

CITY OF OAK GROVE, MISSOURI

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

FOR THE YEAR ENDED DECEMBER 31, 2023

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 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, 2023, 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, 2023 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 27 through 32, 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, 2024 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, 2024

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, 2023. 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 \$8,840,219. Net position is comprised of \$1,689,203 restricted for debt service; \$1,511,401 restricted for capital outlay; \$3,088,896 unrestricted and available for governmental purposes; and \$2,550,719 unrestricted and available for the City's business-type activities.
- The City's total net position decreased \$145,357. Of this change, \$254,821 was a decrease from the City's governmental activities and \$109,464 was an increase from business-type activities.
- The decrease in net position - government-wide of \$145,357 was mainly due to the budgeted use of fund balance in the General Fund for the asphalt overlay program.

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 the year?*” 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, 2023 and 2022:

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current & other assets	\$ 2,076,724	\$ 2,957,477	\$ 1,209,892	\$ 1,566,298	\$ 3,286,616	\$ 4,523,775
Certificates of deposit	2,954,407	2,328,475	1,635,685	1,184,536	4,590,092	3,513,011
Restricted cash	669,270	674,966	603,401	577,048	1,272,671	1,252,014
Total assets	5,700,401	5,960,918	3,448,978	3,327,882	9,149,379	9,288,800
Liabilities:						
Customer deposits payable	3,752	4,658	294,858	283,226	298,610	287,884
Court bonds payable	10,550	15,340	-	-	10,550	15,340
Total liabilities	14,302	19,998	294,858	283,226	309,160	303,224
Net position:						
Restricted	2,597,203	2,532,253	603,401	577,048	3,200,604	3,109,301
Unrestricted	3,088,896	3,408,667	2,550,719	2,467,608	5,639,615	5,876,275
Total net position	\$ 5,686,099	\$ 5,940,920	\$ 3,154,120	\$ 3,044,656	\$ 8,840,219	\$ 8,985,576

As seen in table MDA-1, the City's combined net position as of December 31, 2023 decreased to \$8,840,219 from \$8,985,576 as of December 31, 2022 as a result of the decrease in net position reflected in table MDA-2.

Of the City's net position, \$3,200,604, is restricted for debt service and capital outlay.

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	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	\$ 688,303	\$ 764,022	\$ 3,948,898	\$ 3,796,878	\$ 4,637,201	\$ 4,560,900
Operating grants and contributions	246,229	307,126	-	781,900	246,229	1,089,026
General Revenues:						
Sales and use tax	4,098,409	3,549,796	-	-	4,098,409	3,549,796
Property taxes	1,246,099	1,004,733	-	-	1,246,099	1,004,733
Other taxes	1,062,809	967,686	-	-	1,062,809	967,686
Interest	106,417	30,220	96,189	53,602	202,606	83,822
Other revenue	19,509	58,720	-	-	19,509	58,720
Total Revenues	7,467,775	6,682,303	4,045,087	4,632,380	11,512,862	11,314,683
Expenses						
Administration	440,634	478,576	-	-	440,634	478,576
Parks	1,095,561	1,072,960	-	-	1,095,561	1,072,960
Municipal court	185,986	178,455	-	-	185,986	178,455
Public safety	2,116,995	1,868,894	-	-	2,116,995	1,868,894
Emergency management	54,215	53,868	-	-	54,215	53,868
Building and zoning	243,824	186,927	-	-	243,824	186,927
Pool	313,899	251,483	-	-	313,899	251,483
Senior services	81,364	72,545	-	-	81,364	72,545
Capital outlay	2,070,057	2,420,503	-	-	2,070,057	2,420,503
Debt service:						
Principal	865,000	715,000	-	-	865,000	715,000
Interest and fees	255,061	277,558	-	-	255,061	277,558
Water	-	-	2,027,342	1,548,307	2,027,342	1,548,307
Wastewater	-	-	1,908,281	2,298,721	1,908,281	2,298,721
Total Expenses	7,722,596	7,576,769	3,935,623	3,847,028	11,658,219	11,423,797
Change in net position	(254,821)	(894,466)	109,464	785,352	(145,357)	(109,114)
Beginning net position	5,940,920	6,835,386	3,044,656	2,259,304	8,985,576	9,094,690
Ending net position	\$ 5,686,099	\$ 5,940,920	\$ 3,154,120	\$ 3,044,656	\$ 8,840,219	\$ 8,985,576

For the fiscal year ended December 31, 2023, government-wide revenues totaled \$11,512,862. Approximately 40% of all revenues are from charges from services and 36% from sales and use 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 and use tax which during the 2023 fiscal year equaled \$4,098,409. 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. In addition, the City of Oak Grove currently has a use tax of 2.5%.

The City's expenses cover a range of services. Approximately 34% of all City expenses during the 2023 fiscal year are related to business-type activities.

Governmental Activities

Governmental activities decreased the City's net position by \$254,821. Sales and use tax, the largest governmental revenue, was \$4,098,409. Revenues from governmental activities were \$7,467,775, or 66%, of the total City revenue (a decrease of \$785,472 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$934,532. Table MDA - 3 shows expenses and program revenues of the governmental activities for the years ended December 31, 2023 and 2022:

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

	2023			2022		
	Cost of Services	Program Revenue	Net Cost of Services	Cost of Services	Program Revenue	Net Cost of Services
Administration	\$ 440,634	\$ 168,016	\$ 272,618	\$ 478,576	\$ 234,052	\$ 244,524
Parks	1,095,561	133,851	961,710	1,072,960	133,937	939,023
Municipal court	185,986	-	185,986	178,455	-	178,455
Public safety	2,116,995	310,398	1,806,597	1,868,894	280,595	1,588,299
Emergency management	54,215	-	54,215	53,868	-	53,868
Building and zoning	243,824	139,953	103,871	186,927	160,717	26,210
Pool	313,899	154,958	158,941	251,483	150,626	100,857
Senior services	81,364	27,356	54,008	72,545	32,653	39,892
Capital outlay	2,070,057	-	2,070,057	2,420,503	78,568	2,341,935
Debt service:						
Principal	865,000	-	865,000	715,000	-	715,000
Interest and fees	255,061	-	255,061	277,558	-	277,558
Total	<u>\$ 7,722,596</u>	<u>\$ 934,532</u>	<u>\$ 6,788,064</u>	<u>\$ 7,576,769</u>	<u>\$ 1,071,148</u>	<u>\$ 6,505,621</u>

As noted in Table MDA - 3, expenses from governmental activities totaled \$7,722,596. However, the net costs of these services were \$6,788,064. The difference represents direct revenues from charges for services of \$688,303 and operating grants and contributions of \$246,229. Taxes and other revenues were collected to cover these net costs.

Business-type Activities

Business-type activities increased the City's net position by \$109,464. 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 of \$109,909. 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 of \$445.

Financial Analysis of the City's Funds

General Fund expenditures exceeded revenues. The fund balance of the General Fund decreased by \$294,695 to \$3,773,598. The Transportation Fund decreased its balance by \$167,314 to \$506,751. The Debt Service Fund increased its balance by \$36,868 to \$427,082. The Storm Water Fund decreased its balance by \$4,083 to \$35,441 and the Street Improvement Fund increased its balance by \$250,793 to \$250,793. The decrease in the Storm Water is due to the completion of capital projects. Also, the Storm Water is a legacy fund and does not have active revenue sources.

General Fund Budgetary Highlights

The City did not amend its budget during the year.

Debt Administration

Outstanding long-term debt decreased by \$1,658,857. 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, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
ASSETS			
Cash and cash equivalents	\$ 2,076,724	\$ 1,209,892	\$ 3,286,616
Certificates of deposit	2,954,407	1,635,685	4,590,092
Restricted cash and cash equivalents	<u>669,270</u>	<u>603,401</u>	<u>1,272,671</u>
Total Assets	<u><u>\$ 5,700,401</u></u>	<u><u>\$ 3,448,978</u></u>	<u><u>\$ 9,149,379</u></u>
LIABILITIES AND NET POSITION			
Liabilities:			
Customer deposits payable	\$ 3,752	\$ 294,858	\$ 298,610
Court bonds payable	<u>10,550</u>	<u>-</u>	<u>10,550</u>
Total Liabilities	<u><u>14,302</u></u>	<u><u>294,858</u></u>	<u><u>309,160</u></u>
Net Position:			
Restricted for:			
Debt service	1,085,802	603,401	1,689,203
Capital outlay	1,511,401	-	1,511,401
Unrestricted	<u>3,088,896</u>	<u>2,550,719</u>	<u>5,639,615</u>
Total Net Position	<u><u>5,686,099</u></u>	<u><u>3,154,120</u></u>	<u><u>8,840,219</u></u>
Total Liabilities and Net Position	<u><u>\$ 5,700,401</u></u>	<u><u>\$ 3,448,978</u></u>	<u><u>\$ 9,149,379</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, 2023

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	\$ 440,634	\$ 168,016	\$ -	\$ -	\$ (272,618)	\$ -	\$ (272,618)	
Parks	1,095,561	133,851	-	-	(961,710)	-	(961,710)	
Municipal court	185,986	-	-	-	(185,986)	-	(185,986)	
Public safety	2,116,995	91,525	218,873	-	(1,806,597)	-	(1,806,597)	
Emergency management	54,215	-	-	-	(54,215)	-	(54,215)	
Building and zoning	243,824	139,953	-	-	(103,871)	-	(103,871)	
Pool	313,899	154,958	-	-	(158,941)	-	(158,941)	
Senior services	81,364	-	27,356	-	(54,008)	-	(54,008)	
Capital outlay	2,070,057	-	-	-	(2,070,057)	-	(2,070,057)	
Debt service:								
Principal	865,000	-	-	-	(865,000)	-	(865,000)	
Interest and fees	255,061	-	-	-	(255,061)	-	(255,061)	
Total governmental activities	7,722,596	688,303	246,229	-	(6,788,064)	-	(6,788,064)	
Business-type activities:								
Water	2,027,342	1,995,199	-	-	-	(32,143)	(32,143)	
Wastewater	1,908,281	1,953,699	-	-	-	45,418	45,418	
Total business-type activities	3,935,623	3,948,898	-	-	-	13,275	13,275	
Total primary government	\$ 11,658,219	\$ 4,637,201	\$ 246,229	\$ -	\$ (6,788,064)	13,275	\$ (6,774,789)	
	General revenues:							
			Sales and use tax		4,098,409	-	4,098,409	
			Franchise tax		646,474	-	646,474	
			Property tax		1,246,099	-	1,246,099	
			Other revenue		19,509	-	19,509	
			Gas and motor vehicle tax		416,335	-	416,335	
			Interest revenue		106,417	96,189	202,606	
			Total general revenues		6,533,243	96,189	6,629,432	
			Change in net position		(254,821)	109,464	(145,357)	
			Net position beginning of year		5,940,920	3,044,656	8,985,576	
			Net position end of year		\$ 5,686,099	\$ 3,154,120	\$ 8,840,219	

See accompanying notes to the basic financial statements.

CITY OF OAK GROVE, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	GENERAL FUND	TRANSPORTATION FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	STORM WATER FUND	STREET IMPROVEMENT FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents	\$ 1,238,069	\$ 148,176	\$ 349,387	\$ 290,680	\$ 13,379	\$ 37,033	\$ 2,076,724
Certificates of deposit	1,880,561	358,575	77,695	401,754	22,062	213,760	2,954,407
Restricted cash and cash equivalents	<u>669,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>669,270</u>
Total Assets	<u>\$ 3,787,900</u>	<u>\$ 506,751</u>	<u>\$ 427,082</u>	<u>\$ 692,434</u>	<u>\$ 35,441</u>	<u>\$ 250,793</u>	<u>\$ 5,700,401</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Court bonds payable	\$ 10,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,550
Customer deposits payable	<u>3,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,752</u>
Total Liabilities	<u>14,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,302</u>
Fund balances:							
Restricted	658,720	506,751	427,082	692,434	35,441	250,793	2,571,221
Committed	25,982	-	-	-	-	-	25,982
Unassigned	<u>3,088,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,088,896</u>
Total Fund Balances	<u>3,773,598</u>	<u>506,751</u>	<u>427,082</u>	<u>692,434</u>	<u>35,441</u>	<u>250,793</u>	<u>5,686,099</u>
Total Liabilities and Fund Balances	<u>\$ 3,787,900</u>	<u>\$ 506,751</u>	<u>\$ 427,082</u>	<u>\$ 692,434</u>	<u>\$ 35,441</u>	<u>\$ 250,793</u>	<u>\$ 5,700,401</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, 2023

	GENERAL FUND	TRANSPORTATION FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	STORM WATER FUND	STREET IMPROVEMENT FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Sales and use tax	\$ 2,418,666	\$ 752,854	\$ 250,000	\$ 376,426	\$ -	\$ 300,463	\$ 4,098,409
Franchise tax	646,474	-	-	-	-	-	646,474
Court cost and fines	91,525	-	-	-	-	-	91,525
Gas and motor vehicle tax	416,335	-	-	-	-	-	416,335
Property tax	821,427	-	424,672	-	-	-	1,246,099
Recreation programs	288,809	-	-	-	-	-	288,809
Other revenue	77,214	-	-	-	-	-	77,214
Licenses, permits and fees	250,263	-	-	-	-	-	250,263
Interest revenue	69,476	14,113	4,514	17,140	844	330	106,417
Grant revenue	246,230	-	-	-	-	-	246,230
Total Revenues	<u>5,326,419</u>	<u>766,967</u>	<u>679,186</u>	<u>393,566</u>	<u>844</u>	<u>300,793</u>	<u>7,467,775</u>
EXPENDITURES:							
Administration	440,634	-	-	-	-	-	440,634
Parks	1,095,561	-	-	-	-	-	1,095,561
Municipal court	185,986	-	-	-	-	-	185,986
Public safety	2,116,995	-	-	-	-	-	2,116,995
Emergency management	54,215	-	-	-	-	-	54,215
Building and zoning	243,824	-	-	-	-	-	243,824
Pool	313,899	-	-	-	-	-	313,899
Senior services	81,364	-	-	-	-	-	81,364
Capital outlay	611,836	934,281	-	469,013	4,927	50,000	2,070,057
Debt service:							
Principal	315,000	-	550,000	-	-	-	865,000
Interest and fees	<u>161,800</u>	<u>-</u>	<u>92,318</u>	<u>943</u>	<u>-</u>	<u>-</u>	<u>255,061</u>
Total Expenditures	<u>5,621,114</u>	<u>934,281</u>	<u>642,318</u>	<u>469,956</u>	<u>4,927</u>	<u>50,000</u>	<u>7,722,596</u>
Net change in fund balances	(294,695)	(167,314)	36,868	(76,390)	(4,083)	250,793	(254,821)
Fund balance beginning	<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>
Fund balance ending	<u>\$ 3,773,598</u>	<u>\$ 506,751</u>	<u>\$ 427,082</u>	<u>\$ 692,434</u>	<u>\$ 35,441</u>	<u>\$ 250,793</u>	<u>\$ 5,686,099</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, 2023

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 633,909	\$ 575,983	\$ 1,209,892
Certificates of deposit	845,625	790,060	1,635,685
Restricted cash and cash equivalents	<u>87</u>	<u>603,314</u>	<u>603,401</u>
Total Assets	<u><u>\$ 1,479,621</u></u>	<u><u>\$ 1,969,357</u></u>	<u><u>\$ 3,448,978</u></u>
LIABILITIES AND NET POSITION			
Liabilities:			
Customer deposits payable	\$ 294,858	\$ -	\$ 294,858
Net Position:			
Restricted for:			
Debt service	87	603,314	603,401
Unrestricted	<u>1,184,676</u>	<u>1,366,043</u>	<u>2,550,719</u>
Total Net Position	<u>1,184,763</u>	<u>1,969,357</u>	<u>3,154,120</u>
Total Liabilities and Net Position	<u><u>\$ 1,479,621</u></u>	<u><u>\$ 1,969,357</u></u>	<u><u>\$ 3,448,978</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, 2023

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Charges for services	<u>\$ 1,995,199</u>	<u>\$ 1,953,699</u>	<u>\$ 3,948,898</u>
OPERATING EXPENSES:			
Purchase of water	500,332	-	500,332
Salaries and benefits	581,526	565,243	1,146,769
Repairs and maintenance	100,179	297,024	397,203
General administration	<u>163,071</u>	<u>115,315</u>	<u>278,386</u>
Total Operating Expenses	<u>1,345,108</u>	<u>977,582</u>	<u>2,322,690</u>
Operating Income	<u>650,091</u>	<u>976,117</u>	<u>1,626,208</u>
Nonoperating Revenues (Expenses):			
Interest revenue	31,698	64,491	96,189
Capital outlay	(362,605)	(168,164)	(530,769)
Debt service:			
Principal	(244,260)	(515,740)	(760,000)
Interest and fees	<u>(75,369)</u>	<u>(246,795)</u>	<u>(322,164)</u>
Total Nonoperating Revenues (Expenses)	<u>(650,536)</u>	<u>(866,208)</u>	<u>(1,516,744)</u>
Change in fund net position	(445)	109,909	109,464
Net Position, beginning of year	<u>1,185,208</u>	<u>1,859,448</u>	<u>3,044,656</u>
Net Position, end of year	<u>\$ 1,184,763</u>	<u>\$ 1,969,357</u>	<u>\$ 3,154,120</u>

See accompanying notes to the basic financial statements.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$1,689,203 restricted for debt service and \$1,511,401 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 Finance Manager. 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, 2023, the bank balances of the City's deposits totaled \$8,044,728. Of this amount \$750,000 was covered by FDIC insurance and \$7,294,728 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, 2023

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	\$ 76,182
Reserve account	<u>582,538</u>
Total Series 2016 COP	658,720
Court bonds	<u>10,550</u>
Total General Fund	<u>\$ 669,270</u>

Proprietary Funds

Wastewater Fund:

Series 2003 Sewer Bonds	
Interest account	\$ 4,551
Debt service account	<u>100,797</u>
Principal account	<u>497,747</u>
	<u>603,095</u>
Series 2017 Certificates of Participation	
Lease revenue fund	<u>201</u>

Series 2021 Certificates of Participation

Payment account	18
Total Wastewater Fund	<u>603,314</u>

Water Fund:

Series 2021 Certificates of Participation	
Payment account	<u>87</u>
Total Water Fund	<u>87</u>
Total Proprietary Funds	<u>\$ 603,401</u>

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 2023 for purposes of local taxation was \$.4728 for General Revenue and \$.2919 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 \$54,666 for fiscal year 2023.

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, 2023

NOTE I - CHANGES IN LONG-TERM DEBT

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

	Balance January 1, 2023	Additions	Retirements	Balance December 31, 2023	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 4,445,000	\$ -	\$ 550,000	\$ 3,895,000	\$ 580,000
Certificates of participation	6,175,000	-	315,000	5,860,000	330,000
Direct borrowings	<u>33,858</u>	-	<u>33,858</u>	-	-
Total Governmental Activities	<u>\$ 10,653,858</u>	<u>\$ -</u>	<u>\$ 898,858</u>	<u>\$ 9,755,000</u>	<u>\$ 910,000</u>
Business-Type Activities:					
Waterworks & Sewerage Revenue Bonds	\$ 955,000	\$ -	\$ 465,000	\$ 490,000	\$ 490,000
Certificates of participation	<u>8,565,000</u>	-	<u>295,000</u>	<u>8,270,000</u>	<u>305,000</u>
Total Business-Type Activities	<u>\$ 9,520,000</u>	<u>\$ -</u>	<u>\$ 760,000</u>	<u>\$ 8,760,000</u>	<u>\$ 795,000</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, 2023, 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%	\$ 1,070,000
Series 2020A General Obligation Refunding Bonds due in varying annual installments through March 1, 2029, interest of 1.00% to 3.00%	<u>2,825,000</u>

\$ 3,895,000

Certificates of Participation:

Series 2016 Certificates of Participation due in varying annual installments through July 1, 2036, interest of 2.60%	<u>\$ 5,860,000</u>
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CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE J - LONG-TERM DEBT (continued)

Business-Type Activities

As of December 31, 2023, 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 installments through January 2024; interest of 4.700% to 5.125%.

\$ 490,000

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%

3,265,000

\$ 8,270,000

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
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>\$ 3,895,000</u>	<u>\$ 228,350</u>	<u>\$ 5,860,000</u>	<u>\$ 1,208,350</u>	<u>\$ 490,000</u>	<u>\$ 11,515</u>	<u>\$ 8,270,000</u>	<u>\$ 2,645,448</u>

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

On July 15, 2016, the City issued \$6,995,000 Series 2016 Certificates of Participation. The proceeds from these Certificates were used for acquisition, construction, improvement, extension, repair, remodeling, renovation, furnishing and equipping buildings and facilities.

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 April 18, 2018, the City issued \$1,726,000 Series 2018A General Obligation Refunding Bonds. The proceeds were used to refund \$1,720,000 principal of the Series 2009 General Obligation Refunding and Improvement Bonds on April 20, 2018. This refunding was undertaken to obtain an economic gain of \$121,107.

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, 2023 is \$11,416,963. Principal and interest paid for 2023 from total customer net revenues were \$1,090,638. At December 31, 2023, pledged future revenues totaled \$11,416,963, which was the amount of the remaining principal and interest on the bonds and leases.

NOTE L - 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.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE L - LEASE COMMITMENT (continued)

Remaining lease payments are:

<u>Year Ending</u>	<u>December 31,</u>
2024	\$ 8,412
2025	8,412
2026	<u>4,206</u>
	<u><u>\$ 21,030</u></u>

For the year ended December 31, 2023, total lease expense under this lease was \$8,412.

NOTE M - 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.

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE M - RETIREMENT PLAN (continued)

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, 2023 were \$218,248.

NOTE N - FUND BALANCES

The following is a summary of the Governmental Fund balances of the City as of December 31, 2023:

Classification/Fund	Purpose	
Restricted:		
General Fund	Debt payments	\$ 658,720
Transportation	Capital improvements	506,751
Debt service	Debt payments	427,082
Capital Improvement	Capital improvements	692,434
Storm Water	Capital improvements	35,441
Street Improvement	Capital improvements	250,793
Total Restricted		<u>2,571,221</u>
Committed:		
General Fund	Capital improvements	<u>25,982</u>
Unassigned:		
General Fund		<u>3,088,896</u>
Total Fund Balances		<u><u>\$ 5,686,099</u></u>

NOTE O - COMMITMENTS

In 2023, the City approved various contracts for the purchase of a Ford F550, utility dump bed, asphalt patch trailer and a 2024 Ford Maverick. As of December 31, 2023, the remaining costs for these contracts were \$160,191.

CITY OF OAK GROVE, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE P - 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, 2023 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, 2023

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES:				
Sales and use tax	\$ 2,361,977	\$ 2,361,977	\$ 2,418,666	\$ 56,689
Franchise tax	594,000	594,000	646,474	52,474
Court cost and fines	73,600	73,600	91,525	17,925
Gas and motor vehicle tax	368,375	368,375	416,335	47,960
Property tax	826,547	826,547	821,427	(5,120)
Recreation programs	284,500	284,500	288,809	4,309
Other revenue	71,750	71,750	77,214	5,464
Licenses, permits and fees	228,000	228,000	250,263	22,263
Interest revenue	85,000	85,000	69,476	(15,524)
Grant revenue	<u>236,750</u>	<u>236,750</u>	<u>246,230</u>	<u>9,480</u>
Total Revenues	<u>5,130,499</u>	<u>5,130,499</u>	<u>5,326,419</u>	<u>195,920</u>
EXPENDITURES:				
Administration	420,650	420,650	440,634	(19,984)
Parks	1,103,000	1,103,000	1,095,561	7,439
Municipal court	190,400	190,400	185,986	4,414
Public safety	2,132,624	2,132,624	2,116,995	15,629
Emergency management	58,400	58,400	54,215	4,185
Building and zoning	250,175	250,175	243,824	6,351
Pool	265,550	265,550	313,899	(48,349)
Senior services	78,700	78,700	81,364	(2,664)
Capital outlay	642,500	642,500	611,836	30,664
Debt service:				
Principal	315,000	315,000	315,000	-
Interest and fees	<u>166,250</u>	<u>166,250</u>	<u>161,800</u>	<u>4,450</u>
Total Expenditures	<u>5,623,249</u>	<u>5,623,249</u>	<u>5,621,114</u>	<u>2,135</u>
Net change in fund balance	(492,750)	(492,750)	(294,695)	198,055
Fund balance, beginning	<u>4,068,293</u>	<u>4,068,293</u>	<u>4,068,293</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,575,543</u>	<u>\$ 3,575,543</u>	<u>\$ 3,773,598</u>	<u>\$ 198,055</u>

See accompanying notes to the budgetary comparison schedules.

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, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Sales and use tax	\$ 733,824	\$ 733,824	\$ 752,854	\$ 19,030
Licenses, permits and fees	35,000	35,000	-	(35,000)
Interest revenue	<u>12,500</u>	<u>12,500</u>	<u>14,113</u>	<u>1,613</u>
Total Revenues	<u>781,324</u>	<u>781,324</u>	<u>766,967</u>	<u>(14,357)</u>
EXPENDITURES:				
Capital outlay	<u>935,150</u>	<u>935,150</u>	<u>934,281</u>	<u>869</u>
Net change in fund balance	(153,826)	(153,826)	(167,314)	(13,488)
Fund balance, beginning	<u>674,065</u>	<u>674,065</u>	<u>674,065</u>	<u>-</u>
Fund balance, ending	<u>\$ 520,239</u>	<u>\$ 520,239</u>	<u>\$ 506,751</u>	<u>\$ (13,488)</u>

See accompanying notes to the budgetary comparison schedules.

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, 2023

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES:				
Sales and use tax	\$ 366,938	\$ 366,938	\$ 376,426	\$ 9,488
Interest revenue	<u>20,000</u>	<u>20,000</u>	<u>17,140</u>	<u>(2,860)</u>
Total Revenues	<u><u>386,938</u></u>	<u><u>386,938</u></u>	<u><u>393,566</u></u>	<u><u>6,628</u></u>
EXPENDITURES:				
Capital outlay	513,500	513,500	469,013	44,487
Interest and fees	<u>-</u>	<u>-</u>	<u>943</u>	<u>(943)</u>
Total Expenditures	<u><u>513,500</u></u>	<u><u>513,500</u></u>	<u><u>469,956</u></u>	<u><u>43,544</u></u>
Net change in fund balance	(126,562)	(126,562)	(76,390)	50,172
Fund balance, beginning	<u>768,824</u>	<u>768,824</u>	<u>768,824</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 642,262</u></u>	<u><u>\$ 642,262</u></u>	<u><u>\$ 692,434</u></u>	<u><u>\$ 50,172</u></u>

See accompanying notes to the budgetary comparison schedules.

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, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Interest revenue	\$ 750	\$ 750	\$ 844	\$ 94
EXPENDITURES:				
Capital outlay	47,243	47,243	4,927	42,316
Net change in fund balance	(46,493)	(46,493)	(4,083)	42,410
Fund balance, beginning	46,493	46,493	39,524	(6,969)
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,441</u>	<u>\$ 35,441</u>

See accompanying notes to the budgetary comparison schedules.

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, 2023

	BUDGET			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Sales and use tax	\$ 150,000	\$ 150,000	\$ 300,463	\$ 150,463
Interest revenue	-	-	330	330
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>300,793</u>	<u>150,793</u>
EXPENDITURES:				
Capital outlay	50,000	50,000	50,000	-
Net change in fund balance	100,000	100,000	250,793	150,793
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 250,793</u>	<u>\$ 150,793</u>

See accompanying notes to the budgetary comparison schedules.

CITY OF OAK GROVE, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
DECEMBER 31, 2023

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, Missouri as of and for the year ended December 31, 2023, 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, 2024.

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, 2024