

CITY OF OAK GROVE, MISSOURI

**FINANCIAL STATEMENTS TOGETHER
WITH INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2020

CITY OF OAK GROVE, MISSOURI
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INDEPENDENT AUDITORS' REPORT

To the Board of Aldermen
City of Oak 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 and each major fund of City of Oak Grove as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 City'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 City'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 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 and each major fund of City of Oak Grove as of December 31, 2020 and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note A.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City's basic financial statements. The budgetary comparison information on pages 26-31 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note A.

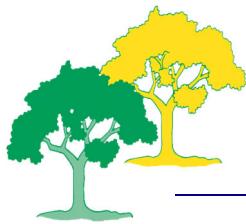
The management's discussion and analysis on pages 3-8 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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.

Westbrook & Co., P.C.

Richmond, Missouri
June 1, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the City of Oak Grove's annual financial report presents a review of the City's financial performance during the fiscal year that ended December 31, 2020. Please read this section in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the end of the fiscal year by \$9,868,738. Net position is comprised of \$2,102,866 restricted for debt service; \$4,199,777 restricted for capital outlay; \$2,663,984 unrestricted and available for governmental purposes; and \$902,111 unrestricted and available for the City's business-type activities.
- The City's total net position decreased \$1,412,072. Of this change, \$375,826 was an increase from the City's governmental activities and \$1,787,898 was a decrease from business-type activities.
- The net position increase in the governmental activities of \$375,826 was mainly a result of the receipt of \$492,685 in CARES Act monies. There was a net decrease of \$55,805 in the Water Fund and a net decrease of \$1,732,093 in the Wastewater Fund. The decrease in the Water Fund can be attributed to COVID related impacts such as keeping rates flat by delaying the budgeted rate increase for 2020. In addition, the utility did not perform disconnects or charge late fees and penalties in the spring/summer of 2020. The decrease in the Wastewater Fund is due to planned capital expenditures related to system expansion and other capital outlays.

Overview of the Financial Statements

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide information about the activities and present a longer-term view of the City's finances.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements
 - ❖ The governmental funds statements tell how general government services, like public safety, were financed in the short-term as well as what remains for future spending.
 - ❖ Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the water and wastewater systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-Wide Financial Statements

While these reports contain the funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, “How did we do financially during 2020?” The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the modified cash basis of accounting. The modified cash basis of accounting records revenues when collected and expenses when paid.

These two statements report the City’s net position and change in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The cause of this change may be the result of many factors, some financial, and some not. Non-financial factors include the City’s property tax base, current property tax laws in Missouri, facility conditions and other factors.

The Statement of Net Position and the Statement of Activities of the City are divided into two categories:

- *Governmental activities* - Most of the City’s basic services are included here, such as public safety, public works, parks and recreation, and general administration. Sales taxes, property taxes, and fees and charges finance most of these activities.
- *Business-type activities* - The City charges fees to cover the costs of certain services it provides. The City’s water and wastewater systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s funds, focusing on its most significant or “major” funds - not the City as a whole. Funds are the accounting devices the City uses to keep track of specific sources of funding and spending on particular programs.

The City has two types of funds:

- *Governmental funds:* Governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. The funds are reported using an accounting method called modified cash accounting. The modified cash basis of accounting records revenues when collected and expenses when paid. The governmental fund statements provide a detailed short-term view of the City’s general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs.
- *Proprietary funds:* The City has one type of proprietary fund, the enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of the City as a Whole

Net Position

The following table reflects the condensed statements of net position as of December 31, 2020 and 2019:

Table MDA - 1
City of Oak Grove's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current & other assets	\$ 4,763,317	\$ 3,778,475	\$ 1,163,913	\$ 869,808	\$ 5,927,230	\$ 4,648,283
Restricted cash	688,364	1,299,367	3,532,755	5,605,439	4,221,119	6,904,806
Total assets	5,451,681	5,077,842	4,696,668	6,475,247	10,148,349	11,553,089
Liabilities:						
Customer deposits payable	-	-	261,802	251,906	261,802	251,906
Other payable	-	-	-	577	-	577
Court bonds payable	17,809	19,796	-	-	17,809	19,796
Total liabilities	17,809	19,796	261,802	252,483	279,611	272,279
Net position:						
Restricted	2,769,888	3,489,384	3,532,755	5,605,439	6,302,643	9,094,823
Unrestricted	2,663,984	1,568,662	902,111	617,325	3,566,095	2,185,987
Total net position	\$ 5,433,872	\$ 5,058,046	\$ 4,434,866	\$ 6,222,764	\$ 9,868,738	\$ 11,280,810

As seen in table MDA-1, the City's combined net position as of December 31, 2020 decreased to \$9,868,738 from \$11,280,810 as of December 31, 2019 as a result of the decrease in net position reflected in table MDA-2.

The largest portion of the City's net position, \$6,302,643, reflects its debt service and capital outlay restricted net position.

Changes in Net Position

The following table reflects the revenues and expenses from the City's activities:

TABLE MDA -2
City of Oak Grove's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	\$ 511,211	\$ 541,956	\$ 3,511,506	\$ 3,426,947	\$ 4,022,717	\$ 3,968,903
Operating grants and contributions	662,781	215,807	-	-	662,781	215,807
Capital grants	-	100,337	-	-	-	100,337
General Revenues:						
Property taxes	955,926	908,506	-	-	955,926	908,506
Sales tax	2,964,920	2,920,818	-	-	2,964,920	2,920,818
Other taxes	834,886	882,841	-	-	834,886	882,841
Interest	217,218	39,173	77,350	158,651	294,568	197,824
Other revenue	69,682	47,353	-	-	69,682	47,353
Special items - debt proceeds	3,730,000	-	-	-	3,730,000	-
Total Revenues and Special items	9,946,624	5,656,791	3,588,856	3,585,598	13,535,480	9,242,389
Expenses						
Administration	431,155	311,188	-	-	431,155	311,188
Parks	863,550	1,039,655	-	-	863,550	1,039,655
Municipal court	169,854	169,922	-	-	169,854	169,922
Public safety	1,665,211	1,659,959	-	-	1,665,211	1,659,959
Emergency management	46,776	42,867	-	-	46,776	42,867
Building and zoning	164,003	90,111	-	-	164,003	90,111
Streets	550,922	593,582	-	-	550,922	593,582
Pool	178,241	178,061	-	-	178,241	178,061
Senior services	53,722	66,459	-	-	53,722	66,459
Capital outlay	648,717	1,321,173	-	-	648,717	1,321,173
Debt service:						
Principal	4,250,000	456,000	-	-	4,250,000	456,000
Interest and fees	548,647	434,218	-	-	548,647	434,218
Water	-	-	1,764,087	1,899,073	1,764,087	1,899,073
Wastewater	-	-	3,612,667	1,737,296	3,612,667	1,737,296
Total Expenses	9,570,798	6,363,195	5,376,754	3,636,369	14,947,552	9,999,564
Change in net position	375,826	(706,404)	(1,787,898)	(50,771)	(1,412,072)	(757,175)
Beginning net position	5,058,046	5,764,450	6,222,764	6,273,535	11,280,810	12,037,985
Ending net position	\$ 5,433,872	\$ 5,058,046	\$ 4,434,866	\$ 6,222,764	\$ 9,868,738	\$ 11,280,810

For the fiscal year ended December 31, 2020, government-wide revenues and special item totaled \$13,535,480. Approximately 41% of all revenues are from charges from services and 30% from sales tax.

Charges for services are derived from users of the City's programs such as governmental programs and fees for the users of the City's water and wastewater systems.

The largest revenue source for the entire City is sales tax which during the 2020 fiscal year equaled \$2,964,920. The City of Oak Grove currently has a total sales tax of 2.5% which consists of: 1% sales tax for general governmental activities; .5% sales tax for transportation; .25% sales tax for capital improvements; .25% sales tax for parks; and .5% sales tax for public purposes, including the renovation and construction of city facilities.

The City's expenses cover a range of services. Approximately 48% of all City expenses during the 2020 fiscal year are related to business-type activities.

Governmental Activities

Governmental activities increased the City's net position by \$375,826. Special item Series 2020A General Obligation Refunding Bond proceeds were \$3,730,000. Sales taxes, the largest governmental revenue, were \$2,964,920. For the fiscal year ended December 31, 2020, government-wide revenues and special item totaled \$13,535,480. Revenues and special item from governmental activities were \$9,946,624, or 73%, of the total City revenue and special item (an increase of \$4,289,833 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$1,173,992. Table MDA - 3 shows expenses and program revenues of the governmental activities for the years ended December 31, 2020 and 2019:

Table MDA - 3
Net Cost of City of Oak Grove's Governmental Activities

	2020			2019		
	Cost of Services	Program Revenue	Net Cost of Services	Cost of Services	Program Revenue	Net Cost of Services
Administration	\$ 431,155	\$ 104,049	\$ 327,106	\$ 311,188	\$ 98,442	\$ 212,746
Parks	863,550	80,385	783,165	1,039,655	64,094	975,561
Municipal court	169,854	-	169,854	169,922	-	169,922
Public safety	1,665,211	745,247	919,964	1,659,959	356,481	1,303,478
Emergency management	46,776	-	46,776	42,867	-	42,867
Building and zoning	164,003	111,666	52,337	90,111	99,744	(9,633)
Streets	550,922	-	550,922	593,582	100,337	493,245
Pool	178,241	111,413	66,828	178,061	101,179	76,882
Civic center	-	-	-	-	18,205	(18,205)
Senior services	53,722	21,232	32,490	66,459	19,618	46,841
Capital outlay	648,717	-	648,717	1,321,173	-	1,321,173
Debt service:						
Principal	4,250,000	-	4,250,000	456,000	-	456,000
Interest and fees	548,647	-	548,647	434,218	-	434,218
Total	<u>\$ 9,570,798</u>	<u>\$ 1,173,992</u>	<u>\$ 8,396,806</u>	<u>\$ 6,363,195</u>	<u>\$ 858,100</u>	<u>\$ 5,505,095</u>

As noted in Table MDA - 3, expenses from governmental activities totaled \$9,570,798. However, the net costs of these services were \$8,396,806. The difference represents direct revenues from charges for services of \$511,211 and operating grants and contributions of \$662,781. Taxes and other revenues were collected to cover these net costs.

Business-type Activities

Business-type activities decreased the City's net position by \$1,787,898. Key elements of the changes in net position are as follows:

- In the Wastewater Fund, overall, the City experienced a decrease in fund net position by \$1,732,093. This was due to the completion of planned capital projects associated with the 2017 Certificates of Participation. In the Water Fund, the City experienced a decrease in fund net position by \$55,805.

Financial Analysis of the City's Funds

General Fund revenues exceeded expenditures. The fund balance of the General Fund increased \$486,306 to the amount of \$3,334,539. Most of this increase was due to a reduction in expenses due to cost savings measures related to COVID-19 and the receipt of \$492,685 in CARES Act monies. The Debt Service Fund decreased its balance by \$9,160 to \$314,614. Most of this decrease was due to the defeasance of the Series 2011 General Obligation Improvement Bonds. The Storm Water Fund decreased its balance by \$128,746 to \$60,404 and the Street Improvement Fund decreased its balance by \$69,393 to \$177,150. The decrease in the Storm Water and Street Improvement funds are due to the completion of capital projects. Also, the Storm Water and Street Improvement Funds are legacy funds and do not have active revenue sources. The increase in net position for the Governmental Activities was \$375,826, which brings the Governmental Activities net position to \$5,433,872.

General Fund Budgetary Highlights

Difference between the original and the final approved budget can be summarized as follows:

The General Fund budget revenue was increased \$492,164 for the Jackson County CARES Act relief funds and General Fund expenditures were increased \$70,500.

Debt Administration

Long-term debt outstanding decreased by \$1,175,000. This decrease was due to the issuance of the Series 2020A General Obligation Refunding Bonds, the defeasance of the Series 2011 General Obligation Improvement Bonds and normal annual principal retirement.

Factors expected to have Significant Future Effect on Financial Position and Results of Operation

The City does not have any significant capital projects planned in the next 5 years. There are a significant number of housing starts in various planning stages. In total, the City has approximately 2,000 lots/units in the pipeline.

In addition, the City expects to receive approximately \$1.5 million in American Rescue Plan Act monies.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about this report contact any of the following persons:

Matthew Randall, City Administrator
Cathy Smith, City Clerk

At 2110 S. Broadway Oak Grove, Missouri 64075 or (816) 690-3773.

CITY OF OAK GROVE, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Primary Government	Total
ASSETS				
Cash and cash equivalents	\$ 4,763,317	\$ 1,163,913	\$ 5,927,230	
Restricted cash and cash equivalents	<u>688,364</u>	<u>3,532,755</u>	<u>4,221,119</u>	
Total Assets	<u><u>\$ 5,451,681</u></u>	<u><u>\$ 4,696,668</u></u>	<u><u>\$ 10,148,349</u></u>	
LIABILITIES AND NET POSITION				
Liabilities:				
Customer deposits payable	\$ -	\$ 261,802	\$ 261,802	
Court bonds payable	<u>17,809</u>	<u>-</u>	<u>17,809</u>	
Total Liabilities	<u><u>17,809</u></u>	<u><u>261,802</u></u>	<u><u>279,611</u></u>	
Net Position:				
Restricted for:				
Debt service	985,169	1,117,697	2,102,866	
Capital outlay	<u>1,784,719</u>	<u>2,415,058</u>	<u>4,199,777</u>	
Unrestricted	<u>2,663,984</u>	<u>902,111</u>	<u>3,566,095</u>	
Total Net Position	<u><u>5,433,872</u></u>	<u><u>4,434,866</u></u>	<u><u>9,868,738</u></u>	
Total Liabilities and Net Position	<u><u>\$ 5,451,681</u></u>	<u><u>\$ 4,696,668</u></u>	<u><u>\$ 10,148,349</u></u>	

See accompanying notes to the basic financial statements.

CITY OF OAK GROVE, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Primary Government:	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		Total
Governmental activities:								
Administration	\$ 431,155	\$ 104,049	\$ -	\$ -	\$ (327,106)	\$ -	\$ -	\$ (327,106)
Parks	863,550	80,385	-	-	(783,165)	-	-	(783,165)
Municipal court	169,854	-	-	-	(169,854)	-	-	(169,854)
Public safety	1,665,211	103,698	641,549	-	(919,964)	-	-	(919,964)
Emergency management	46,776	-	-	-	(46,776)	-	-	(46,776)
Building and zoning	164,003	111,666	-	-	(52,337)	-	-	(52,337)
Streets	550,922	-	-	-	(550,922)	-	-	(550,922)
Pool	178,241	111,413	-	-	(66,828)	-	-	(66,828)
Senior services	53,722	-	21,232	-	(32,490)	-	-	(32,490)
Capital outlay	648,717	-	-	-	(648,717)	-	-	(648,717)
Debt service:								
Principal	4,250,000	-	-	-	(4,250,000)	-	-	(4,250,000)
Interest and fees	548,647	-	-	-	(548,647)	-	-	(548,647)
Total governmental activities	<u>9,570,798</u>	<u>511,211</u>	<u>662,781</u>	<u>-</u>	<u>(8,396,806)</u>	<u>-</u>	<u>-</u>	<u>(8,396,806)</u>
Business-type activities:								
Water	1,764,087	1,703,998	-	-	-	(60,089)	(60,089)	
Wastewater	3,612,667	1,807,508	-	-	-	(1,805,159)	(1,805,159)	
Total business-type activities	<u>5,376,754</u>	<u>3,511,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,865,248)</u>	<u>(1,865,248)</u>	
Total primary government	<u>\$ 14,947,552</u>	<u>\$ 4,022,717</u>	<u>\$ 662,781</u>	<u>\$ -</u>	<u>\$ (8,396,806)</u>	<u>(1,865,248)</u>	<u>(10,262,054)</u>	
General revenues:								
Sales tax					2,964,920	-	2,964,920	
Franchise tax					528,911	-	528,911	
Property tax					955,926	-	955,926	
Other revenue					69,682	-	69,682	
Gas and motor vehicle tax					305,975	-	305,975	
Interest revenue					217,218	77,350	294,568	
Special item - refunding bond proceeds					3,730,000	-	3,730,000	
Total general revenues and special item					<u>8,772,632</u>	<u>77,350</u>	<u>8,849,982</u>	
Change in net position					375,826	(1,787,898)	(1,412,072)	
Net position beginning of year					5,058,046	6,222,764	11,280,810	
Net position end of year					<u>\$ 5,433,872</u>	<u>\$ 4,434,866</u>	<u>\$ 9,868,738</u>	

CITY OF OAK GROVE, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	GENERAL FUND	TRANSPORTATION FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	STORM WATER FUND	STREET IMPROVEMENT FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents	\$ 2,663,984	\$ 537,130	\$ 314,614	\$ 1,010,035	\$ 60,404	\$ 177,150	\$ 4,763,317
Restricted cash and cash equivalents	<u>688,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>688,364</u>
Total Assets	<u>\$ 3,352,348</u>	<u>\$ 537,130</u>	<u>\$ 314,614</u>	<u>\$ 1,010,035</u>	<u>\$ 60,404</u>	<u>\$ 177,150</u>	<u>\$ 5,451,681</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Court bonds payable	\$ 17,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,809
Fund balances:							
Restricted	670,555	537,130	314,614	1,010,035	60,404	177,150	2,769,888
Unassigned	<u>2,663,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,663,984</u>
Total Fund Balances	<u>3,334,539</u>	<u>537,130</u>	<u>314,614</u>	<u>1,010,035</u>	<u>60,404</u>	<u>177,150</u>	<u>5,433,872</u>
Total Liabilities and Fund Balances	<u>\$ 3,352,348</u>	<u>\$ 537,130</u>	<u>\$ 314,614</u>	<u>\$ 1,010,035</u>	<u>\$ 60,404</u>	<u>\$ 177,150</u>	<u>\$ 5,451,681</u>

CITY OF OAK GROVE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	GENERAL FUND	TRANSPORTATION FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	STORM WATER FUND	STREET IMPROVEMENT FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Sales tax	\$ 1,722,992	\$ 577,953	\$ 375,000	\$ 288,975	\$ -	\$ -	\$ 2,964,920
Franchise tax	528,911	-	-	-	-	-	528,911
Court cost and fines	103,698	-	-	-	-	-	103,698
Gas and motor vehicle tax	305,975	-	-	-	-	-	305,975
Property tax	708,693	-	247,233	-	-	-	955,926
Recreation programs	191,798	-	-	-	-	-	191,798
Other revenue	64,682	-	-	5,000	-	-	69,682
Licenses, permits and fees	215,715	-	-	-	-	-	215,715
Interest revenue	22,615	1,730	188,164	3,406	557	746	217,218
Grants and contract revenue	662,781	-	-	-	-	-	662,781
Total Revenues	<u>4,527,860</u>	<u>579,683</u>	<u>810,397</u>	<u>297,381</u>	<u>557</u>	<u>746</u>	<u>6,216,624</u>
EXPENDITURES:							
Administration	431,155	-	-	-	-	-	431,155
Parks	863,550	-	-	-	-	-	863,550
Municipal court	169,854	-	-	-	-	-	169,854
Public safety	1,665,211	-	-	-	-	-	1,665,211
Emergency management	46,776	-	-	-	-	-	46,776
Building and zoning	164,003	-	-	-	-	-	164,003
Streets	-	550,922	-	-	-	-	550,922
Pool	178,241	-	-	-	-	-	178,241
Senior services	53,722	-	-	-	-	-	53,722
Capital outlay	219,952	-	-	229,323	129,303	70,139	648,717
Debt service:							
Principal	70,000	-	4,180,000	-	-	-	4,250,000
Interest and fees	179,090	-	369,557	-	-	-	548,647
Total Expenditures	<u>4,041,554</u>	<u>550,922</u>	<u>4,549,557</u>	<u>229,323</u>	<u>129,303</u>	<u>70,139</u>	<u>9,570,798</u>
OTHER FINANCING SOURCES (USES):							
Refunding bond proceeds	-	-	3,730,000	-	-	-	3,730,000
Net change in fund balances	486,306	28,761	(9,160)	68,058	(128,746)	(69,393)	375,826
Fund balance beginning	<u>2,848,233</u>	<u>508,369</u>	<u>323,774</u>	<u>941,977</u>	<u>189,150</u>	<u>246,543</u>	<u>5,058,046</u>
Fund balance ending	<u>\$ 3,334,539</u>	<u>\$ 537,130</u>	<u>\$ 314,614</u>	<u>\$ 1,010,035</u>	<u>\$ 60,404</u>	<u>\$ 177,150</u>	<u>\$ 5,433,872</u>

See accompanying notes to the basic financial statements.

CITY OF OAK GROVE, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2020

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 719,491	\$ 444,422	\$ 1,163,913
Restricted cash and cash equivalents	<u>476,393</u>	<u>3,056,362</u>	<u>3,532,755</u>
Total Assets	<u><u>\$ 1,195,884</u></u>	<u><u>\$ 3,500,784</u></u>	<u><u>\$ 4,696,668</u></u>
LIABILITIES AND NET POSITION			
Liabilities:			
Customer deposits payable	\$ 261,802	\$ -	\$ 261,802
Net Position:			
Restricted for:			
Debt service	476,393	641,304	1,117,697
Capital outlay	-	2,415,058	2,415,058
Unrestricted	<u>457,689</u>	<u>444,422</u>	<u>902,111</u>
Total Net Position	<u><u>934,082</u></u>	<u><u>3,500,784</u></u>	<u><u>4,434,866</u></u>
Total Liabilities and Net Position	<u><u>\$ 1,195,884</u></u>	<u><u>\$ 3,500,784</u></u>	<u><u>\$ 4,696,668</u></u>

See accompanying notes to the basic financial statements.

CITY OF OAK GROVE, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Charges for services	<u>\$ 1,703,998</u>	<u>\$ 1,807,508</u>	<u>\$ 3,511,506</u>
OPERATING EXPENSES:			
Purchase of water	439,929	-	439,929
Salaries and benefits	613,553	469,847	1,083,400
Repairs and maintenance	92,831	223,172	316,003
General administration	<u>109,683</u>	<u>91,278</u>	<u>200,961</u>
Total Operating Expenses	<u>1,255,996</u>	<u>784,297</u>	<u>2,040,293</u>
Operating Income	<u>448,002</u>	<u>1,023,211</u>	<u>1,471,213</u>
Nonoperating Revenues (Expenses):			
Interest revenue	4,284	73,066	77,350
Capital outlay	(127,448)	(2,049,419)	(2,176,867)
Debt service:			
Principal	(207,000)	(448,000)	(655,000)
Interest and fees	<u>(173,643)</u>	<u>(330,951)</u>	<u>(504,594)</u>
Total Nonoperating Revenues (Expenses)	<u>(503,807)</u>	<u>(2,755,304)</u>	<u>(3,259,111)</u>
Change in fund net position	(55,805)	(1,732,093)	(1,787,898)
Net Position, beginning of year	<u>989,887</u>	<u>5,232,877</u>	<u>6,222,764</u>
Net Position, end of year	<u>\$ 934,082</u>	<u>\$ 3,500,784</u>	<u>\$ 4,434,866</u>

See accompanying notes to the basic financial statements.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City is organized as a fourth class city under the Revised Statutes of Missouri and operates under a Board of Aldermen-Mayor form of government and provides such services as are authorized by its charter to advance the health, welfare, comfort, safety and convenience of its inhabitants.

Financial Reporting Entity: The financial statements of the City include all organizations that raise and hold economic resources for the direct benefit of the City. The City has implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. GASB 61 amended GASB Statement No. 14. GASB Statement No 61 modifies certain requirements for inclusion of component units in the financial reporting entity.

The City has determined that no other outside agency meets the criteria set forth in GASB Statement No. 61 and, therefore, no other agency has been included as a component unit in the City's financial statements.

Basis of Presentation: The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the City as a whole. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements - Fund financial statements of the City 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, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

The City has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*.

In the Fund financial statements, fund balance may consist of five different classifications: 1) Nonspendable fund balance includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. 2) Restricted fund balance are amounts restricted to specific purposes. 3) Committed fund balance are amounts that can only be used for specific purposes as pursuant to official action by the Board prior to the end of the reporting period. 4) Assigned fund balance are amounts the City intends to use for a specific purpose but is neither restricted nor committed. The Board has the authority to assign fund balances. 5) Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general ledger.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The order of spending, regarding the restricted and unrestricted fund balance, when an expenditure is incurred for which both restricted and unrestricted fund balance is available should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those restricted fund balance classification could be used.

Governmental Funds - The following are the City's major governmental funds:

General Fund: The General Fund is the primary operating fund of the City and accounts for all financial transactions not accounted for in other funds.

Transportation Fund: The Transportation Fund is a special revenue fund that is used to account for the proceeds of the transportation sales tax that are legally restricted to expenditures for transportation purposes of the City.

Debt Service Fund: This fund is used to account for the repayment of the City's general obligation bonds. A portion of the property tax collected is allocated to the debt service fund and is legally restricted for that purpose.

Capital Improvement Fund: This is a special revenue fund that is used to account for the proceeds of the capital improvement sales tax that are legally restricted to expenditures for capital improvements.

Storm Water Fund: This fund is a special revenue fund that is used to account for the spending of previous storm water sales tax proceeds and other revenue that are legally restricted to expenditures for storm water drainage.

Street Improvement Fund: This fund is used to account for the issuance of bonds to acquire rights of way and design, construct, extend and improve the streets and roads of the City.

Proprietary Funds - The following are the City's major proprietary funds:

Water Fund: Accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Wastewater Fund: Accounts for the provision of wastewater services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Measurement Focus

Government-wide Financial Statements: In the government-wide financial statements, both governmental and business-like activities are presented using the current resources measurement focus, within the limitations of the modified cash basis of accounting.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: All governmental and proprietary funds are accounted for using the current financial resources measurement focus as applied to the modified cash basis of accounting. This approach does not differ from the manner in which the governmental and business-type activities of the government-wide financial statements are prepared.

Basis of Accounting: In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions. Liabilities are recorded for customer water deposits payable and court bonds payable. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Restricted Net Position: By enabling legislation the City has \$2,102,866 restricted for debt service and \$4,199,777 restricted for capital improvements.

Operating Revenue and Expenses: Operating revenues and expenses for proprietary funds result from providing services and delivering goods in connection with the City's water and wastewater operations. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Pooled Cash and Temporary Investments: Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the City Clerk. Investments of the pooled accounts may consist primarily of certificates of deposit and U.S. government securities, carried at cost. Interest income received is allocated to contributing funds based on cash and temporary investment balances.

Sick and Personal Leave: All full-time employees are awarded leave based on their length of employment. Employees with service of one to five years are entitled to three weeks of leave; employees with service of five to ten years are entitled to four weeks of leave; employees with ten to fifteen years of service are entitled to five weeks of leave and employees with over fifteen years of service are entitled to six weeks of leave. Employees may accumulate up to four hundred hours of leave. Upon written request, employees may receive a cash payment in lieu of time off. Upon termination or resignation, employees are compensated for all accrued, unused leave.

NOTE B - CASH AND CASH EQUIVALENTS

State statutes permit the City to invest its monies as follows: 1) obligations of the United States Government or any agency or instrumentality, including repurchase agreements; 2) bonds of the State of Missouri, of the United States, or of any wholly owned corporation of the United States, and other short-term obligations of the United States; 3) under limited circumstances, commercial paper and banker's acceptances; and 4) deposit accounts with insured financial institutions provided those accounts are entirely insured by the FDIC or collateralized with government securities that have a fair value exceeding the deposit amount.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE B - CASH AND CASH EQUIVALENTS (continued)

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Certificates of deposit with maturities in excess of three months are considered deposits for custodial risk determination. At December 31, 2020, the bank balances of the City's deposits totaled \$6,597,938. Of this amount \$889,860 was covered by FDIC insurance and \$5,688,406 was supported by collateral, held by banks in the City's name that do not hold the collateralized deposits, and \$19,672 was uninsured as of December 31, 2020.

Interest rate risk: Interest rate risk is defined as the risk that the fair value of the City's investments will decrease as a result of increases in interest rates. Generally, the longer the maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. The City will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Also risk will be minimized by investing funds primarily in short-term securities.

Investment Policy: The City's investment policy limits investment of excess funds in local banks in the form of time deposits. All accounts under the control of the City adhere to this policy. Accounts under the control of a trustee follow the investment requirements of the applicable trust agreements.

Credit risk: Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The City's formal policy limits its investment choices by selecting pre-qualified institutions to do business with and diversifying their portfolio so that potential losses in individual securities will be minimized.

Concentration of credit risk: Concentration of credit risk is the risk loss attributed to the magnitude of a government's investment in a single user. The City's investment policy places no limit on the amount the City may invest in any one issuer.

NOTE C - TAX ABATEMENTS

The City utilizes various economic development tools to attract new businesses to the City and to retain and improve current businesses in order to grow the local economy. Incentive agreements are entirely discretionary and are considered on a case-by-case basis by the Board of Aldermen. The City is not subject to any tax abatement agreements entered into by other governmental entities.

The City enters into property tax abatement agreements pursuant to Article VI, Section 27(b) of the Missouri Constitution and Sections 100.010 to 100.200 of the Revised Statutes of Missouri and Chapter 353 of the Revised Statutes of Missouri. During the year ended December 31, 2018, the City entered into multiple agreements for abated property taxes under the Chapter 100 program ranging from 100% - 10%. These abatements began with tax year 2019. Under the agreements, the developers have agreed to pay payments in lieu of taxes, which amounts to \$21,017 for fiscal year 2020.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE D - RESTRICTED CASH AND CASH EQUIVALENTS

General Fund:

Series 2016 Certificates of Participation	
Payment account	\$ 88,017
Reserve account	<u>582,538</u>
Total Series 2016 COP	670,555
Court bonds	<u>17,809</u>
Total General Fund	<u><u>\$ 688,364</u></u>

Proprietary Funds

Water Fund:

Series 2012 Certificates of Participation	
Payment account	\$ 300,179
Reserve account	<u>176,214</u>
Total Water Fund	<u><u>476,393</u></u>

Wastewater Fund:

Series 2003 Sewer Bonds	
Interest account	17,316
Debt service account	100,002
Principal account	<u>425,025</u>
	<u><u>542,343</u></u>

Series 2012 Certificates of Participation

Payment account	62,356
Reserve account	<u>36,605</u>
	<u><u>98,961</u></u>

Series 2017 Certificates of Participation

Project account	2,415,058
Total Wastewater Fund	<u><u>3,056,362</u></u>

Total Proprietary Funds	<u><u>\$ 3,532,755</u></u>
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NOTE E - TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2020 for purposes of local taxation was \$.5662 for General Revenue and \$.1985 for Debt Service.

NOTE F - ECONOMIC DEPENDENCE

The City is dependent on the City of Independence to provide sufficient water for operations. On February 19, 2013, the City entered into a 20-year agreement with the City of Independence to provide water to the City.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - INSURANCE

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 is a member of Midwest Public Risk of Missouri (MPR), a not-for-profit corporation consisting of local governments and political subdivisions. MPR was formed as a public entity risk retention pool to cover health and dental, workers' compensation, and property and casualty claims for its members. MPR has been established as assessable pools and accounting records are maintained for each line of coverage on a policy-year basis. The City pays annual premiums to MPR for all coverages. The agreement with MPR provides that MPR will be self-sustaining through member premiums. MPR has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MPR has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. The amount of settlements has not exceeded the City's insurance coverage for each of the past three fiscal years.

NOTE H - CHANGES IN LONG-TERM DEBT

Changes in long-term debt during the year were as follows:

	Balance January 1, 2020	Additions	Retirements	Balance December 31, 2020	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 5,670,000	\$ 3,730,000	\$ 4,180,000	\$ 5,220,000	\$ 365,000
Certificates of participation	<u>6,840,000</u>	-	70,000	<u>6,770,000</u>	<u>290,000</u>
Total Governmental Activities	<u>\$ 12,510,000</u>	<u>\$ 3,730,000</u>	<u>\$ 4,250,000</u>	<u>\$11,990,000</u>	<u>\$ 655,000</u>
Business-Type Activities:					
Waterworks & Sewerage Revenue Bonds	\$ 2,230,000	\$ -	\$ 405,000	\$ 1,825,000	\$ 425,000
Certificates of participation	<u>9,675,000</u>	-	250,000	<u>9,425,000</u>	<u>260,000</u>
Total Business-Type Activities	<u>\$ 11,905,000</u>	<u>\$ -</u>	<u>\$ 655,000</u>	<u>\$11,250,000</u>	<u>\$ 685,000</u>

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE I - LONG-TERM DEBT

The City's long-term debt arising from modified cash transactions is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of December 31, 2020, the long-term debt, arising from modified cash transactions, payable from governmental fund resources consisted of the following:

General Obligation Bonds:

Series 2018A General Obligation Refunding Bonds due in varying annual installments through March 1, 2029, interest of 3.00%	\$ 1,490,000
Series 2020A General Obligation Refunding Bonds due in varying annual installments through March 1, 2029, interest of 1.00% to 3.00%	<u>3,730,000</u>
	<u>\$ 5,220,000</u>

Certificates of Participation:

Series 2016 Certificates of Participation due in varying annual installments through July 1, 2036, interest of 2.60%	<u>\$ 6,770,000</u>
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Business-Type Activities

As of December 31, 2020, the long-term debt, arising from modified cash transactions, payable from proprietary fund resources consisted of the following:

Waterworks & Sewerage Revenue Bonds:

Series 2003 Water Pollution Control Revenue Bonds due in varying annual installments through January 2024; interest of 3.70% to 5.25%.	<u>\$ 1,825,000</u>
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Certificates of Participation:

Series 2012 Certificates of Participation due in varying annual installments through January 1, 2033; interest of 2.25% to 5.00%	<u>\$ 4,420,000</u>
Series 2017 Certificates of Participation due in varying annual installments through April 2042; interest of 2.50% to 4.00%	<u>5,005,000</u>
	<u>\$ 9,425,000</u>

Net revenues are pledged over the terms of the Bonds and Certificates of Participation in an amount equal to the total principal and interest payments.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE I - LONG-TERM DEBT (continued)

Debt service requirements to maturity are:

Year Ending Dec. 31,	Governmental Activities				Business-Type Activities			
	G.O. Bonds		Cert of Participation		Revenue Bonds		Cert of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 365,000	\$ 97,322	\$ 290,000	\$ 176,020	\$ 425,000	\$ 78,026	\$ 260,000	\$ 382,900
2022	410,000	38,700	305,000	168,480	445,000	56,010	265,000	373,203
2023	550,000	34,350	315,000	160,550	465,000	33,958	275,000	361,391
2024	580,000	29,775	330,000	152,360	490,000	11,515	290,000	349,031
2025	605,000	24,975	340,000	143,780	-	-	305,000	336,016
2026	640,000	19,875	355,000	134,940	-	-	505,000	320,031
2027	660,000	14,550	370,000	125,710	-	-	525,000	300,941
2028	695,000	8,925	385,000	116,090	-	-	540,000	279,369
2029	715,000	3,000	400,000	106,080	-	-	570,000	255,075
2030	-	-	415,000	95,680	-	-	595,000	229,800
2031	-	-	430,000	84,890	-	-	620,000	203,138
2032	-	-	445,000	73,710	-	-	645,000	174,813
2033	-	-	460,000	62,140	-	-	680,000	145,100
2034	-	-	475,000	50,180	-	-	320,000	124,225
2035	-	-	495,000	37,830	-	-	330,000	112,438
2036	-	-	960,000	24,960	-	-	345,000	99,781
2037	-	-	-	-	-	-	355,000	86,656
2038	-	-	-	-	-	-	370,000	72,600
2039	-	-	-	-	-	-	385,000	57,500
2040	-	-	-	-	-	-	400,000	41,800
2041	-	-	-	-	-	-	415,000	25,500
2042	-	-	-	-	-	-	430,000	8,600
Total	\$ 5,220,000	\$ 271,472	\$ 6,770,000	\$ 1,713,400	\$ 1,825,000	\$ 179,509	\$ 9,425,000	\$ 4,339,906

On April 9, 2003, the City issued Series 2003 Water Pollution Control Revenue Bonds in the amount of \$6,600,000. The bonds provided funds to finance, acquire, construct and equip projects for the purpose of preventing or reducing pollution, disposing of solid waste or sewage or providing water facilities. Payments are due in varying annual installments through January 2024 with interest of 2.50% to 5.25%.

On April 10, 2012, the City issued Series 2012 Refunding and Improvement Certificates of Participation in the amount of \$6,265,000. The certificates refunded the Series 1998 Combined Waterworks and Sewerage System Refunding Revenue Bonds and the Series 2001 Certificates of Participation as well as provided new funds for the demolition of an existing standpipe and the construction of a new elevated storage tank at Frick Park, upgrades to the City's high service pump station, replacement and relocation of water mains, relocation of the City's booster pump station and the installation of an ultraviolet disinfection system.

On May 30, 2017, the City issued Series 2017 Certificates of Participation in the amount of \$5,005,000. The certificates provided new funds for acquiring, constructing, installing and improving parts of the City's sewerage system.

On December 2, 2020, the City issued Series 2020A General Obligation Refunding Bonds in the amount of \$3,730,000. The proceeds were placed in escrow to defease \$3,760,000 Series 2011 Bonds maturing March 1, 2021 to March 1, 2029 on March 1, 2021. This refunding was undertaken to obtain an economic gain of \$501,932. At December 31, 2020, \$3,760,000 of debt defeased in substance remains outstanding.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE J - RETIREMENT PLAN

The City of Oak Grove participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

Plan Description and Funding Policy

LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600 - 70.755. LAGERS is an agent multi-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri.

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system and one trustee is appointed by the governor. The regular term of the office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for the actual and necessary expenses incurred in the performance of their duties.

LAGERS serves approximately 758 local participating employers. These participating employers include 314 cities, 60 counties, and 384 other public entities. LAGERS membership includes approximately 67,595 participants.

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for the political subdivision. 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 fire) and receive a reduced allowance. The LAGERS Board of Trustees establishes the benefit plans and provision that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. 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.

If an employee leaves covered employment or dies before attaining 5 years of credited service, accumulated employee contributions are refunded to the employee or designated beneficiary. Each participating employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees. Benefits and contribution provisions are fixed by state statute and may be amended only by action of the state legislature.

Each participating unit of government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All actuarial liabilities are amortized over a period of 30 years or less. Administrative costs of LAGERS are financed through investment earnings of the system. Employee contributions are determined at the election of the governing body of the local government. Should the governing body elect to participate in the contributory plan, all employees must contribute four percent of gross salary.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE J - RETIREMENT PLAN (continued)

The governing body may elect to participate in the non-contributory plan which would result in no employee contributions.

The City's contributions to the plan for the year ended December 31, 2020 were \$205,763.

NOTE K - FEDERAL AND STATE GRANTS

The City has received financial assistance from various federal, state and local agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

NOTE L - FUND BALANCES

The following is a summary of the Governmental Fund balances of the City as of December 31, 2020:

<u>Classification/Fund</u>	<u>Purpose</u>	
Restricted:		
General Fund	Debt payments	\$ 670,555
Transportation	Capital improvements	537,130
Debt service	Debt payments	314,614
Capital Improvement	Capital improvements	1,010,035
Storm Water	Capital improvements	60,404
Street Improvement	Capital improvements	177,150
Total Restricted		<u>2,769,888</u>
Unassigned:		
General Fund		2,663,984
Total Fund Balances		<u><u>\$ 5,433,872</u></u>

NOTE M - COMMITMENTS

In 2018, the City approved a construction contract for the Northwest 1st Street sewer line project. As of December 31, 2020 the remaining contract costs for this project were \$545,544.

In 2020, the City approved contracts for wastewater treatment plant improvements along with engineering costs. The City also approved a contract for the lagoon cleanout. As of December 31, 2020, remaining contract costs for these projects were \$1,219,757.

SUPPLEMENTARY INFORMATION

CITY OF OAK GROVE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES:				
Sales tax	\$ 1,656,015	\$ 1,656,015	\$ 1,722,992	\$ 66,977
Franchise tax	556,000	556,000	528,911	(27,089)
Court cost and fines	165,500	164,250	103,698	(60,552)
Gas and motor vehicle tax	318,150	318,150	305,975	(12,175)
Property tax	692,000	692,000	708,693	16,693
Recreation programs	184,500	184,500	191,798	7,298
Other revenue	48,500	48,500	64,682	16,182
Licenses, permits and fees	186,650	187,900	215,715	27,815
Interest revenue	32,000	32,000	22,615	(9,385)
Grants and contract revenue	<u>230,000</u>	<u>722,164</u>	<u>662,781</u>	<u>(59,383)</u>
Total Revenues	<u>4,069,315</u>	<u>4,561,479</u>	<u>4,527,860</u>	<u>(33,619)</u>
EXPENDITURES:				
Administration	337,798	392,798	431,155	(38,357)
Parks	1,039,470	1,049,970	863,550	186,420
Municipal court	179,850	179,850	169,854	9,996
Public safety	1,788,010	1,793,010	1,665,211	127,799
Emergency management	47,550	47,550	46,776	774
Building and zoning	132,850	132,850	164,003	(31,153)
Pool	186,250	186,250	178,241	8,009
Senior services	69,650	69,650	53,722	15,928
Capital outlay	217,100	217,100	219,952	(2,852)
Debt service:				
Principal	70,000	70,000	70,000	-
Interest and fees	<u>177,840</u>	<u>177,840</u>	<u>179,090</u>	<u>(1,250)</u>
Total Expenditures	<u>4,246,368</u>	<u>4,316,868</u>	<u>4,041,554</u>	<u>275,314</u>
Net change in fund balance	(177,053)	244,611	486,306	241,695
Fund balance, beginning	<u>2,848,233</u>	<u>2,848,233</u>	<u>2,848,233</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,671,180</u>	<u>\$ 3,092,844</u>	<u>\$ 3,334,539</u>	<u>\$ 241,695</u>

CITY OF OAK GROVE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - TRANSPORTATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Sales tax	\$ 570,430	\$ 570,430	\$ 577,953	\$ 7,523
Other revenue	1,000	1,000	-	(1,000)
Interest revenue	1,500	1,500	1,730	230
Total Revenues	<u>572,930</u>	<u>572,930</u>	<u>579,683</u>	<u>6,753</u>
EXPENDITURES:				
Capital outlay	629,737	629,737	550,922	78,815
Net change in fund balance	(56,807)	(56,807)	28,761	85,568
Fund balance, beginning	<u>508,369</u>	<u>508,369</u>	<u>508,369</u>	<u>-</u>
Fund balance, ending	<u>\$ 451,562</u>	<u>\$ 451,562</u>	<u>\$ 537,130</u>	<u>\$ 85,568</u>

CITY OF OAK GROVE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Sales tax	\$ 285,000	\$ 285,000	\$ 288,975	\$ 3,975
Other revenue	-	-	5,000	5,000
Interest revenue	2,100	2,100	3,406	1,306
Total Revenues	287,100	287,100	297,381	10,281
EXPENDITURES:				
Capital outlay	290,500	312,500	229,323	83,177
Net change in fund balance	(3,400)	(25,400)	68,058	93,458
Fund balance, beginning	941,977	941,977	941,977	-
Fund balance, ending	\$ 938,577	\$ 916,577	\$ 1,010,035	\$ 93,458

CITY OF OAK GROVE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - STORM WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGET			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Interest revenue	\$ 500	\$ 500	\$ 557	\$ 57
EXPENDITURES:				
Capital outlay	184,143	184,143	129,303	54,840
Net change in fund balance	(183,643)	(183,643)	(128,746)	54,897
Fund balance, beginning	189,150	189,150	189,150	-
Fund balance, ending	<u>\$ 5,507</u>	<u>\$ 5,507</u>	<u>\$ 60,404</u>	<u>\$ 54,897</u>

CITY OF OAK GROVE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - STREET IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGET			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Interest revenue	\$ 600	\$ 600	\$ 746	\$ 146
EXPENDITURES:				
Capital outlay	246,908	246,908	70,139	176,769
Net change in fund balance	(246,308)	(246,308)	(69,393)	176,915
Fund balance, beginning	246,543	246,543	246,543	-
Fund balance, ending	<u>\$ 235</u>	<u>\$ 235</u>	<u>\$ 177,150</u>	<u>\$ 176,915</u>

CITY OF OAK GROVE, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
DECEMBER 31, 2020

Budgetary Process

The City is responsible for the preparation and approval of budgets for the various governmental and business-type funds in accordance with Section 67.010 through 67.020, RSMo.

The City follows the following procedures in establishing the budgetary data reflected in the supplementary information:

1. As declared by ordinance, the City Administrator is the budget officer and prepared the proposed operating budget for the year commencing January 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1st, the budget is legally enacted through the passage of an ordinance.
4. The legal level of control for the budget is at the fund level, and City management cannot amend the budget without approval of the Board of Aldermen. However, the City Administrator has the authority to transfer budgeted amounts between departments within any fund. The Board of Aldermen must approve any revisions that alter the total budgeted expenditures of any fund. Unexpended appropriations lapse at year end.
5. Budgets are prepared on the modified cash basis of accounting (budgetary basis), in which revenues are recognized when collected and expenditures are recognized when paid. The reported budgetary data represent both the original and final approved budgets as adopted by the Board of Aldermen.

INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Aldermen
City of Oak Grove, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of City of Oak Grove as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Westbrook & Co., P.C.

Richmond, Missouri
June 1, 2021