

Popular Annual Financial Report



City of Smithville, Missouri

FISCAL YEAR 2021





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City of Smithville Highlights

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2021 ACCOMPLISHMENTS

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"Smithville builds its future by embracing growth, encouraging commerce and cultivating its natural surroundings"

A MESSAGE FROM THE CITY ADMINISTRATOR AND THE FINANCE DIRECTOR

In our ongoing efforts to provide transparency and accountability to residents, the City of Smithville presents the 2021 Popular Annual Financial Report (PAFR). The contents of this report reflect a commitment to preserving the city's long-term financial health. The report is intended to present a condensed overview of the City's financial position and financial practices. It details how City revenues are generated and spent.

This summarized financial report presents information from the Comprehensive Annual Financial Report (CAFR) and the City's budget in a concise and easy-to-read format. The CAFR outlines the City's financial position in detail, conforms to Generally Accepted Accounting Principles (GAAP) and is audited by an independent certified public accounting firm. This report is not intended to replace the CAFR, but to present information in a more user-friendly format, which is not prepared according to GAAP or audited. This information is provided to enhance the public's understanding of the City's financial position and performance over the last year.



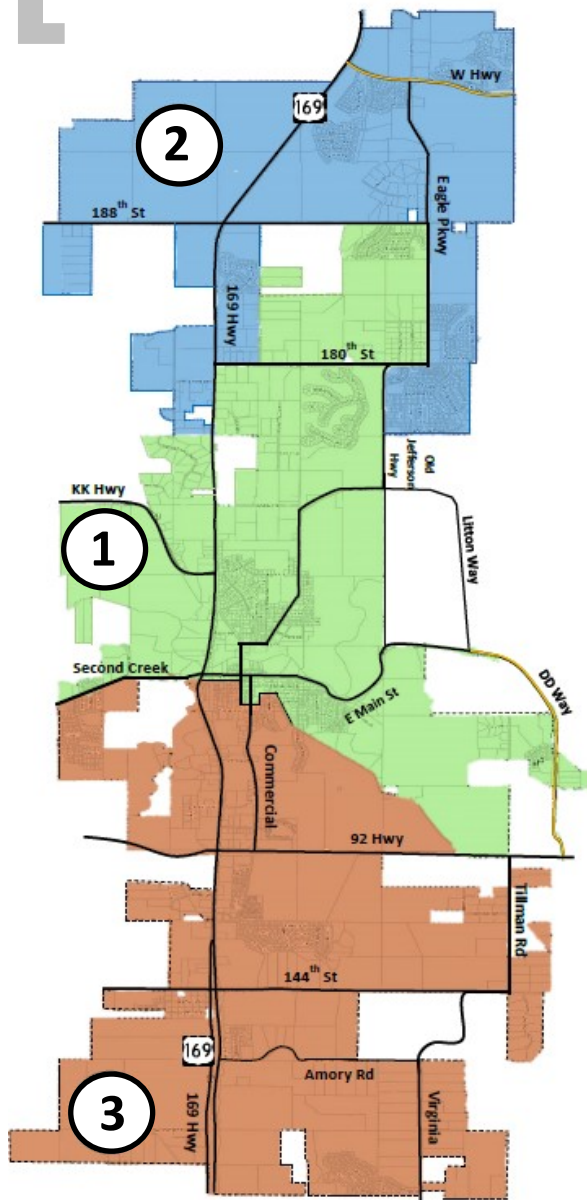
Cynthia M. Wagner
City Administrator



Stephen Larson
Finance Director



City of Smithville GOVERNANCE



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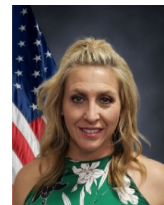


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A brief introduction to Smithville

Smithville was named for Humphrey and Nancy Smith who came west with their six sons and daughter from New York state in 1822 to find land and build a home. Settling along the Little Platte River, the Smith's established Smith's Mill, the first water-powered flour mill in Clay County. By the 1830s, a town site was laid out and Smith's Mill became Smithville.

The town of Smithville was incorporated on July 6th, 1868. Through the years, floods and fires have changed the landscape of the city. In October 1979, the U.S. Army Corps of Engineers began impounding Smithville Lake, creating what is today a 7,200 acre lake with 175 miles of shoreline. Smithville Lake provides flood damage reduction, recreation opportunities, water supply and storage capabilities, as well as fish and wildlife management.

In 2014, the Downtown Smithville Historic District was included in the National Register of Historic Places. In 2019, the City was accepted into the Missouri Main Street Connection program with thanks to additional funding from the Smithville Chamber of Commerce and the Smithville Heritage Business District Association.



SMITHVILLE

missouri

16.24 miles²

About Smithville

Miles of Paved Roads	110
Building Permits Issued	608
Average Daily Number of Wastewater Gallons Treated	828,000
Wastewater Treatment Plants	1

4.2%

Unemployment
Rate



705

Business
Licenses Issued



2,559

School
Enrollment

10,406
RESIDENTS

Acres of Park	310
Parks	9
Playgrounds	3

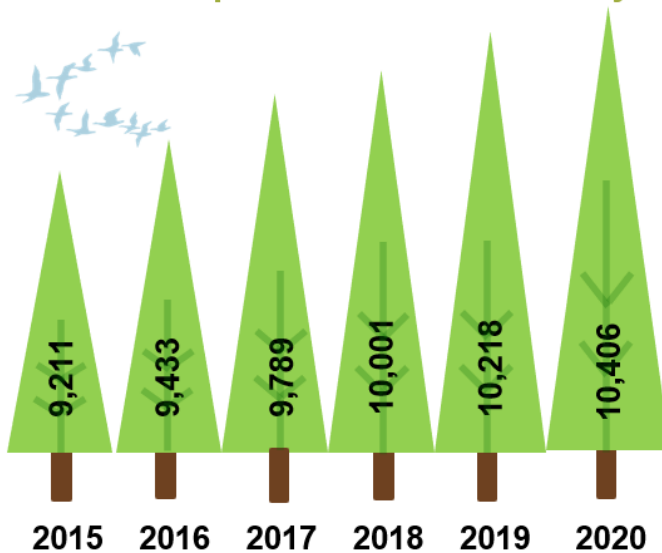


\$218,117,390

ASSESSED PROPERTY VALUE

City of Smithville Population Growth History

Population
Growth



AVERAGE

\$87,826

HOUSEHOLD INCOME

\$222,510

MEDIAN HOME VALUE



2.69

AVERAGE
HOUSEHOLD SIZE

MEDIAN AGE 35.4



CITY'S LARGEST
EMPLOYERS

Smithville School District
Saint Luke's Hospital
Cosentino's Price Chopper

CITY'S FINANCIAL INFORMATION

The City of Smithville has 12 independent funds totaling \$27,274,240 that are used to support the City's activities and departments.

Governmental Funds

The Governmental Fund is a tax supported fund that receive revenue through sales taxes, property taxes, motor fuel taxes, and intergovernmental revenues.

The **General Fund** functions as the primary operating fund for the City of Smithville. (See page 8)

The **Capital Improvement Sales Tax Fund** accounts for a voter approved 1/2-cent sales tax and has the purpose of funding, financing, operating and maintaining capital improvements. This sales tax went into effect October 1, 2018 and expires December 31, 2038. Capital Improvement Sales Tax funds are obligated for transfer to the Debt Service Fund to provide support for debt service principal and interest payments.

The **Parks and Stormwater Sales Tax Fund** accounts for a voter approved 1/2-cent sales tax which became effective October 1, 2020 and expires on September 30, 2040. The sales tax may be used for the purpose of operating, maintaining, funding, and/or financing parks and recreation needs and stormwater control.

The **Transportation Sales Tax Fund** accounts for a voter approved 1/2-cent sales tax which was approved in July 1989 and has no expiration date. Expenditures are limited by state statute to the construction, reconstruction, repair, and maintenance of streets, roads, sidewalks, trails, community-owned parking lots, and bridges within the City.

2021 Fund Summary	Revenues	Expenditures	Change in Net position	Beginning of the year	End of the year Balance
General Fund	\$5,421,730	\$5,259,922	\$162,725.89	\$3,558,070	\$3,720,796
Capital Improvement Sales Tax Fund	\$659,009	\$752,250	(\$93,241)	\$347,270	\$254,029
Parks and Stormwater Sales Tax Fund	\$614,190	\$176,872	\$437,318	-	\$437,318
Transportation Sales Tax Fund	\$587,177	\$893,832	(\$306,655)	\$762,606	\$455,951

Proprietary Funds

Proprietary Funds (also called Enterprise Funds) are supported through fee revenues which include monthly utility charges for the CWWS fund and monthly solid waste charges for the sanitation fund.

The **Combined Water & Wastewater Fund (CWWS)** accounts for revenues and expenditures related to water and wastewater operations in the City. Nearly 90% of CWWS fund revenues are provided from charges for services, such as the sale of water and wastewater to utility customers. These resources fund expenses related to daily utility operations (repair and maintenance of water lines, sewer lines, lift stations, and pump stations), capital improvement projects, debt payments (principal and interest), and other one-time expenses.

CITY'S FINANCIAL INFORMATION

The **Sanitation Fund** accounts for payments from the City to the City's trash and recycling provider as well as the management of the annual Household Hazardous Waste program. The City currently contracts with GFL (Green For Life) for trash, recycling, and bulky item pick-up services. The fund works as a simple "pass through" fund as all revenues received in the form of customer charges offset the City's payments to GFL.

2021 Fund Summary	Revenues	Expenditures	Change in Net position	Beginning of the year	End of the year Balance
Sanitation Fund	\$872,880	\$865,324	\$7,556	\$55,436	\$62,992
Combined Water/Wastewater Fund	\$4,955,281	\$3,957,146	\$998,135	\$18,930,162	\$19,928,297

Special Revenue Funds

Special revenue funds, such as the ARPA fund and Capital Projects Fund, are supported through federal and state grant monies.

The **Capital Projects Fund** has the purpose of funding, financing, operating and maintaining capital improvements. Capital Improvement Sales Tax funds are obligated for transfer to the Debt Service Fund to provide support for debt service principal and interest payments.

The **Special Allocation Fund** is the fund which accounts for economic activity relating to the Smithville marketplace Tax Increment Financing (TIF) and Community Improvement District (CID). This fund is recipient of TIF property tax revenue over and above the property tax base, the recipient of TIF EATs (Economic Activity Taxes), and the recipient of the 1% CID Sales/Use tax revenue generated from the Smithville Marketplace CID.

The City has planned to utilize the **American Rescue Plan Act (ARPA)** funding for the Raw Water Pump Station, Zebra Mussel, Valve Control capital improvement project.

2021 Fund Summary	Revenues	Expenditures	Change in Net position	Beginning of the year	End of the year Balance
Special Allocation Fund	\$677,917	\$2,295	675,622	\$8,260	\$683,882
Capital Projects Fund	\$296,689	\$1,536,744	(\$1,240,055)	\$1,261,031	\$20,976
ARPA Fund	\$1,089,138	-	\$1,089,138	-	\$1,089,138
Cares Act Fund	-	588,259	-	588,259	-

CITY'S FINANCIAL INFORMATION

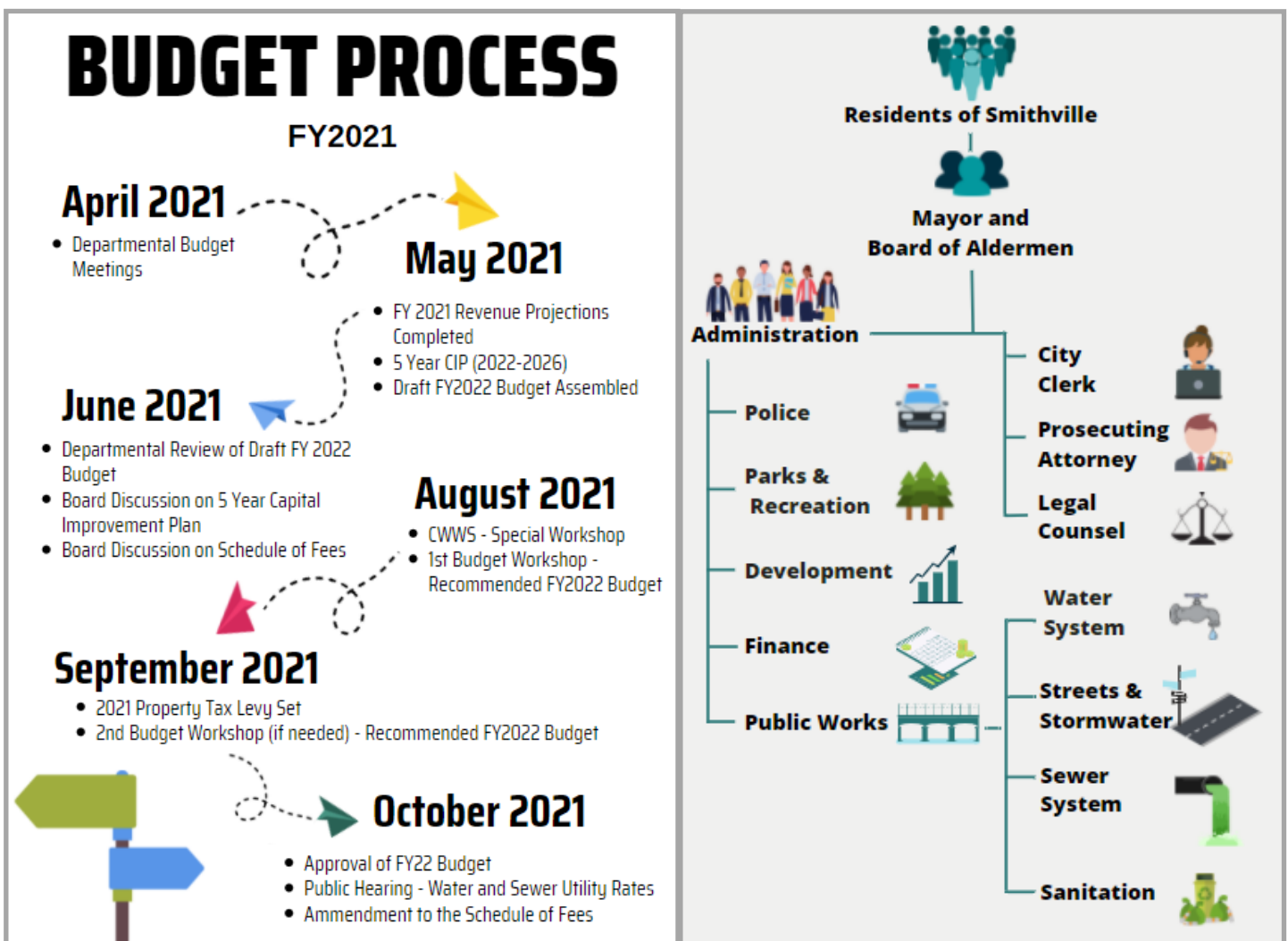
Internal Service Funds

An internal service fund is a fund used in governmental accounting to track goods or services shifted between departments on a cost reimbursement basis

The **Debt Service Fund** accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest issued by the City. The Debt Service Fund carries an informal reserve which is intended to be sufficient enough to cover the first debt service payments of a fiscal year without the need for additional cash transfers.

The **Vehicle and Equipment Replacement Fund (VERF)** accounts for expenses related to the management of the City's vehicle fleet.

2021 Fund Summary	Revenues	Expenditures	Change in Net position	Beginning of the year	End of the year Balance
Debt Service Fund	\$342,190	\$329,855	\$12,335	\$231,262	\$243,597
Vehicle and Equipment Replacement Fund	\$91,972	\$66,296	\$25,676	-	\$25,676



GENERAL FUND

The **General Fund** functions as the **primary operating** fund for the City of Smithville. The General Fund provides the resources necessary to fund a majority of City functions, such as police protection and emergency response, parks maintenance and recreational programs, senior services, code enforcement, permitting, licensing and street and sidewalk maintenance.

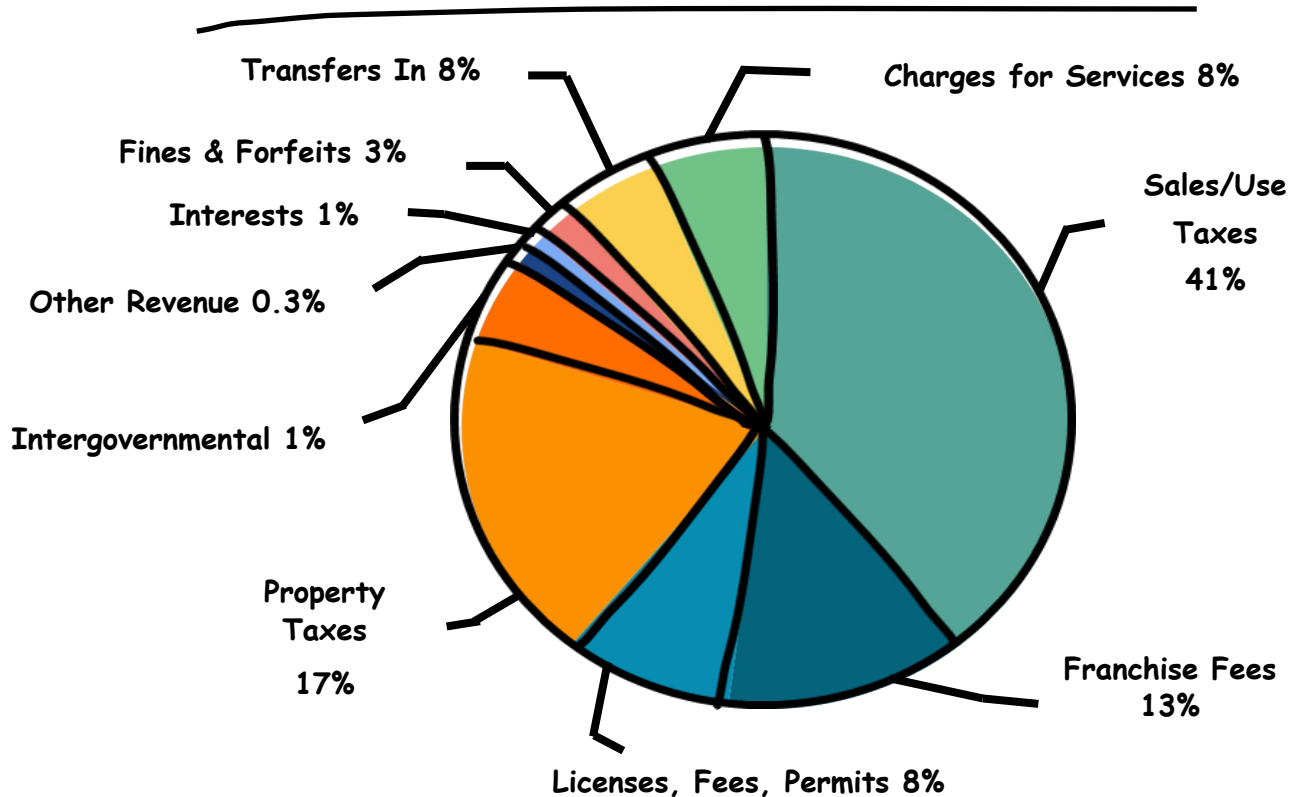
The General Fund is the recipient of revenue from the 1% City Sales Tax, the City Use Tax, property taxes levied on personal and real property, and franchise taxes. Supplementary sources like fines and forfeitures, building permit fees, business license fees, and recreation fees provide additional support to the fund.

	FY 2019	FY 2020	FY 2021
Beginning Fund Balance	\$ 3,218,861	\$ 3,728,491	\$ 3,558,070
Revenues By Type			
Property Taxes	\$ 855,455	\$ 895,583	\$ 934,865
Sales and Use Taxes	\$ 1,462,760	\$ 1,772,267	\$ 1,855,372
Franchise Taxes	\$ 730,518	\$ 710,418	\$ 698,065
Licenses, Fees, and Permits	\$ 350,455	\$ 390,263	\$ 427,815
Intergovernmental Revenues	\$ 802,981	\$ 298,712	\$ 342,857
Charges for Services	\$ 229,922	\$ 214,339	\$ 410,840
Fines and Forfeits	\$ 158,463	\$ 144,336	\$ 138,949
Interest	\$ 199,475	\$ 116,770	\$ 67,950
Other Revenue	\$ 51,833	\$ 46,400	\$ 16,138
Transfer In	\$ 721,965	\$ 174,520	\$ 450,763
Total Revenue	\$ 5,563,827	\$ 4,763,608	\$ 5,421,730
Expenses by Type			
Personnel Services	\$ 3,107,852	\$ 3,318,297	\$ 3,391,290
Contractual Services	\$ 444,746	\$ 388,535	\$ 457,901
Commodities	\$ 708,690	\$ 678,094	\$ 1,019,426
Capital Outlay	\$ 524,645	\$ 549,103	\$ 351,306
Transfers Out	\$ 268,263	-	\$ 40,000
Total Expenses	\$ 5,054,197	\$ 4,934,029	\$ 5,259,922
Net Change in Fund Balance	\$ 509,630	\$ (170,421)	\$ 161,808
Ending Fund Balance	\$ 3,728,491	\$ 3,558,070	\$ 3,719,878

WHERE DOES THE MONEY COME FROM?

In FY2021, General Fund revenues totaled more than \$ 5.4 millions, an increase of 17% from Fiscal Year 2020. Sales and Use taxes were the largest form of revenue for the City, representing **41%** of total revenue. Property taxes make up **17%**, and is the second largest category of revenue. Franchise fees for electricity, natural gas, telecommunications, cable television, and utilities are collected and comprise the third largest category of revenue at **13%**.

FY21 General Fund Revenue By Category Type

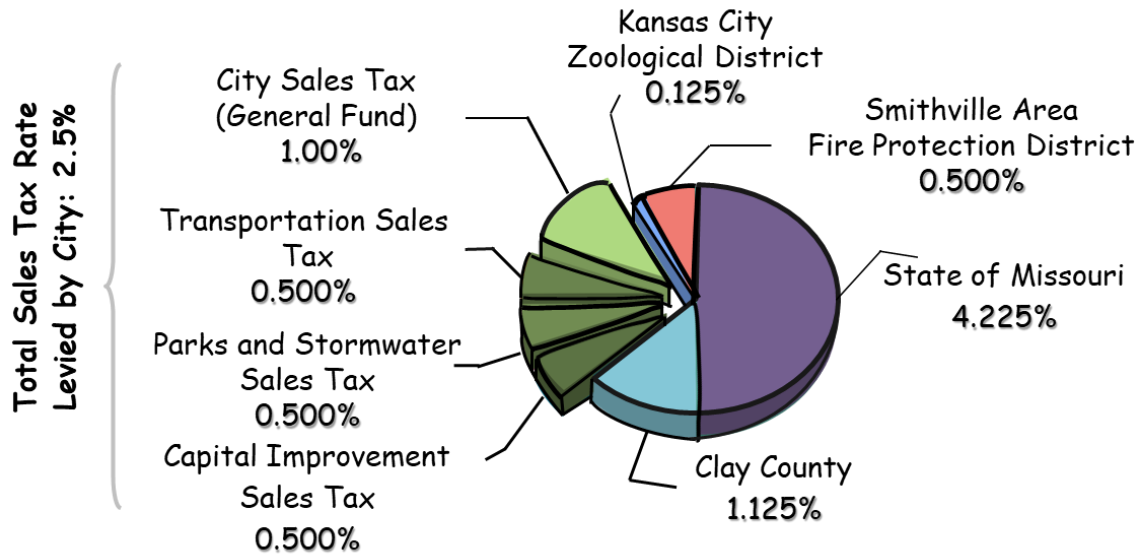


Categories	Examples of Revenue Sources
Licenses, Fees, Permits	Building Permits, Business Licenses, Motor Vehicle Fees.
Intergovernmental	Motor Fuel Tax, Grant Revenue, SRO Agreement Revenue, Federal and State Funding.
Charges for Services	Smith's Fork Campground Fees, Athletic Field Rental, Youth & Adult Recreation Fees.
Fines and Forfeits	Fines and fees relating to violations of any City ordinances.
Interest Earnings	Interest Earned from Cash Balance at Bank.
Other Revenue	Sponsorships, Animal Shelter Fees, Sale of Personal Property.
Transfers In	Revenue Transferred In from Other Funds.

SALES TAX OVERVIEW

The total Sales Tax rate in the City of Smithville is **8.475%**. The Sales Tax is distributed as the following: The State of Missouri receives 4.225%, Clay County receives 1.125%, Smithville Area Fire Protection District receives 0.500%, the Kansas City Zoological District receives 0.125%, and the City of Smithville receives **2.5%**. Smithville Marketplace has an additional 1% CID Sales Tax to pay for public infrastructure in the district. Total rate for Smithville Marketplace is 9.475%.

City of Smithville—Sales Tax Rate Breakdown



Total Rate in City: 8.475%

How does the City use the Sales Tax Revenue?

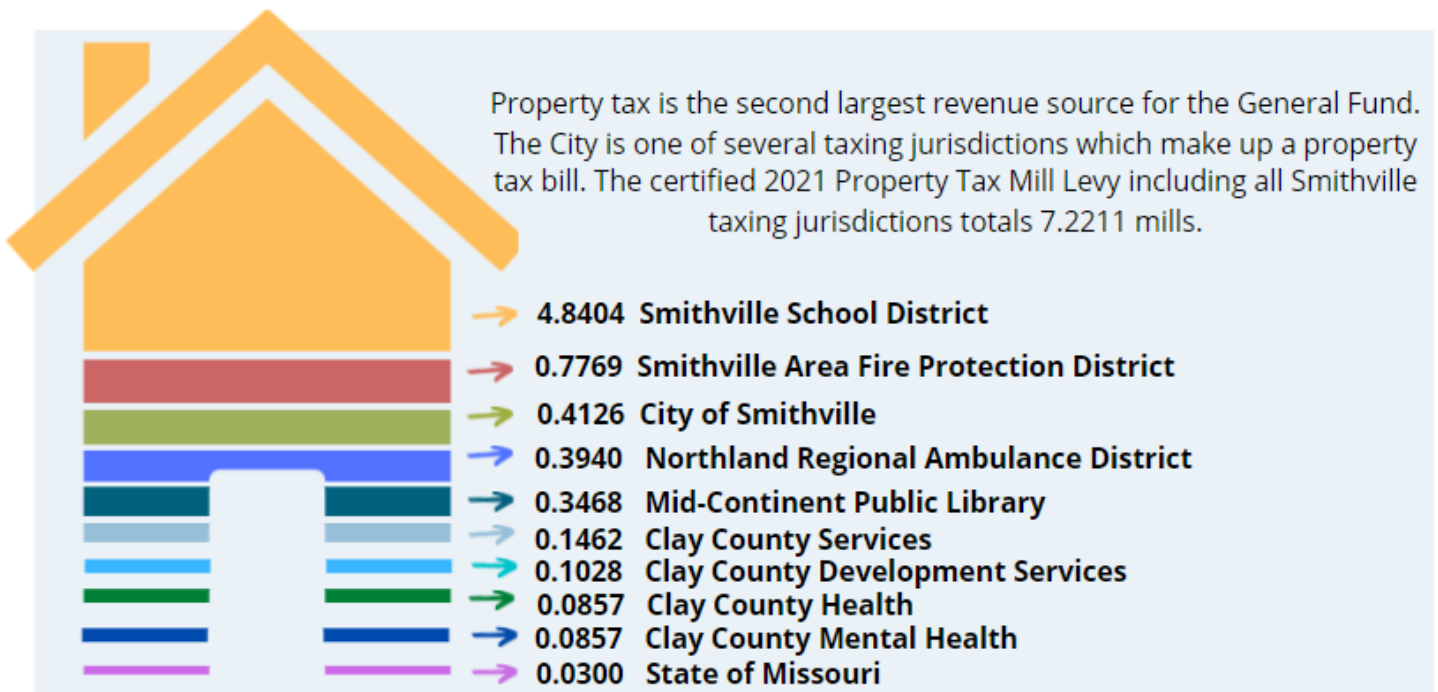
The Sales Tax received by the City of Smithville is 2.5% and it is distributed in four funds. Sales tax revenues are authorized by state statute. In addition, The Transportation Sales Tax, Park and Stormwater Sales Tax, and Capital Improvement Sales Tax are voter-approved (See page 6). The portion of **General Fund (1%)** pays for a majority of City functions, such as police protection and emergency response, parks maintenance side walk maintenance, etc. The part of **Transportation Fund (0.5%)** pays for road maintenance projects. **Parks and Stormwater Sales Tax (0.5%)** are used to pay for capital improvement projects within Parks and Recreation and storm water control. The **Capital Improvement Sales Tax (0.5%)** is used for capital improvement projects to improve, rehabilitate or increase the capacity of different amenities.

Example:

If you buy a \$100 bike.
The City of Smithville receives \$2.50.



PROPERTY TAX OVERVIEW



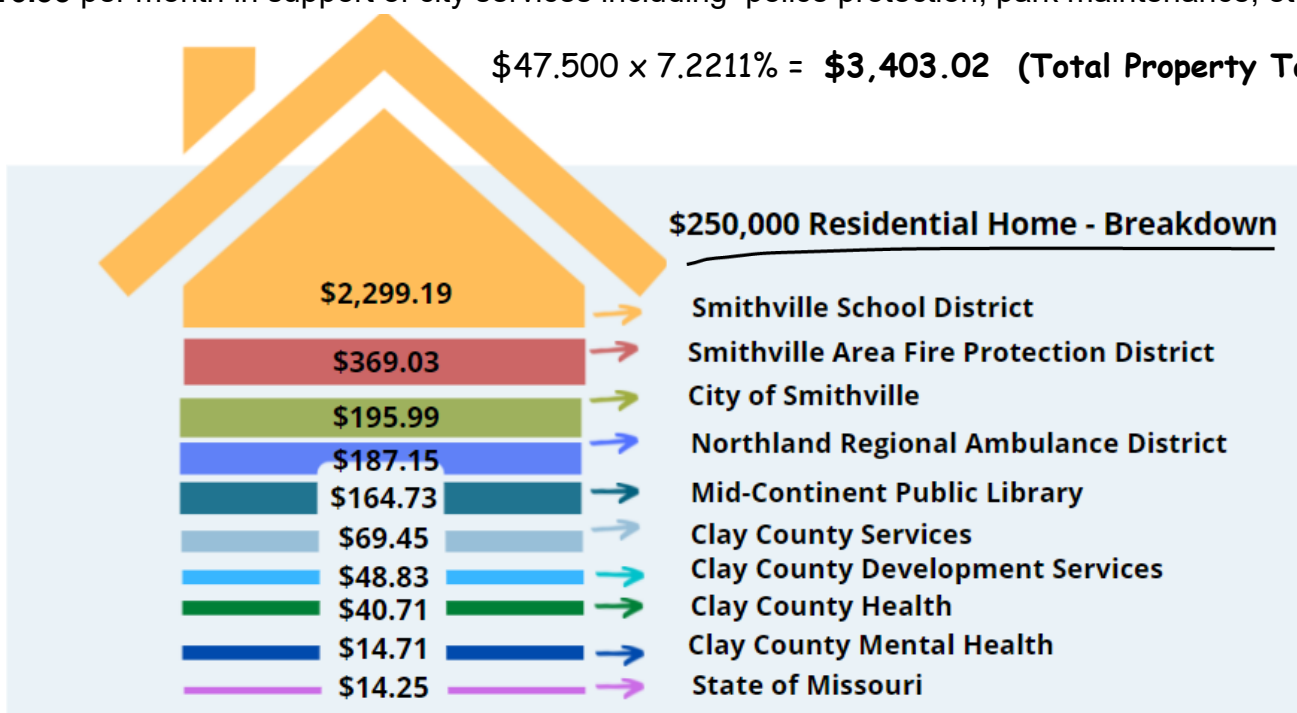
Example:

If a house has an **appraised (market) value** of \$250,000, its **assessed value** will be \$47,500. This number can be calculated by multiplying the appraised value by the **residential assessment factor** which is **19%**. The assessment factor for agricultural properties is 12% and 32% for commercial properties.

$$\$250,000 \times 19\% = \$47,500 \quad (\text{Assessed value})$$

The assessed value is then multiplied by the mill levy. The owner of this house will pay a total of **3,403.02**. The City of Smithville will receive **\$195.99** of the total tax bills. This breaks down to **\$16.33** per month in support of city services including police protection, park maintenance, etc.

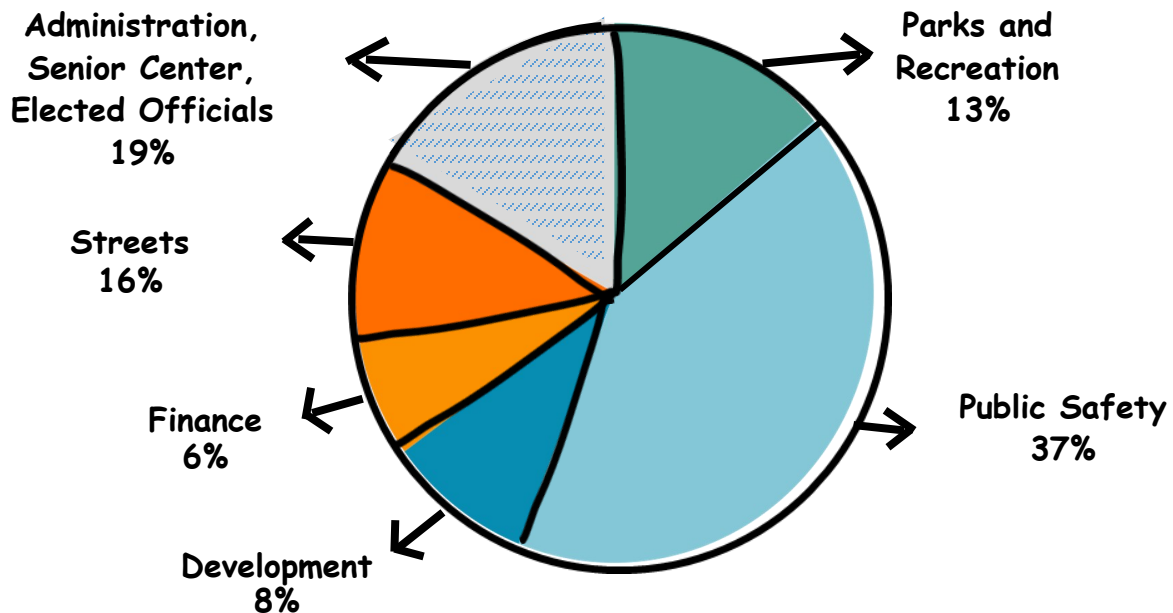
$$\$47,500 \times 7.2211\% = \$3,403.02 \quad (\text{Total Property Tax})$$



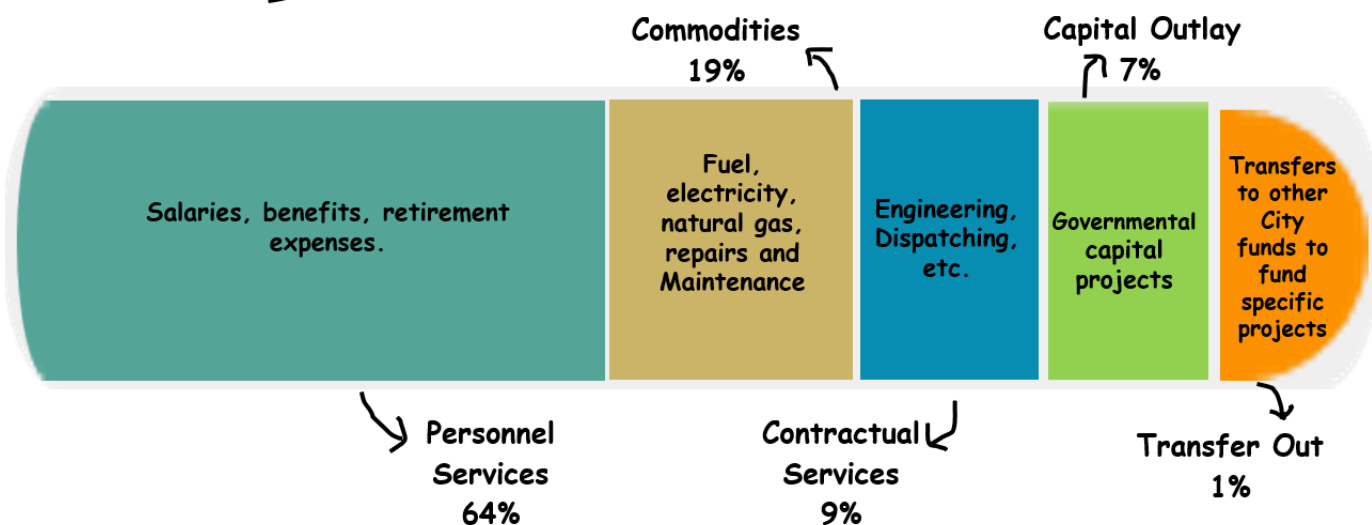
WHERE DOES THE MONEY GO?

General Fund expenditures in FY21 totaled \$5,259,922.39. About two thirds of that amount was spent on Public Safety, Parks and recreation, and Streets. The remaining departments make up the rest of General Fund expenditures.

FY21 General Fund Expenditure By Department



FY21 General Fund Expenditure By Spending Category



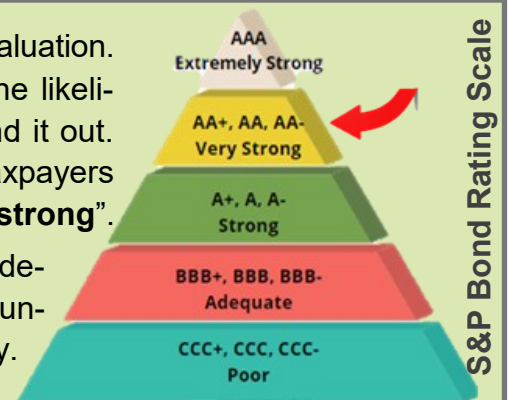
WHAT DOES THE CITY OWE?

The City uses cash to fund most projects (pay as you go). However, sometimes uses different types of financing to fund some projects. Some of this financing types includes General Obligation Bonds (GO), Certificates of Participation (COP), etc.

GO Bonds	Certificates of Participation (COP)
GO Bonds represents a loan made by an investor to the City. Bond details include the end date when the principal of the loan is due to be paid and include the terms for variable or fixed interest payments. GO Bonds must be voter-approved. In 2018, voters approved the issuance of \$5,625,000 in GO debt for the City.	COPs are a type of financing where an investor purchases a share of the lease revenues of a program rather than the bond being secured by those revenues. COPs are secured by lease revenues and do not need to be voter-approved. The City issued COPs in 2012 and 2018 for water and wastewater improvements.
As of November 1, 2021, the City's GO balance is \$5,375,000 .	As of November 1, 2021, the City has \$8,205,000 in COP debt remaining. Detailed schedule is included in the Comprehensive Annual Report available on the City's website.

Bond Rating: A bond rating provides a general credit risk evaluation. Bond ratings indicate the general quality of a bond, including the likelihood that investors will receive their money back when they lend it out. Higher bond ratings mean lower interest rates, which save taxpayers dollars. Our current rating is **"AA-"** which is considered as **"very strong"**.

This rating reflects that the City has a strong economy and is adequately managed with standard financial policies and practices under S&P Global Financial Management Assessment methodology.



Future Debt Planning

The City continues to proactively identify future infrastructure needs and improvements. Future capital improvement projects which may required funding via debt issuance are outlined below.

Capital Improvement Project	Estimated Cost	Timeline	Instrument
144th Lift Station and West Bypass	\$3,500,000	FY2022	COP
Water Plant Expansion	\$10,000,000	FY2025 - FY2026	COP
Construction of Owens Branch Gravity Line Phase #1, Line #2	\$1,900,000	FY2026	COP
Wastewater Treatment Plant Expansion Construction	\$5,000,000	FY2026	COP
Water Treatment Plant Expansion -Construction	\$5,000,000	FY2026	COP
Construction of Owens Branch Gravity Line Phase #1, Line #3	\$2,500,000	Outside 2022 - 2026	COP
Construction of 144th Street to Forest Oaks Gravity Line	\$3,000,000	Outside 2022 - 2026	COP

WHAT WAS ACCOMPLISHED IN 2021?

- Received the Government Financial Officers Association (GFOA) Distinguished Budget Award for the FY20 budget.
- Developed a 5-year financial forecast for all budgeted funds featuring trend analysis and projections for key revenues and expenses.
- Worked with departments to implement a new fleet management system.



- ✓ Police responded to 223 alarm calls
- ✓ Completed 289 welfare checks

- Improved CIP pages, which is reflected in an improved and more detailed Budget book.
- Negotiated and implemented discounts in trash and recycling services for Senior citizens.
- Successfully increased enrollment of customer ACH authorization.
- Resumed Benchmarking initiatives.

Smithville was recognized as the #17 Safest cities of Missouri.



Sponsored first two recruits in the police academy.

Police assisted in 45 Vehicle Lockouts.



Increased communication through an expanded quarterly citizen's newsletter.



608 Total Permits were issued.
54 were residential permits with a total value of \$15,831,289



Issued 8 Commercial permits with a total value of \$29,999,303



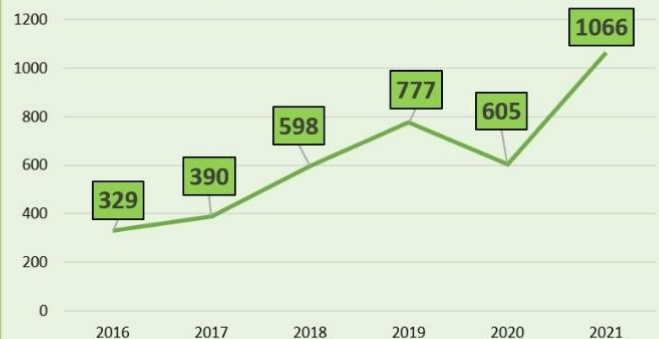
Completed 14,874 subdivision checks and 5,621 business safety checks.

ACCOMPLISHMENTS BY THE NUMBERS



Implemented biweekly fitness classes for seniors.

Number of participants in Youth Sport Programs



Increased registration numbers in youth sports programs.



Heritage Park Basketball Court was completed in October 2021.



Phase 2 and 3 of the Smith's Fork campground electrical upgrades were completed.



The Diamond Crest Park Plash Pad opened in July 2021.



Main Street Trail

The project is now complete with installation of solar benches.

The final project cost is \$1,431,184, with state grant funding totaling \$291,103.



- Improved ISO rating on Building Code Enforcement to Residential – 5, Commercial – 4.
- All Building Inspectors have obtained ICC Certification – Residential Building Inspector.



Three subdivisions began construction, with two likely recording final plats in 2021.



Improved Pavement Condition Index

PCI evaluation rates the condition of the roads in a scale of 1- 100. The rating has increased from 63.3 in 2019 to 73.90 in 2021.



Sidewalk Program

The street division started replacing sidewalks in poor condition under the Sidewalk Improvement Program. Approximately 720 ft. of concrete was replaced with the Sidewalk Program.



Coordinated continued work of Smithville Main Street Program.



Responded to 10 snow events (Dec - Feb)
Used 450 tons of salt and salt sand mix.

PROGRESS AS PROMISED

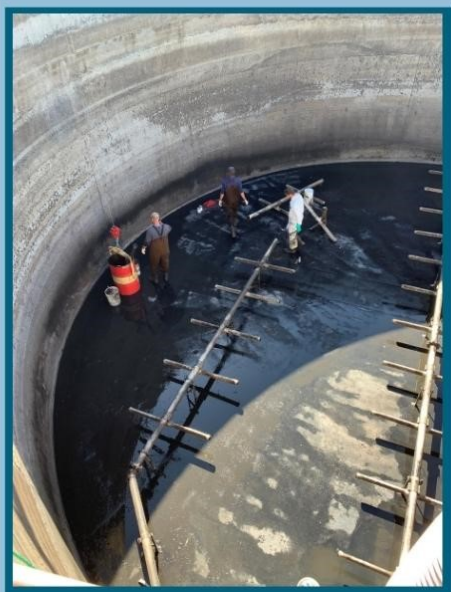
Street Maintenance Program

The Street Maintenance Program for 2021 included the Rock Creek Subdivision and the Coulter Addition. This program involved significant patching and asphalt to stabilize some thin pavement areas on Rock Street. The road in Coulter Addition, Hillcrest needed rehabilitation because the seal surface was in poor condition.



Streetscape Project

Completed East Main project in October 2021.



Cleaned 2 basins.



- ✓ Replaced 5 pumps in lift stations.
- ✓ Wastewater collection systems.
- ✓ Replaced 20 decant valves.
- ✓ Inspected and conducted weekly preventive maintenance on 31 sewer pump stations.
- ✓ Conducted monthly sewer clean outs on problematic gravity sewer lines.

Completed street sweeping (April, July, and November)

The downtown area was swept monthly from April through October.



1 High service pump was rebuilt.



1 Transfer pump was rebuilt.

5 Replaced turbidity monitors at the plant.

Completed 1,486 work orders including: connections, meter changes, sump pump inspections, rereads, etc.



Produced
over
368
MILLION
GALLONS
of safe drinking
water



Plant personnel conducted over **275** tests per day in the lab which equates to over 100,000 tests a year.

Treated over
300
MILLION
GALLONS
of raw sewage



Collected over **196** samples per Year in the distribution system. Information was sent to the Department of Natural Resources.



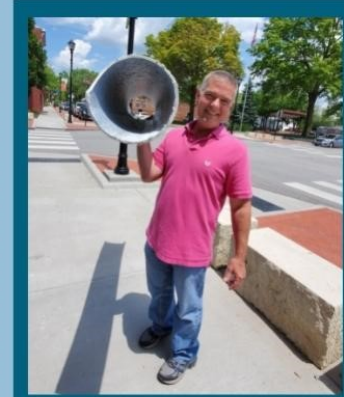
Before



After

Insituform Cured in Place Pipe

This maintenance project was completed, lining approximately 3,800 feet of sewer main and 50 vertical feet of manhole.



Water Distribution System

- ✓ Conducted 4,301 locates on time.
- ✓ Repaired 48 water line issues. Most of them being in the central portion of town.

✓ AWIA - America's Water Infrastructure Act Assessment and Action Plan - Completed

The City completed the Risk and Resilience Assessment for the municipal water system and submitted certification of such to the EPA. This document evaluated the City's water infrastructure for threats. Staff and HDR Inc. evaluated 274 assets and threats identifying the top 7 and improvements needed based on cost to benefit analysis. The City had a 72.86 URI (Utility Resilience Index). The standard URI is 62.14.



www.smithvillemo.org
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