

CITY OF SMITHVILLE, MISSOURI
MODIFIED CASH BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED OCTOBER 31, 2022



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Aldermen and Mayor
City of Smithville, Missouri

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2022, 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 for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective November 1, 2021, the City adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than 12 months. Our conclusion is not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, 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.



CliftonLarsonAllen LLP

St. Joseph, Missouri
March 23, 2023

FINANCIAL STATEMENTS

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF NET POSITION — MODIFIED CASH BASIS
OCTOBER 31, 2022

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,867,451	\$ 4,595,484	\$ 8,462,935
Restricted Cash and Investments	5,216,879	2,317,060	7,533,939
Capital Assets:			
Nondepreciable	1,522,665	2,614,414	4,137,079
Depreciable, Net	<u>14,517,952</u>	<u>23,197,198</u>	<u>37,715,150</u>
Total Assets	25,124,947	32,724,156	57,849,103
LIABILITIES			
Developer Escrow	40,000	-	40,000
Customer Deposits	-	364,876	364,876
Long-Term Liabilities:			
Due Within One Year	801,687	363,772	1,165,459
Due In More Than One Year	<u>12,907,448</u>	<u>7,372,787</u>	<u>20,280,235</u>
Total Liabilities	13,749,135	8,101,435	21,850,570
NET POSITION			
Net Investment in Capital Assets	10,401,884	18,075,053	28,476,937
Restricted for Law Enforcement	28,150	-	28,150
Restricted for Transportation	429,407	-	429,407
Restricted for Debt Service	255,934	312	256,246
Restricted for Capital Projects	594,503	2,316,748	2,911,251
Restricted for Pandemic	880,215	-	880,215
Restricted for Parks and Recreation	809,380	-	809,380
Restricted for Economic Development	2,427,864	-	2,427,864
Restricted for Other Purposes	7,296	-	7,296
Unrestricted	<u>(4,458,821)</u>	<u>4,230,608</u>	<u>(228,213)</u>
Total Net Position	<u>\$ 11,375,812</u>	<u>\$ 24,622,721</u>	<u>\$ 35,998,533</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF ACTIVITIES — MODIFIED CASH BASIS
YEAR ENDED OCTOBER 31, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		Total
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General Government	\$ 1,736,713	\$ 62,022	\$ -	\$ -	\$ (1,674,691)	\$ -	\$ (1,674,691)
Public Works	1,246,127	49,299	-	24,335	(1,172,493)	-	(1,172,493)
Pandemic	-	-	1,110,128	-	1,110,128	-	1,110,128
Police	1,995,082	216,256	34,337	-	(1,744,489)	-	(1,744,489)
Community and Economic Development	7,735,941	269,464	-	-	(7,466,477)	-	(7,466,477)
Parks and Recreation	731,753	308,325	93,534	-	(329,894)	-	(329,894)
Interest and Fiscal Charges	184,530	-	-	-	(184,530)	-	(184,530)
Total Governmental Activities	<u>13,630,146</u>	<u>905,366</u>	<u>1,237,999</u>	<u>24,335</u>	<u>(11,462,446)</u>	<u>-</u>	<u>(11,462,446)</u>
BUSINESS-TYPE ACTIVITIES							
Water and Sewer	3,337,613	5,051,848	805,495	1,613,939	-	4,133,669	4,133,669
Sanitation	818,526	813,122	-	-	-	(5,404)	(5,404)
Total Business-Type Activities	<u>4,156,139</u>	<u>5,864,970</u>	<u>805,495</u>	<u>1,613,939</u>	<u>-</u>	<u>4,128,265</u>	<u>4,128,265</u>
Total Primary Government	<u>\$ 17,786,285</u>	<u>\$ 6,770,336</u>	<u>\$ 2,043,494</u>	<u>\$ 1,638,274</u>	<u>(11,462,446)</u>	<u>4,128,265</u>	<u>(7,334,181)</u>
GENERAL REVENUES							
Taxes:							
					1,197,115	-	1,197,115
					5,130,971	-	5,130,971
					742,590	-	742,590
					331,904	-	331,904
					-	42,343	42,343
					147,524	1,200	148,724
					111,175	47,065	158,240
					173,566	37,426	210,992
					(1,037,628)	(292,405)	(1,330,033)
					<u>6,797,217</u>	<u>(164,371)</u>	<u>7,962,879</u>
					(4,665,229)	3,963,894	628,698
					<u>16,041,041</u>	<u>20,658,827</u>	<u>36,699,868</u>
					<u>\$ 11,375,812</u>	<u>\$ 24,622,721</u>	<u>\$ 37,328,566</u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
BALANCE SHEET — MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
OCTOBER 31, 2022**

ASSETS	<u>General</u>	<u>Special Allocation</u>	<u>ARPA Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 3,649,549	\$ -	\$ -	\$ 217,902	\$ 3,867,451
Restricted Cash	-	2,427,864	880,215	1,908,800	5,216,879
Total Assets	<u>\$ 3,649,549</u>	<u>\$ 2,427,864</u>	<u>\$ 880,215</u>	<u>\$ 2,126,702</u>	<u>\$ 9,084,330</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Developer Escrow	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
FUND BALANCES					
Restricted:					
Law Enforcement	-	-	-	28,150	28,150
Transportation	-	-	-	429,407	429,407
Debt Service	-	-	-	255,934	255,934
Capital Projects	-	-	-	594,503	594,503
Pandemic	-	-	880,215	-	880,215
Parks and Recreation	-	-	-	809,380	809,380
Economic Development	-	2,427,864	-	-	2,427,864
Other Purposes	-	-	-	7,296	7,296
Committed:					
Law Enforcement Technology Upgrades	-	-	-	2,032	2,032
Vehicle and Equipment Replacement	184,327	-	-	-	184,327
Unassigned	3,425,222	-	-	-	3,425,222
Total Fund Balances	<u>3,609,549</u>	<u>2,427,864</u>	<u>880,215</u>	<u>2,126,702</u>	<u>9,044,330</u>
Total Liabilities and Fund Balances	<u>\$ 3,649,549</u>	<u>\$ 2,427,864</u>	<u>\$ 880,215</u>	<u>\$ 2,126,702</u>	<u>\$ 9,084,330</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, 2022**

Total Fund Balances - Governmental Funds \$ 9,044,330

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. 16,040,617

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 (71,603)
Bonds Payable (13,637,532)

Total Net Position - Governmental Activities \$ 11,375,812

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES — MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2022

	General	Special Allocation	ARPA Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 1,007,610	\$ 189,505	\$ -	\$ -	\$ 1,197,115
Sales and Use Taxes	2,122,573	1,016,380	-	1,992,018	5,130,971
Franchise Taxes	742,590	-	-	-	742,590
Licenses, Fees, and Permits	422,663	-	-	183,994	606,657
Intergovernmental Revenues	388,676	-	1,110,128	-	1,498,804
Charges for Services	317,125	-	-	-	317,125
Fines and Forfeits	118,738	-	-	-	118,738
Interest	124,953	12,000	10,570	-	147,523
Other Revenue	101,714	-	-	30,131	131,845
Total Revenues	<u>5,346,642</u>	<u>1,217,885</u>	<u>1,120,698</u>	<u>2,206,143</u>	<u>9,891,368</u>
EXPENDITURES					
Current:					
General Government	1,319,114	-	-	-	1,319,114
Police	2,043,463	-	-	2,455	2,045,918
Municipal Court	-	-	-	2,250	2,250
Public Works	885,006	-	-	133,365	1,018,371
Pandemic	-	-	1,330,033	-	1,330,033
Parks and Recreation	712,742	-	-	3,562	716,304
Community and Economic Development	465,345	6,914,999	-	-	7,380,344
Senior Center	27,391	-	-	-	27,391
Capital Outlay	455,764	-	-	1,010,863	1,466,627
Debt Service:					
Principal	-	-	-	178,471	178,471
Interest and Fiscal Charges	-	-	-	199,018	199,018
Issuance costs	-	328,953	-	-	328,953
Total Expenditures	<u>5,908,825</u>	<u>7,243,952</u>	<u>1,330,033</u>	<u>1,529,984</u>	<u>16,012,794</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(562,183)	(6,026,067)	(209,335)	676,159	(6,121,426)
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	115,614	-	-	-	115,614
Issuance of Debt	-	8,068,953	-	-	8,068,953
Transfers In	294,213	-	-	463,824	758,037
Transfers Out	-	(1,808)	-	(463,824)	(465,632)
Total Other Financing Sources (Uses)	<u>409,827</u>	<u>8,067,145</u>	<u>-</u>	<u>-</u>	<u>8,476,972</u>
NET CHANGE IN FUND BALANCES	(152,356)	2,041,078	(209,335)	676,159	2,355,546
Fund Balances - Beginning Of Year	<u>3,761,905</u>	<u>386,786</u>	<u>1,089,550</u>	<u>1,450,543</u>	<u>6,688,784</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,609,549</u>	<u>\$ 2,427,864</u>	<u>\$ 880,215</u>	<u>\$ 2,126,702</u>	<u>\$ 9,044,330</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, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 2,355,546

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	1,466,627
Depreciation and Amortization Expense	(602,164)
Difference Between Gain/Loss and Proceeds on Disposal of Capital Assets	(4,440)

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	9,684
Debt Principal Retirement	178,471

Proceeds of long term-debt is reported as an other financing source in the governmental funds, but the proceeds increase long-term liabilities on the statement of net position.

(8,068,953)

Change in Net Position - Governmental Activities

\$ (4,665,229)

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF NET POSITION — MODIFIED CASH BASIS
PROPRIETARY FUNDS
OCTOBER 31, 2022

ASSETS	<u>Water and Wastewater</u>	<u>Sanitation</u>	<u>Total Proprietary Funds</u>
CURRENT ASSETS			
Cash	\$ 4,537,896	\$ 57,588	\$ 4,595,484
RESTRICTED ASSETS			
Cash and Cash Equivalents	2,317,060	-	2,317,060
CAPITAL ASSETS			
Nondepreciable	2,614,414	-	2,614,414
Depreciable, Net	<u>23,197,198</u>	<u>-</u>	<u>23,197,198</u>
Capital Assets, Net	<u>25,811,612</u>	<u>-</u>	<u>25,811,612</u>
Total Assets	<u>\$ 32,666,568</u>	<u>\$ 57,588</u>	<u>\$ 32,724,156</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Customer Deposits	\$ 364,876	\$ -	\$ 364,876
Current Maturities of Long-Term Liabilities	<u>363,772</u>	<u>-</u>	<u>363,772</u>
Total Current Liabilities	728,648	-	728,648
LONG-TERM LIABILITIES			
Long-Term Liabilities, Less Current Maturities Above	<u>7,372,787</u>	<u>-</u>	<u>7,372,787</u>
Total Liabilities	8,101,435	-	8,101,435
NET POSITION			
Net Investment in Capital Assets	18,075,053	-	18,075,053
Restricted for Debt Service	312	-	312
Restricted for Capital Projects	2,316,748	-	2,316,748
Unrestricted	<u>4,173,020</u>	<u>57,588</u>	<u>4,230,608</u>
Total Net Position	<u>24,565,133</u>	<u>57,588</u>	<u>24,622,721</u>
Total Liabilities and Net Position	<u>\$ 32,666,568</u>	<u>\$ 57,588</u>	<u>\$ 32,724,156</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, 2022**

	Water and Wastewater	Sanitation	Total Proprietary Funds
OPERATING REVENUES			
Charges for Services	\$ 5,051,848	\$ 813,122	\$ 5,864,970
OPERATING EXPENSES			
Personnel Services	1,148,863	-	1,148,863
Contractual Services	267,743	818,526	1,086,269
Operations	578,949	-	578,949
Repair and Maintenance	315,665	-	315,665
Depreciation and Amortization	749,600	-	749,600
Total Operating Expenses	<u>3,060,820</u>	<u>818,526</u>	<u>3,879,346</u>
OPERATING INCOME	1,991,028	(5,404)	1,985,624
NONOPERATING REVENUES (EXPENSES)			
Tower Lease	42,343	-	42,343
Interest Income	1,200	-	1,200
Interest Expense and Fiscal Charges	(276,793)	-	(276,793)
Gain on Sale of Capital Assets	47,065	-	47,065
Grant Revenue	805,495	-	805,495
Other Revenue	37,426	-	37,426
Total Nonoperating Revenues (Expenses)	<u>656,736</u>	<u>-</u>	<u>656,736</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions	1,330,033	-	1,330,033
Transfers Out	(292,405)	-	(292,405)
Impact Fees	283,906	-	283,906
Total Capital Contributions and Transfers	<u>1,321,534</u>	<u>-</u>	<u>1,321,534</u>
CHANGES IN NET POSITION	3,969,298	(5,404)	3,963,894
Net Position - Beginning of Year	<u>20,595,835</u>	<u>62,992</u>	<u>20,658,827</u>
NET POSITION - END OF YEAR	<u>\$ 24,565,133</u>	<u>\$ 57,588</u>	<u>\$ 24,622,721</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CASH FLOWS — MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2022

	Water and Wastewater	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 5,054,736	\$ 813,122	\$ 5,867,858
Cash Paid to Suppliers	(1,162,357)	(818,526)	(1,980,883)
Cash Paid to Employees	(1,148,863)	-	(1,148,863)
Net Cash Provided (Used) by Operating Activities	2,743,516	(5,404)	2,738,112
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other Nonoperating Revenue	79,769	-	79,769
Cash Transferred to Other Funds	(292,405)	-	(292,405)
Net Cash Used by Noncapital Financing Activities	(212,636)	-	(212,636)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grant proceeds received	805,495	-	805,495
Purchase of Capital Assets	(1,741,019)	-	(1,741,019)
Proceeds from Sale of Capital Assets	47,065	-	47,065
Cash Received from Impact Fees	283,906	-	283,906
Payments on Long-Term Debt	(390,000)	-	(390,000)
Interest Paid on Long-Term Debt	(285,072)	-	(285,072)
Net Cash Used by Capital and Related Financing Activities	(1,279,625)	-	(1,279,625)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	1,200	-	1,200
NET INCREASE (DECREASE) IN CASH	1,252,455	(5,404)	1,247,051
Cash - Beginning of Year	5,602,501	62,992	5,665,493
CASH - END OF YEAR	\$ 6,854,956	\$ 57,588	\$ 6,912,544

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CASH FLOWS — MODIFIED CASH BASIS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED OCTOBER 31, 2022**

	Water and Wastewater	Sanitation	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 1,991,028	\$ (5,404)	\$ 1,985,624
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	749,600	-	749,600
Change in:			
Customer Deposits	2,888	-	2,888
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,743,516</u>	<u>\$ (5,404)</u>	<u>\$ 2,738,112</u>
CASH REPORTED ON THE STATEMENT OF NET			
Cash	\$ 4,537,896	\$ 57,588	\$ 4,595,484
Restricted Cash and Cash Equivalents	<u>2,317,060</u>	<u>-</u>	<u>2,317,060</u>
Total Cash and Cash Equivalents	<u>\$ 6,854,956</u>	<u>\$ 57,588</u>	<u>\$ 6,912,544</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:			
Capital Assets Purchased by ARPA Fund and Recorded Through Transfer	<u>\$ 1,330,033</u>	<u>\$ -</u>	<u>\$ 1,330,033</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION — MODIFIED CASH BASIS
OCTOBER 31, 2022

	Smithville Commons CID
ASSETS	
Cash	\$ 92,718
Total Assets	\$ 92,718
NET POSITION	
Restricted for:	
Other Governments	\$ 92,718
Total Fund Balances	\$ 92,718

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — MODIFIED CASH BASIS
YEAR ENDED OCTOBER 31, 2022**

	Smithville Commons CID
ADDITIONS	
Tax Collections for Other Governments	\$ 350,439
Total Additions	350,439
DEDUCTIONS	
Current:	
General Government	554,817
Total Deductions	554,817
NET DECREASE IN FIDUCIARY NET POSITION	(204,378)
Net Position - Beginning of Year	297,096
NET POSITION - END OF YEAR	\$ 92,718

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

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, 2022**

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 accounting principles generally accepted in the United States of America.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

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.
- *Special Allocation Fund*
The Special Allocation Fund is a special revenue fund used to account for the City's Tax Increment Financing (TIF) and other redevelopment projects. Revenues are derived from Payment in Lieu of Taxes, Economic Activity Taxes, bond proceeds and reimbursements from funding agreements.
- *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.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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, 2022**

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, 2022, 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.

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.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

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

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.

Leases

The City determines if an arrangement is a lease or financed purchase at inception. Leases and financed purchases are included in right-to-use assets and lease liabilities in the statement of net position as applicable, and only to the extent that the transaction follows a transfer of cash, in accordance with the modified cash basis of accounting. The signing of a lease agreement when the seller and lender are the same party does not constitute a cash transaction, and no lease liabilities or right-of-use assets are recognized by the City in those instances.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Financed purchase liabilities represent the City's obligation to make payments arising from the agreement. They are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The City recognizes payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position.

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.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances (Continued)

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.

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.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Due to the modified cash basis of accounting, the City will only recognize leased assets and liabilities to the extent that the leasing transaction follows a transfer of cash. Implementation of the accounting standard resulted in no changes to net position or fund balances as of November 1, 2021.

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.

NOTE 3 DEPOSITS AND INVESTMENTS

A summary of the carrying values of deposits, investments, and petty cash at October 31, 2022 is as follows:

Cash on Hand	\$ 700
Demand Deposits	11,717,665
Certificates of Deposit	2,003,501
Total Cash Deposits	<u>13,721,866</u>
Short-Term Investments Held in Trust	2,367,726
Total Cash Deposits and Investments	<u><u>\$ 16,089,592</u></u>

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

Cash and Cash Equivalents	\$ 8,462,935
Restricted Cash and Cash Investments	7,533,939
Cash and Cash Equivalents - Held in Custodial Funds	92,718
Total	<u><u>\$ 16,089,592</u></u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2022, the carrying amount of the City's demand deposits and certificates of deposit in financial institutions was \$13,721,866. The bank balances totaled \$14,053,745 of which \$251,817 was FDIC insured and \$13,801,928 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.

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, 2022, 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.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements

In determining fair value, the City uses various valuation approaches within GASB Statement No. 72 *Fair Value Measurement and Application*. 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.

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, 2022, consisted of the following:

<u>Investment</u>	<u>Maturity</u> Under <u>One Year</u>	<u>Rating</u>	<u>Fair Value</u> <u>Hierarchy</u> <u>Level</u>
Restricted Investments, Proprietary Fund, Fidelity Treasury Money Market Funds	<u>\$ 2,367,726</u>	AAAm	Level 1

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 4 RESTRICTED CASH

Restricted cash at October 31, 2022 consisted of the following:

	Special Allocation	ARPA Fund	Other Governmental Funds	Combined Water and Wastewater	Total
Debt Service	\$ -	\$ -	\$ 255,934	\$ 312	\$ 256,246
Capital Projects	-	-	410,774	2,316,748	2,727,522
Transportation	-	-	429,407	-	429,407
Pandemic	-	880,215	-	-	880,215
Economic Development	2,427,864	-	-	-	2,427,864
Other Purposes	-	-	812,685	-	812,685
Total	<u>\$ 2,427,864</u>	<u>\$ 880,215</u>	<u>\$ 1,908,800</u>	<u>\$ 2,317,060</u>	<u>\$ 7,533,939</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, 2022, 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, 2022**

NOTE 5 CAPITAL ASSETS

The changes in capital asset activity, resulting from modified cash basis transactions, for the year ended October 31, 2022 are as follows:

	Balance November 1, 2021	Additions	Disposals	Transfers	Balance October 31, 2022
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,178,387	\$ -	\$ -	\$ -	\$ 1,178,387
Construction in Progress	893,068	344,279	-	(893,069)	344,278
Total Capital Assets, Not Being Depreciated	2,071,455	344,279	-	(893,069)	1,522,665
Capital Assets, Being Depreciated:					
Buildings and Improvements	3,595,957	75,700	-	-	3,671,657
Machinery and Equipment	1,781,451	211,999	25,758	-	1,967,692
Vehicles	759,097	-	220,333	-	538,764
Infrastructure	11,388,818	834,648	-	893,069	13,116,535
Total Capital Assets, Being Depreciated	17,525,323	1,122,347	246,091	893,069	19,294,648
Total Capital Assets	19,596,778	1,466,626	246,091	-	20,817,313
Less: Accumulated Depreciation	4,416,184	602,164	241,652	-	4,776,696
Governmental Activities Capital Assets, Net	<u>\$ 15,180,594</u>	<u>\$ 864,462</u>	<u>\$ 4,439</u>	<u>\$ -</u>	<u>\$ 16,040,617</u>
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land and Easements	\$ 220,930	\$ -	\$ -	\$ -	\$ 220,930
Construction in Progress	246,000	2,378,490	-	(231,006)	2,393,484
Total Capital Assets, Not Being Depreciated	466,930	2,378,490	-	(231,006)	2,614,414
Capital Assets, Being Depreciated:					
Water Towers	2,698,076	-	-	-	2,698,076
Water and Sewer Lines	16,730,214	389,922	-	231,006	17,351,142
Machinery and Equipment	1,218,709	271,955	-	-	1,490,664
Software	-	6,997	-	-	6,997
Vehicles	614,504	-	82,988	-	531,516
Plant	9,716,286	23,689	-	-	9,739,975
Total Capital Assets, Being Depreciated	30,977,789	692,563	82,988	231,006	31,818,370
Total Capital Assets	31,444,719	3,071,053	82,988	-	34,432,784
Less: Accumulated Depreciation	7,954,560	749,600	82,988	-	8,621,172
Business-Type Activities Capital Assets, Net	<u>\$ 23,490,159</u>	<u>\$ 2,321,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,811,612</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows in the statement of activities:

Governmental Activities	
General Government	\$ 45,614
Police	62,723
Public Works	400,401
Parks and Recreation	92,247
Community and Economic Development	1,179
Total Depreciation Expense - Governmental Activities	<u>\$ 602,164</u>
 Business-Type Activities	
Water and Wastewater	<u>\$ 749,600</u>

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.

	2022
	<u>Valuation</u>
Benefit Multiplier	1.50%
Final Average Salary	3 Years
Member Contributions	4%

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

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, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	14
Inactive Employees Entitled to but not yet	
Receiving Benefits	30
Active Employees	50
Total	94

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 7.8% of annual covered payroll for the general division, and 9.3% of annual covered payroll for the police division, for the year ended October 31, 2022. For the year ended October 31, 2022, the City made contributions to the plan totaling \$290,255, 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, 2022**

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, 2022:

<u>Description</u>	<u>Amount</u>
Governmental Activities	
\$235,232 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 \$105,854.	\$ 71,603
\$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.	1,951,333
\$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.	3,617,246
\$1,950,000 2022A Tax Increment Revenue Bonds. Annual principal payments of \$300,000 to \$600,000 Through 2027; interest from 3.35% to 4.15%.	1,950,000
\$6,100,000 2022B Tax Increment Revenue Bonds. \$1,100,000 of term bonds due Dec. 1, 2034; \$5,000,000 of term bonds due December 1, 2039; interest at 5.0%; Premium of \$18,953 issued with the debt.	<u>6,118,953</u>
Total Governmental Activities	<u>\$ 13,709,135</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%. (Paid off in 2022)	\$ -
\$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>7,736,560</u>
Total Business-Type Activities	<u>\$ 7,736,560</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

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, 2022 were as follows:

	Balance November 1, 2021	Additions	Retired	Balance October 31, 2022	Current Portion	Long-Term Portion
Governmental Activities						
Financed Purchase - Street Sweeper	\$ 105,074	\$ -	\$ 33,471	\$ 71,603	\$ 35,001	\$ 36,602
2018 General Obligation Bonds	1,925,000	-	45,000	1,880,000	50,000	1,830,000
2018 General Obligation Bonds Premium	73,040	-	1,707	71,333	1,897	69,436
2019 General Obligation Bonds	3,450,000	-	100,000	3,350,000	105,000	3,245,000
2019 General Obligation Bonds Premium	275,223	-	7,977	267,246	8,376	258,870
2022A Tax Increment Revenue Bonds	-	1,950,000	-	1,950,000	600,000	1,350,000
2022B Tax Increment Revenue Bonds	-	6,100,000	-	6,100,000	-	6,100,000
2022 Tax Increment Revenue Bonds Premium	-	18,953	-	18,953	1,413	17,540
Total	<u>\$ 5,828,337</u>	<u>\$ 8,068,953</u>	<u>\$ 188,155</u>	<u>\$ 13,709,135</u>	<u>\$ 801,687</u>	<u>\$ 12,907,448</u>
Business-Type Activities						
2012 Certificates of Participation	\$ 55,000	\$ -	\$ 55,000	\$ -	\$ -	\$ -
2018 Certificates of Participation	7,885,000	-	335,000	7,550,000	355,000	7,195,000
2018 Certificates of Participation Premium	194,838	-	8,278	186,560	8,772	177,788
Total	<u>\$ 8,134,838</u>	<u>\$ -</u>	<u>\$ 398,278</u>	<u>\$ 7,736,560</u>	<u>\$ 363,772</u>	<u>\$ 7,372,788</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

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 Financed Purchase			2018 General Obligation Bond			2019 General Obligation Bond			Tax Increment Revenue Bonds		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2023	\$ 35,001	\$ 3,275	\$ 38,276	\$ 50,000	\$ 66,141	\$ 116,141	\$ 105,000	\$ 121,900	\$ 226,900	\$ 600,000	\$ 353,903	\$ 953,903
2024	36,602	1,674	38,276	55,000	64,933	119,933	115,000	116,400	231,400	325,000	351,800	676,800
2025	-	-	-	60,000	63,325	123,325	120,000	110,525	230,525	300,000	340,337	640,337
2026	-	-	-	65,000	61,294	126,294	130,000	104,275	234,275	350,000	327,562	677,562
2027	-	-	-	65,000	59,100	124,100	140,000	97,525	237,525	375,000	312,781	687,781
2028-2032	-	-	-	555,000	248,600	803,600	750,000	397,912	1,147,912	680,000	1,440,500	2,120,500
2033-2037	-	-	-	835,000	119,981	954,981	1,665,000	186,025	1,851,025	1,950,000	1,206,250	3,156,250
2038-2040	-	-	-	195,000	3,900	198,900	325,000	5,688	330,688	3,470,000	303,250	3,773,250
Total	<u>\$ 71,603</u>	<u>\$ 4,949</u>	<u>\$ 76,552</u>	<u>\$ 1,880,000</u>	<u>\$ 687,274</u>	<u>\$ 2,567,274</u>	<u>\$ 3,350,000</u>	<u>\$ 1,140,250</u>	<u>\$ 4,490,250</u>	<u>\$ 8,050,000</u>	<u>\$ 4,636,383</u>	<u>\$ 12,686,383</u>

Year Ending October 31,	Total		
	Principal Maturities	Interest Maturities	Total
2023	\$ 790,001	\$ 545,219	\$ 1,335,220
2024	531,602	534,807	1,066,409
2025	480,000	514,187	994,187
2026	545,000	493,131	1,038,131
2027	580,000	469,406	1,049,406
2028-2032	1,985,000	2,087,012	4,072,012
2033-2037	4,450,000	1,512,256	5,962,256
2038-2040	3,990,000	312,838	4,302,838
Total	<u>\$ 13,351,603</u>	<u>\$ 6,468,856</u>	<u>\$ 19,820,459</u>

Year Ending October 31,	Business-Type Activities					
	2018 Certificates of Participation			Total		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
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	420,000	200,050	620,050	420,000	200,050	620,050
2028-2032	2,305,000	800,813	3,105,813	2,305,000	800,813	3,105,813
2033-2037	2,710,000	397,831	3,107,831	2,710,000	397,831	3,107,831
2038-2040	600,000	21,750	621,750	600,000	21,750	621,750
Total	<u>\$ 7,550,000</u>	<u>\$ 2,381,844</u>	<u>\$ 9,931,844</u>	<u>\$ 7,550,000</u>	<u>\$ 2,381,844</u>	<u>\$ 9,931,844</u>

CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022

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 ended October 31, 2022 was \$186,965,375.

The tax levy per \$100 of assessed valuation of tangible real and personal property for the budget year ended October 31, 2022 was \$0.4126 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 \$689,849 during the year ended October 31, 2022.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 9 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue during fiscal year ended October 31, 2022 consisted of the following:

	General Fund	ARPA Fund	Total
State:			
Motor Vehicle Fuel Tax	\$ 261,550	\$ -	\$ 261,550
County:			
Road and Bridge Tax	70,354	-	70,354
School District:			
School Resource Officer	15,576	-	15,576
Federal:			
Public Safety Grants	41,196	-	41,196
Pandemic Grants	-	1,110,128	1,110,128
Total	<u>\$ 388,676</u>	<u>\$ 1,110,128</u>	<u>\$ 1,498,804</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 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.

	Transfers Out:			Total
	Special Allocation Fund	Capital Improvement Sales Tax	Water and Wastewater Fund	
<u>Transfer In:</u>				
General Fund	\$ 1,808	\$ -	\$ 292,405	\$ 294,213
Debt Service Fund	-	351,550	-	351,550
Capital Projects	-	112,274	-	112,274
Total Revenues	<u>\$ 1,808</u>	<u>\$ 463,824</u>	<u>\$ 292,405</u>	<u>\$ 758,037</u>

On the government wide financial statements, once the ARPA project of \$1,330,033 was completed the governmental activities transferred the assets to the Water and Wastewater Fund. The Water and Wastewater Fund reported this transaction as a capital contribution and on the government-wide financial statements it is reported as a transfer out.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

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, 2022 was \$38,701.

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, 2022 was \$12,684.

The City is currently in the process of renewing these agreements as the initial terms have expired.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

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>
2023	\$ 40,636
2024	53,335
2025	56,002
2026	58,802
2027	61,742
2028-2032	358,222
2033-2037	457,192
2038-2042	582,324
2043-2047	744,518
2048-2052	172,011
Total	<u>\$ 2,584,784</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. During the year ended October 31, 2022, \$6,393,964 was reimbursed.

Rental Agreements

The City entered into a rental agreement for the use of a skid steer loader. The agreement was entered into on September 30, 2019 and continues until September 30, 2024. Rent expense for the year ended October 31, 2022 was \$6,959. Annual payments under the agreement are due each September 30th as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2023	<u>\$ 6,959</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 12 COMMITMENTS (CONTINUED)

The City entered into a rental agreement with Enterprise Fleet Management for the use of vehicles. The master agreement was entered into on September 1, 2020. Each vehicle is a schedule on the agreement and has its own terms based on when that vehicle is needed to replace a sold vehicle. The schedules in place at October 31, 2022 continue until various dates through July 2027. Rent expense for the year ended October 31, 2022 was \$210,126. Payments under the agreement are due monthly with the annual total payments as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2023	\$ 258,232
2024	165,593
2025	126,005
2026	120,456
2027	60,507
Total	<u>\$ 730,793</u>

Construction Projects

In connection with the raw water pump station project, the City has commitments approximating \$482,900 at October 31, 2022.

NOTE 13 RENTAL INCOME

The City rents space on its water towers for cell phone companies to place antennas. The total rents received from tenants were \$42,343 for the year ended October 31, 2022. Future minimum rents to be received under current agreements are as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2023	<u>\$ 5,315</u>

The City also rents a portion of a building to the Smithville Senior Citizen Center for \$1 a year. The agreement, 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 \$9,931,844. Payments of principal and interest for the current year was \$675,072 on the certificates of participation. Total proprietary fund net revenues for the current year were \$2,740,628.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2022**

NOTE 15 RESERVE LEVEL POLICY

The City has adopted a reserve policy goal which sets aside 25% 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, 2022

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
REVENUES				
Taxes	\$ 3,465,540	\$ 3,465,540	\$ 3,872,773	\$ 407,233
Licenses, Fees, and Permits	447,068	447,068	422,663	(24,405)
Intergovernmental Revenues	333,892	333,892	388,676	54,784
Charges for Services	236,270	236,270	317,125	80,855
Fines and Forfeits	111,500	111,500	118,738	7,238
Interest	46,800	46,800	124,953	78,153
Other Revenue	29,210	29,210	101,714	72,504
Total Revenues	<u>4,670,280</u>	<u>4,670,280</u>	<u>5,346,642</u>	<u>676,362</u>
EXPENDITURES				
General Government	962,370	1,146,370	1,319,114	172,744
Police	1,980,160	1,980,160	2,043,463	63,303
Public Works	1,208,720	1,208,720	885,006	(323,714)
Parks and Recreation	723,330	723,330	712,742	(10,588)
Community and Economic Development	457,550	457,550	465,345	7,795
Senior Center	25,120	25,120	27,391	2,271
Capital Outlay	520,349	595,349	455,764	(139,585)
Total Expenditures	<u>5,877,599</u>	<u>6,136,599</u>	<u>5,908,825</u>	<u>(227,774)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,207,319)	(1,466,319)	(562,183)	904,136
OTHER FINANCING SOURCES				
Sale of Capital Assets	-	-	115,614	115,614
Transfers In	-	-	294,213	294,213
Transfers (Out)	(20,000)	(20,000)	-	20,000
Total Other Financing Sources	<u>(20,000)</u>	<u>(20,000)</u>	<u>409,827</u>	<u>429,827</u>
NET CHANGE IN FUND BALANCE	(1,227,319)	(1,486,319)	(152,356)	1,333,963
Fund Balance - Beginning of Year	<u>3,558,070</u>	<u>3,761,905</u>	<u>3,761,905</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,330,751</u>	<u>\$ 2,275,586</u>	<u>\$ 3,609,549</u>	<u>\$ 1,333,963</u>

See accompanying Notes to Other Information.

**CITY OF SMITHVILLE, MISSOURI
 BUDGETARY COMPARISON SCHEDULE — MODIFIED CASH BASIS
 SPECIAL ALLOCATION FUND
 YEAR ENDED OCTOBER 31, 2022**

	Original and Final Budget	Actual	Variances with Budget Over (Under)
REVENUES			
Taxes	\$ 570,000	\$ 1,205,885	\$ 635,885
Interest	-	12,000	12,000
Total Revenues	<u>570,000</u>	<u>1,217,885</u>	<u>647,885</u>
EXPENDITURES			
Community and Economic Development	1,163,888	6,914,999	5,751,111
Debt Service	-	328,953	328,953
Total Expenditures	<u>1,163,888</u>	<u>7,243,952</u>	<u>6,080,064</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(593,888)	(6,026,067)	(5,432,179)
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	-	8,068,953	8,068,953
Transfers (Out)	(3,000)	(1,808)	1,192
Total Other Financing Sources	<u>(3,000)</u>	<u>8,067,145</u>	<u>8,070,145</u>
NET CHANGE IN FUND BALANCE	(596,888)	2,041,078	2,637,966
Fund Balance - Beginning of Year	<u>386,786</u>	<u>386,786</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (210,102)</u>	<u>\$ 2,427,864</u>	<u>\$ 2,637,966</u>

See accompanying Notes to Other Information.

CITY OF SMITHVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE — MODIFIED CASH BASIS
ARPA FUND
YEAR ENDED OCTOBER 31, 2022

	Original and Final Budget	Actual	Variances with Budget Over (Under)
REVENUES			
Intergovernmental Revenues	\$ 1,089,162	\$ 1,110,128	\$ 20,966
Interest	-	10,570	10,570
Total Revenues	<u>1,089,162</u>	<u>1,120,698</u>	<u>31,536</u>
EXPENDITURES			
Capital Outlay	<u>2,178,300</u>	<u>1,330,033</u>	<u>(848,267)</u>
NET CHANGE IN FUND BALANCE	(1,089,138)	(209,335)	879,803
Fund Balance - Beginning of Year	<u>1,089,550</u>	<u>1,089,550</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 412</u></u>	<u><u>\$ 880,215</u></u>	<u><u>\$ 879,803</u></u>

See accompanying Notes to Other Information.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO OTHER INFORMATION
YEAR ENDED OCTOBER 31, 2022**

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.

The following funds had expenditures in excess of budgeted amounts for the year:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Special Allocation Fund	\$ 7,243,952	\$ 1,163,888	\$ 6,080,064

**CITY OF SMITHVILLE, MISSOURI
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED OCTOBER 31, 2022**

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
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	214,561	214,561	-	2,257,594	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
2022	290,255	290,255	-	3,267,798	8.9

SUPPLEMENTARY INFORMATION

**CITY OF SMITHVILLE, MISSOURI
 COMBINING BALANCE SHEET — MODIFIED CASH BASIS — GENERAL FUND
 OCTOBER 31, 2022**

	General	Vehicle and Equipment Replacement	Total General Fund
ASSETS			
Cash	\$ 3,465,222	\$ 184,327	\$ 3,649,549
Total Assets	\$ 3,465,222	\$ 184,327	\$ 3,649,549
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Developer Escrow	\$ 40,000	\$ -	\$ 40,000
Total Liabilities	40,000	-	40,000
FUND BALANCES			
Committed:			
Vehicle and Equipment Replacement	-	184,327	184,327
Unassigned	3,425,222	-	3,425,222
Total Fund Balances	3,425,222	184,327	3,609,549
Total Liabilities and Fund Balances	\$ 3,465,222	\$ 184,327	\$ 3,649,549

CITY OF SMITHVILLE, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES — MODIFIED CASH BASIS — GENERAL FUND
YEAR ENDED OCTOBER 31, 2022

	General	Vehicle and Equipment Replacement	Eliminations	Total General Fund
REVENUES				
Property Taxes	\$ 1,007,610	\$ -	\$ -	\$ 1,007,610
Sales and Use Taxes	2,122,573	-	-	2,122,573
Franchise Taxes	742,590	-	-	742,590
Licenses, Fees, and Permits	422,663	-	-	422,663
Intergovernmental Revenues	388,676	-	-	388,676
Charges for Services	317,125	-	-	317,125
Fines and Forfeits	118,738	-	-	118,738
Interest	124,953	-	-	124,953
Other Revenue	68,180	33,534	-	101,714
Total Revenues	<u>5,313,108</u>	<u>33,534</u>	<u>-</u>	<u>5,346,642</u>
EXPENDITURES				
Current:				
General Government	1,108,988	210,126	-	1,319,114
Police	2,043,463	-	-	2,043,463
Public Works	885,006	-	-	885,006
Parks and Recreation	712,742	-	-	712,742
Community and Economic Development	465,345	-	-	465,345
Senior Center	27,391	-	-	27,391
Capital Outlay	455,764	-	-	455,764
Total Expenditures	<u>5,698,699</u>	<u>210,126</u>	<u>-</u>	<u>5,908,825</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(385,591)	(176,592)	-	(562,183)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	2,435	113,179	-	115,614
Transfers In	227,148	222,065	(155,000)	294,213
Transfers Out	(155,000)	-	155,000	-
Total Other Financing Sources (Uses)	<u>74,583</u>	<u>335,244</u>	<u>-</u>	<u>409,827</u>
NET CHANGE IN FUND BALANCES	(311,008)	158,652	-	(152,356)
Fund Balances - Beginning of Year	<u>3,736,229</u>	<u>25,676</u>	<u>-</u>	<u>3,761,905</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,425,221</u>	<u>\$ 184,328</u>	<u>\$ -</u>	<u>\$ 3,609,549</u>

CITY OF SMITHVILLE, MISSOURI
COMBINING BALANCE SHEET — MODIFIED CASH BASIS — NONMAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2022

	Special Revenue											Total Nonmajor Governmental Funds
	Police Training	DWI Recovery	Technology Upgrade	Judicial Education	Appointed Council	Transportation Sales Tax	Capital Improvement Sales Tax	Parks and Stormwater Sales Tax	Donations Fund	Capital Projects Fund	Debt Service	
ASSETS												
Cash	\$ 13,538	\$ 14,612	\$ 2,032	\$ 3,446	\$ 545	\$ -	\$ -	\$ -	\$ -	\$ 183,729	\$ -	\$ 217,902
Restricted Cash	-	-	-	-	-	429,407	410,774	809,380	3,305	-	255,934	1,908,800
Total Assets	<u>\$ 13,538</u>	<u>\$ 14,612</u>	<u>\$ 2,032</u>	<u>\$ 3,446</u>	<u>\$ 545</u>	<u>\$ 429,407</u>	<u>\$ 410,774</u>	<u>\$ 809,380</u>	<u>\$ 3,305</u>	<u>\$ 183,729</u>	<u>\$ 255,934</u>	<u>\$ 2,126,702</u>
FUND BALANCES												
Restricted	\$ 13,538	\$ 14,612	\$ -	\$ 3,446	\$ 545	\$ 429,407	\$ 410,774	\$ 809,380	\$ 3,305	\$ 183,729	\$ 255,934	\$ 2,124,670
Committed	-	-	2,032	-	-	-	-	-	-	-	-	2,032
Total Fund Balances	<u>\$ 13,538</u>	<u>\$ 14,612</u>	<u>\$ 2,032</u>	<u>\$ 3,446</u>	<u>\$ 545</u>	<u>\$ 429,407</u>	<u>\$ 410,774</u>	<u>\$ 809,380</u>	<u>\$ 3,305</u>	<u>\$ 183,729</u>	<u>\$ 255,934</u>	<u>\$ 2,126,702</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, 2022

	Special Revenue										Total Nonmajor Governmental Funds	
	Police Training	DWI Recovery	Technology Upgrade	Judicial Education	Appointed Council	Transportation Sales Tax	Capital Improvement Sales Tax	Parks and Stormwater Sales Tax	Donations Fund	Capital Projects Fund		Debt Service
REVENUES												
Sales and Use Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 608,121	\$ 692,937	\$ 690,960	\$ -	\$ -	\$ -	\$ 1,992,018
Licenses, Fees, and Permits	2,038	4,477	-	-	-	-	-	-	-	177,479	-	183,994
Other Revenue	-	-	-	-	-	15,826	-	11,000	3,305	-	-	30,131
Total Revenues	2,038	4,477	-	-	-	623,947	692,937	701,960	3,305	177,479	-	2,206,143
EXPENDITURES												
Current:												
Police	1,354	426	675	-	-	-	-	-	-	-	-	2,455
Municipal Court	-	-	-	-	2,250	-	-	-	-	-	-	2,250
Public Works	-	-	-	-	-	133,365	-	-	-	-	-	133,365
Parks and Recreation	-	-	-	-	-	-	-	3,562	-	-	-	3,562
Capital Outlay	-	-	-	-	-	485,159	72,368	326,336	-	127,000	-	1,010,863
Debt Service:												
Principal	-	-	-	-	-	33,471	-	-	-	-	145,000	178,471
Interest	-	-	-	-	-	4,805	-	-	-	-	194,213	199,018
Total Expenditures	1,354	426	675	-	2,250	656,800	72,368	329,898	-	127,000	339,213	1,529,984
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	684	4,051	(675)	-	(2,250)	(32,853)	620,569	372,062	3,305	50,479	(339,213)	676,159
OTHER FINANCING SOURCES (USES)												
Transfers In	-	-	-	-	-	-	-	-	-	112,274	351,550	463,824
Transfers Out	-	-	-	-	-	-	(463,824)	-	-	-	-	(463,824)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	(463,824)	-	-	112,274	351,550	-
NET CHANGE IN FUND BALANCES	684	4,051	(675)	-	(2,250)	(32,853)	156,745	372,062	3,305	162,753	12,337	676,159
Fund Balances - Beginning of Year	12,854	10,561	2,707	3,446	2,795	462,260	254,029	437,318	-	20,976	243,597	1,450,543
FUND BALANCES - END OF YEAR	\$ 13,538	\$ 14,612	\$ 2,032	\$ 3,446	\$ 545	\$ 429,407	\$ 410,774	\$ 809,380	\$ 3,305	\$ 183,729	\$ 255,934	\$ 2,126,702



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