

CITY OF ODESSA, MISSOURI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

CITY OF ODESSA, MISSOURI

YEAR ENDED SEPTEMBER 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Odessa, Missouri (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, in 2015 the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, budgetary comparison information and the LAGERS schedules of changes in net pension liability (asset) and related ratios and contributions, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Odessa, Missouri's basic financial statements. The budgetary comparison schedules, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.



March 28, 2016

City of Odessa, Missouri
Management's Discussion and Analysis
Year Ended September 30, 2015
(Unaudited)

The City of Odessa, Missouri offers readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. The City of Odessa, Missouri reports the annual financial statements in accordance with the guidelines prescribed in Government Accounting Standards Board's (GASB) Statement No. 34. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the September 30, 2015 fiscal year by \$22,881,258 (net position). Of this amount, \$7,473,799 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total debt increased \$7,141,157 during the current fiscal year due to borrowings on loans for waste water projects and debt service payments consisting of N.I.D. bonds, capital lease payments, and revenue bonds for the water and waste water systems.
- The City's total net position increased \$525,673 before restatement due to implementing GASB 68, *Accounting and Financial Reporting for Pensions*. Of this amount the City's governmental activities increased \$408 and the City's "business-type activities" increased \$525,265.
- As noted above, GASB 68 was implemented in 2015. The effect of implementing this statement was to increase net position by \$840,568 for governmental activities and \$391,399 for "business-type activities", or \$1,231,967 in total.

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 other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The *government-wide financial statements* are a broad overview of the City's finances in a manner similar to a private business.

The *statement of net position* presents all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference between the two 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 year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid time off).

The government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) separate from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities for the City included 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 sewerage 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 fiscal year. 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 revenue, 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.

CITY OF ODESSA, MISSOURI

Management Discussion and Analysis (*Continued*)

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.

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 September 30, 2015, assets and deferred outflows of resources exceed liabilities by \$22,881,258. The largest portion of the City's net position, \$13,940,623, 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.

The following table reflects the condensed Statement of Net Position as of September 30, 2015 and 2014:

	City of Odessa's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,727,618	\$ 1,190,197	\$ 9,518,168	\$ 9,104,482	\$ 11,245,786	\$ 10,294,679
Capital assets	7,469,183	7,572,657	25,243,244	17,478,381	32,712,427	25,051,038
Total assets	<u>9,196,801</u>	<u>8,762,854</u>	<u>34,761,412</u>	<u>26,582,863</u>	<u>43,958,213</u>	<u>35,345,717</u>
Deferred outflows of resources	244,521	-	167,864	79,344	412,385	79,344
Long-term liabilities	2,611,490	2,878,892	15,970,437	8,601,974	18,581,927	11,480,866
Other liabilities	205,565	259,641	2,499,036	2,560,936	2,704,601	2,820,577
Total liabilities	<u>2,817,055</u>	<u>3,138,533</u>	<u>18,469,473</u>	<u>11,162,910</u>	<u>21,286,528</u>	<u>14,301,443</u>
Deferred inflows of resources	158,970	-	43,842	-	202,812	-
<u>Net position</u>						
Net investment in capital assets	4,929,184	4,795,909	9,011,439	8,551,136	13,940,623	13,347,045
Restricted	305,341	367,485	1,161,495	1,124,879	1,466,836	1,492,364
Unrestricted	1,230,772	460,927	6,243,027	5,823,282	7,473,799	6,284,209
Total net position	<u>\$ 6,465,297</u>	<u>\$ 5,624,321</u>	<u>\$ 16,415,961</u>	<u>\$ 15,499,297</u>	<u>\$ 22,881,258</u>	<u>\$ 21,123,618</u>

Note: 2014 was not restated for the impact of implementation of GASB 68 for Pension Accounting.

CITY OF ODESSA, MISSOURI

Management Discussion and Analysis (*Continued*)

At the end of the current fiscal year, 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 year increased \$525,673 to \$22,881,258. Overall "governmental activities" expenses increased by \$258,514 compared to 2014 driven primarily by increased costs for Public Safety related to the impact of GASB 68 (\$146k) and in the Highways and Streets department reflecting the City's share of costs for the 2nd Street Project. Offsetting this was an increase in the City's Sales and Franchise tax revenue of \$139,845 including approximately \$90 thousand of Protested Franchise Tax settlements.

The City's "business-type activities" expenses increased \$101,417. Charges for waste water services revenue increased compared to 2014 due to increased rates. In addition, the City received grant income, classified as revenue, of \$673,783 during 2015, an increase \$141,469 from 2014.

The prior table reflects the City's unrestricted net position for governmental activities as \$1,230,772. That table also reflects total unrestricted net position for business-type activities as \$6,243,027.

Total net position of \$22,881,258 is comprised of \$13,940,623 invested in capital assets, net of related debt; \$1,056,705 is restricted for debt service; \$319,795 is restricted for renewal and replacement; \$87,335 for park; \$3,001 for capital improvement; \$1,230,772 is unrestricted for general governmental purposes and \$6,243,027 is unrestricted and available for the City's business-type activities.

The increases in long-term liabilities and capital assets for business-type activities reflect the draws on loans to finance waste water projects.

Changes in Net Position

The table on the following page reflects the revenue and expenses from the City's activities for the years ended September 30, 2015 and 2014.

CITY OF ODESSA, MISSOURI
Management Discussion and Analysis (Continued)

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 1,117,489	\$ 1,132,143	\$ 7,586,216	\$ 7,348,713	\$ 8,703,705	\$ 8,480,856
Operating grants and contributions	355,720	356,764	48,500	-	404,220	356,764
Capital grants and contributions	204,638	59,140	625,283	532,314	829,921	591,454
General revenues:						
Property taxes	395,258	391,796	-	-	395,258	391,796
Sales taxes	1,237,525	1,183,655	-	-	1,237,525	1,183,655
Franchise taxes	309,155	223,180	-	-	309,155	223,180
Other general revenues	25,425	18,134	150,224	165,132	175,649	183,266
Total revenues	<u>3,645,210</u>	<u>3,364,812</u>	<u>8,410,223</u>	<u>8,046,159</u>	<u>12,055,433</u>	<u>11,410,971</u>
Program expenses						
General government	610,569	672,945	-	-	610,569	672,945
Public safety	1,830,602	1,707,543	-	-	1,830,602	1,707,543
Highways and streets	1,013,330	701,750	-	-	1,013,330	701,750
Sanitation	260,209	261,601	-	-	260,209	261,601
Community planning and development	141,723	238,364	-	-	141,723	238,364
Parks and recreation	429,932	438,538	-	-	429,932	438,538
Interest on long-term debt	105,668	112,778	-	-	105,668	112,778
Electric	-	-	4,533,115	4,578,157	4,533,115	4,578,157
Water	-	-	1,266,795	1,158,839	1,266,795	1,158,839
Waste water	-	-	1,337,817	1,299,314	1,337,817	1,299,314
Total expenses	<u>4,392,033</u>	<u>4,133,519</u>	<u>7,137,727</u>	<u>7,036,310</u>	<u>11,529,760</u>	<u>11,169,829</u>
Excess (deficiency) before transfers	(746,823)	(768,707)	1,272,496	1,009,849	525,673	241,142
Transfers	747,231	812,322	(747,231)	(812,322)	-	-
Change in net position	408	43,615	525,265	197,527	525,673	241,142
Net position-beginning as restated	6,464,889	5,580,706	15,890,696	15,301,770	22,355,585	20,882,476
Net position-ending	<u>\$ 6,465,297</u>	<u>\$ 5,624,321</u>	<u>\$ 16,415,961</u>	<u>\$ 15,499,297</u>	<u>\$ 22,881,258</u>	<u>\$ 21,123,618</u>

Governmental Activities

Governmental activities decreased the City's net position by \$746,823 before transfers in.

Increases in Sales and Franchise Taxes and Capital Grants were effectively offset by increased costs for Public Safety due to GASB 68 and Highways and Streets with the additional costs related to the 2nd Street Project.

The following table shows expenses and program revenue of the governmental activities for the years ended September 30, 2015 and 2014:

	Net Cost of Government Activities			
	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General government	\$ 610,569	\$ 672,945	\$ (391,341)	\$ (453,481)
Public safety	1,830,602	1,707,543	(1,214,017)	(1,076,002)
Highways and streets	1,013,330	701,750	(601,005)	(450,335)
Sanitation	260,209	261,601	7,984	8,318
Community planning & dev.	141,723	238,364	(128,704)	(218,076)
Parks and recreation	429,932	438,538	(281,435)	(283,118)
Interest on long-term debt	105,668	112,778	(105,668)	(112,778)
Total	<u>\$ 4,392,033</u>	<u>\$ 4,133,519</u>	<u>\$ (2,714,186)</u>	<u>\$ (2,585,472)</u>

CITY OF ODESSA, MISSOURI

Management Discussion and Analysis (*Continued*)

As noted, expenses from governmental activities totaled \$4,392,033. However, net costs of these services were \$2,714,186. The difference represents direct revenue received from charges for services of \$1,117,489, operating grants and contributions of \$355,720 and capital grants and contributions of \$204,638. Taxes and other revenue of \$2,714,594 were collected to cover these net costs.

Business-Type Activities

Business-type activities net position increased by \$1,272,496 before transfers out in the current year. This is an increase of \$262,647 compared to the change in net position for Fiscal Year 2014.

Overall revenue increased \$364,064 compared to Fiscal Year 2014. This was primarily due to increases in waste water rates and capital grants received. Total expenses for the enterprise funds increased \$101,417 compared to Fiscal Year 2014.

Financial Analysis of the City's Funds

The General Fund is the chief operating fund of the City. The fund balance of the General Fund at September 30, 2015 was \$713,627. This represents an increase of \$213,460. Fiscal year 2015 revenue increased \$52,138, mainly from protested franchise tax settlements, while expenditures decreased \$162,459.

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 September 30, 2015 was \$34,646. This represents an increase of \$7,807. Revenues decreased \$5,359 while expenditures decreased \$21,088 with lower interest costs associated with the aquatic center debt.

The Enterprise Funds consisting of Electric, Water and Waste Water recorded an increase in net assets of \$525,265. Revenue increased primarily in waste water services while expenditures were relatively flat compared to fiscal year 2014.

The following table reflects the revenues and expenses for the City's activities for the years ended September 30, 2015 and 2014:

City of Odessa's Statement of Revenues and Expenditures/Operating Expenses

	Revenues		Expenditures/Operating Expenses	
	2015	2014	2015	2014
Governmental activities	\$ 3,627,658	\$ 3,428,965	\$ 4,388,445	\$ 4,880,520
Business-type activities	7,586,216	7,348,713	6,616,146	6,608,961
Total	<u>\$ 11,213,874</u>	<u>\$ 10,777,678</u>	<u>\$ 11,004,591</u>	<u>\$ 11,489,481</u>

CITY OF ODESSA, MISSOURI

Management Discussion and Analysis (*Continued*)

In the Governmental funds, the expenditures exceed revenues by \$1,451,555 for 2014 and expenditures exceed revenues by \$760,787 for 2015. This leaves an unassigned Fund balance for Governmental funds of \$452,519 for 2014 and \$666,614 for 2015.

The Business-type Activities revenues exceed expenses by \$739,752 for 2014 and \$970,070 for 2015. This leaves an unrestricted net position balance for the Business-type Activities of \$5,823,282 for 2014 and \$6,243,027 for 2015.

Budgetary Highlights

The Board of Alderman adopted the Fiscal Year 2015 budget in September 2014. There were no budget amendments during the year. Other changes in General Fund appropriations included those for the Police, Ambulance and Street departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2015 and 2014 fiscal years, the City had \$32,712,427 and \$25,051,038 invested, respectively, in a broad range of capital assets, including police and ambulance equipment, buildings, park facilities, streets, and electric, water and sewer lines. The change in capital assets is a result of additions and improvements to the utility systems and construction in progress 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.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,037,847	\$ 2,037,847	\$ 196,758	\$ 196,758	\$ 2,234,605	\$ 2,234,605
Construction in progress	172,744	26,426	11,385,202	3,764,801	11,557,946	3,791,227
Utility systems	-	-	7,798,371	7,110,463	7,798,371	7,110,463
Buildings and improvements	2,485,610	2,565,782	5,118,732	5,539,223	7,604,342	8,105,005
Equipment	146,061	187,871	744,181	867,136	890,242	1,055,007
Infrastructure	2,362,951	2,466,533	-	-	2,362,951	2,466,533
Furniture & Fixtures	25,196	30,075	-	-	25,196	30,075
Vehicles	238,774	258,123	-	-	238,774	258,123
Total	\$ 7,469,183	\$ 7,572,657	\$ 25,243,244	\$ 17,478,381	\$ 32,712,427	\$ 25,051,038

Debt Administration

The City, at the end of Fiscal Year 2015, had a total of \$18,339,521 of outstanding obligations. This was an increase of \$7,141,157 from the previous year. Balances at September 30, 2015 are shown in the table below. See Note 6 for additional information on the City's long-term debt.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 795,000	\$ 915,000	\$ -	\$ -	\$ 795,000	\$ 915,000
Capital lease obligations	1,744,999	1,861,748	-	-	1,744,999	1,861,748
Revenue bonds and loan	-	-	13,449,522	5,991,616	13,449,522	5,991,616
Certificates of participation	-	-	2,350,000	2,430,000	2,350,000	2,430,000
Total	\$ 2,539,999	\$ 2,776,748	\$ 15,799,522	\$ 8,421,616	\$ 18,339,521	\$ 11,198,364

The City continues to maintain the debt issued and received a \$3,000,000 Missouri Department of Natural Resources Direct Loan in 2015 for waste water improvements. Water bonds were refinanced in 2011 with principal payments remaining the same and without an increase in term. Certificates of Participation were issued in 2011 to expedite needed repairs to the water and waste water systems. The increase in Business-Type Bonds and Loans reflects the \$8.34M of borrowings to finance continued construction of the Northeast Waste Water Treatment Plant.

General Obligation Bonds were issued to fund the Ritchie Bros. Development Neighborhood Improvement District in 2010. These bonds are paid through the special assessment and development agreement with Ritchie Bros. The Aquatic Center was financed through a 20 year lease-purchase program with Missouri Association of Municipal Utilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General Fund revenue for Fiscal Year 2016 is projected to total \$3,077,090. This projected increase from the 2015 budget is primarily due to variations in miscellaneous tax revenue that appear to be a result of the overall economy.

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

The City of Odessa began a Neighborhood Improvement District Project in Fiscal Year 2007 for a new business. Sales tax revenues are expected to pay the debt associated to the development and to provide the Park Fund assistance with the operation and lease payments.

The Fiscal Year 2016 budget has projected new projects including improvement to Johnson Drive in association with the Missouri Department of Economic Development. The primary goal is to complete much needed infrastructure repair and improvements to allow for further expansion once demand requires it. The new Waste Water Treatment Plant in the Northwest Area is currently under construction and is scheduled to begin operations in April 2016. This project is funded through the City issuance of State Direct Loan Program Bonds. The City continues to apply for grants to assist in funding in order to continue improvements to infrastructure. The Board is taking cautious measures to ensure there is sufficient revenue to sustain operations without service level reductions.

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, City Clerk or Finance Director, 125 S. 2nd Street, Odessa, MO 64076.

CITY OF ODESSA, MISSOURI

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 786,230	\$ 4,168,985	\$ 4,955,215
Investments	-	1,373,600	1,373,600
Receivables (net):			
Taxes	245,850	-	245,850
Accounts	129,836	693,320	823,156
Due from other governments	35,596	263,147	298,743
Interest and other	5,244	32,401	37,645
Internal balances	(138,270)	138,270	-
Inventories	-	338,367	338,367
Prepays	65,778	33,019	98,797
Restricted assets:			
Cash and investments	9,254	2,166,528	2,175,782
Net pension asset	588,100	310,531	898,631
Capital assets:			
Nondepreciable	2,210,591	11,581,960	13,792,551
Depreciable, net	5,258,592	13,661,284	18,919,876
	<u>9,196,801</u>	<u>34,761,412</u>	<u>43,958,213</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	244,521	126,605	371,126
Deferred amount on refunding	-	41,259	41,259
	<u>244,521</u>	<u>167,864</u>	<u>412,385</u>
LIABILITIES			
Current liabilities:			
Accounts and retainage payable	132,668	1,837,158	1,969,826
Accrued liabilities	59,923	22,556	82,479
Accrued interest	3,720	-	3,720
Payable from restricted assets:			
Court bonds and deposits	9,254	-	9,254
Customer deposits	-	503,527	503,527
Accrued interest payable	-	128,138	128,138
Due other governments	-	7,657	7,657
Noncurrent liabilities:			
Due in one year	315,748	1,093,517	1,409,265
Due in more than one year	2,295,742	14,876,920	17,172,662
	<u>2,817,055</u>	<u>18,469,473</u>	<u>21,286,528</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	158,970	43,842	202,812
	<u>158,970</u>	<u>43,842</u>	<u>202,812</u>
NET POSITION			
Net investment in capital assets	4,929,184	9,011,439	13,940,623
Restricted for:			
Debt service	215,005	841,700	1,056,705
Renewal and replacement	-	319,795	319,795
Parks and recreation	87,335	-	87,335
Capital projects	3,001	-	3,001
Unrestricted	1,230,772	6,243,027	7,473,799
	<u>1,230,772</u>	<u>6,243,027</u>	<u>7,473,799</u>
	<u>\$ 6,465,297</u>	<u>\$ 16,415,961</u>	<u>\$ 22,881,258</u>

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities:					
General government	\$ 610,569	\$ 73,818	\$ 145,410	\$ -	\$ (391,341)
Public safety	1,830,602	613,962	2,623	-	(1,214,017)
Highways and streets	1,013,330	-	207,687	204,638	(601,005)
Sanitation	260,209	268,193	-	-	7,984
Community planning and development	141,723	13,019	-	-	(128,704)
Parks and recreation	429,932	148,497	-	-	(281,435)
Interest on long-term debt	105,668	-	-	-	(105,668)
Total governmental activities	<u>4,392,033</u>	<u>1,117,489</u>	<u>355,720</u>	<u>204,638</u>	<u>(2,714,186)</u>
Business-type activities:					
Electric service	4,533,115	4,547,673	-	-	14,558
Water service	1,266,795	1,251,856	-	-	(14,939)
Waste water service	1,337,817	1,786,687	48,500	625,283	1,122,653
Total business-type activities	<u>7,137,727</u>	<u>7,586,216</u>	<u>48,500</u>	<u>625,283</u>	<u>1,122,272</u>
Total primary government	<u>\$ 11,529,760</u>	<u>\$ 8,703,705</u>	<u>\$ 404,220</u>	<u>\$ 829,921</u>	<u>\$ (1,591,914)</u>
			Governmental Activities	Business-type Activities	Total
Changes in net position:					
Net (expense) revenue			<u>\$ (2,714,186)</u>	<u>\$ 1,122,272</u>	<u>\$ (1,591,914)</u>
General revenues:					
Property taxes levied for general purposes			318,971	-	318,971
Property taxes levied for parks and recreation			76,287	-	76,287
Sales taxes			1,237,525	-	1,237,525
Franchise taxes			309,155	-	309,155
Intergovernmental not restricted to a specific program			1,846	-	1,846
Investment earnings			1,851	138,321	140,172
Other			21,728	11,903	33,631
Transfers			747,231	(747,231)	-
Total general revenues			<u>2,714,594</u>	<u>(597,007)</u>	<u>2,117,587</u>
Change in net position			408	525,265	525,673
Net position, beginning of year (as restated)			<u>6,464,889</u>	<u>15,890,696</u>	<u>22,355,585</u>
Net position, end of year			<u>\$ 6,465,297</u>	<u>\$ 16,415,961</u>	<u>\$ 22,881,258</u>

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	General Fund	Park Fund	Transportation Sales Tax Fund	Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 584,736	\$ 325	\$ -	\$ -	\$ 201,169	\$ 786,230
Receivables (net):						
Taxes	125,051	44,667	38,066	38,066	-	245,850
Accounts	129,836	-	-	-	-	129,836
Due from other governments	35,596	-	-	-	-	35,596
Interest and other	5,174	70	-	-	-	5,244
Due from other funds	4,233	-	-	-	-	4,233
Restricted assets:						
Cash and cash equivalents	9,254	-	-	-	-	9,254
Prepays	44,012	5,912	-	-	-	49,924
Total assets	<u>\$ 937,892</u>	<u>\$ 50,974</u>	<u>\$ 38,066</u>	<u>\$ 38,066</u>	<u>\$ 201,169</u>	<u>\$ 1,266,167</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 85,315	\$ 4,034	\$ -	\$ 43,319	\$ -	\$ 132,668
Accrued liabilities	54,016	5,907	-	-	-	59,923
Due to other funds	-	-	119,415	23,088	-	142,503
Payable from restricted assets:						
Court bonds and deposits	9,254	-	-	-	-	9,254
Total liabilities	<u>148,585</u>	<u>9,941</u>	<u>119,415</u>	<u>66,407</u>	<u>-</u>	<u>344,348</u>
Deferred inflows of resources:						
Unavailable revenue	75,680	6,387	-	-	-	82,067
Fund balances:						
Nonspendable for prepaids	44,012	5,912	-	-	-	49,924
Restricted:						
Parks	-	28,734	-	-	-	28,734
Debt service	-	-	-	-	201,169	201,169
1912 Complex	3,001	-	-	-	-	3,001
Unassigned	666,614	-	(81,349)	(28,341)	-	556,924
Total fund balances	<u>713,627</u>	<u>34,646</u>	<u>(81,349)</u>	<u>(28,341)</u>	<u>201,169</u>	<u>839,752</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 937,892</u>	<u>\$ 50,974</u>	<u>\$ 38,066</u>	<u>\$ 38,066</u>	<u>\$ 201,169</u>	<u>\$ 1,266,167</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

SEPTEMBER 30, 2015

Fund balances - total governmental funds		\$	839,752
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Governmental capital assets	10,794,475		
Less accumulated depreciation	<u>(3,325,292)</u>		7,469,183
Certain assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Net pension asset			588,100
Long-term amounts are not financial resources and, therefore, are not reported in the funds:			
Prepaid lease interest			15,854
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due			(3,720)
Long-term liabilities, including bonds payable, accrued compensated absences and the net pension obligation are not due and payable in the current period and, therefore, are not reported in the funds, net of unamortized premiums and discounts			(2,611,490)
Adjustment of deferred inflows of resources for revenues not considered available in the fund statements			82,067
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	244,521		
Deferred inflows of resources - pension related amounts	<u>(158,970)</u>		85,551
Net position of governmental activities			<u>\$ 6,465,297</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 SEPTEMBER 30, 2015

	General Fund	Park Fund	Transportation Sales Tax Fund	Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
REVENUES						
Taxes	\$ 1,123,280	\$ 323,671	\$ 247,517	\$ 247,517	\$ -	\$ 1,941,985
Special assessments	-	-	-	-	145,410	145,410
Charges for services	818,678	148,497	-	-	-	967,175
Licenses, permits and fees	79,010	-	-	-	-	79,010
Fines and forfeitures	54,236	-	-	-	-	54,236
Intergovernmental revenues	261,794	-	155,000	-	-	416,794
Interest	1,224	-	14	259	354	1,851
Other	19,136	2,061	-	-	-	21,197
Total revenues	2,357,358	474,229	402,531	247,776	145,764	3,627,658
EXPENDITURES						
Current:						
General government	413,740	-	1,042	3,632	148,020	566,434
Public safety	1,644,762	-	-	-	-	1,644,762
Highways and streets	355,929	-	-	-	-	355,929
Sanitation	260,209	-	-	-	-	260,209
Community planning and development	141,299	-	-	-	-	141,299
Parks and recreation	21,252	330,752	-	-	-	352,004
Capital outlay	-	-	528,551	197,439	-	725,990
Debt Service:						
Principal	-	96,000	-	20,749	120,000	236,749
Interest and fiscal costs	-	78,190	-	1,469	25,410	105,069
Total expenditures	2,837,191	504,942	529,593	223,289	293,430	4,388,445
Excess of revenues over (under) expenditures	(479,833)	(30,713)	(127,062)	24,487	(147,666)	(760,787)

CITY OF ODESSA, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	<u>General Fund</u>	<u>Park Fund</u>	<u>Transportation Sales Tax Fund</u>	<u>Capital Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	755,867	38,520	48,510	-	73,308	916,205
Transfers out	<u>(62,574)</u>	<u>-</u>	<u>(26,963)</u>	<u>(79,437)</u>	<u>-</u>	<u>(168,974)</u>
Total other financing sources (uses)	<u>693,293</u>	<u>38,520</u>	<u>21,547</u>	<u>(79,437)</u>	<u>73,308</u>	<u>747,231</u>
Change in fund balances	213,460	7,807	(105,515)	(54,950)	(74,358)	(13,556)
FUND BALANCES						
Beginning of year	<u>500,167</u>	<u>26,839</u>	<u>24,166</u>	<u>26,609</u>	<u>275,527</u>	<u>853,308</u>
End of year	<u><u>\$ 713,627</u></u>	<u><u>\$ 34,646</u></u>	<u><u>\$ (81,349)</u></u>	<u><u>\$ (28,341)</u></u>	<u><u>\$ 201,169</u></u>	<u><u>\$ 839,752</u></u>

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds		\$ (13,556)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays 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 (\$189,352) and depreciation (\$292,826) in the current period		
	(103,474)	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		17,552
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond 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	236,749	
Prepaid interest amortization	<u>(895)</u>	235,854
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	7,285	
Pension expense	(143,549)	
Accrued interest	<u>296</u>	<u>(135,968)</u>
Change in net position of governmental activities		<u>\$ 408</u>

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI

PROPRIETARY FUNDS - STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Enterprise Funds			Total
	Electric	Water	Waste Water	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,677,214	\$ 361,784	\$ 1,129,987	\$ 4,168,985
Investments	794,100	579,500	-	1,373,600
Receivables (net):				
Accounts	430,464	105,041	157,815	693,320
Interest	1,418	2,818	28,165	32,401
Grants, other	70,386	-	192,761	263,147
Due from other funds	93,559	310,000	-	403,559
Inventories	292,351	46,016	-	338,367
Prepaid expenses	16,667	9,412	6,940	33,019
Total current assets	<u>4,376,159</u>	<u>1,414,571</u>	<u>1,515,668</u>	<u>7,306,398</u>
Noncurrent assets:				
Restricted assets:				
Restricted cash and investments	503,527	549,844	1,113,157	2,166,528
Advance to other funds	44,711	-	-	44,711
Net pension asset	116,138	110,076	84,317	310,531
Capital assets:				
Nondepreciable	169,403	503,065	10,909,492	11,581,960
Depreciable, net	<u>1,979,446</u>	<u>4,267,271</u>	<u>7,414,567</u>	<u>13,661,284</u>
Total noncurrent assets	<u>2,813,225</u>	<u>5,430,256</u>	<u>19,521,533</u>	<u>27,765,014</u>
Total assets	<u>7,189,384</u>	<u>6,844,827</u>	<u>21,037,201</u>	<u>35,071,412</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	47,363	44,822	34,420	126,605
Deferred amount on refunding	-	41,259	-	41,259
Total deferred outflows of resources	<u>47,363</u>	<u>86,081</u>	<u>34,420</u>	<u>167,864</u>
LIABILITIES				
Current liabilities:				
Accounts and retainage payable	375,054	146,178	1,315,926	1,837,158
Accrued liabilities	8,082	7,285	7,189	22,556
Due to other funds	-	-	310,000	310,000
Compensated absences	26,811	13,798	7,908	48,517
Current portion of bonds and COP payable	-	560,614	484,386	1,045,000
Payable from restricted assets:				
Customer deposits	503,527	-	-	503,527
Accrued interest	-	15,882	112,256	128,138
Due to other governments	-	-	7,657	7,657
Total current liabilities	<u>913,474</u>	<u>743,757</u>	<u>2,245,322</u>	<u>3,902,553</u>
Noncurrent liabilities:				
Bonds and COP payable	-	751,948	14,124,972	14,876,920
Total liabilities	<u>913,474</u>	<u>1,495,705</u>	<u>16,370,294</u>	<u>18,779,473</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>16,397</u>	<u>15,541</u>	<u>11,904</u>	<u>43,842</u>
NET POSITION				
Net investment in capital assets	2,148,849	3,691,739	3,170,851	9,011,439
Restricted for debt service	-	504,169	337,531	841,700
Restricted for renewal and replacement	-	-	319,795	319,795
Unrestricted	<u>4,158,027</u>	<u>1,223,754</u>	<u>861,246</u>	<u>6,243,027</u>
Total net position	<u>\$ 6,306,876</u>	<u>\$ 5,419,662</u>	<u>\$ 4,689,423</u>	<u>\$ 16,415,961</u>

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	Enterprise Funds			Total
	Electric	Water	Waste Water	
OPERATING REVENUES				
Charges for services	\$ 4,547,673	\$ 1,251,856	\$ 1,786,687	\$ 7,586,216
OPERATING EXPENSES				
Personnel	310,324	282,371	239,669	832,364
Operation and maintenance	272,453	585,367	288,568	1,146,388
Power purchases	3,602,543	-	-	3,602,543
Depreciation and amortization	186,032	319,384	529,435	1,034,851
Total operating expenses	4,371,352	1,187,122	1,057,672	6,616,146
Operating income	176,321	64,734	729,015	970,070
NONOPERATING REVENUES (EXPENSES)				
Interest income	7,845	14,760	115,716	138,321
Interest expense	-	(75,943)	(232,961)	(308,904)
Bond issuance costs	-	-	(47,184)	(47,184)
Grant	-	-	48,500	48,500
Rental income	-	11,903	-	11,903
Loss on disposal of capital assets	(161,763)	(3,730)	-	(165,493)
Total nonoperating revenues (expenses)	(153,918)	(53,010)	(115,929)	(322,857)
Income before grants and transfers	22,403	11,724	613,086	647,213
Capital grants	-	-	625,283	625,283
Transfers in	8,636	-	-	8,636
Transfers out	(352,075)	(189,486)	(214,306)	(755,867)
Change in net position	(321,036)	(177,762)	1,024,063	525,265
Net position, beginning of year (as restated)	6,627,912	5,597,424	3,665,360	15,890,696
Net position, end of year	\$ 6,306,876	\$ 5,419,662	\$ 4,689,423	\$ 16,415,961

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	Enterprise Funds			Total
	Electric	Water	Waste Water	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and others	\$ 4,590,370	\$ 1,262,629	\$ 1,759,217	\$ 7,612,216
Cash payments to suppliers for goods and services	(4,200,007)	(441,053)	(265,760)	(4,906,820)
Cash payments for employee services and benefits	(310,654)	(281,853)	(236,721)	(829,228)
Net cash provided by operating activities	<u>79,709</u>	<u>539,723</u>	<u>1,256,736</u>	<u>1,876,168</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund collections	8,636	-	-	8,636
Interfund loans	(93,559)	-	-	(93,559)
Governmental grants, other	(70,386)	-	37,500	(32,886)
Transfers in	8,636	-	-	8,636
Transfers out	(352,075)	(189,486)	(214,306)	(755,867)
Net cash used in noncapital financing activities.	<u>(498,748)</u>	<u>(189,486)</u>	<u>(176,806)</u>	<u>(865,040)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(133,868)	(425,186)	(8,272,213)	(8,831,267)
Capital grants	-	-	543,522	543,522
Proceeds from loans	-	-	8,293,722	8,293,722
Principal paid on capital debt	-	(548,938)	(414,062)	(963,000)
Interest paid on capital debt	-	(37,714)	(284,434)	(322,148)
Net cash used in capital and related financing activities	<u>(133,868)</u>	<u>(1,011,838)</u>	<u>(133,465)</u>	<u>(1,279,171)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	7,869	14,823	118,272	140,964
Net change in cash and cash equivalents	(545,038)	(646,778)	1,064,737	(127,079)
Cash and cash equivalents - beginning of year	3,725,779	1,558,406	1,178,407	6,462,592
Cash and cash equivalents - end of year	<u>\$ 3,180,741</u>	<u>\$ 911,628</u>	<u>\$ 2,243,144</u>	<u>\$ 6,335,513</u>
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 176,321	\$ 64,734	\$ 729,015	\$ 970,070
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	186,032	319,384	529,435	1,034,851
Nonoperating revenues	-	11,903	-	11,903
Changes in assets and liabilities:				
Receivables, net	22,902	(1,130)	(27,470)	(5,698)
Inventories and prepaids	16,204	4,303	384	20,891
Pension related assets, outflows and inflows	(750)	(458)	(687)	(1,895)
Accounts payable	(321,420)	140,011	22,424	(158,985)
Accrued liabilities	420	976	3,635	5,031
Net cash provided by operating activities	<u>\$ 79,709</u>	<u>\$ 539,723</u>	<u>\$ 1,256,736</u>	<u>\$ 1,876,168</u>
Noncash capital and related financing activity:				
Bond issuance costs withheld from proceeds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,184</u>	<u>\$ 47,184</u>

The accompanying notes are an integral part of this statement.

CITY OF ODESSA, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The following represents the more significant accounting and reporting policies and practices of the City.

Reporting Entity

Generally accepted accounting principles require that the financial statements present the City (the primary government) and its component units. Component units are required to be included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Based on the evaluation criteria set forth by GAAP, there are no component units related to the City that should be included in the financial statements.

Basis of Presentation

Government-wide Statements – The statement of net position and the statement of activities display information about the City. These statements include the financial activities of the overall government, except for any fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties. The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses. Program revenues include (a) fees, fines, and charges paid by the recipients of goods, services or privileges offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements – Separate fund financial statements are presented to provide information about each fund category of the City – governmental and proprietary. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from providing the services associated with the principal activity of the fund. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – This is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Park Fund – This special revenue fund accounts for taxes collected and expended for operations and improvements to the City’s parks.

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

Capital Improvement Fund – This special revenue 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 – This fund accounts for resources accumulated for the servicing of general long-term debt not being financed by proprietary funds.

The City reports the following major proprietary funds:

Electric Fund – This fund accounts for the acquisition, operation, and maintenance of the City's electric generation and 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.

Basis of Accounting

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This presentation incorporates both long-term assets and liabilities. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis is on near-term inflows and outflows of resources and does not present the long-term impact of transactions. Under this method, revenues are recognized when susceptible to accrual, that is when they are both measurable and available. The City considers all revenues, including property taxes, reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Revenues associated with the current fiscal period from property taxes, sales taxes, franchise taxes, charges for services, intergovernmental, and interest are considered to be susceptible to accrual under this definition. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for

principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and the unrestricted resources as they are needed.

Cash and Investments

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 and investments. Investments made in accordance with bond ordinances are reflected as restricted cash and investments. Funds with overdrawn balances are not charged interest.

As provided for by GASB Statement No. 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 ambulance and sanitation charges and other miscellaneous services provided to citizens, net of an allowance for uncollectible accounts of \$634,440. Business-type activities represent billed electric, water, and waste water charges, net of an allowance for uncollectible accounts of \$170,402.

Inventory

Inventory of the enterprise funds consists of electric and water utility materials and is valued at cost.

Prepaid Items

Certain payments to vendors reflecting costs applicable to future accounting periods have been recorded as prepaid items in both the government-wide and fund financial statements.

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

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In accordance with the provisions of GASB Statement No. 34, the City has elected to report governmental infrastructure assets on a prospective basis only. Therefore, only infrastructure additions from October 1, 2003 to the present are recognized.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. \$101,195 of interest was capitalized in the Waste Water Fund during the year. All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated lives:

	<u>Years</u>
Governmental activities:	
Buildings	25 to 50
Improvements other than buildings	10 to 20
Equipment and vehicles	5 to 10
Infrastructure	30
Business activities:	
Buildings	25 to 50
Equipment and vehicles	5 to 10
Generation and distribution systems	30 to 50

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 currently reports the deferred amount on refunding and pension related amounts in this category. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenue and pension related amounts are reported in this category. The governmental funds report unavailable revenues from two sources, property taxes and ambulance charges. These amounts are deferred and will be recognized as revenue in the period they become available.

Compensated Absences

Under terms of the City's personnel policy, employees are granted paid time off (PTO) leave in amounts ranging from 20 to 240 hours, based upon length of service. Up to 320 hours of PTO earned can be carried over each year, and accumulated PTO is payable on separation of service.

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 Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and obligations are reported in the Statements of Net Position as liabilities in the applicable governmental and business-type categories. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are expensed when incurred.

Bonds payable are reported net of the applicable bond premium or discount. Refunding costs are deferred and amortized on a straight-line basis over the life of the new debt, or the remaining life of the old debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service 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.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings, that are attributable to the acquisition, construction, or improvement of those assets. Debt amounts exclude unspent proceeds of \$2,650 in the Water Fund and \$148,223 in the Waste Water Fund.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of a net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Balances

GASB Statement No. 54 established the following governmental fund type definitions, based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds:

Nonspendable – Nonspendable consists of amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or is imposed by law through constitutional provisions or enabling legislation.

Committed – This classification consists of amounts that can be used only for the specific purposes imposed by a formal action of the Board of Aldermen. Committed amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action that previously committed those amounts.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts can only be established by the Board of Aldermen.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Unassigned Fund Balance – It is the policy of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 50% of current year operating expenditures. Should the unassigned balance fall below the goal, the City is to develop a plan to restore and maintain the minimum fund balance target amount.

Statement of Cash Flows

Proprietary Funds' investments maintained in the City's pooled investments are readily convertible to known amounts of cash, and so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates, and generally have a maturity of less than three months when purchased. Accordingly, for purposes of the statement of cash flows, these investments are considered cash equivalents.

Use of Estimates

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

2. CASH AND INVESTMENTS

The disclosures that follow have been prepared in accordance with the provisions of GASB Statement No. 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 September 30, 2015 is as follows:

Total deposits	\$6,302,057
Certificates of deposit	1,373,600
Investments	827,915
Petty cash	1,025
Total	<u>\$8,504,597</u>

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

Cash and equivalents	\$4,955,215
Investments	1,373,600
Restricted cash and investments	<u>2,175,782</u>
Total	<u>\$8,504,597</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.

The carrying amount and maturity segment for the City’s investments at September 30, 2015 are as follows:

Investment	Investment Maturity <u>Under</u> <u>one year</u>
<u>Restricted investments</u>	
Water Fund:	
Federated Government Money Market Fund	\$ 34,552
Waste Water Fund:	
Fidelity Treasury Fund	29,322
Federated Treasury Money Market Fund	114,703
Federated Prime Money Market Fund	247,407
Federated Government Money Market Fund	401,931
	<u>\$ 827,915</u>

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations to the holder of the investment. This risk can be measured by the assignment of a rating by a nationally recognized statistical rating organization. The money market mutual funds are rated AAAM by Standard & Poor's.

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. For deposits, the City follows state statutes which require pledged collateral with a fair value equal to 100% of the funds on deposit, less insured amounts. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no formal investment policy to limit the holdings of any one counterparty.

At September 30, 2015, the City’s investments consist of money market mutual funds held in accordance with the related debt ordinances. At September 30, 2015, the City’s deposits, including the certificates of deposit, were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held by the financial institution’s agent in the City’s name.

Interest Rate Risk

The City has no formal interest rate risk policy to limit the maturities of its investments as a means of managing its exposure to fair value losses arising from increasing interest rates. The City matches investments to anticipate cash flows and can diversify the investment types to the extent allowed by statute. The City elected to use the segmented time distribution method of disclosure for its interest rate risk.

Concentration of Credit Risk

The City places no limit on the amount that can be invested with any one issuer. Investments that represent more than 5% of the City’s investments consist of the money market mutual funds shown above.

3. TAX REVENUE

Tax revenues, including interest and penalties, by fund type for fiscal year 2015 were as follows:

	<u>General</u>	<u>Parks</u>	<u>Transportation Sales Tax</u>	<u>Capital Improvement</u>
Property tax	\$ 319,089	\$ 76,216	\$ -	\$ -
Sales tax	495,036	247,455	247,517	247,517
Franchise tax	309,155	-	-	-
	<u>\$ 1,123,280</u>	<u>\$ 323,671</u>	<u>\$ 247,517</u>	<u>\$ 247,517</u>

The City's property tax is levied each November 1 on the assessed value as of the prior January 1 for all real property and personal located in the City. Property taxes are considered delinquent after December 31 following the levy date and become a lien on January 1. The City does not file liens, as this is performed by Lafayette County.

Assessed values are established by the Lafayette County Assessor subject to review by the County's Board of Equalization and State Tax Commission. The assessed value for property located in the City as of January 1, 2014, on which the fiscal 2015 levy was based, was \$49,494,776.

For the budget year ended September 30, 2015, the City was permitted to and levied taxes of \$.585 per \$100 of assessed valuation for general governmental services and \$.1545 for parks and recreation.

General sales tax revenues result from a 1% levy on all receipts from the retail sale of tangible personal property or taxable services within the City subject to taxation by the State of Missouri. Transportation Sales Tax Fund and Capital Improvement Fund sales tax revenues result from a ½ of 1% levy for the purpose of street maintenance and a ½ of 1% levy for capital improvements. The Park sales tax revenues result from a ½ of 1% levy to be used to construct and operate city recreational facilities. Taxes receivable consist of property, sales and franchise taxes, reduced by an appropriate allowance for uncollectible taxes.

4. INTERGOVERNMENTAL REVENUE

Due from other governments at September 30, 2015 consists of state motor vehicle taxes and fees and Waste Water Fund grants.

Intergovernmental revenue during fiscal year 2015 consisted of the following:

	<u>General</u>	<u>Transportation</u>
State:		
Motor vehicle fuel tax	\$ 141,481	\$ -
Motor vehicle sales tax and registration fees	66,206	-
Financial institution tax	1,846	-
Transportation grant	-	155,000
Police grant	2,623	-
County:		
Use tax	19,710	-
Road and bridge tax	29,928	-
	<u>\$ 261,794</u>	<u>\$ 155,000</u>

5. CAPITAL ASSETS

Changes in capital asset activity for the 2015 fiscal year are as follows:

<u>Governmental activities</u>	Balance September 30, 2014	Additions	Deductions	Balance September 30, 2015
Capital assets, not being depreciated:				
Land	\$ 2,037,847	\$ -	\$ -	\$ 2,037,847
Construction in progress	26,426	146,318	-	172,744
Total	<u>2,064,273</u>	<u>146,318</u>	<u>-</u>	<u>2,210,591</u>
Capital assets, being depreciated:				
Buildings and improvements	2,992,395	9,962	-	3,002,357
Land improvements	306,926	-	-	306,926
Machinery and equipment	1,281,218	-	-	1,281,218
Infrastructure	3,107,449	-	-	3,107,449
Furniture and fixtures	65,163	-	-	65,163
Vehicles	787,699	33,072	-	820,771
Total capital assets, being depreciated	<u>8,540,850</u>	<u>43,034</u>	<u>-</u>	<u>8,583,884</u>
Less accumulated depreciation:				
Buildings and improvements	630,973	82,999	-	713,972
Land improvements	102,566	7,135	-	109,701
Machinery and equipment	1,093,347	41,810	-	1,135,157
Infrastructure	640,916	103,582	-	744,498
Furniture and fixtures	35,088	4,879	-	39,967
Vehicles	529,576	52,421	-	581,997
Total accumulated depreciation	<u>3,032,466</u>	<u>292,826</u>	<u>-</u>	<u>3,325,292</u>
Total capital assets, being depreciated, net	<u>5,508,384</u>	<u>(249,792)</u>	<u>-</u>	<u>5,258,592</u>
Total governmental activities capital assets, net	<u>\$ 7,572,657</u>	<u>\$ (103,474)</u>	<u>\$ -</u>	<u>\$ 7,469,183</u>

Depreciation expense was charged to functions as follows:

General government	\$ 46,456
Public safety	48,923
Highways and streets	121,398
Parks and recreation	76,049
Total depreciation expense – governmental activities	<u>\$ 292,826</u>

	Balance September 30, 2014	Additions	Deductions	Balance September 30, 2015
Business-type activities:				
<u>Electric</u>				
Capital assets not being depreciated:				
Construction in progress	\$ 35,535	\$ 133,868	\$ -	\$ 169,403
Capital assets being depreciated:				
Generation and distribution system	7,019,547	-	(445,555)	6,573,992
Buildings and improvements	848,604	-	-	848,604
Machinery, equipment and vehicles	1,153,124	-	(35,192)	1,117,932
Total	<u>9,021,275</u>	<u>-</u>	<u>(480,747)</u>	<u>8,540,528</u>
Less accumulated depreciation:				
Generation and distribution system	5,575,605	103,653	(303,316)	5,375,942
Buildings and improvements	293,023	30,686	-	323,709
Machinery, equipment and vehicles	825,406	51,693	(15,668)	861,431
Total accumulated depreciation	<u>6,694,034</u>	<u>186,032</u>	<u>(318,984)</u>	<u>6,561,082</u>
Total electric capital assets, net	<u>\$ 2,362,776</u>	<u>\$ (52,164)</u>	<u>\$ (161,763)</u>	<u>\$ 2,148,849</u>
<u>Water</u>				
Capital assets not being depreciated:				
Land	\$ 144,010	\$ -	\$ -	\$ 144,010
Construction in progress	3,730	359,055	(3,730)	359,055
Total	<u>147,740</u>	<u>359,055</u>	<u>(3,730)</u>	<u>503,065</u>
Capital assets being depreciated:				
Treatment and distribution system	9,965,164	-	-	9,965,164
Buildings and improvements	61,251	-	-	61,251
Machinery, equipment and vehicles	296,487	-	-	296,487
Total	<u>10,322,902</u>	<u>-</u>	<u>-</u>	<u>10,322,902</u>
Less accumulated depreciation:				
Treatment and distribution system	5,541,834	298,540	-	5,840,374
Buildings and improvements	41,631	2,973	-	44,604
Machinery, equipment and vehicles	152,782	17,871	-	170,653
Total accumulated depreciation	<u>5,736,247</u>	<u>319,384</u>	<u>-</u>	<u>6,055,631</u>
Total water capital assets, net	<u>\$ 4,734,395</u>	<u>\$ 39,671</u>	<u>\$ (3,730)</u>	<u>\$ 4,770,336</u>
<u>Waste Water</u>				
Capital assets not being depreciated:				
Land	\$ 52,748	\$ -	\$ -	\$ 52,748
Construction in progress	3,725,536	8,457,386	(1,326,178)	10,856,744
Total	<u>3,778,284</u>	<u>8,457,386</u>	<u>(1,326,178)</u>	<u>10,909,492</u>
Capital assets being depreciated:				
Collection and treatment system	3,133,488	1,341,076	-	4,474,564
Buildings and improvements	7,733,583	-	-	7,733,583
Machinery, equipment and vehicles	741,664	-	-	741,664
Total	<u>11,608,735</u>	<u>1,341,076</u>	<u>-</u>	<u>12,949,811</u>
Less accumulated depreciation:				
Collection and treatment system	1,890,297	108,736	-	1,999,033
Buildings and improvements	2,769,561	386,832	-	3,156,393
Machinery, equipment and vehicles	345,951	33,867	-	379,818
Total accumulated depreciation	<u>5,005,809</u>	<u>529,435</u>	<u>-</u>	<u>5,535,244</u>
Total waste water capital assets, net	<u>\$ 10,381,210</u>	<u>\$ 9,269,027</u>	<u>\$ (1,326,178)</u>	<u>\$ 18,324,059</u>

6. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2015:

	Balance September 30, 2014	Increases	Decreases	Balance September 30, 2015	Amounts Due within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 915,000	\$ -	\$ (120,000)	\$ 795,000	\$ 125,000
Capital leases payable	1,861,748	-	(116,749)	1,744,999	119,257
Compensated absences*	78,776	71,491	(78,776)	71,491	71,491
Total governmental activities	<u>\$ 2,855,524</u>	<u>\$ 71,491</u>	<u>\$ (315,525)</u>	<u>\$ 2,611,490</u>	<u>\$ 315,748</u>
<u>Business-type activities</u>					
Electric Fund:					
Compensated absences	\$ 26,602	\$ 26,811	\$ (26,602)	\$ 26,811	\$ 26,811
Water Fund:					
Revenue bonds	1,590,000	-	(540,000)	1,050,000	550,000
Certificates of participation	271,500	-	(8,938)	262,562	10,614
Compensated absences	12,854	13,798	(12,854)	13,798	13,798
Total Water Fund	<u>1,874,354</u>	<u>13,798</u>	<u>(561,792)</u>	<u>1,326,360</u>	<u>574,412</u>
Waste Water Fund:					
Revenue bonds	3,665,000	-	(295,000)	3,370,000	300,000
Loans payable	736,616	8,340,906	(48,000)	9,029,522	100,000
Certificates of participation	2,158,500	-	(71,062)	2,087,438	84,386
Unamortized premium	135,631	-	(13,233)	122,398	-
Compensated absences	5,271	7,908	(5,271)	7,908	7,908
Total Waste Water Fund	<u>6,701,018</u>	<u>8,348,814</u>	<u>(432,566)</u>	<u>14,617,266</u>	<u>492,294</u>
Total business-type activities	<u>\$ 8,601,974</u>	<u>\$8,389,423</u>	<u>\$ (1,020,960)</u>	<u>\$ 15,970,437</u>	<u>\$ 1,093,517</u>

* Compensated absences typically have been liquidated in the General and Park Funds.

Governmental Activities

General Obligation Bonds

General Obligation Bonds outstanding at September 30, 2015 consist of Neighborhood Improvement Limited General Obligation Bonds Series 2010C issued in December 2010 in the aggregate principal amount of \$1,265,000, for the purpose of providing funds to pay a portion of the costs of the Richie Bros. Development Neighborhood Improvement District Project A. The bonds bear interest rates of 1.0% to 3.65% and mature through March 1, 2021. The full faith and credit of the City are irrevocably pledged for the payment of the bonds; however, the City is not obligated nor authorized to levy taxes for the purpose of paying the debt service on the bonds and the taxing power of the City has not been pledged.

The annual debt service requirements to amortize the NID general obligation bonds outstanding as of September 30, 2015 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 125,000	\$ 22,741	\$ 147,741
2017	125,000	19,616	144,616
2018	130,000	16,075	146,075
2019	135,000	12,030	147,030
2020	140,000	7,490	147,490
2021	140,000	2,555	142,555
Total	<u>\$ 795,000</u>	<u>\$ 80,507</u>	<u>\$ 875,507</u>

The bonds are to be repaid with special assessments levied on real property located in the District. If the special assessments would not be sufficient to make the debt payments in any particular year, the City would be obligated to fund any deficiency from its General Fund or other legally available revenues. Total principal and interest remaining on the bonds is \$875,507 payable through March, 2021. For 2015, principal and interest paid and revenues were \$145,410.

Capital Leases

In August 2008, the City entered into a lease agreement to finance the construction of an aquatic center in the amount of \$2,300,000, at an interest rate of 3.65%. Lease payments, including certain fees, are due in monthly installments through August 2028. The cumulative amount of assets acquired under the lease at September 30, 2015 is \$2,071,814.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total</u>
2016	\$ 98,000	\$ 74,041	\$ 172,041
2017	108,000	69,473	177,473
2018	108,000	64,828	172,828
2019	115,000	60,034	175,034
2020	120,000	54,878	174,878
2021-2025	680,000	190,286	870,286
2026-2028	473,000	37,003	510,003
	<u>\$ 1,702,000</u>	<u>\$ 550,543</u>	<u>\$ 2,252,543</u>

In August 2013, the City entered into a second lease agreement to finance the acquisition of a new ambulance chassis in the amount of \$84,005, at an interest rate of 2.5%. Lease payments are due in semi-annual installments through August 2017. The cumulative amount of assets acquired under this lease at September 30, 2015 is \$84,005.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 21,257	\$ 961	\$ 22,218
2017	21,742	476	22,218
	<u>\$ 42,999</u>	<u>\$ 1,437</u>	<u>\$ 44,436</u>

Business-type Activities

Revenue bonds, loans and certificates of participation outstanding at September 30, 2015 are as follows:

2004B Sewerage System Revenue Bonds dated May 28, 2004, due in annual installments through January 1, 2025, with interest rates of 2% to 5.25%.	\$ 3,370,000
Series 2005 Waste Water Fund 1.5% loan from the Missouri Department of Natural Resources, dated June 1, 2005, due in semi-annual installments through July 1, 2026.	586,000
Series 2011 Waterworks System Refunding Revenue Bonds dated April 11, 2011, due in annual installments through November 1, 2016, with interest rates of 1.0% to 2.7%.	1,050,000
Series 2011 Water Works and Sewerage System Project Certificates of Participation dated May 31, 2011, due in annual installments through April 1, 2020, with interest rates of 2.4% to 4.0%.	2,350,000
Series 2014 Combined Water Works and Sewerage System 1.46% loan from the Missouri Department of Natural Resources, dated August 26, 2014, due in semi-annual installments through July 1, 2035.	8,000,000
Series 2015 Combined Water Works and Sewerage System 1.46% loan from the Missouri Department of Natural Resources, dated July 29, 2015, due in semi-annual installments through January 1, 2036, with interest rate of 1.25%.	<u>443,522</u>
	<u>\$ 15,799,522</u>

The revenue bonds and 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 bond indentures 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 Waterworks 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, 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 semiannually, based on the outstanding loan balance. Principal is due semiannually in various installments from July 1, 2016 through July 1, 2035.

On July 29, 2015, the City authorized the issuance of Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2015 in an amount not to exceed \$3,000,000, as a result of its participation in the State of Missouri Direct Loan Program. Under the Direct Loan program, DNR acts as the purchaser of the bond and loans the City amounts equal to eligible costs related to the construction of waste water system improvements. Interest is due

semiannually, based on the outstanding loan balance. Principal is due semiannually in various installments from January 1, 2017 through January 1, 2036.

The annual debt service requirements to amortize the revenue bonds and Series 2005 and 2014 loans outstanding as of September 30, 2015, are as follows:

<u>Series 2004 Sewerage System Bonds</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 300,000	\$ 163,750	\$ 463,750
2017	310,000	147,738	457,738
2018	315,000	131,331	446,331
2019	325,000	114,531	439,531
2020	335,000	97,625	432,625
2021-2025	1,785,000	227,375	2,012,375
	<u>\$ 3,370,000</u>	<u>\$ 882,350</u>	<u>\$ 4,252,350</u>

<u>Series 2005 Loan</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 50,000	\$ 8,603	\$ 58,603
2017	50,000	7,852	57,852
2018	51,000	7,103	58,103
2019	52,000	6,330	58,330
2020	52,000	5,550	57,550
2021-2025	275,000	15,637	290,637
2026	56,000	630	56,630
	<u>\$ 586,000</u>	<u>\$ 51,705</u>	<u>\$ 637,705</u>

<u>Series 2014 Loan</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 50,000	\$ 116,389	\$ 166,389
2017	100,000	115,705	215,705
2018	100,000	114,245	214,245
2019	150,000	112,603	262,603
2020	150,000	110,413	260,413
2021-2025	2,077,000	481,705	2,558,705
2026-2030	2,512,000	311,666	2,823,666
2031-2035	2,861,000	117,194	2,978,194
	<u>\$ 8,000,000</u>	<u>\$ 1,479,920</u>	<u>\$ 9,479,920</u>

As of September 30, 2015, the scheduled annual requirements to retire the maximum 2015 Direct Loan principal are as follows:

<u>Year</u>	<u>Principal</u>
2017	\$ 38,000
2018	38,000
2019	47,000
2020	56,000
2021-2025	724,000
2026-2030	932,000
2031-2035	1,053,000
2036	112,000
	<u>\$ 3,000,000</u>

The annual debt service requirements to amortize the 2011 refunding revenue bonds outstanding as of September 30, 2015, are as follows:

<u>Series 2011 Waterworks System Refunding Bonds</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 550,000	\$ 20,100	\$ 570,100
2017	500,000	6,750	506,750
	<u>\$ 1,050,000</u>	<u>\$ 26,850</u>	<u>\$ 1,076,850</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. For 2015, the principal and interest paid was \$1,135,924 and the net revenues were \$1,781,217.

Series 2011 Certificates of Participation

The certificates were issued for the purpose of acquiring a disinfection system and financing various improvements to the City's water and waste water systems.

The annual debt service requirements have been allocated between the Water Fund and the Waste Water Fund based upon their use of the proceeds and are as follows:

<u>Water Fund</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 10,614	\$ 9,516	\$ 20,130
2017	18,435	9,230	27,665
2018	77,093	8,677	85,770
2019	80,445	6,056	86,501
2020	75,975	3,039	79,014
	<u>\$ 262,562</u>	<u>\$ 36,518</u>	<u>\$ 299,080</u>

<u>Waste Water Fund</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 84,386	\$ 75,659	\$ 160,045
2017	146,565	73,380	219,945
2018	612,907	68,983	681,890
2019	639,555	48,144	687,699
2020	604,025	24,161	628,186
	<u>\$ 2,087,438</u>	<u>\$ 290,327</u>	<u>\$ 2,377,765</u>

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. At September 30, 2015, the City's general obligation debt limit was \$9,867,521 and the debt margin was \$9,072,521.

7. INTERFUND TRANSFERS AND BALANCES

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 2015, these amounts were \$381,257 and \$374,610, respectively. The interfund balance in the Transportation Sales Tax Fund includes the \$44,711 balance due on a loan from the Electric Fund used to purchase equipment. This loan is being repaid over ten years with interest at 1.16%. The interfund balances between the General Fund and Capital Improvement Fund of \$4,233, the \$310,000 balance between the Water and Waste Water Funds, the \$93,559 due the Electric Fund, consisting of \$74,704 due from the Transportation Fund and \$18,855 due from the Capital Improvement Fund, represent short-term advances.

Interfund transfers for the year ended September 30, 2015 consisted of the following:

Transfers from	Transfers to:					
	General	Park	Transportation Sales Tax	Debt Service	Electric	Total
General	\$ -	\$25,920	\$ -	\$ 36,654	\$ -	\$ 62,574
Transportation Sales Tax	-	-	-	18,327	8,636	26,963
Capital Improvement	-	12,600	48,510	18,327	-	79,437
Electric	352,075	-	-	-	-	352,075
Water	189,486	-	-	-	-	189,486
Waste Water	214,306	-	-	-	-	214,306
Total	<u>\$755,867</u>	<u>\$38,520</u>	<u>\$ 48,510</u>	<u>\$ 73,308</u>	<u>\$ 8,636</u>	<u>\$ 924,841</u>

8. CELLULAR PROVIDER LEASES

The City has a lease agreement with a wireless telecommunications provider for antenna space on City owned property. Rental revenue for 2015 was \$11,903 in the Water Fund.

9. COMMITMENTS AND CONTINGENCIES

Employee's Retirement System

Plan Description – The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided – LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a

minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	<u>2015 Valuation</u>
Benefit Multiplier:	1.5%
Final Average Salary:	5 Years

Benefit terms provide for annual post retirement 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.

Employees Covered by Benefit Terms – At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	23
Active employees	<u>37</u>
	<u>95</u>

Contributions – The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. The City contribution rates were 9.2% General and 8.7% Police of annual covered payroll.

Net Pension Liability – The City’s net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

Actuarial Assumptions – The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3% price inflation
Salary increase	3.5% to 6.8%, including wage inflation
Investment rate of return	7.25%

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back 0 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period of March 1, 2005 through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.10%
Fixed Income	25.00%	2.10%
Real Assets	20.00%	3.95%
Strategic Assets	6.50%	5.00%

Discount Rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that City contributions will be made at the actuarially determined rates for the City. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 6/30/2014	<u>\$ 6,894,671</u>	<u>\$ 8,062,191</u>	<u>\$ (1,167,520)</u>
Changes for the year:			
Service Cost	151,144	-	151,144
Interest	494,881	-	494,881
Difference between expected and actual experience	(252,484)	-	(252,484)
Contributions - employer	-	151,769	(151,769)
Net investment income	-	150,132	(150,132)
Benefit payments, including refunds	(291,029)	(291,029)	-
Administrative expense	-	(7,829)	7,829
Other changes	-	(169,420)	169,420
Net changes	<u>102,512</u>	<u>(166,377)</u>	<u>268,889</u>
Balances at 6/30/2015	<u><u>\$ 6,997,183</u></u>	<u><u>\$ 7,895,814</u></u>	<u><u>\$ (898,631)</u></u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the City’s net pension liability (asset) would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	<u>1% Decrease</u>	<u>Rate Assumption</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ 43,581	\$ (898,631)	\$ (1,681,346)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended September 30, 2015 the City recognized pension expense of \$284,986. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ (202,812)
Excess (deficit) investment returns	338,484	-
Contributions subsequent to the measurement date	32,642	-
Total	<u>\$ 371,126</u>	<u>\$ (202,812)</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability (asset) for the year ending September 30, 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended:
2016	\$ 34,948
2017	34,948
2018	34,948
2019	35,381
2020	(4,553)
	<u>\$ 135,672</u>

Payable to the Pension Plan – The City reported a payable of \$11,085 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2015.

Legal Matters

The City is, or may be, a party in various litigation and claims as a result of law enforcement activities, zoning decisions, injuries and various other matters arising in the ordinary course of its activities. The City's management and legal counsel anticipate the potential claims against the City, if any, which are not covered by insurance, resulting from such matters would not materially affect the financial position of the City.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains property and liability coverage through Missouri Public Entity Risk Management Fund (MOPERM). Workers' compensation insurance is provided by Missouri Rural Services Workers' Compensation Insurance Trust (the Trust). No significant reductions in insurance coverage occurred during the year and settlements have not exceeded insurance coverage during any of the past three years.

Both MOPERM and the Trust have the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet its obligations. The City does not anticipate any additional assessments in excess of premiums paid to MOPERM or the Trust.

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 #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.

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 \$3,602,543 from MJMEUC during the fiscal year and owed MJMEUC \$308,050 as of September 30, 2015.

Construction Commitments

Capital projects often extend over several years. The City has made normal commitments for future expenditures related to capital projects programs, including \$9.5 million for a new waste water treatment plant and \$2.1 million for waste water system improvements.

Court Fines and Costs

Missouri statutes require that fines and costs from traffic violations in excess of 30% of annual general operating revenue be sent to the State Department of Revenue. For the fiscal year ended September 30, 2015, the City's revenues from these sources did not exceed 30% of general operating revenue.

Development Agreement

In December 2012, the City entered into an agreement to provide assistance to an entity in order for it to acquire real estate and operate a new business in the City. This agreement provides for a maximum reimbursement of \$150,000, payable from 50% of the real estate and sales taxes, other than sales taxes for parks and transportation purposes, generated by the business. As of September 30, 2015, \$17,609 has been paid and \$7,255 is due under this agreement.

10. CHANGE IN ACCOUNTING PRINCIPLE

In 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement revises and establishes new financial reporting requirements for most governments that provide their employees a defined benefit pension plan. The Statement requires most governments to recognize a net pension liability measured as of a date no earlier than the end of its prior fiscal year and recognize its contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's fiscal year as deferred outflows of resources. Further, the Statement requires recognition of deferred outflows and inflows of resources for changes in the net pension liability that arise from other types of events.

As a result of the adoption of GASB No. 68, net position as of October 1, 2014 was restated as follows:

	Governmental Activities	Electric Fund	Water Fund	Waste Water Fund
Net position, as previously reported	\$ 5,624,321	\$ 6,481,558	\$ 5,458,525	\$3,559,214
Net pension asset	789,657	141,320	133,944	102,599
Reversal of prior net pension obligation	23,368	-	-	-
Contributions after the measurement date	27,543	5,034	4,955	3,547
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net position, as restated	<u>\$ 6,464,889</u>	<u>\$ 6,627,912</u>	<u>\$ 5,597,424</u>	<u>\$3,665,360</u>

11. DEFICITS

The accumulated deficits of \$81,349 in the Transportation Sales Tax Fund and \$28,341 in the Capital Improvement Fund will be eliminated by future revenues or transfers.

12. SUBSEQUENT EVENTS

The City has evaluated subsequent events to March 28, 2016, the date the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ODESSA, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,027,130	\$ 1,027,130	\$ 1,123,280	\$ 96,150
Charges for services	873,650	873,650	818,678	(54,972)
Licenses, permits and fees	70,800	70,800	79,010	8,210
Fines and forfeitures	49,250	49,250	54,236	4,986
Intergovernmental revenues	229,000	229,000	261,794	32,794
Interest	750	750	1,224	474
Other	6,000	6,000	19,136	13,136
Total revenues	<u>2,256,580</u>	<u>2,256,580</u>	<u>2,357,358</u>	<u>100,778</u>
EXPENDITURES				
General government	455,220	455,220	413,740	41,480
Public safety	1,612,260	1,612,260	1,644,762	(32,502)
Highways and streets	376,330	376,330	355,929	20,401
Sanitation	257,300	257,300	260,209	(2,909)
Community planning and development	216,960	216,960	141,299	75,661
Parks and recreation	19,000	19,000	21,252	(2,252)
Total expenditures	<u>2,937,070</u>	<u>2,937,070</u>	<u>2,837,191</u>	<u>99,879</u>
Excess of revenues over (under) expenditures	<u>(680,490)</u>	<u>(680,490)</u>	<u>(479,833)</u>	<u>200,657</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	761,590	761,590	755,867	(5,723)
Transfers out	(81,100)	(81,100)	(62,574)	18,526
Total other financing sources (uses)	<u>680,490</u>	<u>680,490</u>	<u>693,293</u>	<u>12,803</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	213,460	<u>\$ 213,460</u>
FUND BALANCE, beginning of year			<u>500,167</u>	
FUND BALANCE, end of year			<u>\$ 713,627</u>	

CITY OF ODESSA, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PARK FUND

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 313,560	\$ 313,560	\$ 323,671	\$ 10,111
Charges for services	159,300	159,300	148,497	(10,803)
Other	2,000	2,000	2,061	61
	<u>474,860</u>	<u>474,860</u>	<u>474,229</u>	<u>(631)</u>
EXPENDITURES				
Parks and recreation	319,270	319,270	330,752	(11,482)
Debt service:				
Principal	96,000	96,000	96,000	-
Interest and fiscal costs	78,190	78,190	78,190	-
	<u>493,460</u>	<u>493,460</u>	<u>504,942</u>	<u>(11,482)</u>
Excess of revenues over (under) expenditures	(18,600)	(18,600)	(30,713)	(12,113)
TRANSFERS IN	<u>18,600</u>	<u>18,600</u>	<u>38,520</u>	<u>19,920</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	7,807	<u>\$ 7,807</u>
FUND BALANCE, beginning of year			<u>26,839</u>	
FUND BALANCE, end of year			<u>\$ 34,646</u>	

CITY OF ODESSA, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION SALES TAX FUND

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 237,500	\$ 237,500	\$ 247,517	\$ 10,017
Intergovernmental	155,000	155,000	155,000	-
Interest	-	-	14	14
	<u>392,500</u>	<u>392,500</u>	<u>402,531</u>	<u>10,031</u>
EXPENDITURES				
General government	1,090	1,090	1,042	48
Capital outlay	393,730	393,730	528,551	(134,821)
	<u>394,820</u>	<u>394,820</u>	<u>529,593</u>	<u>(134,773)</u>
Excess of revenues over (under) expenditures	(2,320)	(2,320)	(127,062)	(124,742)
TRANSFERS IN	48,510	48,510	48,510	-
TRANSFERS OUT	<u>(46,190)</u>	<u>(46,190)</u>	<u>(26,963)</u>	<u>19,227</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(105,515)	<u>\$ (105,515)</u>
FUND BALANCE, beginning of year			<u>24,166</u>	
FUND BALANCE, end of year			<u>\$ (81,349)</u>	

CITY OF ODESSA, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT FUND

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 237,500	\$ 237,500	\$ 247,517	\$ 10,017
Interest	250	250	259	9
Total revenues	<u>237,750</u>	<u>237,750</u>	<u>247,776</u>	<u>10,026</u>
EXPENDITURES				
General government	600	600	3,632	(3,032)
Capital outlay	53,000	53,000	197,439	(144,439)
Debt service:				
Principal	21,000	21,000	20,749	251
Interest	<u>1,500</u>	<u>1,500</u>	<u>1,469</u>	<u>31</u>
Total expenditures	<u>76,100</u>	<u>76,100</u>	<u>223,289</u>	<u>(147,189)</u>
Excess of revenues over (under) expenditures	<u>161,650</u>	<u>161,650</u>	<u>24,487</u>	<u>(137,163)</u>
OTHER FINANCING USES				
Transfers out	<u>(161,650)</u>	<u>(161,650)</u>	<u>(79,437)</u>	<u>82,213</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(54,950)</u>	<u>\$ (54,950)</u>
FUND BALANCE, beginning of year			<u>26,609</u>	
FUND BALANCE, end of year			<u>\$ (28,341)</u>	

CITY OF ODESSA, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULES

YEAR ENDED SEPTEMBER 30, 2015

1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets, as required by state statutes, are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The Board of Aldermen follows these procedures in establishing the budgetary data reflected in the financial statements:

- City department directors submit requests for appropriations to the City Administrator who compiles the requests and submits a comprehensive budget request document to the entire governing board.
- The budget for all funds is legally enacted through passage of an ordinance.
- The appropriated budget is prepared by fund, function and department. City management is authorized to make transfers of appropriations within and among departments. Revisions to the total expenditures/expenses of a fund must be approved by the Board of Aldermen. The legal level of budgetary control is at the fund level. All annual appropriations lapse at the end of the fiscal year.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2015, expenditures exceeded appropriations in the Park Fund by \$11,482, the Transportation Sales Tax Fund by \$115,546, and the Capital Improvement Fund by \$64,976. These overexpenditures were funded through the use of additional revenues, transfers, available fund balance and interfund advances.

CITY OF ODESSA, MISSOURI

LAGERS SCHEDULE OF CHANGES
IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	2015
TOTAL PENSION LIABILITY	
Service cost	\$ 151,144
Interest on the total pension liability	494,881
Benefit changes	-
Difference between expected and actual experience	(252,484)
Assumption changes	-
Benefit payments, including refunds	<u>(291,029)</u>
Net change in total pension liability	102,512
Total pension liability - beginning	<u>6,894,671</u>
Total pension liability - ending	<u><u>\$ 6,997,183</u></u>
 PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 151,769
Pension plan net investment income	150,132
Benefit payments, including refunds	(291,029)
Pension plan administrative expense	(7,829)
Other	<u>(169,420)</u>
Net change in plan fiduciary net position	(166,377)
Plan fiduciary net position - beginning	<u>8,062,191</u>
Plan fiduciary net position - ending	<u><u>\$ 7,895,814</u></u>
 Net pension liability (asset)	 <u><u>\$ (898,631)</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 112.84%
 Covered employee payroll	 \$ 1,601,574
 Net pension liability (asset) as a percentage of covered employee payroll	 -56.11%

Notes to schedule:

The schedule is required by GASB Statement No. 68, which was implemented in 2015, and will become a ten year presentation when the information for the years after 2015 become available.

CITY OF ODESSA, MISSOURI
LAGERS SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 143,154	\$ 178,186	\$ 170,790	\$ 165,844	\$ 157,641	\$ 112,784	\$ 107,012	\$ 107,259	\$ 105,769	\$ 99,917
Contributions in relation to the actuarially determined contribution	143,154	178,186	170,790	155,716	136,748	112,784	107,012	105,282	101,852	84,123
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,128</u>	<u>\$ 20,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,977</u>	<u>\$ 3,917</u>	<u>\$ 15,794</u>
Covered-employee payroll	\$ 1,573,526	\$ 1,816,040	\$ 1,674,310	\$ 1,678,989	\$ 1,655,348	\$ 1,550,323	\$ 1,698,156	\$ 1,693,615	\$ 1,593,402	\$ 1,448,801
Contributions as a percentage of covered-employee payroll	9.10%	9.81%	10.20%	9.27%	8.26%	7.27%	6.30%	6.22%	6.39%	5.81%

Notes to schedule

Valuation date	Actuarially determined contribution rates were calculated as of February 28, 2015 prior to the end of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal.
Amortization method	Level percent of payroll, closed.
Remaining amortization period	Multiple bases from 14 to 15 years.
Asset valuation method	5 year smoothed market; 20% corridor.
Inflation	3.50% wage inflation and 3.00% price inflation.
Salary increases	3.50% to 8.60%, including wage inflation.
Investment rate of return	7.25%, net of investment and administrative expenses.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	105% of the 1994 Group Annuity Mortality Table set back 0 years for both males and females.
Other information	There were no benefit changes during the year.

SUPPLEMENTARY INFORMATION

CITY OF ODESSA, MISSOURI

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 145,410	\$ 145,410	\$ 145,410	\$ -
Interest	200	200	354	154
Total revenues	<u>145,610</u>	<u>145,610</u>	<u>145,764</u>	<u>154</u>
EXPENDITURES				
General government	148,280	148,280	148,020	260
Debt service:				
Principal	120,000	120,000	120,000	-
Interest and fiscal costs	25,410	25,410	25,410	-
Total expenditures	<u>293,690</u>	<u>293,690</u>	<u>293,430</u>	<u>260</u>
Excess of revenues over (under) expenditures	(148,080)	(148,080)	(147,666)	414
TRANSFERS IN	<u>148,080</u>	<u>148,080</u>	<u>73,308</u>	<u>(74,772)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(74,358)	<u>\$ (74,358)</u>
FUND BALANCE, beginning of year			<u>275,527</u>	
FUND BALANCE, end of year			<u>\$ 201,169</u>	