

CITY OF FAIR GROVE, MISSOURI

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

FOR THE YEAR ENDED
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Fair Grove, 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 aggregate remaining fund information of the City of Fair Grove, Missouri, as of and for the year ended June 30, 2021, 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 Fair Grove, Missouri, as of June 30, 2021, 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.

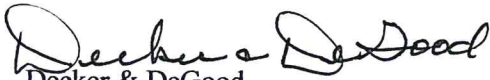
Basis of Accounting

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

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Fair Grove, Missouri's basic financial statements. The budget to actual supplementary information on pages 31 and 32, 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 them.



Decker & DeGood
Springfield, Missouri
September 13, 2021

CITY OF FAIR GROVE, MISSOURI

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 292,606	\$ 145,532	\$ 438,138
Restricted assets-cash and cash equivalents			
Streets	170,047	-	170,047
Capital improvements	236,555	-	236,555
Debt reserve	-	294,663	294,663
Sewer deposits	-	55,796	55,796
Internal balances	9,273	(9,273)	-
Capital assets:			
Land	162,198	20,000	182,198
Construction in progress	7,050	20,278	27,328
Other capital assets, net of accumulated depreciation	<u>2,763,747</u>	<u>1,172,793</u>	<u>3,936,540</u>
Total Assets	<u>3,641,476</u>	<u>1,699,789</u>	<u>5,341,265</u>
LIABILITIES			
Noncurrent liabilities			
Payroll taxes and other	4,879	-	4,879
Due within one year	-	43,900	43,900
Due in more than one year:			
Revenue bonds	-	140,800	140,800
General obligation bonds	-	173,300	173,300
Customer deposit	<u>2,383</u>	<u>67,356</u>	<u>69,739</u>
Total Liabilities	<u>7,262</u>	<u>425,356</u>	<u>432,618</u>
NET POSITION			
Net investment in capital assets	2,932,995	855,071	3,788,066
Restricted			
Debt service	-	100,188	100,188
Unrestricted	<u>701,219</u>	<u>319,174</u>	<u>1,020,393</u>
Total Net Position	<u>\$ 3,634,214</u>	<u>\$ 1,274,433</u>	<u>\$ 4,908,647</u>

See accompanying notes to the basic financial statements.

CITY OF FAIR GROVE, MISSOURI
STATEMENT OF ACTIVITIES-
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

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:	\$ 217,934	\$ 25,479	\$ 12,048	\$ -	\$ (180,407)	\$ -	\$ (180,407)
	326,434	41,448	-	-	(284,986)	-	(284,986)
	88,450	-	-	-	(88,450)	-	(88,450)
	119,590	33,489	-	-	(86,101)	-	(86,101)
	18,725	-	-	-	(18,725)	-	(18,725)
Interest and fiscal charges	1,293	-	-	-	(1,293)	-	(1,293)
Total governmental activities	772,426	100,416	12,048	-	(659,962)	-	(659,962)
Business-type activities:	270,778	318,061	-	-	-	47,283	47,283
	270,778	318,061	-	-	-	47,283	47,283
	\$ 1,043,204	\$ 418,477	\$ 12,048	\$ -	(659,962)	47,283	(612,679)

General Revenues:

Taxes:							
Property taxes for general purposes		106,841	-	-	-	106,841	
Property taxes for debt purposes		26,674	-	-	-	26,674	
Franchise taxes		70,644	-	-	-	70,644	
Sales taxes		521,804	-	-	-	521,804	
Intergovernmental:							
Missouri motor fuel taxes		58,416	-	-	-	58,416	
Greene county road and bridge		12,205	-	-	-	12,205	
Greene county shared sales tax		14,285	-	-	-	14,285	
Law enforcement sales tax		38,392	-	-	-	38,392	
Interest on investments		8,456	5,647	-	5,647	14,103	
Miscellaneous		12,241	3,129	-	3,129	15,370	
Transfers		(30,643)	30,643	-	30,643	-	
Total general revenues and transfers		839,315	39,419	-	39,419	878,734	
Change in net position		179,353	86,702	-	86,702	266,055	
Net position beginning		3,454,861	1,187,731	-	1,187,731	4,642,592	
Net position ending		\$ 3,634,214	\$ 1,274,433	-	\$ 1,274,433	\$ 4,908,647	

See accompanying notes to the basic financial statements.

CITY OF FAIR GROVE, MISSOURI
BALANCE SHEET
(MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS	General Fund	Park Fund	Nonmajor Fund Debt Service Fund	Total Governmental Funds
Cash and cash equivalents	\$ 100,778	\$ 116,125	\$ 75,703	\$ 292,606
Restricted cash and cash equivalents				
Streets	170,047	-	-	170,047
Capital Improvements	236,555	-	-	236,555
Due from other funds	14,201	-	-	14,201
TOTAL ASSETS	\$ 521,581	\$ 116,125	\$ 75,703	\$ 713,409
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Customer Deposits	\$ 2,383	\$ -	\$ -	\$ 2,383
Payroll Taxes and Other Payables	4,879	-	-	4,879
Due to other funds	-	4,420	508	4,928
Total Liabilities	7,262	4,420	508	12,190
FUND BALANCES				
Fund Balances -				
Nonspendable	14,201	-	-	14,201
Restricted				
Streets	170,047	-	-	170,047
Capital improvements	236,555	-	-	236,555
Debt reserve	-	-	75,195	75,195
Parks	-	111,705	-	111,705
Unassigned	93,516	-	-	93,516
Total Fund Balances	514,319	111,705	75,195	701,219
TOTAL LIABILITIES AND FUND BALANCES	\$ 521,581	\$ 116,125	\$ 75,703	\$ 713,409
Reconciliation to Statement of Net Position:				
Total Fund Balances-Total Government Funds			\$ 701,219	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				2,932,995
Net position of governmental activities				\$ 3,634,214

CITY OF FAIR GROVE, MISSOURI
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
(MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Park Fund	Nonmajor Fund Debt Service Fund	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 106,841	\$ -	\$ 26,674	\$ 133,515
Franchise taxes	70,644	-	-	70,644
Sales taxes	397,648	124,156	-	521,804
Intergovernmental:				
Missouri motor fuel taxes	58,416	-	-	58,416
Greene County road and bridge	12,205	-	-	12,205
Greene County shared sales tax	14,285	-	-	14,285
Law enforcement sales tax	38,392	-	-	38,392
Licenses & permits	15,714	-	-	15,714
Fines & forfeitures	36,398	-	-	36,398
Grants	7,167	-	-	7,167
Park fees	-	33,489	-	33,489
Interest	5,621	1,428	1,407	8,456
Rent	9,765	-	-	9,765
Donations	4,881	-	-	4,881
Miscellaneous	8,513	3,728	-	12,241
Total Revenues	<u>786,490</u>	<u>162,801</u>	<u>28,081</u>	<u>977,372</u>
EXPENDITURES				
Current:				
General government	175,152	-	568	175,720
Police	235,138	-	-	235,138
Court	67,906	-	-	67,906
Streets	64,750	-	-	64,750
Parks	-	92,445	-	92,445
Emergency Management	18,725	-	-	18,725
Capital outlay	9,930	21,395	-	31,325
Debt Service:				
Principal paid	22,542	71,758	-	94,300
Interest and fiscal charges	-	1,293	-	1,293
Total Expenditures	<u>594,143</u>	<u>186,891</u>	<u>568</u>	<u>781,602</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>192,347</u>	<u>(24,090)</u>	<u>27,513</u>	<u>195,770</u>
OTHER SOURCES (USES)				
Transfers in	-	11,000	-	11,000
Transfers (out)	(11,000)	-	(30,643)	(41,643)
Sale of capital asset	11,350	-	-	11,350
Insurance recoveries	23,040	-	-	23,040
Total Other Sources	<u>23,390</u>	<u>11,000</u>	<u>(30,643)</u>	<u>3,747</u>
NET CHANGE IN FUND BALANCE	<u>215,737</u>	<u>(13,090)</u>	<u>(3,130)</u>	<u>199,517</u>
FUND BALANCES - BEGINNING	<u>298,582</u>	<u>124,795</u>	<u>78,325</u>	<u>501,702</u>
FUND BALANCES - ENDING	<u>\$ 514,319</u>	<u>\$ 111,705</u>	<u>\$ 75,195</u>	<u>\$ 701,219</u>

See accompanying notes to the basic financial statements.

CITY OF FAIR GROVE, 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, 2021

Net change in fund balances--local governmental funds	\$	199,517
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays		31,325
Depreciation expense		(127,799)
Basis of assets retired		(17,990)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the same statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Payment of principal		94,300
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Change in net position of governmental activities	\$	179,353
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See accompanying notes to the basic financial statements.

CITY OF FAIR GROVE, MISSOURI
STATEMENT OF NET POSITION (MODIFIED CASH BASIS) -
PROPRIETARY FUND
JUNE 30, 2021

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 145,532
Total Current Assets	<u>145,532</u>
Noncurrent Assets:	
Restricted assets-cash and cash equivalents	
Debt reserve	80,715
Depreciation and replacement	213,948
Sewer deposits	55,796
Capital assets:	
Land	20,000
Construction in progress	20,278
Other capital assets, net of accumulated depreciation	<u>1,172,793</u>
Total Noncurrent Assets	<u>1,563,530</u>
Total Assets	<u>1,709,062</u>

LIABILITIES

Current Liabilities:	
Due to other funds	9,273
Current portion of long-term debt	<u>43,900</u>
Total Current Liabilities	53,173
Noncurrent Liabilities:	
Revenue bonds	140,800
General obligation bond	173,300
Customer sewer deposits	<u>67,356</u>
Total Liabilities	<u>434,629</u>

NET POSITION

Net investment in capital assets	855,071
Restricted for debt reserves	100,188
Unrestricted	<u>319,174</u>
Total Net Position	<u><u>\$ 1,274,433</u></u>

See accompanying notes to the basic financial statements.

CITY OF FAIR GROVE, MISSOURI
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION -
(MODIFIED CASH BASIS)
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

OPERATING REVENUES:

Charges for services	\$ 309,061
Other	3,129
Total Operating Revenues	<u>312,190</u>

OPERATING EXPENSES:

Collection fees	15,109
Contract labor	13,010
Depreciation	51,513
Dues and subscriptions	1,842
Group insurance	9,686
Insurance	3,864
Lab fees and tests	1,510
Miscellaneous	205
Office supplies and postage	1,612
Payroll taxes	3,265
Professional fees	9,633
Repairs & maintenance	49,094
Retirement expense	3,217
Salaries	43,028
Supplies	726
Telephone	5,334
Utilities	46,452
Vehicle expense	2,055
Total Operating Expenses	<u>261,155</u>

OPERATING INCOME	<u>51,035</u>
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NON-OPERATING REVENUES (EXPENSES):

Interest income	5,647
Interest and fiscal agents charges	(9,623)
Total Non-operating Revenues (Expenses)	<u>(3,976)</u>

NET INCOME BEFORE TRANSFERS AND CAPITAL ITEMS	47,059
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Transfers in	30,643
Impact fees and taps	<u>9,000</u>

CHANGE IN NET POSITION	86,702
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NET POSITION - BEGINNING	<u>1,187,731</u>
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NET POSITION - ENDING	<u><u>\$ 1,274,433</u></u>
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See accompanying notes to the basic financial statements.

CITY OF FAIR GROVE, MISSOURI

STATEMENT OF CASH FLOWS

(MODIFIED CASH BASIS)

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 312,190
Payments to suppliers	(159,866)
Payments to employees	(55,931)
Net Cash Provided by Operating Activities	<u>96,393</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfers in	<u>30,643</u>
Net Cash Provided by Noncapital Financing Activities	<u>30,643</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Impact fees and taps	9,000
Principal paid	(43,200)
Interest and fiscal agents charges	(9,623)
Net Cash (Used for) Capital and Related Financing Activities	<u>(43,823)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>5,647</u>
Net Cash Provided by Investing Activities	<u>5,647</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 88,860

BALANCE - BEGINNING OF THE YEAR 407,131

BALANCE - END OF THE YEAR \$ 495,991

SUMMARY OF CASH

Cash and cash equivalents	\$ 145,532
Restricted cash and cash equivalents	<u>350,459</u>
	<u><u>\$ 495,991</u></u>

Reconciliation of operating income to net cash provided by operating activities:

Operating Income	\$ 51,035
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation expense	51,513
(Decrease) in Due to other funds	(9,130)
Increase in meter deposits	<u>2,975</u>
Net Cash Provided by Operating Activities	<u><u>\$ 96,393</u></u>

See accompanying notes to the basic financial statements.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE REPORTING ENTITY

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 Fair Grove'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 six-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 FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 the individual governmental 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 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 Fund-Park Fund

The Park Fund is a special revenue fund used to account for the proceeds of Park sales tax and user fees and expenditures that are for the City's park.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund

Sewer Fund

The Sewer Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues collected, expenditures paid, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Nonmajor Fund

Debt Service Fund

The Debt Service Fund is used to accumulate proceeds of property taxes used to pay the City's general obligation bond principal, interest, and fiscal fees.

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

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING-continued

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.

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 receivable) 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.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Which the City had none for the fiscal year ended June 30, 2021. Investments 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. Investments are stated at fair value.

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.

Inventories

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

Restricted assets

Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The bond accounts are used only for the payment of principal and interest on revenue bonds. The depreciation and replacement account is to be expended only for repairs or replacements to the sewer fund. The bond reserve account is to be used only to pay bonds at maturity or interest as it becomes due and to the extent other funds are not available for this purpose.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or events 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 \$ 1,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Site improvements	7-55 years
Buildings	7-40 years
Infrastructure	20-40 years
Furniture and equipment	5-20 years
Vehicles	5-10 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.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

The City participates in the Missouri Local Government Employees Retirement System (LAGERS). For reporting purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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.

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.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCE CLASSIFICATIONS - continued

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.

Unassigned – Amounts that 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 formal minimum fund balance policy is to set aside at least 25% for unforeseen emergencies.

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 FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restrictions of Net Position

The City records restrictions to indicate that a portion of the net position is legally segregated for a specific future use. The following details the description and amount of all restrictions used by the City as of June 30, 2021:

Proprietary Fund-Business Type Activities

Sewer Fund

Principal and interest	\$ 17,379
Reserve fund	30,000
Depreciation and replacement	<u>52,809</u>
	<u><u>\$ 100,188</u></u>

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 and permits, rents, donations
Police	Fines and forfeits, operating and capital grants
Streets	Operating and capital grants
Parks	Activity fees and donations
Emergency Management	Operating grants

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

OPERATING REVENUES 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.

Vacation, sick leave, and other compensated absences

The City's policies on vacation and sick leave are such that vacation benefits cannot carry over beyond the current year to employees but sick leave can accumulate to twelve days.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Valuation for 2020 was \$ 19,750,346 with a total levy of \$.6187 broken down as \$.5144 for the General Fund and \$.1043 for the Debt Service Fund.

Revenue - Sales Taxes

The City has four sales tax authorizations plus shares in the Greene County Park sales tax I and II and Greene County Law Enforcement sales tax. Recorded in the General Fund is a one cent General sales tax (\$ 198,824), 1/2 cent Capital Improvement (\$ 99,412), a 1/2 cent Street sales tax (\$ 99,412) for a total sales tax of (\$ 397,648) and the Greene County Law Enforcement sales tax (\$ 38,392) The Greene County Park sales tax I and II (\$ 74,450) plus the City's 1/4 cent Storm Water (\$ 49,706) which is reflected in the Park Fund (\$ 124,156).

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 reimbursements.* Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.
- c. *Interfund transfer.* Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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 an other method of accounting (modified cash basis) for all governmental funds.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

Excess of expenditures over appropriations

For the year ended June 30, 2021, expenditures did not exceed appropriations in the Governmental Funds.

Debt restrictions

General obligation debt

Article VI, Sections 26 (b) and (c), Constitution of Missouri, limits the outstanding amount of authorized general obligation debt of a City to 20 percent of the assessed valuation of taxable tangible property as shown by the last completed assessment for state or county purposes. Authorization for debt issuance requires four-sevenths at the general municipal election day, primary or general elections and two-thirds at all other elections, vote of the qualified electors thereof. The computed legal debt margin of the City at June 30, 2021, was:

Constitutional Debt Limit	\$ 3,950,069
Outstanding G.O. Bonds	<u>(200,700)</u>
Legal debt margin	<u><u>\$ 3,749,369</u></u>

Article VI, Section 26 (a), Constitution of Missouri, limits the outstanding indebtedness of a City without popular vote to an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years. For the year ended June 30, 2021, the City was in compliance with this requirement.

Debt reserve requirements

For the year ended June 30, 2021, the City was in compliance with debt reserve requirements.

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.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE B – DEPOSITS AND INVESTMENTS

As of June 30, 2021, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

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 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 – RESTRICTED ASSETS

As of June 30, 2021, restricted assets consisted of the following:

GENERAL FUND

Street project	\$ 170,047
Capital improvement projects	<u>236,555</u>
	<u><u>\$ 406,602</u></u>

SEWER FUND

Sewer deposit account	\$ 55,796
2008 Direct Loan Bond Reserve Account	80,715
2008 Direct Loan Depreciation and Replacement	<u>213,948</u>
	<u><u>\$ 350,459</u></u>

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE D – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2021 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 162,198	\$ -	\$ -	\$ 162,198
Construction in progress	\$ 7,050	\$ -	\$ -	\$ 7,050
Capital assets being depreciated:				
Buildings	\$ 2,764,964	\$ 14,145	\$ -	\$ 2,779,109
Infrastructure	528,738	900	-	529,638
Vehicles	281,980	-	50,677	231,303
Equipment	156,940	16,280	-	173,220
Total capital assets being depreciated:	3,732,622	31,325	50,677	3,713,270
Less: Accumulated depreciation for:				
Buildings	497,320	66,446	-	563,766
Infrastructure	87,567	24,023	-	111,590
Vehicles	187,833	24,186	32,687	179,332
Equipment	81,691	13,144	-	94,835
Total accumulated depreciation	854,411	127,799	32,687	949,523
Total capital assets being depreciated, net	2,878,211	(96,474)	17,990	2,763,747
Governmental activities capital assets, net	\$ 3,047,459	\$ (96,474)	\$ 17,990	\$ 2,932,995

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

Governmental activities:

General government	\$ 53,564
Police	23,390
Streets	23,700
Parks	27,145
	<u>\$ 127,799</u>

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)

Business Type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in progress	\$ 20,278	\$ -	\$ -	\$ 20,278
Capital assets being depreciated:				
Plant	\$ 5,453,146	\$ -	\$ -	\$ 5,453,146
Equipment	119,493	-	-	119,493
Total capital assets being depreciated	5,572,639	-	-	5,572,639
Less accumulated depreciation for:				
Plant	4,258,058	48,353	-	4,306,411
Equipment	90,275	3,160	-	93,435
Total accumulated depreciation	4,348,333	51,513	-	4,399,846
Total capital assets being depreciated, net	1,224,306			1,172,793
Business-type activities capital assets, net	\$ 1,264,584			\$ 1,213,071

NOTE E – LONG-TERM DEBT

Business-type activities

The following is a summary of debt transactions of the City for the year ended June 30, 2021 as it relates to the business type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue Bonds	\$ 173,500	\$ -	\$ 16,200	\$ 157,300	\$ 16,500
General Obligation Bond	227,700	-	27,000	200,700	27,400
Totals	\$ 401,200	\$ -	\$ 43,200	\$ 358,000	\$ 43,900

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE E – LONG-TERM DEBT (Continued)

The Proprietary Funds long-term debt as of June 30, 2021 follows:

\$ 300,000, 2008 Series, Sewerage System Revenue Bonds used for construction and improvements to sewer system. Payments are annual principal due July 1 and semi-annual interest payments due January 1 and July 1 at 1.6%. Net revenue from sewer system is pledged for security. \$ 157,300

The annual requirement to amortize 2008 Revenue Bond as of June 30, 2021 follows:

Year Ending June 30,	Principal	Interest	Totals
2022	16,500	\$ 2,385	\$ 18,885
2023	16,700	2,119	18,819
2024	17,000	1,849	18,849
2025	17,200	1,576	18,776
2026	17,500	1,298	18,798
2027-2030	<u>72,400</u>	<u>2,337</u>	<u>74,737</u>
	<u><u>\$ 157,300</u></u>	<u><u>\$ 11,564</u></u>	<u><u>\$ 168,864</u></u>

\$ 500,000, 2008 Series, General Obligation Bonds were used for construction and improvements to sewer system. Payments are annual principal due July 1 and semi-annual interest payments due January 1 and July 1 at 1.6%. Bonds secured from ad valorem taxed levied on property within the City. \$ 200,700

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE E – LONG-TERM DEBT (Continued)

The annual requirement to amortize the 2008 General Obligation Bond as of June 30, 2021 follows:

Year Ending June 30,	Principal	Interest	Totals
2022	\$ 27,400	\$ 3,211	\$ 30,611
2023	27,800	2,773	30,573
2024	28,300	2,328	30,628
2025	28,700	1,875	30,575
2026	29,100	1,416	30,516
2027-2030	59,400	1,429	60,829
	<u>\$200,700</u>	<u>\$13,032</u>	<u>\$213,732</u>

Governmental activities

The following is a summary of debt transactions of the City for the year ended June 30, 2021 as it relates to the governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Lease agreement	\$ 22,542	\$ -	\$ 22,542	\$ -	\$ -
Short term bank loan	71,758	-	71,758	-	-
Totals	<u>\$ 94,300</u>	<u>\$ -</u>	<u>\$ 94,300</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN

The City of Fair Grove 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 Fair Grove's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Fair Grove 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.

2021 Valuation	
Benefit Multiplier:	1.00%
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.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Employees covered by benefit terms. At February 28, 2021, 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	10

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employers contribution rates are 8.6% General and 2.8% Police of annual covered payroll.

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

Year Ending:		
<u>June 30,</u>		
2021	\$	12,035
2020		16,559
2019		17,627

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

NOTE G – RISK MANAGEMENT

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

NOTE H – 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.

CITY OF FAIR GROVE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE I – INTERFUND TRANSFERS

Transfers between the General Fund and the Sewer Fund were for allocation of debt payment of principal and interest.

NOTE J – RENT REVENUES

The City rents a portion of the City Hall to the Greene County Library District and collects \$ 813.75 per month or \$ 9,765.00 annually. Contract will expire December 31, 2021.

CITY OF FAIR GROVE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (UNAUDITED)
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL -
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES	General Fund			
	Budget		Actual	Variance With Final Budget
	Original	Final		
Taxes:				
Property taxes	\$ 93,566	\$ 93,566	\$ 106,841	\$ 13,275
Franchise taxes	75,000	75,000	70,644	(4,356)
Sales taxes	372,000	372,000	397,648	25,648
Intergovernmental:				
Missouri motor fuel taxes	57,000	57,000	58,416	1,416
Greene county road and bridge	11,500	11,500	12,205	705
Greene county shared sales tax	14,285	14,285	14,285	-
Law enforcement sales tax	36,403	36,403	38,392	1,989
Licenses & permits	14,000	14,000	15,714	1,714
Fines & forfeitures	44,800	44,800	36,398	(8,402)
Grants	11,150	11,150	7,167	(3,983)
Interest	2,800	2,800	5,621	2,821
Rent	9,765	9,765	9,765	-
Donations	-	-	4,881	4,881
Miscellaneous	2,000	2,000	8,513	6,513
Total Revenues	<u>744,269</u>	<u>744,269</u>	<u>786,490</u>	<u>42,221</u>
EXPENDITURES				
Current:				
General government	164,504	164,504	175,152	(10,648)
Police	305,032	305,032	235,138	69,894
Court	88,975	88,975	67,906	21,069
Streets	152,708	152,708	64,750	87,958
Emergency management	22,050	22,050	18,725	3,325
Capital outlay	-	-	9,930	(9,930)
Debt Service:				
Principal	-	-	22,542	(22,542)
Total Expenditures	<u>733,269</u>	<u>733,269</u>	<u>594,143</u>	<u>139,126</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>11,000</u>	<u>11,000</u>	<u>192,347</u>	<u>(96,905)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(11,000)	(11,000)	(11,000)	-
Sale of assets	-	-	11,350	11,350
Insurance recovers	-	-	23,040	23,040
Total other financing sources (uses)	<u>(11,000)</u>	<u>(11,000)</u>	<u>23,390</u>	<u>34,390</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>215,737</u>	<u>\$ 215,737</u>
FUND BALANCES - BEGINNING			<u>298,582</u>	
FUND BALANCES - ENDING			<u>\$ 514,319</u>	

CITY OF FAIR GROVE, MISSOURI
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (UNAUDITED)
 (MODIFIED CASH BASIS) - BUDGET AND ACTUAL -
 MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Park Fund			
	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Sales taxes	\$ 182,320	\$ 182,320	\$ 124,156	\$ (58,164)
Park fees	21,000	21,000	33,489	12,489
Interest	700	700	1,428	728
Miscellaneous	3,300	3,300	3,728	428
Total Revenues	<u>207,320</u>	<u>207,320</u>	<u>162,801</u>	<u>(44,519)</u>
EXPENDITURES				
Current:				
Parks	78,320	78,320	92,445	(14,125)
Capital outlay	65,000	65,000	21,395	43,605
Debt service:				
Principal	70,000	70,000	71,758	(1,758)
Interest	5,000	5,000	1,293	3,707
Total Expenditures	<u>218,320</u>	<u>218,320</u>	<u>186,891</u>	<u>31,429</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	(11,000)	(11,000)	(24,090)	(13,090)
OTHER SOURCES				
Transfers in	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(13,090)	<u>\$ (13,090)</u>
FUND BALANCES - BEGINNING			<u>124,795</u>	
FUND BALANCES - ENDING			<u>\$ 111,705</u>	