

CITY OF OAK GROVE, MISSOURI

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

FOR THE YEAR ENDED DECEMBER 31, 2022

CITY OF OAK GROVE, MISSOURI
TABLE OF CONTENTS

Independent Auditors' Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position - Modified Cash Basis.....	10
Statement of Activities - Modified Cash Basis	11
Balance Sheet - Modified Cash Basis - Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	13
Statement of Net Position - Modified Cash Basis - Proprietary Funds.....	14
Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis - Proprietary Funds.....	15
Notes to the Basic Financial Statements	16
Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund.....	28
Transportation Fund.....	29
Capital Improvement Fund	30
Storm Water Fund.....	31
Street Improvement Fund.....	32
Notes to the Budgetary Comparison Schedules	33
Schedule of Expenditures of Federal Awards.....	34
Internal Control and Compliance:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	38
Schedule of Findings and Questioned Costs.....	41

INDEPENDENT AUDITORS' REPORT

To the Board of Aldermen
City of Oak Grove, Missouri

Report on the Audit of the Financial Statements**Opinions**

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, Missouri as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, Missouri as of December 31, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Oak Grove, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note A of the financial statements, that 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information on pages 28 through 34, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 basic 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 supplementary 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023 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.

Westbrook & Co., P.C.

Richmond, Missouri
May 1, 2023

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, 2022. 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 \$8,985,576. Net position is comprised of \$1,626,888 restricted for debt service; \$1,482,413 restricted for capital outlay; \$3,408,667 unrestricted and available for governmental purposes; and \$2,467,608 unrestricted and available for the City's business-type activities.
- The City's total net position decreased \$109,114. Of this change, \$894,466 was a decrease from the City's governmental activities and \$785,352 was an increase from business-type activities.
- The decrease in net position - government-wide activities of \$109,114 was mainly due to the budgeted use of fund balance in the Capital Improvement Fund for asphalt overlay including streets and Webb Park parking lot.

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 2022?” 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, 2022 and 2021:

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current & other assets	\$ 2,957,477	\$ 5,338,778	\$ 1,566,298	\$ 1,402,142	\$ 4,523,775	\$ 6,740,920
Certificates of deposit	2,328,475	-	1,184,536	-	3,513,011	-
Restricted cash	674,966	1,507,468	577,048	1,128,775	1,252,014	2,636,243
Total assets	5,960,918	6,846,246	3,327,882	2,530,917	9,288,800	9,377,163
Liabilities:						
Customer deposits payable	4,658	3,350	283,226	271,613	287,884	274,963
Court bonds payable	15,340	7,510	-	-	15,340	7,510
Total liabilities	19,998	10,860	283,226	271,613	303,224	282,473
Net position:						
Restricted	2,532,253	3,570,782	577,048	1,128,775	3,109,301	4,699,557
Unrestricted	3,408,667	3,264,604	2,467,608	1,130,529	5,876,275	4,395,133
Total net position	\$ 5,940,920	\$ 6,835,386	\$ 3,044,656	\$ 2,259,304	\$ 8,985,576	\$ 9,094,690

As seen in table MDA-1, the City's combined net position as of December 31, 2022 decreased to \$8,985,576 from \$9,094,690 as of December 31, 2021 as a result of the decrease in net position reflected in table MDA-2.

The largest portion of the City's net position, \$3,109,301, 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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for services	\$ 764,022	\$ 759,094	\$ 3,796,878	\$ 3,704,363	\$ 4,560,900	\$ 4,463,457
Operating grants and contributions	307,126	1,089,633	781,900	-	1,089,026	1,089,633
General Revenues:						
Property taxes	1,004,733	1,005,681	-	-	1,004,733	1,005,681
Sales tax	3,549,796	3,418,964	-	-	3,549,796	3,418,964
Other taxes	967,686	1,236,549	-	-	967,686	1,236,549
Interest	30,220	16,143	53,602	280,725	83,822	296,868
Other revenue	58,720	56,546	-	-	58,720	56,546
Special item - refunding lease proceeds	-	-	-	3,560,000	-	3,560,000
Total Revenues and Special item	<u>6,682,303</u>	<u>7,582,610</u>	<u>4,632,380</u>	<u>7,545,088</u>	<u>11,314,683</u>	<u>15,127,698</u>
Expenses						
Administration	478,576	326,956	-	-	478,576	326,956
Parks	1,072,960	1,004,483	-	-	1,072,960	1,004,483
Municipal court	178,455	176,262	-	-	178,455	176,262
Public safety	1,868,894	1,786,865	-	-	1,868,894	1,786,865
Emergency management	53,868	50,371	-	-	53,868	50,371
Building and zoning	186,927	132,737	-	-	186,927	132,737
Pool	251,483	183,572	-	-	251,483	183,572
Senior services	72,545	73,740	-	-	72,545	73,740
Capital outlay	2,420,503	1,515,476	-	-	2,420,503	1,515,476
Debt service:						
Principal	715,000	655,000	-	-	715,000	655,000
Interest and fees	277,558	275,634	-	-	277,558	275,634
Water	-	-	1,548,307	5,418,469	1,548,307	5,418,469
Wastewater	-	-	2,298,721	4,302,181	2,298,721	4,302,181
Total Expenses	<u>7,576,769</u>	<u>6,181,096</u>	<u>3,847,028</u>	<u>9,720,650</u>	<u>11,423,797</u>	<u>15,901,746</u>
Change in net position	(894,466)	1,401,514	785,352	(2,175,562)	(109,114)	(774,048)
Beginning net position	<u>6,835,386</u>	<u>5,433,872</u>	<u>2,259,304</u>	<u>4,434,866</u>	<u>9,094,690</u>	<u>9,868,738</u>
Ending net position	<u>\$ 5,940,920</u>	<u>\$ 6,835,386</u>	<u>\$ 3,044,656</u>	<u>\$ 2,259,304</u>	<u>\$ 8,985,576</u>	<u>\$ 9,094,690</u>

For the fiscal year ended December 31, 2022, government-wide revenues totaled \$11,314,683. Approximately 40% of all revenues are from charges from services and 31% 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 2022 fiscal year equaled \$3,549,796. 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 34% of all City expenses during the 2022 fiscal year are related to business-type activities.

Governmental Activities

Governmental activities decreased the City's net position by \$894,466. Sales taxes, the largest governmental revenue, were \$3,549,796. Revenues from governmental activities were \$6,682,303, or 59%, of the total City revenue (a decrease of \$900,307 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$1,071,148. Table MDA - 3 shows expenses and program revenues of the governmental activities for the years ended December 31, 2022 and 2021:

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

	2022			2021		
	Cost of Services	Program Revenue	Net Cost of Services	Cost of Services	Program Revenue	Net Cost of Services
Administration	\$ 478,576	\$ 234,052	\$ 244,524	\$ 326,956	\$ 992,593	\$ (665,637)
Parks	1,072,960	133,937	939,023	1,004,483	139,772	864,711
Municipal court	178,455	-	178,455	176,262	-	176,262
Public safety	1,868,894	280,595	1,588,299	1,786,865	337,264	1,449,601
Emergency management	53,868	-	53,868	50,371	-	50,371
Building and zoning	186,927	160,717	26,210	132,737	167,761	(35,024)
Pool	251,483	150,626	100,857	183,572	148,448	35,124
Senior services	72,545	32,653	39,892	73,740	22,675	51,065
Capital outlay	2,420,503	78,568	2,341,935	1,515,476	40,214	1,475,262
Debt service:						
Principal	715,000	-	715,000	655,000	-	655,000
Interest and fees	277,558	-	277,558	275,634	-	275,634
Total	<u>\$ 7,576,769</u>	<u>\$ 1,071,148</u>	<u>\$ 6,505,621</u>	<u>\$ 6,181,096</u>	<u>\$ 1,848,727</u>	<u>\$ 4,332,369</u>

As noted in Table MDA - 3, expenses from governmental activities totaled \$7,576,769. However, the net costs of these services were \$6,505,621. The difference represents direct revenues from charges for services of \$764,022 and operating grants and contributions of \$307,126. Taxes and other revenues were collected to cover these net costs.

Business-type Activities

Business-type activities increased the City's net position by \$785,352. Key elements of the changes in net position are as follows:

- In the Wastewater Fund, overall, the City experienced an increase in fund net position by \$57,000. This was due to the completion of planned capital projects associated with the 2017 Certificates of Participation. In the Water Fund, the City experienced an increase in fund net position by \$728,352.

Financial Analysis of the City's Funds

General Fund revenues exceeded expenditures. The fund balance of the General Fund decreased \$696,269 to the amount of \$4,068,293. The Debt Service Fund increased its balance by \$10,717 to \$390,214. The Storm Water Fund decreased its balance by \$6,906 to \$39,524 and the Street Improvement Fund decreased its balance by \$113,569 to \$0. 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 decrease in net position for the Governmental Activities was \$894,466, which brings the Governmental Activities net position to \$5,940,920.

General Fund Budgetary Highlights

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

The General Fund budgeted revenues were decreased \$67,130 to account for changes in grant revenue. General Fund budgeted expenditures were increased \$616,043 to account for a mid-year COLA increase and capital purchases including an industrial vacuum and jet truck.

Debt Administration

Long-term debt outstanding decreased by \$1,192,939. This decrease was due to 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 for 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.

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
Rebecca Smith, Finance Manager

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

CITY OF OAK GROVE, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
ASSETS			
Cash and cash equivalents	\$ 2,957,477	\$ 1,566,298	\$ 4,523,775
Certificates of deposit	2,328,475	1,184,536	3,513,011
Restricted cash and cash equivalents	<u>674,966</u>	<u>577,048</u>	<u>1,252,014</u>
Total Assets	<u><u>\$ 5,960,918</u></u>	<u><u>\$ 3,327,882</u></u>	<u><u>\$ 9,288,800</u></u>
LIABILITIES AND NET POSITION			
Liabilities:			
Customer deposits payable	\$ 4,658	\$ 283,226	\$ 287,884
Court bonds payable	<u>15,340</u>	<u>-</u>	<u>15,340</u>
Total Liabilities	<u><u>19,998</u></u>	<u><u>283,226</u></u>	<u><u>303,224</u></u>
Net Position:			
Restricted for:			
Debt service	1,049,840	577,048	1,626,888
Capital outlay	1,482,413	-	1,482,413
Unrestricted	<u>3,408,667</u>	<u>2,467,608</u>	<u>5,876,275</u>
Total Net Position	<u><u>5,940,920</u></u>	<u><u>3,044,656</u></u>	<u><u>8,985,576</u></u>
Total Liabilities and Net Position	<u><u>\$ 5,960,918</u></u>	<u><u>\$ 3,327,882</u></u>	<u><u>\$ 9,288,800</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, 2022

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	\$ 478,576	\$ 166,722	\$ 67,330	\$ -	\$ (244,524)	\$ -	\$ (244,524)	
Parks	1,072,960	133,937	-	-	(939,023)	-	(939,023)	
Municipal court	178,455	-	-	-	(178,455)	-	(178,455)	
Public safety	1,868,894	73,452	207,143	-	(1,588,299)	-	(1,588,299)	
Emergency management	53,868	-	-	-	(53,868)	-	(53,868)	
Building and zoning	186,927	160,717	-	-	(26,210)	-	(26,210)	
Pool	251,483	150,626	-	-	(100,857)	-	(100,857)	
Senior services	72,545	-	32,653	-	(39,892)	-	(39,892)	
Capital outlay	2,420,503	78,568	-	-	(2,341,935)	-	(2,341,935)	
Debt service:								
Principal	715,000	-	-	-	(715,000)	-	(715,000)	
Interest and fees	277,558	-	-	-	(277,558)	-	(277,558)	
Total governmental activities	7,576,769	764,022	307,126	-	(6,505,621)	-	(6,505,621)	
Business-type activities:								
Water	1,548,307	1,891,859	377,175	-	-	720,727	720,727	
Wastewater	2,298,721	1,905,019	404,725	-	-	11,023	11,023	
Total business-type activities	3,847,028	3,796,878	781,900	-	-	731,750	731,750	
Total primary government	\$ 11,423,797	\$ 4,560,900	\$ 1,089,026	\$ -	\$ (6,505,621)	\$ 731,750	\$ (5,773,871)	
General revenues:								
Sales tax					3,549,796	-	3,549,796	
Franchise tax					599,259	-	599,259	
Property tax					1,004,733	-	1,004,733	
Other revenue					58,720	-	58,720	
Gas and motor vehicle tax					368,427	-	368,427	
Interest revenue					30,220	53,602	83,822	
Total general revenues					5,611,155	53,602	5,664,757	
Change in net position								
Net position beginning of year					(894,466)	785,352	(109,114)	
Net position end of year					6,835,386	2,259,304	9,094,690	

See accompanying notes to the basic financial statements.

CITY OF OAK GROVE, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	GENERAL FUND	TRANSPORTATION FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	STORM WATER FUND	STREET IMPROVEMENT FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents	\$ 1,801,577	\$ 395,956	\$ 292,309	\$ 447,382	\$ 20,253	\$ -	\$ 2,957,477
Certificates of deposit	1,611,748	278,109	97,905	321,442	19,271	-	2,328,475
Restricted cash and cash equivalents	<u>674,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>674,966</u>
Total Assets	<u>\$ 4,088,291</u>	<u>\$ 674,065</u>	<u>\$ 390,214</u>	<u>\$ 768,824</u>	<u>\$ 39,524</u>	<u>\$ -</u>	<u>\$ 5,960,918</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Court bonds payable	\$ 15,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,340
Customer deposits payable	<u>4,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,658</u>
Total Liabilities	<u>19,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,998</u>
Fund balances:							
Restricted	659,626	674,065	390,214	768,824	39,524	-	2,532,253
Unassigned	<u>3,408,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,408,667</u>
Total Fund Balances	<u>4,068,293</u>	<u>674,065</u>	<u>390,214</u>	<u>768,824</u>	<u>39,524</u>	<u>-</u>	<u>5,940,920</u>
Total Liabilities and Fund Balances	<u>\$ 4,088,291</u>	<u>\$ 674,065</u>	<u>\$ 390,214</u>	<u>\$ 768,824</u>	<u>\$ 39,524</u>	<u>\$ -</u>	<u>\$ 5,960,918</u>

See accompanying notes to the basic financial statements.

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, 2022

	GENERAL FUND	TRANSPORTATION FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	STORM WATER FUND	STREET IMPROVEMENT FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Sales tax	\$ 2,272,318	\$ 701,653	\$ 225,000	\$ 350,825	\$ -	\$ -	\$ 3,549,796
Franchise tax	599,259	-	-	-	-	-	599,259
Court cost and fines	73,452	-	-	-	-	-	73,452
Gas and motor vehicle tax	368,427	-	-	-	-	-	368,427
Property tax	705,527	-	299,206	-	-	-	1,004,733
Recreation programs	284,563	-	-	-	-	-	284,563
Other revenue	96,505	13,785	-	-	-	-	110,290
Licenses, permits and fees	275,868	78,568	-	-	-	-	354,436
Interest revenue	18,958	3,633	2,479	4,431	698	21	30,220
Grants and contract revenue	172,517	134,610	-	-	-	-	307,127
Total Revenues	<u>4,867,394</u>	<u>932,249</u>	<u>526,685</u>	<u>355,256</u>	<u>698</u>	<u>21</u>	<u>6,682,303</u>
EXPENDITURES:							
Administration	478,576	-	-	-	-	-	478,576
Parks	1,072,960	-	-	-	-	-	1,072,960
Municipal court	178,455	-	-	-	-	-	178,455
Public safety	1,868,894	-	-	-	-	-	1,868,894
Emergency management	53,868	-	-	-	-	-	53,868
Building and zoning	186,927	-	-	-	-	-	186,927
Pool	251,483	-	-	-	-	-	251,483
Senior services	72,545	-	-	-	-	-	72,545
Capital outlay	925,225	893,766	-	480,318	7,604	113,590	2,420,503
Debt service:							
Principal	305,000	-	410,000	-	-	-	715,000
Interest and fees	169,730	-	105,968	1,860	-	-	277,558
Total Expenditures	<u>5,563,663</u>	<u>893,766</u>	<u>515,968</u>	<u>482,178</u>	<u>7,604</u>	<u>113,590</u>	<u>7,576,769</u>
Net change in fund balances	(696,269)	38,483	10,717	(126,922)	(6,906)	(113,569)	(894,466)
Fund balance beginning	<u>4,764,562</u>	<u>635,582</u>	<u>379,497</u>	<u>895,746</u>	<u>46,430</u>	<u>113,569</u>	<u>6,835,386</u>
Fund balance ending	<u>\$ 4,068,293</u>	<u>\$ 674,065</u>	<u>\$ 390,214</u>	<u>\$ 768,824</u>	<u>\$ 39,524</u>	<u>\$ -</u>	<u>\$ 5,940,920</u>

CITY OF OAK GROVE, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2022

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 855,541	\$ 710,757	\$ 1,566,298
Certificates of deposit	612,846	571,690	1,184,536
Restricted cash and cash equivalents	<u>47</u>	<u>577,001</u>	<u>577,048</u>
Total Assets	<u><u>\$ 1,468,434</u></u>	<u><u>\$ 1,859,448</u></u>	<u><u>\$ 3,327,882</u></u>
LIABILITIES AND NET POSITION			
Liabilities:			
Customer deposits payable	\$ 283,226	\$ -	\$ 283,226
Net Position:			
Restricted for:			
Debt service	47	577,001	577,048
Unrestricted	<u>1,185,161</u>	<u>1,282,447</u>	<u>2,467,608</u>
Total Net Position	<u><u>1,185,208</u></u>	<u><u>1,859,448</u></u>	<u><u>3,044,656</u></u>
Total Liabilities and Net Position	<u><u>\$ 1,468,434</u></u>	<u><u>\$ 1,859,448</u></u>	<u><u>\$ 3,327,882</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, 2022

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Charges for services	<u>\$ 1,891,859</u>	<u>\$ 1,905,019</u>	<u>\$ 3,796,878</u>
OPERATING EXPENSES:			
Purchase of water	475,332	-	475,332
Salaries and benefits	556,944	560,900	1,117,844
Repairs and maintenance	103,045	337,132	440,177
General administration	<u>151,117</u>	<u>109,073</u>	<u>260,190</u>
Total Operating Expenses	<u>1,286,438</u>	<u>1,007,105</u>	<u>2,293,543</u>
Operating Income	<u>605,421</u>	<u>897,914</u>	<u>1,503,335</u>
Nonoperating Revenues (Expenses):			
Interest revenue	7,625	45,977	53,602
Grant revenue	377,175	404,725	781,900
Capital outlay	(199,568)	(581,748)	(781,316)
Debt service:			
Principal	-	(445,000)	(445,000)
Interest and fees	<u>(62,301)</u>	<u>(264,868)</u>	<u>(327,169)</u>
Total Nonoperating Revenues (Expenses)	<u>122,931</u>	<u>(840,914)</u>	<u>(717,983)</u>
Change in fund net position	728,352	57,000	785,352
Net Position, beginning of year	<u>456,856</u>	<u>1,802,448</u>	<u>2,259,304</u>
Net Position, end of year	<u>\$ 1,185,208</u>	<u>\$ 1,859,448</u>	<u>\$ 3,044,656</u>

See accompanying notes to the basic financial statements.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022

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, 2022

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 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 \$1,626,888 restricted for debt service and \$1,482,413 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.

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, 2022, the bank balances of the City's deposits totaled \$8,110,927. Of this amount \$1,000,000 was covered by FDIC insurance and \$7,110,927 was supported by collateral, held by banks in the City's name that do not hold the collateralized deposits.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - CASH AND CASH EQUIVALENTS (continued)

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 - RESTRICTED CASH AND CASH EQUIVALENTS

General Fund:		
Series 2016 Certificates of Participation		
Payment account	\$	80,377
Reserve account		582,539
Total Series 2016 COP		662,916
Court bonds		12,050
Total General Fund	\$	<u>674,966</u>
Proprietary Funds		
Wastewater Fund:		
Series 2003 Sewer Bonds		
Interest account	\$	8,512
Debt service account		100,459
Principal account		467,937
Total 2003 Sewer Bonds		576,908
Series 2017 Certificates of Participation		
Lease revenue fund		83
Series 2021 Certificates of Participation		
Payment account		10
Total Wastewater Fund		<u>577,001</u>
Water Fund:		
Series 2021 Certificates of Participation		
Payment account		47
Total Water Fund		47
Total Proprietary Funds	\$	<u>577,048</u>

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE D - 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 2022 for purposes of local taxation was \$.5410 for General Revenue and \$.2237 for Debt Service.

NOTE E - 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 \$42,876 for fiscal year 2022.

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.

NOTE G - 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 H - 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.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - CHANGES IN LONG-TERM DEBT

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

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 4,855,000	\$ -	\$ 410,000	\$ 4,445,000	\$ 550,000
Certificates of participation	6,480,000	-	305,000	6,175,000	315,000
Direct borrowings	66,797	-	32,939	33,858	33,858
Total Governmental Activities	<u>\$ 11,401,797</u>	<u>\$ -</u>	<u>\$ 747,939</u>	<u>\$ 10,653,858</u>	<u>\$ 898,858</u>
Business-Type Activities:					
Waterworks & Sewerage Revenue Bonds	\$ 1,400,000	\$ -	\$ 445,000	\$ 955,000	\$ 465,000
Certificates of participation	8,565,000	-	-	8,565,000	295,000
Total Business-Type Activities	<u>\$ 9,965,000</u>	<u>\$ -</u>	<u>\$ 445,000</u>	<u>\$ 9,520,000</u>	<u>\$ 760,000</u>

NOTE J - 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, 2022, 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%	\$ 1,220,000
Series 2020A General Obligation Refunding Bonds due in varying annual installments through March 1, 2029, interest of 1.00% to 3.00%	<u>3,225,000</u>

\$ 4,445,000

Certificates of Participation:

Series 2016 Certificates of Participation due in varying annual installments through July 1, 2036, interest of 2.60%	\$ 6,175,000
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CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - LONG-TERM DEBT (continued)

Business-Type Activities

As of December 31, 2022, 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 4.700% to 5.125%.

\$ 955,000

Certificates of Participation:

Series 2017 Certificates of Participation due in varying annual installments through April 2042; interest of 2.50% to 4.00%

\$ 5,005,000

Series 2021 Refunding Certificates of Participation due in varying annual installments through April 2033; interest of 2.00% to 3.00%

3,560,000

\$ 8,565,000

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
2023	\$ 550,000	\$ 90,950	\$ 315,000	\$ 160,550	\$ 465,000	\$ 33,958	\$ 295,000	\$ 271,681
2024	580,000	74,000	330,000	152,360	490,000	11,515	305,000	262,681
2025	605,000	58,425	340,000	143,780	-	-	315,000	253,381
2026	640,000	44,275	355,000	134,940	-	-	510,000	241,469
2027	660,000	29,500	370,000	125,710	-	-	530,000	226,697
2028	695,000	16,575	385,000	116,090	-	-	535,000	210,844
2029	715,000	5,575	400,000	106,080	-	-	560,000	193,925
2030	-	-	415,000	95,680	-	-	575,000	178,475
2031	-	-	430,000	84,890	-	-	585,000	164,213
2032	-	-	445,000	73,710	-	-	600,000	149,063
2033	-	-	460,000	62,140	-	-	405,000	135,600
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	<u>\$ 4,445,000</u>	<u>\$ 319,300</u>	<u>\$ 6,175,000</u>	<u>\$ 1,368,900</u>	<u>\$ 955,000</u>	<u>\$ 45,473</u>	<u>\$ 8,565,000</u>	<u>\$ 2,917,129</u>

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - LONG-TERM DEBT (continued)

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 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.

On December 30, 2021, the City issued Series 2021 Refunding Certificate of Participation in the amount of \$3,560,000. The proceeds were used to defease the outstanding Series 2012 Refunding and Improvement Certificates of Participation on that date.

NOTE K - PLEDGED REVENUES

The City has pledged future water and sewer customer revenues, net of specified operating expenses to repay \$9,965,000 in waterworks and sewerage bonds and certificates of participation issued on April 9, 2003, May 30, 2017 and December 30, 2021. Proceeds from the bonds and certificates provided financing for various water and sewer projects. The bonds and certificates are payable solely from water and sewer customer net revenues and are payable at various maturity dates from January 1, 2021 through April 1, 2042. The total principal and interest remaining to be paid on the bonds and certificates as of December 31, 2022 is \$12,482,602. Principal and interest paid for 2022 from total customer net revenues were \$1,263,890. At December 31, 2022, pledged future revenues totaled \$12,482,602, which was the amount of the remaining principal and interest on the bonds and leases.

NOTE L - DIRECT BORROWINGS

On April 21, 2021 the City entered into a lease purchase agreement to finance the cost of acquiring equipment, including 4 lawnmowers and a gator for the City. The lease is for three years requiring annual installments of \$34,800 through April 20, 2023, interest at 2.749%.

Year Ending December 31,	Principal	Interest	Total
2023	\$ 33,858	\$ 943	\$ 34,801

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE M - LEASE COMMITMENT

On April 13, 2021, the City entered into a non-cancellable lease agreement for copiers. This lease is for a period of five years, requiring monthly payments of \$701 through June 1, 2026.

Remaining lease payments are:

<u>Year Ending</u> <u>December 31,</u>	
2023	\$ 8,412
2024	8,412
2025	8,412
2026	<u>4,206</u>
	<u>\$ 29,442</u>

For the year ended December 31, 2022, total lease expense under this lease was \$8,412.

NOTE N - RETIREMENT PLAN

The City of Oak Grove, Missouri 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 838 local participating employers. These participating employers include 324 cities, 60 counties, and 454 other public entities. LAGERS membership includes 73,178 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.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE N - RETIREMENT PLAN (continued)

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. 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, 2022 were \$206,144.

NOTE O - FUND BALANCES

The following is a summary of the Governmental Fund balances of the City as of December 31, 2022:

Classification/Fund	Purpose	
Restricted:		
General Fund	Debt payments	\$ 659,626
Transportation	Capital improvements	674,065
Debt service	Debt payments	390,214
Capital Improvement	Capital improvements	768,824
Storm Water	Capital improvements	39,524
Total Restricted		<u>2,532,253</u>
Unassigned:		
General Fund		3,408,667
Total Fund Balances		<u>\$ 5,940,920</u>

NOTE P - COMMITMENTS

In 2022, the City approved a contract for an inflow and infiltration project. As of December 31, 2022, the remaining contract costs for this project were \$48,038.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE Q - CONDUIT DEBT - INDUSTRIAL REVENUE BONDS

The City was authorized to issue its Series 2018 Taxable Industrial Revenue Bonds to provide funds to pay the costs to purchase, construct, extend, and improve certain projects as defined in RSMo Section 100.010 and to lease or otherwise dispose of such projects in a principal amount not to exceed \$7,000,000. The bonds are secured by the projects and are payable solely from payments received on the underlying loans. Neither the City, State of Missouri, nor any political subdivision thereof is obligated in any manner for repayment of the outstanding bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. The outstanding balance of these bonds at December 31, 2022 was \$710,000.

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, 2022

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES:				
Sales tax	\$ 2,146,375	\$ 2,146,375	\$ 2,272,318	\$ 125,943
Franchise tax	535,000	535,000	599,259	64,259
Court cost and fines	110,900	110,900	73,452	(37,448)
Gas and motor vehicle tax	346,475	346,475	368,427	21,952
Property tax	729,000	729,000	705,527	(23,473)
Recreation programs	269,000	269,000	284,563	15,563
Other revenue	59,500	59,500	96,505	37,005
Licenses, permits and fees	259,100	259,100	275,868	16,768
Interest revenue	8,000	8,000	18,958	10,958
Grants and contract revenue	<u>245,500</u>	<u>178,370</u>	<u>172,517</u>	<u>(5,853)</u>
Total Revenues	<u>4,708,850</u>	<u>4,641,720</u>	<u>4,867,394</u>	<u>225,674</u>
EXPENDITURES:				
Administration	457,377	459,377	478,576	(19,199)
Parks	1,048,078	1,064,078	1,072,960	(8,882)
Municipal court	183,579	186,079	178,455	7,624
Public safety	1,965,924	1,992,924	1,868,894	124,030
Emergency management	57,750	57,750	53,868	3,882
Building and zoning	204,417	206,667	186,927	19,740
Pool	209,300	212,300	251,483	(39,183)
Senior services	85,900	80,900	72,545	8,355
Capital outlay	365,500	933,793	925,225	8,568
Debt service:				
Principal	305,000	305,000	305,000	-
Interest and fees	<u>176,250</u>	<u>176,250</u>	<u>169,730</u>	<u>6,520</u>
Total Expenditures	<u>5,059,075</u>	<u>5,675,118</u>	<u>5,563,663</u>	<u>111,455</u>
Net change in fund balance	(350,225)	(1,033,398)	(696,269)	337,129
Fund balance, beginning	<u>4,764,562</u>	<u>4,764,562</u>	<u>4,764,562</u>	<u>-</u>
Fund balance, ending	<u>\$ 4,414,337</u>	<u>\$ 3,731,164</u>	<u>\$ 4,068,293</u>	<u>\$ 337,129</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, 2022

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Sales tax	\$ 671,650	\$ 671,650	\$ 701,653	\$ 30,003
Other revenue	20,000	-	13,785	13,785
Licenses, permits and fees	-	20,000	78,568	58,568
Interest revenue	1,500	1,500	3,633	2,133
Grants and contract revenue	-	134,759	134,610	(149)
Total Revenues	<u>693,150</u>	<u>827,909</u>	<u>932,249</u>	<u>104,340</u>
EXPENDITURES:				
Capital outlay	<u>777,766</u>	<u>902,525</u>	<u>893,766</u>	<u>8,759</u>
Net change in fund balance	(84,616)	(74,616)	38,483	113,099
Fund balance, beginning	<u>635,582</u>	<u>635,582</u>	<u>635,582</u>	<u>-</u>
Fund balance, ending	<u>\$ 550,966</u>	<u>\$ 560,966</u>	<u>\$ 674,065</u>	<u>\$ 113,099</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, 2022

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES:				
Sales tax	\$ 337,000	\$ 337,000	\$ 350,825	\$ 13,825
Interest revenue	<u>3,500</u>	<u>3,500</u>	<u>4,431</u>	<u>931</u>
Total Revenues	<u>340,500</u>	<u>340,500</u>	<u>355,256</u>	<u>14,756</u>
EXPENDITURES:				
Capital outlay	598,650	598,650	480,318	118,332
Interest and fees	<u>-</u>	<u>-</u>	<u>1,860</u>	<u>(1,860)</u>
Total Expenditures	<u>598,650</u>	<u>598,650</u>	<u>482,178</u>	<u>116,472</u>
Net change in fund balance	(258,150)	(258,150)	(126,922)	131,228
Fund balance, beginning	<u>895,746</u>	<u>895,746</u>	<u>895,746</u>	<u>-</u>
Fund balance, ending	<u>\$ 637,596</u>	<u>\$ 637,596</u>	<u>\$ 768,824</u>	<u>\$ 131,228</u>

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, 2022

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Interest revenue	\$ 100	\$ 100	\$ 698	\$ 598
EXPENDITURES:				
Capital outlay	51,109	51,109	7,604	43,505
Net change in fund balance	(51,009)	(51,009)	(6,906)	44,103
Fund balance, beginning	51,009	51,009	46,430	(4,579)
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,524</u>	<u>\$ 39,524</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, 2022

	BUDGET			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Interest revenue	\$ 300	\$ 300	\$ 21	\$ (279)
Total Revenues	<u>300</u>	<u>300</u>	<u>21</u>	<u>(279)</u>
EXPENDITURES:				
Capital outlay	155,809	155,809	113,590	42,219
Net change in fund balance	(155,509)	(155,509)	(113,569)	41,940
Fund balance, beginning	<u>155,509</u>	<u>155,509</u>	<u>113,569</u>	<u>(41,940)</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF OAK GROVE, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
DECEMBER 31, 2022

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.

CITY OF OAK GROVE, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR NUMBER	EXPENDITURES
<u>U.S. Department of the Treasury</u>			
Direct:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>\$ 1,682,402</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through Mid-America Regional Council:			
Aging Cluster:			
Special Programs for the Aging-Title III, Part C	93.045		33,069
Passed-through First Call Alcohol/Drug Prevention and Recovery of Kansas City, Missouri:			
Substance Abuse and Mental Health Service Projects of Regional and National Significance	93.243		360
Passed-through Missouri Department of Health and Human Services:			
Trans-NIH Research Support	93.310	KQ220051800	900
Total U.S. Department of Health and Human Services			<u>34,329</u>
<u>U.S. Department of Homeland Security</u>			
Passed-through Missouri State Emergency Management Agency:			
Emergency Management Performance Grants	97.042		16,587
COVID-19 - Emergency Management Performance Grants	97.042		<u>6,075</u>
Total Emergency Management Performance Grants			22,662
Total Expenditures of Federal Awards			<u>\$ 1,739,393</u>

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. City of Oak Grove, Missouri has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of City of Oak Grove, Missouri under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Oak Grove, Missouri, it is not intended to and does not present the financial position, changes in net assets or cash flows of City of Oak Grove, Missouri.

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, Missouri as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 1, 2023.

Report on 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.

Report on 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
May 1, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Aldermen
City of Oak Grove, Missouri

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited City of Oak Grove, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Westbrook & Co., P.C.

Richmond, Missouri
May 1, 2023

CITY OF OAK GROVE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes _____ X _____ No
- Significant deficiency(ies) identified? _____ Yes _____ X _____ None reported

Noncompliance material to financial statements noted?

_____ Yes _____ X _____ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes _____ X _____ No
- Significant deficiency(ies) identified? _____ Yes _____ X _____ None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes _____ X _____ No

Identification of major federal programs:

Coronavirus State and Local Fiscal Recovery Funds AL No. 21.027

Dollar threshold used to distinguish between type A and type B programs:

_____ \$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes _____ X _____ No

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None