, generated by taxes levied on property, retail sales, lodging, and franchise taxes on the sales of electricity, gas, telephone, and television video services. The City's sales taxes include a 1% operating sales tax, a 1/2% transportation sales tax, a 1/2% community center sales tax, and a 1/2% capital improvements sales tax.

Intergovernmental revenues include the receipts from the State for fuel taxes, motor vehicle sales tax and license fees, and grants.

Charges for Services include fees from Parks & Recreation memberships and classes, the City portion of municipal court costs and License Office collection charges.

Tax Increment Financing (TIF) Taxes are the portion of sales taxes that are generated within established TIF districts and deposited into the special allocation funds of each individual TIF.

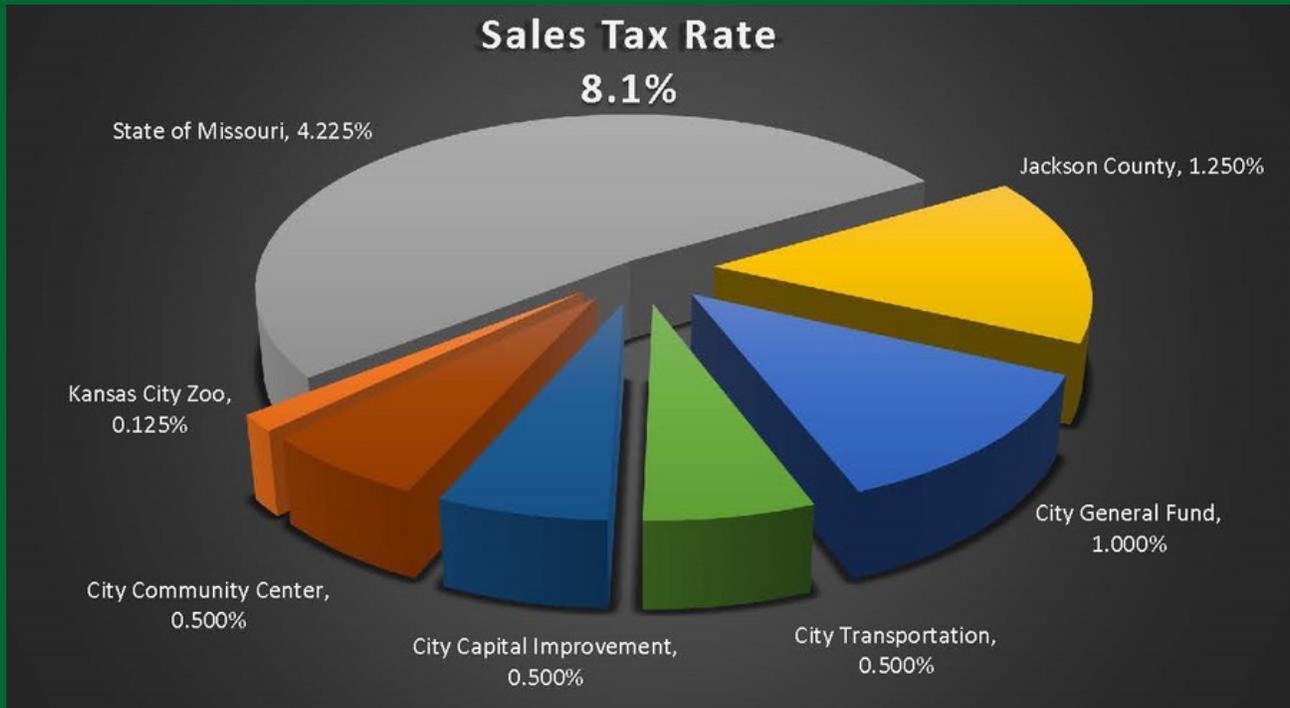
Fines and Forfeitures include the fines collected by the Municipal Court.

Licenses and Permits include revenues from building permits, business licenses, and various other licenses and permits.

Investment Earnings include revenues earned from the investment of idle city funds throughout the year in accordance with the City's investment policy.

Other revenues include proceeds from sale surplus property, and miscellaneous other department revenues not classified elsewhere.

Sales Tax

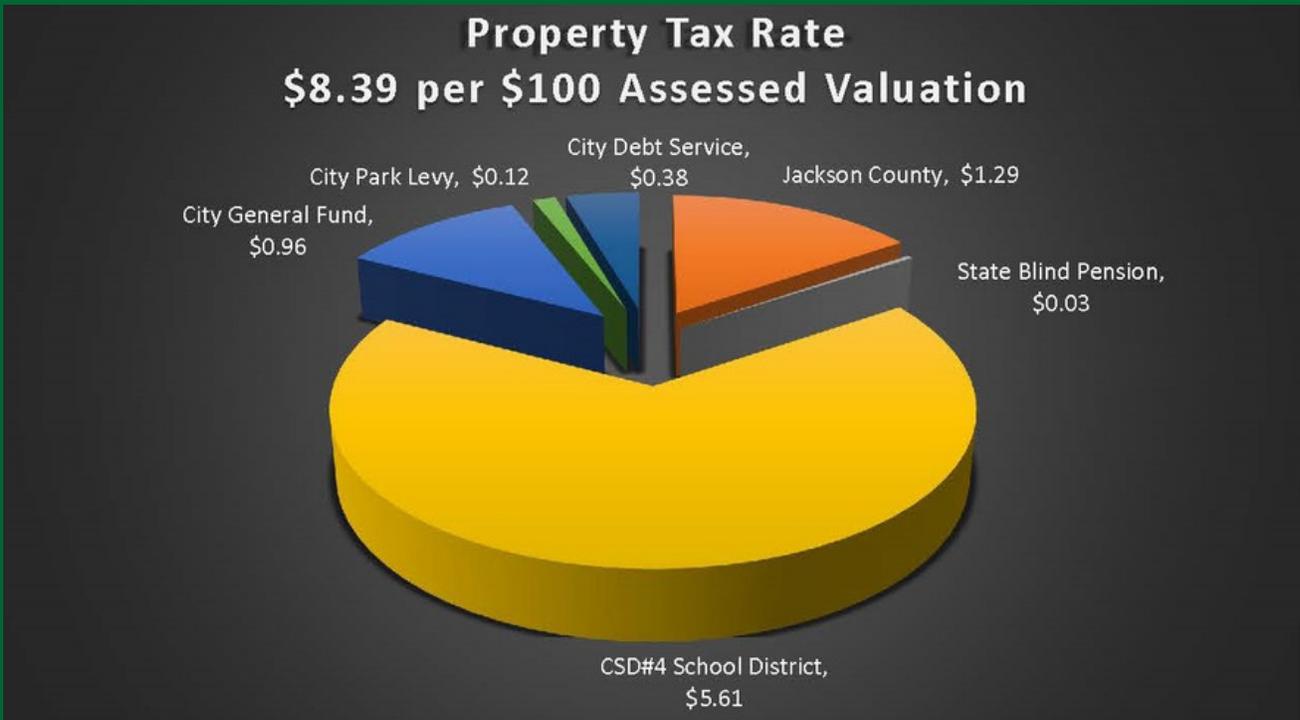


The City's sales tax rate of 8.1% is comparable to surrounding cities and is divided among four different taxing entities. The State of Missouri receives 4.225%, Jackson County receives 1.250%, Friends of the Zoo receives 0.125% and the City of Grandview receives 2.5%.

Of the City's 2.5% sales tax, 1% is for General Fund, 0.5% is for transportation related projects, 0.5% is for capital improvements, and 0.5% is for the community center. The total sales tax the city received for FY 2018 was \$8,047,297.

Municipality	Sales Tax Rate
Independence	7.85%
Lee's Summit	7.85%
Grandview	8.10%
Harrisonville	8.10%
Raytown	8.35%
Blue Springs	8.60%
Belton	8.98%
Raymore	9.23%
Kansas City	9.60%
Liberty	9.85%

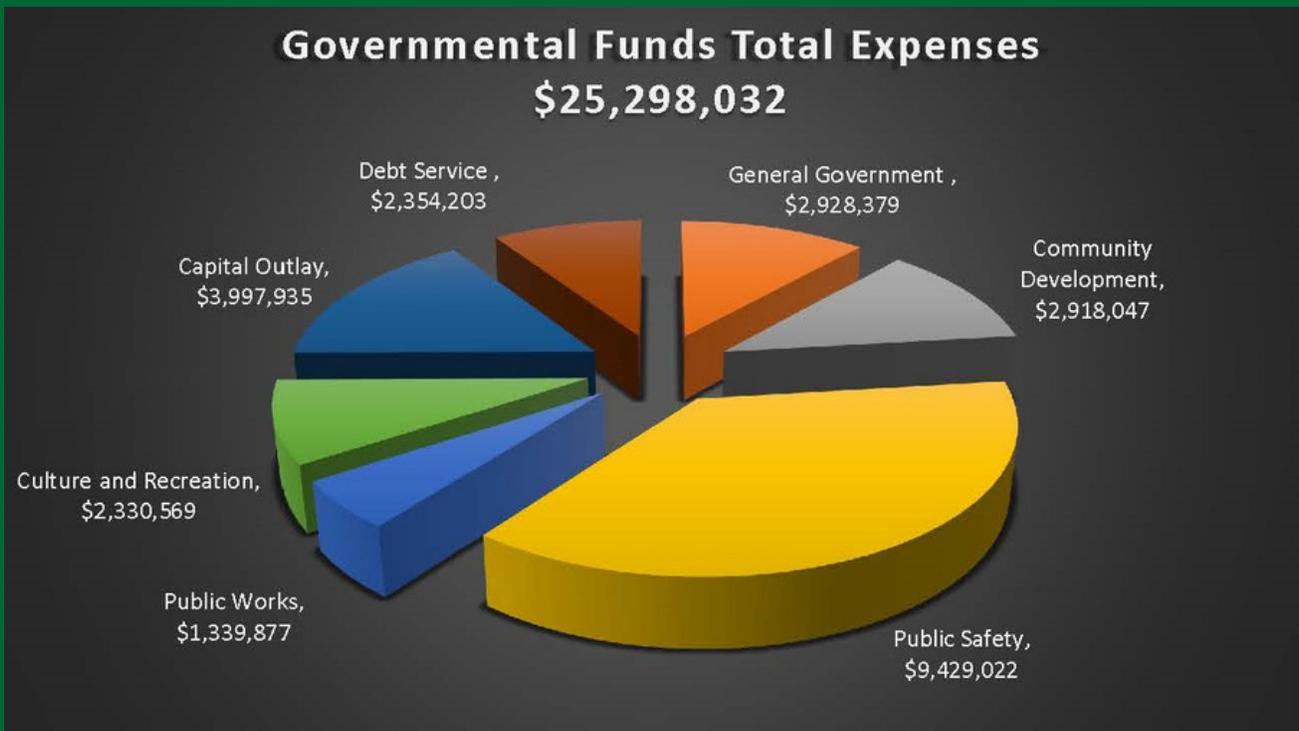
Property & Use Tax



Property Tax - Grandview residence property tax rate is \$8.39 per \$100 of assessed valuation. The City of Grandview receives \$1.46 of that amount which is divided between the General Fund (\$0.96), Debt Service Fund (\$0.38) and Park Levy Fund (\$0.12). The remaining portion goes to the Grandview School District (\$5.61), Jackson County (\$1.29), and the Missouri Blind Pension fund (\$0.03).



Local Use Tax - Grandview implemented a 2.5% local use tax on January 1, 2018 for the retail sale of tangible personal property as approved by the citizens. For FY 2018 the total Local Use Tax collected was \$483,006.



General Government expenses include Mayor and Board of Aldermen, Finance, Administration, Legal, Human Resources, City Clerk's Office and Municipal Court.

Community Development expenses include long range planning, redevelopment strategies, building inspections and permits, and code enforcement activities.

Public Safety expenses include street patrol, crime prevention, citizens' education and awareness, investigation of crimes, apprehension of suspects, fire prevention and suppression services, emergency medical response services, disaster planning, and response.

Public Works expenses include engineering, street maintenance and solid waste disposal.

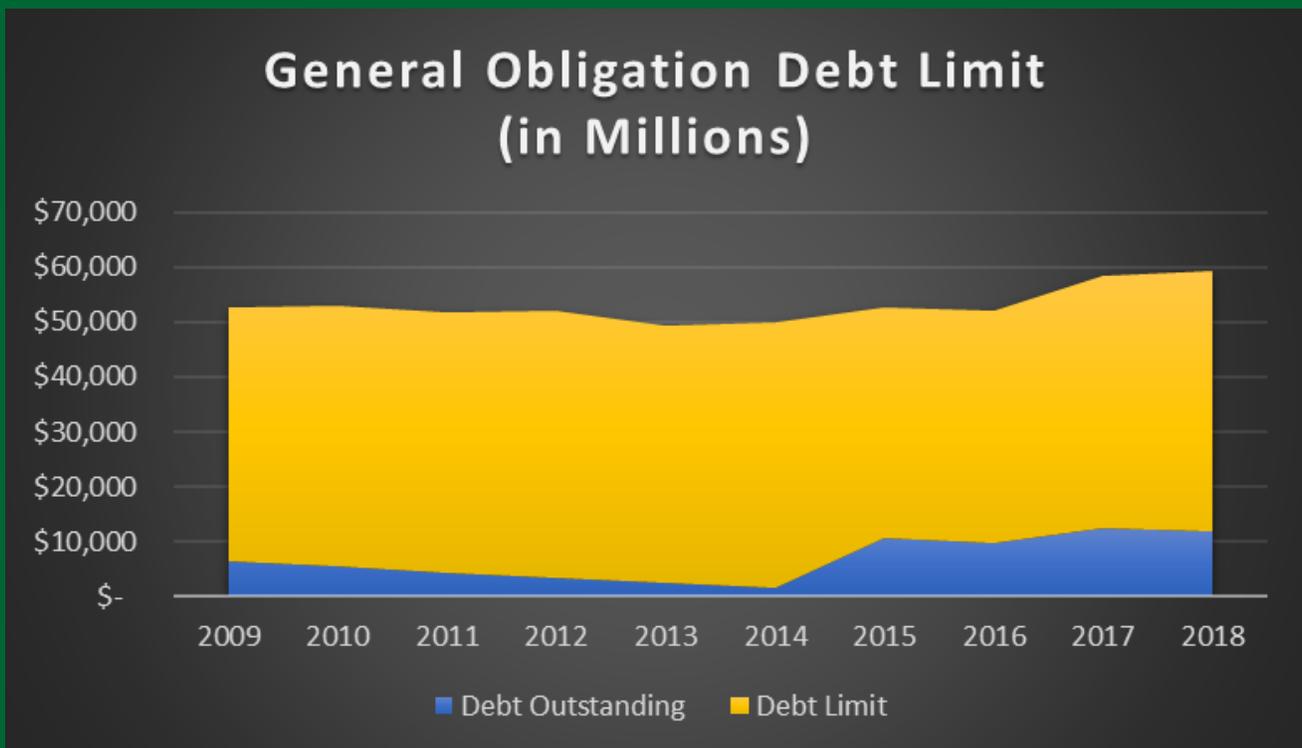
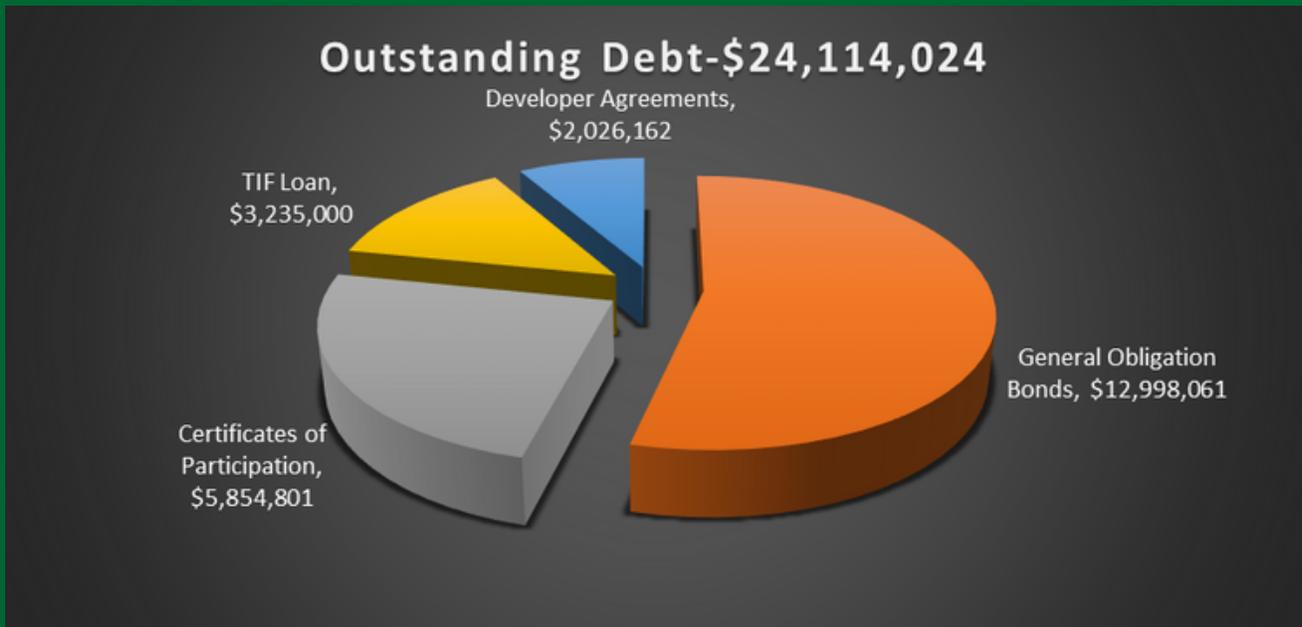
Culture and Recreation expenses include maintenance of parks system, horticultural displays, coordination of special events and recreational programs.

Capital Outlay expenses include street maintenance and construction, vehicle equipment replacement, facility improvements, and various other capital projects funded by the issuance of bonds.

Debt service includes principal and interest payments for the City's outstanding general obligation and special obligation debt.

What Does the City Owe?

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The Missouri Constitution permits a city to incur general obligation indebtedness not to exceed 20% of the assessed valuation of taxable property. Grandview's 2018 assessed valuation was \$295,859,648. Based on that valuation, the constitutional debt limit is \$59,171,930. Including its outstanding general obligation debt, Grandview is only utilizing 20% of its constitutional debt limit.

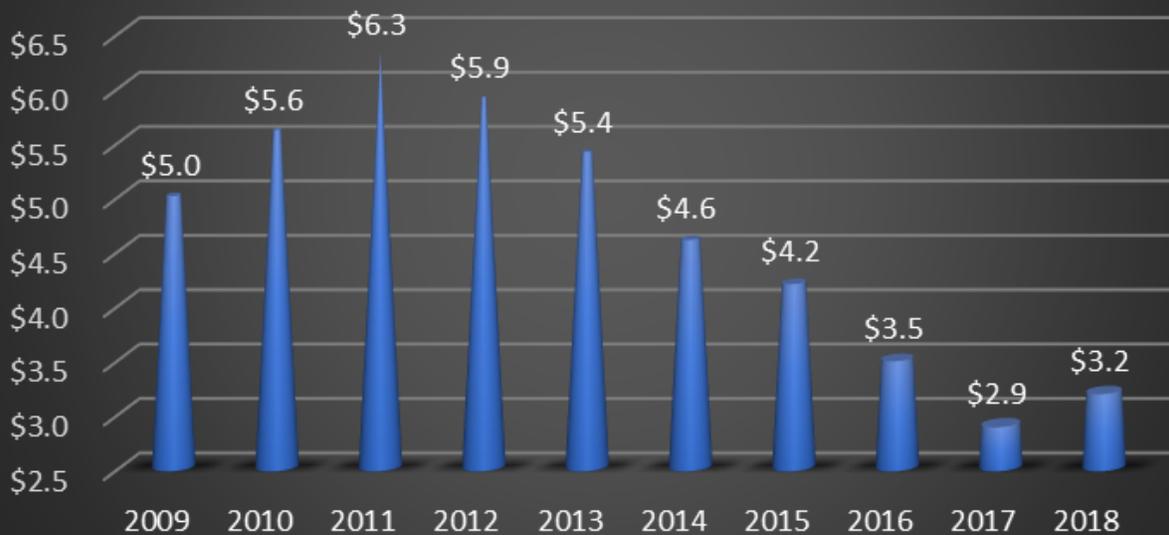
10-Year Financial Overview

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Total Revenues & Expenditures (in Millions)

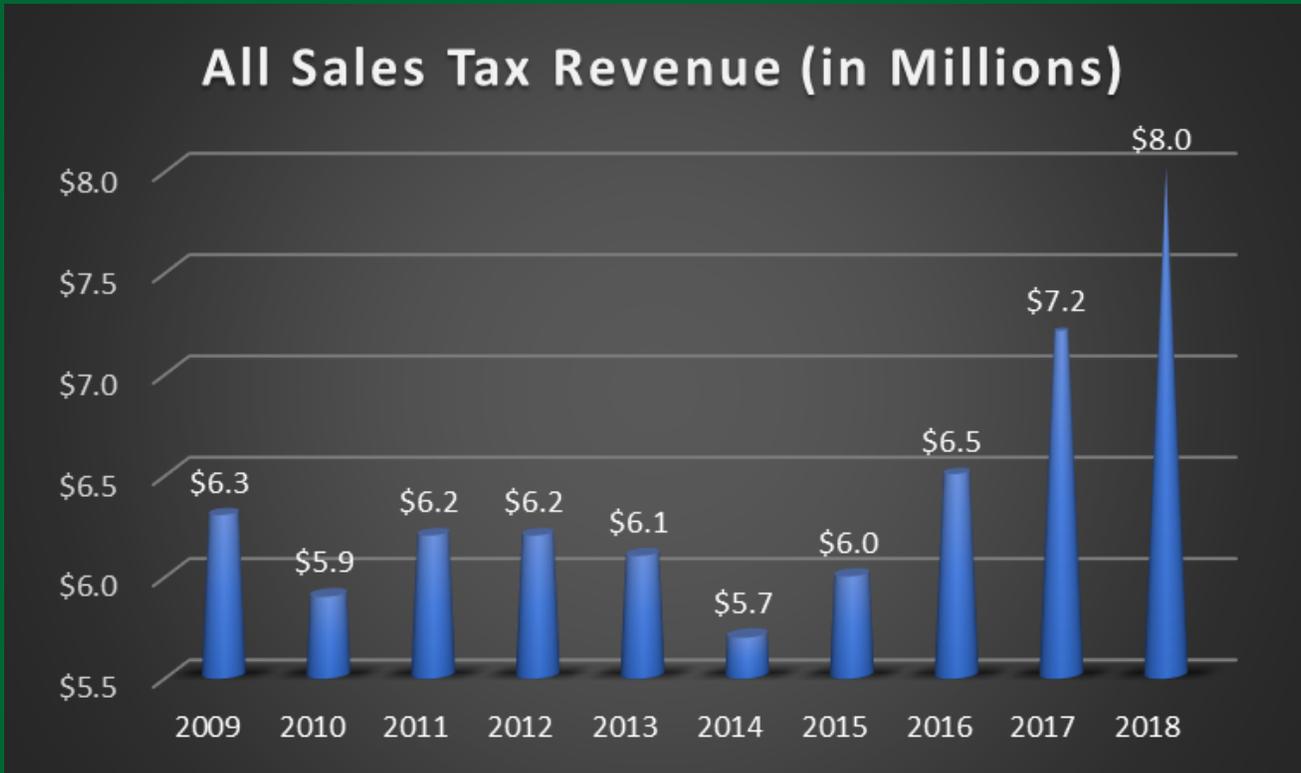


Fund Balance - General Fund (in Millions)

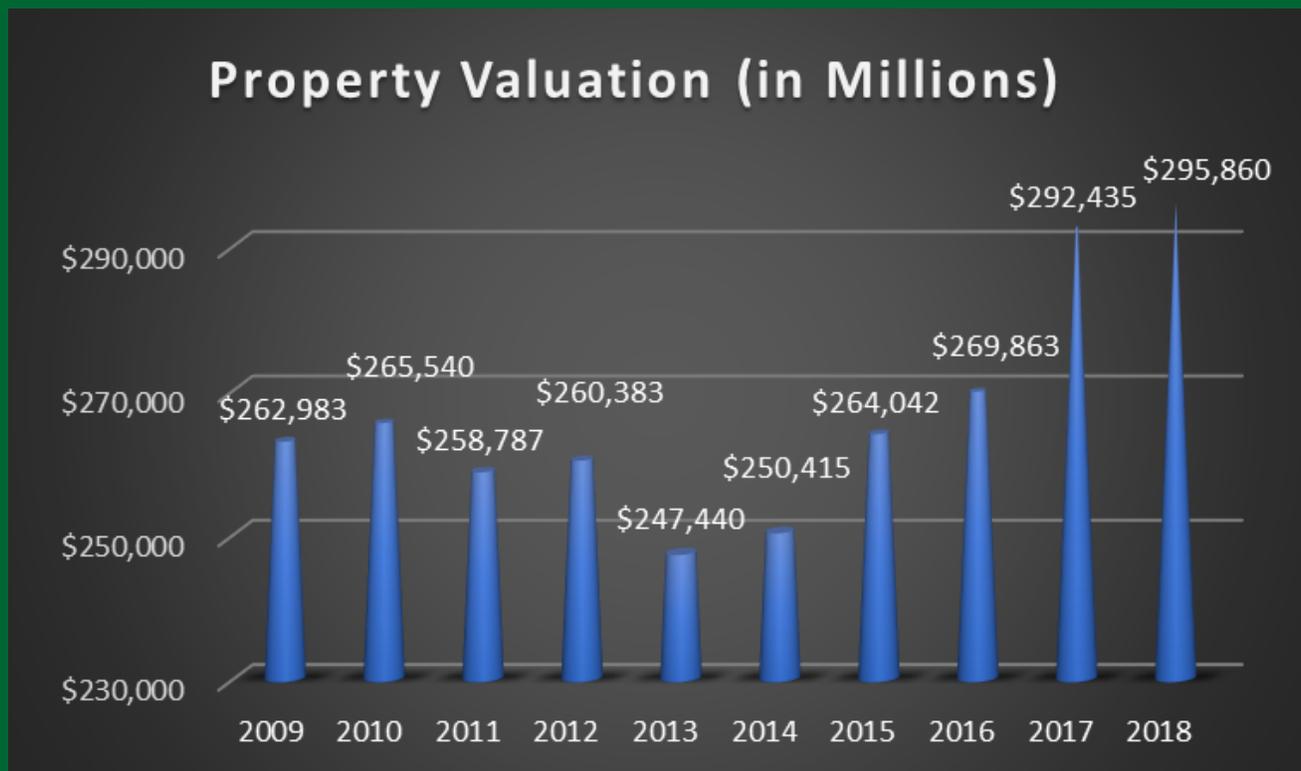


It is the City's policy to maintain an unassigned fund balance of 20% of operating expenditures in the General Fund to meet cash flows and unforeseen outlays or emergencies. As of September 30, 2018, the City's unassigned General Fund balance was 19.4% of expenditures.

10-Year Financial Overview



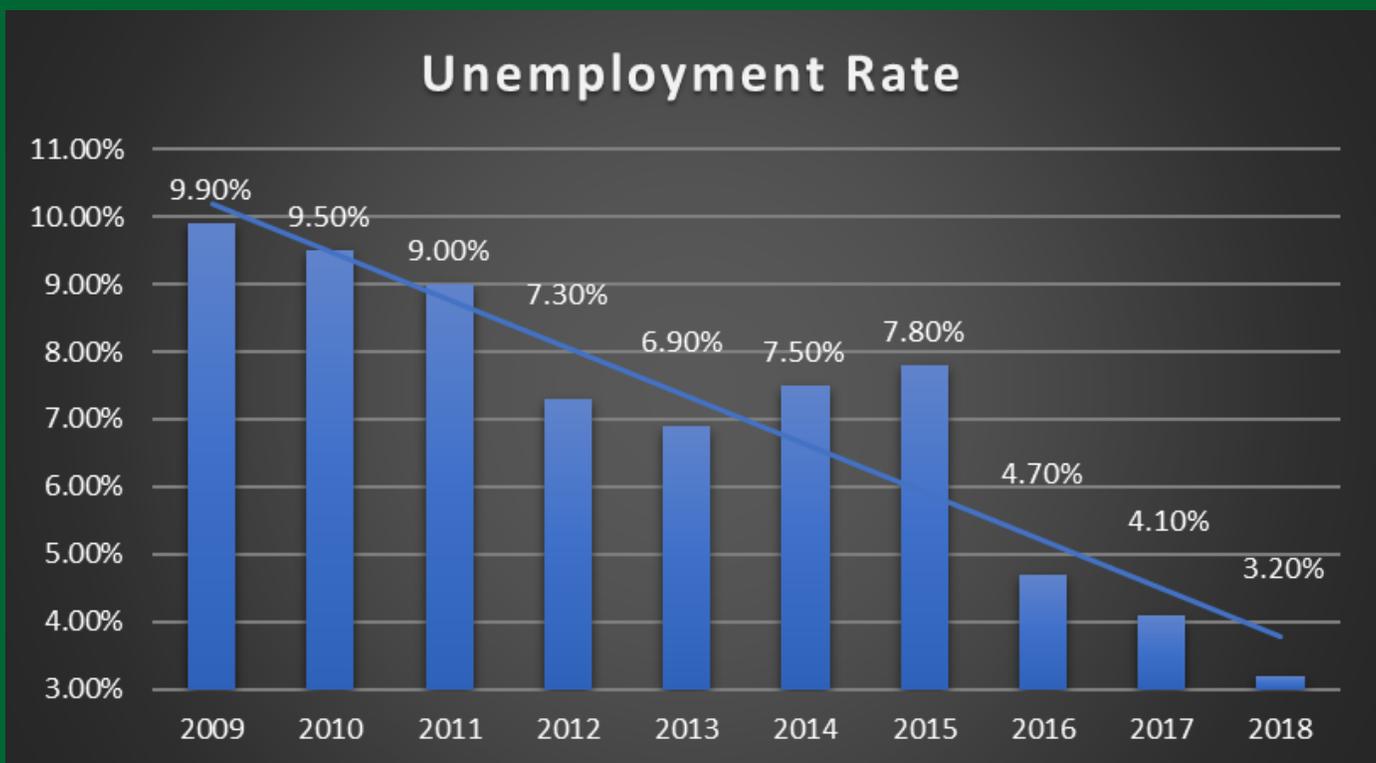
** The City's largest retailer, Sam's Club, departed in 2014.



Top Ten Employers & Local Employment Data

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Top 10 Employers	Employees	Rank	%
Consolidated School District # 4	628	1	5.12%
Peterson Manufacturing Company	481	2	3.92%
Silgan Dispensing Systems Corporation	340	3	2.77%
Vendtech-SGI , LLC	319	4	2.60%
City of Grandview	196	5	1.60%
Kenny's Tile & Floor Covering, Inc.	196	5	1.60%
United Heating & Cooling, Inc.	134	6	1.09%
Price Chopper	120	7	0.98%
U.S. Toy Company, Inc.	114	8	0.93%
Maxi-Seal Harness Systems, Inc.	107	9	0.87%
Total	2,635		21.50%

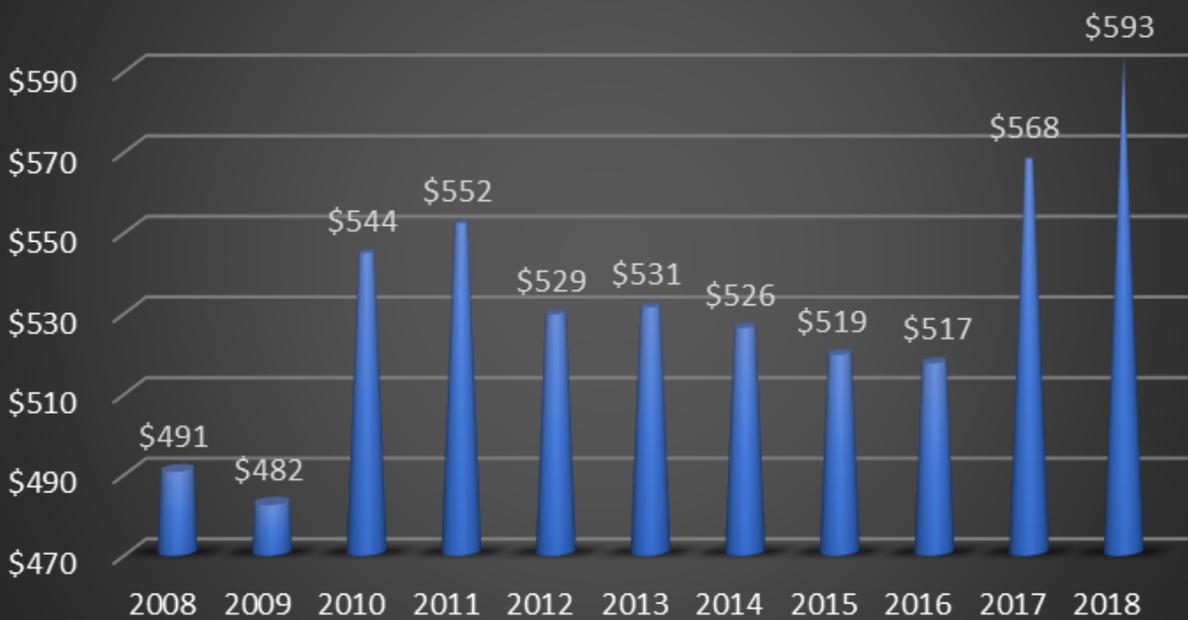


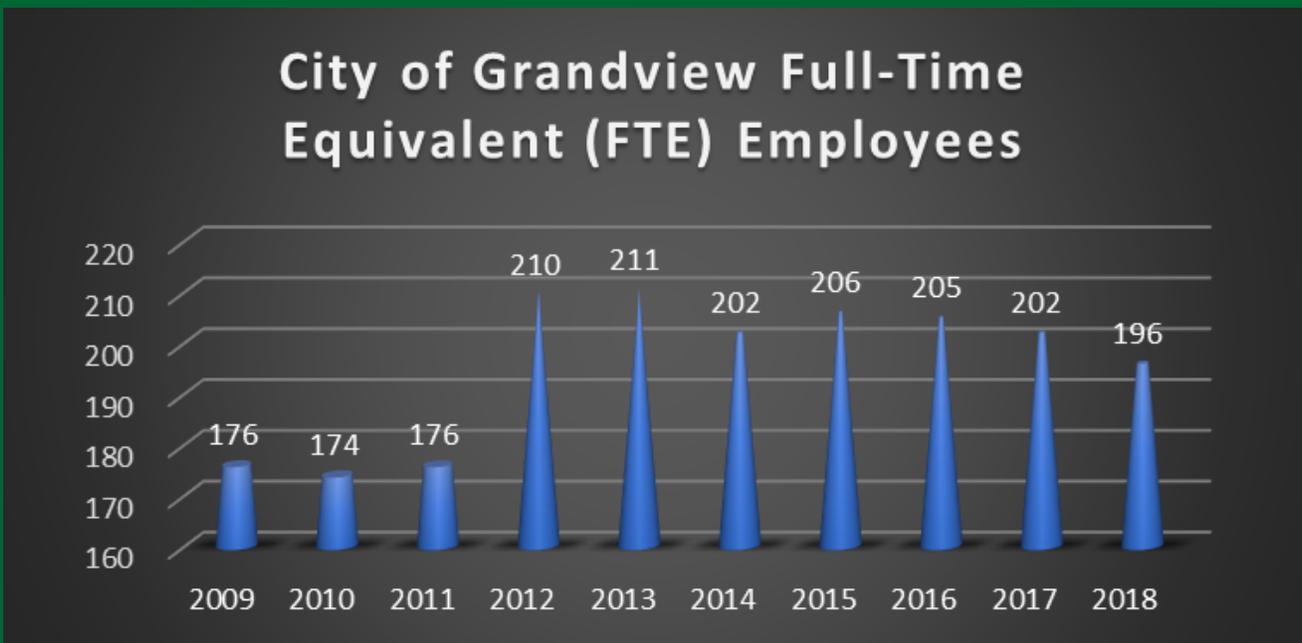
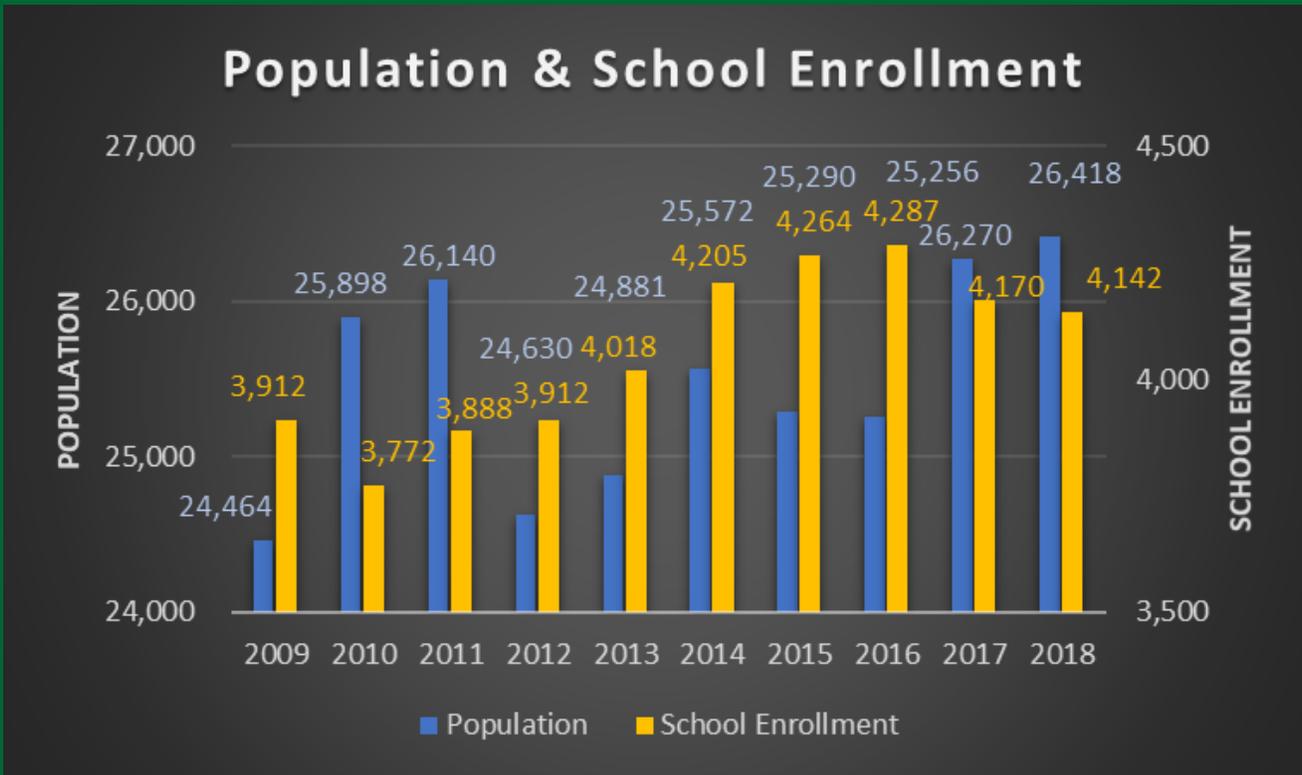
Other Demographic Data

Debt Per Capita Comparison



Total Personal Income (in Millions)





** The City changed methodology for computing FTEs for culture and recreation in FY 2012.

Capital Project Fund – A fund created to account for financial resources to be used for the acquisition or the construction of major capital facilities, equipment or infrastructure.

Debt Service Fund – A fund established to account for the accumulation of resources for, and the payment of long-term debt principal and interest.

Fund Balance – Net position of a governmental fund (difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources).

General Fund – The fund used to account for all financial resources except those required to be accounted for in another fund.

Governmental Fund – Fund generally used to account for tax-supported activities. The City uses four different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects fund.

Internal Service Fund - tracks goods or services shifted between departments on a cost-reimbursement basis.

Net Position – The residual of all other financial statement elements presented in a statement of financial position.

Other Financing Sources – Operating statement classification in which financial inflows other than revenues are reported; for example, proceeds from general obligation bonds and transfers in.

Other Financing Uses – Operating statement classification in which financial outflows other than expenditures are reported; for example, operating transfers out.

Proprietary Fund – Fund that focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. There are two types of proprietary funds: enterprise funds and internal service funds.

Special Revenue Fund – Fund for specific revenue sources to be used for specified expenditures.

Tax Increment Financing (TIF) – Financing secured by the anticipated incremental increase in property tax and sales tax revenues resulting from redevelopment.