



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## Town of Odessa

For the period January 1, 2022 through December 31, 2023

*Published January 16, 2025*

Report No. 1036478



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**Office of the Washington State Auditor  
Pat McCarthy**

January 16, 2025

Mayor and Town Council  
Town of Odessa  
Odessa, Washington

**Report on Financial Statements**

Please find attached our report on the Town of Odessa's financial statements.

We are issuing this report in order to provide information on the Town's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Town of Odessa January 1, 2022 through December 31, 2023

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> January 1, 2021 – December 31, 2021	<b>Report Ref. No.:</b> 1034158	<b>Finding Ref. No.:</b> 2021-001
<b>Finding Caption:</b> The Town's controls over preparing and reviewing financial statements were insufficient for ensuring the statements were accurate and consistent with the underlying accounting records.		
<b>Background:</b> Town staff lacked effective preparation and review processes to ensure amounts reported in the financial statements, schedules and notes agreed to the underlying accounting records, were complete and accurate and conformed to <i>Budgeting, Accounting and Reporting System (BARS)</i> Manual guidance. Some of the issues identified were reported as a finding in the prior financial audit.		
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Fully Corrected                         </div> <div> <input checked="" type="checkbox"/> Partially Corrected                         </div> <div> <input type="checkbox"/> Not Corrected                         </div> <div> <input type="checkbox"/> Finding is considered no longer valid                         </div> </div>		
<b>Corrective Action Taken:</b> <i>2022 and 2023 financial statements were prepared by a new Clerk-Treasurer (no longer with the City as of mid-2024) and an external CPA. The Clerk-Treasurer responsible for 2022 and 2023 financial statements had many years of municipal experience. The Town's external CPA (hired in 2023) specializes in municipal financial reporting and accounting. The Clerk-Treasurer and external CPA worked together to fully reconcile and correct reported beginning cash balances as of 1/1/2021, and to ensure 2022 and 2023 cash reconciliations were complete and accurate. The Clerk-Treasurer and external CPA prepared the 2022 and 2023 financial statements together.</i>		

<b>Audit Period:</b> January 1, 2019 – December 31, 2021	<b>Report Ref. No.:</b> 1027608	<b>Finding Ref. No.:</b> 2019-001
<b>Finding Caption:</b> The Town did not have adequate internal controls over financial statement preparation to ensure accurate and reliable financial reporting.		
<b>Background:</b> Town management is responsible for designing, implementing, and maintaining internal controls to ensure the financial statements are fairly presented, and to provide reasonable assurance regarding the reliability of financial reporting. The Town prepares its financial statements using the cash basis of accounting, under the <i>Budgeting, Accounting and Reporting System (BARS) Manual</i> .		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Fully Corrected         </div> <div> <input checked="" type="checkbox"/> Partially Corrected         </div> <div> <input type="checkbox"/> Not Corrected         </div> <div> <input type="checkbox"/> Finding is considered no longer valid         </div> </div>		
<b>Corrective Action Taken:</b> <i>2022 and 2023 financial statements were prepared by a new Clerk-Treasurer (no longer with the City as of mid-2024) and an external CPA. The Clerk-Treasurer responsible for 2022 and 2023 financial statements had many years of municipal experience. The Town's external CPA (hired in 2023) specializes in municipal financial reporting and accounting. The Clerk-Treasurer and external CPA worked together to fully reconcile and correct reported beginning cash balances as of 1/1/2021, and to ensure 2022 and 2023 cash reconciliations were complete and accurate. The Clerk-Treasurer and external CPA prepared the 2022 and 2023 financial statements together.</i>		

## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **Town of Odessa January 1, 2022 through December 31, 2023**

Mayor and Town Council  
Town of Odessa  
Odessa, Washington

We have audited, 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, the financial statements of the Town of Odessa, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated December 16, 2024.

We issued an unmodified opinion on the fair presentation of the Town's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the Town using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audits of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we will report to the management of the Town in a separate letter dated January 8, 2025.

## REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

December 16, 2024



# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Town of Odessa January 1, 2022 through December 31, 2023**

Mayor and Town Council  
Town of Odessa  
Odessa, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the Town of Odessa, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the financial section of our report.

### **Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the Town has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the Town of Odessa, and its changes in cash and investments, for the years ended December 31, 2023 and 2022, on the basis of accounting described in Note 1.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Town of Odessa, as of December 31, 2023 and 2022, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

## **Matter Giving Rise to Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the Town in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 December 16, 2024 on our consideration of the Town's internal control over financial reporting and on the 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

December 16, 2024

## **FINANCIAL SECTION**

### **Town of Odessa January 1, 2022 through December 31, 2023**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2023  
Fund Resources and Uses Arising from Cash Transactions – 2022  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2023  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022  
Notes to the Financial Statements – 2023  
Notes to the Financial Statements – 2022

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2023  
Schedule of Liabilities – 2022

**Town of Odessa**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Expense Fund</b>	<b>101 Street Fund</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	2,560,109	1,492,496	(291,616)
388 / 588	Net Adjustments	-	(280,067)	291,616
<b>Revenues</b>				
310	Taxes	647,535	631,882	-
320	Licenses and Permits	9,773	9,773	-
330	Intergovernmental Revenues	2,148,299	2,116,385	-
340	Charges for Goods and Services	1,347,691	109,677	-
350	Fines and Penalties	1,561	1,561	-
360	Miscellaneous Revenues	109,932	33,738	-
Total Revenues:		4,264,791	2,903,016	-
<b>Expenditures</b>				
510	General Government	169,151	169,151	-
520	Public Safety	229,107	229,107	-
530	Utilities	873,121	51,543	-
540	Transportation	93,500	93,500	-
550	Natural/Economic Environment	1,796	1,796	-
560	Social Services	266	266	-
570	Culture and Recreation	159,998	159,998	-
Total Expenditures:		1,526,939	705,361	-
Excess (Deficiency) Revenues over Expenditures:		2,737,852	2,197,655	-
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	10,051	5,051	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		10,051	5,051	-
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	2,051,718	2,006,405	-
591-593, 599	Debt Service	183,555	-	-
597	Transfers-Out	10,051	5,000	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	(101)	(101)	-
Total Other Decreases in Fund Resources:		2,245,223	2,011,304	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>502,680</b>	<b>191,402</b>	<b>-</b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	25,801	-	-
50831	Restricted	194,431	-	-
50841	Committed	-	-	-
50851	Assigned	1,438,727	-	-
50891	Unassigned	1,403,831	1,403,831	-
<b>Total Ending Cash and Investments</b>		<b>3,062,790</b>	<b>1,403,831</b>	<b>-</b>

The accompanying notes are an integral part of this statement.

103 Hotel/motel Fund	313 Cumulative Reserve Fund	401 Water Fund	402 Solid Waste Management Fund	422 Sewer Operation & Maintenance	721 Koth Library Trust Fund
25,090	436,722	285,263	177,369	408,984	25,801
-	-	-	-	(11,549)	-
3,241	12,412	-	-	-	-
-	-	-	-	-	-
-	-	31,500	-	414	-
-	-	418,650	298,607	520,757	-
-	-	-	-	-	-
-	49,904	6,402	5,520	14,368	-
3,241	62,316	456,552	304,127	535,539	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	244,321	277,319	299,938	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	244,321	277,319	299,938	-
3,241	62,316	212,231	26,808	235,601	-
-	-	-	-	-	-
-	5,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,000	-	-	-	-
-	-	-	-	-	-
-	-	35,337	-	9,976	-
-	-	17,456	-	166,099	-
-	5,051	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,051	52,793	-	176,075	-
3,241	62,265	159,438	26,808	59,526	-
-	-	-	-	-	25,801
28,332	-	-	-	166,099	-
-	-	-	-	-	-
-	498,987	444,701	204,176	290,863	-
-	-	-	-	-	-
28,332	498,987	444,701	204,176	456,962	25,801

The accompanying notes are an integral part of this statement.

**Town of Odessa**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Expense Fund</b>	<b>101 Street Fund</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	1,863,478	1,316,834	(438,668)
388 / 588	Net Adjustments	(4,302)	(4,302)	-
<b>Revenues</b>				
310	Taxes	574,043	558,940	-
320	Licenses and Permits	18,114	18,114	-
330	Intergovernmental Revenues	927,038	282,803	265,010
340	Charges for Goods and Services	1,139,618	89,830	-
350	Fines and Penalties	137	137	-
360	Miscellaneous Revenues	147,985	18,262	422
Total Revenues:		<u>2,806,935</u>	<u>968,086</u>	<u>265,432</u>
<b>Expenditures</b>				
510	General Government	172,626	172,626	-
520	Public Safety	214,306	214,306	-
530	Utilities	904,167	35,108	-
540	Transportation	83,108	4,898	78,210
550	Natural/Economic Environment	3,674	1,802	-
560	Social Services	265	265	-
570	Culture and Recreation	118,448	118,448	-
Total Expenditures:		<u>1,496,594</u>	<u>547,453</u>	<u>78,210</u>
Excess (Deficiency) Revenues over Expenditures:		<u>1,310,341</u>	<u>420,633</u>	<u>187,222</u>
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	106,942	32,482	64,460
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		<u>106,942</u>	<u>32,482</u>	<u>64,460</u>
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	416,640	185,956	104,628
591-593, 599	Debt Service	193,140	-	-
597	Transfers-Out	106,942	87,564	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	(369)	(369)	-
Total Other Decreases in Fund Resources:		<u>716,353</u>	<u>273,151</u>	<u>104,628</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b><u>700,930</u></b>	<b><u>179,964</u></b>	<b><u>147,054</u></b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	25,801	-	-
50831	Restricted	208,645	-	-
50841	Committed	-	-	-
50851	Assigned	1,173,641	48,858	-
50891	Unassigned	1,152,022	1,443,638	(291,616)
<b>Total Ending Cash and Investments</b>		<b><u>2,560,109</u></b>	<b><u>1,492,496</u></b>	<b><u>(291,616)</u></b>

*The accompanying notes are an integral part of this statement.*



103 Hotel/motel Fund	313 Cumulative Reserve Fund	401 Water Fund	402 Solid Waste Management Fund	422 Sewer Operation & Maintenance	721 Koth Library Trust Fund
24,962	425,690	(47,657)	164,109	392,407	25,801
-	-	-	-	-	-
1,999	13,104	-	-	-	-
-	-	-	-	-	-
-	-	277,906	-	101,319	-
-	-	302,739	270,946	476,103	-
-	-	-	-	-	-
-	7,307	1,502	1,857	118,635	-
1,999	20,411	582,147	272,803	696,057	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	201,632	259,544	407,883	-
-	-	-	-	-	-
1,872	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,872	-	201,632	259,544	407,883	-
127	20,411	380,515	13,259	288,174	-
-	-	-	-	-	-
-	10,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	10,000	-	-	-	-
-	-	20,556	-	105,500	-
-	-	27,041	-	166,099	-
-	19,378	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	19,378	47,597	-	271,599	-
127	11,033	332,918	13,259	16,575	-
-	-	-	-	-	25,801
25,090	-	-	-	183,555	-
-	-	-	-	-	-
-	436,722	285,263	177,369	225,429	-
-	-	-	-	-	-
25,090	436,722	285,263	177,369	408,984	25,801

The accompanying notes are an integral part of this statement.

**Town of Odessa**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>Custodial</b>
308	Beginning Cash and Investments	<u>2,856</u>
388 & 588	Net Adjustments	-
310-390	Additions	158
510-590	Deductions	<u>158</u>
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	2,856

**Town of Odessa**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Custodial</b>
308	Beginning Cash and Investments	2,851
388 & 588	Net Adjustments	-
310-390	Additions	140
510-590	Deductions	135
	Net Increase (Decrease) in Cash and Investments:	5
508	Ending Cash and Investments	2,856

**Town of Odessa**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Town of Odessa have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

**A. Reporting Entity**

The Town of Odessa was incorporated in October 1902 and operates under the laws of the state of Washington applicable to a Local Government. The Town is a general-purpose local government and provides water and sewer utilities, garbage service and a police department.

The Town of Odessa reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**B. Basis of Presentation – Government-Wide and Fund Financial Statements**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General Fund**

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

#### Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

#### Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

#### Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

#### Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

#### PROPRIETARY FUND TYPES:

##### Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

#### FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

##### Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

### **C. Basis of Accounting and Measurement Focus**

#### Government-Wide and Governmental Funds

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received, and expenditures are recognized when paid.

In accordance with state law the Town of Odessa also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

#### **D. Budgetary Information - Cash and Investments**

See Note 2 – *Budget Compliance*

#### **E. Capital Assets**

Town of Odessa Council designates the amount that is used for capital asset purchases. The Town does not currently have a policy that establishes “capital” thresholds or useful life. Capital assets and inventory are recorded as capital expenditures when purchased.

#### **F. Compensated Absences**

Vacation leave may be accumulated up to 40 days (depending on years of employment) and is payable upon separation or retirement. Sick leave may be accumulated up to 720 hours. Upon separation or retirement employees do receive payment for unused sick leave. Employees hired between September 15, 1997 and May 29, 2007 will be paid up to 360 hours of accumulated 720 hours. Employees hired after May 29, 2007 will be paid up to 180 hours of the accumulated 720 hours. Payments are recognized as expenditures when paid.

#### **G. Long-Term Debt**

See Note 5 - *Debt Service Requirements*.

#### **H. Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Town of Odessa. When expenditures that meet restrictions are incurred, the Town of Odessa intends to use the most restricted resources first.

Restricted Cash and Investments consist of:

- Hotel/Motel taxes - \$28,332
- Sewer bond reserve - \$166,099

### **Note 2 - Budget Compliance**

The Town of Odessa adopts annual appropriated budgets for reserved funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
001 General	2,631,441	2,474,846	156,595
012 Cemetery	51,925	51,390	535
101 Street	90,450	190,429	(99,979)
<b>Total Current Expense</b>	<b>2,773,816</b>	<b>2,716,665</b>	<b>57,151</b>
103 Hotel/Motel	1,500	-	1,500
313 Cumulative Reserve	3,000	5,051	(2,051)
401 Water	277,853	297,114	(19,261)
402 Solid Waste	283,900	277,319	6,581
422 Sewer	1,264,520	476,013	788,507
<b>Total</b>	<b>4,604,589</b>	<b>3,772,162</b>	<b>832,427</b>

Budgeted amounts are authorized to be transferred between departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the town's legislative body.

### **Note 3 – Deposits and Investments**

Investments are reported at original cost. Deposits and investments by type at December 31, 2023 are as follows:

Type of deposit or investment	Town of Odessa <b>own</b> deposits and investments	Deposits and investments held by the Town of Odessa as custodian for other local governments, individuals, or private organizations	Total
Checking & Money Market	752,876	2,856	755,732
Local Government Investment Pool	2,306,914	-	2,306,914
Police Drug Buy Account	3,000	-	3,000
<b>Total</b>	<b>3,062,790</b>	<b>2,856</b>	<b>3,065,646</b>

It is the Town of Odessa's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the Town of Odessa or its agent in the government's name.

#### **Investments in the State Local Government Investment Pool (LGIP)**

The Town of Odessa is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with [Chapter 43.250](#)

[RCW](#). Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

#### **Note 4 – Long-Term Debt** *(formerly Debt Service Requirements)*

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the Town of Odessa and summarizes the Town's debt transactions for year ended December 31, 2023.

The debt service requirements for general obligation bonds, revenue bonds, USDA loans, DOH loan are as follows:

Year	Principal	Interest	Total
2024	96,712	69,387	166,099
2025	99,977	66,122	166,099
2026	103,353	62,746	166,099
2027	106,844	59,255	166,099
2028	110,455	55,644	166,099
2029-2033	610,915	219,580	830,495
2034-2038	721,659	108,836	830,495
2039-2043	207,644	18,202	225,846
2044-2038	18,255	844	19,099
USDA #7*	282,584		282,584
<b>Total</b>	<b>2,358,399</b>	<b>660,616</b>	<b>3,019,014</b>

\*Amortization schedule unavailable (pending completion)

#### **Note 5 – Pension Plans**

##### A. State Sponsored Pension Plans

Substantially all Town of Odessa's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans Public Employees Retirement System and Law Enforcement Officers and Fire Fighters Retirement System (LEOFF)

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.



The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Also, the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

The Town of Odessa also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington ACFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

At June 30, 2022 (the measurement date of the plans), the town's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$12,300	0.001805%	41,203
PERS 2/3	\$20,423	0.002323%	(95,212)
LEOFF 2	\$3,104	0.001375%	(32,981)
VFFRPF	\$690	0.40%	(78,969)

#### LEOFF Plan 2

The Town of Odessa also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

#### **Note 6 - Property Tax**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by The Town of Odessa. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Town of Odessa's regular levy for the year 2023 was \$2.58 per \$1,000 on an assessed valuation of \$49,382,164 for a total regular levy of \$127,414.

## **Note 7 – Risk Management**

The Town of Odessa is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2023, 106 entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier. Pollution, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA allows members with airports to group purchase airport liability coverage, and members with drones to group purchase property and liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$500,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$500,000. \$9.5 million in excess liability coverage limits is provided through an excess liability policy purchased from National League of Cities Mutual Insurance Company (NLC MIC). The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company and CHUBB. In 2023, AWC RMSA carried a retention of \$300,000, NLC MIC reinsures up to \$3 million, and CHUBB provides the remaining limits up to a total of \$250 million. All commercial policies have been purchased through the pool's Broker of Record, Aon.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

**Town of Odessa**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Town of Odessa have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

**A. Reporting Entity**

The Town of Odessa was incorporated in October 1902 and operates under the laws of the state of Washington applicable to a Local Government. The Town is a general-purpose local government and provides water and sewer utilities, garbage service and a police department.

The Town of Odessa reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**B. Basis of Presentation – Government-Wide and Fund Financial Statements**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General Fund**

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

#### Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

#### Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

#### Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

#### Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

#### PROPRIETARY FUND TYPES:

##### Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

#### FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

##### Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

### **C. Basis of Accounting and Measurement Focus**

#### Government-Wide and Governmental Funds

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received, and expenditures are recognized when paid.

In accordance with state law the Town of Odessa also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

#### **D. Budgetary Information - Cash and Investments**

See Note 2 – *Budget Compliance*

#### **E. Capital Assets**

Town of Odessa Council designates the amount that is used for capital asset purchases. The Town does not currently have a policy that establishes “capital” thresholds or useful life. Capital assets and inventory are recorded as capital expenditures when purchased.

#### **F. Compensated Absences**

Vacation leave may be accumulated up to 40 days (depending on years of employment) and is payable upon separation or retirement. Sick leave may be accumulated up to 720 hours. Upon separation or retirement employees do receive payment for unused sick leave. Employees hired between September 15, 1997 and May 29, 2007 will be paid up to 360 hours of accumulated 720 hours. Employees hired after May 29, 2007 will be paid up to 180 hours of the accumulated 720 hours. Payments are recognized as expenditures when paid.

#### **G. Long-Term Debt**

See Note 5 - *Debt Service Requirements*.

#### **H. Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Town of Odessa. When expenditures that meet restrictions are incurred, the Town of Odessa intends to use the most restricted resources first.

Restricted Cash and Investments consist of:

- Hotel/Motel taxes - \$25,090
- Sewer bond reserve - \$183,555

### **Note 2 - Budget Compliance**

The Town of Odessa adopts annual appropriated budgets for reserved funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001 General	1,071,134	785,643	285,491
012 Cemetery	35,891	34,961	930
101 Street	84,700	182,838	(98,138)
103 Hotel/Motel	1,500	1,872	(372)
313 Cumulative Reserve	13,000	19,378	(6,378)
401 Water	264,692	249,229	15,463
402 Solid Waste	254,338	259,544	(5,206)
422 Sewer	1,221,234	679,482	541,752
<b>Total</b>	<b>2,946,489</b>	<b>2,212,947</b>	<b>733,542</b>

Budgeted amounts are authorized to be transferred between departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the town's legislative body.

### Note 3 – Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2022 are as follows:

Type of deposit or investment	Town of Odessa <b>own</b> deposits and investments	Deposits and investments held by the Town of Odessa as custodian for other local governments, individuals, or private organizations	Total
Checking & Money Market	2,296,099	2,856	2,298,955
Local Government Investment Pool	261,010	-	261,010
Police Drug Buy Account	3,000	-	3,000
<b>Total</b>	<b>2,560,109</b>	<b>2,856</b>	<b>2,562,965</b>

It is the Town of Odessa's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the Town of Odessa or its agent in the government's name.

#### Investments in the State Local Government Investment Pool (LGIP)

The Town of Odessa is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with [Chapter 43.250](#)

[RCW](#). Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

#### **Note 4 – Long-Term Debt** *(formerly Debt Service Requirements)*

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the Town of Odessa and summarizes the Town's debt transactions for year ended December 31, 2022.

The debt service requirements for general obligation bonds, revenue bonds, USDA loans, DOH loan are as follows:

Year	Principal	Interest	Total
2023	92,593	73,506	166,099
2024	96,712	69,387	166,099
2025	99,977	66,122	166,099
2026	103,353	62,746	166,099
2027	106,844	59,255	166,099
2028-2032	590,920	239,575	830,495
2033-2037	697,990	132,505	830,495
2038-2042	343,494	28,493	371,988
2043-2044	36,523	2,533	39,056
USDA #7*	294,880	-	294,880
<b>Total</b>	<b>2,463,288</b>	<b>734,121</b>	<b>3,197,409</b>

\*Amortization schedule unavailable (pending completion)

#### **Note 5 – Pension Plans**

##### A. State Sponsored Pension Plans

Substantially all Town of Odessa's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans Public Employees Retirement System and Law Enforcement Officers and Fire Fighters Retirement System (LEOFF)

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

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Also, the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

The Town of Odessa also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington ACFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

At June 30, 2022 (the measurement date of the plans), the town's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$11,438	0.001866%	51,956
PERS 2/3	\$19,503	0.002428%	(90,049)
LEOFF 2	\$4,101	0.001981%	(53,838)
VFFRPF	\$660	0.35%	(98,108)

#### LEOFF Plan 2

The Town of Odessa also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

#### **Note 6 - Property Tax**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by The Town of Odessa. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.



The Town of Odessa's regular levy for the year 2022 was \$2.64 per \$1,000 on an assessed valuation of \$47,274,592 for a total regular levy of \$124,629.

## **Note 7 – Risk Management**

The Town of Odessa is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2022, 106 entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier. Pollution, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA allows members with airports to group purchase airport liability coverage, and members with drones to group purchase property and liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$500,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$500,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from National League of Cities Mutual Insurance Company (NLC MIC). The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company and CHUBB. In 2022, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides the remaining limits up to a total of \$250 million. All commercial policies have been purchased through the pool's Broker of Record, Aon.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

**Town of Odessa  
Schedule of Liabilities  
For the Year Ended December 31, 2023**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.82	USDA #1	10/8/2039	1,896,697	-	85,189	1,811,508
263.82	USDA #3	3/25/2044	141,323	-	3,913	137,410
263.82	USDA #5	9/27/2044	130,388	-	3,491	126,897
263.82	USDA #7	7/15/2061	294,880	-	12,296	282,584
264.30	Net Pension Liability		51,956	-	10,753	41,203
259.12	Compensated absences		36,105	26,814	-	62,919
263.22	Odessa Landfill Post Closure		20,145	-	-	20,145
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>2,571,494</b>	<b>26,814</b>	<b>115,642</b>	<b>2,482,666</b>
<b>Total Liabilities:</b>			<b>2,571,494</b>	<b>26,814</b>	<b>115,642</b>	<b>2,482,666</b>

**Town of Odessa  
Schedule of Liabilities  
For the Year Ended December 31, 2022**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.83	DOH	10/1/2022	9,444	-	9,444	-
<b>Total General Obligation Debt/Liabilities:</b>			<b>9,444</b>	<b>-</b>	<b>9,444</b>	<b>-</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.82	USDA #1	10/8/2039	1,979,184	-	82,487	1,896,697
263.82	USDA #3	3/25/2044	145,068	-	3,745	141,323
263.82	USDA #5	9/27/2044	133,720	-	3,332	130,388
263.82	USDA #7	7/15/2061	-	308,624	13,744	294,880
264.30	Net Pension Liability		18,917	33,039	-	51,956
259.12	COMP		48,023	-	11,918	36,105
263.22	Odessa Landfill Post Closure		20,145	-	-	20,145
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>2,345,057</b>	<b>341,663</b>	<b>115,226</b>	<b>2,571,494</b>
<b>Total Liabilities:</b>			<b>2,354,501</b>	<b>341,663</b>	<b>124,670</b>	<b>2,571,494</b>

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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