

CITY OF GRANBY, 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 Granby, Missouri

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, 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 Granby, 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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Granby, Missouri's basic financial statements. The budget to actual supplementary information on pages 31 to 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. The City elected not to present the management's discussion and analysis report. 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 28, 2021

CITY OF GRANBY, MISSOURI

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 287,243	\$ 283,382	\$ 570,625
Investments	77,152	35,539	112,691
Restricted cash and cash equivalents-			
Cash	218,917	355,793	574,710
Investments	-	99,844	99,844
Internal balances	52,896	(52,896)	-
Capital assets:			
Land	308,347	65,965	374,312
Construction in progress	-	36,647	36,647
Other capital assets, net of accumulated depreciation	1,410,549	3,107,678	4,518,227
Total Assets	<u>2,355,104</u>	<u>3,931,952</u>	<u>6,287,056</u>
LIABILITIES			
Current maturities of long-term debt	-	70,000	70,000
Noncurrent liabilities:			
Certificates of participation	-	505,000	505,000
Revenue bonds	-	100,000	100,000
Lease obligations	-	-	-
Customer deposits	-	124,720	124,720
Total Liabilities	<u>-</u>	<u>799,720</u>	<u>799,720</u>
NET POSITION			
Net investment in capital assets	1,718,896	2,535,290	4,254,186
Restricted-			
Debt reserves	-	302,000	302,000
Unrestricted (Deficit)	636,208	294,942	931,150
Total Net Position	<u>\$ 2,355,104</u>	<u>\$ 3,132,232</u>	<u>\$ 5,487,336</u>

See accompanying notes to the basic financial statements.

CITY OF GRANDBY, 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:							
General government	\$ 75,157	\$ 52,644	\$ -	\$ 94,550	\$ 72,037	\$ -	\$ 72,037
Public safety- Police	260,654	-	-	-	(260,654)	-	(260,654)
Courts	30,341	40,060	-	-	9,719	-	9,719
Fire	57,141	12,600	-	179,983	135,442	-	135,442
Streets	259,920	-	-	-	(259,920)	-	(259,920)
Parks and recreation	56,090	9,539	-	-	(46,551)	-	(46,551)
Sanitation	142,848	109,646	-	-	(33,202)	-	(33,202)
Cemetery	28,225	7,450	-	-	(20,775)	-	(20,775)
TIF	58,563	-	-	-	(58,563)	-	(58,563)
Interest on long term debt	298	-	-	-	(298)	-	(298)
Total governmental activities	969,237	231,939	-	274,533	(462,765)	-	(462,765)
Business-type activities:							
Water	268,672	318,644	-	-	-	49,972	49,972
Sewer	392,752	400,209	-	-	-	7,457	7,457
Gas	636,148	610,121	-	-	-	(26,027)	(26,027)
Total business-type activities	1,297,572	1,328,974	-	-	-	31,402	31,402
Total government	\$ 2,266,809	\$ 1,560,913	\$ -	\$ 274,533	(462,765)	31,402	(431,363)

General Revenues

Taxes:

Property taxes for general purposes	95,027	-	95,027
Property taxes for cemetery	7,169	-	7,169
Franchise taxes	65,971	-	65,971
Sales taxes and public safety taxes	408,456	-	408,456
Missouri motor fuel taxes	89,489	-	89,489
County sales tax	6,729	-	6,729
Interest on investments	349	22	371
Miscellaneous	4,872	-	4,872
Total general revenues and transfers	678,062	22	678,084
Change in net position	215,297	31,424	246,721
Net position beginning	2,139,807	3,100,808	5,240,615
Net position ending	\$ 2,355,104	\$ 3,132,232	\$ 5,487,336

See accompanying notes to the basic financial statements.

CITY OF GRANDI, MISSOURI

**BALANCE SHEET
(MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>Street Fund</u>	<u>TIF Fund</u>	<u>Nonmajor Fund Cemetery Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 60,559	\$ 53,441	\$ 172,832	\$ 411	\$ 287,243
Investments	36,536	40,616	-	-	77,152
Due from other funds	56,335	6,466	8,212	-	71,013
Restricted assets:					
Cash and cash equivalents	218,917	-	-	-	218,917
TOTAL ASSETS	<u>\$ 372,347</u>	<u>\$ 100,523</u>	<u>\$ 181,044</u>	<u>\$ 411</u>	<u>\$ 654,325</u>
<u>LIABILITIES</u>					
Due to other funds	\$ 14,349	\$ 3,155	\$ -	\$ 613	\$ 18,117
TOTAL LIABILITIES	<u>14,349</u>	<u>3,155</u>	<u>-</u>	<u>613</u>	<u>18,117</u>
<u>FUND BALANCES</u>					
FUND BALANCES					
Fund Balances -					
Assigned	\$ 218,917	\$ -	\$ -	\$ -	\$ 218,917
Restricted-					
Streets	-	97,368	-	-	97,368
TIF	-	-	181,044	-	181,044
Unassigned (deficit)	139,081	-	-	(202)	138,879
TOTAL FUND BALANCES	<u>357,998</u>	<u>97,368</u>	<u>181,044</u>	<u>(202)</u>	<u>636,208</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 372,347</u>	<u>\$ 100,523</u>	<u>\$ 181,044</u>	<u>\$ 411</u>	<u>\$ 654,325</u>

See accompanying notes to the basic financial statements.

CITY OF GRANBY, MISSOURI
RECONCILIATION OF THE GOVERNMENT FUNDS
BALANCE SHEET (MODIFIED CASH BASIS)
TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balances-Governmental Funds		\$ 636,208
 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.		
Non-depreciable assets	\$ 308,347	
Depreciable assets	<u>1,410,549</u>	
		<u>1,718,896</u>
Net position of governmental activities		<u>\$ 2,355,104</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, 2021

REVENUES	General Fund	Street Fund	TIF Fund	Nonmajor Fund Cemetery Fund	Governmental Funds
Taxes:					
Property taxes	\$ 42,595	\$ -	\$ 52,432	\$ 7,169	\$ 102,196
Franchise taxes	65,971	-	-	-	65,971
Sales tax	177,564	131,393	68,523	-	377,480
Public safety tax	30,976	-	-	-	30,976
Intergovernmental:					
Missouri motor fuel taxes	-	89,489	-	-	89,489
County sales tax	-	-	6,729	-	6,729
Licenses & permits	1,500	-	-	-	1,500
Fines & forfeitures	40,060	-	-	-	40,060
Fire district contract	12,600	-	-	-	12,600
Interest	175	91	83	-	349
Old mining town days	155	-	-	-	155
Sanitation fee	109,646	-	-	-	109,646
Summer ball	9,539	-	-	-	9,539
Sale of lots	4,000	-	-	-	4,000
Burial	-	-	-	7,450	7,450
Donations	15,680	-	-	-	15,680
Grants	78,870	179,983	-	-	258,853
Miscellaneous	4,872	-	-	-	4,872
Total Revenues	<u>594,203</u>	<u>400,956</u>	<u>127,767</u>	<u>14,619</u>	<u>1,137,545</u>
EXPENDITURES					
Current:					
General government	32,195	-	-	-	32,195
Public safety- Police	245,752	-	-	-	245,752
Courts	30,341	-	-	-	30,341
Fire	53,816	-	-	-	53,816
Streets	-	230,576	-	-	230,576
Parks and recreation	45,247	-	-	-	45,247
Sanitation	139,713	-	-	-	139,713
Cemetery	-	-	-	20,242	20,242
TIF	-	-	58,563	-	58,563
Capital outlay	106,526	266,052	129,768	-	502,346
Debt service:					
Principal	-	7,060	-	-	7,060
Interest	-	298	-	-	298
Total Expenditures	<u>653,590</u>	<u>503,986</u>	<u>188,331</u>	<u>20,242</u>	<u>1,366,149</u>
OTHER SOURCES					
Fee-in-lieu of	46,989	-	-	-	46,989
NET CHANGES IN FUND BALANCES	(12,398)	(103,030)	(60,564)	(5,623)	(181,615)
FUND BALANCES - BEGINNING	370,396	200,398	241,608	5,421	817,823
FUND BALANCES - ENDING (DEFICIT)	<u>\$ 357,998</u>	<u>\$ 97,368</u>	<u>\$ 181,044</u>	<u>\$ (202)</u>	<u>\$ 636,208</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, 2021

Net change in fund balances--total governmental funds . \$ (181,615)

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.

Expenditures for capital assets	502,346
Current year's depreciation expense	(107,211)
Basis on disposition of assets	(5,283)

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.

Principal payments	7,060
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Change in net position of governmental activities	\$ 215,297
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See accompanying notes to the basic financial statements.

CITY OF GRANBY, MISSOURI

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

PROPRIETARY FUNDS

JUNE 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Gas Fund</u>	<u>Total Enterprise Funds</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 132,923	\$ 68,578	\$ 81,881	\$ 283,382
Investments	35,539	-	-	35,539
Total Current Assets	<u>168,462</u>	<u>68,578</u>	<u>81,881</u>	<u>318,921</u>
Noncurrent Assets:				
Restricted cash and cash equivalents:				
Debt reserves	22,691	199,386	45,034	267,111
Depreciation and replacement	-	21,757	66,925	88,682
Investments - debt reserves	-	99,844	-	99,844
Capital assets:				
Land	31,250	23,665	11,050	65,965
Construction in progress	-	36,647	-	36,647
Other capital assets, net of accumulated depreciation	212,507	2,285,512	609,659	3,107,678
Total Noncurrent Assets	<u>266,448</u>	<u>2,666,811</u>	<u>732,668</u>	<u>3,665,927</u>
TOTAL ASSETS	<u>434,910</u>	<u>2,735,389</u>	<u>814,549</u>	<u>3,984,848</u>
LIABILITIES				
Current Liabilities:				
Due to other funds	14,770	5,616	32,510	52,896
Current portion of long-term debt	-	70,000	-	70,000
Total Current Liabilities	<u>14,770</u>	<u>75,616</u>	<u>32,510</u>	<u>122,896</u>
Noncurrent Liabilities:				
Certificate of participation	-	505,000	-	505,000
Revenue bonds	-	100,000	-	100,000
Customer deposits	68,238	-	56,482	124,720
TOTAL LIABILITIES	<u>83,008</u>	<u>680,616</u>	<u>88,992</u>	<u>852,616</u>
NET POSITION				
Net investment in capital assets	243,757	1,670,824	620,709	2,535,290
Restricted-				
Debt reserves	-	302,000	-	302,000
Unrestricted	108,145	81,949	104,848	294,942
TOTAL NET POSITION	<u>\$ 351,902</u>	<u>\$ 2,054,773</u>	<u>\$ 725,557</u>	<u>\$ 3,132,232</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, 2021

	Water Fund	Sewer Fund	Gas Fund	Total Enterprise Funds
OPERATING REVENUES:				
Charges for services	\$ 318,644	\$ 400,209	\$ 603,691	\$ 1,322,544
Operating grants	-	-	6,430	6,430
Total Operating Revenues	<u>318,644</u>	<u>400,209</u>	<u>610,121</u>	<u>1,328,974</u>
OPERATING EXPENSES:				
Depreciation	17,452	111,677	39,976	169,105
Dues and subscriptions	-	1,050	2,272	3,322
Gas purchase	-	-	411,685	411,685
Health insurance	22,659	18,770	17,534	58,963
Insurance	18,416	15,310	14,189	47,915
Miscellaneous	811	2,404	630	3,845
Office supplies and postage	2,211	2,757	2,164	7,132
Payroll taxes	4,203	7,274	6,447	17,924
Professional fees	5,631	5,813	7,469	18,913
Repairs & maintenance	21,720	25,046	6,062	52,828
Wages	55,758	100,755	85,326	241,839
Retirement benefits	3,449	6,120	4,967	14,536
Supplies	9,385	5,909	3,571	18,865
Telephone	1,700	3,557	1,343	6,600
Testing	-	4,265	-	4,265
Travel and training	-	-	415	415
Uniforms	792	2,276	898	3,966
Utilities	85,467	42,023	2,947	130,437
Vehicle expense	2,007	4,345	2,635	8,987
Total Operating Expenses	<u>251,661</u>	<u>359,351</u>	<u>610,530</u>	<u>1,221,542</u>
OPERATING INCOME	<u>66,983</u>	<u>40,858</u>	<u>(409)</u>	<u>107,432</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest income	-	8	14	22
Loss on sale of assets	(2,475)	(6,512)	(4,806)	(13,793)
Interest expense	(2,719)	(12,254)	(275)	(15,248)
Transfer (out)-Fee-in-lieu of	(11,817)	(14,635)	(20,537)	(46,989)
Total Non-operating Revenues (Expenses)	<u>(17,011)</u>	<u>(33,393)</u>	<u>(25,604)</u>	<u>(76,008)</u>
CHANGE IN NET POSITION	49,972	7,465	(26,013)	31,424
TOTAL NET POSITION - BEGINNING	<u>301,930</u>	<u>2,047,308</u>	<u>751,570</u>	<u>3,100,808</u>
TOTAL NET POSITION - ENDING	<u>\$ 351,902</u>	<u>\$ 2,054,773</u>	<u>\$ 725,557</u>	<u>\$ 3,132,232</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, 2021

	Water Fund	Sewer Fund	Gas Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 318,644	\$ 400,209	\$ 610,121	\$ 1,328,974
Payments to suppliers	(144,262)	(119,891)	(446,834)	(710,987)
Payments to employees	(86,069)	(132,919)	(114,274)	(333,262)
Net Cash Provided by Operating Activities	<u>88,313</u>	<u>147,399</u>	<u>49,013</u>	<u>284,725</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers (out)- Fee-in-lieu of	(11,817)	(14,635)	(20,537)	(46,989)
Net Cash (Used for) Noncapital Activities	<u>(11,817)</u>	<u>(14,635)</u>	<u>(20,537)</u>	<u>(46,989)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital expenditures	-	(18,103)	(4,500)	(22,603)
Principal paid	(6,810)	(70,000)	(6,811)	(83,621)
Interest paid	(2,719)	(12,254)	(275)	(15,248)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(9,529)</u>	<u>(100,357)</u>	<u>(11,586)</u>	<u>(121,472)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned	-	8	14	22
Net Cash Provided by Investing Activities	<u>-</u>	<u>8</u>	<u>14</u>	<u>22</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	66,967	32,415	16,904	116,286
CASH AT BEGINNING OF YEAR	124,186	357,150	176,936	658,272
CASH AT END OF YEAR	<u>\$ 191,153</u>	<u>\$ 389,565</u>	<u>\$ 193,840</u>	<u>\$ 774,558</u>
SUMMARY OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	\$ 168,462	\$ 68,578	\$ 81,881	\$ 318,921
Restricted cash and cash equivalents	22,691	320,987	111,959	455,637
Total Cash and Cash Equivalents	<u>\$ 191,153</u>	<u>\$ 389,565</u>	<u>\$ 193,840</u>	<u>\$ 774,558</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating Income (Loss)	\$ 66,983	\$ 40,858	\$ (409)	\$ 107,432
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation expense	17,452	111,677	39,976	169,105
Increase (Decrease) in due to other funds	(3,270)	(5,136)	6,772	(1,634)
Increase (Decrease) in Customer deposits	7,148	-	2,674	9,822
Net Cash Provided by Operating Activities	<u>\$ 88,313</u>	<u>\$ 147,399</u>	<u>\$ 49,013</u>	<u>\$ 284,725</u>

See accompanying notes to the basic financial statements.

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

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, 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 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, 2021

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, 2021

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 \$ 574,710 in investments as of June 30, 2021, 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, 2021

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, 2021:

	<u>Cash Balances</u>	<u>Required Debt Reserves</u>
Business-Type Activities:		
Sewer Fund		
Debt reserves	\$ 99,844	\$ 98,000
Principal and interest	267,111	20,000
Depreciation and replacement	88,682	184,000
Total Business-Type Activities Restricted Assets	\$ 455,637	\$ 302,000

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, 2021

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.

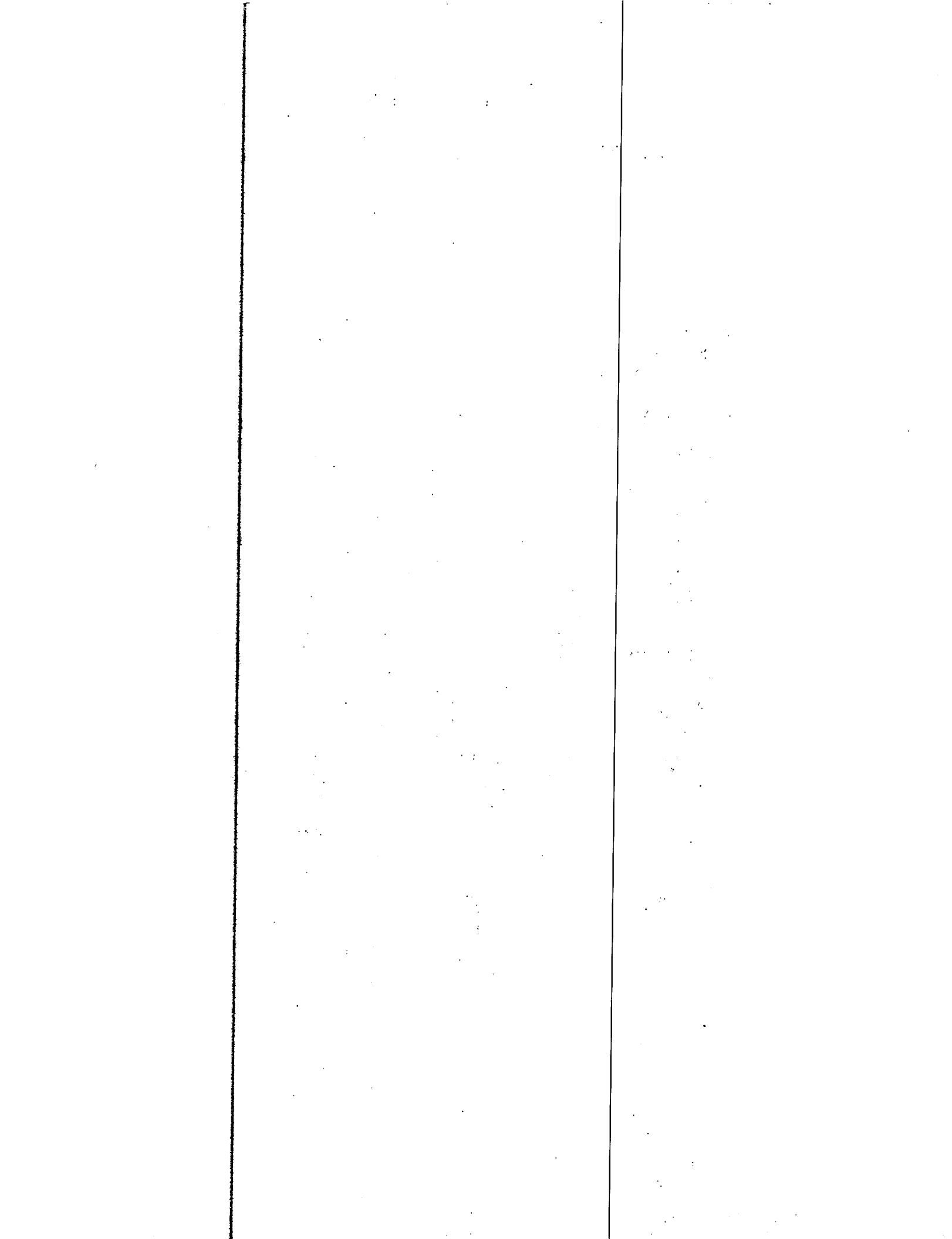
Inventories

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, 2021

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

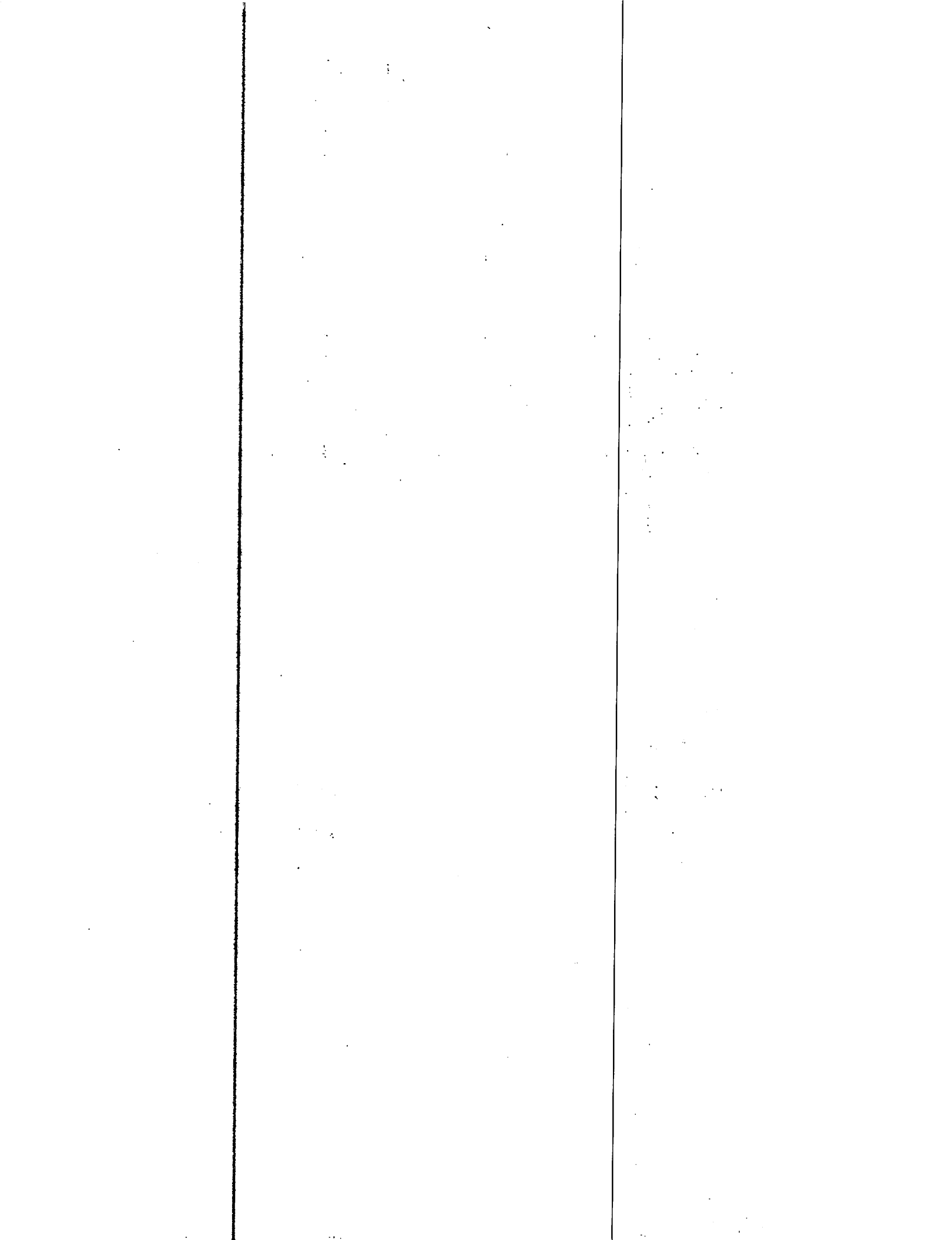
The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

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, 2021

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.

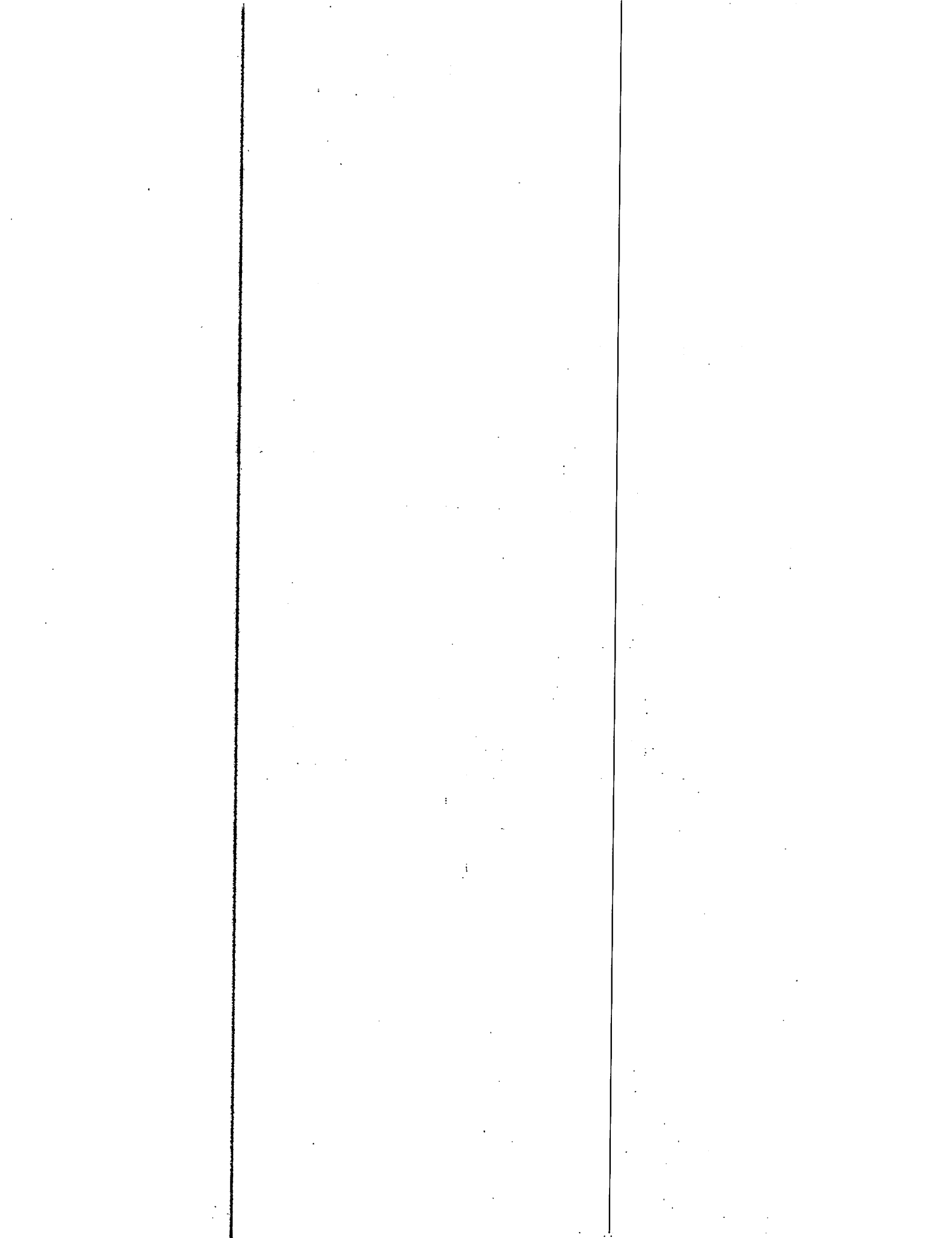
The City had set back for year ended June30, 2021 the following:

General Fund	\$	21,180
Street Fund		14,791
Water Fund		22,691
Sewer Fund		29,228
Gas Fund		45,034
	\$	132,924

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, 2021

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 2020 was \$.4238 with a valuation base of \$ 15,920,778 broken down as follows: \$.3384 General and \$.0854 Cemetery.

Revenue Sales Taxes

The City has five authorizations of sales tax revenue. A one cent general sales tax (\$ 158,462), a 1/4 cent Fire sales tax (\$ 34,441), a 1/8 cent Park sales tax (\$ 17,208), a 1/4 cent Police sales tax (\$ 29,643), and a one cent Transportation sales tax (\$137,726).

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, 2021

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, 2021

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, 2021, expenditures exceeded 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 \$ 1,592,078. The City did not have any general obligation bonds outstanding as of June 30, 2021.

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 GRANBY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

Investment Policies

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

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

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

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

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

NOTE C – 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	\$ 285,220	\$ 23,127	\$ -	\$ 308,347
Capital assets being depreciated:				
Buildings	\$ 1,081,479	\$ 119,935	\$ -	\$ 1,201,414
Infrastructure	4,557,899	340,491	-	4,898,390
Equipment	1,223,441	18,793	-	1,242,234
Total capital assets being depreciated	<u>6,862,819</u>	<u>479,219</u>	<u>-</u>	<u>7,342,038</u>
Less: Accumulated depreciation for:				
Buildings	578,650	29,006	-	607,656
Infrastructure	4,283,535	29,234	-	4,312,769
Equipment	962,093	48,971	-	1,011,064
Total accumulated depreciation	<u>5,824,278</u>	<u>107,211</u>	<u>-</u>	<u>5,931,489</u>
Total capital assets being depreciated, net	<u>\$ 1,038,541</u>			<u>\$ 1,410,549</u>
Governmental activities capital assets, net	<u>\$ 1,323,761</u>			<u>\$ 1,718,896</u>

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

Governmental activities:

General government	\$ 37,679
Police and court	14,901
Streets	29,344
Parks and recreation	10,843
Sanitation	3,136
Fire	3,325
Cemetery	7,983
	<u>\$ 107,211</u>

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

NOTE C – CAPITAL ASSETS AND DEPRECIATION (Continued)

Business-type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 65,965	\$ -	\$ -	\$ 65,965
Construction in progress	<u>\$ 36,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,647</u>
Capital assets being depreciated:				
Buildings	\$ 221,474	\$ -	\$ -	\$ 221,474
Equipment	543,742	18,103	-	561,845
Vehicles	89,381	-	-	89,381
Infrastructure	<u>7,011,330</u>	<u>4,500</u>	<u>-</u>	<u>7,015,830</u>
Total capital assets being depreciated	<u>7,865,927</u>	<u>22,603</u>	<u>-</u>	<u>7,888,530</u>
Less accumulated depreciation for:				
Buildings	68,372	5,356	-	73,728
Equipment	451,578	21,664	-	473,242
Vehicles	70,423	4,739	-	75,162
Infrastructure	<u>4,021,374</u>	<u>137,346</u>	<u>-</u>	<u>4,158,720</u>
Total accumulated depreciation	<u>4,611,747</u>	<u>169,105</u>	<u>-</u>	<u>4,780,852</u>
 Total capital assets being depreciated, net	 <u>\$ 3,254,180</u>			 <u>\$ 3,107,678</u>
 Business-type activities capital assets, net	 <u>\$ 3,356,792</u>			 <u>\$ 3,210,290</u>

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

Business-type activities:

Water	\$ 17,452
Sewer	111,677
Gas	<u>39,976</u>
	<u>\$ 169,105</u>

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

NOTE D – LONG-TERM DEBT

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 type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Lease purchase	\$ 7,060	\$ -	\$ 7,060	\$ -	\$ -

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	Amounts Due Within One Year
Revenue Bonds	\$ 185,000	\$ -	\$ 45,000	\$ 140,000	\$ 40,000
Certificate of Participation	560,000	-	25,000	535,000	30,000
Lease purchase	13,261		13,261	-	-
Total Business-type Activities long-term debt	\$ 758,261	\$ -	\$ 83,261	\$ 675,000	\$ 70,000
Long term debt payable within one year				\$ 70,000	
Long term debt payable in more than one year					
Revenue Bonds				100,000	
Certificate of Participation				505,000	
				\$ 675,000	

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

NOTE D – LONG-TERM DEBT (Continued)

The Proprietary Fund long-term debt as of June 30, 2021, 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.	\$ 535,000
\$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.	140,000
	\$ 675,000

The annual requirement to amortize bonded debt as of June 30, 2021, follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 70,000	\$ 16,203	\$ 86,203
2023	75,000	393	75,393
2024	95,000	12,510	107,510
2025	80,000	9,350	89,350
2026	85,000	7,534	92,534
2027-2029	270,000	10,242	280,242
	\$ 675,000	\$ 56,232	\$ 731,232

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, 2021

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.

2020 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, 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	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, 2021

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,		
<u>2020</u>	\$	21,800
2019		21,587
2018		23,136

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, 2021

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, 2021

	General Fund			
	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 54,300	\$ 54,300	\$ 42,595	\$ (11,705)
Franchise taxes	61,645	61,645	65,971	4,326
Sales taxes	177,500	177,500	208,540	31,040
Licenses & permits	-	-	1,500	1,500
Fines & forfeitures	36,500	36,500	40,060	3,560
Fire district contract	12,600	12,600	12,600	-
Summer ball	10,000	10,000	9,539	(461)
Old mining town days	6,500	6,500	155	(6,345)
Sanitation fees	96,600	96,600	109,646	13,046
Interest	-	-	175	175
Donations	-	-	15,680	15,680
Grants	155,000	155,000	78,870	(76,130)
Miscellaneous	2,155	2,155	8,872	6,717
Total Revenues	<u>612,800</u>	<u>612,800</u>	<u>594,203</u>	<u>(18,597)</u>
EXPENDITURES				
Current:				
General government	54,985	54,985	32,195	22,790
Public safety- Police	252,050	252,050	245,752	6,298
Courts	19,259	19,259	30,341	(11,082)
Fire	59,055	59,055	53,816	5,239
Parks and recreation	36,900	36,900	45,247	(8,347)
Sanitation	145,247	145,247	139,713	5,534
Capital outlay	20,710	20,710	106,526	(85,816)
Total Expenditures	<u>588,206</u>	<u>588,206</u>	<u>653,590</u>	<u>(65,384)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	24,594	24,594	(59,387)	(83,981)
OTHER SOURCES				
Fee in-lieu of	65,000	65,000	46,989	(18,011)
NET CHANGE IN FUND BALANCE	<u>\$ 89,594</u>	<u>\$ 89,594</u>	(12,398)	<u>\$ (101,992)</u>
FUND BALANCES - BEGINNING			<u>370,396</u>	
FUND BALANCES - ENDING			<u>\$ 357,998</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, 2021

REVENUES	Street Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
Sales taxes	\$ 112,500	\$ 112,518	\$ 131,393	\$ 18,875
Missouri motor fuel taxes	86,500	86,500	89,489	2,989
Interest	-	-	91	91
Grants	-	-	179,983	
Total Revenues	<u>199,000</u>	<u>199,018</u>	<u>400,956</u>	<u>21,955</u>
EXPENDITURES				
Current:				
Streets	197,480	189,180	230,576	(41,396)
Capital outlay	-	-	266,052	(266,052)
Debt service:				
Principal	-	-	7,060	(7,060)
Interest	-	-	298	(298)
Total Expenditures	<u>197,480</u>	<u>189,180</u>	<u>503,986</u>	<u>(314,806)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ 1,520</u>	<u>\$ 9,838</u>	(103,030)	<u>\$ (112,868)</u>
FUND BALANCES - BEGINNING			<u>200,398</u>	
FUND BALANCES - ENDING			<u>\$ 97,368</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, 2021

	TIF Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
REVENUES				
Property taxes	\$ 59,000	\$ 59,000	\$ 52,432	\$ (6,568)
Sales tax	20,000	20,000	68,523	48,523
County sales tax	-	-	6,729	6,729
Interest	100	100	83	(17)
Total Revenues	<u>79,100</u>	<u>79,100</u>	<u>127,767</u>	<u>48,667</u>
EXPENDITURES				
TIF	79,100	79,100	58,563	20,537
Capital expenditures	-	-	129,768	(129,768)
Total Expenditures	<u>79,100</u>	<u>79,100</u>	<u>188,331</u>	<u>(109,231)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	(60,564)	<u>\$ (60,564)</u>
FUND BALANCES - BEGINNING			<u>241,608</u>	
FUND BALANCES - ENDING			<u>\$ 181,044</u>	