

*City of Odessa,  
Missouri*

INDEPENDENT AUDITOR'S REPORT AND  
BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED MARCH 31, 2025



**City of Odessa, Missouri**  
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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, 2025, 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, 2025, 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.

#### ***Other Matters***

The financial statements of the City as of and for the year ended March 31, 2024, were audited by other auditors whose report dated July 31, 2025, expressed an unmodified opinion on those financial statements.

As discussed in Note 12 to the financial statements, the City restated beginning fund balance and net position as of April 1, 2024, to correct various errors included in the prior period financial statements.

We were not engaged to audit, review, or apply any procedures to the fiscal 2024 financial statements other than with respect to the restatement adjustments described in Note 12. Accordingly, we do not express an opinion or any other form of assurance on the fiscal 2024 financial statements taken as a whole.

In addition, as discussed in Note 12 to the financial statements, during the year ended March 31, 2025, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The adoption of this standard resulted in changes to the accounting and financial reporting for compensated absences. Our opinion is not modified with respect to this matter.

### ***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.

***Other Matter - 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 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 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, LLC

Minneapolis, Minnesota  
March 16, 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, 2025. 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, 2025 by \$33,841,715. Of this amount, \$10,505,810 represents unrestricted net position and may be used to fund ongoing obligations. Total net position decreased by \$1,976,987 after accounting for a reduction to the beginning balance of \$2,317,817, as discussed in Note 12, and a current year increase of \$340,830 related to revenues in excess of expenses. The City serviced all long-term obligations as planned.

As of the close of the year ending March 31, 2025, the City's combined governmental fund balances totaled \$5,314,021. This is a decrease from the previous year fund balance by \$631,069. This decrease was a combination of a current year increase in fund balances of \$572,748 stemming from revenues and other financing sources exceeding expenditures, offset by a reduction of the beginning balance of \$1,203,817, as discussed in Note 12.

### **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 waste water systems.

**CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**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 Waste Water 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.

**CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**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, 2025, assets and deferred outflows of resources exceed liabilities by \$33,841,715. The largest portion of the City's net position, \$19,850,957, 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.

City of Odessa, Missouri  
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	3/31/2025	3/31/2024	3/31/2025	3/31/2024	3/31/2025	3/31/2024
Current and other assets	\$ 7,065,712	\$ 6,845,850	\$ 10,908,860	\$ 10,782,754	\$ 17,974,572	\$ 17,628,604
Capital assets	9,591,065	9,818,288	23,060,692	23,998,714	32,651,757	33,817,002
Total assets	<u>16,656,777</u>	<u>16,664,138</u>	<u>33,969,552</u>	<u>34,781,468</u>	<u>50,626,329</u>	<u>51,445,606</u>
Deferred outflows of resources	<u>349,145</u>	<u>287,768</u>	<u>249,698</u>	<u>170,033</u>	<u>598,843</u>	<u>457,801</u>
Long-term liabilities	2,231,448	2,306,811	11,435,448	12,309,439	13,666,896	14,616,250
Current liabilities	<u>1,369,885</u>	<u>217,844</u>	<u>2,346,676</u>	<u>1,238,483</u>	<u>3,716,561</u>	<u>1,456,327</u>
Total liabilities	<u>3,601,333</u>	<u>2,524,655</u>	<u>13,782,124</u>	<u>13,547,922</u>	<u>17,383,457</u>	<u>16,072,577</u>
Deferred inflows of resources	<u>-</u>	<u>12,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,128</u>
Net investment in capital assets	7,637,065	7,511,477	12,213,892	11,689,275	19,850,957	19,200,752
Restricted	2,343,844	3,269,190	1,141,104	1,359,722	3,484,948	4,628,912
Unrestricted	<u>3,423,680</u>	<u>3,634,456</u>	<u>7,082,130</u>	<u>8,354,582</u>	<u>10,505,810</u>	<u>11,989,038</u>
Total net position	<u>\$ 13,404,589</u>	<u>\$ 14,415,123</u>	<u>\$ 20,437,126</u>	<u>\$ 21,403,579</u>	<u>\$ 33,841,715</u>	<u>\$ 35,818,702</u>

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 \$1,976,987. Overall governmental activities decreased by \$1,010,534 and the business-type activities decreased by \$966,453.

**CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**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, 2025 and 2024.

City of Odessa, Missouri  
Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	3/31/2025	3/31/2024	3/31/2025	3/31/2024	3/31/2025	3/31/2024
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,108,797	\$ 1,263,024	\$ 9,508,097	\$ 9,230,446	\$ 10,616,894	\$ 10,493,470
Operating grants and contributions	87,725	28,098	-	-	87,725	28,098
General revenues						
Property taxes	529,896	483,055	-	-	529,896	483,055
Sales taxes	2,169,290	2,152,370	-	-	2,169,290	2,152,370
Franchise taxes	179,095	208,740	-	-	179,095	208,740
Other general revenues	358,743	424,642	138,985	175,248	497,728	599,890
Total revenues	<u>4,433,546</u>	<u>4,559,929</u>	<u>9,647,082</u>	<u>9,405,694</u>	<u>14,080,628</u>	<u>13,965,623</u>
<b>Expenses</b>						
General government	973,326	1,040,584	-	-	973,326	1,040,584
Public safety	1,884,864	1,398,478	-	-	1,884,864	1,398,478
Highways and streets	1,554,228	1,259,283	-	-	1,554,228	1,259,283
Parks and recreation	665,296	559,882	-	-	665,296	559,882
Municipal court	46,849	35,587	-	-	46,849	35,587
Interest on long-term debt	76,733	87,122	-	-	76,733	87,122
Electric	-	-	5,200,884	5,275,404	5,200,884	5,275,404
Water	-	-	1,463,688	1,424,109	1,463,688	1,424,109
Waste water	-	-	1,873,930	1,798,566	1,873,930	1,798,566
Total expenses	<u>5,201,296</u>	<u>4,380,936</u>	<u>8,538,502</u>	<u>8,498,079</u>	<u>13,739,798</u>	<u>12,879,015</u>
Excess (deficit) before transfers	<u>(767,750)</u>	<u>178,993</u>	<u>1,108,580</u>	<u>907,615</u>	<u>340,830</u>	<u>1,086,608</u>
Transfers	1,076,268	863,566	(1,076,268)	(863,566)	-	-
Change in net position	<u>308,518</u>	<u>1,042,559</u>	<u>32,312</u>	<u>44,049</u>	<u>340,830</u>	<u>1,086,608</u>
Net position, beginning	<u>14,415,123</u>	<u>13,372,564</u>	<u>21,403,579</u>	<u>21,359,530</u>	<u>35,818,702</u>	<u>34,732,094</u>
Prior period adjustments	<u>(1,319,052)</u>	<u>-</u>	<u>(998,765)</u>	<u>-</u>	<u>(2,317,817)</u>	<u>-</u>
Net position, beginning, as restated	<u>13,096,071</u>	<u>13,372,564</u>	<u>20,404,814</u>	<u>21,359,530</u>	<u>33,500,885</u>	<u>34,732,094</u>
Net position, ending	<u>\$ 13,404,589</u>	<u>\$ 14,415,123</u>	<u>\$ 20,437,126</u>	<u>\$ 21,403,579</u>	<u>\$ 33,841,715</u>	<u>\$ 35,818,702</u>

Governmental activities total revenues decreased by \$126,383. Expenses increased by \$820,360 which is approximately 18.7%.

The City's business-type total revenues increased by \$241,388. Expenses increased by \$40,423 which is approximately 0.5%.

**CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**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, 2025, was \$3,764,435. This represents a decrease of \$1,019,630. This decrease is comprised of a current year increase in fund balance of \$66,092, offset by a decrease in the beginning fund balance of \$1,085,722 (see Note 12). 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, 2025, 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, 2025, was \$208,171. This represents an increase of \$648.

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, 2025, was \$860,968. This represents an increase of \$534,394. The fund balance of the Capital Improvements Sales Tax Fund at March 31, 2025, was \$536,268. This represents a decrease of \$146,481 including the downward adjustment of \$118,095 to beginning fund balance.

The enterprise funds consisting of the Electric, Water, and Waste Water Funds had a combined balance at March 31, 2025, of \$20,437,126. This represents a decrease of \$966,453 following the impact of the downward adjustment of \$998,765 to beginning net position (see Note 12).

**BUDGETARY HIGHLIGHTS**

The Board of Aldermen (the Board) adopted the budget for the year ending March 31, 2025, in March 2024. 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, 2025 and 2024, the City had \$32,651,757 and \$33,817,002, 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.

	City of Odessa, Missouri					
	Capital Assets					
	(net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	3/31/2025	3/31/2024	3/31/2025	3/31/2024	3/31/2025	3/31/2024
Land	\$ 2,137,847	\$ 2,137,847	\$ 196,758	\$ 196,758	\$ 2,334,605	\$ 2,334,605
Utility systems	-	-	9,464,747	9,815,040	9,464,747	9,815,040
Building and improvements	2,416,864	2,514,259	12,223,994	12,951,554	14,640,858	15,465,813
Equipment	814,888	842,856	1,175,193	1,035,362	1,990,081	1,878,218
Infrastructure	3,683,426	3,849,524	-	-	3,683,426	3,849,524
Furniture and fixtures	47,539	53,482	-	-	47,539	53,482
Vehicles	490,501	420,320	-	-	490,501	420,320
<b>Total</b>	<b>\$ 9,591,065</b>	<b>\$ 9,818,288</b>	<b>\$ 23,060,692</b>	<b>\$ 23,998,714</b>	<b>\$ 32,651,757</b>	<b>\$ 33,817,002</b>

**CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**Debt Administration**

Balances at March 31, 2025 and 2024, are shown in the table below. See Note 6 for additional information on the City's long-term debt.

	City of Odessa, Missouri Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	3/31/2025	3/31/2024	3/31/2025	3/31/2024	3/31/2025	3/31/2024
Financing lease obligations	\$ 1,954,000	\$ 2,208,000	\$ 587,000	\$ 725,000	\$ 2,541,000	\$ 2,933,000
Revenue bonds	-	-	2,065,000	2,449,926	2,065,000	2,449,926
Loans	-	-	8,636,500	9,071,300	8,636,500	9,071,300
<b>Total</b>	<b>\$ 1,954,000</b>	<b>\$ 2,208,000</b>	<b>\$ 11,288,500</b>	<b>\$ 12,246,226</b>	<b>\$ 13,242,500</b>	<b>\$ 14,454,226</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

General Fund revenue for the Fiscal Year 2025-2026 is projected to be 4,354,693. This represents an increase of approximately 16% (\$715,769) from the 2024-2025 actuals. The increase is primarily due to budgeted fund transfers from the reserve fund that did not occur.

Over the course of Fiscal Year 2024-2025 and Fiscal Year 2025-2026, the school resource officer program has expanded as we continue to develop it. Revenue for FY 2025-2026 has increased. Additionally, we have observed increases in interest income, grant revenue and building permits.

The City is actively planning for significant improvements to streets and public works projects that have been identified and prioritized. The Fiscal Year 2025-2026 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 2025-2026 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.

**CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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 request for 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, 2025**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 4,572,766	\$ 4,846,983	\$ 9,419,749
Investments	1,564,603	3,883,309	5,447,912
Receivables			
Accounts, net of allowance	124,532	1,155,700	1,280,232
Interest	-	7,096	7,096
Taxes	402,118	-	402,118
Due from other governments	-	160,257	160,257
Note receivable	-	-	-
Inventories	-	393,698	393,698
Prepaid items	44,249	44,787	89,036
<b>Long-term</b>			
Net pension asset	357,444	417,030	774,474
Capital assets			
Nondepreciable	2,137,847	196,758	2,334,605
Depreciable, net	7,453,218	22,863,934	30,317,152
<b>Total assets</b>	<u>16,656,777</u>	<u>33,969,552</u>	<u>50,626,329</u>
<b>Deferred Outflows of Resources</b>			
Pension related items	349,145	249,698	598,843
<b>Total assets and deferred outflows of resources</b>	<u>\$ 17,005,922</u>	<u>\$ 34,219,250</u>	<u>\$ 51,225,172</u>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable	\$ 113,522	\$ 467,788	\$ 581,310
Accrued liabilities	65,423	44,624	110,047
Court bonds and deposits	34,898	-	34,898
Customer deposits and refunds payable	-	1,784,457	1,784,457
Unearned revenue	1,151,740	-	1,151,740
Accrued interest payable	4,302	49,807	54,109
<b>Noncurrent</b>			
Compensated absences payable			
Payable within one year	277,448	146,948	424,396
Financed purchase payable			
Payable within one year	267,000	140,000	407,000
Payable after one year	1,687,000	447,000	2,134,000
Bonds payable			
Payable after one year	-	2,065,000	2,065,000
Loans payable			
Payable within one year	-	441,700	441,700
Payable after one year	-	8,194,800	8,194,800
<b>Total liabilities</b>	<u>3,601,333</u>	<u>13,782,124</u>	<u>17,383,457</u>
<b>Net Position</b>			
Net investment in capital assets	7,637,065	12,213,892	19,850,957
Restricted for			
Parks	202,847	-	202,847
Capital projects	1,397,236	-	1,397,236
Debt service	37,172	474,376	511,548
Pension items	706,589	666,728	1,373,317
Unrestricted	3,423,680	7,082,130	10,505,810
<b>Total net position</b>	<u>13,404,589</u>	<u>20,437,126</u>	<u>33,841,715</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 17,005,922</u>	<u>\$ 34,219,250</u>	<u>\$ 51,225,172</u>

See notes to basic financial statements.

City of Odessa  
Statement of Activities  
Year Ended March 31, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities						
General government	\$ 973,326	\$ 79,933	\$ 10,488	\$ (882,905)	\$ -	\$ (882,905)
Public safety	1,884,864	214,204	-	(1,670,660)	-	(1,670,660)
Highways and streets	1,554,228	544,468	76,829	(932,931)	-	(932,931)
Parks and recreation	665,296	195,817	-	(469,479)	-	(469,479)
Community planning and development	-	74,375	-	74,375	-	74,375
Municipal court	46,849	-	408	(46,441)	-	(46,441)
Interest on long-term debt	76,733	-	-	(76,733)	-	(76,733)
Total governmental activities	<u>5,201,296</u>	<u>1,108,797</u>	<u>87,725</u>	<u>(4,004,774)</u>	<u>-</u>	<u>(4,004,774)</u>
Business-type activities						
Water	1,463,688	1,447,178	-	-	(16,510)	(16,510)
Electric	5,200,884	5,808,741	-	-	607,857	607,857
Waste water	1,873,930	2,252,178	-	-	378,248	378,248
Total business-type activities	<u>8,538,502</u>	<u>9,508,097</u>	<u>-</u>	<u>-</u>	<u>969,595</u>	<u>969,595</u>
Total primary government	<u>\$ 13,739,798</u>	<u>\$ 10,616,894</u>	<u>\$ 87,725</u>	<u>(4,004,774)</u>	<u>969,595</u>	<u>(3,035,179)</u>
General revenues						
Taxes:						
Property taxes levied for general purposes				424,225	-	424,225
Property taxes levied for parks and recreation				105,671	-	105,671
Sales tax				2,169,290	-	2,169,290
Franchise taxes				179,095	-	179,095
Investment earnings				201,951	127,792	329,743
Gain on sale of assets				100,000	6,162	106,162
Other				56,792	5,031	61,823
Transfers				1,076,268	(1,076,268)	-
Total general revenues and transfers				<u>4,313,292</u>	<u>(937,283)</u>	<u>3,376,009</u>
Change in net position				308,518	32,312	340,830
Net position - beginning, as previously reported				14,415,123	21,403,579	35,818,702
Prior period adjustments (See Note 12)				(1,319,052)	(998,765)	(2,317,817)
Net position - beginning, as restated				<u>13,096,071</u>	<u>20,404,814</u>	<u>33,500,885</u>
Net position - ending				<u>\$ 13,404,589</u>	<u>\$ 20,437,126</u>	<u>\$ 33,841,715</u>

See notes to basic financial statements.

**City of Odessa**  
**Balance Sheet - Governmental Funds**  
**March 31, 2025**

	General Fund	Parks Fund	Transportation Tax Fund	Capital Improvements Sales Tax Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 4,559,641	\$ 13,125	\$ -	\$ -	\$ 4,572,766
Investments	122,914	134,542	833,769	473,378	1,564,603
Taxes receivable	187,847	69,403	58,102	58,102	373,454
Accounts receivable	119,744	-	-	4,788	124,532
Notes and loans receivable	-	-	-	-	-
Prepaid items	38,925	5,324	-	-	44,249
	<u>38,925</u>	<u>5,324</u>	<u>-</u>	<u>-</u>	<u>44,249</u>
<b>Total assets</b>	<u>\$ 5,029,071</u>	<u>\$ 222,394</u>	<u>\$ 891,871</u>	<u>\$ 536,268</u>	<u>\$ 6,679,604</u>
<b>Liabilities</b>					
Accounts payable	\$ 82,355	\$ 264	\$ 30,903	\$ -	\$ 113,522
Accrued liabilities	58,658	6,765	-	-	65,423
Court bonds and deposits	34,898	-	-	-	34,898
Unearned revenue	1,115,882	7,194	-	-	1,123,076
<b>Total liabilities</b>	<u>1,291,793</u>	<u>14,223</u>	<u>30,903</u>	<u>-</u>	<u>1,336,919</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	28,664	-	-	-	28,664
<b>Total deferred inflows of resources</b>	<u>28,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,664</u>
<b>Fund Balances</b>					
Nonspendable					
Prepaid items	38,925	5,324	-	-	44,249
Restricted					
Parks	-	202,847	-	-	202,847
Debt service	37,172	-	-	-	37,172
Capital outlay	-	-	860,968	536,268	1,397,236
Unassigned	3,632,517	-	-	-	3,632,517
<b>Total fund balances</b>	<u>3,708,614</u>	<u>208,171</u>	<u>860,968</u>	<u>536,268</u>	<u>5,314,021</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 5,029,071</u>	<u>\$ 222,394</u>	<u>\$ 891,871</u>	<u>\$ 536,268</u>	<u>\$ 6,679,604</u>

**City of Odessa**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**March 31, 2025**

Total fund balances - governmental funds	\$ 5,314,021
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:</p>	
Cost of capital assets	14,980,183
Less accumulated depreciation/amortization	(5,389,118)
<p>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.</p>	
<p>Long-term liabilities at year-end consist of:</p>	
Financed purchase payable	(1,954,000)
Compensated absences payable	(277,448)
Net pension asset (liability)	357,444
<p>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:</p>	
Property taxes	28,664
<p>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:</p>	
Pension related deferred outflows	349,145
<p>Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.</p>	
	(4,302)
Total net position - governmental activities	\$ 13,404,589

**City of Odessa**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended March 31, 2025**

	General Fund	Parks Fund	Transportation Tax Fund	Capital Improvements Sales Tax Fund	Total Governmental Funds
<b>Revenues</b>					
Taxes					
Property	\$ 397,818	\$ 105,671	\$ -	\$ -	\$ 503,489
Tourism	17,896	-	-	-	17,896
Sales	777,619	340,308	-	340,308	1,458,235
Franchise	179,095	-	-	-	179,095
Other taxes	-	-	340,308	-	340,308
Licenses and permits	145,892	-	-	-	145,892
Intergovernmental	389,517	-	70,105	-	459,622
Charges for services	717,697	195,817	-	-	913,514
Fines and forfeitures	41,821	-	-	-	41,821
Other revenue	-	408	-	40,173	40,581
Investment income	97,827	-	403	103,721	201,951
Contributions and donations	27,107	-	-	-	27,107
Total revenues	<u>2,792,289</u>	<u>642,204</u>	<u>410,816</u>	<u>484,202</u>	<u>4,329,511</u>
<b>Expenditures</b>					
Current					
General government	845,807	-	696	736	847,239
Public safety	1,423,823	-	-	-	1,423,823
Highways and streets	1,102,805	-	18,606	-	1,121,411
Parks and recreation	-	546,329	-	-	546,329
Municipal Court	46,849	-	-	-	46,849
Capital outlay	105,171	-	221,830	293,264	620,265
Debt service					
Principal	-	144,000	-	153,983	297,983
Interest and other charges	-	29,132	-	-	29,132
Total expenditures	<u>3,524,455</u>	<u>719,461</u>	<u>241,132</u>	<u>447,983</u>	<u>4,933,031</u>
Excess of revenues over (under) expenditures	(732,166)	(77,257)	169,684	36,219	(603,520)
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital asset	100,000	-	-	-	100,000
Transfers in	757,558	77,905	364,710	-	1,200,173
Transfers out	(59,300)	-	-	(64,605)	(123,905)
Total other financing sources (uses)	<u>798,258</u>	<u>77,905</u>	<u>364,710</u>	<u>(64,605)</u>	<u>1,176,268</u>
Net change in fund balances	66,092	648	534,394	(28,386)	572,748
<b>Fund Balances</b>					
Beginning of year, as previously reported	<u>4,728,244</u>	<u>207,523</u>	<u>326,574</u>	<u>682,749</u>	<u>5,945,090</u>
Prior period adjustments (see Note 12)	<u>(1,085,722)</u>	<u>-</u>	<u>-</u>	<u>(118,095)</u>	<u>(1,203,817)</u>
Beginning of year, as restated	<u>3,642,522</u>	<u>207,523</u>	<u>326,574</u>	<u>564,654</u>	<u>4,741,273</u>
End of year	<u>\$ 3,708,614</u>	<u>\$ 208,171</u>	<u>\$ 860,968</u>	<u>\$ 536,268</u>	<u>\$ 5,314,021</u>

See notes to basic financial statements.

**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, 2025**

Total change in fund balances - governmental funds	\$ 572,748
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	224,957
Depreciation/amortization expense	(452,180)
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	(63,402)
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	254,000
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.	
	4,035
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.	
	(3,618)
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	<u>(228,022)</u>
Change in net position - governmental activities	<u>\$ 308,518</u>

**City of Odessa**  
**Statement of Net Position - Proprietary Funds**  
**March 31, 2025**

	Business-Type Activities - Enterprise Funds			Total
	Water	Electric	Waste Water	
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 1,407,037	\$ 2,269,441	\$ 1,170,505	\$ 4,846,983
Investments	611,830	3,227,449	44,030	3,883,309
Receivables, net of allowance	145,332	739,005	271,363	1,155,700
Interest receivable	-	-	7,096	7,096
Due from other governments	-	-	160,257	160,257
Inventory	53,889	339,809	-	393,698
Prepaid items	10,527	12,815	21,445	44,787
Total current assets	<u>2,228,615</u>	<u>6,588,519</u>	<u>1,674,696</u>	<u>10,491,830</u>
<b>Noncurrent assets</b>				
Net pension asset	107,156	191,075	118,799	417,030
<b>Capital assets</b>				
Land	144,010	-	52,748	196,758
Buildings and building improvements	4,417,921	1,160,140	19,450,277	25,028,338
Infrastructure	7,754,306	8,065,534	9,278,408	25,098,248
Equipment, vehicles and furniture	943,279	1,710,145	888,328	3,541,752
Total capital assets	<u>13,259,516</u>	<u>10,935,819</u>	<u>29,669,761</u>	<u>53,865,096</u>
Less accumulated depreciation	<u>(9,428,184)</u>	<u>(8,609,243)</u>	<u>(12,766,977)</u>	<u>(30,804,404)</u>
Net capital assets	<u>3,831,332</u>	<u>2,326,576</u>	<u>16,902,784</u>	<u>23,060,692</u>
Total noncurrent assets	<u>3,938,488</u>	<u>2,517,651</u>	<u>17,021,583</u>	<u>23,477,722</u>
Total assets	<u>6,167,103</u>	<u>9,106,170</u>	<u>18,696,279</u>	<u>33,969,552</u>
<b>Deferred Outflows of Resources</b>				
Pension related items	<u>64,160</u>	<u>114,407</u>	<u>71,131</u>	<u>249,698</u>
Total deferred outflows of resources	<u>64,160</u>	<u>114,407</u>	<u>71,131</u>	<u>249,698</u>
Total assets and deferred outflows of resources	<u>\$ 6,231,263</u>	<u>\$ 9,220,577</u>	<u>\$ 18,767,410</u>	<u>\$ 34,219,250</u>

**City of Odessa**  
**Statement of Net Position - Proprietary Funds**  
**March 31, 2025**

	Business-Type Activities - Enterprise Funds			Total
	Water	Electric	Waste Water	
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 16,117	\$ 448,258	\$ 3,413	\$ 467,788
Customer deposits and refunds payable	-	1,784,457	-	1,784,457
Accrued liabilities	12,205	20,449	11,970	44,624
Interest payable	5,599	3,280	40,928	49,807
Compensated absences	25,174	65,312	56,462	146,948
Loans payable due within one year	-	-	441,700	441,700
Lease liability due within one year	85,400	54,600	-	140,000
Total current liabilities	<u>144,495</u>	<u>2,376,356</u>	<u>554,473</u>	<u>3,075,324</u>
Noncurrent liabilities				
Loans payable	-	-	8,194,800	8,194,800
Lease liability	272,670	174,330	-	447,000
Bonds payable	228,929	-	1,836,071	2,065,000
Total noncurrent liabilities	<u>501,599</u>	<u>174,330</u>	<u>10,030,871</u>	<u>10,706,800</u>
Total liabilities	<u>646,094</u>	<u>2,550,686</u>	<u>10,585,344</u>	<u>13,782,124</u>
<b>Net Position</b>				
Net investment in capital assets	3,244,333	2,097,646	6,871,913	12,213,892
Restricted for pension	107,156	191,075	118,799	417,030
Restricted for debt service	474,376	-	-	474,376
Unrestricted	1,759,304	4,381,170	1,191,354	7,331,828
Total net position	<u>5,585,169</u>	<u>6,669,891</u>	<u>8,182,066</u>	<u>20,437,126</u>
 Total liabilities and net position	 <u>\$ 6,231,263</u>	 <u>\$ 9,220,577</u>	 <u>\$ 18,767,410</u>	 <u>\$ 34,219,250</u>

**City of Odessa**  
**Statement of Revenues, Expenses, and Changes**  
**in Net Position - Proprietary Funds**  
**Year Ended March 31, 2025**

	Business-Type Activities - Enterprise Funds			Totals
	Water	Electric	Waste Water	
<b>Operating Revenues</b>				
Charges for service	\$ 1,433,635	\$ 5,718,988	\$ 2,237,105	\$ 9,389,728
User charges	-	-	15,073	15,073
Delinquent collections	9,352	-	-	9,352
Other	4,191	89,753	-	93,944
Total operating revenues	<u>1,447,178</u>	<u>5,808,741</u>	<u>2,252,178</u>	<u>9,508,097</u>
<b>Operating Expenses</b>				
Personnel services	271,252	526,126	335,686	1,133,064
Employee benefits	170,160	124,772	108,624	403,556
Materials and supplies	175,644	117,699	-	293,343
Purchased power	-	3,673,343	-	3,673,343
Repairs and maintenance	84,619	21,961	63,674	170,254
Other services and charges	352,007	111,645	341,744	805,396
Contracted services	2,800	237,757	-	240,557
Depreciation	390,146	304,832	787,435	1,482,413
Equipment	-	75,690	-	75,690
Total operating expenses	<u>1,446,628</u>	<u>5,193,825</u>	<u>1,637,163</u>	<u>8,277,616</u>
Operating income	550	614,916	615,015	1,230,481
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	1,375	105,047	21,370	127,792
Gain on sale of asset	-	6,162	-	6,162
Interest and other charges	(17,060)	(7,059)	(236,767)	(260,886)
Miscellaneous revenue	-	-	5,031	5,031
Total nonoperating revenues (expenses)	<u>(15,685)</u>	<u>104,150</u>	<u>(210,366)</u>	<u>(121,901)</u>
Income (loss) before transfers	(15,135)	719,066	404,649	1,108,580
<b>Transfers out</b>	<u>(70,277)</u>	<u>(752,435)</u>	<u>(253,556)</u>	<u>(1,076,268)</u>
Change in net position	(85,412)	(33,369)	151,093	32,312
<b>Net Position</b>				
Beginning of year, as previously reported	6,056,194	7,626,412	7,720,973	21,403,579
Prior period adjustments (See Note 12)	<u>(385,613)</u>	<u>(923,152)</u>	<u>310,000</u>	<u>(998,765)</u>
Beginning of year, as restated	<u>5,670,581</u>	<u>6,703,260</u>	<u>8,030,973</u>	<u>20,404,814</u>
End of year	<u>\$ 5,585,169</u>	<u>\$ 6,669,891</u>	<u>\$ 8,182,066</u>	<u>\$ 20,437,126</u>

**City of Odessa**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended March 31, 2025**

	Business-Type Activities - Enterprise Funds			Total
	Water	Electric	Waste Water	
<b>Cash Flows - Operating Activities</b>				
Receipts from customers and users	\$ 1,427,822	\$ 5,915,377	\$ 2,019,003	\$ 9,362,202
Payments to suppliers	(674,855)	(4,263,681)	(471,847)	(5,410,383)
Payments to employees	(427,671)	(588,721)	(394,523)	(1,410,915)
Net cash flows - operating activities	<u>325,296</u>	<u>1,062,975</u>	<u>1,152,633</u>	<u>2,540,904</u>
<b>Cash Flows - Noncapital Financing Activities</b>				
Other revenues	-	-	5,035	5,035
Transfer to other funds	(70,277)	(752,435)	(253,556)	(1,076,268)
Net cash flows - noncapital financing activities	<u>(70,277)</u>	<u>(752,435)</u>	<u>(248,521)</u>	<u>(1,071,233)</u>
<b>Cash Flows - Capital and Related Financing Activities</b>				
Principal paid on bonds/loans	-	-	(809,799)	(809,799)
Interest paid on debt	(17,089)	(7,059)	(202,120)	(226,268)
Principal paid on leases	(84,180)	(53,820)	-	(138,000)
Acquisition of capital assets	(109,943)	(170,496)	(60,211)	(340,650)
Net cash flows - capital and related financing activities	<u>(211,212)</u>	<u>(231,375)</u>	<u>(1,072,130)</u>	<u>(1,514,717)</u>
<b>Cash Flows - Investing Activities</b>				
Purchase of investments	(150,571)	(3,266,793)	(43,112)	(3,460,476)
Interest and dividends received	1,375	105,047	21,370	127,792
Net cash flows - investing activities	<u>(149,196)</u>	<u>(3,161,746)</u>	<u>(21,742)</u>	<u>(3,332,684)</u>
Net change in cash and cash equivalents	(105,389)	(3,082,581)	(189,760)	(3,377,730)
<b>Cash and Cash Equivalents</b>				
April 1, 2024	<u>1,512,426</u>	<u>5,352,022</u>	<u>1,360,265</u>	<u>8,224,713</u>
March 31, 2025	<u>\$ 1,407,037</u>	<u>\$ 2,269,441</u>	<u>\$ 1,170,505</u>	<u>\$ 4,846,983</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities</b>				
Operating income (loss)	\$ 550	\$ 614,916	\$ 615,015	\$ 1,230,481
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation/amortization expense	390,146	304,832	787,435	1,482,413
Accounts receivable	(19,356)	(138,467)	(28,339)	(186,162)
Prepaid items	(634)	(782)	(1,619)	(3,035)
Inventory	(329)	(94,776)	-	(95,105)
Accounts payable	(58,822)	69,972	(64,810)	(53,660)
Salaries and benefits payable	11,497	19,351	11,122	41,970
Customer deposits and refunds payable	-	245,103	-	245,103
Compensated absences payable	2,244	42,826	38,665	83,735
Total adjustments	<u>324,746</u>	<u>448,059</u>	<u>537,618</u>	<u>1,310,423</u>
Net cash flows - operating activities	<u>\$ 325,296</u>	<u>\$ 1,062,975</u>	<u>\$ 1,152,633</u>	<u>\$ 2,540,904</u>

**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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**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.

Waste Water 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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**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:

<u>Assets</u>	<u>Years</u>
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 now 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 now 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 pension related amounts and unavailable property taxes are reported in this category.

**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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**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 and payments of debt as other financing sources and uses of the current period. Issuance costs are reported as expenditures.

**9. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows 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.
- 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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Equity (Continued)**

**10. Fund Equity (Continued)**

Government-Wide Statements (Continued)

- Unrestricted Net Position - These do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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.
- 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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Equity (Continued)**

**10. Fund Equity (Continued)**

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, 2025, is as follows:

Deposits	\$ 9,418,507
Investments	5,447,912
Petty cash	<u>1,242</u>
Total	<u><u>\$ 14,867,661</u></u>

**City of Odessa**  
**Notes to Basic Financial Statements**

**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	\$ 9,419,749
Investments	<u>5,447,912</u>
Total	<u><u>\$ 14,867,661</u></u>

**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, 2025, 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. Investments that represent more than 5% of the City's investments consist of the money market mutual funds shown above.

**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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 3 - PROPERTY TAX REVENUE (CONTINUED)**

The assessed values for property located in the City as of January 1, 2025 and 2024, that the levy was based on, are as follows:

	2025	2024
Real estate	\$ 51,524,239	\$ 50,659,260
Personal property	15,233,096	14,408,451
Total current valuation	\$ 66,757,335	\$ 65,067,711

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, 2025 and 2024, per \$100 assessed valuation, were as follows:

	2025	2024
General	0.5667	0.6057
Parks	0.1497	0.1598
Total	0.7164	0.7655

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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 4 - INTERGOVERNMENTAL REVENUE**

Intergovernmental revenue during the fiscal year ended March 31, 2025, consisted of the following:

	General
State	
Motor vehicle fuel tax	\$ 220,632
Motor vehicle sales tax and registration fees	43,331
Financial institution tax	21
Other	
Grants	6,724
Other	7,570
County	
Use tax	88,867
Road and bridge tax	22,372
Total	\$ 389,517

In addition, the Transportation Tax Fund includes \$70,105 of intergovernmental revenue related to the Transportation Alternatives Program (TAP) funding.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,137,847	\$ -	\$ -	\$ 2,137,847
Capital assets being depreciated				
Buildings and improvements	3,619,645	-	-	3,619,645
Land improvements	407,895	-	-	407,895
Machinery and equipment	1,879,143	28,120	-	1,907,263
Infrastructure	5,727,695	-	-	5,727,695
Furniture and fixtures	95,793	-	-	95,793
Vehicles	936,158	196,837	(48,950)	1,084,045
Total capital assets, being depreciated	12,666,329	224,957	(48,950)	12,842,336
Less accumulated depreciation for				
Buildings and improvements	(1,340,053)	(83,877)	-	(1,423,930)
Land improvements	(173,228)	(13,518)	-	(186,746)
Machinery and equipment	(1,036,287)	(56,088)	-	(1,092,375)
Infrastructure	(1,878,171)	(166,098)	-	(2,044,269)
Furniture and fixtures	(42,311)	(5,943)	-	(48,254)
Vehicles	(515,838)	(126,656)	48,950	(593,544)
Total accumulated depreciation	(4,985,888)	(452,180)	48,950	(5,389,118)
Total capital assets, being depreciated, net	7,680,441	(227,223)	-	7,453,218
Governmental activities capital assets, net	\$ 9,818,288	\$ (227,223)	\$ -	\$ 9,591,065
Depreciation was charged to functions as follows:				
General government				\$ 40,743
Public safety				83,404
Highways and streets				245,045
Parks and recreation				82,988
Total				\$ 452,180

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities - Electric Fund				
Capital assets being depreciated				
Generation and distribution system	\$ 8,065,534	\$ -	\$ -	\$ 8,065,534
Buildings and improvements	1,160,140	-	-	1,160,140
Machinery, equipment and vehicles	1,539,649	170,496	-	1,710,145
Total capital assets, being depreciated	<u>10,765,323</u>	<u>170,496</u>	<u>-</u>	<u>10,935,819</u>
Less accumulated depreciation for				
Generation and distribution system	(6,551,597)	(168,023)	-	(6,719,620)
Buildings and improvements	(650,487)	(37,855)	-	(688,342)
Machinery, equipment, and vehicles	(1,102,327)	(98,954)	-	(1,201,281)
Total accumulated depreciation	<u>(8,304,411)</u>	<u>(304,832)</u>	<u>-</u>	<u>(8,609,243)</u>
Total capital assets, being depreciated, net	<u>2,460,912</u>	<u>(134,336)</u>	<u>-</u>	<u>2,326,576</u>
Business-type activities - Electric Fund capital assets, net	<u>\$ 2,460,912</u>	<u>\$ (134,336)</u>	<u>\$ -</u>	<u>\$ 2,326,576</u>

**City of Odessa**  
**Notes to Basic Financial Statements**

**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	7,550,566	203,740	-	7,754,306
Buildings and improvements	4,417,921	-	-	4,417,921
Machinery, equipment and vehicles	833,336	109,943	-	943,279
Total capital assets, being depreciated	<u>12,801,823</u>	<u>313,683</u>	<u>-</u>	<u>13,115,506</u>
Less accumulated depreciation for				
Treatment and distribution system	(4,915,892)	(195,035)	-	(5,110,927)
Buildings and improvements	(3,691,126)	(123,241)	-	(3,814,367)
Machinery, equipment, and vehicles	(431,020)	(71,870)	-	(502,890)
Total accumulated depreciation	<u>(9,038,038)</u>	<u>(390,146)</u>	<u>-</u>	<u>(9,428,184)</u>
Total capital assets, being depreciated, net	<u>3,763,785</u>	<u>(76,463)</u>	<u>-</u>	<u>3,687,322</u>
Business-type activities - Water Fund capital assets, net	<u>\$ 3,907,795</u>	<u>\$ (76,463)</u>	<u>\$ -</u>	<u>\$ 3,831,332</u>

**City of Odessa**  
**Notes to Basic Financial Statements**

**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	-	-	9,278,408
Buildings and improvements	19,450,277	-	-	19,450,277
Machinery, equipment and vehicles	828,117	60,211	-	888,328
Total capital assets being depreciated	29,556,802	60,211	-	29,617,013
Less accumulated depreciation for				
Collection and treatment system	(3,611,977)	(190,977)	-	(3,802,954)
Buildings and improvements	(7,735,172)	(566,463)	-	(8,301,635)
Machinery, equipment, and vehicles	(632,393)	(29,995)	-	(662,388)
Total accumulated depreciation	(11,979,542)	(787,435)	-	(12,766,977)
Total capital assets, being depreciated, net	17,577,260	(727,224)	-	16,850,036
Business-type activities - Waste Water Fund capital assets, net	<u>\$ 17,630,008</u>	<u>\$ (727,224)</u>	<u>\$ -</u>	<u>\$ 16,902,784</u>

**NOTE 6 - LONG-TERM DEBT**

Changes in the debt for the year ended March 31, 2025, consisted of the following:

	Beginning Balance	Additions	Retirements	Ending Balance	Due in One Year
Government activities					
Direct borrowing arrangements					
Financing lease - park	\$ 692,000	\$ -	\$ (144,000)	\$ 548,000	\$ 153,000
Financing lease - improvements	411,000	-	(63,000)	348,000	65,000
Financing lease - city hall	1,105,000	-	(47,000)	1,058,000	49,000
Compensated absences	98,811	178,637	-	277,448	277,448
Total governmental activities	<u>\$ 2,306,811</u>	<u>\$ 178,637</u>	<u>\$ (254,000)</u>	<u>\$ 2,231,448</u>	<u>\$ 544,448</u>

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

Governmental Activities

Direct Borrowing Arrangements

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, 2025, are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 153,000	17,383	\$ 170,383
2027	156,000	11,808	167,808
2028	168,000	5,913	173,913
2029	71,000	654	71,654
Total	<u>\$ 548,000</u>	<u>\$ 35,758</u>	<u>\$ 583,758</u>

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 through May 2029.

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2025, are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 65,000	\$ 9,465	\$ 74,465
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	<u>\$ 348,000</u>	<u>\$ 26,790</u>	<u>\$ 300,325</u>

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

Governmental Activities (Continued)

Direct Borrowing Arrangements (Continued)

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, 2025, are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 49,000	\$ 31,211	\$ 80,211
2027	50,000	29,766	79,766
2028	52,000	28,291	80,291
2029	53,000	26,757	79,757
2030	55,000	24,658	79,658
2031 -2035	294,000	107,496	401,496
Thereafter	505,000	54,347	559,347
	<u>\$ 1,058,000</u>	<u>\$ 302,526</u>	<u>\$ 1,360,526</u>
Total			

Business-Type Activities

Changes in debt for the year ended March 31, 2025, consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Business-type activities - Electric Fund					
Direct borrowing arrangements					
Financing lease	\$ 282,750	\$ -	\$ (53,820)	\$ 228,930	\$ 54,600
Compensated absences	22,486	42,826	-	65,312	65,312
Total business-type activities - Electric Fund	<u>\$ 305,236</u>	<u>\$ 42,826</u>	<u>\$ (53,820)</u>	<u>\$ 294,242</u>	<u>\$ 119,912</u>

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

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	\$ -
Direct borrowing arrangements					
Financing lease	442,250	-	(84,180)	358,070	85,400
Compensated absences	22,930	2,244	-	25,174	25,174
Total business-type activities - Water Fund	<u>694,109</u>	<u>2,244</u>	<u>(84,180)</u>	<u>612,173</u>	<u>110,574</u>
Business-type activities - Waste Water Fund					
Revenue bonds	2,211,071	-	(375,000)	1,836,071	-
Loans payable	9,071,300	-	(434,800)	8,636,500	441,700
Unamortized premium	9,926	-	(9,926)	-	-
Compensated absences	17,797	38,665	-	56,462	56,462
Total business-type activities - Waste Water Fund	<u>11,310,094</u>	<u>38,665</u>	<u>(819,726)</u>	<u>10,529,033</u>	<u>498,162</u>
Total business-type activities	<u>\$ 12,309,439</u>	<u>\$ 83,735</u>	<u>\$ (957,726)</u>	<u>\$ 11,435,448</u>	<u>\$ 728,648</u>

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

Total

\$ 2,065,000

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

Business-Type Activities (Continued)

Revenue Bonds (Continued)

The annual debt service requirements to amortize the revenue bonds as of March 31, 2025, are as follows:

Years Ending March 31,	Series 2017, Combined Water Works and Sewerage System Refunding Revenue Bonds		Total
	Principal	Interest	
2026	\$ -	\$ 53,340	\$ 53,340
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	<u>\$ 2,065,000</u>	<u>\$ 177,138</u>	<u>\$ 2,242,138</u>

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 Waste Water Fund based upon their use of the proceeds and are as follows:

Years Ending March 31,	Water Fund		Waste Water Fund		Total
	Principal	Interest	Principal	Interest	
2026	\$ -	\$ 5,958	\$ -	\$ 47,382	\$ 53,340
2027	49,333	5,374	395,667	42,737	493,111
2028	52,659	4,127	422,341	32,818	511,945
2029	53,214	2,753	426,786	21,895	504,648
2030	54,175	1,129	435,825	8,977	500,106
2031	19,548	445	155,452	3,543	178,988
Total	<u>\$ 228,929</u>	<u>\$ 19,786</u>	<u>\$ 1,836,071</u>	<u>\$ 157,352</u>	<u>\$ 2,242,138</u>

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

Business-Type Activities (Continued)

Loans

Series 2005, Waste Water Fund 1.50% loan from the Missouri Department of Natural Resources, dated June 1, 2005, due in semi-annual installments through July 1, 2026.	\$ (26,000)	110000	\$ 84,000
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.	\$ 1,500	6219500	6,221,000
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%.	\$ 1,270	2330230	2,331,500
Total			\$ 8,636,500

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 Waste Water 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 waste water 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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

Business-Type Activities (Continued)

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 waste water 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 2005, 2014, and 2015 loans outstanding as of March 31, 2025, are detailed below:

Years Ending March 31,	Series 2005 Loan		Series 2014 Loan		Series 2015		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 56,000	\$ 1,050	\$ 281,000	\$ 89,804	\$ 104,700	\$ 28,818	\$ 561,372
2027	28,000	210	287,000	85,680	106,500	27,504	534,894
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	-	112,200	23,422	439,622
2031-2035	-	-	1,614,000	-	591,200	95,484	2,300,684
2036-2040	-	-	1,779,000	-	645,200	57,037	2,481,237
2041-2044	-	-	1,365,000	-	553,100	15,602	1,933,702
Total	<u>\$ 84,000</u>	<u>\$ 1,260</u>	<u>\$ 6,221,000</u>	<u>\$ 334,128</u>	<u>\$ 2,331,500</u>	<u>\$ 298,841</u>	<u>\$ 9,270,729</u>

The net revenues of the Water and Waste Water 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.

Direct Borrowing Arrangements

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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

Business-Type Activities (Continued)

Direct Borrowing Arrangements (Continued)

Financing Lease (Continued)

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, 2025, are detailed below.

Years Ending March 31,	Electric Fund		Water Fund		Total
	Principal	Interest	Principal	Interest	
2026	\$ 54,600	\$ 8,007	\$ 85,400	\$ 1,525	\$ 149,532
2027	56,550	6,107	88,450	9,553	160,660
2028	58,500	4,139	91,500	6,475	160,614
2029	59,280	2,104	92,720	3,290	157,394
Total	<u>\$ 228,930</u>	<u>\$ 20,357</u>	<u>\$ 358,070</u>	<u>\$ 20,843</u>	<u>\$ 628,200</u>

**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, 2025, these amounts were \$459,622 and \$474,006, respectively.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 7 - INTERFUND TRANSACTIONS (CONTINUED)**

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

Transfers Out	Transfers In			Total
	General	Parks	Transportation Tax	
General	\$ -	\$ 13,300	\$ 46,000	\$ 59,300
Capital Improvements Sales Tax	-	64,605	-	64,605
Electric	433,725	-	318,710	752,435
Water	70,277	-	-	70,277
Waste Water	253,556	-	-	253,556
<b>Total</b>	<b>\$ 757,558</b>	<b>\$ 77,905</b>	<b>\$ 364,710</b>	<b>\$ 1,200,173</b>

**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, 2024, there were 877 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, 2025, the net pension asset is based on an actuarial valuation performed as of February 29, 2024, and a measurement date of June 30, 2024.

**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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**B. Benefits Provided (Continued)**

At the date the actuarial valuation was performed, the City had 28 active employees, 27 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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**D. Actual Assumptions**

The pension liability for the June 30, 2024, measure date was determined using the following actuarial assumptions applied to the measurement:

Key Methods and Assumptions Used in Valuation

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<p>Actuarial Cost Method  Amortization Method</p>	<p>Entry Age Normal and Modified Terminal Funding  A level percentage of payroll amortization method 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.</p>
<p>Remaining Amortization Period  Asset Valuation Method  Inflation  Salary Increases  Investment Rate of Return  Retirement Age</p>	<p>Multiple bases from 13 to 15 years  5-year smoothed market; 20% corridor  2.75% wage inflation; 2.25% price inflation  2.75% - 6.75%, including wage inflation  7.00%, net of investment expenses  Experience-based tables of rates that are specific to the type of eligibility condition.</p>
<p>Mortality</p>	<p>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 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 described tables.</p>
<p>Other Information</p>	<p>None</p>

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**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 3.97% 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.

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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**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, 2024, 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	\$ (356,704)	\$ 714,163	\$ 1,595,370
Police Division	(315,353)	60,883	363,814
Total	<u>\$ (672,057)</u>	<u>\$ 775,046</u>	<u>\$ 1,959,184</u>

**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.

The assumed asset allocation is as follows:

Equities	42.0%
Fixed Income	28.0%
Real Assets/Return	30.0%

**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	\$ 318,476
Differences between expected and actual experience	280,709
Employer contributions subsequent to the measurement date	<u>160,860</u>
Total	<u><u>760,045</u></u>

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**H. Deferred Outflows and Inflows of Resources (Continued)**

The \$160,860 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, 2026.

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

<u>Years Ending</u> <u>March 31,</u>	<u>Net Deferred</u> <u>Outflows</u> <u>of Resources</u>
2026	\$ 47,649
2027	364,050
2028	143,859
2029	<u>43,627</u>
Total	<u>\$ 599,185</u>

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**I. Changes in Net Position Liability (Asset)**

Changes in Net Pension Liability (Asset)	
Total pension liability (asset)	
Service cost	\$ 191,565
Interest on total pension liability	648,960
Difference between expected and actual experience of the total pension liability	351,773
Benefit payments, including refunds of employee contributions	(479,226)
Net change in total pension liability	<u>713,072</u>
Total pension liability - beginning	<u>9,412,261</u>
Total pension liability - ending	<u><u>\$ 10,125,333</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 202,026
Net investment income	545,327
Benefit payments, including refunds of employee contributions	(479,226)
Pension plan administrative expense	(14,314)
Other	68,207
Net change in fiduciary net position	<u>322,020</u>
Plan fiduciary net position - beginning	<u>10,578,359</u>
Plan fiduciary net position - ending	<u><u>\$ 10,900,379</u></u>
Net pension liability (asset)	<u><u>\$ (775,046)</u></u>

**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, 2024. The Comprehensive Annual Financial Report can be obtained at [www.molagers.org](http://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.

**City of Odessa**  
**Notes to Basic Financial Statements**

**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 \$3,673,343 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	\$ 41,821
Annual general operating revenue	2,792,289
Fines and costs for traffic violations as a percentage of annual general operating revenue	1.50%

**City of Odessa**  
**Notes to Basic Financial Statements**

**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 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING NET POSITION AND FUND BALANCES**

During the audit of the fiscal year ended March 31, 2025, the following determinations were made:

- The amount previously reported as revenue and included in fund balance for the ARPA program was more properly classified as unearned revenue, due to the fact that the City could have to return the funds if not utilized for an appropriate purpose. That purpose has not yet been met so the funds are not proper revenues. This restatement resulted in a \$1,085,722 reduction to fund balance in the General Fund on the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds and in the Governmental Activities on the Statement of Activities.
- The amount previously identified as payable to the Water Fund, from the Wastewater Fund was not valid. This reclassification resulted in a reduction of \$310,000 to the net position in the Water Fund and an increase of the same amount to the Wastewater Fund on the Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.
- Electric utility customers had been overbilled for services in prior years totaling \$874,809 due to an error in the rate calculation and billing process. The error resulted in revenues being overstated in prior periods. After identifying the issue, management performed an analysis to determine the amount of overbilling attributable to customers. Based on this analysis, the City determined that refunds will be issued to affected customers for amounts previously overcharged. As a result, the City recorded a liability for customer refunds representing the estimated obligation to be repaid.

The overbilling resulted from a billing configuration error that had existed for multiple years. The City has corrected the billing methodology and implemented additional procedures to prevent similar errors in the future. The recorded liability represents the City's best estimate of the total refunds to be issued. Actual amounts refunded may differ from the estimate; any differences will be recognized in the period they are determined.

- Cash account balances reflected on the general ledger in the amounts of \$118,095 for the Capital Improvements Sales Tax Fund, \$75,613 for the Water Fund, \$48,343 for the Electric Fund were deemed to not be substantiated by existing deposits with financial institutions.

**City of Odessa**  
**Notes to Basic Financial Statements**

**NOTE 12 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING NET POSITION AND FUND BALANCES  
(CONTINUED)**

Effective for the fiscal year ended March 31, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*. The liability was previously calculated based on vacation balances accrued as of year-end as well as sick leave balances that were accrued as of year-end for vested employees. The liability now consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely that 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 has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. This resulted in a change in accounting principle on the Statement of Activities in the amount of \$115,235.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	General Fund	Capital Improvements Sales Tax Fund	Water Fund	Electric Fund	Wastewater Fund	Governmental Activities	Business-Type Activities
March 31, 2024, as previously reported	\$ 4,728,244	\$ 682,749	\$ 6,056,194	\$ 7,626,412	\$ 7,720,973	\$ 14,415,123	\$ 21,403,579
Correction of errors	(1,085,722)	(118,095)	(75,613)	(923,152)	-	(1,203,817)	(998,765)
Change within financial reporting entity	-	-	(310,000)	-	310,000	-	-
Change in accounting principle	-	-	-	-	-	(115,235)	-
March 31, 2024, as adjusted or restated	<u>\$ 3,642,522</u>	<u>\$ 564,654</u>	<u>\$ 5,670,581</u>	<u>\$ 6,703,260</u>	<u>\$ 8,030,973</u>	<u>\$ 13,096,071</u>	<u>\$ 20,404,814</u>

**NOTE 13 - SUBSEQUENT EVENTS**

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 16, 2026, the date the financial statements were available to be issued.

In connection with the overbilling for the electric utility discussed in Note 12, it was determined that billed amounts totaling \$202,384 that occurred subsequent to March 31, 2025 will also be refunded. Management is providing refunds to customers, either by issuing checks to former customers or applying credits to active customer accounts.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Odessa  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances -  
Budget and Actual  
Year Ended March 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes				
Property	\$ 380,256	\$ 380,256	\$ 397,818	\$ 17,562
Tourism	16,000	16,000	17,896	1,896
Sales	730,532	730,532	777,619	47,087
Franchise	183,000	183,000	179,095	(3,905)
Licenses and permits	111,700	111,700	145,892	34,192
Intergovernmental revenue	299,296	299,296	389,517	90,221
Charges for services	774,032	774,032	717,697	(56,335)
Fines and forfeitures	40,900	40,900	41,821	921
Investment income	32,120	32,120	97,827	65,707
Contributions and donations	12,000	12,000	27,107	15,107
Total revenues	2,579,836	2,579,836	2,792,289	212,453
<b>Expenditures</b>				
Current				
General government	790,304	790,304	845,807	55,503
Public safety	1,394,399	1,394,399	1,423,823	29,424
Highways and streets	1,075,147	1,075,147	1,102,805	27,658
Municipal court	40,053	40,053	46,849	6,796
Capital outlay	101,250	101,250	105,171	3,921
Total expenditures	3,401,153	3,401,153	3,524,455	123,302
Excess of revenues over (under) expenditures	(821,317)	(821,317)	(732,166)	89,151
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	-	-	100,000	100,000
Transfers in	1,480,617	1,480,617	757,558	(723,059)
Transfers out	(659,300)	(659,300)	(59,300)	600,000
Total other financing sources (uses)	821,317	821,317	798,258	(23,059)
Net change in fund balance	\$ -	\$ -	66,092	\$ 66,092
<b>Fund Balance</b>				
Beginning of year, as restated			3,642,522	
End of year			\$ 3,708,614	

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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 99,815	\$ 99,815	\$ 105,671	\$ 5,856
Sales taxes	324,766	324,766	340,308	15,542
Charges for services	184,178	184,178	195,817	11,639
Other revenue	2,000	2,000	408	(1,592)
Total revenues	610,759	610,759	642,204	31,445
<b>Expenditures</b>				
Current				
Parks and recreation	529,035	529,035	546,329	17,294
Debt service				
Principal	144,000	144,000	144,000	-
Interest	29,129	29,129	29,132	3
Total expenditures	702,164	702,164	719,461	17,297
Excess of revenues over (under) expenditures	(91,405)	(91,405)	(77,257)	14,148
<b>Other Financing Sources</b>				
Transfers in	91,405	91,405	77,905	(13,500)
Net change in fund balance	\$ -	\$ -	648	\$ 648
<b>Fund Balance</b>				
Beginning of year			207,523	
End of year			\$ 208,171	

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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Other taxes	\$ 324,766	\$ 324,766	\$ 340,308	\$ 15,542
Intergovernmental	773,565	773,565	70,105	(703,460)
Investment income	50	50	403	353
Total revenues	1,098,381	1,098,381	410,816	(687,565)
<b>Expenditures</b>				
Current				
General government	780	780	696	(84)
Highways and streets	30,000	30,000	18,606	(11,394)
Capital outlay	2,432,302	2,432,302	221,830	(2,210,472)
Total expenditures	2,463,082	2,463,082	241,132	(2,221,950)
Excess of revenues over (under) expenditures	(1,364,701)	(1,364,701)	169,684	1,534,385
<b>Other Financing Sources</b>				
Transfers in	1,364,701	1,364,701	364,710	(999,991)
Net change in fund balance	\$ -	\$ -	534,394	\$ 534,394
<b>Fund Balance</b>				
Beginning of year			326,574	
End of year			\$ 860,968	

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Sales taxes	\$ 324,766	\$ 324,766	\$ 340,308	\$ 15,542
Investment income	20,000	20,000	103,721	83,721
Other	-	-	40,173	40,173
Total revenues	344,766	344,766	484,202	139,436
<b>Expenditures</b>				
General government	780	780	736	(44)
Capital outlay	236,500	236,500	293,264	56,764
Debt service	153,985	153,985	153,983	(2)
Total expenditures	391,265	391,265	447,983	56,718
Excess of revenues over (under) expenditures	(46,499)	(46,499)	36,219	82,718
<b>Other Financing Sources (Uses)</b>				
Transfers in	111,104	111,104	-	(111,104)
Transfers out	(64,605)	(64,605)	(64,605)	-
Total other financing sources (uses)	46,499	46,499	(64,605)	(111,104)
Net change in fund balance	\$ -	\$ -	(28,386)	\$ (28,386)
<b>Fund Balance</b>				
Beginning of year, as restated			564,654	
End of year			\$ 536,268	

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

**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 October 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 October 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, 2024	June 30, 2023	June 30, 2022	June 30, 2021
<b>Total Pension Liability</b>				
Service cost	\$ 191,565	\$ 177,299	\$ 160,950	\$ 146,808
Interest	648,960	619,245	569,832	583,236
Difference between expected and actual experience	351,773	78,059	398,199	(56,695)
Changes of assumptions	-	-	-	(163,541)
Changes of benefit terms	-	-	-	-
Benefit payments	(479,226)	(435,731)	(426,666)	(415,216)
Net change in total OPEB liability	<u>713,072</u>	<u>438,872</u>	<u>702,315</u>	<u>94,592</u>
Beginning of year	<u>9,412,261</u>	<u>8,973,389</u>	<u>8,271,074</u>	<u>8,176,482</u>
End of Year	<u>\$ 10,125,333</u>	<u>\$ 9,412,261</u>	<u>\$ 8,973,389</u>	<u>\$ 8,271,074</u>
<b>Plan Fiduciary Net Pension (FNP)</b>				
Employer contributions	\$ 202,026	\$ 171,019	\$ 160,357	\$ 149,732
Net investment income	545,327	363,469	6,750	2,331,882
Benefit payments	(479,226)	(435,731)	(426,666)	(415,216)
Administrative expense	(14,314)	(16,134)	(11,270)	(10,270)
Other changes	68,207	(13,473)	97,810	(81,773)
Net change in plan fiduciary net position	<u>322,020</u>	<u>69,150</u>	<u>(173,019)</u>	<u>1,974,355</u>
Beginning of year	<u>10,578,359</u>	<u>10,509,209</u>	<u>10,682,228</u>	<u>8,707,873</u>
End of year	<u>\$ 10,900,379</u>	<u>\$ 10,578,359</u>	<u>\$ 10,509,209</u>	<u>\$ 10,682,228</u>
Net Pension liability (asset)	<u>\$ (775,046)</u>	<u>\$ (1,166,098)</u>	<u>\$ (1,535,820)</u>	<u>\$ (2,411,154)</u>
Plan FNP as a percentage of the total pension liability	107.65%	112.39%	117.12%	129.15%
Covered payroll	\$ 2,266,380	\$ 2,039,192	\$ 1,938,764	\$ 1,717,056
Net Pension liability (asset) as a percentage of covered payroll	-34.20%	-57.18%	-79.22%	-140.42%

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, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
\$ 154,357	\$ 134,512	\$ 107,477	\$ 137,041	\$ 144,271	\$ 151,144
583,488	541,931	506,183	521,968	500,095	494,881
(324,293)	289,007	125,998	(399,644)	(214,374)	(252,484)
-	-	-	-	250,856	-
-	-	198,404	-	-	-
(411,488)	(392,849)	(521,424)	(405,756)	(346,461)	(291,029)
2,064	572,601	416,638	(146,391)	334,387	102,512
8,174,418	7,601,817	7,185,179	7,331,570	6,997,183	6,894,671
<u>\$ 8,176,482</u>	<u>\$ 8,174,418</u>	<u>\$ 7,601,817</u>	<u>\$ 7,185,179</u>	<u>\$ 7,331,570</u>	<u>\$ 6,997,183</u>
\$ 150,716	\$ 152,693	\$ 112,773	\$ 113,861	\$ 147,843	\$ 151,769
110,721	547,895	1,021,863	955,246	(14,401)	150,132
(411,488)	(392,849)	(521,424)	(405,756)	(346,461)	(291,029)
(12,232)	(11,225)	(7,852)	(7,079)	(7,233)	(7,829)
(140,343)	41,369	(143,539)	(155,650)	34,611	(169,420)
(302,626)	337,883	461,821	500,622	(185,641)	(166,377)
9,010,499	8,672,616	8,210,795	7,710,173	7,895,814	8,062,191
<u>\$ 8,707,873</u>	<u>\$ 9,010,499</u>	<u>\$ 8,672,616</u>	<u>\$ 8,210,795</u>	<u>\$ 7,710,173</u>	<u>\$ 7,895,814</u>
<u>\$ (531,391)</u>	<u>\$ (836,081)</u>	<u>\$ (1,070,799)</u>	<u>\$ (1,025,616)</u>	<u>\$ (378,603)</u>	<u>\$ (898,631)</u>
106.50%	110.23%	114.09%	114.27%	105.16%	112.84%
\$ 1,567,778	\$ 1,722,929	\$ 1,370,908	\$ 1,242,950	\$ 1,650,984	\$ 1,601,574
-33.89%	-48.53%	-78.11%	-82.51%	-22.93%	-56.11%

**City of Odessa  
Schedule of Contributions**

	2024	2023	2022	2021
Actuarially determined contribution	\$ 202,026	\$ 195,361	\$ 162,144	\$ 150,637
Contributions in relation to the actuarially determined contribution	<u>202,026</u>	<u>195,360</u>	<u>162,144</u>	<u>150,637</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 2,266,380</u>	<u>\$ 2,039,192</u>	<u>\$ 1,938,764</u>	<u>\$ 1,717,056</u>
Contributions as a percentage of covered payroll	8.91%	9.58%	8.36%	8.77%

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, 2024 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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 149,987	\$ 158,581	\$ 143,975	\$ 107,436	\$ 127,693	\$ 148,713
<u>149,987</u>	<u>154,687</u>	<u>143,975</u>	<u>107,436</u>	<u>127,693</u>	<u>148,713</u>
\$ -	\$ 3,894	\$ -	\$ -	\$ -	\$ -
<u>\$ 1,567,778</u>	<u>\$ 1,722,929</u>	<u>\$ 1,370,908</u>	<u>\$ 1,242,950</u>	<u>\$ 1,650,984</u>	<u>\$ 1,601,574</u>
9.57%	8.98%	10.50%	8.64%	7.73%	9.29%

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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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 16, 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 Responses on Internal Control, 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 Responses on Internal Control as item 2025-001 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 Responses on Internal Control as item 2025-002 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*.

**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, LLC

Minneapolis, Minnesota  
March 16, 2026

**City of Odessa, Missouri**  
**Schedule of Findings and Responses on Internal Control**

**Audit Finding 2025-001**

*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, 2025, the auditors identified and proposed material audit adjustments, including adjustments to beginning fund balances/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 proprietary funds.
- Deferred revenue in the ARPA fund
- Multiple years of overbillings for the Electric Utility related to the energy cost adjustment
- Removal of certain cash accounts in the Water and Electric funds

*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.

**City of Odessa, Missouri**  
**Schedule of Findings and Responses on Internal Control**

**Audit Finding 2025-001 (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, 2026.
5. Plan to Monitor Completion of CAP  
The Board of Aldermen will be monitoring this CAP.

**City of Odessa, Missouri**  
**Schedule of Findings and Responses on Internal Control**

**Audit Finding 2025-002**

*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, Missouri**  
**Schedule of Findings and Responses on Internal Control**

**Audit Finding 2025-002 (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, 2026.
5. Plan to Monitor Completion of CAP  
The Board of Aldermen will be monitoring this CAP.