

City of Oronogo, Missouri

Basic Financial Statements
Year Ended June 30, 2023

KPM
CPAS & ADVISORS

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Honorable Mayor and Board of Aldermen
City of Oronogo
Oronogo, 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 the City of Oronogo, Missouri, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund, of the City of Oronogo, Missouri, as of June 30, 2023, and the respective changes in the modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Oronogo, 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

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 opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, which includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the budgetary comparison schedules, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023, on our consideration of the City of Oronogo, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 of Oronogo, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 6, 2023

Government-Wide Financial Statements

City of Oronogo

Statement of Net Position – Modified Cash Basis

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents - unrestricted	\$ 1,852,579	\$ 701,687	\$ 2,554,266
Cash and cash equivalents - restricted	468,421	1,563,763	2,032,184
Total Assets	<u>\$ 2,321,000</u>	<u>\$ 2,265,450</u>	<u>\$ 4,586,450</u>
Net Position			
Restricted	\$ 800,288	\$ 1,563,763	\$ 2,364,051
Unrestricted	1,520,712	701,687	2,222,399
Total Net Position	<u>\$ 2,321,000</u>	<u>\$ 2,265,450</u>	<u>\$ 4,586,450</u>

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, 2023

	Special Revenue Funds				Total Governmental Funds
	General Fund	Street Fund	Stormwater Fund	American Rescue Plan Act Fund	
Assets					
Cash and cash equivalents - unrestricted	\$ 1,520,712	\$ 260,835	\$ 71,032	\$ -	\$ 1,852,579
Cash and cash equivalents - restricted	8,285	-	-	460,136	468,421
Total Assets	\$ 1,528,997	\$ 260,835	\$ 71,032	\$ 460,136	\$ 2,321,000
Fund Balance					
Restricted for					
Law enforcement training	\$ 6,165	\$ -	\$ -	\$ -	\$ 6,165
Judicial education	2,120	-	-	-	2,120
Stormwater sales tax	-	-	71,032	-	71,032
Streets	-	260,835	-	-	260,835
Grant funds	-	-	-	460,136	460,136
Unassigned	1,520,712	-	-	-	1,520,712
Total Fund Balances	\$ 1,528,997	\$ 260,835	\$ 71,032	\$ 460,136	\$ 2,321,000

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, 2023

	<u>Special Revenue Funds</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Street Fund</u>	<u>Stormwater Fund</u>	<u>American Rescue Plan Act Fund</u>	
Receipts					
Taxes	\$ 418,748	\$ 197,036	\$ 67,173	\$ -	\$ 682,957
Licenses and permits	53,161	-	-	-	53,161
Intergovernmental receipts	85,604	-	-	276,462	362,066
Charges for services	237,107	-	-	-	237,107
Fines and forfeitures	122,514	-	-	-	122,514
Miscellaneous	192,323	3,120	4,188	-	199,631
Total Receipts	<u>1,109,457</u>	<u>200,156</u>	<u>71,361</u>	<u>276,462</u>	<u>1,657,436</u>
Disbursements					
Current					
Administrative	578,489	-	-	-	578,489
Police	499,665	-	-	-	499,665
Municipal court	63,935	-	-	-	63,935
Streets	-	191,412	-	-	191,412
Park	-	-	5,737	-	5,737
Debt service					
Principal and interest	6,804	-	-	-	6,804
Total Disbursements	<u>1,148,893</u>	<u>191,412</u>	<u>5,737</u>	<u>-</u>	<u>1,346,042</u>
<i>Excess (Deficit) of Receipts over Disbursements</i>	(39,436)	8,744	65,624	276,462	311,394
Other Financing Sources (Uses)					
Transfers in (out)	<u>820,917</u>	<u>(664)</u>	<u>(26,245)</u>	<u>-</u>	<u>794,008</u>
<i>Net Change in Fund Balances</i>	781,481	8,080	39,379	276,462	1,105,402
Fund Balance, July 1	747,516	252,755	31,653	183,674	1,215,598
Fund Balance, June 30	<u><u>\$ 1,528,997</u></u>	<u><u>\$ 260,835</u></u>	<u><u>\$ 71,032</u></u>	<u><u>\$ 460,136</u></u>	<u><u>\$ 2,321,000</u></u>

See accompanying Notes to the Financial Statements.

City of Oronogo

Statement of Net Position – Proprietary Funds – Modified Cash Basis

June 30, 2023

	Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Assets			
Cash and cash equivalents - unrestricted	\$ 550,159	\$ 151,528	\$ 701,687
Cash and cash equivalents - restricted	1,526,114	37,649	1,563,763
Total Assets	\$ 2,076,273	\$ 189,177	\$ 2,265,450
Net Position			
Restricted	\$ 1,526,114	\$ 37,649	\$ 1,563,763
Unrestricted	550,159	151,528	701,687
Total Net Position	\$ 2,076,273	\$ 189,177	\$ 2,265,450

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, 2023

	Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Operating Receipts			
Charges for services	\$ 1,036,529	\$ 291,976	\$ 1,328,505
Other	5,881	2,836	8,717
Total Operating Receipts	1,042,410	294,812	1,337,222
Operating Disbursements			
Wages and benefits	253,605	20,144	273,749
Professional services	62,036	6,835	68,871
Utilities	66,229	678	66,907
Insurance	33,444	2,117	35,561
Supplies	12,153	3,487	15,640
Travel, meetings, and dues	345	1,149	1,494
Vehicle expense	8,441	956	9,397
Repairs and maintenance	108,624	66,642	175,266
Advertising	63	-	63
Sewer plant	74,768	-	74,768
Natural gas	-	153,751	153,751
Miscellaneous	61,137	19,112	80,249
Total Operating Disbursements	680,845	274,871	955,716
<i>Operating Income</i>	361,565	19,941	381,506
Nonoperating Receipts (Disbursements)			
Interest receipts	11,120	2,721	13,841
Capital outlay	(2,265,984)	(29,604)	(2,295,588)
Debt service			
Principal	(151,877)	-	(151,877)
Interest	(100,495)	-	(100,495)
Fees	(950)	-	(950)
Total Nonoperating Receipts (Disbursements)	(2,508,186)	(26,883)	(2,535,069)
<i>Net (Loss) Before Transfers and Special Items</i>	(2,146,621)	(6,942)	(2,153,563)
Special Items			
Sale of natural gas system	-	820,917	820,917
Bond proceeds	2,000,000	-	2,000,000
Total Special Items	2,000,000	820,917	2,820,917
Transfers in (out)	27,573	(821,581)	(794,008)
<i>Net (Loss)</i>	(119,048)	(7,606)	(126,654)
Net Position, July 1	2,195,321	196,783	2,392,104
Net Position, June 30	\$ 2,076,273	\$ 189,177	\$ 2,265,450

See accompanying Notes to the Financial Statements.

City of Oronogo

Statement of Cash Flows – Proprietary Funds – Modified Cash Basis

Year Ended June 30, 2023

	Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,042,410	\$ 294,812	\$ 1,337,222
Cash (paid) to suppliers	(427,240)	(254,727)	(681,967)
Cash (paid) to employees	(253,605)	(20,144)	(273,749)
Net Cash Provided by Operating Activities	361,565	19,941	381,506
Cash Flows from Noncapital Financing Activities			
Transfers from (to) from other funds	27,573	(821,581)	(794,008)
Net Cash Provided (Used) by Noncapital Financing Activities	27,573	(821,581)	(794,008)
Cash Flows from Capital and Related Financing Activities			
Bond proceeds	2,000,000	-	2,000,000
Payment of bond principal	(151,877)	-	(151,877)
Payment of interest expense	(100,495)	-	(100,495)
Payment of fees	(950)	-	(950)
Sale of natural gas system	-	820,917	820,917
Purchase of capital outlay	(2,265,984)	(29,604)	(2,295,588)
Net Cash Provided (Used) by Capital and Related Financing Activities	(519,306)	791,313	272,007
Cash Flows from Investing Activities			
Interest received	11,120	2,721	13,841
Net Cash Provided by Investing Activities	11,120	2,721	13,841
<i>Net (Decrease) In Cash and Cash Equivalents</i>	(119,048)	(7,606)	(126,654)
Cash and Cash Equivalents, Beginning of year	2,195,321	196,783	2,392,104
Cash and Cash Equivalents, End of year	2,076,273	189,177	2,265,450
Less Restricted Cash and Cash Equivalents	1,526,114	37,649	1,563,763
Unrestricted Cash and Cash Equivalents	\$ 550,159	\$ 151,528	\$ 701,687
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 361,565	\$ 19,941	\$ 381,506
Net Cash Provided by Operating Activities	\$ 361,565	\$ 19,941	\$ 381,506

See accompanying Notes to the Financial Statements.

City of Oronogo

Notes to the Financial Statements

June 30, 2023

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 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.

American Rescue Plan Act Fund: The American Rescue Plan Act (ARPA) Fund accounts for the resources of federal grant revenue whose use is restricted for COVID-19 expenditures or the negative economic impacts of COVID-19.

City of Oronogo

Notes to the Financial Statements

June 30, 2023

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, 2023

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, 2023

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 good, 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, 2023, 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	\$ 6,165	\$ 6,165
Judicial education	2,120	2,120
	<u>\$ 8,285</u>	<u>\$ 8,285</u>
Street Fund		
Streets	<u>\$ -</u>	<u>\$ 260,835</u>
Stormwater Fund		
Stormwater sales tax	<u>\$ -</u>	<u>\$ 71,032</u>
American Rescue Plan Act Fund		
Grant funds	<u>\$ 460,136</u>	<u>\$ 460,136</u>
Water and Sewer Fund		
2016 A and B debt service reserve	\$ 114,612	\$ 114,612
2023E replacement and extension	13,200	13,200
Sewer project funds	1,301,959	1,301,959
Customer utility deposits	96,343	96,343
	<u>\$ 1,526,114</u>	<u>\$ 1,526,114</u>
Natural Gas Fund		
Customer utility deposits	<u>\$ 37,649</u>	<u>\$ 37,649</u>

City of Oronogo

Notes to the Financial Statements

June 30, 2023

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:

	2022
Assessed Valuation	
Real estate	\$ 22,090,547
Personal property	8,040,728
Total	\$ 30,131,275
	2022
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$.2596
Street Fund	.1239
Total	\$.3835

The legal debt margin at June 30, 2023, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 3,013,128	\$ 3,013,128	\$ 6,026,256
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	\$ 3,013,128	\$ 3,013,128	\$ 6,026,256

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, 2023

5. Long-Term Liabilities – Governmental Activities

Long-term liabilities for governmental activities at June 30, 2023, consists of a financed purchase agreement and compensated absences.

In November 2021, the city entered into a direct borrowing financed purchase agreement with Southwest Missouri Bank to purchase a Police Interceptor. The agreement requires annual principal and interest payments through July 2025, including interest at 3.7%.

The City’s financed purchase agreement provides for the cancellation of the agreement at the City’s option on the renewal date each year, per state statute, however, the City does not foresee exercising its option to cancel. Therefore, this financed purchase is accounted for as a noncancelable financed purchase.

The following is a schedule of the future minimum payments under the financed purchase agreement (assuming noncancellation):

Year Ended June 30,	Direct Borrowing		
	Principal	Interest	Total
2024	\$ 6,093	\$ 712	\$ 6,805
2025	6,320	484	6,804
2026	6,558	246	6,804
	\$ 18,971	\$ 1,442	\$ 20,413

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

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amounts Due Within One Year
Direct Borrowing					
2022 Ford Police Interceptor	\$ 25,150	\$ -	\$ 6,179	\$ 18,971	\$ 6,093
Compensated Absences	11,871	3,208	-	15,079	-
Total	\$ 37,021	\$ 3,208	\$ 6,179	\$ 34,050	\$ 6,093

City of Oronogo

Notes to the Financial Statements

June 30, 2023

6. Long-Term Liabilities – Business-Type Activities

Long-term liabilities for business-type activities at June 30, 2023, consists of the 2016A Combined Waterworks and Sewerage Refunding Revenue Bonds, 2016B Combined Waterworks and Sewerage Revenue Bonds, 2023E Combined Waterworks and Sewerage System Revenue Bonds, one financed purchase agreement and compensated absences.

Revenue Bonds

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, 2023, are as follows:

Year Ending June 30,	Direct Placement		
	Principal	Interest	Total
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
2029-2033	355,000	148,514	503,514
2034-2038	425,000	87,340	512,340
2039-2040	195,000	13,950	208,950
	<u>\$ 1,280,000</u>	<u>\$ 441,139</u>	<u>\$ 1,721,139</u>

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.

City of Oronogo

Notes to the Financial Statements

June 30, 2023

Annual debt service requirements to amortize the principal on the bonds outstanding at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	Direct Placement		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2029-2033	70,000	48,183	118,183
2034-2038	80,000	35,280	115,280
2039-2041	150,000	12,210	162,210
	<u>\$ 350,000</u>	<u>\$ 152,798</u>	<u>\$ 502,798</u>

On June 20, 2023, the City issued \$2,000,000 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 3.50%. Principal and interest payments are due June 20 of each year. If the City defaults on 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 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, 2023, are as follows:

<u>Year Ending June 30,</u>	Direct Placement		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,000	\$ 70,000	\$ 100,000
2025	31,050	68,950	100,000
2026	32,137	67,863	100,000
2027	33,262	66,738	100,000
2028	34,426	65,574	100,000
2029-2033	191,068	308,932	500,000
2034-2038	226,929	273,071	500,000
2039-2043	269,520	230,480	500,000
2044-2048	320,105	179,895	500,000
2049-2053	380,184	119,816	500,000
2054-2058	451,319	48,461	499,780
	<u>\$ 2,000,000</u>	<u>\$ 1,499,780</u>	<u>\$ 3,499,780</u>

City of Oronogo

Notes to the Financial Statements

June 30, 2023

Financed Purchase Agreements

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

Although the financed purchase agreement provides for cancellation of the agreement 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 payments under the financed purchase (assuming noncancellation):

Year Ending June 30,	Direct Borrowing		
	Principal	Interest	Total
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	106,983
2028	69,339	37,643	106,982
2029-2033	382,878	152,035	534,913
2034-2038	450,956	83,956	534,912
2039-2041	252,571	14,883	267,454
	<u>\$ 1,411,481</u>	<u>\$ 460,709</u>	<u>\$ 1,872,190</u>

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

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amounts Due Within One Year
Direct Placement					
2016D Revenue Bonds	\$ 25,868	\$ -	\$ 25,868	\$ -	\$ -
2016A Refunding Revenue Bonds	1,335,000	-	55,000	1,280,000	55,000
2016B Revenue Bonds	360,000	-	10,000	350,000	10,000
2023E Revenue Bonds	-	2,000,000	-	2,000,000	30,000
Direct Borrowing					
2020 Financed Purchase	1,472,491	-	61,010	1,411,481	60,830
Compensated Absences	2,906	3,498	-	6,404	-
	<u>\$ 3,196,265</u>	<u>\$ 2,003,498</u>	<u>\$ 151,878</u>	<u>\$ 5,047,885</u>	<u>\$ 155,830</u>

City of Oronogo

Notes to the Financial Statements

June 30, 2023

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, 2023, 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 2023E 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 2058. 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 \$5,723,717. Principal and interest paid for the current year and total customer net receipts were \$145,390 and \$361,565, respectively.

10. Intermunicipal Agreements

Wastewater Treatment Facilities and Treatment

The Center Creek Wastewater Treatment Board provides wastewater treatment services to the citizens of Webb City, Cartersville, 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, Cartersville, 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, Cartersville, and Oronogo.
- Four citizens of Webb City, appointed by the Mayor and confirmed by the City Council.
- Two citizens of Cartersville and one citizen of Oronogo, appointed by the Mayor and confirmed by the City Council.

City of Oronogo

Notes to the Financial Statements

June 30, 2023

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	82.17%
City of Cartersville	10.69%
City of Oronogo	7.14%

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, 2023, were as follows:

	<u>Transfers In (Out)</u>
General Fund	\$ 820,917
Street Fund	(664)
Gas Fund	(821,581)
Stormwater Fund	(26,245)
Water and Sewer Fund	27,573
	<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.

12. Commitments

As of June 30, 2023, the City was committed to G&G Construction Co for engineering services related to a lift station project in the amount of \$940,370.

As of June 30, 2023, the City was committed to Omnigo for future payments for the right to use various police software packages in the amount of \$21,097.

13. Sale of Natural Gas System

On November 2, 2021, the voters of the City approved the sale of the City's existing natural gas system to Spire Missouri, Inc. As part of the agreement, the City sold, assigned, and transferred all assets of the system, while Spire purchased all right, title, and interest to the underlying system assets with a closing date of June 22, 2023. For 90 days after the closing date, Spire agrees to deliver to the City the full amount of any payments received by or on behalf of Spire with respect to any and all accounts receivable of the City, within 30 days following the end of the calendar month in which such receipts occur. The sale of the system resulted in direct proceeds of \$820,917.

Other Information

City of Oronogo

Budgetary Comparison Schedule – General Fund – Modified Cash Basis

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Receipts				
Taxes				
Ad valorem taxes	\$ 107,000	\$ 112,000	\$ 113,199	\$ 1,199
Sales taxes	160,000	160,000	166,262	6,262
Franchise taxes	126,500	142,000	139,287	(2,713)
	<u>393,500</u>	<u>414,000</u>	<u>418,748</u>	<u>4,748</u>
Licenses and Permits				
Merchants licenses	6,500	6,500	7,016	516
Animal license	250	250	334	84
Building permits	30,000	42,500	45,742	3,242
Garage sale permits	50	50	69	19
	<u>36,800</u>	<u>49,300</u>	<u>53,161</u>	<u>3,861</u>
Intergovernmental Receipts				
Grants	30,500	81,400	85,604	4,204
Charges for Services				
Trash	148,000	160,000	168,353	8,353
Board fees	-	-	115	115
Planning and zoning	40,000	62,000	68,639	6,639
	<u>188,000</u>	<u>222,000</u>	<u>237,107</u>	<u>15,107</u>
Fines and Forfeitures				
City court fines	120,000	120,000	122,514	2,514
Miscellaneous				
Rentals	7,200	7,200	7,200	-
Donations	100	1,200	1,217	17
Interest	1,508	3,508	4,864	1,356
Other receipts	171,326	171,596	179,042	7,446
	<u>180,134</u>	<u>183,504</u>	<u>192,323</u>	<u>8,819</u>
Total Receipts	<u>948,934</u>	<u>1,070,204</u>	<u>1,109,457</u>	<u>39,253</u>

City of Oronogo

Budgetary Comparison Schedule – General Fund – Modified Cash Basis

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Disbursements				
Current				
Administrative	507,029	610,204	578,489	31,715
Police	512,854	566,004	499,665	66,339
Municipal court	67,985	69,385	63,935	5,450
Debt service				
Principal and interest	-	-	6,804	(6,804)
Total Disbursements	<u>1,087,868</u>	<u>1,245,593</u>	<u>1,148,893</u>	<u>96,700</u>
 <i>Excess (Deficit) of Receipts over Disbursements</i>	 (138,934)	 (175,389)	 (39,436)	 135,953
 Other Financing Sources				
Sale of assets	842,748	820,000	-	(820,000)
Transfers in	150,000	150,000	820,917	670,917
Total Other Financing Sources	<u>992,748</u>	<u>970,000</u>	<u>820,917</u>	<u>(149,083)</u>
 <i>Net Change in Fund Balances</i>	 853,814	 794,611	 781,481	 (13,130)
 Fund Balance, July 1	 747,516	 747,516	 747,516	 -
Fund Balance, June 30	<u><u>\$ 1,601,330</u></u>	<u><u>\$ 1,542,127</u></u>	<u><u>\$ 1,528,997</u></u>	<u><u>\$ (13,130)</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Oronogo

Budgetary Comparison Schedule – Street Fund – Modified Cash Basis

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Receipts				
Taxes				
Sales taxes	\$ 70,000	\$ 70,000	\$ 67,173	\$ (2,827)
Ad valorem taxes	5,500	6,600	6,779	179
Motor vehicle taxes	87,000	102,500	123,084	20,584
	162,500	179,100	197,036	17,936
Miscellaneous				
Interest	1,000	2,500	3,120	620
Other receipts	12,100	12,100	-	(12,100)
	13,100	14,600	3,120	(11,480)
Total Receipts	175,600	193,700	200,156	6,456
Disbursements				
Current				
Streets	176,600	226,088	191,412	34,676
Total Disbursements	176,600	226,088	191,412	34,676
<i>Excess (Deficit) of Receipts over Disbursements</i>	(1,000)	(32,388)	8,744	41,132
Other Financing (Uses)				
Transfers (out)	-	-	(664)	(664)
<i>Net Change in Fund Balances</i>	(1,000)	(32,388)	8,080	40,468
Fund Balance, July 1	252,755	252,755	252,755	-
Fund Balance, June 30	\$ 251,755	\$ 220,367	\$ 260,835	\$ 40,468

See accompanying Notes to the Budgetary Comparison Schedules.

City of Oronogo

Budgetary Comparison Schedule – Stormwater Fund – Modified Cash Basis

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Receipts				
Taxes				
Sales taxes	\$ 70,000	\$ 70,000	\$ 67,173	\$ (2,827)
Miscellaneous				
Interest	600	900	4,046	3,146
Other	100	100	142	42
	700	1,000	4,188	3,188
Total Receipts	70,700	71,000	71,361	361
Disbursements				
Current				
Stormwater	40,750	27,000	-	27,000
Park	6,000	6,800	5,737	1,063
Total Disbursements	46,750	33,800	5,737	28,063
<i>Excess (Deficit) of Receipts over Disbursements</i>	23,950	37,200	65,624	28,424
Other Financing (Uses)				
Transfers (out)	-	-	(26,245)	(26,245)
<i>Net Change in Fund Balances</i>	23,950	37,200	39,379	2,179
Fund Balance, July 1	31,653	31,653	31,653	-
Fund Balance, June 30	\$ 55,603	\$ 68,853	\$ 71,032	2,179

See accompanying Notes to the Budgetary Comparison Schedules.

City of Oronogo

Budgetary Comparison Schedule – American Rescue Plan Act Fund – Modified Cash Basis

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 269,082	\$ 274,500	\$ 276,462	\$ 1,962
Total Receipts	269,082	274,500	276,462	1,962
Disbursements				
Current				
American Rescue Plan Act	-	-	-	-
Total Disbursements	-	-	-	-
<i>Excess (Deficit) of Receipts over Disbursements</i>	269,082	274,500	276,462	1,962
Fund Balance, July 1	183,674	183,674	183,674	-
Fund Balance, June 30	\$ 452,756	\$ 458,174	\$ 460,136	\$ 1,962

See accompanying Notes to the Budgetary Comparison Schedules.

City of Oronogo

Notes to the Budgetary Comparison Schedules

Year Ended June 30, 2023

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.

Other Reporting Requirements



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with 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 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, 2023, and the related notes to the financial statements, which collectively comprise the City of Oronogo, Missouri's basic financial statements, and have issued our report thereon dated November 6, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Oronogo, Missouri's internal control over financial reporting (internal control) as a basis for designing 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 of Oronogo, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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.

Our consideration of 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Oronogo, Missouri's financial statements are free from 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 financial statements. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Oronogo, Missouri's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results of that testing, and not to provide an opinion on the effectiveness of the City of Oronogo, Missouri'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 of Oronogo, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 6, 2023



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Oronogo, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Oronogo, Missouri's major federal programs for the year ended June 30, 2023. City of Oronogo, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, City of Oronogo, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 6, 2023

City of Oronogo

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
Highway Safety Cluster				
Missouri Department of Transportation				
State and Community Highway Safety	20.600	22-PT-02-029	\$ -	\$ 1,629
	20.600	22-154-AL-032	-	521
	20.600	23-M5HVE-03-035	-	4,435
	20.600	23-PT-02-090	-	5,892
			-	12,477
University of Central Missouri				
National Priority Safety Programs	20.616	22-M2HVE-05-032	-	647
	20.616	23-M2HV-05-031	-	337
			-	984
Total Highway Safety Cluster			-	13,461
University of Central Missouri				
Alcohol Open Container Requirements	20.607	22-154-AL-104	-	2,068
Total U.S. Department of Transportation			-	15,529
U.S. Department of Agriculture				
Direct				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	-	2,000,000
Total U.S. Department of Agriculture			-	2,000,000
Total Expenditures of Federal Awards			\$ -	\$ 2,015,529

N/A - Not Applicable

City of Oronogo

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City for the year ended June 30, 2023, and is presented on the modified cash basis of accounting as described below. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting which is described in Note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The City elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Oronogo

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I – Summary of Audit Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
Identification of major federal program:	
Assistance Listing Number(s)	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

City of Oronogo

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section II – Financial Statement Findings

Material Weakness

2023-001 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The City currently has one full-time bookkeeper to handle the accounting needs of the City. There are some mitigating controls in place, but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel. The City does have some mitigating controls in place to offset some of the risks of the lack of segregation of duties.

Section III – Federal Award Findings and Questioned Costs

None

City of Oronogo

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

Financial Statement Finding

Material Weakness

2022-001 *Segregation of Duties*

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Status: Uncorrected



653 E Central St
Oronogo, MO 64855

CITY OF ORONOGO

Corrective Action Plan

417.673.4541 (P)
417.673.3246 (F)

November 6, 2023

U.S Department of Agriculture

The City of Oronogo, Missouri, respectfully submits the following corrective action plan for the year ended June 30, 2023.

Contact information for the individual responsible for the corrective action:

Linda Lacey, Treasurer
City of Oronogo
653 E Central St.
Oronogo, MO 64855
(417) 673-4541

Independent Public Accounting Firm: KPM CPAs, PC, 1445 E. Republic Road, Springfield, MO 65804

Audit Period: Year ended June 30, 2023

The findings from the June 30, 2023, Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Material Weakness

2023-001 Segregation of Duties

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Action Taken: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

Completion Date: Not applicable.

Sincerely,

Linda Lacey, Treasurer



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

In planning and performing our audit of the basic financial statements of the City of Oronogo, Missouri, for the year ended June 30, 2023, we considered the City's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

In addition to the material weakness discussed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

1. Water Loss

During our audit, we noted that the City's average water loss was 22% for the year. Normal loss percentages for cities range from 15% - 20%. This could indicate leaks, old unreliable meters, or undocumented City usage.

We Recommend:

The City adopt a meter replacement program, continue to investigate lines for leaks, and investigate for undocumented City usage. We further recommend the City investigate the possibility of water service to customers that are not being billed.

2. New Accounting Pronouncements

GASB Statement No. 100 – *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62 – defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error correction. This statement is effective for the fiscal year beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* – updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. This statement is effective for the fiscal year beginning July 1, 2024.

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1445 E. Republic Road, Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

We Recommend:

The City examine the new pronouncements to determine the effect these will have on future financial reporting and to ensure successful implementation on the effective dates.

3. 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,

Handwritten signature in black ink that reads "KPM CPAs, PC".

KPM CPAs, PC
Springfield, Missouri
November 6, 2023



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, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We communicated such information in our letter to you dated June 20, 2023. 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, 2023. 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

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 6, 2023.

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 engaged to report on the Schedule of Expenditures of Federal Awards, which accompany the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the budgetary comparison schedules which accompany 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.

Restriction on Use

This information is intended solely for the information and 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
Springfield, Missouri
November 6, 2023