

CITY OF ODESSA, MISSOURI

FINANCIAL STATEMENTS

MARCH 31, 2022



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ODESSA, MISSOURI  
TABLE OF CONTENTS

|  | Page    |
|--|---------|
| INDEPENDENT AUDITOR'S REPORT   | 1 - 3   |
| MANAGEMENT'S DISCUSSION AND ANALYSIS   | 4 - 11  |
| BASIC FINANCIAL STATEMENTS   |         |
| Government-Wide Financial Statements   |         |
| Statement of Net Position  | 12 - 13 |
| Statement of Activities  | 14      |
| Fund Financial Statements  |         |
| Balance Sheet - Governmental Funds   | 15      |
| Reconciliation of the Governmental Funds Balance Sheet<br>to the Statement of Net Position   | 16      |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Governmental Funds  | 17      |
| Reconciliation of the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances of Governmental<br>Funds to the Statement of Activities   | 18      |
| Statement of Net Position - Proprietary Funds  | 19 - 20 |
| Statement of Revenues, Expenses, and Changes in Net<br>Position - Proprietary Funds  | 21 - 22 |
| Statement of Cash Flows - Proprietary Funds  | 23 - 24 |
| NOTES TO FINANCIAL STATEMENTS  | 25 - 56 |
| REQUIRED SUPPLEMENTARY INFORMATION   |         |
| Budgetary Comparison Schedule - General Fund   | 57      |
| Budgetary Comparison Schedule - Park Fund  | 58      |
| Budgetary Comparison Schedule - Transportation Sales Tax Fund  | 59      |
| Budgetary Comparison Schedule - Capital Improvement Fund   | 60      |
| Budgetary Comparison Schedule - Debt Service Fund  | 61      |
| Notes to Budgetary Comparison Schedules  | 62      |
| Schedule of Employer's Contributions   | 63      |
| Schedule of Changes in Net Pension Liability   | 64      |
| REPORT REQUIRED UNDER <i>GOVERNMENT AUDITING STANDARDS</i>   |         |
| Independent Auditor's Report on Internal Control Over Financial<br>Reporting and on Compliance and Other Matters Based on an<br>Audit of Financial Statements Performed in Accordance with<br><i>Government Auditing Standards</i> | 65 - 66 |
| SCHEDULE OF FINDINGS AND RESPONSES   | 67 - 68 |
| SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS   | 69      |



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on 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, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Odessa, Missouri, as of March 31, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Odessa, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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, Missouri'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 opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may include collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amount 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, Missouri'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, Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of employer's contributions, and schedule of changes in net pension liability as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 January 17, 2023, on our consideration of the City of Odessa, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Odessa, Missouri's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

Overland Park, Kansas  
January 17, 2023

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, 2022. The City of Odessa, Missouri, reports the annual financial statements in accordance with the guidelines prescribed in Government Accounting Standards Board's (GASB) Statement 34. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

**FINANCIAL HIGHLIGHTS**

The assets of the City of Odessa, Missouri, exceeded its liabilities at the close of the year ending March 31, 2022, by \$32,834,085. Of this amount, \$11,174,631 represents unrestricted net assets and may be used to fund ongoing obligations. Total net position increased by \$2,348,774. The City serviced all long-term obligations as planned.

As of the close of the year ending March 31, 2022, the City of Odessa, Missouri's combined governmental fund balances totaled \$3,970,329. This is an increase from the previous year fund balance by \$67,164.

**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).

CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

Government-Wide Financial Statements (Continued)

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.

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 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.

CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

Other Information

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve as a useful indicator of the City's financial position. As of March 31, 2022, assets and deferred outflows of resources exceed liabilities by \$32,834,085. The largest portion of the City's net position, \$19,043,896, 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<br>Activities |                   | Business-Type<br>Activities |                   | Total             |                   |
|-------------------------------------|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
|                                     | 3/31/22                    | 3/31/21           | 3/31/22                     | 3/31/21           | 3/31/22           | 3/31/21           |
| Current and other assets            | 6,174,283                  | 4,486,431         | 10,110,398                  | 8,923,910         | 16,284,681        | 13,410,341        |
| Capital assets                      | <u>8,741,580</u>           | <u>7,841,770</u>  | <u>26,064,942</u>           | <u>27,217,647</u> | <u>34,806,522</u> | <u>35,059,417</u> |
| Total assets                        | <u>14,915,863</u>          | <u>12,328,201</u> | <u>36,175,340</u>           | <u>36,141,557</u> | <u>51,091,203</u> | <u>48,469,758</u> |
| Deferred outflows<br>of resources   | <u>154,967</u>             | <u>310,288</u>    | <u>30,940</u>               | <u>160,763</u>    | <u>185,907</u>    | <u>471,051</u>    |
| Long-term debt                      | 1,619,926                  | 1,804,926         | 14,142,700                  | 15,097,311        | 15,762,626        | 16,902,237        |
| Other liabilities                   | <u>243,086</u>             | <u>136,585</u>    | <u>984,079</u>              | <u>1,144,693</u>  | <u>1,227,165</u>  | <u>1,281,278</u>  |
| Total liabilities                   | <u>1,863,012</u>           | <u>1,941,511</u>  | <u>15,126,779</u>           | <u>16,242,004</u> | <u>16,989,791</u> | <u>18,183,515</u> |
| Deferred inflows<br>of resources    | <u>1,357,661</u>           | <u>216,310</u>    | <u>95,573</u>               | <u>55,673</u>     | <u>1,453,234</u>  | <u>271,983</u>    |
| Net investment in<br>capital assets | 7,121,654                  | 6,036,844         | 11,922,242                  | 12,120,336        | 19,043,896        | 18,157,180        |
| Restricted                          | 1,881,724                  | 1,428,650         | 733,834                     | 761,736           | 2,615,558         | 2,190,386         |
| Unrestricted                        | <u>2,846,779</u>           | <u>3,015,174</u>  | <u>8,327,852</u>            | <u>7,122,571</u>  | <u>11,174,631</u> | <u>10,137,745</u> |
| Total net position                  | <u>11,850,157</u>          | <u>10,480,668</u> | <u>20,983,928</u>           | <u>20,004,643</u> | <u>32,834,085</u> | <u>30,485,311</u> |



CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

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 increased \$2,348,774. Overall governmental activities expenses increased by \$1,369,489 and the business-type activities increased by \$979,285.

Changes in Net Position

The following table reflects the revenue and expenses from the City's activities for the years ended March 31, 2022 and 2021.

| <b>City of Odessa, Missouri's<br/>Statement of Changes in Net Position</b> |                            |                  |                             |                  |                   |                   |
|--|----------------------------|------------------|-----------------------------|------------------|-------------------|-------------------|
|  | Governmental<br>Activities |                  | Business-Type<br>Activities |                  | Total             | Total             |
|  | 3/31/22                    | 3/31/21          | 3/31/22                     | 3/31/21          | 3/31/22           | 3/31/21           |
| <b>REVENUES</b>  |                            |                  |                             |                  |                   |                   |
| Programs revenues  |                            |                  |                             |                  |                   |                   |
| Charges for services   | 651,352                    | 573,164          | 8,650,962                   | 8,213,592        | 9,302,314         | 8,786,756         |
| Operating grants and<br>contributions                                      | 534,384                    | 191,744          |                             | 26,300           | 534,384           | 218,044           |
| General revenues   |                            |                  |                             |                  |                   |                   |
| Property taxes   | 481,045                    | 424,316          |                             |                  | 481,045           | 424,316           |
| Sales taxes  | 1,606,378                  | 1,635,460        |                             |                  | 1,606,378         | 1,635,460         |
| Franchise taxes  | 166,062                    | 172,420          |                             |                  | 166,062           | 172,420           |
| Intergovernmental sources  | 356,671                    | 282,523          |                             |                  | 356,671           | 282,523           |
| Other general revenues   | 43,375                     | 48,301           | 75,094                      | 91,204           | 118,469           | 139,505           |
| Total revenues   | <u>3,839,267</u>           | <u>3,327,928</u> | <u>8,726,056</u>            | <u>8,331,096</u> | <u>12,565,323</u> | <u>11,659,024</u> |
| <b>EXPENSES</b>  |                            |                  |                             |                  |                   |                   |
| General government   | 679,408                    | 692,690          |                             |                  | 679,408           | 692,690           |
| Public safety  | 1,154,584                  | 1,045,656        |                             |                  | 1,154,584         | 1,045,656         |
| Highways and streets   | 589,928                    | 613,883          |                             |                  | 589,928           | 613,883           |
| Sanitation   | 239,470                    | 238,593          |                             |                  | 239,470           | 238,593           |
| Community planning and<br>development                                      | 13,364                     | 75,748           |                             |                  | 13,364            | 75,748            |
| Parks and recreation   | 432,887                    | 404,532          |                             |                  | 432,887           | 404,532           |
| Municipal court  | 97,827                     | 22,792           |                             |                  | 97,827            | 22,792            |
| Interest on long-term debt   | 64,567                     | 72,022           |                             |                  | 64,567            | 72,022            |
| Electric   |                            |                  | 4,039,256                   | 4,667,978        | 4,039,256         | 4,667,978         |
| Water  |                            |                  | 1,106,537                   | 1,123,046        | 1,106,537         | 1,123,046         |
| Waste water  |                            |                  | 1,798,721                   | 1,769,925        | 1,798,721         | 1,769,925         |
| Total expenses   | <u>3,272,035</u>           | <u>3,165,916</u> | <u>6,944,514</u>            | <u>7,560,949</u> | <u>10,216,549</u> | <u>10,726,865</u> |

CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Changes in Net Position (Continued)

**City of Odessa, Missouri's  
Statement of Changes in Net Position (Continued)**

|                                      | Governmental<br>Activities |                          | Business-Type<br>Activities |                          | Total                       | Total                       |
|--------------------------------------|----------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|-----------------------------|
|                                      | 3/31/22                    | 3/31/21                  | 3/31/22                     | 3/31/21                  | 3/31/22                     | 3/31/21                     |
| Excess (deficiency) before transfers | 567,232                    | 162,012                  | 1,781,542                   | 770,147                  | 2,348,774                   | 932,159                     |
| Transfers                            | <u>802,257</u>             | <u>771,161</u>           | <u>(802,257)</u>            | <u>(771,161)</u>         | <u>                    </u> | <u>                    </u> |
| CHANGE IN NET POSITION               | 1,369,489                  | 933,173                  | 979,285                     | (1,014)                  | 2,348,774                   | 932,159                     |
| NET POSITION, beginning              | <u>10,480,668</u>          | <u>9,547,495</u>         | <u>20,004,643</u>           | <u>20,005,657</u>        | <u>30,485,311</u>           | <u>29,070,632</u>           |
| NET POSITION, ending                 | <u><u>11,850,157</u></u>   | <u><u>10,480,668</u></u> | <u><u>20,983,928</u></u>    | <u><u>20,004,643</u></u> | <u><u>32,834,085</u></u>    | <u><u>30,002,791</u></u>    |

Governmental activities total revenues increased by \$511,339. Expenses increased by \$106,119 which is approximately 3.4%.

The City's business-type total revenues increased by \$394,960. Expenses decreased by \$616,435 which is approximately 8.2%.

**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, 2022, was \$2,618,198. This represents an increase of \$148,889.

The Park Fund is the operating fund used to provide culture and recreation activities of the City. The fund balance of the Park Fund at March 31, 2022, was \$174,996. This represents an increase of \$20,734.

The Transportation Sales Tax Fund and Capital Improvement 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 Sales Tax Fund at March 31, 2022, was \$456,817. This represents an increase of \$35,616. The fund balance of the Capital Improvement Fund at March 31, 2022, was \$683,146. This represents a decrease of \$138,075.

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. The fund balance of the Debt Service Fund at March 31, 2022, was \$37,172. There was no change in fund balance from the prior year

CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)**

The enterprise funds consisting of the Electric, Water, and Waste Water Funds had a combined balance at March 31, 2022, of \$20,983,928. This represents an increase of \$979,285.

**BUDGETARY HIGHLIGHTS**

The Board of Aldermen (the Board) adopted the budget for the year ending March 31, 2022, in March 2021. During the year there were no budget amendments presented to the Board.

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, 2022 and 2021, the City had \$34,806,522 and \$35,059,417 invested, respectively, 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<br>Activities |                  | Business-Type<br>Activities |                   | Total             |                   |
|----------------------------|----------------------------|------------------|-----------------------------|-------------------|-------------------|-------------------|
|                            | 3/31/22                    | 3/31/21          | 3/31/22                     | 3/31/21           | 3/31/22           | 3/31/21           |
| Land                       | 2,137,847                  | 2,037,847        | 196,758                     | 196,758           | 2,334,605         | 2,234,605         |
| Construction in progress   |                            |                  |                             | 18,473            |                   | 18,473            |
| Utility systems            |                            |                  | 10,789,837                  | 11,179,297        | 10,789,837        | 11,179,297        |
| Buildings and improvements | 2,395,636                  | 2,039,308        | 14,383,510                  | 15,095,834        | 16,779,146        | 17,135,142        |
| Equipment                  | 734,490                    | 383,997          | 694,837                     | 727,285           | 1,429,327         | 1,111,282         |
| Infrastructure             | 3,304,730                  | 3,292,706        |                             |                   | 3,304,730         | 3,292,706         |
| Furniture and fixtures     | 7,277                      | 10,157           |                             |                   | 7,277             | 10,157            |
| Vehicles                   | 161,600                    | 77,755           |                             |                   | 161,600           | 77,755            |
| <b>Total</b>               | <b>8,741,580</b>           | <b>7,841,770</b> | <b>26,064,942</b>           | <b>27,217,647</b> | <b>34,806,522</b> | <b>35,059,417</b> |

CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Debt Administration

Balances at March 31, 2022 and 2021, are shown in the table below. See Note 6 for additional information on the City's long-term debt.

| <b>City of Odessa, Missouri<br/>Outstanding Debt</b> |                            |                  |                             |                   |                   |                   |
|--|----------------------------|------------------|-----------------------------|-------------------|-------------------|-------------------|
|  | Governmental<br>Activities |                  | Business-Type<br>Activities |                   | Total             |                   |
|  | 3/31/22                    | 3/31/21          | 3/31/22                     | 3/31/21           | 3/31/22           | 3/31/21           |
| Capital lease obligations                            | 1,495,000                  | 1,680,000        | 980,000                     | 1,100,000         | 2,475,000         | 2,780,000         |
| Revenue bonds  |                            |                  | 3,160,000                   | 3,510,000         | 3,160,000         | 3,510,000         |
| Loans  |                            |                  | 9,917,700                   | 10,389,080        | 9,917,700         | 10,389,080        |
| Total  | <u>1,495,000</u>           | <u>1,680,000</u> | <u>14,057,700</u>           | <u>14,999,080</u> | <u>15,552,700</u> | <u>16,679,080</u> |

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

General Fund revenue for fiscal year 2023 is projected to total \$2,642,821. This projected increase of approximately 9.5% (\$250,182) from the 2022 budget is primarily due to revenue assumptions based on historical trend data and increased revenue to where it would have been prior to the previous year's conservative budget that was the result of the COVID-19 pandemic.

The City continues to plan for major street and public works improvement projects that have been identified and prioritized. The fiscal year 2023 budget has projected to pay for the debt service requirements associated with the first year purchases of the City's 5-year Asset Replacement Program, which includes the purchase of the following assets for the General Fund departments:

| <b>City of Odessa, Missouri<br/>General Fund Asset Replacement Program 2022 - 2023</b> |                |
|--|----------------|
| Dump Truck Replacement (Street)  | 130,000        |
| Annual Mower Replacement (Park)  | 11,000         |
| ANCO (Animal/Nuisance) Vehicle<br>Replacement (Police)                                 | 15,000         |
| Economic Development Consulting<br>Agreement (Administration)                          | 50,000         |
| Bat Wing Mower (Street)  | 20,000         |
| Paving Dyer Park (Park)  | 82,000         |
| Taser Replacement (Police)   | 9,000          |
| Main and Dryden Stormwater<br>Engineering (Street)                                     | 86,500         |
| Police Department Design<br>Engineering (Police)                                       | <u>40,000</u>  |
| Total  | <u>443,500</u> |

CITY OF ODESSA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The fiscal year 2023 budget has projected increased capital outlay expenses due to increased capital investments to the City's infrastructure and capital assets. The Electric Department added annual Capital Improvement Program (CIP) projects starting in the fiscal year 2023 budget. These annual projects include: pole replacements, North Loop conversion, power plant generator, extraction/building repairs, and continued AMI system contribution to the meter system. Additional capital projects include water asset improvements to the wells, lagoon, and silos. The Waste Water Department plans to add a trash bar screen to the SW Lagoon Pump Station and remove the SE Plant SCADA system. These items listed are a portion of the City's CIP, which exists to ensure sufficient investment in the City's systems and infrastructure needed to provide services for today and in the future.

Additional budgetary highlights for next year's budget include:

The budget includes a 3% salary increase for employees and a 1.5% increase to the recently implemented Salary Compensation Schedule. This was completed at the request of the Board of Aldermen to ensure competitive wages in comparison to near and neighboring governments.

Within the Transportation Sales Tax Fund, the City has budgeted over \$300,000 in street improvements, including multiple overlays, curb and gutter, and chip and seal projects.

Within the Capital Improvements Sales Tax Fund, are moneys allocated to the capital projects listed above for Parks and Recreation, Streets, 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, 125 S. 2nd Street, Odessa, MO, 64076.

CITY OF ODESSA, MISSOURI  
STATEMENT OF NET POSITION  
MARCH 31, 2022

|  | Governmental<br>Activities | Business-Type<br>Activities | Total             |
|--|----------------------------|-----------------------------|-------------------|
| <b>ASSETS</b>  |                            |                             |                   |
| Cash and cash equivalents                                  | 2,050,685                  | 6,296,642                   | 8,347,327         |
| Certificates of deposit                                    |                            | 608,133                     | 608,133           |
| Receivables  |                            |                             |                   |
| Taxes  | 364,553                    |                             | 364,553           |
| Accounts   | 24,658                     | 703,064                     | 727,722           |
| Interest   |                            | 15,313                      | 15,313            |
| Unbilled revenues  |                            | 279,553                     | 279,553           |
| Inventories  |                            | 306,213                     | 306,213           |
| Prepays  | 50,754                     | 36,732                      | 87,486            |
| Restricted assets  |                            |                             |                   |
| Cash and cash equivalents                                  | 1,748,787                  | 1,368,953                   | 3,117,740         |
| Net pension asset  | 1,934,846                  | 495,795                     | 2,430,641         |
| Capital assets   |                            |                             |                   |
| Nondepreciable   | 2,137,847                  | 196,758                     | 2,334,605         |
| Depreciable, net   | <u>6,603,733</u>           | <u>25,868,184</u>           | <u>32,471,917</u> |
| <b>TOTAL ASSETS</b>  | <u>14,915,863</u>          | <u>36,175,340</u>           | <u>51,091,203</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                      |                            |                             |                   |
| Pension related amounts                                    | <u>154,967</u>             | <u>30,940</u>               | <u>185,907</u>    |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b> | <u>15,070,830</u>          | <u>36,206,280</u>           | <u>51,277,110</u> |
| <b>LIABILITIES</b>   |                            |                             |                   |
| Current liabilities  |                            |                             |                   |
| Accounts payable   | 51,433                     | 221,227                     | 272,660           |
| Accrued liabilities  | 111,815                    | 63,981                      | 175,796           |
| Unearned revenues  | 40,053                     |                             | 40,053            |
| Court bonds and deposits                                   | 30,694                     |                             | 30,694            |
| Customer deposits  |                            | 635,119                     | 635,119           |
| Accrued interest payable                                   | <u>9,091</u>               | <u>63,752</u>               | <u>72,843</u>     |
| Total current liabilities                                  | <u>243,086</u>             | <u>984,079</u>              | <u>1,227,165</u>  |

CITY OF ODESSA, MISSOURI  
STATEMENT OF NET POSITION  
MARCH 31, 2022

|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 |
|--|----------------------------|-----------------------------|-----------------------|
| LIABILITIES (Continued)                                    |                            |                             |                       |
| Noncurrent liabilities                                     |                            |                             |                       |
| Due within one year  | 315,926                    | 960,141                     | 1,276,067             |
| Due in more than one year                                  | <u>1,304,000</u>           | <u>13,182,559</u>           | <u>14,486,559</u>     |
| Total noncurrent liabilities                               | <u>1,619,926</u>           | <u>14,142,700</u>           | <u>15,762,626</u>     |
| <br>TOTAL LIABILITIES                                      | <br><u>1,863,012</u>       | <br><u>15,126,779</u>       | <br><u>16,989,791</u> |
| <br>DEFERRED INFLOWS OF RESOURCES                          |                            |                             |                       |
| Pension related amounts                                    | <u>1,357,661</u>           | <u>95,573</u>               | <u>1,453,234</u>      |
| <br>TOTAL LIABILITIES AND<br>DEFERRED INFLOWS OF RESOURCES | <br><u>3,220,673</u>       | <br><u>15,222,352</u>       | <br><u>18,443,025</u> |
| <br>NET POSITION   |                            |                             |                       |
| Net investment in capital assets                           | 7,121,654                  | 11,922,242                  | 19,043,896            |
| Restricted   |                            |                             |                       |
| Debt service   | 37,172                     | 570,746                     | 607,918               |
| Renewal and replacement                                    |                            | 163,088                     | 163,088               |
| Parks and recreation                                       | 169,555                    |                             | 169,555               |
| Capital projects   | 1,139,963                  |                             | 1,139,963             |
| Federal programs   | 535,034                    |                             | 535,034               |
| Unrestricted   | <u>2,846,779</u>           | <u>8,327,852</u>            | <u>11,174,631</u>     |
| <br>TOTAL NET POSITION                                     | <br><u>11,850,157</u>      | <br><u>20,983,928</u>       | <br><u>32,834,085</u> |

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2022

| Functions/programs                             | Expenses          | Program Revenues     |                                    | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position |                          |                    |
|--|-------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------------|
|  |                   | Charges for Services | Operating Grants and Contributions |                                  | Primary Government                                |                          |                    |
|  |                   |                      |                                    |                                  | Governmental Activities                           | Business-Type Activities | Total              |
| Primary government                             |                   |                      |                                    |                                  |   |                          |                    |
| Governmental activities                        |                   |                      |                                    |                                  |   |                          |                    |
| General government                             | 679,408           | 52,234               | 534,384                            |                                  | (92,790)  |                          | (92,790)           |
| Public safety                                  | 1,154,584         | 93,071               |                                    |                                  | (1,061,513)                                       |                          | (1,061,513)        |
| Highways and streets                           | 589,928           |                      |                                    |                                  | (589,928)   |                          | (589,928)          |
| Sanitation                                     | 239,470           | 313,714              |                                    |                                  | 74,244  |                          | 74,244             |
| Community planning and development             | 13,364            | 25,774               |                                    |                                  | 12,410  |                          | 12,410             |
| Parks and recreation                           | 432,887           | 166,559              |                                    |                                  | (266,328)   |                          | (266,328)          |
| Municipal court                                | 97,827            |                      |                                    |                                  | (97,827)  |                          | (97,827)           |
| Interest on long-term debt                     | 64,567            |                      |                                    |                                  | (64,567)  |                          | (64,567)           |
| Total governmental activities                  | <u>3,272,035</u>  | <u>651,352</u>       | <u>534,384</u>                     |                                  | <u>(2,086,299)</u>                                |                          | <u>(2,086,299)</u> |
| Business-type activities                       |                   |                      |                                    |                                  |   |                          |                    |
| Electric                                       | 4,039,256         | 5,046,158            |                                    |                                  |   | 1,006,902                | 1,006,902          |
| Water  | 1,106,537         | 1,319,265            |                                    |                                  |   | 212,728                  | 212,728            |
| Waste water                                    | 1,798,721         | 2,285,539            |                                    |                                  |   | 486,818                  | 486,818            |
| Total business-type activities                 | <u>6,944,514</u>  | <u>8,650,962</u>     |                                    |                                  |   | <u>1,706,448</u>         | <u>1,706,448</u>   |
| Total primary government                       | <u>10,216,549</u> | <u>9,302,314</u>     | <u>534,384</u>                     |                                  | <u>(2,086,299)</u>                                | <u>1,706,448</u>         | <u>(379,851)</u>   |
| General revenues                               |                   |                      |                                    |                                  |   |                          |                    |
| Property taxes levied for general purposes     |                   |                      |                                    |                                  | 385,301   |                          | 385,301            |
| Property taxes levied for parks and recreation |                   |                      |                                    |                                  | 95,744  |                          | 95,744             |
| Sales tax                                      |                   |                      |                                    |                                  | 1,606,378   |                          | 1,606,378          |
| Franchise taxes                                |                   |                      |                                    |                                  | 166,062   |                          | 166,062            |
| Intergovernmental sources                      |                   |                      |                                    |                                  | 356,671   |                          | 356,671            |
| Investment earnings                            |                   |                      |                                    |                                  | 29,356  | 56,122                   | 85,478             |
| Other  |                   |                      |                                    |                                  | 14,019  | 18,972                   | 32,991             |
| Total general revenues                         |                   |                      |                                    |                                  | <u>2,653,531</u>                                  | <u>75,094</u>            | <u>2,728,625</u>   |
| Transfers                                      |                   |                      |                                    |                                  | <u>802,257</u>                                    | <u>(802,257)</u>         |                    |
| CHANGE IN NET POSITION                         |                   |                      |                                    |                                  | 1,369,489   | 979,285                  | 2,348,774          |
| NET POSITION, beginning of year                |                   |                      |                                    |                                  | <u>10,480,668</u>                                 | <u>20,004,643</u>        | <u>30,485,311</u>  |
| NET POSITION, end of year                      |                   |                      |                                    |                                  | <u>11,850,157</u>                                 | <u>20,983,928</u>        | <u>32,834,085</u>  |

The accompanying notes are an integral part of this statement.



CITY OF ODESSA, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2022

| ASSETS                                     | General<br>Fund  | Park<br>Fund   | Transportation<br>Sales Tax<br>Fund | Capital<br>Improvement<br>Fund | Debt<br>Service<br>Fund | Elimina-<br>tions | Total            |
|--|------------------|----------------|-------------------------------------|--------------------------------|-------------------------|-------------------|------------------|
| <b>ASSETS</b>                              |                  |                |                                     |                                |                         |                   |                  |
| Cash and cash equivalents                  | 2,050,685        |                |                                     |                                |                         |                   | 2,050,685        |
| Receivables                                |                  |                |                                     |                                |                         |                   |                  |
| Taxes                                      | 178,470          | 57,544         | 51,955                              | 51,955                         |                         |                   | 339,924          |
| Accounts                                   | 24,658           |                |                                     |                                |                         |                   | 24,658           |
| Restricted cash and cash equivalents       | 542,587          | 132,975        | 404,862                             | 631,191                        | 37,172                  |                   | 1,748,787        |
| Prepays                                    | 34,829           | 5,441          |                                     |                                |                         |                   | 40,270           |
| <b>TOTAL ASSETS</b>                        | <b>2,831,229</b> | <b>195,960</b> | <b>456,817</b>                      | <b>683,146</b>                 | <b>37,172</b>           |                   | <b>4,204,324</b> |
|  |                  |                |                                     |                                |                         |                   |                  |
| <b>LIABILITIES AND FUND BALANCES</b>       |                  |                |                                     |                                |                         |                   |                  |
| <b>LIABILITIES</b>                         |                  |                |                                     |                                |                         |                   |                  |
| Accounts payable                           | 42,366           | 9,067          |                                     |                                |                         |                   | 51,433           |
| Accrued liabilities                        | 101,399          | 10,416         |                                     |                                |                         |                   | 111,815          |
| Unearned revenues                          | 38,572           | 1,481          |                                     |                                |                         |                   | 40,053           |
| Court bonds and deposits                   | 30,694           |                |                                     |                                |                         |                   | 30,694           |
| Total liabilities                          | 213,031          | 20,964         |                                     |                                |                         |                   | 233,995          |
| <b>FUND BALANCES</b>                       |                  |                |                                     |                                |                         |                   |                  |
| Nonspendable for prepaids                  | 34,829           | 5,441          |                                     |                                |                         |                   | 40,270           |
| Restricted                                 |                  |                |                                     |                                |                         |                   |                  |
| Parks                                      |                  | 169,555        |                                     |                                |                         |                   | 169,555          |
| Debt service                               |                  |                |                                     |                                | 37,172                  |                   | 37,172           |
| Capital outlay                             |                  |                | 456,817                             | 683,146                        |                         |                   | 1,139,963        |
| Federal programs                           | 535,034          |                |                                     |                                |                         |                   | 535,034          |
| Unassigned                                 | 2,048,335        |                |                                     |                                |                         |                   | 2,048,335        |
| Total fund balances                        | 2,618,198        | 174,996        | 456,817                             | 683,146                        | 37,172                  |                   | 3,970,329        |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>2,831,229</b> | <b>195,960</b> | <b>456,817</b>                      | <b>683,146</b>                 | <b>37,172</b>           |                   | <b>4,204,324</b> |

15

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
MARCH 31, 2022

|   |                    |                          |
|---|--------------------|--------------------------|
| Total fund balance - total governmental funds   |                    | 3,970,329                |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:   |                    |                          |
| Governmental capital assets   | 13,186,037         |                          |
| Less accumulated depreciation   | <u>(4,444,457)</u> | 8,741,580                |
| Certain assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:   |                    |                          |
| Net pension asset   |                    | 1,934,846                |
| Long-term amounts are not financial resources and, therefore, are not reported in the funds:  |                    |                          |
| Prepaid lease interest  |                    | 10,484                   |
| Certain expenditures are not accrued in the governmental funds, but rather are recognized as expenditures in the governmental activities:   |                    |                          |
| Interest on long-term debt  |                    | (9,091)                  |
| Long-term liabilities, including bonds payable and accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds, net of unamortized premiums and discounts. |                    | (1,619,926)              |
| Property taxes and other receivables not collected within 60 days of the end of the fiscal year are deferred in the fund financial statements as they are not available to pay current period expenditures.             |                    | 24,629                   |
| Pension related deferred outflows and inflows of resources are not due and payable in the current year and, therefore, are not reported in the funds:   |                    |                          |
| Deferred outflows of resources - pension related amounts  | 154,966            |                          |
| Deferred inflows of resources - pension related amounts   | <u>(1,357,660)</u> | <u>(1,202,694)</u>       |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>  |                    | <u><b>11,850,157</b></u> |

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED MARCH 31, 2022

|  | General Fund     | Park Fund      | Transportation Sales Tax Fund | Capital Improvement Fund | Debt Service Fund | Eliminations | Total            |
|--|------------------|----------------|-------------------------------|--------------------------|-------------------|--------------|------------------|
| <b>REVENUES</b>  |                  |                |                               |                          |                   |              |                  |
| Taxes  | 1,207,701        | 412,419        | 316,683                       | 316,682                  |                   |              | 2,253,485        |
| Charges for services                                     | 346,285          | 166,559        |                               |                          |                   |              | 512,844          |
| Licenses, permits, and fees                              | 80,242           |                |                               |                          |                   |              | 80,242           |
| Fines and forfeitures                                    | 58,266           |                |                               |                          |                   |              | 58,266           |
| Intergovernmental revenue                                | 891,055          |                |                               |                          |                   |              | 891,055          |
| Interest   | 18,233           |                | 65                            | 11,058                   |                   |              | 29,356           |
| Other  | 13,119           | 900            |                               |                          |                   |              | 14,019           |
| Total revenues   | <u>2,614,901</u> | <u>579,878</u> | <u>316,748</u>                | <u>327,740</u>           |                   |              | <u>3,839,267</u> |
| <b>EXPENDITURES</b>                                      |                  |                |                               |                          |                   |              |                  |
| Current  |                  |                |                               |                          |                   |              |                  |
| General government                                       | 690,405          |                | 555                           | 9,544                    |                   |              | 700,504          |
| Public safety  | 1,168,414        |                |                               |                          |                   |              | 1,168,414        |
| Highways and streets                                     | 410,942          |                | 56,667                        |                          |                   |              | 467,609          |
| Sanitation   | 239,470          |                |                               |                          |                   |              | 239,470          |
| Community planning and development                       | 24,761           |                |                               |                          |                   |              | 24,761           |
| Municipal court  | 97,827           |                |                               |                          |                   |              | 97,827           |
| Parks and recreation                                     |                  | 394,103        |                               |                          |                   |              | 394,103          |
| Capital outlay   | 575,000          |                | 285,360                       | 372,640                  |                   |              | 1,233,000        |
| Debt service   |                  |                |                               |                          |                   |              |                  |
| Principal  |                  | 129,000        |                               | 56,000                   |                   |              | 185,000          |
| Interest and fiscal costs                                |                  | 46,902         |                               | 16,770                   |                   |              | 63,672           |
| Total expenditures                                       | <u>3,206,819</u> | <u>570,005</u> | <u>342,582</u>                | <u>454,954</u>           |                   |              | <u>4,574,360</u> |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <u>(591,918)</u> | <u>9,873</u>   | <u>(25,834)</u>               | <u>(127,214)</u>         |                   |              | <u>(735,093)</u> |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                  |                |                               |                          |                   |              |                  |
| Transfers in   | 804,502          | 10,861         | 63,695                        |                          |                   | (74,556)     | 804,502          |
| Transfers out  | (63,695)         |                | (2,245)                       | (10,861)                 |                   | 74,556       | (2,245)          |
| Total other financing sources (uses)                     | <u>740,807</u>   | <u>10,861</u>  | <u>61,450</u>                 | <u>(10,861)</u>          |                   |              | <u>802,257</u>   |
| <b>CHANGE IN FUND BALANCES</b>                           | <u>148,889</u>   | <u>20,734</u>  | <u>35,616</u>                 | <u>(138,075)</u>         |                   |              | <u>67,164</u>    |
| FUND BALANCE, beginning of year                          | <u>2,469,309</u> | <u>154,262</u> | <u>421,201</u>                | <u>821,221</u>           | <u>37,172</u>     |              | <u>3,903,165</u> |
| FUND BALANCE, end of year                                | <u>2,618,198</u> | <u>174,996</u> | <u>456,817</u>                | <u>683,146</u>           | <u>37,172</u>     |              | <u>3,970,329</u> |

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2022

Net change in fund balances - total governmental funds 67,164

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the difference between capital asset additions (\$1,233,000) and depreciation (\$333,190) in the current period. 899,810

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

|                               |              |         |
|-------------------------------|--------------|---------|
| Principal payments            | 185,000      |         |
| Prepaid interest amortization | <u>(895)</u> | 184,105 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

|                 |                |
|-----------------|----------------|
| Pension expense | <u>218,410</u> |
|-----------------|----------------|

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 1,369,489

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
MARCH 31, 2022

|  | Electric         | Water            | Waste<br>Water    | Elimina-<br>tions | Total             |
|--|------------------|------------------|-------------------|-------------------|-------------------|
| <b>ASSETS</b>  |                  |                  |                   |                   |                   |
| Current assets   |                  |                  |                   |                   |                   |
| Cash and cash equivalents                                  | 4,282,980        | 1,579,113        | 434,549           |                   | 6,296,642         |
| Certificates of deposit                                    |                  | 608,133          |                   |                   | 608,133           |
| Receivables  |                  |                  |                   |                   |                   |
| Accounts   | 404,633          | 101,894          | 196,537           |                   | 703,064           |
| Interest   |                  |                  | 15,313            |                   | 15,313            |
| Unbilled revenues  | 153,871          | 45,380           | 80,302            |                   | 279,553           |
| Due from other funds                                       |                  | 310,000          |                   | (310,000)         |                   |
| Inventories  | 242,107          | 64,106           |                   |                   | 306,213           |
| Prepaid expenses   | 10,096           | 9,900            | 16,736            |                   | 36,732            |
| Total current assets                                       | <u>5,093,687</u> | <u>2,718,526</u> | <u>743,437</u>    | <u>(310,000)</u>  | <u>8,245,650</u>  |
| Noncurrent assets  |                  |                  |                   |                   |                   |
| Restricted cash and cash equivalents                       | 672,983          | 59,223           | 636,747           |                   | 1,368,953         |
| Net pension asset  | 181,072          | 163,287          | 151,436           |                   | 495,795           |
| Capital assets   |                  |                  |                   |                   |                   |
| Nondepreciable   |                  | 144,010          | 52,748            |                   | 196,758           |
| Depreciable, net   | <u>2,610,587</u> | <u>4,254,607</u> | <u>19,002,990</u> |                   | <u>25,868,184</u> |
| Total noncurrent assets                                    | <u>3,464,642</u> | <u>4,621,127</u> | <u>19,843,921</u> |                   | <u>27,929,690</u> |
| <b>TOTAL ASSETS</b>  | <u>8,558,329</u> | <u>7,339,653</u> | <u>20,587,358</u> | <u>(310,000)</u>  | <u>36,175,340</u> |
| DEFERRED OUTFLOWS OF RESOURCES                             |                  |                  |                   |                   |                   |
| Pension related amounts                                    | <u>11,762</u>    | <u>9,341</u>     | <u>9,837</u>      |                   | <u>30,940</u>     |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b> | <u>8,570,091</u> | <u>7,348,994</u> | <u>20,597,195</u> | <u>(310,000)</u>  | <u>36,206,280</u> |

CITY OF ODESSA, MISSOURI  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
MARCH 31, 2022

|  | Electric         | Water            | Waste<br>Water    | Elimina-<br>tions | Total             |
|--|------------------|------------------|-------------------|-------------------|-------------------|
| LIABILITIES  |                  |                  |                   |                   |                   |
| Current liabilities  |                  |                  |                   |                   |                   |
| Accounts payable   | 180,552          | 20,980           | 19,695            |                   | 221,227           |
| Accrued liabilities  | 23,059           | 21,438           | 19,484            |                   | 63,981            |
| Due to other funds   |                  |                  | 310,000           | (310,000)         |                   |
| Current maturities of long-term debt                                       | 66,777           | 93,899           | 799,465           |                   | 960,141           |
| Customer deposits  | 635,119          |                  |                   |                   | 635,119           |
| Accrued interest   | 4,211            | 7,431            | 52,110            |                   | 63,752            |
| Total current liabilities  | <u>909,718</u>   | <u>143,748</u>   | <u>1,200,754</u>  | <u>(310,000)</u>  | <u>1,944,220</u>  |
| Noncurrent liabilities   |                  |                  |                   |                   |                   |
| Long-term debt, net of current maturities                                  | <u>333,451</u>   | <u>750,479</u>   | <u>12,098,629</u> |                   | <u>13,182,559</u> |
| TOTAL LIABILITIES  | <u>1,243,169</u> | <u>894,227</u>   | <u>13,299,383</u> | <u>(310,000)</u>  | <u>15,126,779</u> |
| DEFERRED INFLOWS OF RESOURCES  |                  |                  |                   |                   |                   |
| Resources to be recognized in future<br>pension expense due to liabilities | <u>30,069</u>    | <u>21,796</u>    | <u>43,708</u>     |                   | <u>95,573</u>     |
| TOTAL LIABILITIES AND DEFERRED<br>INFLOWS OF RESOURCES                     | <u>1,273,238</u> | <u>916,023</u>   | <u>13,343,091</u> | <u>(310,000)</u>  | <u>15,222,352</u> |
| NET POSITION   |                  |                  |                   |                   |                   |
| Net investment in capital assets   | 2,210,359        | 3,554,239        | 6,157,644         |                   | 11,922,242        |
| Restricted for debt service  |                  |                  | 570,746           |                   | 570,746           |
| Restricted for renewal and replacement                                     | 37,864           | 59,223           | 66,001            |                   | 163,088           |
| Unrestricted   | <u>5,048,630</u> | <u>2,819,509</u> | <u>459,713</u>    |                   | <u>8,327,852</u>  |
| TOTAL NET POSITION   | <u>7,296,853</u> | <u>6,432,971</u> | <u>7,254,104</u>  |                   | <u>20,983,928</u> |

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2022

|   | Electric         | Water             | Waste<br>Water   | Elimina-<br>tions | Total            |
|---|------------------|-------------------|------------------|-------------------|------------------|
| REVENUES                                  |                  |                   |                  |                   |                  |
| Charges for services                      | <u>5,046,158</u> | <u>1,319,265</u>  | <u>2,285,539</u> | <u>          </u> | <u>8,650,962</u> |
| EXPENSES                                  |                  |                   |                  |                   |                  |
| Personnel                                 | 387,611          | 290,861           | 279,031          |                   | 957,503          |
| Operation and maintenance                 | 258,258          | 419,848           | 397,177          |                   | 1,075,283        |
| Power purchases                           | 3,143,731        |                   |                  |                   | 3,143,731        |
| Depreciation and amortization             | <u>236,035</u>   | <u>367,313</u>    | <u>789,264</u>   | <u>          </u> | <u>1,392,612</u> |
| Total expenses                            | <u>4,025,635</u> | <u>1,078,022</u>  | <u>1,465,472</u> | <u>          </u> | <u>6,569,129</u> |
| OPERATING INCOME                          | <u>1,020,523</u> | <u>241,243</u>    | <u>820,067</u>   | <u>          </u> | <u>2,081,833</u> |
| NONOPERATING REVENUES (EXPENSES)          |                  |                   |                  |                   |                  |
| Interest income                           | 15,444           | 224               | 40,454           |                   | 56,122           |
| Interest expense                          | (13,621)         | (28,515)          | (272,278)        |                   | (314,414)        |
| Operating grants                          |                  |                   |                  |                   |                  |
| Debt administrative expenses              |                  |                   | (60,971)         |                   | (60,971)         |
| Rental income                             |                  | 13,688            |                  |                   | 13,688           |
| Miscellaneous                             | <u>1,899</u>     | <u>          </u> | <u>3,385</u>     | <u>          </u> | <u>5,284</u>     |
| Total nonoperating revenues<br>(expenses) | <u>3,722</u>     | <u>(14,603)</u>   | <u>(289,410)</u> | <u>          </u> | <u>(300,291)</u> |
| INCOME BEFORE TRANSFERS                   | <u>1,024,245</u> | <u>226,640</u>    | <u>530,657</u>   | <u>          </u> | <u>1,781,542</u> |

CITY OF ODESSA, MISSOURI  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED MARCH 31, 2022

|                                     | Electric                    | Water                       | Waste<br>Water              | Elimina-<br>tions | Total                        |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------|------------------------------|
| TRANSFERS                           |                             |                             |                             |                   |                              |
| Transfers in                        | 2,245                       |                             |                             |                   | 2,245                        |
| Transfers out                       | <u>(373,965)</u>            | <u>(192,637)</u>            | <u>(237,900)</u>            |                   | <u>(804,502)</u>             |
| Total transfers                     | <u>(371,720)</u>            | <u>(192,637)</u>            | <u>(237,900)</u>            |                   | <u>(802,257)</u>             |
| <br>CHANGE IN NET POSITION          | <br>652,525                 | <br>34,003                  | <br>292,757                 |                   | <br>979,285                  |
| <br>NET POSITION, beginning of year | <br><u>6,644,328</u>        | <br><u>6,398,968</u>        | <br><u>6,961,347</u>        |                   | <br><u>20,004,643</u>        |
| <br>NET POSITION, end of year       | <br><u><u>7,296,853</u></u> | <br><u><u>6,432,971</u></u> | <br><u><u>7,254,104</u></u> |                   | <br><u><u>20,983,928</u></u> |

22

The accompanying notes are an integral part of this statement.



CITY OF ODESSA, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2022

|   | Enterprise Funds |                  |                    |                    |
|---|------------------|------------------|--------------------|--------------------|
|   | Electric         | Water            | Waste<br>Water     | Total              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                  |                  |                    |                    |
| Cash received from customers and others                         | 5,022,655        | 1,347,824        | 2,266,113          | 8,636,592          |
| Cash payments to suppliers for goods and services               | (3,574,357)      | (435,288)        | (389,628)          | (4,399,273)        |
| Cash payments for employee services and benefits                | (469,134)        | (355,603)        | (347,211)          | (1,171,948)        |
| Net cash provided by operating activities                       | <u>979,164</u>   | <u>556,933</u>   | <u>1,529,274</u>   | <u>3,065,371</u>   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                  |                  |                    |                    |
| Transfers in  | 2,245            |                  |                    | 2,245              |
| Transfers out   | (373,965)        | (192,637)        | (237,900)          | (804,502)          |
| Net cash used in noncapital financing activities                | <u>(371,720)</u> | <u>(192,637)</u> | <u>(237,900)</u>   | <u>(802,257)</u>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                  |                  |                    |                    |
| Cash paid for the acquisition of capital assets                 | (190,977)        | (45,977)         | (16,460)           | (253,414)          |
| Cash paid on long-term debt                                     | (46,800)         | (73,200)         | (822,200)          | (942,200)          |
| Cash paid for debt administrative expenses                      |                  |                  | (60,971)           | (60,971)           |
| Interest paid on capital debt                                   | (12,759)         | (30,049)         | (291,779)          | (334,587)          |
| Net cash used in capital and related financing activities       | <u>(250,536)</u> | <u>(149,226)</u> | <u>(1,191,410)</u> | <u>(1,591,172)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                  |                  |                    |                    |
| Increases in certificates of deposit                            |                  | (220)            |                    | (220)              |
| Cash received from interest                                     | 15,444           | 224              | 40,454             | 56,122             |
| Net cash provided by investing activities                       | <u>15,444</u>    | <u>4</u>         | <u>40,454</u>      | <u>55,902</u>      |

CITY OF ODESSA, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2022

|   | Enterprise Funds |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | Electric         | Water            | Waste<br>Water   | Total            |
| NET INCREASE IN CASH AND CASH EQUIVALENTS   | 372,352          | 215,074          | 140,418          | 727,844          |
| CASH AND CASH EQUIVALENTS, beginning of year  | <u>4,583,611</u> | <u>1,423,262</u> | <u>930,878</u>   | <u>6,937,751</u> |
| CASH AND CASH EQUIVALENTS, end of year  | <u>4,955,963</u> | <u>1,638,336</u> | <u>1,071,296</u> | <u>7,665,595</u> |
| Unrestricted  | 4,282,980        | 1,579,113        | 434,549          | 6,296,642        |
| Restricted  | 672,983          | 59,223           | 636,747          | 1,368,953        |
|   | <u>4,955,963</u> | <u>1,638,336</u> | <u>1,071,296</u> | <u>7,665,595</u> |
| Reconciliation of operating income to net cash provided by operating activities         |                  |                  |                  |                  |
| Operating income  | <u>1,020,523</u> | <u>241,243</u>   | <u>820,067</u>   | <u>2,081,833</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                  |                  |                  |                  |
| Depreciation and amortization   | 236,035          | 367,313          | 789,264          | 1,392,612        |
| Loss on disposal of assets  | 12,023           |                  |                  | 12,023           |
| Rental and miscellaneous income   | 1,899            | 13,688           | 3,385            | 18,972           |
| Changes in assets and liabilities:  |                  |                  |                  |                  |
| Receivables, net  | (52,418)         | 14,871           | (22,811)         | (60,358)         |
| Inventories and prepaids  | (2,730)          | (10,054)         | 1,115            | (11,669)         |
| Pension related assets, outflows, and inflows   | (81,523)         | (64,742)         | (68,180)         | (214,445)        |
| Accounts payable  | (196,517)        | (20,007)         | (5,788)          | (222,312)        |
| Accrued liabilities   | 14,856           | 14,621           | 12,222           | 41,699           |
| Meter deposits  | 27,016           |                  |                  | 27,016           |
| Total adjustments   | <u>(41,359)</u>  | <u>315,690</u>   | <u>709,207</u>   | <u>983,538</u>   |
| Net cash provided by operating activities   | <u>979,164</u>   | <u>556,933</u>   | <u>1,529,274</u> | <u>3,065,371</u> |

24

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI  
NOTES TO THE 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 5,300 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. The City of Odessa, Missouri, provides a range of municipal services, including general government administration; public safety service; recreation; street maintenance; and contracts for electric, waterworks, and sewerage.

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.

B. BASIS OF PRESENTATION

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, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

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.

The funds of the City are described below:

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:

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:

Park Fund - This fund accounts for taxes collected and expended for operations and improvements to the City's parks.

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds (Continued)

Transportation Sales Tax Fund - This fund accounts for sales taxes to be used to finance street improvements.

Capital Improvement 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.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs other than bonds payable from the operations of the Enterprise 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.

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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.

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

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.

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Cash and Cash Equivalents (Continued)

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.

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 \$8,162. Business-type activities represent billed electric, water, and waste water charges, net of an allowance for uncollectible accounts of \$293,008.

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.

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.

Restricted Assets

Unspent proceeds and resources set aside for the repayment of revenue bonds and certificates of participation are classified as restricted assets on the applicable statements of net position because they are maintained in separate bank or trust accounts and their use is limited by applicable bond covenants. Restricted assets also include amounts held for court bonds and deposits in the General Fund and customer deposits in the Electric Fund.

Capital Assets

Under GASB Statement 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. Under GASB 34, small cities have the option to capitalize

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Capital Assets (Continued)

infrastructure purchased in previous years. The City of Odessa, Missouri, has chosen not to capitalize existing infrastructure but will capitalize any future infrastructure that it acquires. No long-term capital assets or depreciation are shown in the governmental fund financial statements.

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:

|                                 |               |
|---------------------------------|---------------|
| Equipment and vehicles          | 5 - 10 years  |
| Buildings and land improvements | 10 - 50 years |
| Infrastructure                  | 30 years      |
| Water and sewer system          | 30 - 50 years |

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

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 are reported in this category.



CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

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.

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 is equivalent 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.

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.

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.

Fund Equity

Government-Wide Statements

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

Net investment in capital assets consists 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.

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Fund Equity (Continued)

Government-Wide Statements (Continued)

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

Unrestricted net position does 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

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Fund Equity (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Committed (Continued)

Aldermen 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.

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.

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 provisions 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 summary of the carrying values of deposits, investments, and petty cash at March 31, 2022, is as follows:

|                         |            |
|-------------------------|------------|
| Total deposits          | 11,064,388 |
| Certificates of deposit | 608,133    |
| Held by trustee         | 399,437    |
| Petty cash              | 1,242      |
| Total                   | 12,073,200 |

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

|                                      |            |
|--------------------------------------|------------|
| Cash and cash equivalents            | 8,347,327  |
| Certificates of deposit              | 608,133    |
| Restricted cash and cash equivalents | 3,117,740  |
| Total                                | 12,073,200 |

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.

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Investment Policies (Continued)

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, 2022, 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.

The assessed values for property located in the City as of January 1, 2022 and 2021, that the levy was based on, are as follows:

|                         | 2022                     | 2021                     |
|-------------------------|--------------------------|--------------------------|
| Real estate             | 47,105,994               | 46,695,588               |
| Personal property       | <u>10,718,816</u>        | <u>10,718,816</u>        |
| Total current valuation | <u><u>57,824,810</u></u> | <u><u>57,414,404</u></u> |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. PROPERTY TAX REVENUE (Continued)

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, 2022 and 2021, per \$100 assessed valuation, were as follows:

|         | 2022                 | 2021                 |
|---------|----------------------|----------------------|
| General | 0.5658               | 0.5658               |
| Parks   | <u>0.1493</u>        | <u>0.1493</u>        |
| Total   | <u><u>0.7151</u></u> | <u><u>0.7151</u></u> |

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

NOTE 4. INTERGOVERNMENTAL REVENUE

Intergovernmental revenue during the fiscal year ended March 31, 2022, consisted of the following:

|   | General               |
|---|-----------------------|
| State   |                       |
| Motor vehicle fuel tax                        | 155,805               |
| Motor vehicle sales tax and registration fees | 81,505                |
| Financial institution tax                     | 5,108                 |
| Other   |                       |
| Grants  | 570,749               |
| Other   | 415                   |
| County  |                       |
| Use tax                                       | 38,772                |
| Road and bridge tax                           | <u>38,701</u>         |
| Total   | <u><u>891,055</u></u> |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2022, was as follows:

Governmental Activities

|   | Balance<br>April 1,<br>2021 | Increases | Decreases | Balance<br>March 31,<br>2022 |
|---|-----------------------------|-----------|-----------|------------------------------|
| Capital assets, not being depreciated           |                             |           |           |                              |
| Land  | 2,037,847                   | 100,000   | _____     | 2,137,847                    |
| Capital assets, being depreciated               |                             |           |           |                              |
| Buildings and improvements                      | 3,027,220                   | 450,000   |           | 3,477,220                    |
| Land improvements                               | 322,599                     |           |           | 322,599                      |
| Machinery and equipment                         | 1,329,192                   | 406,931   |           | 1,736,123                    |
| Infrastructure                                  | 4,699,317                   | 134,969   |           | 4,834,286                    |
| Furniture and fixtures                          | 65,163                      |           |           | 65,163                       |
| Vehicles  | 471,699                     | 141,100   | _____     | 612,799                      |
| Total capital assets,<br>being depreciated      | 9,915,190                   | 1,133,000 | _____     | 11,048,190                   |
| Less accumulated depreciation for:              |                             |           |           |                              |
| Buildings and improvements                      | (1,160,845)                 | (86,875)  |           | (1,247,720)                  |
| Land improvements                               | (149,666)                   | (6,797)   |           | (156,463)                    |
| Machinery and equipment                         | (945,195)                   | (56,438)  |           | (1,001,633)                  |
| Infrastructure                                  | (1,406,611)                 | (122,945) |           | (1,529,556)                  |
| Furniture and fixtures                          | (55,006)                    | (2,880)   |           | (57,886)                     |
| Vehicles  | (393,944)                   | (57,255)  | _____     | (451,199)                    |
| Total accumulated depreciation                  | (4,111,267)                 | (333,190) | _____     | (4,444,457)                  |
| Total capital assets, being<br>depreciated, net | 5,803,923                   | 799,810   | _____     | 6,603,733                    |
| Governmental activities, capital<br>assets, net | 7,841,770                   | 899,810   | =====     | 8,741,580                    |

Depreciation was charged to functions as follows:

|                      |                |
|----------------------|----------------|
| General government   | 47,450         |
| Public safety        | 34,078         |
| Highways and streets | 180,135        |
| Parks and recreation | 71,527         |
|                      | <u>333,190</u> |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Business-Type Activities

|   | Balance<br>April 1,<br>2021 | Increases        | Decreases         | Balance<br>March 31,<br>2022 |
|---|-----------------------------|------------------|-------------------|------------------------------|
| <u>Business-Type Activities - Electric Fund</u>                 |                             |                  |                   |                              |
| Capital assets, being depreciated                               |                             |                  |                   |                              |
| Generation and distribution system                              | 7,920,534                   | 145,000          |                   | 8,065,534                    |
| Buildings and improvements                                      | 1,138,290                   |                  |                   | 1,138,290                    |
| Machinery, equipment, and vehicles                              | <u>1,257,298</u>            | <u>45,977</u>    | <u>(81,096)</u>   | <u>1,222,179</u>             |
| Total capital assets, being<br>depreciated                      | <u>10,316,122</u>           | <u>190,977</u>   | <u>(81,096)</u>   | <u>10,426,003</u>            |
| Less accumulated depreciation for:                              |                             |                  |                   |                              |
| Generation and distribution system                              | (6,032,182)                 | (169,512)        |                   | (6,201,694)                  |
| Buildings and improvements                                      | (537,106)                   | (37,673)         |                   | (574,779)                    |
| Machinery, equipment, and vehicles                              | <u>(1,076,998)</u>          | <u>(43,041)</u>  | <u>81,096</u>     | <u>(1,038,943)</u>           |
| Total accumulated depreciation                                  | <u>(7,646,286)</u>          | <u>(250,226)</u> | <u>81,096</u>     | <u>(7,815,416)</u>           |
| Total capital assets, being<br>depreciated, net                 | <u>2,669,836</u>            | <u>(59,249)</u>  | <u>          </u> | <u>2,610,587</u>             |
| Business-type activities - Electric Fund<br>capital assets, net | <u>2,669,836</u>            | <u>(59,249)</u>  | <u>          </u> | <u>2,610,587</u>             |



CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Business-Type Activities (Continued)

|  | Balance<br>April 1,<br>2021 | Increases        | Decreases       | Balance<br>March 31,<br>2022 |
|--|-----------------------------|------------------|-----------------|------------------------------|
| <u>Business-Type Activities - Water Fund</u>                 |                             |                  |                 |                              |
| Capital assets, not being depreciated                        |                             |                  |                 |                              |
| Land   | 144,010                     |                  |                 | 144,010                      |
| Construction in progress                                     | 18,473                      |                  | (18,473)        |                              |
| Total capital assets, not<br>being depreciated               | <u>162,483</u>              |                  | <u>(18,473)</u> | <u>144,010</u>               |
| Capital assets, being depreciated                            |                             |                  |                 |                              |
| Treatment and distribution system                            | 7,532,773                   | 18,473           |                 | 7,551,246                    |
| Buildings and improvements                                   | 4,417,239                   |                  |                 | 4,417,239                    |
| Machinery, equipment, and vehicles                           | 537,293                     | 45,977           |                 | 583,270                      |
| Total capital assets,<br>being depreciated                   | <u>12,487,305</u>           | <u>64,450</u>    |                 | <u>12,551,755</u>            |
| Less accumulated depreciation for:                           |                             |                  |                 |                              |
| Treatment and distribution system                            | (4,329,150)                 | (196,182)        |                 | (4,525,332)                  |
| Buildings and improvements                                   | (3,316,549)                 | (124,647)        |                 | (3,441,196)                  |
| Machinery, equipment, and vehicles                           | (284,820)                   | (45,800)         |                 | (330,620)                    |
| Total accumulated depreciation                               | <u>(7,930,519)</u>          | <u>(366,629)</u> |                 | <u>(8,297,148)</u>           |
| Total capital assets, being<br>depreciated, net              | <u>4,556,786</u>            | <u>(302,179)</u> |                 | <u>4,254,607</u>             |
| Business-type activities - Water Fund<br>capital assets, net | <u>4,719,269</u>            | <u>(302,179)</u> | <u>(18,473)</u> | <u>4,398,617</u>             |
| <u>Business-Type Activities - Waste Water Fund</u>           |                             |                  |                 |                              |
| Capital assets, not being depreciated                        |                             |                  |                 |                              |
| Land   | 52,748                      |                  |                 | 52,748                       |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Business-Type Activities (Continued)

|   | Balance<br>April 1,<br>2021 | Increases        | Decreases | Balance<br>March 31,<br>2022 |
|---|-----------------------------|------------------|-----------|------------------------------|
| <u>Business-Type Activities - Waste Water Fund</u>              |                             |                  |           |                              |
| (Continued)   |                             |                  |           |                              |
| Capital assets, being depreciated                               |                             |                  |           |                              |
| Collection and treatment system                                 | 9,131,644                   |                  |           | 9,131,644                    |
| Buildings and improvements                                      | 19,434,151                  | 16,459           |           | 19,450,610                   |
| Machinery, equipment, and vehicles                              | 828,117                     |                  |           | 828,117                      |
| Total capital assets, being depreciated                         | <u>29,393,912</u>           | <u>16,459</u>    |           | <u>29,410,371</u>            |
| Less accumulated depreciation for:                              |                             |                  |           |                              |
| Collection and treatment system                                 | (3,044,322)                 | (187,239)        |           | (3,231,561)                  |
| Buildings and improvements                                      | (6,040,191)                 | (566,463)        |           | (6,606,654)                  |
| Machinery, equipment, and vehicles                              | (533,605)                   | (35,561)         |           | (569,166)                    |
| Total accumulated depreciation                                  | <u>(9,618,118)</u>          | <u>(789,263)</u> |           | <u>(10,407,381)</u>          |
| Total capital assets being depreciated, net                     | <u>19,775,794</u>           | <u>(772,804)</u> |           | <u>19,002,990</u>            |
| Business-type activities - Waste Water Fund capital assets, net | <u>19,828,542</u>           | <u>(772,804)</u> |           | <u>19,055,738</u>            |

NOTE 6. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended March 31, 2022, consisted of the following:

|                               | Balance<br>April 1,<br>2021 | Addi-<br>tions | Retire-<br>ments | Balance<br>March 31,<br>2022 | Due in<br>One<br>Year |
|-------------------------------|-----------------------------|----------------|------------------|------------------------------|-----------------------|
| Direct borrowing arrangements |                             |                |                  |                              |                       |
| Capital lease - park          | 1,093,000                   |                | 129,000          | 964,000                      | 132,000               |
| Capital lease - improvements  | 587,000                     |                | 56,000           | 531,000                      | 59,000                |
| Compensated absences          | 124,926                     |                |                  | 124,926                      | 124,926               |
| Total governmental activities | <u>1,804,926</u>            |                | <u>185,000</u>   | <u>1,619,926</u>             | <u>315,926</u>        |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Direct Borrowing Arrangements

Capital 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 cumulative amount of assets acquired under the lease at March 31, 2022, is \$2,071,814.

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2022, are as follows:

| Years       | Principal      | Interest       | Total            |
|-------------|----------------|----------------|------------------|
| 2023        | 132,000        | 32,978         | 164,978          |
| 2024        | 140,000        | 28,075         | 168,075          |
| 2025        | 144,000        | 22,849         | 166,849          |
| 2026        | 153,000        | 17,383         | 170,383          |
| 2027        | 156,000        | 11,808         | 167,808          |
| 2028 - 2029 | 239,000        | 6,567          | 245,567          |
|             | <u>964,000</u> | <u>119,660</u> | <u>1,083,660</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 cumulative amount of assets acquired under the lease at March 31, 2022, is \$245,815.

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2022, are as follows:

| Years       | Principal      | Interest      | Total          |
|-------------|----------------|---------------|----------------|
| 2023        | 59,000         | 15,045        | 74,045         |
| 2024        | 61,000         | 13,245        | 74,245         |
| 2025        | 63,000         | 11,385        | 74,385         |
| 2026        | 65,000         | 9,465         | 74,465         |
| 2027        | 67,000         | 7,485         | 74,485         |
| 2028 - 2030 | 216,000        | 9,840         | 225,840        |
|             | <u>531,000</u> | <u>66,465</u> | <u>597,465</u> |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities

Changes in debt for the year ended March 31, 2022, consisted of the following:

|                                | Balance<br>April 1,<br>2021 | Addi-<br>tions | Retire-<br>ments | Balance<br>March 31,<br>2022 | Due in<br>One<br>Year |
|--------------------------------|-----------------------------|----------------|------------------|------------------------------|-----------------------|
| Electric Fund                  |                             |                |                  |                              |                       |
| Direct borrowing arrangements  |                             |                |                  |                              |                       |
| Capital lease                  | 429,000                     |                | 46,800           | 382,200                      | 48,750                |
| Compensated absences           | 18,027                      |                |                  | 18,027                       | 18,027                |
| Total Electric Fund            | <u>447,027</u>              |                | <u>46,800</u>    | <u>400,227</u>               | <u>66,777</u>         |
| Water Fund                     |                             |                |                  |                              |                       |
| Revenue bonds                  | 228,929                     |                |                  | 228,929                      |                       |
| Direct borrowing arrangements  |                             |                |                  |                              |                       |
| Capital lease                  | 671,000                     |                | 73,200           | 597,800                      | 76,250                |
| Compensated absences           | 17,649                      |                |                  | 17,649                       | 17,649                |
| Total Water Fund               | <u>917,578</u>              |                | <u>73,200</u>    | <u>844,378</u>               | <u>93,899</u>         |
| Waste Water Fund               |                             |                |                  |                              |                       |
| Revenue bonds                  | 3,281,071                   |                | 350,000          | 2,931,071                    | 355,000               |
| Loans payable                  | 10,389,080                  |                | 471,380          | 9,917,700                    | 418,300               |
| Unamortized premium            | 49,622                      |                | 13,232           | 36,390                       | 13,232                |
| Compensated absences           | 12,933                      |                |                  | 12,933                       | 12,933                |
| Total Waste Water Fund         | <u>13,732,706</u>           |                | <u>834,612</u>   | <u>12,898,094</u>            | <u>799,465</u>        |
| Total business-type activities | <u>15,097,311</u>           |                | <u>954,612</u>   | <u>14,142,699</u>            | <u>960,141</u>        |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds

|  |                  |
|--|------------------|
| 2004B Sewerage System Revenue Bonds, dated May 28, 2004, due in annual installments through January 1, 2025, with interest rates of 2.00% - 5.25%.   | 1,095,000        |
| 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%. | <u>2,065,000</u> |
|  | <u>3,510,000</u> |

The annual debt service requirements to amortize the revenue bonds as of March 31, 2022, are as follows:

| Years Ending | Series 2004B<br>Sewerage System<br>Revenue Bonds |          | Series 2017, Combined<br>Water Works and Sewer-<br>age System Refunding<br>Revenue Bonds |          | Total     |
|--------------|--|----------|--|----------|-----------|
|              | Principal  | Interest | Principal  | Interest |           |
| March 31,    |  |          |  |          |           |
| 2023         | 355,000  | 54,750   |  | 53,340   | 463,090   |
| 2024         | 365,000  | 37,000   |  | 53,340   | 455,340   |
| 2025         | 375,000  | 18,750   |  | 53,340   | 447,090   |
| 2026         |  |          |  | 53,340   | 53,340    |
| 2027         |  |          | 445,000  | 48,111   | 493,111   |
| 2028 - 2031  |  |          | 1,620,000  | 75,686   | 1,695,686 |
| Total        | 1,095,000  | 110,500  | 2,065,000  | 337,157  | 3,607,657 |

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.

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

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<br>March 31, | Water Fund     |               | Waste Water<br>Fund |                | Total            |
|---------------------------|----------------|---------------|---------------------|----------------|------------------|
|                           | Principal      | Interest      | Principal           | Interest       |                  |
| 2023                      |                | 5,958         |                     | 47,382         | 53,340           |
| 2024                      |                | 5,958         |                     | 47,382         | 53,340           |
| 2025                      |                | 5,958         |                     | 47,382         | 53,340           |
| 2026                      |                | 5,958         |                     | 47,382         | 53,340           |
| 2027                      | 49,333         | 5,374         | 395,667             | 42,737         | 493,111          |
| 2028 - 2031               | <u>179,596</u> | <u>8,453</u>  | <u>1,440,404</u>    | <u>67,233</u>  | <u>1,695,686</u> |
| Total                     | <u>228,929</u> | <u>37,659</u> | <u>1,836,071</u>    | <u>299,498</u> | <u>2,402,157</u> |

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. 250,000

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. 7,033,000

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%. 2,634,700

9,917,700

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

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Loans (Continued)

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.

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, 2022, are detailed below:

| Years Ending | Series 2005    |              | Series 2014      |                  | Series 2015      |                | Total             |
|--------------|----------------|--------------|------------------|------------------|------------------|----------------|-------------------|
|              | Loan           |              | Loan             |                  | Loan             |                |                   |
| March 31,    | Principal      | Interest     | Principal        | Interest         | Principal        | Interest       |                   |
| 2023         | 54,000         | 3,548        | 265,000          | 101,718          | 99,300           | 32,625         | 556,191           |
| 2024         | 56,000         | 2,730        | 271,000          | 97,827           | 101,100          | 31,378         | 560,035           |
| 2025         | 56,000         | 1,890        | 276,000          | 93,856           | 102,800          | 30,108         | 560,654           |
| 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 - 2032  |                |              | 1,521,000        | 363,583          | 561,000          | 116,990        | 2,562,573         |
| 2033 - 2037  |                |              | 1,679,000        | 247,456          | 612,400          | 80,508         | 2,619,364         |
| 2038 - 2042  |                |              | 1,849,000        | 119,401          | 668,100          | 40,696         | 2,677,197         |
| 2043 - 2044  |                |              | 604,000          | 8,943            | 278,800          | 4,327          | 896,070           |
| Total        | <u>250,000</u> | <u>9,428</u> | <u>7,033,000</u> | <u>1,208,268</u> | <u>2,634,700</u> | <u>392,954</u> | <u>11,528,350</u> |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Loans (Continued)

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 water-works, 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

Capital Lease

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

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

The annual debt service requirements to service the capital lease outstanding as of March 31, 2022, are detailed below.

| Years       | Water Fund     |               | Waste Water Fund |               | Total            |
|-------------|----------------|---------------|------------------|---------------|------------------|
|             | Principal      | Interest      | Principal        | Interest      |                  |
| 2023        | 48,750         | 13,301        | 76,250           | 20,803        | 159,104          |
| 2024        | 50,700         | 11,604        | 79,300           | 18,150        | 159,754          |
| 2025        | 52,650         | 9,840         | 82,350           | 15,390        | 160,230          |
| 2026        | 54,600         | 8,007         | 85,400           | 12,525        | 160,532          |
| 2027        | 56,550         | 6,107         | 88,450           | 9,553         | 160,660          |
| 2028 - 2029 | 118,950        | 6,243         | 186,050          | 9,765         | 321,008          |
| Total       | <u>382,200</u> | <u>55,102</u> | <u>597,800</u>   | <u>86,186</u> | <u>1,121,288</u> |



CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

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, 2022, these amounts were \$427,340 and \$377,162, respectively.

Interfund receivable and payable activity represents transactions between the different funds under the City's control. In most cases, these balances represent short-term advances from one fund to another. The Interfund balance between the Water and Waste Water Funds totaled \$310,000.

Interfund transfers for the year ended March 31, 2022, consisted of the following:

| <u>Transfers Out</u>        | <u>Transfers In</u> |               |                             |              | Total          |
|-----------------------------|---------------------|---------------|-----------------------------|--------------|----------------|
|                             | General             | Park          | Transportation<br>Sales Tax | Electric     |                |
| General                     |                     |               | 63,695                      |              | 63,695         |
| Transportation<br>Sales Tax |                     |               |                             | 2,245        | 2,245          |
| Capital<br>Improvement      |                     | 10,861        |                             |              | 10,861         |
| Electric                    | 373,965             |               |                             |              | 373,965        |
| Water                       | 192,637             |               |                             |              | 192,637        |
| Waste Water                 | 237,900             |               |                             |              | 237,900        |
| Total                       | <u>804,502</u>      | <u>10,861</u> | <u>63,695</u>               | <u>2,245</u> | <u>881,303</u> |

NOTE 8. PENSION PLAN

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. LAGERS serves 836 local participating employers. These participating employers include 324 cities, 60 counties, and 452 other public entities during the plan year ended June 30, 2021.

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Plan Description (Continued)

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, 2022, the net pension asset is based on an actuarial valuation performed as of February 28, 2021, and a measurement date of June 30, 2021.

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.

At the date the actuarial valuation was performed, the City had 35 active employees, 36 inactive employees entitled to but not yet receiving benefits, and 44 inactive employees (or their beneficiaries) who are currently receiving benefits.

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 gross salary. The governing body may elect to participate in the noncontributory plan which would result in no employee contributions.

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Actuarial Assumptions

The pension liability for the June 30, 2021, measurement date was determined using the following actuarial assumptions applied to the measurement:

|                               |  |
|-------------------------------|--|
| Actuarial Cost Method         | Entry Age Normal and Modified Terminal Funding   |
| Amortization Method           | A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (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 | Multiple bases from 15 - 16 years  |
| Asset Valuation Method        | 5-year smoothed market; 20% corridor   |
| Inflation                     | 2.75% wage inflation; 2.25% price inflation  |
| Salary Increases              | 2.75% - 6.75%, including wage inflation  |
| Investment Rate of Return     | 7.00%, net of investment expenses  |
| Retirement Age                | Experience-based 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 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 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   |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

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 1.922% 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, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

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, 2021, 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:

|                  | 1.00%<br>Decrease<br>6.00% | Current<br>Rate<br>7.00% | 1.00%<br>Increase<br>8.00% |
|------------------|----------------------------|--------------------------|----------------------------|
| General Division | 986,018                    | 1,901,440                | 2,620,483                  |
| Police Division  | 244,809                    | 529,201                  | 757,896                    |
|                  | 1,230,827                  | 2,430,641                | 3,378,379                  |

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            | 24.6% |
| Fixed Income        | 28.0% |
| Real Assets/Returns | 32.1% |
| Strategic           | 7.2%  |
| Alpha*              | 8.1%  |

\* Alpha portfolio is based on a volatility adjusted exposure targeting 8% overall.

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

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

|   |                |
|---|----------------|
| Differences between expected and actual experience        | 67,974         |
| Employer contributions subsequent to the measurement date | <u>117,933</u> |
|   | <u>185,907</u> |

Deferred Inflows of Resources

|  |                    |
|--|--------------------|
| Net difference between projected and actual earnings on pension plan investments | 1,133,385          |
| Changes in assumptions   | 106,700            |
| Differences between expected and actual experience                               | <u>213,149</u>     |
|  | <u>1,453,234</u>   |
| Net deferred outflows (inflows) of resources                                     | <u>(1,267,327)</u> |

\$117,933 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2022.

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

| Year Ending<br>March 31, | Net deferred<br>outflows (inflows)<br>of resources |
|--------------------------|--|
| 2023                     | (311,556)  |
| 2024                     | (344,397)  |
| 2025                     | (249,224)  |
| 2026                     | <u>(362,150)</u>                                   |
|                          | <u>(1,267,327)</u>                                 |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Deferred Outflows and Inflows of Resources (Continued)

Changes in Net Pension Liability (Asset)

|   |             |
|---|-------------|
| Total pension liability (asset)   |             |
| Service cost  | 146,808     |
| Interest on total pension liability   | 583,236     |
| Difference between expected and actual<br>experience of the total pension liability | (56,695)    |
| Changes in assumption   | (163,541)   |
| Benefit payments, including refunds of<br>employee contributions                    | (415,216)   |
| Net change in total pension liability   | 94,592      |
| Total pension liability - beginning   | 8,176,482   |
| Total pension liability - ending  | 8,271,074   |
| <br>  |             |
| Plan fiduciary net position   |             |
| Contributions - employer  | 149,732     |
| Net investment income   | 2,331,882   |
| Benefit payments, including refunds of<br>employee contributions                    | (415,216)   |
| Pension plan administrative expense   | (10,270)    |
| Other   | (62,286)    |
| Net change in fiduciary net position  | 1,993,842   |
| Plan fiduciary net position - beginning   | 8,707,873   |
| Plan fiduciary net position - ending  | 10,701,715  |
| Net pension liability (asset)   | (2,430,641) |

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, 2021. The Comprehensive Annual Financial Report can be obtained at [www.molagers.org](http://www.molagers.org) or from Missouri Local Area Government Employee Retirement System (LAGERS), P.O. Box 1665, Jefferson City, MO, 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

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. COMMITMENTS AND CONCENTRATIONS (Continued)

Energy Purchase Agreement (Continued)

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.

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 \$3,143,731 from MJMEUC during the year.



CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

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   | 34,809    |
| Annual general operating revenue   | 2,081,168 |
| Fines and costs for traffic violations as a percentage of annual general operating revenue | 1.67%     |

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. RESTRICTED CASH

Restricted cash and equivalents at March 31, 2022, consisted of the following:

|                               | Restricted For    |                     |   |                 |                    | Total     |
|-------------------------------|-------------------|---------------------|---|-----------------|--------------------|-----------|
|                               | Capital<br>Outlay | Federal<br>Programs | Community<br>Building and<br>Customer<br>Deposits | Debt<br>Service | Municipal<br>Court |           |
| General Fund                  |                   | 534,102             | 7,553   |                 | 932                | 542,587   |
| Park Fund                     | 132,975           |                     |   |                 |                    | 132,975   |
| Transportation Sales Tax Fund | 404,862           |                     |   |                 |                    | 404,862   |
| Capital Improvement Fund      | 631,191           |                     |   |                 |                    | 631,191   |
| Debt Service Fund             |                   |                     |   | 37,172          |                    | 37,172    |
| Electric Fund                 | 37,864            |                     | 635,119   |                 |                    | 672,983   |
| Water Fund                    | 59,223            |                     |   |                 |                    | 59,223    |
| Waste Water Fund              |                   |                     |   | 636,747         |                    | 636,747   |
| Total                         | 1,266,115         | 534,102             | 642,672   | 673,919         | 932                | 3,117,740 |

CITY OF ODESSA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. ACCOUNTS RECEIVABLE

Accounts receivable at March 31, 2022, consisted of the following:

|                               | Accounts             | Interest          | Taxes              | Unbilled<br>Revenues | Allowance for<br>Doubtful<br>Accounts | Receivables<br>Net   |
|-------------------------------|----------------------|-------------------|--------------------|----------------------|---------------------------------------|----------------------|
| General Fund                  |                      |                   |                    |                      |                                       |                      |
| General                       |                      |                   | 203,099            |                      |                                       | 203,099              |
| Trash                         | 32,820               |                   |                    |                      | (8,162)                               | 24,658               |
| Park Fund                     |                      |                   | 57,544             |                      |                                       | 57,544               |
| Transportation Sales Tax Fund |                      |                   | 51,955             |                      |                                       | 51,955               |
| Capital Improvement Fund      |                      |                   | 51,955             |                      |                                       | 51,955               |
| Electric Fund                 | 585,109              |                   |                    | 153,871              | (180,476)                             | 558,504              |
| Water Fund                    | 155,427              |                   |                    | 45,380               | (53,533)                              | 147,274              |
| Waste Water Fund              | <u>255,535</u>       | <u>15,313</u>     |                    | <u>80,302</u>        | <u>(58,998)</u>                       | <u>292,152</u>       |
| <br>Total                     | <br><u>1,028,891</u> | <br><u>15,313</u> | <br><u>364,553</u> | <br><u>279,553</u>   | <br><u>(301,169)</u>                  | <br><u>1,387,141</u> |

NOTE 14. SUBSEQUENT EVENT

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 17, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ODESSA, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED MARCH 31, 2022

|  | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|--|--------------------|------------------|------------------|------------------------------------|
| <b>REVENUES</b>                                      |                    |                  |                  |                                    |
| Taxes  | 1,178,449          | 1,178,449        | 1,207,701        | 29,252                             |
| Charges for services                                 | 363,350            | 363,350          | 346,285          | (17,065)                           |
| Licenses, permits, and fees                          | 61,100             | 61,100           | 80,242           | 19,142                             |
| Fines and forfeitures                                | 41,000             | 41,000           | 58,266           | 17,266                             |
| Intergovernmental revenues                           | 201,500            | 730,784          | 891,055          | 160,271                            |
| Interest   | 15,000             | 15,000           | 18,233           | 3,233                              |
| Other  | 7,542              | 7,542            | 13,119           | 5,577                              |
| Total revenues                                       | <u>1,867,941</u>   | <u>2,397,225</u> | <u>2,614,901</u> | <u>217,676</u>                     |
| <b>EXPENDITURES</b>                                  |                    |                  |                  |                                    |
| General government                                   | 689,893            | 1,239,893        | 1,265,405        | (25,512)                           |
| Public safety  | 1,194,091          | 1,194,091        | 1,168,414        | 25,677                             |
| Highways and streets                                 | 438,177            | 438,177          | 410,942          | 27,235                             |
| Sanitation   | 260,060            | 260,060          | 239,470          | 20,590                             |
| Community planning and development                   | 20,198             | 20,198           | 24,761           | (4,563)                            |
| Municipal court                                      | 36,367             | 36,367           | 97,827           | (61,460)                           |
| Parks and recreation                                 | 4,035              | 4,035            |                  | 4,035                              |
| Total expenditures                                   | <u>2,642,821</u>   | <u>3,192,821</u> | <u>3,206,819</u> | <u>(13,998)</u>                    |
| <b>DEFICIENCY OF REVENUES UNDER<br/>EXPENDITURES</b> | <u>(774,880)</u>   | <u>(795,596)</u> | <u>(591,918)</u> | <u>203,678</u>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                  |                  |                                    |
| Transfers in   | 774,880            | 774,880          | 804,502          | 29,622                             |
| Transfers out  |                    |                  | (63,695)         | (63,695)                           |
| Total other financing sources (uses)                 | <u>774,880</u>     | <u>774,880</u>   | <u>740,807</u>   | <u>(34,073)</u>                    |
| <b>CHANGE IN FUND BALANCE</b>                        |                    | <u>(20,716)</u>  | <u>148,889</u>   | <u>169,605</u>                     |
| FUND BALANCE, beginning of year                      |                    |                  | <u>2,469,309</u> |                                    |
| FUND BALANCE, end of year                            |                    |                  | <u>2,618,198</u> |                                    |

See accompanying notes to required supplementary information.

CITY OF ODESSA, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 PARK FUND  
 YEAR ENDED MARCH 31, 2022

|  | Original<br>Budget | Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|--|--------------------|-----------------|----------------|------------------------------------|
| REVENUES                                     |                    |                 |                |                                    |
| Taxes  | 317,958            | 317,958         | 412,419        | 94,461                             |
| Charges for services                         | 122,250            | 142,984         | 166,559        | 23,575                             |
| Other  | 2,000              | 2,000           | 900            | (1,100)                            |
| Total revenues                               | <u>442,208</u>     | <u>462,942</u>  | <u>579,878</u> | <u>116,936</u>                     |
| EXPENDITURES                                 |                    |                 |                |                                    |
| Parks and recreation                         | 414,583            | 414,583         | 394,103        | 20,480                             |
| Debt service                                 |                    |                 |                |                                    |
| Principal                                    | 129,000            | 129,000         | 129,000        |                                    |
| Interest and fiscal costs                    | 45,892             | 45,892          | 46,902         | (1,010)                            |
| Total expenditures                           | <u>589,475</u>     | <u>589,475</u>  | <u>570,005</u> | <u>19,470</u>                      |
| DEFICIENCY OF REVENUES UNDER<br>EXPENDITURES | (147,267)          | (126,533)       | 9,873          | 136,406                            |
| OTHER FINANCING SOURCES                      |                    |                 |                |                                    |
| Transfers in                                 | <u>78,337</u>      | <u>78,337</u>   | <u>10,861</u>  | <u>(67,476)</u>                    |
| CHANGE IN FUND BALANCE                       | <u>(68,930)</u>    | <u>(48,196)</u> | <u>20,734</u>  | <u>68,930</u>                      |
| FUND BALANCE, beginning of year              |                    |                 | <u>154,262</u> |                                    |
| FUND BALANCE, end of year                    |                    |                 | <u>174,996</u> |                                    |

See accompanying notes to required supplementary information.

CITY OF ODESSA, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 TRANSPORTATION SALES TAX FUND  
 YEAR ENDED MARCH 31, 2022

|   | Original<br>Budget | Final<br>Budget  | Actual         | Variance<br>Positive<br>(Negative) |
|---|--------------------|------------------|----------------|------------------------------------|
| <b>REVENUES</b>                                     |                    |                  |                |                                    |
| Taxes   | 296,000            | 296,000          | 316,683        | 20,683                             |
| Grants  | 273,000            | 273,000          |                | (273,000)                          |
| Interest  | <u>50</u>          | <u>50</u>        | <u>65</u>      | <u>15</u>                          |
| Total revenues                                      | <u>569,050</u>     | <u>569,050</u>   | <u>316,748</u> | <u>(252,302)</u>                   |
| <b>EXPENDITURES</b>                                 |                    |                  |                |                                    |
| General government                                  | 500                | 500              | 555            | (55)                               |
| Highways and streets                                | 57,000             | 57,000           | 56,499         | 501                                |
| Capital outlay                                      | <u>1,164,110</u>   | <u>1,164,110</u> | <u>285,528</u> | <u>878,582</u>                     |
| Total expenditures                                  | <u>1,221,610</u>   | <u>1,221,610</u> | <u>342,582</u> | <u>879,028</u>                     |
| <b>DEFICIENCY OF REVENUES OVER<br/>EXPENDITURES</b> | (652,560)          | (652,560)        | (25,834)       | 626,726                            |
| <b>OTHER FINANCING USES</b>                         |                    |                  |                |                                    |
| Transfers in  | 254,814            | 254,814          | 63,695         | (191,119)                          |
| Transfers out                                       | <u>(2,245)</u>     | <u>(2,245)</u>   | <u>(2,245)</u> | <u>          </u>                  |
| Total other financing uses                          | <u>252,569</u>     | <u>252,569</u>   | <u>61,450</u>  | <u>(191,119)</u>                   |
| <b>CHANGE IN FUND BALANCE</b>                       | <u>(399,991)</u>   | <u>(399,991)</u> | <u>35,616</u>  | <u>435,607</u>                     |
| FUND BALANCE, beginning of year                     |                    |                  | <u>421,201</u> |                                    |
| FUND BALANCE, end of year                           |                    |                  | <u>456,817</u> |                                    |

See accompanying notes to required supplementary information.

CITY OF ODESSA, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT FUND  
 YEAR ENDED MARCH 31, 2022

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|---|--------------------|------------------|------------------|------------------------------------|
| <b>REVENUES</b>                                 |                    |                  |                  |                                    |
| Taxes   | 296,000            | 296,000          | 316,682          | 20,682                             |
| Interest  | 7,500              | 7,500            | 11,058           | 3,558                              |
| Total revenues                                  | <u>303,500</u>     | <u>303,500</u>   | <u>327,740</u>   | <u>24,240</u>                      |
| <b>EXPENDITURES</b>                             |                    |                  |                  |                                    |
| General government                              | 3,500              | 3,500            | 9,544            | (6,044)                            |
| Capital outlay                                  | 370,000            | 370,000          | 372,640          | (2,640)                            |
| Debt service                                    |                    |                  |                  |                                    |
| Principal                                       | 56,000             | 56,000           | 56,000           |                                    |
| Interest  | 16,770             | 16,770           | 16,770           |                                    |
| Total expenditures                              | <u>446,270</u>     | <u>446,270</u>   | <u>454,954</u>   | <u>(8,684)</u>                     |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | <u>(142,770)</u>   | <u>(142,770)</u> | <u>(127,214)</u> | <u>15,556</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                    |                  |                  |                                    |
| Transfers in                                    | 212,375            | 212,375          |                  | (212,375)                          |
| Transfers out                                   | (64,605)           | (108,141)        | (10,861)         | 97,280                             |
| Total other financing sources (uses)            | <u>147,770</u>     | <u>104,234</u>   | <u>(10,861)</u>  | <u>(115,095)</u>                   |
| <b>CHANGE IN FUND BALANCE</b>                   | <u>5,000</u>       | <u>(38,536)</u>  | <u>(138,075)</u> | <u>(99,539)</u>                    |
| FUND BALANCE, beginning of year                 |                    |                  | <u>821,221</u>   |                                    |
| FUND BALANCE, end of year                       |                    |                  | <u>683,146</u>   |                                    |

See accompanying notes to required supplementary information.

CITY OF ODESSA, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 YEAR ENDED MARCH 31, 2022

|                                 | Original<br>Budget | Final<br>Budget | Actual               | Variance<br>Positive<br>(Negative) |
|---------------------------------|--------------------|-----------------|----------------------|------------------------------------|
| REVENUES                        | _____              | _____           | _____                | _____                              |
| EXPENDITURES                    | _____              | _____           | _____                | _____                              |
| CHANGE IN FUND BALANCE          | =====              | =====           | =====                | =====                              |
| FUND BALANCE, beginning of year |                    |                 | <u>37,172</u>        |                                    |
| FUND BALANCE, end of year       |                    |                 | <u><u>37,172</u></u> |                                    |

See accompanying notes to required supplementary information.



CITY OF ODESSA, MISSOURI  
NOTES TO BUDGETARY COMPARISON SCHEDULES

NOTE 1. BUDGETARY INFORMATION

Budgets for the City are prepared and adopted on the same basis of accounting as reported in the fund financial statements. The City performs the following procedures in establishing the budget:

The Budget Committee submits to the Board of Aldermen a proposed budget for the fiscal year commencing the following.

The budget is legally enacted through the passage of an ordinance.

Any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. The fund level constitutes the City's legal level of budgetary control. Reported budgeted amounts are as originally adopted and amended by resolution.

Appropriations lapse at fiscal year end but may be reappropriated in the following fiscal year.

NOTE 2. BUDGETARY DISCLOSURE

Actual disbursements exceeded budgeted amounts in the City's General Fund and Capital Improvement Fund. The overage is mainly attributable to year-end accrual adjustments in the General Fund and additional capital outlay disbursements in the Capital Improvement Fund. All overages were approved by the City's Board of Aldermen.

CITY OF ODESSA, MISSOURI  
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
FOR THE YEAR ENDED MARCH 31, 2022

| Fiscal<br>Year Ending<br>March 31, | Actuarially<br>Determined<br>Contribution<br>(a) | Contribution<br>in Relation<br>(b) | Contribution<br>Deficiency<br>(Excess)<br>(a-b) | Covered<br>Payroll (d) | Contributions<br>as a<br>Percentage<br>of Covered<br>Payroll (b/d) |
|------------------------------------|--|------------------------------------|---|------------------------|--|
| 2013                               | 159,593  | 154,962                            | 4,631   | 1,588,141              | 9.76%  |
| 2014                               | 173,507  | 173,507                            |   | 1,734,519              | 10.00%   |
| 2015                               | 162,552  | 162,552                            |   | 1,716,130              | 9.47%  |
| 2016                               | 148,713  | 148,713                            |   | 1,656,628              | 8.98%  |
| 2017                               | 127,693  | 127,693                            |   | 1,540,202              | 8.29%  |
| 2018                               | 107,436  | 107,436                            |   | 1,360,516              | 7.90%  |
| 2019                               | 143,975  | 143,975                            |   | 1,643,972              | 8.76%  |
| 2020                               | 158,581  | 154,687                            | 3,894   | 1,738,848              | 8.90%  |
| 2021                               | 149,987  | 149,987                            |   | 1,702,474              | 8.81%  |
| 2022                               | 150,637  | 150,637                            |   | 1,906,060              | 7.90%  |

CITY OF ODESSA, MISSOURI  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
YEAR ENDED MARCH 31, 2022

|  | September 30,<br>2016 | March 31,<br>2018  | March 31,<br>2019  | March 31,<br>2020 | March 31,<br>2021 | March 31,<br>2022  |
|--|-----------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| Net pension liability (asset) - beginning  | (898,631)             | (378,602)          | (1,025,616)        | (1,070,799)       | (836,081)         | (531,391)          |
| Service cost   | 144,271               | 137,041            | 107,477            | 134,512           | 154,357           | 146,808            |
| Interest on total pension liability  | 500,095               | 521,968            | 506,183            | 541,931           | 583,488           | 583,236            |
| Changes in benefit terms   |                       |                    | 198,404            |                   |                   |                    |
| Difference between expected and actual experience of the total pension liability | (214,374)             | (399,644)          | 125,998            | 289,007           | (324,293)         | (56,695)           |
| Changes in assumptions   | 250,856               |                    |                    |                   |                   | (163,541)          |
| Contributions - employer   | (147,843)             | (113,861)          | (112,773)          | (152,693)         | (150,716)         | (149,732)          |
| Net investment (income) loss   | 14,401                | (955,246)          | (1,021,863)        | (547,895)         | (110,721)         | (2,331,882)        |
| Pension plan administrative expense  | 7,233                 | 7,079              | 7,852              | 11,225            | 12,232            | 10,270             |
| Other  | <u>(34,610)</u>       | <u>155,649</u>     | <u>143,539</u>     | <u>(41,369)</u>   | <u>140,343</u>    | <u>62,286</u>      |
| Net pension liability (asset) - ending*  | <u>(378,602)</u>      | <u>(1,025,616)</u> | <u>(1,070,799)</u> | <u>(836,081)</u>  | <u>(531,391)</u>  | <u>(2,430,641)</u> |

Schedule is to be provided prospectively beginning with the fiscal year ending September 30, 2016.

\* For further analysis of the Changes in Net Pension Liability, see the disclosure in Note 8.

|   |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Fiduciary net position as a percentage of the total pension liability | 105.16%   | 114.27%   | 114.09%   | 110.23%   | 106.50%   | 129.15%   |
| Covered payroll   | 1,650,984 | 1,360,516 | 1,370,908 | 1,722,929 | 1,567,778 | 1,717,056 |
| Net pension liability (asset) as a percentage of covered payroll      | -22.93%   | -75.38%   | -78.11%   | -48.53%   | -33.89%   | -141.56%  |



INDEPENDENT AUDITOR'S 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

To the 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Odessa, Missouri, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Odessa, Missouri's basic financial statements, and have issued our report thereon dated January 17, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Odessa, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Odessa, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Odessa, Missouri's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies as items 2022-001 and 2022-002.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Odessa, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## City of Odessa, Missouri's Responses to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Odessa, Missouri's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of Odessa, Missouri's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

## 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana F Cole + Company, LLP

Overland Park, Kansas  
January 17, 2023

CITY OF ODESSA, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED MARCH 31, 2022

2022-001      SEGREGATION OF DUTIES

Criteria

The City has a lack of segregation of duties related to certain financial transactions.

Condition and Context

The concept of segregation of duties is such that the authorization and recording of transactions, and access to the related assets is not the responsibility of the same individual.

Cause

The City has a limited number of employees to fully segregate duties.

Potential Effect

A lack of segregation of duties increases the risk of loss or errors in recording transactions, safeguarding assets, and financial statement reporting.

Recommendation

Although the small size of the City's accounting and other staff limits the full extent of segregation of duties, we believe certain additional procedures and reviews could be implemented to reduce the effect of incompatible duties.

Views of Responsible Officials

The City concurs with the recommendations that the City of Odessa, Missouri, would be best served by segregating fiscal duties as outlined above. At the current time, the additional staff required to implement the recommendation is not practical in order to allow us to fully implement the recommendation. The City's Board of Aldermen and management will remain actively involved in the financial affairs of the City to provide oversight and independent review functions.

2022-002      RELIANCE UPON THE AUDITOR

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, in conformity with accounting principles generally accepted in the United States of America.

CITY OF ODESSA, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED MARCH 31, 2022

2022-002 RELIANCE UPON THE AUDITOR (Continued)

Condition and Context

Management should possess the ability to record necessary adjustments and to prepare financial statements and related note disclosures in accordance with accounting principles generally accepted in the United States of America without the assistance from the auditors. During our audit, the auditors prepared a draft of the financial statements and note disclosures from a trial balance containing necessary adjustments to properly present the City's financial records.

Cause

Change in personnel within the City determined the need for the auditors to draft the year end financial statements, including the note disclosures and supplementary information.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries, the adequacy of the financial statement disclosures, and apply analytical procedures and other procedures determined necessary in reviewing the draft of the financial statements.

Views of Responsible Officials

The City relies on the auditors to propose adjustments necessary to prepare the financial statements including the related note disclosures. The City reviews such financial statements and related disclosures and approves all adjustments.

CITY OF ODESSA, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED MARCH 31, 2022

2021-001 SEGREGATION OF DUTIES

The City has a limited number of personnel involved in the accounting function, thus limiting its internal control procedures in relation to certain financial transactions. This is a continued finding as noted in item 2022-001.

2021-002 RELIANCE UPON THE AUDITOR

Management should possess the ability to prepare financial statements in accordance with accounting principles generally accepted in the United States of America without assistance from the auditors. The preparation of financial statements under this basis of accounting would require that management possess the ability to properly record and classify transactions in a general ledger and prepare the financial statements and related disclosures without assistance from the auditors. This is a continued finding as noted in item 2022-002.