

CITY OF SMITHVILLE, MISSOURI
MODIFIED CASH BASIS FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED OCTOBER 31, 2021



WEALTH ADVISORY | OUTSOURCING
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Aldermen and Mayor
City of Smithville, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smithville, Missouri (the City), as of and for the year ended October 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation 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.

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 from 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 auditors' 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 City'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 City'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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smithville, Missouri as of October 31, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Smithville, Missouri's basic financial statements. The combining balance sheet – modified cash basis – general fund, the combining statement of revenues, expenditures, and changes in fund balance – modified cash basis – general fund, the combining nonmajor governmental funds balance sheet – modified cash basis, and the combining nonmajor governmental funds revenues, expenditures, and changes in fund balances – modified cash basis are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Smithville, Missouri's financial statements. The budgetary comparison schedules and schedule of contributions are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Board of Aldermen and Mayor
City of Smithville, Missouri

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, 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 this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Smithville, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

St. Joseph, Missouri
February 28, 2022

FINANCIAL STATEMENTS

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF NET POSITION — MODIFIED CASH BASIS
OCTOBER 31, 2021

	Primary Government		
	Governmental	Business-	
	Activities	Type	Total
		Activities	
ASSETS			
Cash and Cash Equivalents	\$ 3,809,268	\$ 3,576,928	\$ 7,386,196
Restricted Cash and Investments	2,894,516	2,088,565	4,983,081
Capital Assets:			
Nondepreciable	2,071,455	466,930	2,538,385
Depreciable, Net	13,109,139	23,023,230	36,132,369
Total Assets	21,884,378	29,155,653	51,040,031
LIABILITIES			
Developer Escrow	15,000	-	15,000
Customer Deposits	-	361,988	361,988
Long-Term Liabilities:			
Due Within One Year	188,155	398,278	586,433
Due In More Than One Year	5,640,182	7,736,560	13,376,742
Total Liabilities	5,843,337	8,496,826	14,340,163
NET POSITION			
Net Investment in Capital Assets	9,352,257	15,355,322	24,707,579
Restricted for Law Enforcement	23,415	-	23,415
Restricted for Transportation	462,260	-	462,260
Restricted for Debt Service	243,597	55,723	299,320
Restricted for Capital Projects	275,005	2,032,842	2,307,847
Restricted for Pandemic	1,089,550	-	1,089,550
Restricted for Parks and Recreation	437,318	-	437,318
Restricted for Economic Development	386,786	-	386,786
Restricted for Other Purposes	6,241	-	6,241
Unrestricted	3,764,612	3,214,940	6,979,552
Total Net Position	\$ 16,041,041	\$ 20,658,827	\$ 36,699,868

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF ACTIVITIES — MODIFIED CASH BASIS
YEAR ENDED OCTOBER 31, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating	Capital	Primary Government		
	Expenses	Charges for	Grants and	Grants and	Governmental	Business-Type	
		Services	Contributions	Contributions	Activities	Activities	Total
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General Government	\$ 1,062,034	\$ 76,433	\$ -	\$ -	\$ (985,601)	\$ -	\$ (985,601)
Public Works	1,224,687	45,754	-	290,439	(888,494)	-	(888,494)
Pandemic	266,503	-	1,089,138	-	822,635	-	822,635
Police	1,844,502	232,602	11,420	-	(1,600,480)	-	(1,600,480)
Community and Economic							
Development	456,407	318,256	-	-	(138,151)	-	(138,151)
Parks and Recreation	751,506	350,720	7,550	-	(393,236)	-	(393,236)
Interest and Fiscal Charges	191,157	-	-	-	(191,157)	-	(191,157)
Total Governmental Activities	5,796,796	1,023,765	1,108,108	290,439	(3,374,484)	-	(3,374,484)
BUSINESS-TYPE ACTIVITIES							
Water and Sewer	3,078,330	4,597,991	-	292,296	-	1,811,957	1,811,957
Sanitation	865,324	872,880	-	-	-	7,556	7,556
Total Business-Type Activities	3,943,654	5,470,871	-	292,296	-	1,819,513	1,819,513
Total Primary Government	\$ 9,740,450	\$ 6,494,636	\$ 1,108,108	\$ 582,735	(3,374,484)	1,819,513	(1,554,971)
GENERAL REVENUES							
Taxes:							
					954,402	-	954,402
					4,155,148	-	4,155,148
					698,064	-	698,064
					287,528	-	287,528
					-	42,329	42,329
					50,321	4,451	54,772
					21,687	25,326	47,013
					63,625	17,866	81,491
					236,256	(236,256)	-
					6,467,031	(146,284)	6,320,747
CHANGES IN NET POSITION							
					3,092,547	1,673,229	4,765,776
					12,948,494	18,985,598	31,934,092
NET POSITION - END OF YEAR							
					\$ 16,041,041	\$ 20,658,827	\$ 36,699,868

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
BALANCE SHEET — MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
OCTOBER 31, 2021**

	General	Transportation Sales Tax	Capital Improvements	CARES Act Stimulus Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 3,776,905	\$ -	\$ -	\$ -	\$ -	\$ 32,363	\$ 3,809,268
Restricted Cash	-	462,260	20,976	-	1,089,550	1,321,730	2,894,516
Total Assets	<u>\$ 3,776,905</u>	<u>\$ 462,260</u>	<u>\$ 20,976</u>	<u>\$ -</u>	<u>\$ 1,089,550</u>	<u>\$ 1,354,093</u>	<u>\$ 6,703,784</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Developer Escrow	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Total Liabilities	15,000	-	-	-	-	-	15,000
FUND BALANCES							
Restricted:							
Law Enforcement	-	-	-	-	-	23,415	23,415
Transportation	-	462,260	-	-	-	-	462,260
Debt Service	-	-	-	-	-	243,597	243,597
Capital Projects	-	-	20,976	-	-	254,029	275,005
Pandemic	-	-	-	-	1,089,550	-	1,089,550
Parks and Recreation	-	-	-	-	-	437,318	437,318
Economic Development	-	-	-	-	-	386,786	386,786
Other Purposes	-	-	-	-	-	6,241	6,241
Committed:							
Law Enforcement Technology Upgrades	-	-	-	-	-	2,707	2,707
Vehicle and Equipment Replacement	25,676	-	-	-	-	-	25,676
Unassigned	3,736,229	-	-	-	-	-	3,736,229
Total Fund Balances	<u>3,761,905</u>	<u>462,260</u>	<u>20,976</u>	<u>-</u>	<u>1,089,550</u>	<u>1,354,093</u>	<u>6,688,784</u>
Total Liabilities and Fund Balances	<u>\$ 3,776,905</u>	<u>\$ 462,260</u>	<u>\$ 20,976</u>	<u>\$ -</u>	<u>\$ 1,089,550</u>	<u>\$ 1,354,093</u>	<u>\$ 6,703,784</u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET —
MODIFIED CASH BASIS — GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION — MODIFIED CASH BASIS
OCTOBER 31, 2021**

Total Fund Balances - Governmental Funds	\$ 6,688,784
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	15,180,594
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Capital Leases Payable	(105,074)
Bonds Payable	<u>(5,723,263)</u>

Total Net Position - Governmental Activities	<u><u>\$ 16,041,041</u></u>
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CITY OF SMITHVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES — MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2021

	General	Transportation Sales Tax	Capital Improvement	CARES Act Stimulus Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 934,865	\$ -	\$ -	\$ -	\$ -	\$ 19,537	\$ 954,402
Sales and Use Taxes	1,933,488	587,177	-	-	-	1,634,483	4,155,148
Franchise Taxes	698,064	-	-	-	-	-	698,064
Licenses, Fees, and Permits	477,942	-	-	-	-	3,454	481,396
Intergovernmental Revenues	329,972	-	290,439	-	1,089,138	-	1,709,549
Charges for Services	344,104	-	-	-	-	-	344,104
Fines and Forfeits	138,949	-	-	-	-	-	138,949
Interest	49,909	-	-	-	412	-	50,321
Other Revenue	93,229	-	6,250	-	-	-	99,479
Total Revenues	5,000,522	587,177	296,689	-	1,089,550	1,657,474	8,631,412
EXPENDITURES							
Current:							
General Government	1,025,284	-	-	-	-	-	1,025,284
Police	1,788,512	-	-	-	-	3,397	1,791,909
Public Works	768,591	140,665	8,579	-	-	-	917,835
Pandemic	-	-	-	266,503	-	-	266,503
Parks and Recreation	631,595	-	-	-	-	38,367	669,962
Community and Economic Development	427,913	-	-	-	-	-	427,913
Senior Center	19,121	-	-	-	-	-	19,121
Capital Outlay	635,440	708,582	1,528,165	82,468	-	548,565	3,503,220
Debt Service:							
Principal	-	32,007	-	-	-	130,000	162,007
Interest and Fiscal Charges	-	6,269	-	-	-	199,855	206,124
Total Expenditures	5,296,456	887,523	1,536,744	348,971	-	920,184	8,989,878
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(295,934)	(300,346)	(1,240,055)	(348,971)	1,089,550	737,290	(358,466)
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	21,930	-	-	-	-	-	21,930
Transfers In	477,839	-	-	-	-	342,190	820,029
Transfers Out	-	-	-	(239,288)	-	(344,485)	(583,773)
Total Other Financing Sources (Uses)	499,769	-	-	(239,288)	-	(2,295)	258,186
NET CHANGE IN FUND BALANCES	203,835	(300,346)	(1,240,055)	(588,259)	1,089,550	734,995	(100,280)
Fund Balances - Beginning Of Year	3,558,070	762,606	1,261,031	588,259	-	619,098	6,789,064
FUND BALANCES - END OF YEAR	<u>\$ 3,761,905</u>	<u>\$ 462,260</u>	<u>\$ 20,976</u>	<u>\$ -</u>	<u>\$ 1,089,550</u>	<u>\$ 1,354,093</u>	<u>\$ 6,688,784</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS — MODIFIED CASH BASIS
TO THE STATEMENT OF ACTIVITIES — MODIFIED CASH BASIS
YEAR ENDED OCTOBER 31, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ (100,280)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities the expenditures are capitalized and depreciated over their estimated useful lives.

Capital Outlays	3,503,220
Depreciation Expense	(480,855)
Difference Between Gain and Proceeds on Disposal of Capital Assets	(243)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on 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 in the treatment of long-term debt and related items.

Premium Amortization	8,698
Debt Principal Retirement	162,007
	170,705

Change in Net Position - Governmental Activities	\$ 3,092,547
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CITY OF SMITHVILLE, MISSOURI
STATEMENT OF NET POSITION — MODIFIED CASH BASIS
PROPRIETARY FUNDS
OCTOBER 31, 2021

ASSETS	<u>Water and Wastewater</u>	<u>Sanitation</u>	<u>Total Proprietary Funds</u>
CURRENT ASSETS			
Cash	\$ 3,513,936	\$ 62,992	\$ 3,576,928
RESTRICTED ASSETS			
Cash and Cash Equivalents	2,088,565	-	2,088,565
CAPITAL ASSETS			
Nondepreciable	466,930	-	466,930
Depreciable, Net	<u>23,023,230</u>	<u>-</u>	<u>23,023,230</u>
Capital Assets, Net	<u>23,490,160</u>	<u>-</u>	<u>23,490,160</u>
Total Assets	<u>\$ 29,092,661</u>	<u>\$ 62,992</u>	<u>\$ 29,155,653</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Customer Deposits	\$ 361,988	\$ -	\$ 361,988
Current Maturities of Long-Term Liabilities	<u>398,278</u>	<u>-</u>	<u>398,278</u>
Total Current Liabilities	760,266	-	760,266
LONG-TERM LIABILITIES			
Long-Term Liabilities, Less Current Maturities Above	<u>7,736,560</u>	<u>-</u>	<u>7,736,560</u>
Total Liabilities	8,496,826	-	8,496,826
NET POSITION			
Net Investment in Capital Assets	15,355,322	-	15,355,322
Restricted for Debt Service	55,723	-	55,723
Restricted for Capital Projects	2,032,842	-	2,032,842
Unrestricted	<u>3,151,948</u>	<u>62,992</u>	<u>3,214,940</u>
Total Net Position	<u>20,595,835</u>	<u>62,992</u>	<u>20,658,827</u>
Total Liabilities and Net Position	<u>\$ 29,092,661</u>	<u>\$ 62,992</u>	<u>\$ 29,155,653</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION — MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2021

	Water and Wastewater	Sanitation	Total Proprietary Funds
OPERATING REVENUES			
Charges for Services	\$ 4,597,991	\$ 872,880	\$ 5,470,871
OPERATING EXPENSES			
Personnel Services	1,084,174	-	1,084,174
Contractual Services	214,074	865,324	1,079,398
Operations	490,757	-	490,757
Repair and Maintenance	301,068	-	301,068
Depreciation and Amortization	695,697	-	695,697
Total Operating Expenses	<u>2,785,770</u>	<u>865,324</u>	<u>3,651,094</u>
OPERATING INCOME	1,812,221	7,556	1,819,777
NONOPERATING REVENUES (EXPENSES)			
Tower Lease	42,329	-	42,329
Interest Income	4,451	-	4,451
Interest Expense and Fiscal Charges	(292,559)	-	(292,559)
Gain on Sale of Capital Assets	25,326	-	25,326
Other Revenue	17,865	-	17,865
Total Nonoperating Revenues (Expenses)	<u>(202,588)</u>	<u>-</u>	<u>(202,588)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Transfers Out	(236,256)	-	(236,256)
Impact Fees	292,296	-	292,296
Total Capital Contributions and Transfers	<u>56,040</u>	<u>-</u>	<u>56,040</u>
CHANGES IN NET POSITION	1,665,673	7,556	1,673,229
Net Position - Beginning of Year	<u>18,930,162</u>	<u>55,436</u>	<u>18,985,598</u>
NET POSITION - END OF YEAR	<u>\$ 20,595,835</u>	<u>\$ 62,992</u>	<u>\$ 20,658,827</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CASH FLOWS — MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2021

	Water and Wastewater	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 4,617,321	\$ 872,880	\$ 5,490,201
Cash Paid to Suppliers	(1,005,899)	(865,324)	(1,871,223)
Cash Paid to Employees	(1,084,174)	-	(1,084,174)
Net Cash Provided by Operating Activities	<u>2,527,248</u>	<u>7,556</u>	<u>2,534,804</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other Nonoperating Revenue	60,194	-	60,194
Cash Transferred to Other Funds	<u>(236,256)</u>	<u>-</u>	<u>(236,256)</u>
Net Cash Used by Noncapital Financing Activities	(176,062)	-	(176,062)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(976,548)	-	(976,548)
Proceeds from Sale of Capital Assets	27,076	-	27,076
Cash Received from Impact Fees	292,296	-	292,296
Payments on Long-Term Debt	(325,000)	-	(325,000)
Interest Paid on Long-Term Debt	<u>(299,107)</u>	<u>-</u>	<u>(299,107)</u>
Net Cash Used by Capital and Related Financing Activities	(1,281,283)	-	(1,281,283)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>4,451</u>	<u>-</u>	<u>4,451</u>
NET INCREASES IN CASH	1,074,354	7,556	1,081,910
Cash - Beginning of Year	<u>4,528,147</u>	<u>55,436</u>	<u>4,583,583</u>
CASH - END OF YEAR	<u><u>\$ 5,602,501</u></u>	<u><u>\$ 62,992</u></u>	<u><u>\$ 5,665,493</u></u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CASH FLOWS — MODIFIED CASH BASIS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED OCTOBER 31, 2021

	Water and Wastewater	Sanitation	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 1,812,221	\$ 7,556	\$ 1,819,777
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	695,697	-	695,697
Change in:			
Customer Deposits	19,330	-	19,330
Net Cash Provided by Operating Activities	<u>\$ 2,527,248</u>	<u>\$ 7,556</u>	<u>\$ 2,534,804</u>
CASH REPORTED ON THE STATEMENT OF NET POSITION			
Cash	\$ 3,513,936	\$ 62,992	\$ 3,576,928
Restricted Cash and Cash Equivalents	<u>2,088,565</u>	<u>-</u>	<u>2,088,565</u>
Total Cash and Cash Equivalents	<u>\$ 5,602,501</u>	<u>\$ 62,992</u>	<u>\$ 5,665,493</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION — MODIFIED CASH BASIS
OCTOBER 31, 2021

	Smithville Commons CID
ASSETS	
Cash	<u>\$ 297,096</u>
Total Assets	<u><u>\$ 297,096</u></u>
NET POSITION	
Restricted for:	
Other Governments	<u>\$ 297,096</u>
Total Fund Balances	<u><u>\$ 297,096</u></u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — MODIFIED CASH BASIS
YEAR ENDED OCTOBER 31, 2021

	Smithville Commons CID
ADDITIONS	
Tax Collections for Other Governments	\$ 297,096
Total Additions	<u>297,096</u>
NET INCREASE IN FIDUCIARY NET POSITION	297,096
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ 297,096</u></u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Smithville (the City) was incorporated in 1867 and covers an area of approximately 13.8 square miles in Clay County and Platte 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 more than 8,400 residents in many areas, including law enforcement, water and sewer services, refuse and recycling services, parks and recreation services, community enrichment and development, and various administrative functions.

The financial statements of the City of Smithville, Missouri, have been prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements 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. Significant estimates incorporated within the City's financial statements include the factors utilized in determining depreciation of the City's capital assets. Actual results could differ from those estimates.

Principles Used to Determine the Reporting Entity

The City's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the City is considered to be financially accountable.

Component units are legally separate entities for which the City (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include: whether or not the primary government appoints the voting majority of the potential component units governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally dependent upon by the potential component unit.

The City is not aware of any organization to which the City is financially accountable. Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the City's financial statements.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position – modified cash basis and the statement of activities – modified cash basis) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales for support.

The statement of activities – modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, fiduciary funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds are used to report business-type activities carried on by the City.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using modified cash basis of accounting and the economic resources measurement focus, as limited by the modified cash basis of accounting, as are the proprietary fund financial statements and the fiduciary fund financial statements. Revenues are recorded when received and expenses are recorded when paid.

Governmental fund financial statements are reported on the “current financial resources” measurement focus, as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.

The City accounts for all activities using the modified cash basis of accounting, modified with respect to capitalization and depreciation of property and equipment, and the recording of liabilities for long-term debt. Consequently, accounts receivable and accounts payable are not recorded. Therefore, certain revenue and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statements are not intended to present financial position and change in net position in conformity with generally accepted accounting principles.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Enterprise 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 an enterprise fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund balances, and revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

Major Governmental Funds

- *General Fund*

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

- *Transportation Sales Tax Fund*

The Transportation Sales Tax Fund is a special revenue fund that accounts for the revenues received from a 0.5% sales tax to be used specifically for transportation purposes.

- *Capital Improvement Fund*

The Capital Improvement Fund is a capital projects fund that accounts for the proceeds from the issuance of 2018 general obligation bonds and the related capital improvement projects.

- *CARES Act Stimulus Fund*

The CARES Act Stimulus Fund is a special revenue fund that accounts for grant revenue received from the CARES Act and tracks related expenditures.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Major Governmental Funds (Continued)

- *ARPA Fund*

The ARPA Fund is a special revenue fund that accounts for grant revenue received from the American Rescue Plan Act of 2021 and tracks related expenditures.

Major Proprietary Funds

- *Enterprise Funds*

Enterprise Funds are used to account for those operations of the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

- *Combined Water and Wastewater Fund*

The Combined Water and Wastewater Fund accounts for the provision of water and sewer utility services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

- *Sanitation Fund*

The Sanitation Fund accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service.

Major Fiduciary Funds

- *Custodial Funds*

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

- *Smithville Commons Community Improvement District (CID) Fund*

The Smithville Commons CID was created by ordinance of the City but is a separate political subdivision with the power to govern itself and impose and collect special assessments, additional property and sales taxes. The City is the fiscal agent for the CID, holds the funds of the CID in a custodial capacity and is considered a fiduciary component unit of the City.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which are managed by the Finance Director. Investments accounts consist primarily of certificates of deposit carried at cost. Interest income earned on the pooled account is allocated to general fund. Missouri state law permits the City to invest in prime money market instruments and securities, such as U.S. Government obligations, repurchase agreements, Missouri bank certificates of deposit, demand accounts, and savings accounts. As of October 31, 2021, the City has cash in demand deposits, money market instruments, and certificates of deposit.

The City maintains a cash and investment pool, which is available for use by most funds. Each fund's portion of this pool is displayed as pooled cash and investments or in restricted assets. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

Restricted Assets

Cash from bond proceeds is restricted in the Capital Improvement fund to be used on capital projects. Cash in funds resulting from certain taxes is also presented as restricted cash. Cash and investments are restricted in the Proprietary Fund for revenue bond reserves because their use is limited by applicable debt obligation covenants. See Note 4 for further information.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. Capital and intangible assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Governmental activities capital and intangible assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are typically sold for an immaterial amount when declared as no longer needed for public purpose by the City, no salvage value is taken into consideration for depreciation purposes. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Governmental Activities:	
Building and Improvements	40
Machinery and Equipment	5 to 20
Vehicles	5
Infrastructure	40
Business-Type Activities:	
Machinery and Equipment	5 to 10
Water and Sewer Lines	40 to 50
Water Towers	40
Water and Sewer Plant	40 to 50
Vehicles	5

The City has elected to prospectively report infrastructure assets in the governmental activities, as allowed by Governmental Accounting Standards Board Statement No. 34.

Capital and intangible assets not being depreciated include land, construction in progress, and permanent easements, if any.

Long-Term Obligations

In the government-wide financial statements and the enterprise fund statement of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Proprietary Fund Net Position

Net Position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – Consists of restricted assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of the government; or (b) law through constitutional provisions or enabling legislation.

Unrestricted – Consists of the net amounts of the assets that are not included in the determination of “net investment in capital assets” or the “restricted” component of net position.

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Impact fees assessed by the City by ordinance are reported as capital contributions in the Proprietary Fund.

Governmental Fund Balances

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Aldermen-the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances (Continued)

Assigned Fund Balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes but are neither restricted nor committed. The Board of Aldermen and the City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

Compensated Absences

Under terms of the City’s personnel policy, employees are granted vacation and sick leave in varying amounts based upon length of service. In the event of termination, an employee forfeits unused sick leave. Unused vacation can be accumulated up to a limit of 150% of the annual amounts earned and is payable on separation of service. Under the modified cash basis of accounting, no liability is reported in the financial statements for the value of unused vacation time.

NOTE 2 BUDGETARY DATA

Budgets for the City are prepared and adopted on the modified cash basis (budget basis) for all governmental and proprietary funds. The City Administrator is authorized to transfer budgeted amounts within departments in any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Board of Aldermen. The department level constitutes that City’s legal level of budgetary control. Reported budget amounts are as originally adopted or amended by board resolution. Annual operating budgets are adopted for the governmental and proprietary funds. Appropriations lapse at fiscal year-end but may be re-appropriated in the following fiscal year.

CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021

NOTE 3 DEPOSITS AND INVESTMENTS

A summary of the carrying values of deposits, investments, and petty cash at October 31, 2021 is as follows:

Cash on Hand	\$ 700
Demand Deposits	10,609,917
Certificates of Deposit	<u>2,000,033</u>
Total Cash Deposits	12,610,650
Short-Term Investments Held in Trust	<u>55,723</u>
Total Cash Deposits and Investments	<u><u>\$ 12,666,373</u></u>

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

Cash and Cash Equivalents	\$ 7,386,196
Restricted Cash and Cash Investments	4,983,081
Cash and Cash Equivalents - Held in Custodial Funds	<u>297,096</u>
Total	<u><u>\$ 12,666,373</u></u>

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Statutes require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or an independent third-party and must be of the kind prescribed by state statutes.

At October 31, 2021, the carrying amount of the City's demand deposits and certificates of deposit in financial institutions was \$12,609,950. The bank balances totaled \$13,002,557 of which \$251,817 was FDIC insured and \$12,750,740 was collateralized by pledged collateral held in the name of the City.

Investment Policies

The City has a formal investment policy, and also follows state statutes as defined in the accounting policy Note 1. Restricted assets are invested by the bond trustees in accordance with the bond indentures.

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 such as Standard & Poor's above.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk. However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

Custodial Credit Risk

The custodial credit risk of investments is the risk that, in the event of the failure of the counterparty to transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City has no policy to limit the holdings of an outside party.

At October 31, 2021, the City's investments consisted of restricted investments held in the City's name by the bond trustee in accordance with the related bond indentures.

Concentration of Credit Risk

The City does not have a policy which limits the amounts that can be invested with any one issuer. Investments that represent more than 5% of the City's investments consist of money market funds shown above.

Fair Value Measurements

In determining fair value, the City uses various valuation approaches within GASB Statement No. 72 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

GASB Statement No. 72 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. GASB Statement No. 72 defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and

Level 2 – Valuations based on quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for instruments measured at fair value and their classifications in the valuation hierarchy.

Money Market Mutual Funds: Valued at last sales price, if listed on a national market or exchange, or if there is no sale and the market is still considered active, at the last transaction price before year-end. In less active markets, the valuation is based on the most recent price of the equivalent quoted yield for such securities. These are classified as Level 1 within the valuation hierarchy.

The carrying amounts, maturity segment, ratings and fair value levels for the City's investments at October 31, 2021, consisted of the following:

<u>Investment</u>	<u>Maturity Under One Year</u>	<u>Rating</u>	<u>Fair Value Hierarchy Level</u>
Restricted Investments, Proprietary Fund, Fidelity Treasury Money Market Funds	<u>\$ 55,723</u>	AAAm	Level 1

NOTE 4 RESTRICTED CASH

Restricted cash at October 31, 2021 consisted of the following:

	<u>Transportation Sales Tax</u>	<u>Capital Improvements</u>	<u>ARPA Fund</u>	<u>Other Governmental Funds</u>	<u>Combined Water & Wastewater</u>	<u>Total</u>
Debt Service	\$ -	\$ -	\$ -	\$ 243,597	\$ 55,723	\$ 299,320
Capital Projects	-	20,976	-	254,029	2,032,842	2,307,847
Transportation	462,260	-	-	-	-	462,260
Pandemic	-	-	1,089,550	-	-	1,089,550
Other Purposes	-	-	-	824,104	-	824,104
Total	<u>\$ 462,260</u>	<u>\$ 20,976</u>	<u>\$ 1,089,550</u>	<u>\$ 1,321,730</u>	<u>\$ 2,088,565</u>	<u>\$ 4,983,081</u>

The City's combined water and wastewater revenue bond trust indentures require the City to establish various debt services and reserve accounts. At October 31, 2021, these reserve accounts were fully funded.

All new connections to the City's water and sewer system are assessed an impact fee. All impact fees are kept in a fund to be used only for capital improvement projects that expand capacity of the system, including, but not limited to, new sewer lines, upsizing existing sewer lines, removing or replacing sewer lift stations, or upgrading sewer lift stations. This cash is considered to be restricted for capital projects.

CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021

NOTE 5 CAPITAL ASSETS

The changes in capital asset activity, resulting from modified cash basis transactions, for the year ended October 31, 2021 are as follows:

	Balance November 1, 2020	Additions	Disposals	Transfers	Balance October 31, 2021
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,178,387	\$ -	\$ -	\$ -	\$ 1,178,387
Construction in Progress	473,870	2,470,970	-	(2,051,772)	893,068
Total Capital Assets, Not Being Depreciated	1,652,257	2,470,970	-	(2,051,772)	2,071,455
Capital Assets, Being Depreciated:					
Buildings and Improvements	3,083,367	45,493	-	467,097	3,595,957
Machinery and Equipment	1,533,332	248,119	-	-	1,781,451
Vehicles	875,391	7,374	123,668	-	759,097
Infrastructure	9,072,879	731,264	-	1,584,675	11,388,818
Total Capital Assets, Being Depreciated	14,564,969	1,032,250	123,668	2,051,772	17,525,323
Total Capital Assets	16,217,226	3,503,220	123,668	-	19,596,778
Less: Accumulated Depreciation	4,058,754	480,855	123,425	-	4,416,184
Governmental Activities Capital Assets, Net	<u>\$ 12,158,472</u>	<u>\$ 3,022,365</u>	<u>\$ 243</u>	<u>\$ -</u>	<u>\$ 15,180,594</u>
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land and Easements	\$ 220,930	\$ -	\$ -	\$ -	\$ 220,930
Construction in Progress	1,484,850	551,696	-	(1,790,546)	246,000
Total Capital Assets, Not Being Depreciated	1,705,780	551,696	-	(1,790,546)	466,930
Capital Assets, Being Depreciated:					
Water Towers	2,698,077	-	-	-	2,698,077
Water and Sewer Lines	14,609,490	330,176	-	1,790,546	16,730,212
Machinery and Equipment	1,130,066	88,644	-	-	1,218,710
Vehicles	702,984	-	88,479	-	614,505
Plant	9,710,254	6,032	-	-	9,716,286
Total Capital Assets, Being Depreciated	28,850,871	424,852	88,479	1,790,546	30,977,790
Total Capital Assets	30,556,651	976,548	88,479	-	31,444,720
Less: Accumulated Depreciation	7,345,592	695,697	86,729	-	7,954,560
Business-Type Activities Capital Assets, Net	<u>\$ 23,211,059</u>	<u>\$ 280,851</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 23,490,160</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities

General Government	\$ 36,750
Police	52,595
Public Works	300,593
Parks and Recreation	81,544
Community and Economic Development	9,373
Total Depreciation Expense -	
Governmental Activities	<u>\$ 480,855</u>

Business-Type Activities

Water and Wastewater	<u>\$ 695,697</u>
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NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Description

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 employer, 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 (age 55 for police members) 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 (age 50 for police members) and receive a reduced allowance.

	2021
	Valuation
Benefit Multiplier	<u>1.50%</u>
Final Average Salary	3 Years
Member Contributions	4%

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

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 February 28, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	11
Inactive Employees Entitled to but not yet	
Receiving Benefits	27
Active Employees	<u>52</u>
Total	<u><u>90</u></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. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates were 9.2% of annual covered payroll for the general division, and 9.1% of annual covered payroll for the police division, for the year ended October 31, 2021. For the year ended October 31, 2021, the City made contributions to the plan totaling \$286,975, which is equal to the City's pension expense, in accordance with the modified cash basis of accounting.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 7 LONG-TERM INDEBTEDNESS

The City's long-term debt arising from modified cash basis transactions or events consisted of the following as of October 31, 2021:

<u>Description</u>	<u>Amount</u>
Governmental Activities	
\$235,232 capital lease for the purpose of purchasing a street sweeper. Annual installments of \$38,276 plus interest through 2024; interest at 4.48%. At October 31, 2021, the City had capital assets related to this lease with a cost of \$235,232, and those assets had related accumulated depreciation of \$82,331.	\$ 105,074
\$2,000,000 2018 General Operating Bond. Annual principal payments of \$45,000 to \$195,000 through 2038; interest at 3.6% with a premium of \$75,886 issued with the debt.	1,998,040
\$3,625,000 2019 General Operating Bond. Annual principal payments of \$100,000 to \$500,000 through 2038; interest from 3.5% to 5.0% with a premium of \$289,184 issued with the debt.	<u>3,725,223</u>
Total Governmental Activities	<u><u>\$ 5,828,337</u></u>
Business-Type Activities	
\$530,000 Series 2012, Certificate of Participation, for the purpose of water pollution control improvements. Annual installment of \$55,000 through 2022; interest at 2.63%.	\$ 55,000
\$8,635,000 Series 2018, Certificate of Participation, for the purpose of water pollution control improvements. Annual installments of \$335,000 to \$600,000 through 2038; interest at 4.2% to 4.6% with a premium of \$213,370 issued with the debt.	<u>8,079,838</u>
Total Business-Type Activities	<u><u>\$ 8,134,838</u></u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 7 LONG-TERM INDEBTEDNESS (CONTINUED)

Changes in the City's long-term debt arising from modified cash basis transactions or events for the year ended October 31, 2021 were as follows:

	Balance November 1, 2020	Additions	Retired	Balance October 31, 2021	Current Portion	Long-Term Portion
Governmental Activities:						
Capital Lease - Street Sweeper	\$ 137,081	\$ -	\$ 32,007	\$ 105,074	\$ 33,471	\$ 71,603
2018 General Obligation Bonds	1,965,000	-	40,000	1,925,000	45,000	1,880,000
2018 General Obligation Bonds Premium	74,558	-	1,518	73,040	1,707	71,333
2019 General Obligation Bonds	3,540,000	-	90,000	3,450,000	100,000	3,350,000
2019 General Obligation Bonds Premium	282,403	-	7,180	275,223	7,977	267,246
Total	<u>\$ 5,999,042</u>	<u>\$ -</u>	<u>\$ 170,705</u>	<u>\$ 5,828,337</u>	<u>\$ 188,155</u>	<u>\$ 5,640,182</u>
Business-Type Activities:						
2012 Certificates of Participation	\$ 115,000	\$ -	\$ 60,000	\$ 55,000	\$ 55,000	\$ -
2018 Certificates of Participation	8,150,000	-	265,000	7,885,000	335,000	7,550,000
2018 Certificates of Participation Premium	201,386	-	6,548	194,838	8,278	186,560
Total	<u>\$ 8,466,386</u>	<u>\$ -</u>	<u>\$ 331,548</u>	<u>\$ 8,134,838</u>	<u>\$ 398,278</u>	<u>\$ 7,736,560</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 7 LONG-TERM INDEBTEDNESS (CONTINUED)

Aggregate annual principal and interest payments applicable to long-term debt are:

Year Ending October 31,	Governmental Activities											
	Street Sweeper Capital Lease			2018 General Obligation Bond			2019 General Obligation Bond			Total		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2022	\$ 33,471	\$ 4,805	\$ 38,276	\$ 45,000	\$ 67,187	\$ 112,187	\$ 100,000	\$ 127,025	\$ 227,025	\$ 178,471	\$ 199,017	\$ 377,488
2023	35,001	3,275	38,276	50,000	66,141	116,141	105,000	121,900	226,900	190,001	191,316	381,317
2024	36,602	1,674	38,276	55,000	64,932	119,932	115,000	116,400	231,400	206,602	183,006	389,608
2025	-	-	-	60,000	63,325	123,325	120,000	110,525	230,525	180,000	173,850	353,850
2026	-	-	-	65,000	61,294	126,294	130,000	104,275	234,275	195,000	165,569	360,569
2027-2031	-	-	-	475,000	266,625	741,625	890,000	430,075	1,320,075	1,365,000	696,700	2,061,700
2032-2036	-	-	-	795,000	149,788	944,788	1,355,000	234,588	1,589,588	2,150,000	384,376	2,534,376
2037-2038	-	-	-	380,000	15,169	395,169	635,000	22,488	657,488	1,015,000	37,657	1,052,657
Total	\$ 105,074	\$ 9,754	\$ 114,828	\$ 1,925,000	\$ 754,461	\$ 2,679,461	\$ 3,450,000	\$ 1,267,276	\$ 4,717,276	\$ 5,480,074	\$ 2,031,491	\$ 7,511,565

Year Ending October 31,	Business-Type Activities								
	2012 Certificates of Participation			2018 Certificates of Participation			Total		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2022	\$ 55,000	\$ 723	\$ 55,723	\$ 335,000	\$ 284,350	\$ 619,350	\$ 390,000	\$ 285,073	\$ 675,073
2023	-	-	-	355,000	267,600	622,600	355,000	267,600	622,600
2024	-	-	-	365,000	249,850	614,850	365,000	249,850	614,850
2025	-	-	-	385,000	231,600	616,600	385,000	231,600	616,600
2026	-	-	-	410,000	212,350	622,350	410,000	212,350	622,350
2027-2031	-	-	-	2,235,000	869,625	3,104,625	2,235,000	869,625	3,104,625
2032-2036	-	-	-	2,620,000	487,019	3,107,019	2,620,000	487,019	3,107,019
2037-2038	-	-	-	1,180,000	63,800	1,243,800	1,180,000	63,800	1,243,800
Total	\$ 55,000	\$ 723	\$ 55,723	\$ 7,885,000	\$ 2,666,194	\$ 10,551,194	\$ 7,940,000	\$ 2,666,917	\$ 10,606,917

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 8 TAXES

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

The assessed valuation of the tangible property for the purpose of local taxation for the budget year ending October 31, 2021 was \$162,950,432.

The tax levy per \$100 of assessed valuation of tangible real and personal property for the budget year ending October 31, 2021 was \$0.4484 for general fund purposes.

Sales tax revenue consists of a 1% general sales tax 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, a one-half of 1% levy for the purpose of street maintenance, a one-half of 1% levy for the purpose of capital improvement, and a one-half of 1% levy for the purpose of parks and recreation needs and stormwater control. In addition, a general purpose use tax of 2% is levied on the sale of tangible personal property stored, used, or consumed in the City.

The City is subject to property tax abatements through various programs implemented by Platte County, which include Tax Increment Financing (TIF). The enacting authority for TIF is Chapter 99, RSMO. A TIF project diverts tax revenue, above an established base level of taxes, to a special allocation fund that allows certain project costs to be reimbursed to developers for up to 23 years. Most commonly, the sources of funds that are diverted are Payments In Lieu of Taxes (PILOTs) and Economic Activity Taxes (EATs). Generally, 100% of PILOTs (real property-based taxes) and 50% of EATs (sales, utilities, and earnings-based taxes) are diverted. A basic requirement, as outlined in Section 99.810.1 (1), RSMO, is: "The redevelopment area on the whole is a blighted area, a conservation area, or an economic development area, and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing." Each agreement will vary from project to project. Taxes abated related to the projects totaled \$677,917 during the year ending October 31, 2021.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 9 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue during fiscal year ended October 31, 2021 consisted of the following:

	General Fund	Capital Improvement Fund	ARPA Fund	Total
State:				
Motor Vehicle Fuel Tax	\$ 223,564	\$ -	\$ -	\$ 223,564
County:				
Road and Bridge Tax	63,964	-	-	63,964
School District:				
School Resource Officer	31,024	-	-	31,024
Federal:				
Public Safety Grants	11,420	-	-	11,420
Walking Trails Grant	-	290,439	-	290,439
Pandemic Grants	-	-	1,089,138	1,089,138
Total	<u>\$ 329,972</u>	<u>\$ 290,439</u>	<u>\$ 1,089,138</u>	<u>\$ 1,709,549</u>

NOTE 10 TRANSFERS

During normal operations, the City has numerous transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended. These transfers are generally recorded as transfers and are reported as other financing sources or uses.

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or (2) to fund debt service requirements as debt service payments become due. In addition, a franchise fee equal to five percent (5%) of gross revenues is charged against the City's water utility service. This fee is treated as a transfer from the water and wastewater fund to the general fund.

Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

	Transfer Out:				
	CARES Act Stimulus Fund	Special Allocation Fund	Capital Improvement Sales Tax	Water and Wastewater Fund	Total
Transfer In:					
General Fund	\$ 239,288	\$ 2,295	\$ -	\$ 236,256	\$ 477,839
Debt Service Fund	-	-	342,190	-	342,190
Total Revenues	<u>\$ 239,288</u>	<u>\$ 2,295</u>	<u>\$ 342,190</u>	<u>\$ 236,256</u>	<u>\$ 820,029</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 11 RISK MANAGEMENT

The City is a member of MPR (formerly MARCIT), a nonprofit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverages for its members including property, casualty, general liability, and workers' compensation. The City participates in medical, dental, property, casualty, general liability, and workers' compensation insurance coverage. MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury strips, U.S. governmental agency obligations, and collateralized mortgage obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year; and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year; and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessments, irrespective of whether or not the City is a member of MPR at the time of such assessment. MPR was not in a deficit situation during the past year.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. In addition, there have been no settlements in excess of the City insurance coverage in any of the prior three years.

NOTE 12 COMMITMENTS

U.S. Army Corps of Engineers

The City has entered into various agreements with U.S. Army Corps of Engineers (the Corps). One agreement, paid from the General Fund, is for the use of the Smith's Fork public use area and is payable in installments which began in 1999 that increases annually over a period of 50 years. The amount paid for the year ended October 31, 2021 was \$36,853.

The water and wastewater fund is responsible for two agreements, one to reimburse the Corps for a percentage of their maintenance costs for the dam at the Corps' Smithville Lake where the City has its water intake line, and another for access to water from the lake for the City's water supply. The total amount paid for both agreements for the year ended October 31, 2021 was \$14,337.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 12 COMMITMENTS (CONTINUED)

Future minimum payments under the agreements are as follows:

<u>Year Ending October 31,</u>	<u>Smith's Fork Park Rent</u>	<u>Water Supply Agreement</u>
2022	\$ 38,701	\$ 12,684
2023	40,636	-
2024	53,335	-
2025	56,002	-
2026	58,802	-
2027-2031	341,164	-
2032-2036	435,421	-
2037-2041	554,538	-
2042-2046	709,055	-
2047-2048	335,831	-
Total	<u>\$ 2,623,485</u>	<u>\$ 12,684</u>

Redevelopment Agreement

The City and its Tax Increment Financing (TIF) Commission have approved the formation of a redevelopment area and entered into a TIF redevelopment agreement. Under the terms of the agreement, the City, subject to the developer satisfying various conditions as specified in the agreement, will reimburse the developer approximately \$4.8 million of its eligible costs. The reimbursement is payable solely from 50% of the future incremental property and sales tax revenues generated by the project. As of October 31, 2021, no reimbursements have been made.

Operating Leases

The City entered into an operating lease for the use of a skid steer loader. The lease was entered into on September 30, 2019 and continues until September 30, 2024. Lease expense for the year ended October 31, 2021 was \$6,959. Annual payments under the lease are due each September 30th as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2022	\$ 6,959
2023	6,959
Total	<u>\$ 13,918</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 12 COMMITMENTS (CONTINUED)

The City entered into an operating lease with Enterprise Fleet Management for the use of vehicles. The master lease agreement was entered into on September 1, 2020. Each vehicle is a schedule on the lease and has its own terms based on when that vehicle is needed to replace a sold vehicle. The schedules in place at October 31, 2021 continue until various dates through March 31, 2024. Lease expense for the year ended October 31, 2021 was \$66,296. Payments under the lease are due monthly with the annual total payments as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2022	\$ 81,805
2023	71,675
2024	26,857
Total	<u>\$ 180,337</u>

Construction Projects

In connection with the Streetscape Phase II project, the City has commitments approximating \$507,000 at October 31, 2021.

In connection with the raw water pump station project, the City has commitments approximating \$2,913,000 at October 31, 2021.

NOTE 13 RENTAL INCOME

The City leases space on its water towers for cell phone companies to place antennas. The total rents received from tenants were \$42,329 for the year ended October 31, 2021. Future rents to be received under current leases are as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2022	<u>\$ 5,315</u>

The City also leases a portion of a building to the Smithville Senior Citizen Center for \$1 a year. The lease, originally entered into in August 2013, has an initial term of 10 years, and may be renewed for successive renewal terms of five years each.

NOTE 14 PLEDGED REVENUES

The proprietary fund has pledged future revenues, net of specified operating expenses, to repay certificates of participation that were issued for the purpose of improvements. The certificates of participation are payable solely from the fund's net revenues and are payable through 2037. The total principal and interest to be repaid on the certificates of participation is \$10,606,917. Payments of principal and interest for the current year was \$624,107 on the certificates of participation. Total proprietary fund net revenues for the current year were \$2,653,929.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2021**

NOTE 15 RESERVE LEVEL POLICY

The City has adopted a reserve policy goal which sets aside 40% of General Fund budgeted expenditures and 20% of proprietary operating revenues. Reserve amounts are reported as unassigned fund balance for the General Fund and unrestricted net position for the Proprietary Fund.

OTHER INFORMATION

CITY OF SMITHVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE — MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED OCTOBER 31, 2021

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
REVENUES				
Taxes	\$ 3,586,570	\$ 3,586,570	\$ 3,566,417	\$ (20,153)
Licenses, Fees, and Permits	325,080	325,080	477,942	152,862
Intergovernmental Revenues	49,280	49,280	329,972	280,692
Charges for Services	244,810	244,810	344,104	99,294
Fines and Forfeits	168,980	168,980	138,949	(30,031)
Interest	45,000	45,000	49,909	4,909
Other Revenue	5,150	5,150	93,229	88,079
Total Revenues	<u>4,424,870</u>	<u>4,424,870</u>	<u>5,000,522</u>	<u>575,652</u>
EXPENDITURES				
General Government	1,044,940	1,064,940	1,025,284	(39,656)
Police	1,889,940	1,964,940	1,788,512	(176,428)
Public Works	874,010	874,010	768,591	(105,419)
Parks and Recreation	609,380	609,380	631,595	22,215
Community and Economic Development	424,650	431,650	427,913	(3,737)
Senior Center	21,620	21,620	19,121	(2,499)
Capital Outlay	837,000	1,124,000	635,440	(488,560)
Total Expenditures	<u>5,701,540</u>	<u>6,090,540</u>	<u>5,296,456</u>	<u>(794,084)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,276,670)	(1,665,670)	(295,934)	1,369,736
OTHER FINANCING SOURCES				
Sale of Capital Assets	125,000	125,000	21,930	(103,070)
Transfers In	209,170	449,170	477,839	28,669
Total Other Financing Sources	<u>334,170</u>	<u>574,170</u>	<u>499,769</u>	<u>(74,401)</u>
NET CHANGE IN FUND BALANCE	(942,500)	(1,091,500)	203,835	1,295,335
Fund Balance - Beginning of Year	<u>3,558,070</u>	<u>3,558,070</u>	<u>3,558,070</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,615,570</u>	<u>\$ 2,466,570</u>	<u>\$ 3,761,905</u>	<u>\$ 1,295,335</u>

See accompanying Notes to Other Information.

CITY OF SMITHVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE — MODIFIED CASH BASIS
TRANSPORTATION SALES TAX FUND
YEAR ENDED OCTOBER 31, 2021

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
REVENUES				
Taxes	\$ 530,750	\$ 530,750	\$ 587,177	\$ 56,427
Total Revenues	530,750	530,750	587,177	56,427
EXPENDITURES				
Public Works	231,860	331,860	140,665	(191,195)
Capital Outlay	455,960	773,960	708,582	(65,378)
Debt Service	-	-	38,276	38,276
Total Expenditures	687,820	1,105,820	887,523	(218,297)
NET CHANGE IN FUND BALANCE	(157,070)	(575,070)	(300,346)	274,724
Fund Balance - Beginning of Year	762,606	762,606	762,606	-
FUND BALANCE - END OF YEAR	\$ 605,536	\$ 187,536	\$ 462,260	\$ 274,724

See accompanying Notes to Other Information.

CITY OF SMITHVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE — MODIFIED CASH BASIS
CARES ACT STIMULUS FUND
YEAR ENDED OCTOBER 31, 2021

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
EXPENDITURES				
Public Safety	\$ -	\$ 586,000	\$ 266,503	\$ (319,497)
Capital Outlay	-	4,000	82,468	78,468
Total Expenditures	-	590,000	348,971	(241,029)
OTHER FINANCING USES				
Transfers Out	-	-	(239,288)	(239,288)
NET CHANGE IN FUND BALANCE	-	(590,000)	(588,259)	1,741
Fund Balance - Beginning of Year	588,259	588,259	588,259	-
FUND BALANCE - END OF YEAR	<u>\$ 588,259</u>	<u>\$ (1,741)</u>	<u>\$ -</u>	<u>\$ 1,741</u>

See accompanying Notes to Other Information.

CITY OF SMITHVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE — MODIFIED CASH BASIS
ARPA FUND
YEAR ENDED OCTOBER 31, 2021

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
REVENUES				
Intergovernmental Revenues	\$ -	\$ 1,089,138	\$ 1,089,138	\$ -
Interest	-	-	412	412
Total Revenues	-	1,089,138	1,089,550	412
NET CHANGE IN FUND BALANCE	-	1,089,138	1,089,550	412
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 1,089,138	\$ 1,089,550	\$ 412

See accompanying Notes to Other Information.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO OTHER INFORMATION
YEAR ENDED OCTOBER 31, 2021**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to October 31 of each year, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following November 1. The operating budget includes proposed expenditures and the means of financing them. The City adopts the proposed budget as amended and adjusted by the Board of Aldermen.
- B. Public hearings on the City's budget are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
- C. On or before October 31, the final budget is legally enacted by City Ordinance.
- D. Subsequent to its formal approval of the budget, the Board of Aldermen has the authority to make necessary adjustments to the budget by formal vote of the board.
- E. Management is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. Reported budget amounts are as originally adopted or amended by the Board of Aldermen.
- F. In accordance with Chapter 67, RSMo., the City adopts a budget for each fund. The proposed budget includes estimated revenues and proposed expenditure for all city funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Actual expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, miscellaneous services and charges, and capital outlay) within each program. All amounts over budget have been approved by the Board of Aldermen through the disbursement process.
- G. Budgets for the general, certain special revenue funds, and the debt service fund are adopted on a basis consistent with a budgetary basis of accounting. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen. The City may use encumbrances where the expenditure may occur prior to the disbursement of cash.

**CITY OF SMITHVILLE, MISSOURI
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED OCTOBER 31, 2021**

Fiscal Year Ending October 31,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2012	\$ 129,002	\$ 129,002	\$ -	\$ 1,666,035	7.7%
2013	135,882	135,882	-	1,630,264	8.3
2014	140,913	140,913	-	1,784,036	7.9
2015	160,040	160,040	-	2,009,670	8.0
2016	225,202	225,202	-	2,193,483	10.3
2017	214,857	214,857	-	2,260,587	9.5
2018	264,323	264,323	-	2,516,884	10.5
2019	285,158	285,158	-	2,739,287	10.4
2020	292,948	292,948	-	3,021,638	9.7
2021	286,975	286,975	-	3,129,279	9.2

SUPPLEMENTARY INFORMATION

CITY OF SMITHVILLE, MISSOURI
COMBINING BALANCE SHEET — MODIFIED CASH BASIS — GENERAL FUND
OCTOBER 31, 2021

	<u>General</u>	<u>Vehicle & Equipment Replacement</u>	<u>Total General Fund</u>
ASSETS			
Cash	\$ 3,751,229	\$ 25,676	\$ 3,776,905
Total Assets	<u>\$ 3,751,229</u>	<u>\$ 25,676</u>	<u>\$ 3,776,905</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Developer Escrow	\$ 15,000	\$ -	\$ 15,000
Total Liabilities	15,000	-	15,000
FUND BALANCES			
Committed:			
Vehicle and Equipment Replacement	-	25,676	25,676
Unassigned	3,736,229	-	3,736,229
Total Fund Balances	<u>3,736,229</u>	<u>25,676</u>	<u>3,761,905</u>
Total Liabilities and Fund Balances	<u>\$ 3,751,229</u>	<u>\$ 25,676</u>	<u>\$ 3,776,905</u>

CITY OF SMITHVILLE, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES — MODIFIED CASH BASIS — GENERAL FUND
YEAR ENDED OCTOBER 31, 2021

	General	Vehicle & Equipment Replacement	Eliminations	Total General Fund
REVENUES				
Property Taxes	\$ 934,865	\$ -	\$ -	\$ 934,865
Sales and Use Taxes	1,933,488	-	-	1,933,488
Franchise Taxes	698,064	-	-	698,064
Licenses, Fees, and Permits	477,942	-	-	477,942
Intergovernmental Revenues	329,972	-	-	329,972
Charges for Services	344,104	-	-	344,104
Fines and Forfeits	138,949	-	-	138,949
Interest	49,909	-	-	49,909
Other Revenue	90,263	2,966	-	93,229
Total Revenues	<u>4,997,556</u>	<u>2,966</u>	<u>-</u>	<u>5,000,522</u>
EXPENDITURES				
Current:				
General Government	958,988	66,296	-	1,025,284
Police	1,788,512	-	-	1,788,512
Public Works	768,591	-	-	768,591
Parks and Recreation	631,595	-	-	631,595
Community and Economic Development	427,913	-	-	427,913
Senior Center	19,121	-	-	19,121
Capital Outlay	635,440	-	-	635,440
Total Expenditures	<u>5,230,160</u>	<u>66,296</u>	<u>-</u>	<u>5,296,456</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(232,604)	(63,330)	-	(295,934)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	21,930	-	21,930
Transfers In	450,763	67,076	(40,000)	477,839
Transfers Out	(40,000)	-	40,000	-
Total Other Financing Sources (Uses)	<u>410,763</u>	<u>89,006</u>	<u>-</u>	<u>499,769</u>
NET CHANGE IN FUND BALANCES	178,159	25,676	-	203,835
Fund Balances - Beginning of Year	<u>3,558,070</u>	<u>-</u>	<u>-</u>	<u>3,558,070</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,736,229</u>	<u>\$ 25,676</u>	<u>\$ -</u>	<u>\$ 3,761,905</u>

CITY OF SMITHVILLE, MISSOURI
COMBINING BALANCE SHEET — MODIFIED CASH BASIS — NONMAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2021

	Special Revenue									Total Nonmajor Governmental Funds
	Police Training	DWI Recovery	Technology Upgrade	Judicial Education	Appointed Council	Special Allocation	Capital Improvement Sales Tax	Parks & Stormwater Sales Tax	Debt Service	
ASSETS										
Cash	\$ 12,854	\$ 10,561	\$ 2,707	\$ 3,446	\$ 2,795	\$ -	\$ -	\$ -	\$ -	\$ 32,363
Restricted Cash	-	-	-	-	-	386,786	254,029	437,318	243,597	1,321,730
Total Assets	<u>\$ 12,854</u>	<u>\$ 10,561</u>	<u>\$ 2,707</u>	<u>\$ 3,446</u>	<u>\$ 2,795</u>	<u>\$ 386,786</u>	<u>\$ 254,029</u>	<u>\$ 437,318</u>	<u>\$ 243,597</u>	<u>\$ 1,354,093</u>
FUND BALANCES										
Restricted	\$ 12,854	\$ 10,561	\$ -	\$ 3,446	\$ 2,795	\$ 386,786	\$ 254,029	\$ 437,318	\$ 243,597	\$ 1,351,386
Committed	-	-	2,707	-	-	-	-	-	-	2,707
Total Fund Balances	<u>\$ 12,854</u>	<u>\$ 10,561</u>	<u>\$ 2,707</u>	<u>\$ 3,446</u>	<u>\$ 2,795</u>	<u>\$ 386,786</u>	<u>\$ 254,029</u>	<u>\$ 437,318</u>	<u>\$ 243,597</u>	<u>\$ 1,354,093</u>

CITY OF SMITHVILLE, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
MODIFIED CASH BASIS — NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2021

	Special Revenue									
	Police Training	DWI Recovery	Technology Upgrade	Judicial Education	Appointed Council	Special Allocation	Capital Improvement Sales Tax	Parks & Stormwater Sales Tax	Debt Service	Total Nonmajor Governmental Funds
REVENUES										
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,537	\$ -	\$ -	\$ -	\$ 19,537
Sales and Use Taxes	-	-	-	-	-	361,284	659,009	614,190	-	1,634,483
Licenses, Fees, and Permits	2,544	910	-	-	-	-	-	-	-	3,454
Total Revenues	2,544	910	-	-	-	380,821	659,009	614,190	-	1,657,474
EXPENDITURES										
Current:										
Police	520	777	2,100	-	-	-	-	-	-	3,397
Parks and Recreation	-	-	-	-	-	-	-	38,367	-	38,367
Capital Outlay	-	-	-	-	-	-	410,060	138,505	-	548,565
Debt Service:										
Principal	-	-	-	-	-	-	-	-	130,000	130,000
Interest	-	-	-	-	-	-	-	-	199,855	199,855
Total Expenditures	520	777	2,100	-	-	-	410,060	176,872	329,855	920,184
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,024	133	(2,100)	-	-	380,821	248,949	437,318	(329,855)	737,290
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	-	-	-	342,190	342,190
Transfers Out	-	-	-	-	-	(2,295)	(342,190)	-	-	(344,485)
Total Other Financing Sources (Uses)	-	-	-	-	-	(2,295)	(342,190)	-	342,190	(2,295)
NET CHANGE IN FUND BALANCES	2,024	133	(2,100)	-	-	378,526	(93,241)	437,318	12,335	734,995
Fund Balances - Beginning of Year	10,830	10,428	4,807	3,446	2,795	8,260	347,270	-	231,262	619,098
FUND BALANCES - END OF YEAR	\$ 12,854	\$ 10,561	\$ 2,707	\$ 3,446	\$ 2,795	\$ 386,786	\$ 254,029	\$ 437,318	\$ 243,597	\$ 1,354,093

