

**CITY OF OAK GROVE, MISSOURI**

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

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2021 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. 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, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### 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, and 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 generally accepted 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 budgetary comparison schedules are presented for purposes of additional analysis and are 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 budgetary comparison schedules are 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2022 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.

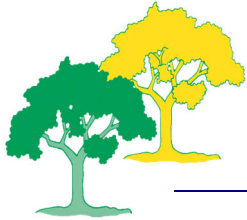
### **Other Information**

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.

*Westbrook & Co., P.C.*

Richmond, Missouri  
June 7, 2022



## 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, 2021. Please read this section in conjunction with the City’s financial statements, which follow this section.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the end of the fiscal year by \$9,094,690. Net position is comprised of \$1,604,204 restricted for debt service; \$2,262,180 restricted for capital outlay; \$833,173 restricted for the ARPA grant; \$3,264,604 unrestricted and available for governmental purposes; and \$1,130,529 unrestricted and available for the City’s business-type activities.
- The City’s total net position decreased \$774,048. Of this change, \$1,401,514 was an increase from the City’s governmental activities and \$2,175,562 was a decrease from business-type activities.
- The decrease in net position - government-wide activities of \$774,048 was mainly a result of the receipt of \$833,173 in ARPA monies, a significant increase in sales tax receipts, and a Century Link back tax settlement. There was a net decrease of \$477,226 in the Water Fund and a net decrease of \$1,698,336 in the Wastewater Fund. The decrease in the Water Fund is attributed to the 2012 COP refunding which included prepayment of the final debt service in 2021. The increased prepayment in 2021 will be offset by a reduced payment in 2022. The decrease in the Wastewater Fund is due to planned capital expenditures related to system expansion and other capital outlays as part of the 2017 COP issuance.

### **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 2021?” 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, 2021 and 2020:

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current & other assets	\$ 5,338,778	\$ 4,763,317	\$ 1,402,142	\$ 1,163,913	\$ 6,740,920	\$ 5,927,230
Restricted cash	<u>1,507,468</u>	<u>688,364</u>	<u>1,128,775</u>	<u>3,532,755</u>	<u>2,636,243</u>	<u>4,221,119</u>
Total assets	<u>6,846,246</u>	<u>5,451,681</u>	<u>2,530,917</u>	<u>4,696,668</u>	<u>9,377,163</u>	<u>10,148,349</u>
Liabilities:						
Customer deposits payable	3,350	-	271,613	261,802	274,963	261,802
Court bonds payable	<u>7,510</u>	<u>17,809</u>	<u>-</u>	<u>-</u>	<u>7,510</u>	<u>17,809</u>
Total liabilities	<u>10,860</u>	<u>17,809</u>	<u>271,613</u>	<u>261,802</u>	<u>282,473</u>	<u>279,611</u>
Net position:						
Restricted	3,570,782	2,769,888	1,128,775	3,532,755	4,699,557	6,302,643
Unrestricted	<u>3,264,604</u>	<u>2,663,984</u>	<u>1,130,529</u>	<u>902,111</u>	<u>4,395,133</u>	<u>3,566,095</u>
Total 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>

As seen in table MDA-1, the City's combined net position as of December 31, 2021 decreased to \$9,094,690 from \$9,868,738 as of December 31, 2020 as a result of the decrease in net position reflected in table MDA-2.

The largest portion of the City's net position, \$4,699,557, reflects its debt service, capital outlay and grant 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	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 759,094	\$ 511,211	\$ 3,704,363	\$ 3,511,506	\$ 4,463,457	\$ 4,022,717
Operating grants and contributions	1,089,633	662,781	-	-	1,089,633	662,781
Capital grants	-	-	-	-	-	-
General Revenues:						
Property taxes	1,005,681	955,926	-	-	1,005,681	955,926
Sales tax	3,418,964	2,964,920	-	-	3,418,964	2,964,920
Other taxes	1,236,549	834,886	-	-	1,236,549	834,886
Interest	16,143	217,218	280,725	77,350	296,868	294,568
Other revenue	56,546	69,682	-	-	56,546	69,682
Special items - refunding lease proceeds	-	-	3,560,000	-	3,560,000	-
Special items - debt proceeds	-	3,730,000	-	-	-	3,730,000
<b>Total Revenues and Special items</b>	<b>7,582,610</b>	<b>9,946,624</b>	<b>7,545,088</b>	<b>3,588,856</b>	<b>15,127,698</b>	<b>13,535,480</b>
<b>Expenses</b>						
Administration	326,956	431,155	-	-	326,956	431,155
Parks	1,004,483	863,550	-	-	1,004,483	863,550
Municipal court	176,262	169,854	-	-	176,262	169,854
Public safety	1,786,865	1,665,211	-	-	1,786,865	1,665,211
Emergency management	50,371	46,776	-	-	50,371	46,776
Building and zoning	132,737	164,003	-	-	132,737	164,003
Pool	183,572	178,241	-	-	183,572	178,241
Senior services	73,740	53,722	-	-	73,740	53,722
Capital outlay	1,515,476	1,199,639	-	-	1,515,476	1,199,639
Debt service:						
Principal	655,000	4,250,000	-	-	655,000	4,250,000
Interest and fees	275,634	548,647	-	-	275,634	548,647
Water	-	-	5,418,469	1,764,087	5,418,469	1,764,087
Wastewater	-	-	4,302,181	3,612,667	4,302,181	3,612,667
<b>Total Expenses</b>	<b>6,181,096</b>	<b>9,570,798</b>	<b>9,720,650</b>	<b>5,376,754</b>	<b>15,901,746</b>	<b>14,947,552</b>
Change in net position	1,401,514	375,826	(2,175,562)	(1,787,898)	(774,048)	(1,412,072)
Beginning net position	5,433,872	5,058,046	4,434,866	6,222,764	9,868,738	11,280,810
Ending 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>

For the fiscal year ended December 31, 2021, government-wide revenues and special item totaled \$15,127,698. Approximately 39% of all revenues are from charges from services and 30% from sales tax.

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

The largest revenue source for the entire City is sales tax which during the 2021 fiscal year equaled \$3,418,964. 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 32% of all City expenses during the 2021 fiscal year are related to business-type activities.

Governmental Activities

Governmental activities increased the City’s net position by \$1,401,514. Sales taxes, the largest governmental revenue, were \$3,418,964. Revenues from governmental activities were \$7,582,610, or 50%, of the total City revenue (a decrease of \$2,364,014 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$1,848,727. Table MDA - 3 shows expenses and program revenues of the governmental activities for the years ended December 31, 2021 and 2020:

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

	2021			2020		
	Cost of Services	Program Revenue	Net Cost of Services	Cost of Services	Program Revenue	Net Cost of Services
Administration	\$ 326,956	\$ 992,593	\$ (665,637)	\$ 431,155	\$ 104,049	\$ 327,106
Parks	1,004,483	139,772	864,711	863,550	80,385	783,165
Municipal court	176,262	-	176,262	169,854	-	169,854
Public safety	1,786,865	337,264	1,449,601	1,665,211	745,247	919,964
Emergency management	50,371	-	50,371	46,776	-	46,776
Building and zoning	132,737	167,761	(35,024)	164,003	111,666	52,337
Pool	183,572	148,448	35,124	178,241	111,413	66,828
Senior services	73,740	22,675	51,065	53,722	21,232	32,490
Capital outlay	1,515,476	40,214	1,475,262	1,199,639	-	1,199,639
Debt service:						
Principal	655,000	-	655,000	4,250,000	-	4,250,000
Interest and fees	275,634	-	275,634	548,647	-	548,647
<b>Total</b>	<b>\$ 6,181,096</b>	<b>\$ 1,848,727</b>	<b>\$ 4,332,369</b>	<b>\$ 9,570,798</b>	<b>\$ 1,173,992</b>	<b>\$ 8,396,806</b>

As noted in Table MDA - 3, expenses from governmental activities totaled \$6,181,096. However, the net costs of these services were \$4,332,369. The difference represents direct revenues from charges for services of \$759,094 and operating grants and contributions of \$1,089,633. Taxes and other revenues were collected to cover these net costs.

Business-type Activities

Business-type activities decreased the City’s net position by \$2,175,562. Special item Series 2021 Refunding Certificates of Participation proceeds were \$3,560,000. Key elements of the changes in net position are as follows:

- In the Wastewater Fund, overall, the City experienced a decrease in fund net position by \$1,698,336. This was due to the completion of planned capital projects associated with the 2017 Certificates of Participation. In the Water Fund, the City experienced a decrease in fund net position by \$477,226.

### **Financial Analysis of the City's Funds**

General Fund revenues exceeded expenditures. The fund balance of the General Fund increased \$1,430,023 to the amount of \$4,764,562. Most of this increase was due to the receipt of \$833,173 ARPA monies, \$429,217 increase in sales tax receipts, and \$345,167 settlement for back taxes. The Debt Service Fund increased its balance by \$64,833 to \$379,497. Most of this increase was due to increase in property taxes. The Storm Water Fund decreased its balance by \$13,974 to \$46,430 and the Street Improvement Fund decreased its balance by \$63,581 to \$113,569. The decrease in the Storm Water and Street Improvement funds are due to the completion of capital projects. Also, the Storm Water and Street Improvement Funds are legacy funds and do not have active revenue sources. The increase in net position for the Governmental Activities was \$1,401,514, which brings the Governmental Activities net position to \$6,835,386.

### **General Fund Budgetary Highlights**

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

The General Fund budget revenue was increased \$420,000 to account for Century Link settlement and an increase in building permit revenue. General Fund expenditures were increased \$387,000 to account for increased capital outlay for street overlay program and staffing cost associated with additional building and construction activity.

### **Debt Administration**

Long-term debt outstanding decreased by \$1,873,203. This decrease was due to the issuance of the Series 2021 Refunding Certificates of Participation, the refunding of the Series 2012 Refunding and Improvement Certificates of Participation and normal annual principal retirement.

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

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

In addition, the City expects to receive, in 2022, approximately \$833,000 which is the remaining balance of the approximately \$1.7 million awarded in American Rescue Plan Act monies.

### **Contacting the City's Financial Management**

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

Matthew Randall, City Administrator  
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, 2021**

	Governmental Activities	Business-type Activities	Total Primary Government
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,338,778	\$ 1,402,142	\$ 6,740,920
Restricted cash and cash equivalents	1,507,468	1,128,775	2,636,243
Total Assets	\$ 6,846,246	\$ 2,530,917	\$ 9,377,163
<b>LIABILITIES AND NET POSITION</b>			
Liabilities:			
Customer deposits payable	\$ 3,350	\$ 271,613	\$ 274,963
Court bonds payable	7,510	-	7,510
Total Liabilities	10,860	271,613	282,473
Net Position:			
Restricted for:			
Debt service	1,046,282	557,922	1,604,204
Capital outlay	1,691,327	570,853	2,262,180
ARPA grant	833,173	-	833,173
Unrestricted	3,264,604	1,130,529	4,395,133
Total Net Position	6,835,386	2,259,304	9,094,690
Total Liabilities and Net Position	\$ 6,846,246	\$ 2,530,917	\$ 9,377,163

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, 2021**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
Administration	\$ 326,956	\$ 159,420	\$ 833,173	\$ -	\$ 665,637	\$ -	\$ 665,637
Parks	1,004,483	139,772	-	-	(864,711)	-	(864,711)
Municipal court	176,262	-	-	-	(176,262)	-	(176,262)
Public safety	1,786,865	103,479	233,785	-	(1,449,601)	-	(1,449,601)
Emergency management	50,371	-	-	-	(50,371)	-	(50,371)
Building and zoning	132,737	167,761	-	-	35,024	-	35,024
Pool	183,572	148,448	-	-	(35,124)	-	(35,124)
Senior services	73,740	-	22,675	-	(51,065)	-	(51,065)
Capital outlay	1,515,476	40,214	-	-	(1,475,262)	-	(1,475,262)
Debt service:							
Principal	655,000	-	-	-	(655,000)	-	(655,000)
Interest and fees	275,634	-	-	-	(275,634)	-	(275,634)
<b>Total governmental activities</b>	<b>6,181,096</b>	<b>759,094</b>	<b>1,089,633</b>	<b>-</b>	<b>(4,332,369)</b>	<b>-</b>	<b>(4,332,369)</b>
<b>Business-type activities:</b>							
Water	5,418,469	1,802,582	-	-	-	(3,615,887)	(3,615,887)
Wastewater	4,302,181	1,901,781	-	-	-	(2,400,400)	(2,400,400)
<b>Total business-type activities</b>	<b>9,720,650</b>	<b>3,704,363</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,016,287)</b>	<b>(6,016,287)</b>
<b>Total primary government</b>	<b>\$ 15,901,746</b>	<b>\$ 4,463,457</b>	<b>\$ 1,089,633</b>	<b>\$ -</b>	<b>(4,332,369)</b>	<b>(6,016,287)</b>	<b>(10,348,656)</b>
			<b>General revenues:</b>				
			Sales tax		3,418,964	-	3,418,964
			Franchise tax		902,301	-	902,301
			Property tax		1,005,681	-	1,005,681
			Other revenue		56,546	-	56,546
			Gas and motor vehicle tax		334,248	-	334,248
			Interest revenue		16,143	280,725	296,868
			<b>Total general revenues</b>		<b>5,733,883</b>	<b>280,725</b>	<b>6,014,608</b>
			Special item - refunding lease proceeds		-	3,560,000	3,560,000
			<b>Total general revenues and special item</b>		<b>5,733,883</b>	<b>3,840,725</b>	<b>9,574,608</b>
			Change in net position		1,401,514	(2,175,562)	(774,048)
			Net position beginning of year		5,433,872	4,434,866	9,868,738
			Net position end of year		<b>\$ 6,835,386</b>	<b>\$ 2,259,304</b>	<b>\$ 9,094,690</b>

See accompanying notes to the basic financial statements.

**CITY OF OAK GROVE, MISSOURI  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	GENERAL FUND	TRANSPORTATION FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	STORM WATER FUND	STREET IMPROVEMENT FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,267,954	\$ 635,582	\$ 379,497	\$ 895,746	\$ 46,430	\$ 113,569	\$ 5,338,778
Restricted cash and cash equivalents	<u>1,507,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,507,468</u>
Total Assets	<u>\$ 4,775,422</u>	<u>\$ 635,582</u>	<u>\$ 379,497</u>	<u>\$ 895,746</u>	<u>\$ 46,430</u>	<u>\$ 113,569</u>	<u>\$ 6,846,246</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Court bonds payable	\$ 7,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,510
Customer deposits payable	<u>3,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,350</u>
Total Liabilities	<u>10,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,860</u>
Fund balances:							
Committed	-	-	-	-	-	113,569	113,569
Restricted	1,499,958	635,582	379,497	895,746	46,430	-	3,457,213
Unassigned	<u>3,264,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,264,604</u>
Total Fund Balances	<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>
Total Liabilities and Fund Balances	<u>\$ 4,775,422</u>	<u>\$ 635,582</u>	<u>\$ 379,497</u>	<u>\$ 895,746</u>	<u>\$ 46,430</u>	<u>\$ 113,569</u>	<u>\$ 6,846,246</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, 2021**

	GENERAL FUND	TRANSPORTATION FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	STORM WATER FUND	STREET IMPROVEMENT FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>							
Sales tax	\$ 2,152,209	\$ 677,837	\$ 250,000	\$ 338,918	\$ -	\$ -	\$ 3,418,964
Franchise tax	902,301	-	-	-	-	-	902,301
Court cost and fines	103,479	-	-	-	-	-	103,479
Gas and motor vehicle tax	334,248	-	-	-	-	-	334,248
Property tax	728,273	-	277,408	-	-	-	1,005,681
Recreation programs	288,220	-	-	-	-	-	288,220
Other revenue	98,997	150	-	4,850	-	-	103,997
Licenses, permits and fees	279,729	40,214	-	-	-	-	319,943
Interest revenue	9,442	2,005	839	3,185	161	511	16,143
Grants and contract revenue	1,089,634	-	-	-	-	-	1,089,634
Total Revenues	<u>5,986,532</u>	<u>720,206</u>	<u>528,247</u>	<u>346,953</u>	<u>161</u>	<u>511</u>	<u>7,582,610</u>
<b>EXPENDITURES:</b>							
Administration	326,956	-	-	-	-	-	326,956
Parks	1,004,483	-	-	-	-	-	1,004,483
Municipal court	176,262	-	-	-	-	-	176,262
Public safety	1,786,865	-	-	-	-	-	1,786,865
Emergency management	50,371	-	-	-	-	-	50,371
Building and zoning	132,737	-	-	-	-	-	132,737
Pool	183,572	-	-	-	-	-	183,572
Senior services	73,740	-	-	-	-	-	73,740
Capital outlay	354,253	621,754	-	461,242	14,135	64,092	1,515,476
Debt service:							
Principal	290,000	-	365,000	-	-	-	655,000
Interest and fees	177,270	-	98,364	-	-	-	275,634
Total Expenditures	<u>4,556,509</u>	<u>621,754</u>	<u>463,364</u>	<u>461,242</u>	<u>14,135</u>	<u>64,092</u>	<u>6,181,096</u>
Net change in fund balances	1,430,023	98,452	64,883	(114,289)	(13,974)	(63,581)	1,401,514
Fund balance beginning	<u>3,334,539</u>	<u>537,130</u>	<u>314,614</u>	<u>1,010,035</u>	<u>60,404</u>	<u>177,150</u>	<u>5,433,872</u>
Fund balance ending	<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>

See accompanying notes to the basic financial statements.

**CITY OF OAK GROVE, MISSOURI**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

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	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 728,469	\$ 673,673	\$ 1,402,142
Restricted cash and cash equivalents	-	1,128,775	1,128,775
Total Assets	<u>\$ 728,469</u>	<u>\$ 1,802,448</u>	<u>\$ 2,530,917</u>
<b>LIABILITIES AND NET POSITION</b>			
Liabilities:			
Customer deposits payable	\$ 271,613	\$ -	\$ 271,613
Net Position:			
Restricted for:			
Debt service	-	557,922	557,922
Capital outlay	-	570,853	570,853
Unrestricted	456,856	673,673	1,130,529
Total Net Position	456,856	1,802,448	2,259,304
Total Liabilities and Net Position	<u>\$ 728,469</u>	<u>\$ 1,802,448</u>	<u>\$ 2,530,917</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, 2021**

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,802,582	\$ 1,901,781	\$ 3,704,363
<b>OPERATING EXPENSES:</b>			
Purchase of water	429,891	-	429,891
Salaries and benefits	621,691	492,534	1,114,225
Repairs and maintenance	68,809	195,889	264,698
General administration	140,367	120,299	260,666
 Total Operating Expenses	 <u>1,260,758</u>	 <u>808,722</u>	 <u>2,069,480</u>
 Operating Income	 <u>541,824</u>	 <u>1,093,059</u>	 <u>1,634,883</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	190,981	89,744	280,725
Refunding lease proceeds	2,947,680	612,320	3,560,000
Capital outlay	(180,867)	(1,946,668)	(2,127,535)
Debt service:			
Principal	(3,658,572)	(1,186,427)	(4,844,999)
Interest and fees	(318,272)	(360,364)	(678,636)
 Total Nonoperating Revenues (Expenses)	 <u>(1,019,050)</u>	 <u>(2,791,395)</u>	 <u>(3,810,445)</u>
 Change in fund net position	 (477,226)	 (1,698,336)	 (2,175,562)
Net Position, beginning of year	<u>934,082</u>	<u>3,500,784</u>	<u>4,434,866</u>
Net Position, end of year	<u>\$ 456,856</u>	<u>\$ 1,802,448</u>	<u>\$ 2,259,304</u>

See accompanying notes to the basic financial statements.

**CITY OF OAK GROVE, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**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, 2021**

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**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, 2021**

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**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 \$1,604,205 restricted for debt service, \$2,262,180 restricted for capital improvements and \$833,173 restricted for the ARPA grant.

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, 2021, the bank balances of the City's deposits totaled \$7,676,489. Of this amount \$891,221 was covered by FDIC insurance and \$6,785,268 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, 2021**

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**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	\$ 84,247
Reserve account	582,538
Total Series 2016 COP	666,785
ARPA grant	833,173
Court bonds	7,510
Total General Fund	\$ 1,507,468
Proprietary Funds	
Wastewater Fund:	
Series 2003 Sewer Bonds	
Interest account	\$ 12,879
Debt service account	100,004
Principal account	445,039
	557,922
Series 2017 Certificates of Participation	
Project account	570,853
Total Wastewater Fund	1,128,775
Total Proprietary Funds	\$ 1,128,775

**CITY OF OAK GROVE, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**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 2021 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 \$32,157 for fiscal year 2021.

**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, 2021**

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**NOTE I - CHANGES IN LONG-TERM DEBT**

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

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021	Amount due within one year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 5,220,000	\$ -	\$ 365,000	\$ 4,855,000	\$ 410,000
Certificates of participation	6,770,000	-	290,000	6,480,000	305,000
Direct borrowings	-	101,596	34,799	66,797	32,939
<b>Total Governmental Activities</b>	<b><u>\$ 11,990,000</u></b>	<b><u>\$ 101,596</u></b>	<b><u>\$ 689,799</u></b>	<b><u>\$ 11,401,797</u></b>	<b><u>\$ 747,939</u></b>
<b>Business-Type Activities:</b>					
Waterworks & Sewerage Revenue Bonds	\$ 1,825,000	\$ -	\$ 425,000	\$ 1,400,000	\$ 445,000
Certificates of participation	9,425,000	3,560,000	4,420,000	8,565,000	-
<b>Total Business-Type Activities</b>	<b><u>\$ 11,250,000</u></b>	<b><u>\$ 3,560,000</u></b>	<b><u>\$ 4,845,000</u></b>	<b><u>\$ 9,965,000</u></b>	<b><u>\$ 445,000</u></b>

**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, 2021, 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%	\$ 1,360,000
Series 2020A General Obligation Refunding Bonds due in varying annual installments through March 1, 2029, interest of 1.00% to 3.00%	<u>3,495,000</u>
	<b><u>\$ 4,855,000</u></b>

**Certificates of Participation:**

Series 2016 Certificates of Participation due in varying annual installments through July 1, 2036, interest of 2.60%	<u>\$ 6,480,000</u>
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**CITY OF OAK GROVE, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE J - LONG-TERM DEBT (continued)**

Business-Type Activities

As of December 31, 2021, 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%.

\$ 1,400,000

**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
2022	\$ 410,000	\$ 105,350	\$ 305,000	\$ 168,480	\$ 445,000	\$ 56,010	\$ -	\$ 252,880
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
<b>Total</b>	<u>\$ 4,855,000</u>	<u>\$ 424,650</u>	<u>\$ 6,480,000</u>	<u>\$ 1,537,380</u>	<u>\$ 1,400,000</u>	<u>\$ 101,483</u>	<u>\$ 8,565,000</u>	<u>\$ 3,170,009</u>



**CITY OF OAK GROVE, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**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 April 10, 2012, the City issued Series 2012 Refunding and Improvement Certificates of Participation in the amount of \$6,265,000. The certificates refunded the Series 1998 Combined Waterworks and Sewerage System Refunding Revenue Bonds and the Series 2001 Certificates of Participation as well as provided new funds for construction and replacement. These certificates were refunded with the Series 2021 Refunding Certificates of Participation on December 30, 2021.

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, 2021 is \$13,236,492. Principal and interest paid for 2021 from total customer net revenues were \$2,491,037. At December 31, 2021, pledged future revenues totaled \$13,236,492, 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
2022	\$ 32,939	\$ 1,860	\$ 34,799
2023	33,858	943	34,801
Total	<u>\$ 66,797</u>	<u>\$ 2,803</u>	<u>\$ 69,600</u>

**CITY OF OAK GROVE, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE M - OPERATING LEASE**

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 ended</u> <u>December 31,</u>	
2022	\$ 8,412
2023	8,412
2024	8,412
2025	8,412
2026	<u>4,206</u>
	<u>\$ 37,854</u>

For the year ended December 31, 2021, total lease expense under this lease was \$4,206.

**NOTE N - RETIREMENT PLAN**

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

Plan Description and Funding Policy

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

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

LAGERS serves approximately 836 local participating employers. These participating employers include 324 cities, 60 counties, and 452 other public entities. LAGERS membership includes 71,255 participants.

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vests 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, 2021**

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**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, 2021 were \$210,207.

**NOTE O - FUND BALANCES**

The following is a summary of the Governmental Fund balances of the City as of December 31, 2021:

<u>Classification/Fund</u>	<u>Purpose</u>	
Restricted:		
General Fund	ARPA grant	\$ 833,173
General Fund	Debt payments	666,785
Transportation	Capital improvements	635,582
Debt service	Debt payments	379,497
Capital Improvement	Capital improvements	895,746
Storm Water	Capital improvements	<u>46,430</u>
Total Restricted		<u>3,457,213</u>
Committed:		
Street Improvement	Capital improvements	<u>113,569</u>
Unassigned:		
General Fund		<u>3,264,604</u>
Total Fund Balances		<u><u>\$ 6,835,386</u></u>

**NOTE P - COMMITMENTS**

In 2018, the City approved a construction contract for the North Creek Subdivision entrance and sidewalk. As of December 31, 2021 the remaining contract costs for this project were \$113,569.

In 2020, the City approved contracts for wastewater treatment plant improvements along with engineering costs. The City also approved a contract for the lagoon cleanout. As of December 31, 2021, remaining contract costs for these projects were \$171,134.

**CITY OF OAK GROVE, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**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, 2021 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, 2021**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Sales tax	\$ 1,860,378	\$ 1,860,378	\$ 2,152,209	\$ 291,831
Franchise tax	532,500	877,500	902,301	24,801
Court cost and fines	159,500	159,500	103,479	(56,021)
Gas and motor vehicle tax	315,431	315,431	334,248	18,817
Property tax	680,000	680,000	728,273	48,273
Recreation programs	196,500	196,500	288,220	91,720
Other revenue	42,500	42,500	98,997	56,497
Licenses, permits and fees	188,250	263,250	279,729	16,479
Interest revenue	5,000	5,000	9,442	4,442
Grants and contract revenue	216,500	216,500	1,089,634	873,134
Total Revenues	<u>4,196,559</u>	<u>4,616,559</u>	<u>5,986,532</u>	<u>1,369,973</u>
<b>EXPENDITURES:</b>				
Administration	349,833	362,833	326,956	35,877
Parks	1,032,046	1,032,046	1,004,483	27,563
Municipal court	182,374	182,374	176,262	6,112
Public safety	1,844,460	1,844,460	1,786,865	57,595
Emergency management	57,750	57,750	50,371	7,379
Building and zoning	145,515	174,515	132,737	41,778
Pool	209,300	209,300	183,572	25,728
Senior services	70,400	70,400	73,740	(3,340)
Capital outlay	12,500	357,500	354,253	3,247
Debt service:				
Principal	290,000	290,000	290,000	-
Interest and fees	177,270	177,270	177,270	-
Total Expenditures	<u>4,371,448</u>	<u>4,758,448</u>	<u>4,556,509</u>	<u>201,939</u>
Net change in fund balance	(174,889)	(141,889)	1,430,023	1,571,912
Fund balance, beginning	<u>3,334,539</u>	<u>3,334,539</u>	<u>3,334,539</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,159,650</u>	<u>\$ 3,192,650</u>	<u>\$ 4,764,562</u>	<u>\$ 1,571,912</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, 2021**

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	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Sales tax	\$ 594,000	\$ 594,000	\$ 677,837	\$ 83,837
Other revenue	-	-	150	150
Licenses, permits and fees	-	-	40,214	40,214
Interest revenue	1,500	1,500	2,005	505
Total Revenues	<u>595,500</u>	<u>595,500</u>	<u>720,206</u>	<u>124,706</u>
EXPENDITURES:				
Capital outlay	<u>631,796</u>	<u>631,796</u>	<u>621,754</u>	<u>10,042</u>
Net change in fund balance	(36,296)	(36,296)	98,452	134,748
Fund balance, beginning	<u>537,130</u>	<u>537,130</u>	<u>537,130</u>	<u>-</u>
Fund balance, ending	<u>\$ 500,834</u>	<u>\$ 500,834</u>	<u>\$ 635,582</u>	<u>\$ 134,748</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, 2021**

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	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Sales tax	\$ 293,265	\$ 293,265	\$ 338,918	\$ 45,653
Other revenue	-	-	4,850	4,850
Interest revenue	<u>7,500</u>	<u>7,500</u>	<u>3,185</u>	<u>(4,315)</u>
Total Revenues	<u>300,765</u>	<u>300,765</u>	<u>346,953</u>	<u>46,188</u>
 EXPENDITURES:				
Capital outlay	<u>574,500</u>	<u>574,500</u>	<u>461,242</u>	<u>113,258</u>
 Net change in fund balance	(273,735)	(273,735)	(114,289)	159,446
Fund balance, beginning	<u>1,010,035</u>	<u>1,010,035</u>	<u>1,010,035</u>	<u>-</u>
Fund balance, ending	<u>\$ 736,300</u>	<u>\$ 736,300</u>	<u>\$ 895,746</u>	<u>\$ 159,446</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, 2021**

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	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Interest revenue	\$ 250	\$ 250	\$ 161	\$ (89)
EXPENDITURES:				
Capital outlay	60,285	60,285	14,135	46,150
Net change in fund balance	(60,035)	(60,035)	(13,974)	46,061
Fund balance, beginning	60,404	60,404	60,404	-
Fund balance, ending	\$ 369	\$ 369	\$ 46,430	\$ 46,061

**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, 2021**

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	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Interest revenue	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 511</u>	<u>\$ (89)</u>
EXPENDITURES:				
Capital outlay	<u>204,742</u>	<u>204,742</u>	<u>64,092</u>	<u>140,650</u>
Net change in fund balance	(204,142)	(204,142)	(63,581)	140,561
Fund balance, beginning	<u>204,142</u>	<u>204,142</u>	<u>177,150</u>	<u>(26,992)</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 113,569</u></u>	<u><u>\$ 113,569</u></u>

**CITY OF OAK GROVE, MISSOURI**  
**NOTES TO BUDGETARY COMPARISON SCHEDULES**  
**DECEMBER 31, 2021**

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

## **INTERNAL CONTROL AND COMPLIANCE**

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

To the Board of Aldermen  
City of Oak Grove, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of City of Oak Grove as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 7, 2022.

**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  
June 7, 2022