

City of Oronogo, Missouri

Basic Financial Statements
Year Ended June 30, 2021

KPM
CPAS & ADVISORS

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Honorable Mayor and Board of Aldermen
City of Oronogo
Oronogo, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the City of Oronogo, Missouri, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; 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 error or fraud.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, and each major fund of the City of Oronogo, Missouri, as of June 30, 2021, and the respective changes in the modified cash basis financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 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 opinion is not modified with respect to this manner.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oronogo, Missouri's basic financial statements. The budgetary comparison information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 4, 2021

Government-Wide Financial Statements

City of Oronogo

Statement of Net Position – Modified Cash Basis

June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents - unrestricted	\$ 962,870	\$ 987,843	\$ 1,950,713
Cash and cash equivalents - restricted	245,753	1,908,286	2,154,039
Total Assets	<u>\$ 1,208,623</u>	<u>\$ 2,896,129</u>	<u>\$ 4,104,752</u>
Net Position			
Restricted	\$ 527,153	\$ 1,908,286	\$ 2,435,439
Unrestricted	681,470	987,843	1,669,313
Total Net Position	<u>\$ 1,208,623</u>	<u>\$ 2,896,129</u>	<u>\$ 4,104,752</u>

See accompanying notes to the financial statements.

City of Oronogo

Statement of Activities – Modified Cash Basis

Year Ended June 30, 2021

Functions/Programs	Program Receipts				Net (Disbursements), Receipts and Changes in Net Position		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Administrative	\$ (324,312)	\$ 220,379	\$ -	\$ -	\$ (103,933)	\$ -	\$ (103,933)
Police	(351,851)	60	18,472	15,104	(318,215)	-	(318,215)
Municipal court	(36,088)	78,522	-	-	42,434	-	42,434
Streets	(109,118)	-	-	-	(109,118)	-	(109,118)
Stormwater	(11,114)	-	-	-	(11,114)	-	(11,114)
Park	(2,057)	-	-	-	(2,057)	-	(2,057)
Total Governmental Activities	(834,540)	298,961	18,472	15,104	(502,003)	-	(502,003)
Business-Type Activities							
Water and sewer	(995,989)	869,641	-	-	-	(126,348)	(126,348)
Natural gas	(218,118)	184,461	-	-	-	(33,657)	(33,657)
Total Business-Type Activities	(1,214,107)	1,054,102	-	-	-	(160,005)	(160,005)
Total Government	\$ (2,048,647)	\$ 1,353,063	\$ 18,472	\$ 15,104	(502,003)	(160,005)	(662,008)
		General Receipts					
		Ad valorem taxes			100,719	-	100,719
		Sales taxes			312,826	-	312,826
		Franchise taxes			115,585	-	115,585
		Motor vehicle taxes			99,847	-	99,847
		Interest			4,805	9,733	14,538
		Other receipts			64,047	-	64,047
		Transfers			(19,301)	19,301	-
		Total General Receipts and Transfers			678,528	29,034	707,562
		Special Item					
		Lease proceeds			-	1,500,000	1,500,000
		<i>Changes in Net Position</i>			176,525	1,369,029	1,545,554
		Net Position, Beginning of year			1,032,098	1,527,100	2,559,198
		Net Position, End of year			\$ 1,208,623	\$ 2,896,129	\$ 4,104,752

See accompanying notes to the financial statements.

Fund Financial Statements

City of Oronogo

Statement of Assets and Fund Balances – Governmental Funds – Modified Cash Basis

June 30, 2021

	Special Revenue Funds			Total Governmental Funds
	General Fund	Street Fund	Stormwater Fund	
Assets				
Cash and cash equivalents - unrestricted	\$ 681,470	\$ 281,400	\$ -	\$ 962,870
Cash and cash equivalents - restricted	7,196	-	238,557	245,753
Total Assets	\$ 688,666	\$ 281,400	\$ 238,557	\$ 1,208,623
Fund Balance				
Restricted for				
Law enforcement training	\$ 4,718	\$ -	\$ -	\$ 4,718
Judicial education	2,478	-	-	2,478
Stormwater buyout and reserve	-	-	33,824	33,824
Streets	-	281,400	-	281,400
Debt service	-	-	204,733	204,733
Unassigned	681,470	-	-	681,470
Total Fund Balances	\$ 688,666	\$ 281,400	\$ 238,557	\$ 1,208,623

See accompanying notes to the financial statements.

City of Oronogo

Statement of Receipts, Disbursements, and Changes in Fund Balances – Governmental Funds – Modified Cash Basis
Year Ended June 30, 2021

	Special Revenue Funds			Total Governmental Funds
	General Fund	Street Fund	Stormwater Fund	
Receipts				
Taxes	\$ 377,631	\$ 178,206	\$ 73,140	\$ 628,977
Licenses and permits	27,068	-	-	27,068
Intergovernmental receipts	33,576	-	-	33,576
Charges for services	193,371	-	-	193,371
Fines and forfeitures	78,522	-	-	78,522
Miscellaneous	65,507	968	2,377	68,852
Total Receipts	775,675	179,174	75,517	1,030,366
Disbursements				
Current				
Administrative	324,312	-	-	324,312
Police	351,851	-	-	351,851
Municipal court	36,088	-	-	36,088
Streets	-	109,118	-	109,118
Stormwater	-	-	11,114	11,114
Park	-	-	2,057	2,057
Total Disbursements	712,251	109,118	13,171	834,540
<i>Excess of Receipts Over Disbursements</i>	63,424	70,056	62,346	195,826
Other Financing Sources (Uses)				
Transfer in (out)	6,099	(608)	(24,792)	(19,301)
<i>Excess of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	69,523	69,448	37,554	176,525
Fund Balance, July 1	619,143	211,952	201,003	1,032,098
Fund Balance, June 30	\$ 688,666	\$ 281,400	\$ 238,557	\$ 1,208,623

See accompanying notes to the financial statements.

City of Oronogo

Statement of Net Position – Proprietary Funds – Modified Cash Basis

June 30, 2021

	Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Assets			
Cash and cash equivalents - unrestricted	\$ 652,617	\$ 335,226	\$ 987,843
Cash and cash equivalents - restricted	1,879,548	28,738	1,908,286
Total Assets	\$ 2,532,165	\$ 363,964	\$ 2,896,129
Net Position			
Restricted	\$ 1,879,548	\$ 28,738	\$ 1,908,286
Unrestricted	652,617	335,226	987,843
Total Net Position	\$ 2,532,165	\$ 363,964	\$ 2,896,129

See accompanying notes to the financial statements.

City of Oronogo

Statement of Receipts, Disbursements, and Changes in Net Position – Proprietary Funds – Modified Cash Basis

Year Ended June 30, 2021

	Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Operating Receipts			
Charges for services	\$ 867,038	\$ 180,142	\$ 1,047,180
Other	2,603	4,319	6,922
Total Operating Receipts	<u>869,641</u>	<u>184,461</u>	<u>1,054,102</u>
Operating Disbursements			
Wages and benefits	257,990	10,163	268,153
Professional services	121,136	10,714	131,850
Utilities	50,367	420	50,787
Insurance	23,172	1,287	24,459
Supplies	6,108	4,767	10,875
Travel, meetings, and dues	108	-	108
Vehicle expense	6,147	342	6,489
Repairs and maintenance	168,493	21,976	190,469
Advertising	-	54	54
Sewer plant	65,486	-	65,486
Natural gas	-	72,662	72,662
Miscellaneous	44,953	16,004	60,957
Total Operating Disbursements	<u>743,960</u>	<u>138,389</u>	<u>882,349</u>
<i>Operating Income</i>	125,681	46,072	171,753
Nonoperating Receipts (Disbursements)			
Interest receipts	8,109	1,624	9,733
Lease Proceeds	1,500,000	-	1,500,000
Capital outlay	(51,985)	(79,729)	(131,714)
Debt service			
Principal	(108,740)	-	(108,740)
Interest	(90,454)	-	(90,454)
Fees	(850)	-	(850)
Total Nonoperating Receipts (Disbursements)	<u>1,256,080</u>	<u>(78,105)</u>	<u>1,177,975</u>
<i>Net Income (Loss) Before Operating Transfers</i>	1,381,761	(32,033)	1,349,728
Operating Transfers In (Out)	<u>23,292</u>	<u>(3,991)</u>	<u>19,301</u>
<i>Net Income (Loss)</i>	1,405,053	(36,024)	1,369,029
Net Position, July 1	<u>1,127,112</u>	<u>399,988</u>	<u>1,527,100</u>
Net Position, June 30	<u><u>\$ 2,532,165</u></u>	<u><u>\$ 363,964</u></u>	<u><u>\$ 2,896,129</u></u>

See accompanying notes to the financial statements.

City of Oronogo

Statement of Cash Flows – Proprietary Funds – Modified Cash Basis

Year Ended June 30, 2021

	Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 869,641	\$ 184,461	\$ 1,054,102
Cash (paid) to suppliers	(485,970)	(128,226)	(614,196)
Cash (paid) to employees	(257,990)	(10,163)	(268,153)
Net Cash Provided by Operating Activities	125,681	46,072	171,753
Cash Flows from Noncapital Financing Activities			
Transfers (to) from other funds	23,292	(3,991)	19,301
Net Cash (Used) Provided by Noncapital Financing Activities	23,292	(3,991)	19,301
Cash Flows from Capital and Related Financing Activities			
Lease proceeds	1,500,000	-	1,500,000
Payment of bond principal	(108,740)	-	(108,740)
Payment of interest expense	(90,454)	-	(90,454)
Payment of fees	(850)	-	(850)
Purchase of capital outlay	(51,985)	(79,729)	(131,714)
Net Cash (Used) Provided by Capital and Related Financing Activities	1,247,971	(79,729)	1,168,242
Cash Flows from Investing Activities			
Sale of investments	126,383	205,383	331,766
Interest received on cash and investments	8,109	1,624	9,733
Net Cash Provided by Investing Activities	134,492	207,007	341,499
<i>Net Increase In Cash and Cash Equivalents</i>	1,531,436	169,359	1,700,795
Cash and Cash Equivalent, Beginning of year	1,000,729	194,605	1,195,334
Cash and Cash Equivalent, End of year	2,532,165	363,964	2,896,129
Less Restricted Cash and Cash Equivalent	1,879,548	28,738	1,908,286
Unrestricted Cash and Cash Equivalent	\$ 652,617	\$ 335,226	\$ 987,843
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 125,681	\$ 46,072	\$ 171,753
Net Cash Provided by Operating Activities	\$ 125,681	\$ 46,072	\$ 171,753

See accompanying notes to the financial statements.

City of Oronogo

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies

The City of Oronogo, Missouri, (the City) operates as a fourth class city under an elected Mayor - Board of Aldermen form of government and provides the following services: public safety, streets, parks and recreation, planning and development, and general administrative services. Other services include water, sewer, and trash operations.

The accounting policies of the City conform to the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The City is organized under the laws of the State of Missouri and is a primary government governed by an elected five-member Board. The City is not financially accountable for any other organization, nor is it a component unit of any other primary governmental entity.

Basis of Presentation

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities, which are financed mostly through taxes and intergovernmental receipts, are reported separately from business-type activities, which rely mostly on fees and charges for services for support.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, fund balance, receipts, and disbursements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds of the City are as follows:

Governmental Fund Types

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Street Fund: The Street Fund is used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for City streets.

Stormwater Fund: The Stormwater Fund is used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for stormwater improvements.

City of Oronogo

Notes to the Financial Statements

June 30, 2021

Proprietary Fund Types

Water and Sewer Fund: The Water and Sewer Fund accounts for the activities and capital improvements of the City's water and sewer operations.

Natural Gas Fund: The Natural Gas Fund accounts for the activities and capital improvements of the City's natural gas operations.

Basis of Accounting

The government-wide Statement of Assets and Net Position and Statement of Activities, as well as the fund financial statements, are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund balance, receipts, and disbursements when they result from cash transactions. The modification to the cash basis relates to the presentation of investments. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures/expenses (such as accounts payable and expenditures/expenses for goods or services received but not yet paid, and accrued expenditures and liabilities) *are not recorded* in these financial statements.

If the City used the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting and the proprietary fund would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting and would include capital assets and long-term debt.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all accounts subject to withdrawal by check or on-demand to be cash equivalents.

Vacation and Sick Leave

Use of accumulated vacation and sick leave by employees in future years is not expected to have a material impact on City disbursements in any one year.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Long-Term Debt

Long-term debt arising from cash transactions is not reported in the government-wide financial statements or the fund financial statements, which is consistent with the modified cash basis of accounting. Debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

City of Oronogo

Notes to the Financial Statements

June 30, 2021

Capital Outlay

Capital assets are property and equipment purchases and are recorded as disbursements at the time the goods are paid for and received.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Aldermen – the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in two components as follows:

Restricted net position: Consists of the net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position: Consists of the financial position that does not meet the definition of “restricted.”

When a disbursement is made for purposes for which both restricted and unrestricted net position (equity) are available, the City first applies restricted net position.

City of Oronogo

Notes to the Financial Statements

June 30, 2021

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the City's taxpayers are reported as program receipts. These include charges for goods, services, or privileges provided and operating grants and contributions. All other governmental receipts are reported as general. All taxes are classified as general receipts, even if restricted for a specific purpose.

Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds are those that result from providing services and producing and delivering goods and services. All other receipts and disbursements are considered nonoperating.

2. Cash & Cash Equivalents

State statutes require that the City's deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2021, all bank balances on deposit are entirely insured or collateralized.

3. Restricted Assets

Cash and cash equivalents, fund balance, and net position have been restricted as follows:

	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Fund Balance/ Net Position</u>
General Fund		
Law enforcement training	\$ 4,718	\$ 4,718
Judicial education	2,478	2,478
	<u>\$ 7,196</u>	<u>\$ 7,196</u>
Street Fund		
Streets	\$ -	\$ 281,400
Stormwater Fund		
Stormwater buyout and reserve	\$ 33,824	\$ 33,824
Debt service	204,733	204,733
	<u>\$ 238,557</u>	<u>\$ 238,557</u>
Water and Sewer Fund		
Debt service reserve	\$ 114,612	\$ 114,612
2016D debt service	184,043	184,043
Sewer project funds	1,500,000	1,500,000
Customer utility deposits	80,893	80,893
	<u>\$ 1,879,548</u>	<u>\$ 1,879,548</u>
Natural Gas Fund		
Customer utility deposits	\$ 28,738	\$ 28,738

City of Oronogo

Notes to the Financial Statements

June 30, 2021

4. Assessed Valuation, Tax Levy, & Legal Debt Margin

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due December 31. The county collects the property taxes and remits them to the City.

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

	2020
Assessed Valuation	
Real estate	\$ 18,271,126
Personal property	5,518,867
Total	\$ 23,789,993

	2020
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$.2728
Street Fund	.1302
Total	\$.4030

The legal debt margin at June 30, 2021, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 2,378,999	\$ 2,378,999	\$ 4,757,998
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	\$ 2,378,999	\$ 2,378,999	\$ 4,757,998

Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by vote of its qualified electors voting therein, may incur an indebtedness for any purpose authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights of way, constructing, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

City of Oronogo

Notes to the Financial Statements

June 30, 2021

5. Long-Term Liabilities – Governmental Activities

Long-term liabilities for governmental activities at June 30, 2021, consists of compensated absences.

The following table is a summary of the changes in the long-term liabilities of the governmental activities:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Compensated Absences	<u>\$ 7,316</u>	<u>\$ 1,215</u>	<u>\$ -</u>	<u>\$ 8,531</u>

6. Long-Term Liabilities – Business-Type Activities

Long-term liabilities for business-type activities at June 30, 2021, consists of the 2016D Combined Waterworks and Sewerage Revenue Bond, 2016A Combined Waterworks and Sewerage Refunding Revenue Bonds, 2016B Combined Waterworks and Sewerage Revenue Bonds, one lease agreement and compensated absences.

City of Oronogo

Notes to the Financial Statements

June 30, 2021

Revenue Bonds

On July 26, 2016, the City issued \$500,000 in Combined Waterworks and Sewerage Revenue Bonds for the purpose of constructing, furnishing and equipping improvements to the City's combined waterworks and sewerage system. The bonds bear interest at the rate of 2.5%. Principal and interest payments are due monthly in the amount of \$1,991. The revenue bonds are a direct placement/direct borrowing debt issuance. If the City defaults in the payment of principal or interest on the bonds as they become due for a period of 60 days after written notice specifying such default has been given to the City, by the registered owner of any bond then outstanding, then at any time thereafter and while such default continues, the registered owners of 25% in principal amounts of the bonds outstanding may, by written notice to the City, declare the principal of all bonds then outstanding to be due and payable immediately. Annual debt service requirements to amortize the principal on the bonds outstanding at June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Direct Placement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 13,025	\$ 10,867	\$ 23,892
2023	13,354	10,538	23,892
2024	13,692	10,200	23,892
2025	14,038	9,854	23,892
2026	14,393	9,499	23,892
2027	14,757	9,135	23,892
2028	15,130	8,762	23,892
2029	15,513	8,379	23,892
2030	15,905	7,987	23,892
2031	16,307	7,585	23,892
2032	16,719	7,173	23,892
2033	17,142	6,750	23,892
2034	17,576	6,316	23,892
2035	18,020	5,872	23,892
2036	18,476	5,416	23,892
2037	18,943	4,949	23,892
2038	19,422	4,470	23,892
2039	19,913	3,979	23,892
2040	20,417	3,475	23,892
2041	20,933	2,959	23,892
2042	21,463	2,429	23,892
2043	22,005	1,887	23,892
2044	22,538	1,354	23,892
2045	23,108	784	23,892
2046	17,697	200	17,897
	<u>\$ 440,486</u>	<u>\$ 150,819</u>	<u>\$ 591,305</u>

City of Oronogo

Notes to the Financial Statements

June 30, 2021

On August 18, 2016, the City issued \$1,640,000 in Combined Waterworks and Sewerage Refunding Revenue Bonds for the purpose of refinancing the City's 2005C Combined Waterworks and Sewerage Revenue Bonds. The bonds bear interest at the varying rate of 1.00% to 3.60%. Principal payments are due December 1 and interest payments are due June 1 and December 1 of each year. If the City defaults in the payment of principal or interest on the bonds as they become due for a period of 60 days after written notice specifying such default has been given to the City, by the registered owner of any bond then outstanding, then at any time thereafter and while such default continues, the registered owners of 25% in principal amounts of the bonds outstanding may, by written notice to the City, declare the principal of all bonds then outstanding to be due and payable immediately. Annual debt service requirements to amortize the principal on the bonds outstanding at June 30, 2021, are as follows:

Year Ending June 30,	Direct Placement		
	Principal	Interest	Total
2022	\$ 55,000	\$ 42,975	\$ 97,975
2023	55,000	41,820	96,820
2024	55,000	40,555	95,555
2025	60,000	39,115	99,115
2026	60,000	38,335	98,335
2027	65,000	37,525	102,525
2028	65,000	35,805	100,805
2029	65,000	33,888	98,888
2030	70,000	31,873	101,873
2031	70,000	29,780	99,780
2032	75,000	27,610	102,610
2033	75,000	25,363	100,363
2034	80,000	22,925	102,925
2035	80,000	20,290	100,290
2036	85,000	17,570	102,570
2037	90,000	14,765	104,765
2038	90,000	11,790	101,790
2039	95,000	8,640	103,640
2040	100,000	5,310	105,310
	<u>\$ 1,390,000</u>	<u>\$ 525,934</u>	<u>\$ 1,915,934</u>

City of Oronogo

Notes to the Financial Statements

June 30, 2021

On August 18, 2016, the City issued \$425,000 in Combined Waterworks and Sewerage Revenue Bonds for the purpose of constructing, furnishing and equipping improvements to the City’s combined waterworks and sewerage system. The bonds bear interest at the varying rate of 2.10% to 3.70%. Principal payments are due December 1 and interest payments are due June 1 and December 1 of each year. If the City defaults in the payment of principal or interest on the bonds as they become due for a period of 60 days after written notice specifying such default has been given to the City, by the registered owner of any bond then outstanding, then at any time thereafter and while such default continues, the registered owners of 25% in principal amounts of the bonds outstanding may, by written notice to the City, declare the principal of all bonds then outstanding to be due and payable immediately. Annual debt service requirements to amortize the principal on the bonds outstanding at June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Direct Placement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 10,000	\$ 12,580	\$ 22,580
2023	10,000	12,325	22,325
2024	10,000	12,025	22,025
2025	10,000	11,725	21,725
2026	10,000	11,425	21,425
2027	10,000	11,125	21,125
2028	10,000	10,825	20,825
2029	15,000	10,435	25,435
2030	10,000	10,035	20,035
2031	15,000	9,635	24,635
2032	15,000	9,425	24,425
2033	15,000	8,653	23,653
2034	15,000	8,127	23,127
2035	15,000	7,603	22,603
2036	15,000	7,077	22,077
2037	15,000	6,553	21,553
2038	20,000	5,920	25,920
2039	15,000	5,272	20,272
2040	15,000	4,718	19,718
2041	120,000	2,220	122,220
	<u>\$ 370,000</u>	<u>\$ 177,703</u>	<u>\$ 547,703</u>

City of Oronogo

Notes to the Financial Statements

June 30, 2021

Lease Agreements

On September 30, 2020, the City entered into a cancellable lease agreement with NBH Bank for a sewer project in the amount of \$1,560,500. The lease agreement requires annual payments of \$106,982 which includes interest at 3.3%. In the event of default, the Lessor may declare all rental payments and other amounts payable.

Although the lease agreement provides for cancellation of the lease at the City's option at the renewed date, the City does not foresee exercising its option to cancel. The following is a schedule of future minimum lease payments under the lease (assuming noncancellation):

Year Ending June 30,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 56,976	\$ 50,006	\$ 106,982
2023	58,872	48,110	106,982
2024	60,830	46,152	106,982
2025	62,854	44,128	106,982
2026	64,946	42,036	106,982
2027	67,107	39,876	106,982
2028	69,339	37,643	106,982
2029	71,647	35,336	106,982
2030	74,030	32,952	106,982
2031	76,494	30,489	106,982
2032	79,039	27,944	106,982
2033	81,668	25,314	106,982
2034	84,386	22,596	106,982
2035	87,193	19,789	106,982
2036	90,095	16,888	106,982
2037	93,092	13,890	106,982
2038	96,190	10,793	106,982
2039	99,390	7,592	106,982
2040	102,697	4,285	106,982
2041	52,623	868	53,491
	<u>\$ 1,529,467</u>	<u>\$ 556,685</u>	<u>\$ 2,086,153</u>

City of Oronogo

Notes to the Financial Statements

June 30, 2021

The following table is a summary of the changes in the long-term liabilities of the business-type activities:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Amounts Due Within One Year
Direct Placement					
2016D Revenue Bonds	\$ 453,193	\$ -	\$ 12,707	\$ 440,486	\$ 13,025
2016A Refunding Revenue Bonds	1,445,000	-	55,000	1,390,000	55,000
2016B Revenue Bonds	380,000	-	10,000	370,000	10,000
Direct Borrowing					
2020 Lease Purchase	-	1,560,500	31,033	1,529,467	56,976
Compensated Absences	4,739	668	-	5,407	-
	<u>\$ 2,282,932</u>	<u>\$ 1,561,168</u>	<u>\$ 108,740</u>	<u>\$ 3,735,360</u>	<u>\$ 135,001</u>

7. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

8. Claims & Adjustments

The City participates in a number of programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of June 30, 2021, disbursements have not been audited by grantor governments, but the City believes that disallowed disbursements, if any, based on subsequent audits, will not have a material effect on any of the individual government funds or the overall financial position of the City.

9. Pledged Receipts

The City has pledged future water and sewer customer receipts to repay the 2016A, 2016B, and 2016D Combined Waterworks and Sewerage System Revenue Bonds issued to improve and expand the water and sewer system. The bonds are payable solely from water and sewer customer net receipts and are payable through 2046. Net receipts are receipts of the system less disbursements of the system. The total principal and interest remaining to be paid on the bonds is \$3,054,942. Principal and interest paid for the current year and total customer net receipts were \$145,702 and \$125,681, respectively. Additionally, the City has established a stormwater tax to pay for 2016D revenue bonds. The amount of \$73,140 was received from the tax during 2021.

City of Oronogo

Notes to the Financial Statements

June 30, 2021

10. Intermunicipal Agreements

Wastewater Treatment Facilities and Treatment

The Center Creek Wastewater Treatment Board provides wastewater treatment services to the citizens of Webb City, Carterville, and Oronogo, Missouri. In accordance with Missouri law, the Utility is operated by a Board of Directors. Bonded debt must be authorized by a resolution of the Board of Directors and approved by a vote of the citizens. The Center Creek Wastewater Treatment Board is a jointly governed organization between the cities of Webb City, Carterville, and Oronogo, Missouri, and authorized by an enactment of the Missouri General Assembly. The Board is a component entity of the City of Webb City, Missouri, because the City of Webb City appoints a voting majority, or five of ten members of the Board, which is comprised of:

- The Mayors of Webb City, Carterville, and Oronogo.
- Four citizens of Webb City, appointed by the Mayor and confirmed by the City Council.
- Two citizens of Carterville and one citizen of Oronogo, appointed by the Mayor and confirmed by the City Council.

The purpose of the Board is to provide responsibility for the operation, maintenance, and replacement of jointly constructed wastewater facilities, which include a wastewater facility, interceptor sewers, pumping facilities, and force main. In accordance with the inter-municipal agreement, ownership and responsibility for operation, maintenance and replacement costs are allocated to each city based on flow consumption of the previous year. These percentages are as follows:

City of Webb City	81.21%
City of Carterville	10.83%
City of Oronogo	7.96%

The Center Creek Wastewater Treatment Board issued separate financial statements that may be obtained by calling (417) 673-4651.

11. Interfund Transfers

Transfers between funds of the City for the year ended June 30, 2021, were as follows:

	<u>Transfers In (Out)</u>
General Fund	\$ 6,099
Street Fund	(608)
Gas Fund	(3,991)
Stormwater Fund	(24,792)
Water and Sewer Fund	23,292
	<u>\$ -</u>

Transfers are made to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) use unrestricted receipts in the Enterprise Funds and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) reimburse various funds for amounts owed from the other funds.

Supplementary Information

City of Oronogo

Budgetary Comparison Schedule – General Fund – Modified Cash Basis

Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Receipts				
Taxes				
Ad valorem taxes	\$ 92,200	\$ 95,475	\$ 95,500	\$ 25
Sales taxes	130,000	163,000	166,546	3,546
Franchise taxes	119,500	119,500	115,585	(3,915)
	<u>341,700</u>	<u>377,975</u>	<u>377,631</u>	<u>(344)</u>
Licenses and Permits				
Merchants licenses	5,000	5,300	5,570	270
Animal license	300	300	238	(62)
Building permits	11,000	20,000	21,188	1,188
Garage sale permits	50	50	72	22
	<u>16,350</u>	<u>25,650</u>	<u>27,068</u>	<u>1,418</u>
Intergovernmental Receipts				
Grants	53,300	53,300	33,576	(19,724)
Charges for Services				
Trash	134,000	134,000	142,692	8,692
Board fees	1,500	1,500	60	(1,440)
Planning and zoning	20,000	48,500	50,619	2,119
	<u>155,500</u>	<u>184,000</u>	<u>193,371</u>	<u>9,371</u>
Fines and Forfeitures				
City court fines	60,000	82,000	78,522	(3,478)
Miscellaneous				
Rentals	7,200	7,200	7,200	-
Donations	25	25	-	(25)
Interest	4,100	4,100	1,817	(2,283)
Other receipts	44,453	45,653	56,490	10,837
	<u>55,778</u>	<u>56,978</u>	<u>65,507</u>	<u>8,529</u>
Total Receipts	<u>682,628</u>	<u>779,903</u>	<u>775,675</u>	<u>(4,228)</u>

City of Oronogo

Budgetary Comparison Schedule – General Fund – Modified Cash Basis

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Disbursements				
Current				
Administrative	349,245	348,095	324,312	23,783
Police	360,000	360,000	351,851	8,149
Municipal court	42,705	42,705	36,088	6,617
Total Disbursements	751,950	750,800	712,251	38,549
Other Financing Sources				
Transfer In	-	-	6,099	(6,099)
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements</i>	(69,322)	29,103	69,523	(40,420)
Fund Balance, July 1	619,143	619,143	619,143	-
Fund Balance, June 30	\$ 549,821	\$ 648,246	\$ 688,666	\$ (40,420)

See accompanying Notes to the Budgetary Comparison Schedules.

City of Oronogo

Budgetary Comparison Schedule – Street Fund – Modified Cash Basis

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Receipts				
Taxes				
Sales taxes	\$ 54,000	\$ 54,000	\$ 73,140	\$ 19,140
Ad valorem taxes	4,500	4,500	5,219	719
Motor vehicle taxes	81,000	81,000	99,847	18,847
	139,500	139,500	178,206	38,706
Miscellaneous				
Interest	400	400	768	368
Other receipts	9,600	9,600	200	(9,400)
	10,000	10,000	968	(9,032)
Total Receipts	149,500	149,500	179,174	29,674
Disbursements				
Current				
Streets	149,500	149,500	109,118	40,382
Total Disbursements	149,500	149,500	109,118	40,382
Other Financing (Uses)				
Transfer (Out)	-	-	(608)	608
<i>Excess of Receipts Over Disbursements and Other (Uses)</i>				
	-	-	69,448	(69,448)
Fund Balance, July 1	211,952	211,952	211,952	-
Fund Balance, June 30	\$ 211,952	\$ 211,952	\$ 281,400	\$ (69,448)

See accompanying Notes to the Budgetary Comparison Schedules.

City of Oronogo

Budgetary Comparison Schedule – Stormwater Fund – Modified Cash Basis

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Receipts				
Taxes				
Sales taxes	\$ 51,000	\$ 68,500	\$ 73,140	\$ 4,640
Miscellaneous				
Interest	1,195	1,845	2,220	375
Other	30	30	157	127
	1,225	1,875	2,377	502
Total Receipts	52,225	70,375	75,517	5,142
Disbursements				
Current				
Stormwater	35,750	45,750	11,114	34,636
Park	7,500	8,050	2,057	5,993
Total Disbursements	43,250	53,800	13,171	40,629
<i>Excess of Receipts Over Disbursements</i>	8,975	16,575	62,346	(45,771)
Other Financing (Uses)				
Transfer (out)	-	-	(24,792)	24,792
<i>Excess of Receipts Over Disbursements and Other (Uses)</i>	8,975	16,575	37,554	(20,979)
Fund Balance, July 1	201,003	201,003	201,003	-
Fund Balance, June 30	\$ 209,978	\$ 217,578	\$ 238,557	\$ (20,979)

See accompanying Notes to the Budgetary Comparison Schedules.

City of Oronogo

Note to the Budgetary Comparison Schedules

Year Ended June 30, 2021

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the Budgetary Comparison Schedules:

1. Prior to July, the City Clerk submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed disbursement plans and the proposed means of financing them.
2. One public hearing is conducted by the Board of Aldermen in late May or early June to obtain taxpayers' comments on the proposed budget.
3. Prior to July 1, the City adopts a budget.
4. The budget for the City is adopted on the modified cash basis. Budgeted amounts may be amended during the year by the City.



Honorable Mayor and Board of Aldermen
City of Oronogo
Oronogo, Missouri

In planning and performing our audit of the financial statements of the City of Oronogo, Missouri as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 entity'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. We believe that the following deficiency constitutes a material weakness.

Segregation of Duties

The City does not have an adequate segregation of duties within the various accounting functions. The basic premise behind the segregation of duties is that no one employee should have access to all phases of a transaction, to help prevent errors and irregularities. This weakness is found in the majority of smaller entities.

We Recommend:

The City take any steps economically feasible to segregate incompatible duties to help protect the City's assets. However, due to the nature of this weakness, further steps may not be practical.

In addition to the material weakness discussed in the preceding paragraphs, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and suggestions regarding these matters.

www.kpmcpa.com

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500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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1. Cash Balance Minimum Reserves

During our audit, we noted the City did not have a written policy regarding minimum cash balance reserves for funds. Although current balances appear sufficient for contingencies, having a formal policy in place will help assess what funds are available for extraordinary department expenses. This policy can assess current fund balance and assign balances for internal use or provide narrative for unassigned/unrestricted balances.

We Recommend:

The City design a policy on minimum cash balance reserves to avoid potential future cash flow difficulties and provide a roadmap for funds available for future projects.

2. Cybersecurity

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify treats received in emails or by other means, and adopting internal communication methods other than email.

It is important that entities develop a recovery plan outlining procedures that personnel should follow once a cybersecurity breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

We Recommend:

The City evaluate its cybersecurity risks and take the necessary steps to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the City's administrative personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies of these matters or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as City of Oronogo, Missouri's independent auditor and the courtesies and assistance extended to us by the City's employees.

Respectfully submitted,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 4, 2021



To the Honorable Mayor and Board of Aldermen
City of Oronogo
Oronogo, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Oronogo, Missouri, for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 27, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Oronogo, Missouri, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures were corrected by management:

- Equity
- Bond transactions

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

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Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 4, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were not engaged to report on the supplementary information which accompanies the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Honorable Mayor and Board of Aldermen and management of the City of Oronogo, Missouri, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 4, 2021