

CITY OF ODESSA, MISSOURI

FINANCIAL STATEMENTS

MARCH 31, 2023



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ODESSA, MISSOURI
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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, 2023, and the related notes to the financial statements, which collectively comprise the City of Odessa, Missouri'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, 2023, 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 April 20, 2024, 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
April 20, 2024

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, 2023. The City of Odessa, Missouri, reports the annual financial statements in accordance with the guidelines prescribed in the Government Accounting Standards Board (GASB) Statement 34. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

The assets of the City of Odessa, Missouri, exceeded its liabilities at the close of the year ending March 31, 2023, by \$34,732,094. Of this amount, \$12,647,290 represents unrestricted net assets and may be used to fund ongoing obligations. Total net position increased by \$1,898,009. The City serviced all long-term obligations as planned.

As of the close of the year ending March 31, 2023, the City of Odessa, Missouri's combined governmental fund balances totaled \$5,559,084. This is an increase from the previous year fund balance by \$1,588,755.

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, 2023, assets and deferred outflows of resources exceed liabilities by \$34,732,094. The largest portion of the City's net position, \$18,753,300, reflects its net investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Odessa, Missouri
Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	3/31/23	3/31/22	3/31/23	3/31/22	3/31/23	3/31/22
Current and other assets	6,756,217	6,174,283	10,419,652	10,110,398	17,175,869	16,284,681
Capital assets	9,369,602	8,741,580	25,135,727	26,064,942	34,505,329	34,806,522
Total assets	<u>16,125,819</u>	<u>14,915,863</u>	<u>35,555,379</u>	<u>36,175,340</u>	<u>51,681,198</u>	<u>51,091,203</u>
Deferred outflows of resources	<u>294,101</u>	<u>154,967</u>	<u>95,164</u>	<u>30,940</u>	<u>389,265</u>	<u>185,907</u>
Long-term debt	2,525,171	1,619,926	13,226,858	14,142,700	15,752,029	15,762,626
Other liabilities	243,598	243,086	984,869	984,079	1,228,467	1,227,165
Total liabilities	<u>2,768,769</u>	<u>1,863,012</u>	<u>14,211,727</u>	<u>15,126,779</u>	<u>16,980,496</u>	<u>16,989,791</u>
Deferred inflows of resources	<u>278,587</u>	<u>1,357,661</u>	<u>79,286</u>	<u>95,573</u>	<u>357,873</u>	<u>1,453,234</u>
Net investment in capital assets	6,844,431	7,121,654	11,908,869	11,922,242	18,753,300	19,043,896
Restricted	2,589,573	1,881,724	741,931	733,834	3,331,504	2,615,558
Unrestricted	3,938,560	2,846,779	8,708,730	8,327,852	12,647,290	11,174,631
Total net position	<u>13,372,564</u>	<u>11,850,157</u>	<u>21,359,530</u>	<u>20,983,928</u>	<u>34,732,094</u>	<u>32,834,085</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 \$1,898,009. Overall governmental activities expenses increased by \$1,522,407 and the business-type activities increased by \$375,602.

Changes in Net Position

The following table reflects the revenue and expenses from the City's activities for the years ended March 31, 2023 and 2022.

City of Odessa, Missouri's Statement of Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	Total
	3/31/23	3/31/22	3/31/23	3/31/22	3/31/23	3/31/22
REVENUES						
Program revenues						
Charges for services	894,481	651,352	8,888,893	8,650,962	9,783,374	9,302,314
Operating grants and contributions	534,384	534,384			534,384	534,384
General revenues						
Property taxes	568,502	481,045			568,502	481,045
Sales taxes	1,573,239	1,606,378			1,573,239	1,606,378
Franchise taxes	196,029	166,062			196,029	166,062
Intergovernmental sources	398,839	356,671			398,839	356,671
Other general revenues	101,722	43,375	96,492	75,094	198,214	118,469
Total revenues	<u>4,267,196</u>	<u>3,839,267</u>	<u>8,985,385</u>	<u>8,726,056</u>	<u>13,252,581</u>	<u>12,565,323</u>
EXPENSES						
General government	688,784	679,408			688,784	679,408
Public Safety	1,227,348	1,154,584			1,227,348	1,154,584
Highways and Streets	642,305	589,928			642,305	589,928
Sanitation	287,157	239,470			287,157	239,470
Community Planning and Development	83,029	13,364			83,029	13,364
Parks and Recreation	511,403	432,887			511,403	432,887
Municipal court	36,376	97,827			36,376	97,827
Interest on long-term debt	85,529	64,567			85,529	64,567
Electric			4,676,151	4,039,256	4,676,151	4,039,256
Water			1,363,682	1,106,537	1,363,682	1,106,537
Waste Water			1,752,808	1,798,721	1,752,808	1,798,721
Total expenses	<u>3,561,931</u>	<u>3,272,035</u>	<u>7,792,641</u>	<u>6,944,514</u>	<u>11,354,572</u>	<u>10,216,549</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 Activities		Business-Type Activities		Total	Total
	3/31/23	3/31/22	3/31/23	3/31/22	3/31/23	3/31/22
Excess before transfers	705,265	567,232	1,192,744	1,781,542	1,898,009	2,348,774
Transfers	<u>817,142</u>	<u>802,257</u>	<u>(817,142)</u>	<u>(802,257)</u>		
CHANGE IN NET POSITION	1,522,407	1,369,489	375,602	979,285	1,898,009	2,348,774
NET POSITION, beginning	<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>
NET POSITION, ending	<u>13,372,564</u>	<u>11,850,157</u>	<u>21,359,530</u>	<u>20,983,928</u>	<u>34,732,094</u>	<u>32,834,085</u>

Governmental activities total revenues increased by \$427,929. Expenses increased by \$289,896 which is approximately 8.9%.

The City's business-type total revenues increased by \$259,329. Expenses increased by \$848,127 which is approximately 12.2%.

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, 2023, was \$4,076,118. This represents an increase of \$1,457,920.

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, 2023, was \$181,989. This represents an increase of \$6,993.

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, 2023, was \$358,339. This represents a decrease of \$98,478. The fund balance of the Capital Improvement Fund at March 31, 2023, was \$942,638. This represents an increase of \$259,492.

The Debt Service Fund is used for the payment of General Obligation Bonds. The City does not currently have a debt service levy for property tax assessments and receives transfers from other funds to service debt. For financial reporting purposes, this fund has been combined with the General Fund including the balance at March 31, 2023, of \$37,172.

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, 2023, of \$21,359,530. This represents an increase of \$375,602.

BUDGETARY HIGHLIGHTS

The Board of Aldermen (the Board) adopted the budget for the year ending March 31, 2023, in March 2022. During the year were 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, 2023 and 2022, the City had \$34,505,329 and \$34,806,522, respectively, invested in a broad range of capital assets, including police equipment; buildings; park facilities; streets; and electric, water, and sewer lines. The change in capital assets is a result of additions and improvements to capital assets along with depreciation expense and disposals. See Note 5 to the financial statements and the table below for more detailed information on the City's capital assets.

**City of Odessa, Missouri
Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	3/31/23	3/31/22	3/31/23	3/31/22	3/31/23	3/31/22
Land	2,137,847	2,137,847	196,758	196,758	2,334,605	2,334,605
Utility systems			10,228,227	10,789,837	10,228,227	10,789,837
Buildings and improvements	2,590,257	2,395,636	13,656,762	14,383,510	16,247,019	16,779,146
Equipment	811,510	734,490	1,053,980	694,837	1,865,490	1,429,327
Infrastructure	3,572,534	3,304,730			3,572,534	3,304,730
Furniture and fixtures	3,599	7,277			3,599	7,277
Vehicles	253,855	161,600			253,855	161,600
Total	<u>9,369,602</u>	<u>8,741,580</u>	<u>25,135,727</u>	<u>26,064,942</u>	<u>34,505,329</u>	<u>34,806,522</u>

CITY OF ODESSA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt Administration

Balances at March 31, 2023 and 2022, are shown in the table below. See Note 6 for additional information on the City's long-term debt.

City of Odessa, Missouri Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total	
	3/31/23	3/31/22	3/31/23	3/31/22	3/31/23	3/31/22
Financing lease obligations	2,455,000	1,495,000	855,000	980,000	3,310,000	2,475,000
Revenue bonds			2,805,000	3,160,000	2,805,000	3,160,000
Loans			9,499,400	9,917,700	9,499,400	9,917,700
Total	<u>2,455,000</u>	<u>1,495,000</u>	<u>13,159,400</u>	<u>14,057,700</u>	<u>15,614,400</u>	<u>15,552,700</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General Fund revenue for fiscal year 2024 is projected to total \$3,883,059. This projected increase of approximately 34% (\$990,056) from the 2023 budget is primarily due to revenue assumptions based on historical trend data the expansion of the School Resource Officer Program with Odessa Schools, and the transfer from General Fund reserves for the Missouri Department of Transportation, Transportation Alternatives Program (MoTAP) grant-funded project to replace infrastructure in Downtown Odessa.

The City continues to plan for major street and public works improvement projects that have been identified and prioritized. The fiscal year 2024 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:

City of Odessa, Missouri General Fund Asset Replacement Program 2023 - 2024	
Annual Mower Replacement (Parks)	12,000
Fountain Aerator Replacement (Parks)	5,000
Economic Development Consulting Agreement (Admin)	50,000
Paint Striper Machine (Street)	7,000
Ballfield Light Repair (Parks)	5,000
Vehicle Replacement (Police)	40,000
Storm Water Engineering (Street)	86,500
Police Department Facility Design (Police)	40,000
Storm Water on Russell and Chestnut Construction (Street)	40,000
Document Management Software (Admin)	10,000
Body Armor Replacement (Police)	12,000
Total	<u>307,500</u>

CITY OF ODESSA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The fiscal year 2024 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 FY 2023 budget. These annual projects include pole and transformer replacements, systems analysis engineering, 2002 Chevy truck replacement, SCADA system replacement, and continued AMI system contribution to the meter system. Additional capital projects include water asset improvements to the wells, lime silo, and the control system at the plant. The Wastewater Department plans to replace control panels at two pump stations and have the sewer extension constructed on the North Outer Road. 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 allocates funds for a 5% salary increase for employees, as well as the hiring of a building maintenance worker and a Public Works administrative assistant.

As part of the Transportation Sales Tax Fund, the City has allocated nearly \$350,000 for street improvements, which includes several overlays, curb and gutter, and chip and seal projects. Moreover, revenue from the Missouri Department of Transportation for the MoTAP grant has been allocated for funding the Downtown Infrastructure project, along with its associated expenses.

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

FINANCIAL CONTACT

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

CITY OF ODESSA, MISSOURI
STATEMENT OF NET POSITION
MARCH 31, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	2,823,522	6,500,659	9,324,181
Certificates of deposit		608,759	608,759
Receivables			
Taxes	478,736		478,736
Accounts	27,654	753,125	780,779
Interest		7,096	7,096
Unbilled revenues		279,252	279,252
Inventories		296,255	296,255
Prepays	52,522	37,529	90,051
Restricted assets			
Cash and cash equivalents	2,447,674	1,327,266	3,774,940
Net pension asset	926,109	609,711	1,535,820
Capital assets			
Nondepreciable	2,137,847	196,758	2,334,605
Depreciable, net	<u>7,231,755</u>	<u>24,938,969</u>	<u>32,170,724</u>
TOTAL ASSETS	<u>16,125,819</u>	<u>35,555,379</u>	<u>51,681,198</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>294,101</u>	<u>95,164</u>	<u>389,265</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>16,419,920</u>	<u>35,650,543</u>	<u>52,070,463</u>
LIABILITIES			
Current liabilities			
Accounts payable	95,943	264,254	360,197
Accrued liabilities	60,000	30,659	90,659
Unearned revenues	45,766		45,766
Court bonds and deposits	35,097		35,097
Customer deposits		650,889	650,889
Accrued interest payable	<u>6,792</u>	<u>39,067</u>	<u>45,859</u>
Total current liabilities	<u>243,598</u>	<u>984,869</u>	<u>1,228,467</u>

CITY OF ODESSA, MISSOURI
STATEMENT OF NET POSITION
MARCH 31, 2023

	Governmental Activities	Business-Type Activities	Total
LIABILITIES (Continued)			
Noncurrent liabilities			
Due within one year	317,101	979,312	1,296,413
Due in more than one year	2,208,070	12,247,546	14,455,616
Total noncurrent liabilities	<u>2,525,171</u>	<u>13,226,858</u>	<u>15,752,029</u>
TOTAL LIABILITIES	<u>2,768,769</u>	<u>14,211,727</u>	<u>16,980,496</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	<u>278,587</u>	<u>79,286</u>	<u>357,873</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>3,047,356</u>	<u>14,291,013</u>	<u>17,338,369</u>
NET POSITION			
Net investment in capital assets	6,844,431	11,908,869	18,753,300
Restricted			
Debt service	37,172	575,260	612,432
Renewal and replacement		166,671	166,671
Parks and recreation	176,557		176,557
Capital projects	1,300,977		1,300,977
Federal programs	1,074,867		1,074,867
Unrestricted	<u>3,938,560</u>	<u>8,708,730</u>	<u>12,647,290</u>
TOTAL NET POSITION	<u>13,372,564</u>	<u>21,359,530</u>	<u>34,732,094</u>

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government						
Governmental activities						
General government	688,784	76,024	534,384	(78,376)		(78,376)
Public Safety	1,227,348	212,786		(1,014,562)		(1,014,562)
Highways and Streets	642,305			(642,305)		(642,305)
Sanitation	287,157	373,617		86,460		86,460
Community Planning and Development	83,029	38,607		(44,422)		(44,422)
Parks and Recreation	511,403	193,447		(317,956)		(317,956)
Municipal court	36,376			(36,376)		(36,376)
Interest on long-term debt	85,529			(85,529)		(85,529)
Total governmental activities	<u>3,561,931</u>	<u>894,481</u>	<u>534,384</u>	<u>(2,133,066)</u>		<u>(2,133,066)</u>
Business-type activities						
Electric	4,676,151	5,332,426			656,275	656,275
Water	1,363,682	1,355,336			(8,346)	(8,346)
Waste Water	1,752,808	2,201,131			448,323	448,323
Total business-type activities	<u>7,792,641</u>	<u>8,888,893</u>			<u>1,096,252</u>	<u>1,096,252</u>
Total primary government	<u>11,354,572</u>	<u>9,783,374</u>	<u>534,384</u>	<u>(2,133,066)</u>	<u>1,096,252</u>	<u>(1,036,814)</u>
General revenues						
Property taxes levied for general purposes				468,732		468,732
Property taxes levied for parks and recreation				99,770		99,770
Sales tax				1,573,239		1,573,239
Franchise taxes				196,029		196,029
Intergovernmental sources				398,839		398,839
Investment earnings				81,997	79,861	161,858
Other				19,725	16,631	36,356
Total general revenues				<u>2,838,331</u>	<u>96,492</u>	<u>2,934,823</u>
Transfers				817,142	(817,142)	
CHANGE IN NET POSITION				1,522,407	375,602	1,898,009
NET POSITION, beginning of year				11,850,157	20,983,928	32,834,085
NET POSITION, end of year				<u>13,372,564</u>	<u>21,359,530</u>	<u>34,732,094</u>

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2023

	General Fund	Park Fund	Transportation Sales Tax Fund	Capital Improvement Fund	Total
ASSETS					
ASSETS					
Cash and cash equivalents	2,823,522				2,823,522
Receivables					
Taxes	272,117	68,197	56,896	56,897	454,107
Accounts	27,654				27,654
Restricted cash and cash equivalents	1,112,039	140,715	301,443	893,477	2,447,674
Prepays	<u>37,501</u>	<u>5,432</u>			<u>42,933</u>
TOTAL ASSETS	<u>4,272,833</u>	<u>214,344</u>	<u>358,339</u>	<u>950,374</u>	<u>5,795,890</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	68,536	19,671		7,736	95,943
Accrued liabilities	54,510	5,490			60,000
Unearned revenues	38,572	7,194			45,766
Court bonds and deposits	<u>35,097</u>				<u>35,097</u>
Total liabilities	<u>196,715</u>	<u>32,355</u>		<u>7,736</u>	<u>236,806</u>
FUND BALANCES					
Nonspendable for prepaids	37,501	5,432			42,933
Restricted					
Parks		176,557			176,557
Debt service	37,172				37,172
Capital outlay			358,339	942,638	1,300,977
Federal programs	1,074,867				1,074,867
Unassigned	<u>2,926,578</u>				<u>2,926,578</u>
Total fund balances	<u>4,076,118</u>	<u>181,989</u>	<u>358,339</u>	<u>942,638</u>	<u>5,559,084</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>4,272,833</u>	<u>214,344</u>	<u>358,339</u>	<u>950,374</u>	<u>5,795,890</u>

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, 2023

Total fund balance - total governmental funds		5,559,084
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	14,211,233	
Less accumulated depreciation	<u>(4,841,631)</u>	9,369,602
Certain assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Net pension asset		926,109
Long-term amounts are not financial resources and, therefore, are not reported in the funds:		
Prepaid lease interest		9,589
Certain expenditures are not accrued in the governmental funds, but rather are recognized as expenditures in the governmental activities:		
Interest on long-term debt		(6,792)
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.		(2,525,171)
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	294,101	
Deferred inflows of resources - pension related amounts	<u>(278,587)</u>	<u>15,514</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>13,372,564</u></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, 2023

	General Fund	Park Fund	Transportation Sales Tax Fund	Capital Improvement Fund	Debt Service Fund	Eliminations	Total
REVENUES							
Taxes	1,262,514	424,932	325,162	325,162			2,337,770
Charges for services	542,489	193,447					735,936
Licenses, permits, and fees	109,442						109,442
Fines and forfeitures	49,103						49,103
Intergovernmental revenue	933,223						933,223
Interest	46,968		183	34,846			81,997
Other	19,483	242					19,725
Total revenues	<u>2,963,222</u>	<u>618,621</u>	<u>325,345</u>	<u>360,008</u>			<u>4,267,196</u>
EXPENDITURES							
Current							
General government	695,353		246	271			695,870
Public Safety	1,250,949			2,160			1,253,109
Highways and Streets	487,493		18,303				505,796
Sanitation	287,157						287,157
Community Planning and Development	94,567						94,567
Municipal court	36,376						36,376
Parks and Recreation		470,579					470,579
Capital outlay	114,092		450,320	460,784			1,025,196
Debt service							
Principal		132,000		108,000			240,000
Interest and fiscal costs		41,208		45,725			86,933
Total expenditures	<u>2,965,987</u>	<u>643,787</u>	<u>468,869</u>	<u>616,940</u>			<u>4,695,583</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,765)</u>	<u>(25,166)</u>	<u>(143,524)</u>	<u>(256,932)</u>			<u>(428,387)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from debt issuance	664,092			535,908			1,200,000
Transfers in	854,314	32,159	45,046			(114,377)	817,142
Transfers out	<u>(57,721)</u>			<u>(19,484)</u>	<u>(37,172)</u>	<u>114,377</u>	
Total other financing sources (uses)	<u>1,460,685</u>	<u>32,159</u>	<u>45,046</u>	<u>516,424</u>	<u>(37,172)</u>		<u>2,017,142</u>
CHANGE IN FUND BALANCES	1,457,920	6,993	(98,478)	259,492	(37,172)		1,588,755
FUND BALANCE, beginning 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>
FUND BALANCE, end of year	<u>4,076,118</u>	<u>181,989</u>	<u>358,339</u>	<u>942,638</u>			<u>5,559,084</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, 2023

Net change in fund balances - total governmental funds	1,588,755
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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 (\$1,025,196) and depreciation (\$397,174) in the current period.

1,025,196	
<u>(397,174)</u>	628,022

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	240,000	
Debt proceeds	(1,200,000)	
Prepaid interest amortization	<u>(895)</u>	(960,895)

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:

Compensated absences	54,755	
Accrued interest	2,299	
Pension expense	<u>209,471</u>	<u>266,525</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>1,522,407</u></u>
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The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2023

	Electric	Water	Waste Water	Eliminations	Total
ASSETS					
Current assets					
Cash and cash equivalents	4,409,309	1,499,884	591,466		6,500,659
Certificates of deposit		608,759			608,759
Receivables					
Accounts	438,637	113,650	200,838		753,125
Interest			7,096		7,096
Unbilled revenues	153,453	47,386	78,413		279,252
Due from other funds		310,000		(310,000)	
Inventories	231,334	64,921			296,255
Prepaid expenses	10,955	9,674	16,900		37,529
Total current assets	<u>5,243,688</u>	<u>2,654,274</u>	<u>894,713</u>	<u>(310,000)</u>	<u>8,482,675</u>
Noncurrent assets					
Restricted cash and cash equivalents	623,881	60,290	643,095		1,327,266
Net pension asset	243,879	189,192	176,640		609,711
Capital assets					
Nondepreciable		144,010	52,748		196,758
Depreciable, net	<u>2,648,978</u>	<u>4,076,265</u>	<u>18,213,726</u>		<u>24,938,969</u>
Total noncurrent assets	<u>3,516,738</u>	<u>4,469,757</u>	<u>19,086,209</u>		<u>27,072,704</u>
TOTAL ASSETS	<u>8,760,426</u>	<u>7,124,031</u>	<u>19,980,922</u>	<u>(310,000)</u>	<u>35,555,379</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	<u>37,708</u>	<u>29,252</u>	<u>28,204</u>		<u>95,164</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>8,798,134</u>	<u>7,153,283</u>	<u>20,009,126</u>	<u>(310,000)</u>	<u>35,650,543</u>

CITY OF ODESSA, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2023

	Electric	Water	Waste Water	Eliminations	Total
LIABILITIES					
Current liabilities					
Accounts payable	132,697	111,460	20,097		264,254
Accrued liabilities	12,156	8,478	10,025		30,659
Due to other funds			310,000	(310,000)	
Current maturities of long-term debt	56,551	100,118	822,643		979,312
Customer deposits	650,889				650,889
Accrued interest	3,868	6,547	28,652		39,067
Total current liabilities	<u>856,161</u>	<u>226,603</u>	<u>1,191,417</u>	<u>(310,000)</u>	<u>1,964,181</u>
Noncurrent liabilities					
Long-term debt, net of current maturities	<u>282,750</u>	<u>673,318</u>	<u>11,291,478</u>		<u>12,247,546</u>
TOTAL LIABILITIES	<u>1,138,911</u>	<u>899,921</u>	<u>12,482,895</u>	<u>(310,000)</u>	<u>14,211,727</u>
DEFERRED INFLOWS OF RESOURCES					
Resources to be recognized in future pension expense due to liabilities	<u>41,782</u>	<u>7,848</u>	<u>29,656</u>		<u>79,286</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,180,693</u>	<u>907,769</u>	<u>12,512,551</u>	<u>(310,000)</u>	<u>14,291,013</u>
NET POSITION					
Net investment in capital assets	2,309,677	3,446,839	6,152,353		11,908,869
Restricted for debt service			575,260		575,260
Restricted for renewal and replacement	38,546	60,290	67,835		166,671
Unrestricted	<u>5,269,218</u>	<u>2,738,385</u>	<u>701,127</u>		<u>8,708,730</u>
TOTAL NET POSITION	<u>7,617,441</u>	<u>6,245,514</u>	<u>7,496,575</u>		<u>21,359,530</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, 2023

	Electric	Water	Waste Water	Eliminations	Total
REVENUES					
Charges for services	<u>5,332,426</u>	<u>1,355,336</u>	<u>2,201,131</u>	<u> </u>	<u>8,888,893</u>
EXPENSES					
Personnel	389,058	307,299	287,998		984,355
Operation and maintenance	365,853	613,110	418,462		1,397,425
Power purchases	3,624,190				3,624,190
Depreciation and amortization	<u>285,147</u>	<u>418,983</u>	<u>789,264</u>	<u> </u>	<u>1,493,394</u>
Total expenses	<u>4,664,248</u>	<u>1,339,392</u>	<u>1,495,724</u>	<u> </u>	<u>7,499,364</u>
OPERATING INCOME	<u>668,178</u>	<u>15,944</u>	<u>705,407</u>	<u> </u>	<u>1,389,529</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	47,844	1,692	30,325		79,861
Interest expense	(11,903)	(24,290)	(219,576)		(255,769)
Debt administrative expenses			(37,508)		(37,508)
Rental income		13,688			13,688
Miscellaneous	<u>2,201</u>	<u> </u>	<u>742</u>	<u> </u>	<u>2,943</u>
Total nonoperating revenues (expenses)	<u>38,142</u>	<u>(8,910)</u>	<u>(226,017)</u>	<u> </u>	<u>(196,785)</u>
INCOME BEFORE TRANSFERS	<u>706,320</u>	<u>7,034</u>	<u>479,390</u>	<u> </u>	<u>1,192,744</u>

CITY OF ODESSA, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2023

	Electric	Water	Waste Water	Eliminations	Total
TRANSFERS					
Transfers out	<u>(385,732)</u>	<u>(194,491)</u>	<u>(236,919)</u>	<u> </u>	<u>(817,142)</u>
CHANGE IN NET POSITION	320,588	(187,457)	242,471		375,602
NET POSITION, beginning of year	<u>7,296,853</u>	<u>6,432,971</u>	<u>7,254,104</u>	<u> </u>	<u>20,983,928</u>
NET POSITION, end of year	<u><u>7,617,441</u></u>	<u><u>6,245,514</u></u>	<u><u>7,496,575</u></u>	<u><u> </u></u>	<u><u>21,359,530</u></u>

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, 2023

	Enterprise Funds			
	Electric	Water	Waste Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and others	5,316,811	1,355,262	2,207,678	8,879,751
Cash payments to suppliers for goods and services	(4,038,887)	(536,179)	(427,355)	(5,002,421)
Cash payments for employee services and benefits	(478,274)	(361,755)	(342,242)	(1,182,271)
Net cash provided by operating activities	<u>799,650</u>	<u>457,328</u>	<u>1,438,081</u>	<u>2,695,059</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	<u>(385,732)</u>	<u>(194,491)</u>	<u>(236,919)</u>	<u>(817,142)</u>
Net cash used in noncapital financing activities	<u>(385,732)</u>	<u>(194,491)</u>	<u>(236,919)</u>	<u>(817,142)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash paid for the acquisition of capital assets	(323,538)	(240,641)		(564,179)
Cash paid on long-term debt	(48,750)	(76,250)	(773,300)	(898,300)
Cash paid for debt administrative expenses			(37,508)	(37,508)
Interest paid on capital debt	<u>(12,247)</u>	<u>(25,174)</u>	<u>(257,414)</u>	<u>(294,835)</u>
Net cash used in capital and related financing activities	<u>(384,535)</u>	<u>(342,065)</u>	<u>(1,068,222)</u>	<u>(1,794,822)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Increases in certificates of deposit		(626)		(626)
Cash received from interest	<u>47,844</u>	<u>1,692</u>	<u>30,325</u>	<u>79,861</u>
Net cash provided by investing activities	<u>47,844</u>	<u>1,066</u>	<u>30,325</u>	<u>79,235</u>

CITY OF ODESSA, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2023

		Enterprise Funds			
		Electric	Water	Waste Water	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		77,227	(78,162)	163,265	162,330
CASH AND CASH EQUIVALENTS, beginning of year		<u>4,955,963</u>	<u>1,638,336</u>	<u>1,071,296</u>	<u>7,665,595</u>
CASH AND CASH EQUIVALENTS, end of year		<u>5,033,190</u>	<u>1,560,174</u>	<u>1,234,561</u>	<u>7,827,925</u>
Unrestricted		<u>4,409,309</u>	<u>1,499,884</u>	<u>591,466</u>	6,500,659
Restricted		<u>623,881</u>	<u>60,290</u>	<u>643,095</u>	<u>1,327,266</u>
		<u>5,033,190</u>	<u>1,560,174</u>	<u>1,234,561</u>	<u>7,827,925</u>
24	Reconciliation of Operating Income to Net Cash				
	Provided By Operating Activities				
	Operating income	<u>668,178</u>	<u>15,944</u>	<u>705,407</u>	<u>1,389,529</u>
	Adjustments to reconcile operating income to				
	net cash provided by operating activities:				
	Depreciation and amortization	285,147	418,983	789,264	1,493,394
	Rental and miscellaneous income	2,201	13,688	742	16,631
	Changes in assets and liabilities:				
	Receivables, net	(33,586)	(13,762)	5,805	(41,543)
	Inventories and prepaids	9,914	(589)	164	9,489
	Pension related assets, outflows, and inflows	(77,040)	(59,764)	(57,623)	(194,427)
	Accounts payable	(47,855)	90,480	402	43,027
	Accrued liabilities	(10,903)	(12,960)	(9,459)	(33,322)
	Compensated absences	(12,176)	5,308	3,379	(3,489)
	Customer deposits	<u>15,770</u>			<u>15,770</u>
Total adjustments		<u>131,472</u>	<u>441,384</u>	<u>732,674</u>	<u>1,305,530</u>
Net cash provided by operating activities		<u>799,650</u>	<u>457,328</u>	<u>1,438,081</u>	<u>2,695,059</u>

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 \$8,729. 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 (the Board) removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

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

Unassigned

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

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, 2023, is as follows:

Total deposits	12,751,641
Certificates of deposit	608,759
Held by trustee	839,734
Petty cash	917
Total	<u>14,201,051</u>

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

Cash and cash equivalents	9,817,352
Certificates of deposit	608,759
Restricted cash and cash equivalents	<u>3,774,940</u>
Total	<u>14,201,051</u>

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, 2023, 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, 2023 and 2022, that the levy was based on, are as follows:

	2023	2022
Real estate	49,259,686	48,237,238
Personal property	15,192,990	11,896,038
Total current valuation	<u>64,452,676</u>	<u>60,133,276</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, 2023 and 2022, per \$100 assessed valuation, were as follows:

	2023	2022
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, 2023, consisted of the following:

	General
State	
Motor vehicle fuel tax	181,383
Motor vehicle sales tax and registration fees	83,023
Financial institution tax	2,175
Other	
Grants	573,649
Other	564
County	
Use tax	52,148
Road and bridge tax	<u>40,281</u>
Total	<u><u>933,223</u></u>

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023, was as follows:

Governmental Activities

	Balance April 1, 2022	Increases	Decreases	Balance March 31, 2023
Capital assets, not being depreciated				
Land	2,137,847			2,137,847
Capital assets, being depreciated				
Buildings and improvements	3,477,220	200,906		3,678,126
Land improvements	322,599	85,296		407,895
Machinery and equipment	1,736,123	113,006		1,849,129
Infrastructure	4,834,286	450,320		5,284,606
Furniture and fixtures	65,163			65,163
Vehicles	612,799	175,668	(73,892)	714,575
Total capital assets, being depreciated	11,048,190	1,025,196	(73,892)	11,999,494
Less accumulated depreciation for:				
Buildings and improvements	(1,247,720)	(83,746)		(1,331,466)
Land improvements	(156,463)	(7,835)		(164,298)
Machinery and equipment	(1,001,633)	(35,986)		(1,037,619)
Infrastructure	(1,529,556)	(182,516)		(1,712,072)
Furniture and fixtures	(57,886)	(3,678)		(61,564)
Vehicles	(451,199)	(83,413)	73,892	(460,720)
Total accumulated depreciation	(4,444,457)	(397,174)	73,892	(4,767,739)
Total capital assets, being depreciated, net	6,603,733	628,022		7,231,755
Governmental activities, capital assets, net	8,741,580	628,022		9,369,602

Depreciation was charged to functions as follows:

General government	59,672
Public Safety	55,684
Highways and Streets	204,080
Parks and Recreation	77,738
	<u>397,174</u>

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Business-Type Activities

	Balance April 1, 2022	Increases	Decreases	Balance March 31, 2023
<u>Business-Type Activities - Electric Fund</u>				
Capital assets, being depreciated				
Generation and distribution system	8,065,534			8,065,534
Buildings and improvements	1,138,290			1,138,290
Machinery, equipment, and vehicles	1,222,179	323,538		1,545,717
Total capital assets, being depreciated	<u>10,426,003</u>	<u>323,538</u>		<u>10,749,541</u>
Less accumulated depreciation for:				
Generation and distribution system	(6,201,694)	(179,180)		(6,380,874)
Buildings and improvements	(574,779)	(37,672)		(612,451)
Machinery, equipment, and vehicles	<u>(1,038,943)</u>	<u>(68,295)</u>		<u>(1,107,238)</u>
Total accumulated depreciation	<u>(7,815,416)</u>	<u>(285,147)</u>		<u>(8,100,563)</u>
Total capital assets, being depreciated, net	<u>2,610,587</u>	<u>38,391</u>		<u>2,648,978</u>
Business-type activities - Electric Fund capital assets, net	<u>2,610,587</u>	<u>38,391</u>		<u>2,648,978</u>

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Business-Type Activities (Continued)

	Balance April 1, 2022	Increases	Decreases	Balance March 31, 2023
<u>Business-Type Activities - Water Fund</u>				
Capital assets, not being depreciated				
Land	<u>144,010</u>	<u> </u>	<u> </u>	<u>144,010</u>
Capital assets, being depreciated				
Treatment and distribution system	7,551,246			7,551,246
Buildings and improvements	4,417,239			4,417,239
Machinery, equipment, and vehicles	<u>583,270</u>	<u>240,641</u>	<u> </u>	<u>823,911</u>
Total capital assets, being depreciated	<u>12,551,755</u>	<u>240,641</u>	<u> </u>	<u>12,792,396</u>
Less accumulated depreciation for:				
Treatment and distribution system	(4,525,332)	(195,525)		(4,720,857)
Buildings and improvements	(3,441,196)	(126,689)		(3,567,885)
Machinery, equipment, and vehicles	<u>(330,620)</u>	<u>(96,769)</u>	<u> </u>	<u>(427,389)</u>
Total accumulated depreciation	<u>(8,297,148)</u>	<u>(418,983)</u>	<u> </u>	<u>(8,716,131)</u>
Total capital assets, being depreciated, net	<u>4,254,607</u>	<u>(178,342)</u>	<u> </u>	<u>4,076,265</u>
Business-type activities - Water Fund capital assets, net	<u>4,398,617</u>	<u>(178,342)</u>	<u> </u>	<u>4,220,275</u>

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Business-Type Activities (Continued)

	Balance April 1, 2022	Increases	Decreases	Balance March 31, 2023
<u>Business-Type Activities - Waste Water Fund</u>				
Capital assets, not being depreciated				
Land	52,748			52,748
Capital assets, being depreciated				
Collection and treatment system	9,131,644			9,131,644
Buildings and improvements	19,450,610			19,450,610
Machinery, equipment, and vehicles	828,117			828,117
Total capital assets, being depreciated	29,410,371			29,410,371
Less accumulated depreciation for:				
Collection and treatment system	(3,231,561)	(186,905)		(3,418,466)
Buildings and improvements	(6,606,654)	(562,387)		(7,169,041)
Machinery, equipment, and vehicles	(569,166)	(39,972)		(609,138)
Total accumulated depreciation	(10,407,381)	(789,264)		(11,196,645)
Total capital assets being depreciated, net	19,002,990	(789,264)		18,213,726
Business-type activities - Waste Water Fund capital assets, net	19,055,738	(789,264)		18,266,474

NOTE 6. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended March 31, 2023, consisted of the following:

	Balance April 1, 2022	Additions	Retirements	Balance March 31, 2023	Due in One Year
Direct borrowing arrangements					
Financing lease - park	964,000		132,000	832,000	140,000
Financing lease - improvements	531,000		59,000	472,000	61,000
Financing lease - city hall		1,200,000	49,000	1,151,000	46,000
Compensated absences	124,926		54,755	70,171	70,171
Total governmental activities	1,619,926	1,200,000	294,755	2,525,171	317,171

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Direct Borrowing Arrangements

Financing Leases

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

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2023, are as follows:

Years	Principal	Interest	Total
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	168,000	5,913	173,913
2029	71,000	654	71,654
	<u>832,000</u>	<u>86,682</u>	<u>918,682</u>

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

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2023, are as follows:

Years	Principal	Interest	Total
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	70,000	5,430	75,430
2029 - 2030	146,000	4,410	150,410
	<u>472,000</u>	<u>51,420</u>	<u>523,420</u>

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Direct Borrowing Arrangements (Continued)

Capital Leases

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

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2023, are as follows:

Years	Principal	Interest	Total
2024	46,000	33,955	79,955
2025	47,000	32,598	79,598
2026	49,000	31,211	80,211
2027	50,000	29,766	79,766
2028	52,000	28,291	80,291
2029 - 2033	283,000	117,588	400,588
2034 - 2038	326,000	73,338	399,338
2039 - 2042	298,000	22,332	320,332
	<u>1,151,000</u>	<u>369,079</u>	<u>1,520,079</u>

Business-Type Activities

Changes in debt for the year ended March 31, 2023, consisted of the following:

	Balance April 1, 2022	Additions	Retirements	Balance March 31, 2023	Due in One Year
Electric Fund					
Direct borrowing arrangements					
Financing lease	382,200		48,750	333,450	50,700
Compensated absences	18,027		12,176	5,851	5,851
Total Electric Fund	<u>400,227</u>		<u>60,926</u>	<u>339,301</u>	<u>56,551</u>

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

	Balance April 1, 2022	Additions	Retirements	Balance March 31, 2023	Due in One Year
Water Fund					
Revenue bonds	228,929			228,929	
Direct borrowing arrangements					
Financing lease	597,800		76,250	521,550	79,300
Compensated absences	17,649	5,308		22,957	20,818
Total Water Fund	<u>844,378</u>	<u>5,308</u>	<u>76,250</u>	<u>773,436</u>	<u>100,118</u>
Waste Water Fund					
Revenue bonds	2,931,071		355,000	2,576,071	365,000
Loans payable	9,917,700		418,300	9,499,400	428,100
Unamortized premium	36,390		14,052	22,338	13,231
Compensated absences	12,933	3,379		16,312	16,312
Total Waste Water Fund	<u>12,898,094</u>	<u>3,379</u>	<u>787,352</u>	<u>12,114,121</u>	<u>822,643</u>
Total business-type activities	<u>14,142,699</u>	<u>8,687</u>	<u>924,528</u>	<u>13,226,858</u>	<u>979,312</u>

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%.	740,000
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>2,805,000</u>

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 to amortize the revenue bonds as of March 31, 2023, are as follows:

Years Ending March 31,	Series 2004B Sewerage System Revenue Bonds		Series 2017, Combined Water Works and Sewerage System Refunding Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
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			475,000	36,945	511,945
2029 - 2031			1,145,000	38,741	1,183,741
Total	<u>740,000</u>	<u>55,750</u>	<u>2,065,000</u>	<u>283,817</u>	<u>3,144,567</u>

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

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

Years Ending March 31,	Water Fund		Waste Water Fund		Total
	Principal	Interest	Principal	Interest	
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	52,659	4,127	422,341	32,818	511,945
2029 - 2031	126,937	4,326	1,018,063	34,415	1,183,741
Total	<u>228,929</u>	<u>31,701</u>	<u>1,836,071</u>	<u>252,116</u>	<u>2,348,817</u>

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Loans

Series 2005, Waste Water Fund 1.50% loan from the Missouri Department of Natural Resources, dated June 1, 2005, due in semi-annual installments through July 1, 2026.	196,000
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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.	6,768,000
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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%.	<u>2,535,400</u>
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9,499,400

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

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

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

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Loans (Continued)

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, 2023, are detailed below:

Years Ending March 31,	Series 2005 Loan		Series 2014 Loan		Series 2015 Loan		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
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			293,000	81,468	108,300	26,167	508,935
2029 - 2033			1,551,000	341,267	571,000	109,947	2,573,214
2034 - 2038			1,712,000	222,828	623,100	72,819	2,630,747
2039 - 2043			1,885,000	92,272	679,900	32,308	2,689,480
2044			212,000	1,548	138,000	1,280	352,828
Total	<u>196,000</u>	<u>5,880</u>	<u>6,768,000</u>	<u>1,106,550</u>	<u>2,535,400</u>	<u>360,329</u>	<u>10,972,159</u>

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

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Direct Borrowing Arrangements

Financing Lease

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

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

The annual debt service requirements to service the financing lease outstanding as of March 31, 2023, are detailed below.

Years	Water Fund		Waste Water Fund		Total
	Principal	Interest	Principal	Interest	
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	58,500	4,139	91,500	6,475	160,614
2029	60,450	2,104	94,550	3,290	160,394
Total	<u>333,450</u>	<u>41,801</u>	<u>521,550</u>	<u>65,383</u>	<u>962,184</u>

NOTE 7. INTERFUND TRANSACTIONS

Transfers are used to move revenues from the fund that a statute or the budget requires to collect them, to the fund that a statute or the budget requires to expend them; to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to report payments in lieu of taxes and indirect cost allocations from the enterprise funds to the General Fund. For the year ended March 31, 2023, these amounts were \$442,262 and \$374,880, 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.

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSACTIONS (Continued)

Interfund transfers for the year ended March 31, 2023, consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Park</u>	<u>Sales Tax</u>	<u>Electric</u>	
General		12,675	45,046		57,721
Debt service	37,172				37,172
Capital Improvement		19,484			19,484
Electric	385,732				385,732
Water	194,491				194,491
Waste Water	236,919				236,919
Total	<u>854,314</u>	<u>32,159</u>	<u>45,046</u>	<u></u>	<u>931,519</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. At June 30, 2022, there were 838 participating political subdivisions.

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

For the City's year ending March 31, 2023, the net pension asset is based on an actuarial valuation performed as of February 28, 2022, and a measurement date of June 30, 2022.

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

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Benefits Provided (Continued)

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 39 active employees, 40 inactive employees entitled to but not yet receiving benefits, and 47 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 their gross salary. The governing body may elect to participate in the noncontributory plan which would result in no employee contributions.

Actuarial Assumptions

The pension liability for the June 30, 2022, 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	15 years
Asset Valuation Method	5-year smoothed market; 20% corridor

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). The expected rate of return on pension investments is 7.00%, the municipal bond rate is 3.69% 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

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Discount Rate (Continued)

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.

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, 2022, 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% Decrease 6.00%	Current Rate 7.00%	1.00% Increase 8.00%
General Division	(204,986)	(1,175,779)	(1,975,743)
Police Division	(53,270)	(360,041)	(606,682)
	<u>(258,256)</u>	<u>(1,535,820)</u>	<u>(2,582,425)</u>

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.

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Assumed Asset Allocation (Continued)

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	31.9%
Fixed Income	26.8%
Real Assets/Returns	30.2%
Strategic	4.7%
Alpha*	6.4%

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

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	263,543
Employer contributions subsequent to the measurement date	125,722
	<u>389,265</u>

Deferred Inflows of Resources

Net difference between projected and actual earnings on pension plan investments	214,316
Changes in assumptions	49,859
Differences between expected and actual experience	93,698
	<u>357,873</u>
Net deferred outflows (inflows) of resources	<u>31,392</u>

\$125,722 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, 2023.

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Deferred Outflows and Inflows of Resources (Continued)

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

Years Ending March 31,	Net deferred outflows (inflows) of resources
2024	(53,327)
2025	2,787
2026	(190,751)
2027	146,961
	<u>(94,330)</u>

Changes in Net Pension Liability (Asset)

Total pension liability (asset)	
Service cost	160,950
Interest on total pension liability	569,832
Difference between expected and actual experience of the total pension liability	398,199
Benefit payments, including refunds of employee contributions	<u>(426,666)</u>
Net change in total pension liability	702,315
Total pension liability - beginning	<u>8,271,074</u>
Total pension liability - ending	<u>8,973,389</u>
Plan fiduciary net position	
Contributions - employer	160,357
Net investment income	6,750
Benefit payments, including refunds of employee contributions	(426,666)
Pension plan administrative expense	(11,270)
Other	<u>97,810</u>
Net change in fiduciary net position	(173,019)
Plan fiduciary net position - beginning	<u>10,682,228</u>
Plan fiduciary net position - ending	<u>10,509,209</u>
Net pension liability (asset)	<u>(1,535,820)</u>

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

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, 2022. The Comprehensive Annual Financial Report can be obtained at www.molagers.org or from the Missouri Local Area Government Employee Retirement System (LAGERS), P.O. Box 1665, Jefferson City, Missouri, 65102.

NOTE 9. COMMITMENTS AND CONCENTRATIONS

Energy Purchase Agreement

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

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.

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. COMMITMENTS AND CONCENTRATIONS (Continued)

Energy Purchase Agreement (Continued)

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 \$3,624,190 from MJMEUC during the year.

NOTE 10. COMPLIANCE WITH MISSOURI STATUTES

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

Fines and costs for traffic violations	32,007
Annual general operating revenue	2,453,655
Fines and costs for traffic violations as a percentage of annual general operating revenue	1.30%

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.

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. RESTRICTED CASH

Restricted cash and equivalents at March 31, 2023, consisted of the following:

	Restricted For				
	Capital Outlay	Federal Programs	Customer Deposits	Debt Service	Total
General Fund		1,074,867		37,172	1,112,039
Park Fund	140,715				140,715
Transportation Sales Tax Fund	301,443				301,443
Capital Improvement Fund	893,477				893,477
Electric Fund			623,881		623,881
Water Fund	60,290				60,290
Waste Water Fund				643,095	643,095
Total	<u>1,395,925</u>	<u>1,074,867</u>	<u>623,881</u>	<u>680,267</u>	<u>3,774,940</u>

NOTE 13. ACCOUNTS RECEIVABLE

Accounts receivable at March 31, 2023, consisted of the following:

	Accounts	Interest	Taxes	Unbilled Revenues	Allowance for Doubtful Accounts	Receivables Net
General Fund						
General			272,117			272,117
Trash	35,816				(8,162)	27,654
Park Fund			68,197			68,197
Transportation Sales Tax Fund			56,896			56,896
Capital Improvement Fund			56,897			56,897
Property taxes collected after 60 days of year end			24,629			24,629
Electric Fund	619,113			153,453	(180,476)	592,090
Water Fund	167,183			47,386	(53,533)	161,036
Waste Water Fund	<u>259,836</u>	<u>7,096</u>		<u>78,413</u>	<u>(58,998)</u>	<u>286,347</u>
Total	<u>1,081,948</u>	<u>7,096</u>	<u>478,736</u>	<u>279,252</u>	<u>(301,169)</u>	<u>1,545,863</u>

NOTE 14. NEW ACCOUNTING PRONOUNCEMENT

The City adopted GASB Statement 87, *Leases*, on April 1, 2022. A lease liability and a lease asset are recognized at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying assets. Short-term leases have

CITY OF ODESSA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. NEW ACCOUNTING PRONOUNCEMENT (Continued)

maximum possible terms of 12 months or less, including options to extend, regardless of their probability of being exercised. The lease liability is reduced as payments are made and interest expense is recognized. The leased asset is generally amortized over the term of the lease unless the useful life of the underlying asset is less. The City excludes immaterial leases from the provisions of GASB Statement 87. There was no material effect on net position as of April 1, 2022.

NOTE 15. SUBSEQUENT EVENT

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 20, 2024, 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, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	1,504,901	1,504,901	1,262,514	(242,387)
Charges for services	385,178	513,304	542,489	29,185
Licenses, permits, and fees	80,675	80,675	109,442	28,767
Fines and forfeitures	45,800	45,800	49,103	3,303
Intergovernmental revenues	529,284	568,548	933,223	364,675
Interest	15,500	15,500	46,968	31,468
Other	15,284	15,284	19,483	4,199
Total revenues	<u>2,576,622</u>	<u>2,744,012</u>	<u>2,963,222</u>	<u>219,210</u>
EXPENDITURES				
General government	1,186,506	1,577,774	809,445	768,329
Public Safety	1,246,990	1,286,990	1,250,949	36,041
Highways and Streets	517,412	517,412	487,493	29,919
Sanitation	293,732	293,732	287,157	6,575
Community Planning and Development	100,158	100,158	94,567	5,591
Municipal court	21,068	21,068	36,376	(15,308)
Total expenditures	<u>3,365,866</u>	<u>3,797,134</u>	<u>2,965,987</u>	<u>831,147</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(789,244)</u>	<u>(1,053,122)</u>	<u>(2,765)</u>	<u>1,050,357</u>
OTHER FINANCING SOURCES				
Proceeds from debt issuances			664,092	664,092
Transfers in	846,965	846,965	854,314	7,349
Transfers out	<u>(57,721)</u>	<u>(57,721)</u>	<u>(57,721)</u>	
Total other financing sources	<u>789,244</u>	<u>789,244</u>	<u>1,460,685</u>	<u>671,441</u>
CHANGE IN FUND BALANCE	<u></u>	<u>(263,878)</u>	1,457,920	<u>1,721,798</u>
FUND BALANCE, beginning of year			<u>2,618,198</u>	
FUND BALANCE, end of year			<u>4,076,118</u>	

See accompanying notes to required supplementary information.

CITY OF ODESSA, MISSOURI
BUDGETARY COMPARISON SCHEDULE
PARK FUND
YEAR ENDED MARCH 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	405,187	405,187	424,932	19,745
Charges for services	135,500	135,500	193,447	57,947
Other			242	242
Total revenues	<u>540,687</u>	<u>540,687</u>	<u>618,621</u>	<u>77,934</u>
EXPENDITURES				
Parks and Recreation	450,250	450,250	470,579	(20,329)
Debt service				
Principal	132,000	132,000	132,000	
Interest and fiscal costs	<u>41,209</u>	<u>41,209</u>	<u>41,208</u>	<u>1</u>
Total expenditures	<u>623,459</u>	<u>623,459</u>	<u>643,787</u>	<u>(20,328)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(82,772)	(82,772)	(25,166)	57,606
OTHER FINANCING SOURCES				
Transfers in	<u>82,772</u>	<u>82,772</u>	<u>32,159</u>	<u>(50,613)</u>
CHANGE IN FUND BALANCE	<u> </u>	<u> </u>	6,993	<u>6,993</u>
FUND BALANCE, beginning of year			<u>174,996</u>	
FUND BALANCE, end of year			<u>181,989</u>	

See accompanying notes to required supplementary information.

CITY OF ODESSA, MISSOURI
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION SALES TAX FUND
YEAR ENDED MARCH 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	312,910	312,910	325,162	12,252
Grants	273,000	273,000		(273,000)
Interest	50	50	183	133
Total revenues	<u>585,960</u>	<u>585,960</u>	<u>325,345</u>	<u>(260,615)</u>
EXPENDITURES				
General government	570	570	246	324
Highways and Streets	57,000	57,000	56,499	501
Capital outlay	<u>1,164,546</u>	<u>1,164,546</u>	<u>412,124</u>	<u>752,422</u>
Total expenditures	<u>1,222,116</u>	<u>1,222,116</u>	<u>468,869</u>	<u>753,247</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(636,156)	(636,156)	(143,524)	492,632
OTHER FINANCING USES				
Transfers in	<u>236,165</u>	<u>236,165</u>	<u>45,046</u>	<u>(191,119)</u>
CHANGE IN FUND BALANCE	<u>(399,991)</u>	<u>(399,991)</u>	<u>(98,478)</u>	<u>301,513</u>
FUND BALANCE, beginning of year			<u>456,817</u>	
FUND BALANCE, end of year			<u>358,339</u>	

See accompanying notes to required supplementary information.

CITY OF ODESSA, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
YEAR ENDED MARCH 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	312,910	312,910	325,162	12,252
Interest	7,500	7,500	34,846	27,346
Total revenues	<u>320,410</u>	<u>320,410</u>	<u>360,008</u>	<u>39,598</u>
EXPENDITURES				
General government	50,627	50,627	271	50,356
Public Safety			2,160	(2,160)
Capital outlay	393,500	393,500	460,784	(67,284)
Debt service				
Principal	108,000	108,000	108,000	
Interest	6,045	6,045	45,725	(39,680)
Total expenditures	<u>558,172</u>	<u>558,172</u>	<u>616,940</u>	<u>(58,768)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(237,762)</u>	<u>(237,762)</u>	<u>(256,932)</u>	<u>(19,170)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance			535,908	535,908
Transfers out	(64,605)	(64,605)	(19,484)	45,121
Total other financing sources (uses)	<u>(64,605)</u>	<u>(64,605)</u>	<u>516,424</u>	<u>581,029</u>
CHANGE IN FUND BALANCE	<u>(302,367)</u>	<u>(302,367)</u>	259,492	<u>561,859</u>
FUND BALANCE, beginning of year			<u>683,146</u>	
FUND BALANCE, end of year			<u>942,638</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 Park Fund and Capital Improvement Fund. The overage is mainly attributable to year-end accrual adjustments in the Park 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, 2023

Fiscal Year Ending March 31,	Actuarially Determined Contribution (a)	Contribution in Relation (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
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%
2023	162,144	162,144		2,037,027	7.96%

CITY OF ODESSA, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
YEAR ENDED MARCH 31, 2023

	September 30, 2016	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Net pension liability (asset) - beginning	(898,631)	(378,602)	(1,025,616)	(1,070,799)	(836,081)	(531,391)	(2,430,641)
Service cost	144,271	137,041	107,477	134,512	154,357	146,808	160,950
Interest on total pension liability	500,095	521,968	506,183	541,931	583,488	583,236	569,832
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)	398,199
Changes in assumptions	250,856					(163,541)	
Contributions - employer	(147,843)	(113,861)	(112,773)	(152,693)	(150,716)	(149,732)	(160,357)
Net investment (income) loss	14,401	(955,246)	(1,021,863)	(547,895)	(110,721)	(2,331,882)	(6,750)
Pension plan administrative expense	7,233	7,079	7,852	11,225	12,232	10,270	11,270
Other	(34,610)	155,649	143,539	(41,369)	140,343	62,286	(78,323)
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>	<u>(1,535,820)</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%	117.12%
Covered payroll	1,650,984	1,360,516	1,370,908	1,722,929	1,567,778	1,717,056	1,938,764
Net pension liability (asset) as a percentage of covered payroll	-22.93%	-75.38%	-78.11%	-48.53%	-33.89%	-141.56%	-79.22%



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

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, 2023, 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 April 20, 2024.

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 2023-001 and 2023-002.

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 City of Odessa, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Odessa, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana F Cole + Company, LLP

Overland Park, Kansas
April 20, 2024

CITY OF ODESSA, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED MARCH 31, 2023

2023-001 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.

2023-002 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, 2023

2023-002 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, 2023

2022-001 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 2023-001.

2022-002 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 2023-002.