City of Odessa, Missouri

Basic Financial Statements

March 31, 2026

City of Odessa
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Independent Auditor's Report

Honorable Mayor and Members of the Board of Aldermen
City of Odessa, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Odessa, Missouri (the City), as of and for the year ended March 31, 2026, and the related notes to the basic 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 financial position of the governmental activities, the business-type activities and each major fund of City of Odessa, Missouri as of March 31, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

Responsibilities of Management for the Financial Statements

The City of Odessa's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Odessa'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Odessa'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 of Odessa'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Odessa's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Minneapolis, Minnesota
August 20, 2026

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City of Odessa, Missouri
Management's Discussion and Analysis

The City of Odessa, Missouri, (the City) offers readers this narrative overview and analysis of the financial activities of the City for the year ended March 31, 2026. The City reports the annual financial statements in accordance with the guidelines prescribed in the Government Accounting Standards Board (GASB) Statement 34. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the year ending March 31, 2026 by $33,080,819. Of this amount, $9,814,843 represents unrestricted net position and may be used to fund ongoing obligations. Total net position decreased by $760,896 after accounting for a reduction to the beginning balance of $511,438, as discussed in Note 12, and a current year decrease of $249,458 related to expenses in excess of revenues. The City serviced all long-term obligations as planned.

As of the close of the year ending March 31, 2026, the City's combined governmental fund balances totaled $5,116,765. This is a decrease from the previous year fund balance of $197,256. This decrease stems from expenditures exceeding revenues and other financing sources.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is provided as an introduction to the basic financial statements. The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference between them reported as net position. Net position is an important measure of the City's overall financial health. The increases and decreases in net position can be monitored to determine whether the City's financial position is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid time off).

The government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) separate from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities for the City include general government, public works and streets, solid waste, public safety, planning and development, and parks and recreation. The business-type activities for the City include the electric, waterworks, and wastewater systems.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the audit period. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The City maintains three enterprise funds. The proprietary fund financial statements provide separate information for the Electric Fund, Water Fund, and Wastewater Fund.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information regarding budgetary and pension information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of the City's financial position. As of March 31, 2026, assets and deferred outflows of resources exceed liabilities by $33,080,819. The largest portion of the City's net position, $20,047,096, reflects its net investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	3/31/2026	3/31/2025	3/31/2026	3/31/2025	3/31/2026	3/31/2025
Current and other assets	$ 5,625,817	$ 7,065,712	$ 10,136,713	$ 10,908,860	$ 15,762,530	$ 17,974,572
Capital assets	8,603,329	9,591,065	23,807,567	23,060,692	32,410,896	32,651,757
Total assets	14,229,146	16,656,777	33,944,280	33,969,552	48,173,426	50,626,329
Deferred outflows of resources	718,540	349,145	401,932	249,698	1,120,472	598,843
Long-term liabilities	1,414,000	2,231,448	9,693,300	11,435,448	11,107,300	13,666,896
Current liabilities	945,596	1,369,885	4,160,183	2,346,676	5,105,779	3,716,561
Total liabilities	2,359,596	3,601,333	13,853,483	13,782,124	16,213,079	17,383,457
Net investment in capital assets	6,916,329	7,637,065	13,130,767	12,213,892	20,047,096	19,850,957
Restricted	2,177,278	2,343,844	1,041,602	1,141,104	3,218,880	3,484,948
Unrestricted	3,494,483	3,423,680	6,320,360	7,082,130	9,814,843	10,505,810
Total net position	$ 12,588,090	$ 13,404,589	$ 20,492,729	$ 20,437,126	$ 33,080,819	$ 33,841,715

At the end of the current audit period, the City is able to report positive balances in all categories of net position for the government as a whole.

The City's combined net position during the audit period decreased by $760,896. Overall governmental activities decreased by $816,499 and the business-type activities increased by $55,603 (after the restatement reducing beginning net position by $511,438).

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Position

The following table reflects the revenue and expenses from the City's activities for the years ended March 31, 2026 and 2025.

Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	3/31/2026	3/31/2025	3/31/2026	3/31/2025	3/31/2026	3/31/2025
Revenues						
Program revenues						
Charges for services	$ 1,233,284	$ 1,108,797	$ 9,738,707	$ 9,508,097	$ 10,971,991	$ 10,616,894
Operating grants and contributions	1,171,340	87,725	-	-	1,171,340	87,725
General revenues						
Property taxes	575,534	529,896	-	-	575,534	529,896
Sales taxes	2,281,241	2,169,290	-	-	2,281,241	2,169,290
Franchise taxes	158,651	179,095	-	-	158,651	179,095
Other general revenues	322,406	358,743	111,548	138,985	433,954	497,728
Total revenues	5,742,456	4,433,546	9,850,255	9,647,082	15,592,711	14,080,628
Expenses						
General government	1,140,344	973,326	-	-	1,140,344	973,326
Public safety	1,629,867	1,884,864	-	-	1,629,867	1,884,864
Highways and streets	1,811,205	1,554,228	-	-	1,811,205	1,554,228
Parks and recreation	486,495	665,296	-	-	486,495	665,296
Community planning and development	1,241,157	-	-	-	1,241,157	-
Municipal court	45,020	46,849	-	-	45,020	46,849
Interest on long-term debt	65,113	76,733	-	-	65,113	76,733
Electric	-	-	6,044,170	5,200,884	6,044,170	5,200,884
Water	-	-	1,343,329	1,463,688	1,343,329	1,463,688
Waste water	-	-	2,035,469	1,873,930	2,035,469	1,873,930
Total expenses	6,419,201	5,201,296	9,422,968	8,538,502	15,842,169	13,739,798
Excess (deficit) before transfers	(676,745)	(767,750)	427,287	1,108,580	(249,458)	340,830
Transfers	(139,754)	1,076,268	139,754	(1,076,268)	-	-
Change in net position	(816,499)	308,518	567,041	32,312	(249,458)	340,830
Net position, beginning	13,404,589	14,415,123	20,437,126	21,403,579	33,841,715	35,818,702
Error corrections	-	(1,319,052)	(511,438)	(998,765)	(511,438)	(2,317,817)
Net position, beginning, as restated	13,404,589	13,096,071	19,925,688	20,404,814	33,330,277	33,500,885
Net position, ending	$ 12,588,090	$ 13,404,589	$ 20,492,729	$ 20,437,126	$ 33,080,819	$ 33,841,715

Governmental activities total revenues increased by $1,308,910. Expenses increased by $1,217,905 which is approximately 23%.

The City's business-type total revenues increased by $203,173. Expenses increased by $884,466 which is approximately 10%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The General Fund is the primary operating fund of the City. The fund balance of the General Fund at March 31, 2026, was $3,817,210. This represents an increase of $108,596. The Debt Service Fund is used for the payment of General Obligation Bonds. The City does not currently have a debt service levy for property tax assessments and receives transfers from other funds to service debt. For financial reporting purposes, this fund has been combined with the General Fund including the balance at March 31, 2026, of $37,172.

The Parks Fund is the operating fund used to provide culture and recreation activities of the City. The fund balance of the Parks Fund at March 31, 2026, was $206,338. This represents a decrease of $1,833.

The Transportation Tax Fund and Capital Improvements Sales Tax Fund are used primarily for collection of tax and grant money for spending on capital outlay and related debt service. The fund balance of the Transportation Tax Fund at March 31, 2026, was $586,948. This represents a decrease of $274,020. The fund balance of the Capital Improvements Sales Tax Fund at March 31, 2026, was $506,269. This represents a decrease of $29,999.

The enterprise funds consisting of the Electric, Water, and Wastewater Funds had a combined balance at
March 31, 2026, of $20,492,729. This represents an increase of $55,603, despite the impact of the downward adjustment of $511,438 to beginning net position (see Note 12).

BUDGETARY HIGHLIGHTS

The Board of Aldermen (the Board) adopted the budget for the year ending March 31, 2026, in March 2025. Budgetary comparison schedules are presented in the Required Supplementary Information section following the notes to the financial statements. These schedules compare budgeted amounts to actual balances with the resulting difference displayed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

For the years ending March 31, 2026 and 2025, the City had $32,410,896 and $32,651,757, respectively, invested in a broad range of capital assets, including police equipment; buildings; park facilities; streets; and electric, water, and sewer lines. The change in capital assets is a result of additions and improvements to capital assets along with depreciation expense and disposals. See Note 5 to the financial statements and the table below for more detailed information on the City's capital assets.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activvities		Total	
	3/31/2026	3/31/2025	3/31/2026	3/31/2025	3/31/2026	3/31/2025
Land	$ 2,037,847	$ 2,137,847	$ 196,758	$ 196,758	$ 2,234,605	$ 2,334,605
Construction in progress	-	-	116,837	-	116,837	-
Utility sytems	-	-	10,439,245	9,464,747	10,439,245	9,464,747
Building and improvements	1,865,490	2,416,864	11,641,247	12,223,994	13,506,737	14,640,858
Equipment	239,944	814,888	1,413,480	1,175,193	1,653,424	1,990,081
Infrastructure	3,909,177	3,683,426	-	-	3,909,177	3,683,426
Furniture and fixtures	56,673	47,539	-	-	56,673	47,539
Vehicles	494,198	490,501	-	-	494,198	490,501
Total	$ 8,603,329	$ 9,591,065	$ 23,807,567	$ 23,060,692	$ 32,410,896	$ 32,651,757

Debt Administration

Balances at March 31, 2026 and 2025, are shown in the table below. See Note 6 for additional information on the City's long-term debt.

Outstanding Debt

	Governmental Activities		Business-Type Activvities		Total	
	3/31/2026	3/31/2025	3/31/2026	3/31/2025	3/31/2026	3/31/2025
Financing lease obligations	$ 1,687,000	$ 1,954,000	$ 445,000	$ 587,000	$ 2,132,000	$ 2,541,000
Revenue bonds	-	-	2,065,000	2,065,000	2,065,000	2,065,000
Loans	-	-	8,166,800	8,636,500	8,166,800	8,636,500
Total	$ 1,687,000	$ 1,954,000	$ 10,676,800	$ 11,288,500	$ 12,363,800	$ 13,242,500

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General Fund revenue for the Fiscal Year 2026-2027 is projected to be $4,354,693. This represents an increase of approximately 16% ($715,769) from the 2025-2026 actuals. The increase is primarily due to budgeted fund transfers from the reserve fund that did not occur.

Over the course of Fiscal Year 2025-2026 and Fiscal Year 2026-2027, the school resource officer program has expanded as we continue to develop it. Revenue for FY 2026-2027 has increased. Additionally, we have observed increases in interest income, grant revenue and building permits.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

The City is actively planning for significant improvements to streets and public works projects that have been identified and prioritized. The Fiscal Year 2026-2027 budget is set to cover the debt service requirements associated with the initial purchases of the City's 5-year Asset Replacement Program. This program includes the acquisition of various assets for the departments within the General Fund. The plan includes a new police car and various police equipment, items needed for street maintenance, improvements to the parks, including the City pools and continuing work on the downtown area and community building.

The Fiscal Year 2026-2027 budget has projected an increase in capital outlay expenses due to heightened capital investments in the City's infrastructure and capital assets. The Electric Department initiated annual Capital Improvement Program (CIP) projects starting with the FY 2022-2023 budget. These ongoing projects include the replacement of poles and transformers, renovations to the Electric Plant floor, substation protection, tree trimming, and circuit conversions.

Additional capital projects encompass improvements to the water system, the replacement of a 2006 service truck, repairs to the silo drain line and cleaning the lime lagoons. A joint project with the Wastewater Department will be GIS mapping of the water and wastewater utility networks. The Wastewater Department will also replace a sewer jetter truck, a pipe inspection camera and continue to the sewer collection system.

These items represent a portion of the City's CIP, which is designed to ensure adequate investment in the City's systems and infrastructure to provide essential services both now and in the future.

Additional budgetary highlights for next year's budget include:

The budget allocates funds for a 5% salary increase for employees, as well as adjustments to the city's contribution to employee health savings accounts.

The City has allocated nearly $150,000 from the Transportation Sales Tax Fund for various street improvements. These improvements include several overlay projects, curb and gutter installations, and chip and seal work. Additionally, funds from the Missouri Department of Transportation through the MoTAP grant have been combined with transportation sales tax dollars and electric funds to finance the Downtown Infrastructure project and its related expenses.

Within the Capital Improvements Sales Tax Fund, monies are allocated to the capital projects listed above for Parks and Recreation, Streets, and Police, and Administration.

FINANCIAL CONTACT

The City's financial statements are designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. Any questions regarding the report or requestfor additional information should be directed to the City Administrator or Finance Director, 228 S. 2nd Street, Odessa, MO 64076.

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BASIC FINANCIAL STATEMENTS

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City of Odessa
Statement of Net Position
March 31, 2026

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents	$ 3,692,520	$ 5,139,830	$ 8,832,350
Investments	1,260,314	3,182,693	4,443,007
Receivables			
Accounts, net of allowance	115,076	1,153,475	1,268,551
Interest	-	7,096	7,096
Taxes	385,326	-	385,326
Due from other governments	-	1,471	1,471
Inventories	-	440,821	440,821
Prepaid items	45,302	46,033	91,335
Long-term			
Net pension asset	127,279	165,294	292,573
Capital assets			
Nondepreciable	2,037,847	313,595	2,351,442
Depreciable, net	6,565,482	23,493,972	30,059,454
Total assets	14,229,146	33,944,280	48,173,426
Deferred Outflows of Resources			
Pension related items	718,540	401,932	1,120,472
Total assets and deferred outflows of resources	$ 14,947,686	$ 34,346,212	$ 49,293,898
Liabilities			
Current			
Accounts payable	$ 120,854	$ 853,001	$ 973,855
Accrued liabilities	89,806	50,670	140,476
Court bonds and deposits	36,077	-	36,077
Customer deposits and refunds payable	-	2,044,976	2,044,976
Unearned revenue	82,406	-	82,406
Accrued interest payable	6,018	37,446	43,464
Noncurrent			
Compensated absences payable			
Payable within one year	337,435	190,590	528,025
Financed purchase payable			
Payable within one year	273,000	145,000	418,000
Payable after one year	1,414,000	300,000	1,714,000
Bonds payable			
Payable within one year	-	445,000	445,000
Payable after one year	-	1,620,000	1,620,000
Loans payable			
Payable within one year	-	393,500	393,500
Payable after one year	-	7,773,300	7,773,300
Total liabilities	2,359,596	13,853,483	16,213,079
Net Position			
Net investment in capital assets	6,916,329	13,130,767	20,047,096
Restricted for			
Parks	201,070	-	201,070
Capital projects	1,093,217	-	1,093,217
Debt service	37,172	474,376	511,548
Pension items	845,819	567,226	1,413,045
Unrestricted	3,494,483	6,320,360	9,814,843
Total net position	12,588,090	20,492,729	33,080,819
Total liabilities, deferred inflows of resources, and net position	$ 14,947,686	$ 34,346,212	$ 49,293,898

See notes to basic financial statements.

City of Odessa
Statement of Activities
Year Ended March 31, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position — Primary Government: Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities						
General government	$ 1,140,344	$ 95,371	$ -	$ (1,044,973)	$ -	$ (1,044,973)
Public safety	1,629,867	295,222	-	(1,334,645)	-	(1,334,645)
Highways and streets	1,811,205	568,687	71,391	(1,171,127)	-	(1,171,127)
Parks and recreation	486,495	211,931	-	(274,564)	-	(274,564)
Community planning and development	1,241,157	62,073	1,099,949	(79,135)	-	(79,135)
Municipal court	45,020	-	-	(45,020)	-	(45,020)
Interest on long-term debt	65,113	-	-	(65,113)	-	(65,113)
Total governmental activities	6,419,201	1,233,284	1,171,340	(4,014,577)	-	(4,014,577)
Business-type activities						
Water	1,343,329	1,514,603	-	-	171,274	171,274
Electric	6,044,170	5,933,768	-	-	(110,402)	(110,402)
Waste water	2,035,469	2,290,336	-	-	254,867	254,867
Total business-type activities	9,422,968	9,738,707	-	-	315,739	315,739
Total primary government	$ 15,842,169	$ 10,971,991	$ 1,171,340	(4,014,577)	315,739	(3,698,838)
General revenues						
Taxes						
Property taxes levied for general purposes				465,786	-	465,786
Property taxes levied for parks and recreation				109,748	-	109,748
Sales tax				2,281,241	-	2,281,241
Franchise taxes				158,651	-	158,651
Investment earnings				237,782	108,979	346,761
Other				84,624	2,569	87,193
Transfers				(139,754)	139,754	-
Total general revenues and transfers				3,198,078	251,302	3,449,380
Change in net position				(816,499)	567,041	(249,458)
Net position - beginning, as previously reported				13,404,589	20,437,126	33,841,715
Error correction (see Note 12)				-	(511,438)	(511,438)
Net position - beginning, as restated				13,404,589	19,925,688	33,330,277
Net position - ending				$ 12,588,090	$ 20,492,729	$ 33,080,819

See notes to basic financial statements.

City of Odessa
Balance Sheet - Governmental Funds
March 31, 2026

	General Fund	Parks Fund	Transportation Tax Fund	Capital Improvements Sales Tax Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 3,668,345	$ 24,175	$ -	$ -	$ 3,692,520
Investments	138,066	133,606	525,532	463,110	1,260,314
Taxes receivable	150,112	59,752	61,416	61,416	332,696
Accounts receivable	108,676	6,400	-	-	115,076
Prepaid items	40,034	5,268	-	-	45,302
Total assets	$ 4,105,233	$ 229,201	$ 586,948	$ 524,526	$ 5,445,908
Liabilities					
Accounts payable	$ 97,704	$ 4,893	$ -	$ 18,257	$ 120,854
Accrued liabilities	82,827	6,979	-	-	89,806
Court bonds and deposits	36,077	-	-	-	36,077
Unearned revenue	29,776	-	-	-	29,776
Total liabilities	246,384	11,872	-	18,257	276,513
Deferred Inflows of Resources					
Unavailable revenue - property taxes	41,639	10,991	-	-	52,630
Fund Balances					
Nonspendable					
Prepaid items	40,034	5,268	-	-	45,302
Restricted					
Parks	-	201,070	-	-	201,070
Debt service	37,172	-	-	-	37,172
Capital outlay	-	-	586,948	506,269	1,093,217
Unassigned	3,740,004	-	-	-	3,740,004
Total fund balances	3,817,210	206,338	586,948	506,269	5,116,765
Total liabilities, deferred inflows of resources, and fund balances	$ 4,105,233	$ 229,201	$ 586,948	$ 524,526	$ 5,445,908

City of Odessa
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
March 31, 2026

Total fund balances - governmental funds	$ 5,116,765
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:	
Cost of capital assets	14,082,933
Less accumulated depreciation/amortization	(5,479,604)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Financed purchase payable	(1,687,000)
Compensated absences payable	(337,435)
Net pension asset (liability)	127,279
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds:	
Property taxes	52,630
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds:	
Pension related deferred outflows	718,540
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	(6,018)
Total net position - governmental activities	$ 12,588,090

City of Odessa
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended March 31, 2026

	General Fund	Parks Fund	Transportation Tax Fund	Capital Improvements Sales Tax Fund	Total Governmental Funds
Revenues					
Taxes					
Property	$ 419,510	$ 109,748	$ -	$ -	$ 529,258
Tourism	19,588	-		-	19,588
Sales	804,057	357,409	357,410	357,409	1,876,285
Franchise	158,651	-	-	-	158,651
Licenses and permits	144,031	-	-	-	144,031
Intergovernmental	1,551,300	-	4,810	-	1,556,110
Charges for services	829,169	211,931	-	-	1,041,100
Fines and forfeitures	41,568	-	-	-	41,568
Other revenue	-	300	-	-	300
Investment income	98,242	-	468	139,072	237,782
Contributions and donations	113,817	-	-	-	113,817
Total revenues	4,179,933	679,388	362,688	496,481	5,718,490
Expenditures					
Current					
General government	1,138,984	-	2,063	2,063	1,143,110
Public safety	1,481,748	-	-	-	1,481,748
Highways and streets	1,186,314	-	25,886		1,212,200
Parks and recreation	-	552,997	-	-	552,997
Community planning and development	1,241,157	-	-	-	1,241,157
Municipal Court	50,641	-	-	-	50,641
Capital outlay	82,977	-	608,759	313,162	1,004,898
Debt service					
Principal	-	153,577	-	154,676	308,253
Interest and other charges	-	22,144	-	-	22,144
Total expenditures	5,181,821	728,718	636,708	469,901	7,017,148
Excess of revenues over (under) expenditures	(1,001,888)	(49,330)	(274,020)	26,580	(1,298,658)
Other Financing Sources (Uses)					
Transfers in	1,110,484	56,579	-	-	1,167,063
Transfers out	-	(9,082)	-	(56,579)	(65,661)
Total other financing sources (uses)	1,110,484	47,497	-	(56,579)	1,101,402
Net change in fund balances	108,596	(1,833)	(274,020)	(29,999)	(197,256)
Fund Balances					
Beginning of year	3,708,614	208,171	860,968	536,268	5,314,021
End of year	$ 3,817,210	$ 206,338	$ 586,948	$ 506,269	$ 5,116,765

City of Odessa
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds
Year Ended March 31, 2026

Total change in fund balances - governmental funds	$ (197,256)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:	
Capital outlays	601,449
Depreciation/amortization expense	(477,421)
Gain on disposal of capital assets	129,392
Capital assets transferred to enterprise funds	(1,241,156)
Some expenses are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities:	
Compensated absences payable	(59,987)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities:	
Financed purchase principal payments	267,000
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures, and, therefore are deferred in the funds.	23,966
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(1,716)
Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective:	
Pension expense	139,230
Change in net position - governmental activities	$ (816,499)

See notes to basic financial statements.

City of Odessa
Statement of Net Position - Proprietary Funds
March 31, 2026

	Business-Type Activities - Enterprise Funds			
	Water	Electric	Waste Water	Total
Assets				
Current assets				
Cash and cash equivalents	$ 1,111,697	$ 2,976,434	$ 1,051,699	$ 5,139,830
Investments	562,787	2,573,739	46,167	3,182,693
Receivables, net of allowance	154,725	709,561	289,189	1,153,475
Interest receivable	-	-	7,096	7,096
Due from other governments	-	-	1,471	1,471
Inventory	53,095	387,726	-	440,821
Prepaid items	10,787	13,271	21,975	46,033
Total current assets	1,893,091	6,660,731	1,417,597	9,971,419
Noncurrent assets				
Net pension asset	54,351	59,517	51,426	165,294
Capital assets				
Land	144,010	-	52,748	196,758
Construction in progress	-	116,837	-	116,837
Buildings and building improvements	4,417,921	861,624	19,434,151	24,713,696
Infrastructure	8,933,405	6,223,888	9,342,122	24,499,415
Equipment, vehicles and furniture	919,914	1,391,770	1,264,252	3,575,936
Total capital assets	14,415,250	8,594,119	30,093,273	53,102,642
Less accumulated depreciation	(9,379,478)	(6,441,643)	(13,473,954)	(29,295,075)
Net capital assets	5,035,772	2,152,476	16,619,319	23,807,567
Total noncurrent assets	5,090,123	2,211,993	16,670,745	23,972,861
Total assets	6,983,214	8,872,724	18,088,342	33,944,280
Deferred Outflows of Resources				
Pension related items	132,161	144,722	125,049	401,932
Total assets and deferred outflows of resources	$ 7,115,375	$ 9,017,446	$ 18,213,391	$ 34,346,212

City of Odessa
Statement of Net Position - Proprietary Funds
March 31, 2026

	Business-Type Activities - Enterprise Funds			
	Water	Electric	Waste Water	Total
Liabilities				
Current liabilities				
Accounts payable	$ 19,511	$ 774,441	$ 59,049	$ 853,001
Customer deposits and refunds payable	-	2,044,976	-	2,044,976
Accrued liabilities	14,344	21,172	15,154	50,670
Interest payable	2,764	1,446	33,236	37,446
Compensated absences	40,456	83,562	66,572	190,590
Bonds and loans payable due within one year	49,707	-	788,793	838,500
Lease liability due within one year	88,450	56,550	-	145,000
Total current liabilities	215,232	2,982,147	962,804	4,160,183
Noncurrent liabilities				
Loans payable	-	-	7,773,300	7,773,300
Lease liability	183,000	117,000	-	300,000
Bonds payable	179,222	-	1,440,778	1,620,000
Total noncurrent liabilities	362,222	117,000	9,214,078	9,693,300
Total liabilities	577,454	3,099,147	10,176,882	13,853,483
Net Position				
Net investment in capital assets	4,535,393	1,978,926	6,616,448	13,130,767
Restricted for pension	186,512	204,239	176,475	567,226
Restricted for debt service	474,376	-	-	474,376
Unrestricted	1,341,640	3,735,134	1,243,586	6,320,360
Total net position	6,537,921	5,918,299	8,036,509	20,492,729
Total liabilities and net position	$ 7,115,375	$ 9,017,446	$ 18,213,391	$ 34,346,212

City of Odessa
Statement of Revenues, Expenses and Changes
in Net Position - Proprietary Funds
Year Ended March 31, 2026

	Business-Type Activities - Enterprise Funds			
	Water	Electric	Waste Water	Totals
Operating Revenues				
Charges for service	$ 1,488,100	$ 5,829,336	$ 2,274,099	$ 9,591,535
User charges	-	-	16,237	16,237
Delinquent collections	10,516	-	-	10,516
Other	15,987	104,432	-	120,419
Total operating revenues	1,514,603	5,933,768	2,290,336	9,738,707
Operating Expenses				
Personnel services	322,547	448,916	315,246	1,086,709
Employee benefits	125,095	239,325	127,773	492,193
Materials and supplies	198,949	127,076	-	326,025
Purchased power	-	4,287,868	-	4,287,868
Repairs and maintenance	29,060	37,032	84,324	150,416
Other services and charges	426,845	233,833	429,184	1,089,862
Contracted services	-	262,674	-	262,674
Depreciation	228,740	350,247	868,350	1,447,337
Equipment	-	53,319	-	53,319
Total operating expenses	1,331,236	6,040,290	1,824,877	9,196,403
Operating income (loss)	183,367	(106,522)	465,459	542,304
Nonoperating Revenues (Expenses)				
Investment income	1,599	107,297	83	108,979
Interest and other charges	(12,093)	(3,880)	(210,592)	(226,565)
Miscellaneous revenue	-	-	2,569	2,569
Total nonoperating revenues (expenses)	(10,494)	103,417	(207,940)	(115,017)
Income (loss) before capital contributions and transfers	172,873	(3,105)	257,519	427,287
Capital contributed by governmental funds	1,179,099	-	62,057	1,241,156
Transfers out	(399,220)	(431,240)	(270,942)	(1,101,402)
Change in net position	952,752	(434,345)	48,634	567,041
Net Position				
Beginning of year, as previously stated	5,585,169	6,669,891	8,182,066	20,437,126
Correction of error (See Note 12)	-	(317,247)	(194,191)	(511,438)
Beginning of year, as restated	5,585,169	6,352,644	7,987,875	19,925,688
End of year	$ 6,537,921	$ 5,918,299	$ 8,036,509	$ 20,492,729

See notes to basic financial statements.

City of Odessa
Statement of Cash Flows - Proprietary Funds
Year Ended March 31, 2026

	Business-Type Activities - Enterprise Funds			
	Water	Electric	Waste Water	Total
Cash Flows - Operating Activities				
Receipts from customers and users	$ 1,505,210	$ 6,223,731	$ 2,431,296	$ 10,160,237
Payments to suppliers	(650,926)	(4,723,992)	(458,402)	(5,833,320)
Payments to employees	(430,221)	(669,268)	(429,725)	(1,529,214)
Net cash flows - operating activities	424,063	830,471	1,543,169	2,797,703
Cash Flows - Noncapital Financing Activities				
Other revenues	-	-	432	432
Transfer to other funds	(399,220)	(431,240)	(270,942)	(1,101,402)
Net cash flows - noncapital financing activities	(399,220)	(431,240)	(270,510)	(1,100,970)
Cash Flows - Capital and Related Financing Activities				
Principal paid on bonds/loans	-	-	(469,700)	(469,700)
Interest paid on debt	(14,929)	(5,714)	(185,112)	(205,755)
Principal paid on leases	(175,070)	(111,930)	-	(287,000)
Acquisition of capital assets	(180,826)	(18,354)	(736,736)	(935,916)
Net cash flows - capital and related financing activities	(370,825)	(135,998)	(1,391,548)	(1,898,371)
Cash Flows - Investing Activities				
Proceeds from sale of investments	49,043	653,710	-	702,753
Interest and dividends received	1,599	107,297	83	108,979
Net cash flows - investing activities	50,642	761,007	83	811,732
Net change in cash and cash equivalents	(295,340)	1,024,240	(118,806)	610,094
Cash and Cash Equivalents				
Beginning of year	1,407,037	2,269,441	1,170,505	4,846,983
End of year	$ 1,111,697	$ 3,293,681	$ 1,051,699	$ 5,457,077
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	$ 183,367	$ (106,522)	$ 465,459	$ 542,304
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation/amortization expense	228,740	350,247	868,350	1,447,337
Accounts receivable	(9,393)	29,444	(17,826)	2,225
Prepaid items	(260)	(456)	(530)	(1,246)
Inventory	794	(47,917)	-	(47,123)
Accounts payable	3,394	326,183	55,636	385,213
Salaries and benefits payable	2,139	723	3,184	6,046
Customer deposits and refunds payable	-	260,519	-	260,519
Compensated absences payable	15,282	18,250	10,110	43,642
Total adjustments	240,696	936,993	1,077,710	2,255,399
Net cash flows - operating activities	$ 424,063	$ 830,471	$ 1,543,169	$ 2,797,703
Supplemental Schedule of Noncash Capital and Related Financing Activities				
Capital contributed from governmental funds	$ 1,179,099	$ -	$ 62,057	$ 1,241,156

See notes to basic financial statements.

City of Odessa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Odessa, Missouri (the City), was incorporated in 1880 and covers an area of approximately four square miles in Lafayette County, Missouri. The City is a fourth class city and operates under the aldermen-administrator form of government. The City administrator is the chief administrative officer of the City. The City provides services to its 5,600 residents in many areas, including law enforcement; electric, water and sewer services; public works; and parks and recreation services.

A. Financial Reporting Entity

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In determining the financial reporting entity, the City complies with the provisions of Statement 14 of the Governmental Accounting Standards Board, The Financial Reporting Entity, as amended by GASB Statement 39, Determining Whether Certain Organizations are Component Units. For financial reporting purposes, the City includes all funds, agencies, boards, commissions and authorities that are controlled by or dependent on the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, no organizations have been identified as component units.

B. Basis of Presentation

1. **Government-Wide Statements**

   The statement of net position and statement of activities report information on the City as a whole. They include all funds of the City. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

   The statement of activities demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not allocate indirect costs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

2. Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement 34 sets forth minimum criteria for the determination of major funds, which should have a specific community focus.

Description of Funds:

Governmental Fund Types - Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position. The following are the City's governmental fund types:

Major Governmental Funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned to expenditures for specified purposes the purpose of which is determined by the fund name. The reporting entity includes the following special revenue funds, which are reported as major funds:

- Parks Fund - This fund accounts for taxes collected and expended for operations and improvements to the City's parks.
- Transportation Tax Fund - This fund accounts for sales taxes to be used to finance street improvements.
- Capital Improvements Sales Tax Fund - This fund is used to account for sales taxes and other resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Description of Funds: (Continued)

Proprietary Funds:

Proprietary Fund Types - The proprietary fund is used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is based upon determination of net income.

The City reports the following major proprietary funds:

Electric Fund - This fund accounts for the acquisition, operation and maintenance of the City's electric distribution system.

Water Fund - This fund accounts for the acquisition, operation and maintenance of the City's water treatment and distribution system.

Wastewater Fund - This fund accounts for the acquisition, operation and maintenance of the City's sanitary sewer treatment and distribution system.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's proprietary functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues' availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Business-type activities and all proprietary funds are accounted for using an economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Equity

1. **Cash and Cash Equivalents**

   For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. The City maintains cash and investment pools which are available for use by most funds. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents. Investments made in accordance with bond ordinances are reflected as restricted cash and cash equivalents. Funds with overdrawn balances are not charged interest.

   As provided for by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the City reflects money market investments with a maturity of one year or less at the time of purchase at amortized cost, which approximates fair value. All other investments are required to be reported at fair value based on quoted market prices.

2. **Accounts Receivable**

   Governmental activities accounts receivable consists of sanitation charges and other miscellaneous services provided to citizens, net of an allowance for uncollectible accounts of $8,916. Business-type activities represent billed electric, water and wastewater charges, net of an allowance for uncollectible accounts of $293,008.

3. **Inventories**

   Inventories, consisting of materials and supplies, are valued at lower of cost or net realizable value. Cost is determined using estimated replacement cost basis which approximates actual cost.

4. **Prepaid Items**

   Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. Prepaid expenses are accounted for using the consumption method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

5. Capital Assets

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the City) are defined as assets with an individual cost of more than $5,000 and an estimated useful life greater than one year. Donated fixed assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment and vehicles	5 - 10
Building and land improvements	10 - 50
Infrastructure	30
Water and sewer system	30 - 50

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

6. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City's pension related amounts are reported in this category.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable property taxes are reported in this category on the balance sheet.

7. Compensated Absences

Under terms of the City's personnel policy, employees are granted paid time off (PTO) leave in amounts ranging from 20 - 240 hours, based upon length of service. Up to 160 hours of PTO earned can be carried over each year and accumulated PTO is payable on separation of service.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

7. Compensated Absences (Continued)

Employees are awarded sick leave hours at the beginning of each year or upon employment. Employees are allowed to accrue up to 480 hours of sick time to carry forward into the subsequent year. Upon retirement or termination in good standing, an employee can convert unused sick days into vacation days at a rate of eight hours of sick leave to one hour of vacation.

Vested or accumulated PTO is accrued when earned in the government-wide and proprietary financial statements. A liability is reported in the governmental funds only if it has matured as a result of employee resignations or retirements.

The liability for compensated absences reported in the Statement of Net Position consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that have been used for time off but have not yet been paid in cash or settled through noncash means and certain other types of leave.

8. Long-Term Debt

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period, while principal payments and issuance costs are reported as expenditures.

9. Pensions

For purposes of measuring the net pension asset and deferred outflows of resources related to pensions and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Fund Equity

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - These consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

10. Fund Equity (Continued)

Government-Wide Statements (Continued)

- Restricted Net Position – These consist of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation. It is the City's policy to use restricted net assets first, prior to the use of unrestricted net assets, when a disbursement is paid for purposes in which both restricted and unrestricted net assets are available.

- Unrestricted Net Position – These do not meet the definition of "restricted" net investment in capital assets.

Fund Financial Statements

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

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

- Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen (the Board) removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

- Assigned - This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to the City Administrator through the budgetary process. The City currently has no amounts classified in this category.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

10. Fund Equity (Continued)

- Unassigned - This classification includes the residual fund balance for the General Fund as it is the only fund that reports a positive, unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City would typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

E. Use of Estimates
The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Internal and Interfund Balances and Activities
During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources, to provide services and construct assets. Legally authorized transfers are included in the fund financial statements of both governmental and proprietary funds.

G. Property Taxes
The details of the City's property tax calendar can be found in Note 3 of the financial statements.

NOTE 2 – CASH AND INVESTMENTS

The disclosures that follow have been prepared in accordance with the provision of GASB Statement 40, *Deposit and Investment Risk Disclosures*. This statement establishes disclosure requirements for investment and deposit risks related to credit risk, concentrations of credit risk, interest rate risk and foreign currency risk.

A. Year-End Composition
A summary of the carrying values of deposits, investments and petty cash at March 31, 2026, is as follows:

Deposits	$ 8,831,875
Investments	4,443,007
Petty cash	475
Total	$ 13,275,357

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

A. Year-End Composition (Continued)

These carrying values are reflected on the statement of net position as follows:

Cash and cash equivalents	$ 8,832,350
Investments	4,443,007
Total	$ 13,275,357

B. Investment Policies

The City follows *State Statutes* which allow the City to deposit in open accounts and certificates of deposit, and to invest in direct obligations of the U.S. Government, U.S. Government agency obligations and repurchase agreements. Restricted assets are invested in accordance with bond ordinances by the trustee in money market mutual funds.

Credit Risk: The City's general credit risk policy is to apply the prudent person rule: Investments shall be made with the exercise of that judgment and care, under circumstances then prevailing, which individuals of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk. However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

Custodial Credit Risk: The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City's policy is to collateralize bank deposits with securities held by the financial institution's agent and in the City's name. As of March 31, 2026, all of the City's deposits with financial institutions were fully insured or collateralized by securities held in the City's name in the form of joint safekeeping receipts.

Concentration of Credit Risk: The City places no limit on the amount it may invest in any one issuer. The City discloses the risk involved for investments that represent more than 5% of the City's investments. The City did not have any investments meeting this definition at year-end.

NOTE 3 – PROPERTY TAX REVENUE

The City's property tax is levied each November 1 on the assessed value as of the prior January 1 for all property located in the City. Assessed valuations are established by the Lafayette County Assessor. The county collects the property tax and remits it to the City monthly.

NOTE 3 – PROPERTY TAX REVENUE (CONTINUED)

The assessed values for property located in the City as of January 1, 2026 and 2025, that the levy was based on, are as follows:

	2026	2025
Real estate	$ 58,129,356	$ 51,524,239
Personal property	16,438,084	15,233,096
Total current valuation	$ 74,567,440	$ 66,757,335

The City is permitted by *Missouri State Statutes* to levy taxes up to $1.00 of assessed valuation for general governmental services other than payment of principal and interest on long-term debt, up to 0.20 cents for recreation, and in unlimited amounts for the payment of principal and interest on long-term debt. The City's property tax levies for the years ended March 31, 2026 and 2025, per $100 assessed valuation, were as follows:

	2026	2025
General	0.5364	0.5667
Parks	0.1416	0.1497
Total	0.6780	0.7164

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1, and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

NOTE 4 – INTERGOVERNMENTAL REVENUE

Intergovernmental revenue during the fiscal year ended March 31, 2026, consisted of the following:

	General
State	
Motor vehicle fuel tax	$ 243,480
Motor vehicle sales tax and registration fees	43,760
Financial institution tax	27
Other	
Grants	1,137,037
Other	6,585
County	
Use tax	98,101
Road and bridge tax	22,310
Total	$ 1,551,300

In addition, the Transportation Tax Fund includes $4,810 of intergovernmental revenue related to the Transportation Alternatives Program (TAP) funding.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2026, was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 2,137,847	$ -	$ (100,000)	$ 2,037,847
Capital assets being depreciated				
Buildings and improvements	3,619,645	-	(780,325)	2,839,320
Land improvements	407,895	-	57,137	465,032
Machinery and equipment	1,907,263	-	(699,441)	1,207,822
Infrastructure	5,727,695	411,170	(7,267)	6,131,598
Furniture and fixtures	95,793	-	(16,917)	78,876
Vehicles	1,084,045	190,279	48,114	1,322,438
Total capital assets, being depreciated	12,842,336	601,449	(1,398,699)	12,045,086
Less accumulated depreciation for				
Buildings and improvements	(1,423,930)	(79,200)	242,608	(1,260,522)
Land improvements	(186,746)	(12,262)	20,668	(178,340)
Machinery and equipment	(1,092,375)	(40,869)	165,366	(967,878)
Infrastructure	(2,044,269)	(179,804)	1,652	(2,222,421)
Furniture and fixtures	(48,254)	(5,943)	31,994	(22,203)
Vehicles	(593,544)	(159,343)	(75,353)	(828,240)
Total accumulated depreciation	(5,389,118)	(477,421)	386,935	(5,479,604)
Total capital assets, being depreciated, net	7,453,218	124,028	(1,011,764)	6,565,482
Governmental activities capital assets, net	$ 9,591,065	$ 124,028	$ (1,111,764)	$ 8,603,329

Depreciation was charged to functions as follows:

General government	$ 43,425
Public safety	113,273
Highways and streets	246,363
Parks and recreation	74,360
Total	$ 477,421

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities - Electric Fund				
Capital assets not being depreciated				
Construction in progress	$ -	$ 116,837	$ -	$ 116,837
Capital assets being depreciated				
Generation and distribution system	8,065,534	47,004	(1,888,650)	6,223,888
Buildings and improvements	1,160,140	32,390	(330,906)	861,624
Machinery, equipment and vehicles	1,710,145	-	(318,375)	1,391,770
Total capital assets, being depreciated	10,935,819	79,394	(2,537,931)	8,477,282
Less accumulated depreciation for				
Generation and distribution system	(6,719,620)	(171,867)	1,878,860	(5,012,627)
Buildings and improvements	(688,342)	(40,385)	320,612	(408,115)
Machinery, equipment, and vehicles	(1,201,281)	(137,995)	318,375	(1,020,901)
Total accumulated depreciation	(8,609,243)	(350,247)	2,517,847	(6,441,643)
Total capital assets, being depreciated, net	2,326,576	(270,853)	(20,084)	2,035,639
Business-type activities - Electric Fund capital assets, net	$ 2,326,576	$ (270,853)	$ (20,084)	$ 2,152,476

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities - Water Fund				
Capital assets not being depreciated				
Land	$ 144,010	$ -	$ -	$ 144,010
Capital assets, being depreciated				
Treatment and distribution system	7,754,306	1,179,099	-	8,933,405
Buildings and improvements	4,417,921	-	-	4,417,921
Machinery, equipment and vehicles	943,279	2,921	(26,286)	919,914
Total capital assets, being depreciated	13,115,506	1,182,020	(26,286)	14,271,240
Less accumulated depreciation for				
Treatment and distribution system	(5,110,927)	(39,987)	146,008	(5,004,906)
Buildings and improvements	(3,814,367)	(121,967)	124,053	(3,812,281)
Machinery, equipment, and vehicles	(502,890)	(66,786)	7,385	(562,291)
Total accumulated depreciation	(9,428,184)	(228,740)	277,446	(9,379,478)
Total capital assets, being depreciated, net	3,687,322	953,280	251,160	4,891,762
Business-type activities - Water Fund capital assets, net	$ 3,831,332	$ 953,280	$ 251,160	$ 5,035,772

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities - Waste Water Fund				
Capital assets, not being depreciated				
Land	$ 52,748	$ -	$ -	$ 52,748
Capital assets being depreciated				
Collection and treatment system	9,278,408	79,369	(15,655)	9,342,122
Buildings and improvements	19,450,277	-	(16,126)	19,434,151
Machinery, equipment and vehicles	888,328	521,171	(145,247)	1,264,252
Total capital assets being depreciated	29,617,013	600,540	(177,028)	30,040,525
Less accumulated depreciation for				
Collection and treatment system	(3,802,954)	(239,683)	-	(4,042,637)
Buildings and improvements	(8,301,635)	(566,104)	15,686	(8,852,053)
Machinery, equipment, and vehicles	(662,388)	(62,563)	145,687	(579,264)
Total accumulated depreciation	(12,766,977)	(868,350)	161,373	(13,473,954)
Total capital assets, being depreciated, net	16,850,036	(267,810)	(15,655)	16,566,571
Business-type activities - Waste Water Fund capital assets, net	$ 16,902,784	$ (267,810)	$ (15,655)	$ 16,619,319

NOTE 6 - LONG-TERM DEBT

Changes in the debt for the year ended March 31, 2026, consisted of the following:

	Beginning Balance	Additions	Retirements	Ending Balance	Due in One Year
Government activities					
Direct borrowing arrangements					
Financing lease - park	$ 548,000	$ -	$ (153,000)	$ 395,000	$ 156,000
Financing lease - improvements	348,000	-	(65,000)	283,000	67,000
Financing lease - city hall	1,058,000	-	(49,000)	1,009,000	50,000
Compensated absences	277,448	59,987	-	337,435	337,435
Total governmental activities	$ 2,231,448	$ 59,987	$ (267,000)	$ 2,024,435	$ 610,435

NOTE 6 - LONG-TERM DEBT (CONTINUED)

A. Governmental Activities

1. Direct Borrowing Arrangements

a. Financing Leases

In August 2008, the City entered into a lease agreement to finance the construction of an aquatic center in the amount of $2,300,000 at an interest rate of 3.65%. Lease payments, including certain fees, are due in monthly installments through August 2028.

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2026, are as follows:

Years Ended March 31,	Principal	Interest	Total
2027	$ 156,000	$ 11,808	$ 167,808
2028	168,000	5,913	173,913
2029	71,000	654	71,654
Total	$ 395,000	$ 18,375	$ 413,375

In May 2019, the City entered into a lease agreement to finance the purchases of equipment and vehicles in the amount of $642,000, at an interest rate of 3.00%. Lease payments are due in monthly installments though May 2029.

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2026, are as follows:

Years Ended March 31,	Principal	Interest	Total
2027	$ 67,000	$ 7,485	$ 74,485
2028	70,000	5,430	75,430
2029	72,000	3,300	75,300
2030	74,000	1,110	75,110
Total	$ 283,000	$ 17,325	$ 300,325

NOTE 6 - LONG-TERM DEBT (CONTINUED)

A. Governmental Activities (Continued)

1. Direct Borrowing Arrangements (Continued)

b. Capital Leases

In April 2022, the City entered into a lease agreement to finance improvements to city hall in the amount of $1,200,000 at an interest rate of 2.95%. Lease payments are due in semi-annual installments for the interest portion each September and March with annual payments for the principal portion beginning March 1, 2023, through March 1, 2042.

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2026, are as follows:

Years Ended March 31,	Principal	Interest
2027	$ 50,000	$ 29,766
2028	52,000	28,291
2029	53,000	26,757
2030	55,000	24,658
2031	57,000	23,571
2032-2036	308,000	91,775
2041	-	-
Total	$ 1,009,000	$ 270,778

B. Business-Type Activities

Changes in debt for the year ended March 31, 2026, consisted of the following:

	Beginning Balance	Additions	Retirements	Ending Balance	Due in One Year
Business-type activities - Electric Fund					
Direct borrowing arrangements					
Financing lease	$ 228,930	$ -	$ (55,380)	$ 173,550	$ 56,550
Compensated absences	65,312	18,250	-	83,562	83,562
Total business-type activities - Electric Fund	$ 294,242	$ 18,250	$ (55,380)	$ 257,112	$ 140,112

NOTE 6 - LONG-TERM DEBT (CONTINUED)

B. Business-Type Activities (Continued)

	Beginning Balance	Additions	Retirements	Ending Balance	Due in One Year
Business-type activities - Water Fund					
Revenue bonds	$ 228,929	$ -	$ -	$ 228,929	$ 49,707
Direct borrowing arrangements					
Financing lease	358,070	-	(86,620)	271,450	88,450
Compensated absences	25,174	15,282	-	40,456	40,456
Total business-type activities - Water Fund	612,173	15,282	(86,620)	540,835	178,613
Business-type activities - Waste Water Fund					
Revenue bonds	1,836,071	-	-	1,836,071	395,293
Loans payable	8,636,500	-	(469,700)	8,166,800	393,500
Compensated absences	56,462	10,110	-	66,572	66,572
Total business-type activities - Waste Water Fund	10,529,033	10,110	(469,700)	10,069,443	855,365
Total business-type activities	$ 11,435,448	$ 43,642	$ (611,700)	$ 10,867,390	$ 1,174,090

The change in the compensated absences liability is presented as a net change.

1. Revenue Bonds

Series 2017, Combined Water Works and Sewerage System Refunding Revenue Bonds dated September 12, 2017, due in annual installments starting September 1, 2026 through September 1, 2030, with an interest rate of 2.60%.	$ 2,065,000

NOTE 6 - LONG-TERM DEBT (CONTINUED)

B. Business-Type Activities (Continued)

1. Revenue Bonds (Continued)

The annual debt service requirements to amortize the revenue bonds as of March 31, 2026, are as follows:

Years Ending March 31,	Series 2017, Combined Water Works and Sewerage System Refunding Revenue Bonds Principal	Interest	Total
2027	$ 445,000	$ 48,111	$ 493,111
2028	475,000	36,945	511,945
2029	480,000	24,648	504,648
2030	490,000	10,106	500,106
2031	175,000	3,988	178,988
Total	$ 2,065,000	$ 123,798	$ 2,188,798

In September 2017, the City authorized the issuance of Combined Water Works and Sewerage System Revenue Bonds Series 2017 to pay off the 2011 Certificates of Participation and to complete improvements to their water and wastewater systems.

The annual debt service requirements for the 2017 Combined Water Works and Sewerage System Refunding Bonds have been allocated between the Water Fund and the Wastewater Fund based upon their use of the proceeds and are as follows:

Years Ending	Water Fund		Waste Water Fund		
March 31,	Principal	Interest	Principal	Interest	Total
2027	$ 49,707	$ 5,374	$ 395,293	$ 42,737	$ 493,111
2028	53,058	4,127	421,942	32,818	511,945
2029	53,616	2,753	426,384	21,895	504,648
2030	54,175	1,129	430,826	8,977	495,107
2031	20,105	445	159,894	3,543	183,987
Total	$ 230,661	$ 13,828	$ 1,834,339	$ 109,970	$ 2,188,798

NOTE 6 - LONG-TERM DEBT (CONTINUED)

B. Business-Type Activities (Continued)

2. Loans

	Initial Balance	Payments Through March 31, 2026	Balance as of March 31, 2026
Series 2014 Combined Water Works and Sewerage System 1.46% loan from the Missouri Department of Natural Resources, dated August 26, 2014, due in semi-annual installments through July 1, 2043.	$ 2,330,230	$ (103,430)	$ 2,226,800
Series 2015 Combined Water Works and Sewerage System 1.46% loan from the Missouri Department of Natural Resources, dated July 29, 2015, due in semi-annual installments through January 1. 2044, with an interest rate of 1.25%.	6,219,500	(279,500)	5,940,000
Total			$ 8,166,800

The Series 2005 and 2014 loans are collateralized by a pledge of the net revenues to the extent necessary to meet the debt service requirements. The debt agreements contain limitations and restrictions on annual debt service requirements, and minimum amounts to be maintained in various debt service and revenue accounts, including a renewal and replacement account in the Wastewater Fund, as well as minimum revenue bond coverages. The City is in compliance with all such financial limitations and restrictions.

On August 26, 2014, the City authorized the issuance of Combined Water Works and Sewerage System Revenue Bonds (State of Missouri - Direct Loan Program) Series 2014 in an amount not to exceed $8,000,000, as a result of its participation in the State of Missouri - Direct Loan Program. Under the Direct Loan Program, the Department of Natural Resources (DNR) acts as the purchaser of the bond and loans the City amounts equal to eligible costs related to the construction of a new wastewater treatment facility. Interest is due semi-annually, based on the outstanding loan balance. Principal is due semi-annually in various installments from July 1, 2016 through July 1, 2035. On August 25, 2021, the City amended the issuance with the consent of DNR to adjust the payment schedule to a maturity date of July 1, 2043.

NOTE 6 - LONG-TERM DEBT (CONTINUED)

B. Business-Type Activities (Continued)

2. Loans (Continued)

On July 29, 2015, the City authorized the issuance of Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri - Direct Loan Program) Series 2015 in an amount not to exceed $3,000,000, as a result of its participation in the State of Missouri - Direct Loan Program. Under the Direct Loan Program, DNR acts as the purchaser of the bond and loans the City amounts equal to eligible costs related to the construction of wastewater system improvements. Interest is due semi-annually, based on the outstanding loan balance. Principal is due semi-annually in various installments from January 1, 2017, through January 1, 2038. On August 25, 2021, the City amended the issuance with the consent of DNR to adjust the payment schedule to a maturity date of January 1, 2044.

The annual debt service requirements to amortize the 2014 and 2015 loans outstanding as of March 31, 2026 are detailed below:

Years Ending	Series 2014 Loan		Series 2015 Loan		
March 31,	Principal	Interest	Principal	Interest	Total
2027	$ 287,000	$ 85,680	$ 106,500	$ 27,504	$ 506,684
2028	293,000	81,468	108,300	26,167	508,935
2029	298,000	77,176	110,300	24,807	510,283
2030	304,000	72,803	112,200	23,422	512,425
2031	310,000	68,343	114,100	22,013	514,456
2032-2036	1,646,000	271,611	601,700	88,062	2,607,373
2037-2041	1,814,000	146,007	656,600	48,937	2,665,544
2042-2044	988,000	21,973	417,100	9,111	1,436,184
Total	$ 5,940,000	$ 825,061	$ 2,226,800	$ 270,023	$ 9,261,884

The net revenues of the Water and Wastewater Funds are pledged over the terms of the revenue bonds and loan in amounts equal to the total principal and interest payments above. The Missouri State Constitution permits a city, by vote of either two-thirds or four-sevenths of the voting electorate, depending upon the date of the election, to incur general obligation indebtedness for "city purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not to exceed, in the aggregate, an additional 10% of the assessed value of taxable tangible property, for the purpose of acquiring rights-of-way; construction; extending and improving streets and avenues and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric, or other light plants, provided the total general obligation indebtedness does not exceed 20% of the assessed valuation of taxable property.

NOTE 6 - LONG-TERM DEBT (CONTINUED)

C. Direct Borrowing Arrangements

1. **Financing Lease**
   In December 2018, the City entered into a personal property lease purchase agreement with Capital One Public Funding, LLC, to fund the purchase of new business-type metering equipment.

   Property secured through this lease agreement will total $1,335,000 with lease proceeds split between the City's Electric and Water Funds. The lease requires semi-annual interest payments at 3.48% of the outstanding principal and annual lease payments of varying amounts starting in December 2019.

   The annual debt service requirements to service the financing lease outstanding as of March 31, 2026, are detailed below.

Years Ending	Electric Fund		Water Fund		
March 31,	Principal	Interest	Principal	Interest	Total
2027	$ 56,550	$ 6,107	$ 88,450	$ 9,553	$ 160,660
2028	58,500	4,139	91,500	6,475	160,614
2029	58,500	2,104	91,500	3,290	155,394
Total	$ 173,550	$ 12,350	$ 271,450	$ 19,318	$ 476,668

NOTE 7 – INTERFUND TRANSACTIONS

Transfers are used to move revenues from the fund that a statute or the budget requires to collect them, to the fund that a statute or the budget requires to expend them; to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to report payments in lieu of taxes and indirect cost allocations from the enterprise funds to the General Fund. For the year ended March 31, 2026, these amounts were $482,741 and $411,205, respectively.

NOTE 7 – INTERFUND TRANSACTIONS (CONTINUED)

Interfund transfers for the year ended March 31, 2025, consisted of the following:

	Transfers In		
Transfers Out	General	Parks	Total
Capital Improvements Sales Tax	$ -	$ 56,579	$ 56,579
Parks	9,082	-	9,082
Electric	431,240	-	431,240
Water	399,220	-	399,220
Waste Water	270,942	-	270,942
Total	$ 1,110,484	$ 56,579	$ 1,167,063

NOTE 8 – PENSION PLAN

A. Plan Description
The City of Odessa, Missouri, contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent, multi-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri. LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. At June 30, 2025, there were 892 participating political subdivisions.

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

For the City's year ending March 31, 2026, the net pension asset is based on an actuarial valuation performed as of February 28, 2025, and a measurement date of June 30, 2025.

B. Benefits Provided
LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vest after five years of service. Employees who retire on or after age 60 (55 for police) with five or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of five years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. Benefit terms provide for annual postretirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

NOTE 8 – PENSION PLAN (CONTINUED)

B. Benefits Provided (Continued)

At the date the actuarial valuation was performed, the City had 28 active employees, 29 inactive employees entitled to but not yet receiving benefits and 35 inactive employees (or their beneficiaries) who are currently receiving benefits.

C. Contributions

Each participating unit of government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All actuarial liabilities are amortized over a period of 30 years or less. Administrative costs of LAGERS are financed through investment earnings of the system. Employee contributions are determined at the election of the governing body of the local government. Should the governing body elect to participate in the contributory plan, all employees must contribute four percent of their gross salary. The governing body may elect to participate in the noncontributory plan which would result in no employee contributions.

NOTE 8 – PENSION PLAN (CONTINUED)

D. Actual Assumptions
The pension liability for the June 30, 2025, measure date was determined using the following actuarial assumptions applied to the measurement:

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excludingthe UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining intitial amortization period of (ii) 15 years.
Remaining Amortization Period	Multiple bases from 12 to 15 years
Asset Valuation Method	5-year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increases	2.75% - 6.75%, including wage inflation
Investment Rate of Return	7.00%, net of investment expenses
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluting allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabiled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General group and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above descirbed tables.
Other Information	None

E. Discount Rate
Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). The expected rate of return on pension investments is 7.00%, the municipal bond rate is 5.20% based on the weekly rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity; and the resulting single discount rate is 7.00% for the General and Police Divisions.

NOTE 8 – PENSION PLAN (CONTINUED)

E. Discount Rate (Continued)

This rate considers the ability of the plan to meet benefit obligations in the future.
To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the preceding paragraph.

LAGERS has provided tables to the City that provide background for the development of the single discount rate. These tables are described as follows:

- The Projection of Contributions table shows the development of expected contributions in future years. Normal cost contributions for future hires are not included (nor are their liabilities).

- The Projection of Plan Fiduciary Net Position table shows the development of expected asset levels in future years.

- The Present Values of Projected Benefit Payments table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

F. Pension Liability Sensitivity

The following table presents the net pension asset (liability) for the City's proportionate share of the net pension asset (liability) as of June 30, 2025, calculated using the discount rate of 7.00% for the General and Police Divisions, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate 6.00%	Current Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
General Division	$ (854,166)	$ 302,869	$ 1,256,475
Police Division	(423,022)	(10,296)	322,106
Total	$ (1,277,188)	$ 292,573	$ 1,578,581

G. Assumed Asset Allocation

Activities undertaken by LAGERS Investment Team include setting and implementing investment strategies; appointing and dismissing investment managers; monitoring investment allocation, liquidity, and performance; and ensuring safekeeping of assets.

To achieve the goal of 7.00% long-term rate of return, LAGERS investment team sets an investment strategy which is devised after analyzing the long-term view of the market and consulting with LAGERS' Board of Trustees.

NOTE 8 – PENSION PLAN (CONTINUED)

G. Assumed Asset Allocation (Continued)

The assumed asset allocation is as follows:

Equities	39.0%
Fixed Income	28.0%
Real Assets/Return	33.0%

H. Deferred Outflows and Inflows of Resources

The balances of deferred outflows and inflows of resources to be recognized in future pension expense consists of the following:

Deferred Outflows of Resources	
Net difference between projected and actual earning on pension plan investments	$ 481,014
Differences between expected and actual experience	465,343
Employer contributions subsequent to the measurement date	174,115
Total	$ 1,120,472

The $174,115 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a change in the net pension asset in the year ended March 31, 2027.

Net deferred outflows of resources by year to be recognized in future pension expenses:

Years Ending March 31,	Net Deferred Outflows of Resources
2027	$ 713,313
2028	303,090
2029	76,290
2030	27,779
Total	$ 1,120,472

NOTE 8 – PENSION PLAN (CONTINUED)

I. Changes in Net Position Liability (Asset)

Changes in Net Pension Liability (Asset)	
Total pension liability (asset)	
Service cost	$ 210,925
Interest on total pension liability	699,730
Difference between expected and actual experience of the total pension liability	474,034
Benefit payments, including refunds of employee contributions	(473,770)
Net change in total pension liability	910,919
Total pension liability - beginning	10,125,333
Total pension liability - ending	$ 11,036,252
Plan fiduciary net position	
Contributions - employer	$ 225,184
Net investment income	659,153
Benefit payments, including refunds of employee contributions	(473,770)
Pension plan administrative expense	(13,715)
Other	31,594
Net change in fiduciary net position	428,446
Plan fiduciary net position - beginning	10,900,379
Plan fiduciary net position - ending	$ 11,328,825
Net pension liability (asset)	$ (292,573)

J. Pension Plan Fiduciary Net Position

Additional financial and actuarial information supporting the preparation of the schedule of changes in fiduciary net position is included in the System's Comprehensive Annual Financial Report for the year ended June 30, 2025. The Comprehensive Annual Financial Report can be obtained at www.molagers.org or from the Missouri Local Area Government Employee Retirement System (LAGERS), P.O. Box 1665, Jefferson City, Missouri, 65102.

NOTE 9 – COMMITMENTS AND CONCENTRATIONS

Energy Purchase Agreement

The City is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC). MJMEUC manages a power pool known as Missouri Public Energy Pool No. 1 (MOPEP). The City is also a member of MOPEP. The MOPEP members have an agreement with MJMEUC for the purchase of electric capacity and energy. The agreement requires MJMEUC to supply the full energy requirements of the City and includes a procedure for the City to dedicate its capacity to MOPEP.

NOTE 9 – COMMITMENTS AND CONCENTRATIONS (CONTINUED)

Energy Purchase Agreement (Continued)

MOPEP operations are governed by a Pool Committee consisting of one representative from each MOPEP member and is currently comprised of 60 members. The Pool Committee is charged with setting rates for all services provided by MJMEUC to MOPEP members.

The rates include recovery of all of MJMEUC's costs incurred in connection with acquiring, providing, arranging, or financing the provision of full requirements service to MOPEP members. Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make for reserves for coverage MJMEUC is required to maintain pursuant to any bond indenture, financing lease, or loan agreement or other financial contract in order to procure, deliver, or finance resources intended to provide full requirement service, without regard to whether any particular resource is available to or used by any particular MOPEP member. Costs also include amounts required to fund MOPEP capital and/or operating reserves as may be established from time to time by the Pool Committee.

The rates are established so as to charge each MOPEP member its proportionate share of all costs associated with MJMEUC's performance under the MOPEP agreement. Charges based on such rates are assessed and billed monthly. Rates are required to be established at least annually and are adjusted to recognize variances between budgeted and actual costs at least every six months. To meet the power and energy requirements of the City and the other MOPEP members, MJMEUC presently obtains power and energy from the following resources: (i) power purchased under long-term firm energy contracts, unit contingent energy contracts and interruptible contracts; (ii) MJMEUC owned generation; (iii) member capacity; and (iv) spot market purchases. The City purchases its full energy requirements from MJMEUC pursuant to the MOPEP agreement, but does not have any ownership interest in MJMEUC's resources.

In the event a member would cancel their MOPEP agreement, the member would remain responsible for its allocated share of MJMEUC's costs associated with all resource obligations entered into by MJMEUC for MOPEP prior to the notice of cancellation. MJMEUC would utilize or sell the member's allocated share of output in exchange for providing the member a credit or offset equal to the fair market value of the output up to the amount of the member's obligation.

As a result, a member would have a financial obligation after cancellation in the event that the fair market value of the output is less than the member's allocated share of MJMEUC's costs. Currently the City has no plans or intentions to begin cancellation proceedings. The City incurred costs of $4,605,115 from MJMEUC during the year.

NOTE 10 – COMPLIANCE WITH *MISSOURI STATUTES*

Missouri House Bill No. 103 amending RSMo Section 302.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of annual general operating revenue from fines and costs for traffic violations.

Fines and costs for traffic violations	$	41,568
Annual general operating revenue		4,237,225
Fines and costs for traffic violations as a percentage of annual general operating revenue		0.98%

NOTE 11 – RISK MANAGEMENT

In its normal course of business, the City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three years.

NOTE 12 – ERROR CORRECTION

During the audit of the fiscal year ended March 31, 2026, the following determination was made:

- A portion of the amount previously reported as cash and included in net position for the wastewater fund for reserves related to credits in the State Revolving Fund loan program had been previously merged into the operating account and utilized. This resulted in a reduction of cash and correlating reduction in net position in the amount of $194,191 within the wastewater fund.
- An amount of purchased power that was applicable to fiscal year 2025 was not previously reported as an expense in the electric fund, and was included in net position. This resulted in a reduction of expenses in the current year and a correlating reduction in net position in the amount of $317,247 within the electric fund.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Electric Fund	Wastewater Fund	Business-Type Activities
March 31, 2025, as previously reported	$ 6,669,891	$ 8,182,066	$ 20,437,126
Error correction	(317,247)	(194,191)	(511,438)
March 31, 2025, as restated	$ 6,352,644	$ 7,987,875	$ 19,925,688

NOTE 13 – SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through August 20, 2026, the date the financial statements were available to be issued.

The City received a letter dated May 19, 2026, from the State Auditor's Office, informing the City they will be subject to a State Auditor's Office audit pursuant to 29.230, RSMo. The audit is anticipated to cost between $85,000 and $135,000. No timetable was given for when this will occur.

REQUIRED SUPPLEMENTARY INFORMATION

City of Odessa
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual
Year Ended March 31, 2026

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
Revenues			
Taxes			
Property	$ 399,969	$ 419,510	$ 19,541
Tourism	17,000	19,588	2,588
Sales	797,876	804,057	6,181
Franchise	188,588	158,651	(29,937)
Licenses and permits	140,023	144,031	4,008
Intergovernmental	378,790	1,551,300	1,172,510
Charges for services	822,972	829,169	6,197
Fines and forfeitures	40,900	41,568	668
Investment income	65,000	98,242	33,242
Contributions and donations	15,775	113,817	98,042
Total revenues	2,866,893	4,179,933	1,313,040
Expenditures			
Current			
General government	1,019,127	1,138,984	119,857
Public safety	1,525,848	1,481,748	(44,100)
Highways and streets	1,138,742	1,186,314	47,572
Community planning and development	-	1,241,157	1,241,157
Municipal court	50,894	50,641	(253)
Capital outlay	103,135	82,977	(20,158)
Total expenditures	3,837,746	5,181,821	1,344,075
Excess of revenues over (under) expenditures	(970,853)	(1,001,888)	(31,035)
Other Financing Sources			
Transfers in	970,853	1,110,484	139,631
Net change in fund balance	$ -	108,596	$ 108,596
Fund Balance			
Beginning of year		3,708,614	
End of year		$ 3,817,210	

See notes to required supplementary information schedule of revenues, expenditures and changes in fund balance – budget and actual.

City of Odessa
Schedule of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual
Parks Fund
Year Ended March 31, 2026

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
Revenues			
Property taxes	$ 102,830	$ 109,748	$ 6,918
Sales taxes	345,500	357,409	11,909
Charges for services	219,000	211,931	(7,069)
Other revenue	2,500	300	(1,700)
Total revenues	669,830	679,388	10,058
Expenditures			
Current			
Parks and recreation	570,719	552,997	(17,722)
Debt service			
Principal	153,000	153,577	577
Interest	22,720	22,144	(576)
Total expenditures	746,439	728,718	(17,721)
Excess of revenues over (under) expenditures	(76,609)	(49,330)	27,779
Other Financing Sources (Uses)			
Transfers in	87,961	56,579	(31,382)
Transfers out	(11,352)	(9,082)	2,270
Total other financing sources (uses)	76,609	47,497	(29,112)
Net change in fund balance	$ -	(1,833)	$ (1,333)
Fund Balance			
Beginning of year		208,171	
End of year		$ 206,338	

See notes to required supplementary information schedule of revenues, expenditures and changes in fund balance – budget and actual.

City of Odessa
Schedule of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual
Transportation Tax Fund
Year Ended March 31, 2026

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
Revenues			
Other taxes	$ 345,500	$ 357,410	$ 11,910
Intergovernmental	773,565	4,810	(768,755)
Investment income	300	468	168
Total revenues	1,119,365	362,688	(756,677)
Expenditures			
Current			
General government	1,875	2,063	188
Highways and streets	25,600	25,886	286
Capital outlay	3,020,756	608,759	(2,411,997)
Total expenditures	3,048,231	636,708	(2,411,523)
Excess of revenues over (under) expenditures	(1,928,866)	(274,020)	1,654,846
Other Financing Sources			
Transfers in	1,928,866	-	(1,928,866)
Total other financing sources	1,928,866	-	(1,928,866)
Net change in fund balance	$ -	(274,020)	$ (274,020)
Fund Balance			
Beginning of year		860,968	
End of year		$ 586,948	

See notes to required supplementary information schedule of revenues, expenditures and changes in fund balance – budget and actual.

City of Odessa
Schedule of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual
Capital Improvements Sales Tax Fund
Year Ended March 31, 2026

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
Revenues			
Sales taxes	$ 345,500	$ 357,409	$ 11,909
Investment income	70,000	139,072	69,072
Total revenues	415,500	496,481	80,981
Expenditures			
General government	1,875	2,063	188
Capital outlay	753,450	313,162	(440,288)
Debt service	154,676	154,676	-
Total expenditures	910,001	469,901	(440,100)
Excess of revenues over (under) expenditures	(494,501)	26,580	521,081
Other Financing Sources (Uses)			
Debt issuance	350,190	-	(350,190)
Transfers in	208,916	-	(208,916)
Transfers out	(64,605)	(56,579)	8,026
Total other financing sources (uses)	494,501	(56,579)	(551,080)
Net change in fund balance	$ -	(29,999)	$ (29,999)
Fund Balance			
Beginning of year		536,268	
End of year		$ 506,269	

See notes to required supplementary information schedule of revenues, expenditures and changes in fund balance – budget and actual.

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City of Odessa
Notes to Required Supplementary Information
Schedule of Revenues, Expenditures and Change in Fund Balance -
Budget and Actual

NOTE 1 - BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data:

a. Prior to April 1, the City Finance Director submits to the City Council a proposed operating budget for the fiscal period. The operating budget includes proposed expenditures and the means of financing them.
b. Public hearings and open council meetings are held to obtain taxpayer comments.
c. Prior to April 1, the budget is adopted by the City Council.
d. Formal budgetary integration is employed as a management control device during the period for all funds. The legal level of budgetary control defined as the budgeted appropriation amount at the fund level of expenditures.
e. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America except that budgets do not include economic development and debt proceeds related to the tax increment financing projects and lease other financing sources and related capital outlay of leases in the year the City enters into the lease agreement.
f. Current year budget includes amendments. Budget amendments must be approved by the City Council.
g. Unencumbered appropriations at the end of the period are reconsidered for subsequent budgets.

City of Odessa
Schedule of Changes in Net Pension Liability
and Related Ratios

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
Total Pension Liability				
Service cost	$ 210,925	$ 191,565	$ 177,299	$ 160,950
Interest	699,730	648,960	619,245	569,832
Difference between expected and actual experience	474,034	351,773	78,059	398,199
Changes of assumptions	-	-	-	-
Changes of benefit terms	-	-	-	-
Benefit payments	(473,770)	(479,226)	(435,731)	(426,666)
Net change in total OPEB liability	910,919	713,072	438,872	702,315
Beginning of year	10,125,333	9,412,261	8,973,389	8,271,074
End of Year	$ 11,036,252	$ 10,125,333	$ 9,412,261	$ 8,973,389
Plan Fiduciary Net Pension (FNP)				
Employer contributions	$ 225,184	$ 202,026	$ 171,019	$ 160,357
Net investment income	659,153	545,327	363,469	6,750
Benefit payments	(473,770)	(479,226)	(435,731)	(426,666)
Administrative expense	(13,715)	(14,314)	(16,134)	(11,270)
Other changes	31,594	68,207	(13,473)	97,810
Net change in plan fiduciary net position	428,446	322,020	69,150	(173,019)
Beginning of year	10,900,379	10,578,359	10,509,209	10,682,228
End of year	$ 11,328,825	$ 10,900,379	$ 10,578,359	$ 10,509,209
Net pension liability (asset)	$ (292,573)	$ (775,046)	$ (1,166,098)	$ (1,535,820)
Plan FNP as a percentage of the total pension liability	102.65%	107.65%	112.39%	117.12%
Covered payroll	$ 2,459,546	$ 2,266,380	$ 2,039,192	$ 1,938,764
Net Pension liability (asset) as a percentage of covered payroll	-11.90%	-34.20%	-57.18%	-79.22%

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios.

In 2016, amounts reported as changes in assumptions resulted primarily from the change in the mortality rate and salary increase.

In 2021, amounts reported as changes in assumptions resulted primarily from the change in the mortality table and decrease in the long-term rate of return.

June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
$ 146,808	$ 154,357	$ 134,512	$ 107,477	$ 137,041	$ 144,271
583,236	583,488	541,931	506,183	521,968	500,095
(56,695)	(324,293)	289,007	125,998	(399,644)	(214,374)
(163,541)	-	-	-	-	250,856
-	-	-	198,404	-	-
(415,216)	(411,488)	(392,849)	(521,424)	(405,756)	(346,461)
94,592	2,064	572,601	416,638	(146,391)	334,387
8,176,482	8,174,418	7,601,817	7,185,179	7,331,570	6,997,183
$ 8,271,074	$ 8,176,482	$ 8,174,418	$ 7,601,817	$ 7,185,179	$ 7,331,570
$ 149,732	$ 150,716	$ 152,693	$ 112,773	$ 113,861	$ 147,843
2,331,882	110,721	547,895	1,021,863	955,246	(14,401)
(415,216)	(411,488)	(392,849)	(521,424)	(405,756)	(346,461)
(10,270)	(12,232)	(11,225)	(7,852)	(7,079)	(7,233)
(81,773)	(140,343)	41,369	(143,539)	(155,650)	34,611
1,974,355	(302,626)	337,883	461,821	500,622	(185,641)
8,707,873	9,010,499	8,672,616	8,210,795	7,710,173	7,895,814
$ 10,682,228	$ 8,707,873	$ 9,010,499	$ 8,672,616	$ 8,210,795	$ 7,710,173
$ (2,411,154)	$ (531,391)	$ (836,081)	$ (1,070,799)	$ (1,025,616)	$ (378,603)
129.15%	106.50%	110.23%	114.09%	114.27%	105.16%
$ 1,717,056	$ 1,567,778	$ 1,722,929	$ 1,370,908	$ 1,242,950	$ 1,650,984
-140.42%	-33.89%	-48.53%	-78.11%	-82.51%	-22.93%

City of Odessa
Schedule of Contributions

	2025	2024	2023	2022
Actuarially determined contribution	$ 225,184	$ 202,026	$ 195,361	$ 162,144
Contributions in relation to the actuarially determined contribution	225,184	202,026	195,360	162,144
Contribution deficiency (excess)	$ -	$ -	$ 1	$ -
Covered payroll	$ 2,459,546	$ 2,266,380	$ 2,039,192	$ 1,938,764
Contributions as a percentage of covered payroll	9.16%	8.91%	9.58%	8.36%

Notes to schedule:

Valuation dates	Actuarially determine contribution rates are calculated as of February 28, two years and four months prior to the end of the fiscal year which the contributions are reported.
Notes	The roll forward of total pension liability from February 28, 2000 to June 30, 2025 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	A level percentage of payroll amortization methods is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period of (ii) 15 years.
Remaining amortization period	General - multiple bases form 6 to 16 years; Police - multiple bases from 6 to 16 years; and Fire - multiple bases from 15 to 16 years.
Asset valuation method	5 year smoothed market, 20% corridor
Inflation	2.75% wage inflation, 2.25% price inflation
Salary increases	General - 2.75% to 6.75%; Police - 2.75% to 6.55%; and Fire - 2.75% to 7.15%. All include wage inflation.
Net investment rate of return	7.00% net of investment expenses
Retirement Age	Experience - based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality table for males and females. The disabled retiree mortality tables, for postretirement mortality, used in evaluating allowances to be paid were 115% of the PUBNS-2010 Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortaility Table for males and females of general groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.
Other information	None

Note: UAAL is the Unfunded Actuarial Accrued Liability

2021	2020	2019	2018	2017	2016
$ 150,637	$ 149,987	$ 158,581	$ 143,975	$ 107,436	$ 127,693
150,637	149,987	154,687	143,975 -	107,436	127,693
$ -	$ -	$ 3,894	$ -	$ -	$ -
$ 1,717,056	$ 1,567,778	$ 1,722,929	$ 1,370,908	$ 1,242,950	$ 1,650,984
8.77%	9.57%	8.98%	10.50%	8.64%	7.73%

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SUPPLEMENTARY INFORMATION

City of Odessa
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2026

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
U.S. Department of Treasury		
Direct		
Coronavirus State and Local Fiscal Recovery Funds	21.027	$ 1,070,456
Total Expenditures of Federal Awards		$ 1,070,456

City of Odessa
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year-ended March 31, 2026. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The City has elected to use the de minimis indirect cost rate of up to 15%, as allowed under the Uniform Guidance.

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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*

Independent Auditor's Report

Honorable Mayor and Members of the Board of Aldermen
City of Odessa, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities and each major fund of the City of Odessa, Missouri (the City), as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 20, 2026.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the previous paragraph 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2026-001 to be a material weakness.

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 consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2026-002 to be a significant deficiency.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City'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's Response to the Findings
Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings 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's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, Ltd.

Minneapolis, Minnesota
August 20, 2026

Report on Compliance for each Major Federal Program
and Report on Internal Control over Compliance in Accordance with
the Uniform Guidance

Independent Auditor's Report

Honorable Mayor and Members of the Board of Aldermen
City of Odessa, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget* (OMB) Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended March 31, 2026. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2026.

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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.

Report on Internal Control over Compliance (Continued)
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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.

BerganKDV, Ltd.

Minneapolis, Minnesota
August 20, 2026

City of Odessa
Schedule of Findings and Questioned Costs

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities and each major fund in accordance with accounting principles generally accepted in the United States of America (GAAP).
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes, Audit Finding 2026-001
• Significant deficiency(ies) identified?	Yes, Audit Finding 2026-002
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs

Assistance Listing No.:	21.027
Name of Federal Program or Cluster:	Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between type A and type B programs:	$1,000,000
Auditee qualified as low risk auditee?	No

City of Odessa
Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS

Audit Finding 2026-001

Criteria:
Management is responsible for the preparation and fair presentation of the financial statements in conformity with GAAP and for establishing and maintaining effective internal control over financial reporting. Effective internal control includes controls designed to ensure accounting records are complete and accurate and that financial statements are prepared and reviewed by management without the need for material audit adjustments or reliance on the auditors.

Condition:
During the audit of the City's financial statements for the year ended March 31, 2026, the auditors identified and proposed material audit adjustments, including adjustments to beginning net position, that were necessary for the financial statements to be presented fairly in accordance with accounting principles generally accepted in the United States of America (GAAP). In addition, City management relied on the auditors to prepare the financial statements and related note disclosures, including the conversion of accounting records to GAAP-basis financial statements.

In order to ensure basic financial statements were free from material misstatements, audit adjustments were required in the following areas:

- Interfund receivables/payables in the enterprise funds.
- Cash accounts in the Wastewater enterprise fund (error correction to beginning net position)
- Year-end accruals to convert financial statements to appropriate basis.

Context:
This finding impacts the internal control for all significant accounting functions.

Cause:
The City lacks the internal controls and expertise to independently prepare and review GAAP-compliant financial statements and disclosures. As a result, errors and omissions in the accounting records were not identified or corrected by management prior to the audit.

Effect or Potential Effect:
Because management did not have adequate controls in place to ensure the financial statements were prepared in accordance with GAAP, material misstatements occurred and were not prevented or detected by the City's internal controls. This resulted in material audit adjustments and significant reliance on the auditors for financial statement preparation. Accordingly, there is a reasonable possibility that a material misstatement of the financial statements could occur and not be prevented or detected on a timely basis.

Recommendation:
We recommend the City strengthen internal controls over financial reporting to ensure management can prepare and review GAAP-compliant financial statements independent of the audit process. This may include establishing formal year-end closing and review procedures, enhancing training for existing staff, adopting written accounting policies, or engaging qualified personnel or external accounting assistance separate from the audit function to assist management with financial reporting responsibilities.

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2026-001 (Continued)

Views of the Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
   Administration will review current processes for year-end close and general recording of accounting entries and make adjustments where practical.

3. Official Responsible for Ensuring CAP
   Shawna Davis, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP
   The planned completion date for the CAP is March 31, 2027.

5. Plan to Monitor Completion of CAP
   The Board of Aldermen will be monitoring this CAP.

City of Odessa
Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2026-002

Criteria:
Effective internal control over financial reporting requires appropriate segregation of duties so that no one individual has control over all aspects of a financial transaction. Key duties—authorization, custody of assets, recordkeeping and reconciliation—should be separated to reduce the risk of error, fraud, or misappropriation. Where full segregation is not feasible, management should implement and document effective compensating controls.

Condition:
The City does not maintain adequate segregation of duties over key financial reporting and cash-related functions. Specifically, limited staffing results in certain individuals having responsibility for multiple incompatible duties, including combinations of initiating transactions, recording transactions in the general ledger, reconciling accounts and in some instances, having access to assets.

Context:
This finding impacts the internal control for all significant accounting functions.

Cause:
The City has a limited number of finance staff and turnover of key personnel occurred impacting the fiscal year under audit.

Effect or Potential Effect:
Due to the lack of segregation of duties, there is an increased risk that errors or irregularities, including material misstatements or misappropriation of assets, could occur and not be prevented or detected on a timely basis.

Recommendation:
We recommend the City strengthen internal controls by segregating incompatible duties to the extent feasible. Where staffing limitations prevent full segregation, it will be important for key compensating controls to be/remain in place, such as independent review of bank reconciliations and journal entries, periodic supervisory review of financial reports and governing body oversight of financial activity.

City of Odessa
Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2026-002 (Continued)

Views of the Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
   Administration will review current segregation of accounting duties to determine if further segregation is possible.

3. Official Responsible for Ensuring CAP
   Shawna Davis, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP
   The planned completion date for the CAP is March 31, 2027.

5. Plan to Monitor Completion of CAP
   The Board of Aldermen will be monitoring this CAP.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

City of Odessa
Schedule of Findings and Questioned Costs

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Audit Finding 2025-001

Condition:
During the audit of the City's financial statements for the year ended March 31, 2025, the auditors identified and proposed material audit adjustments, including adjustments to beginning net position, that were necessary for the financial statements to be presented fairly in accordance with accounting principles generally accepted in the United States of America (GAAP). In addition, City management relied on the auditors to prepare the financial statements and related note disclosures, including the conversion of accounting records to GAAP-basis financial statements.

Recommendation:
We recommended the City strengthen internal controls over financial reporting to ensure management can prepare and review GAAP-compliant financial statements independent of the audit process. This may include establishing formal year-end closing and review procedures, enhancing training for existing staff, adopting written accounting policies, or engaging qualified personnel or external accounting assistance separate from the audit function to assist management with financial reporting responsibilities.

Current Status:
Repeated. See Finding 2026-001.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)

Audit Finding 2025-002

Condition:
The City does not maintain adequate segregation of duties over key financial reporting and cash-related functions. Specifically, limited staffing results in certain individuals having responsibility for multiple incompatible duties, including combinations of initiating transactions, recording transactions in the general ledger, reconciling accounts and in some instances, having access to assets.

Recommendation:
We recommended the City strengthen internal controls by segregating incompatible duties to the extent feasible. Where staffing limitations prevent full segregation, it will be important for key compensating controls to be/remain in place, such as independent review of bank reconciliations and journal entries, periodic supervisory review of financial reports and governing body oversight of financial activity.

Current Status:
Repeated. See Finding 2026-002.