

## SMITHVILLE BOARD OF ALDERMAN

### WORK SESSION

March 23, 2021 6:00 p.m.  
City Hall Council Chambers

**Due to the COVID-19 pandemic this meeting was held via teleconference.**

**The meeting was streamed live on the city's FaceBook page.**

#### 1. Call to Order

Mayor Boley present via Zoom, called the meeting to order at 6:01 p.m. A quorum of the Board was present via Zoom meeting: Steve Sarver, Marv Atkins, Melissa Wilson, Dan Ulledahl, and John Chevalier. Jeff Bloemker was absent.

Staff present via Zoom: Cynthia Wagner, Anna Mitchell, Chuck Soules, Chief Jason Lockridge, Matt Denton, Stephen Larson and Linda Drummond.

#### 2. 3-Month Budget Review

Stephen Larson, Finance Director, reviewed the budget for the FY21 first quarter, November 1, 2020 through January 31, 2021.

➤	FY21 projections are not updated yet. Revenue and expense projections will be updated through 6 months of activity (April 2021).
➤	FY21 budget figures include budget amendments approved by the Board: - Budget Amendment #1 - Budget Amendment #2
➤	Expenditures include 6 of the 26 fiscal year payrolls. 23% of wage related expenses have been paid through 6 payrolls.

#### General Fund

General Fund	FY21 Budgeted	FY21 YTD	% Received
Revenues	\$4,634,040	\$1,678,467	36.22%

General Fund	FY21 Budgeted	FY21 YTD	% Expended
Expenditures	\$5,701,540	\$1,089,455	19.11%

## Operational Expenses

## One Time Capital Improvement Expenses

- City Hall Renovation **(\$315,000)**
- Streetscape Phase 2 **(\$105,000)**

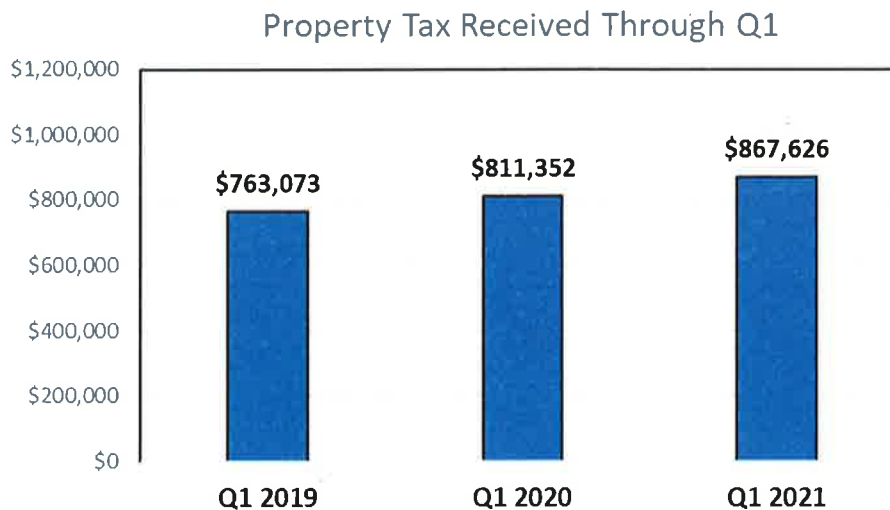
## **Property Tax Revenue**

General Fund	FY21 Budgeted	FY21 YTD	% Received
Property Tax Revenues	\$886,950	\$867,626	97.82%

Staff is working to prepare TIF property tax owed for jurisdictions for the Smithville Marketplace TIF which will be addressed/transferred in 2nd quarter of FY 2021.

## **Property Tax Revenue**

### 3 Year Trend History of Q1



## **Sales Tax Revenue**

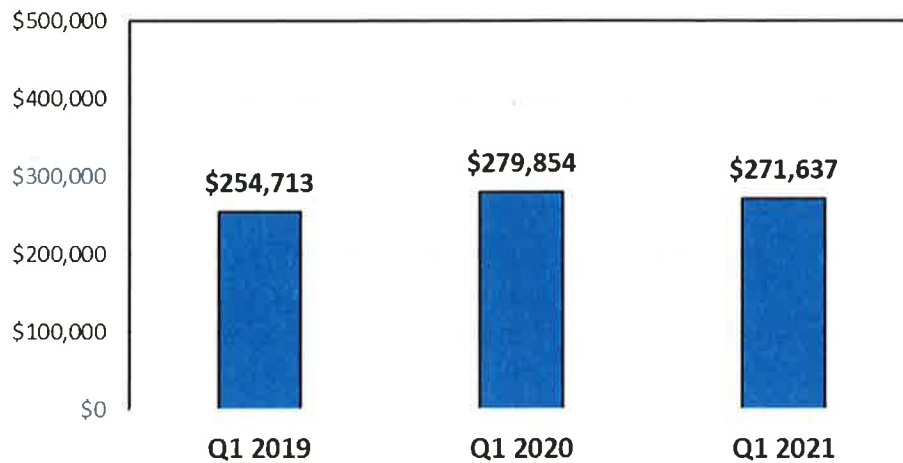
General Fund	FY21 Budgeted	FY21 YTD	% Received
Sales Tax Revenues	\$1,205,020	\$271,637	22.54%

- The City, on average in the past 3 years, receives **22.94%** of sales tax annual revenue by the 1<sup>st</sup> quarter of the fiscal year.

## **Sales Tax Revenue**

### 3 Year Trend History of Q1

Sales Tax Received Through Q1



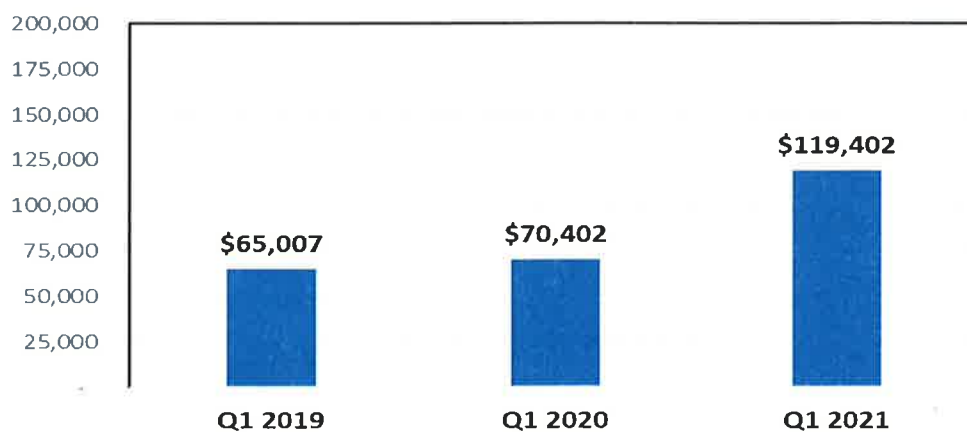
### Use Tax Revenue

General Fund	FY21 Budgeted	FY21 YTD	% Received
Use Tax Revenues	\$414,260	\$119,402	28.82%

The City, on average in the past 3 years, receives **17.82%** of use tax annual revenue by the 1st quarter of the fiscal year.

### Use Tax Revenue 3 Year Trend History of Q1

Use Tax Received Through Q1



## Capital Projects Fund

Capital Projects Fund	FY21 Budgeted	FY21 YTD	% Received
Revenues	\$0	\$6,250	-

Capital Projects Fund	FY21 Budgeted	FY21 YTD	% Expended
Expenditures	\$1,624,440	\$409,734	25.22%

- Main Street Trail: Budget Amendment #1 -> \$1,101,000.
- Streetscape Phase 2: Budget Amendment #1 -> \$280,000.
- Recreational Trail Program Grant: Proposed Budget Amendment #3 -> \$266,000
- Payments in Lieu of Dedication: Proposed Budget Amendment #3 -> \$7,000

## Capital Improvement Sales Tax Fund

Capital Improvement Sales Tax	FY21 Budgeted	FY21 YTD	% Received
Revenues	\$530,750	\$130,641	24.61%

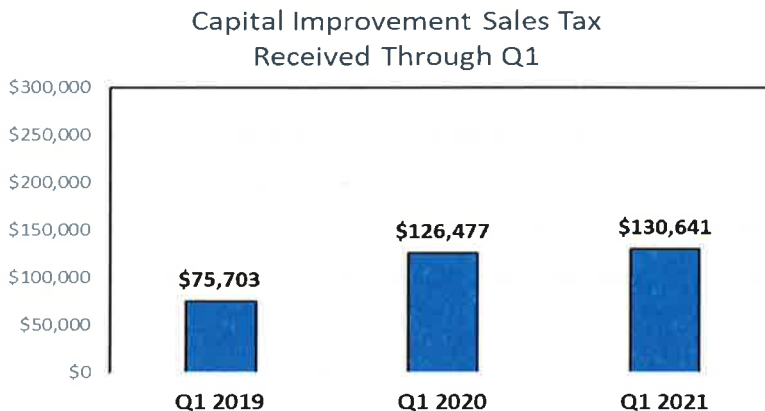
- The City, in the past year, received **21.82%** of capital improvement sales tax annual revenue by the 1<sup>st</sup> quarter of the fiscal year.
- Capital Improvement Sales Tax is not subject to TIF EATS collections.

Capital Improvement Sales Tax	FY21 Budgeted	FY21 YTD	% Expended
Expenditures	\$752,250	\$0	0.00%

- Streetscape Phase 2: Budget Amendment #1 -> \$243,000
- Downtown Streetscape East: \$167,060
- Transfer to Debt Service Fund for Payments: \$342,190

## Capital Improvement Sales Tax Fund

### 3 Year Trend History of Q1



## Debt Service Fund

Debt Service	FY21 Budgeted	FY21 YTD	% Received
<b>Revenues</b>	\$342,190	\$0	0.00%

Debt Service	FY21 Budgeted	FY21 YTD	% Expended
<b>Expenditures</b>	\$329,860	\$0	0.00%

- No fund activity through 1st Quarter 2021.
- GO Debt Payments on March 1st, 2021 and September 1st, 2021

## Transportation Sales Tax Fund

Transportation Sales Tax	FY21 Budgeted	FY21 YTD	% Received
<b>Revenues</b>	\$530,750	\$128,269	24.17%

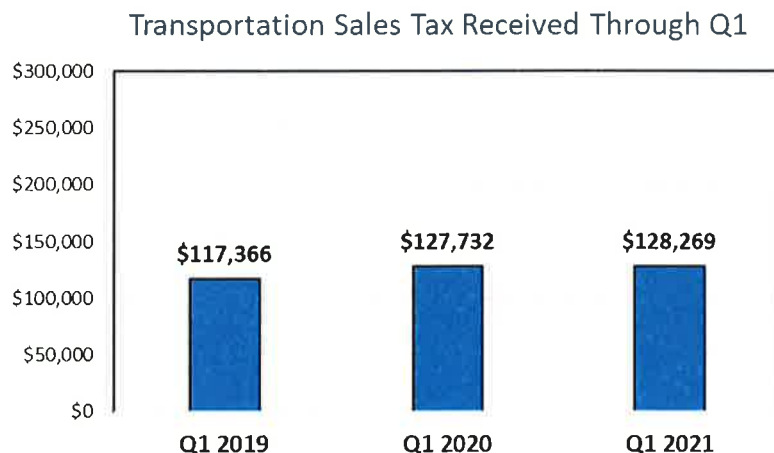
- The City, on average in the past 3 years, receives 22.72% of transportation sales tax annual revenue by the 1st quarter of the fiscal year.
- Transportation Sales Tax is subject to TIF EATS collections.

Transportation Sales Tax	FY21 Budgeted	FY21 YTD	% Expended
<b>Expenditures</b>	\$955,820	\$34,338	3.59%

- Bridgeport Roundabout: Budget Amendment #1 -> \$99,000
- Streetscape Phase 2: Budget Amendment #1 -> \$169,000

## Transportation Sales Tax Fund

### 3 Year Trend History of Q1



## Combined Water & Wastewater System Fund

CWWS Fund	FY21 Budgeted	FY21 YTD	% Received
<b>Revenues</b>	\$4,808,890	<b>\$1,175,593</b>	<b>24.45%</b>

- Water and Wastewater Sales: \$4,183,560
- Penalties and Disconnects: \$61,020
- Impact Fees: \$379,010
- Connection, Stormwater, and Interest: \$185,300

CWWS Fund	FY21 Budgeted	FY21 YTD	% Expended
<b>Expenditures</b>	\$7,525,260	<b>\$815,492</b>	<b>10.84%</b>

- One Time Capital Improvement and Professional Services Expenses
  - Wastewater Master Plan
  - Main Street Waterline Construct & Engineering
  - Forest Oaks Sewer/144th Street Pump Station
  - 188th Street Waterline Relocation
  - Highland Driver Sewer Engineering
  - Raw Water Pump Station, Valve Box
  - Slipline Sewer Program
  - Campground Lift Station Replacement

## Water & Wastewater Sales Revenue

CWWS Fund	FY21 Budgeted	FY21 YTD	% Received
<b>Water Sales</b>	\$2,493,650	<b>\$590,902</b>	<b>23.70%</b>

- The City, on average in the past 3 years, receives 22.01% of water sales annual revenue by the 1st quarter of the fiscal year

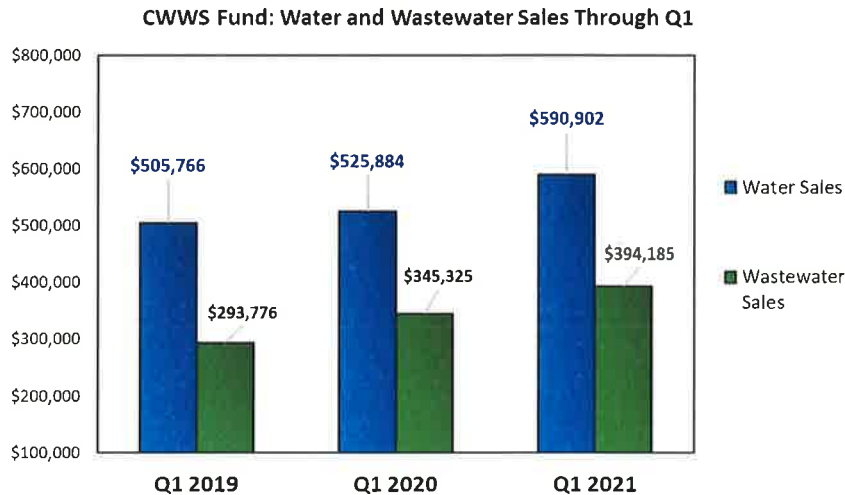
CWWS Fund	FY21 Budgeted	FY21 YTD	% Expended
<b>Wastewater Sales</b>	\$1,689,910	<b>\$394,185</b>	<b>23.33%</b>

- The City, on average in the past 3 years, receives 23.30% of wastewater sales annual revenue by 1st quarter of the fiscal year.

CWWS Fund	FY21 Budgeted	FY21 YTD	% Expended
Combined	\$4,183,560	\$985,087	23.55%

## Water & Wastewater Sales Revenue

### 3 Year Trend History of Q1



## Sanitation Fund

Sanitation Fund	FY21 Budgeted	FY21 YTD	% Received
Revenues	\$890,550	\$212,178	23.83%

- The City, on average in the past 3 years, receives 24.31% of solid waste annual revenue by the 1st quarter of the fiscal year

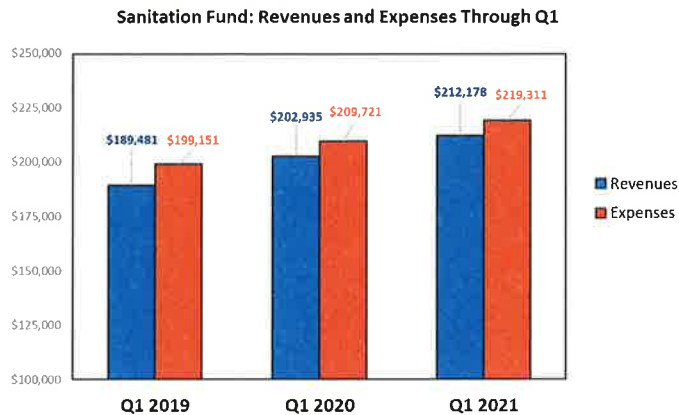
Sanitation Fund	FY21 Budgeted	FY21 YTD	% Expended
Expenditures	\$885,710	\$219,311	24.76%

- The City pays WCA on a monthly basis for waste collection services.
- The City also pays to participate in the Household Hazardous Waste collection program administered by MARC which is funded by the Sanitation Fund.



## Sanitation Fund

### 3 Year Trend History of Q1



## Parks & Stormwater Sales Tax Fund

Park & Stormwater Sales Tax	FY21 Budgeted	FY21 YTD	% Received
Revenues	\$442,290	\$87,615	19.81%

- Initial collections of Park & Stormwater Sales Tax occurred November 2020.
- \$13,196 collected in November 2020. While % received is lower than 25% (1 Quarter), collections are picking up.
- Park & Stormwater Sales Tax is not subject to TIF EATS collections.

Park & Stormwater Sales Tax	FY21 Budgeted	FY21 YTD	% Expended
Expenditures	\$225,000	\$0	0.00%

- Park Improvements (near Splash Pad): \$25,000
- P&R Master Plan and Trails & Connective Plan: \$100,000
- Stormwater Project(s): \$100,000



## **VERF (Vehicle and Equipment Replacement Fund)**

VERF	FY21 Budgeted	FY21 YTD	% Received
Revenues	\$165,000	\$40,000	24.24%

- \$40,000 in seed funds transferred from the General Fund to the VERF.
- Additional \$125,000 budgeted for sale of turn-in vehicles. Turn-in vehicles are beginning to sell this month (March 2021).

VERF	FY21 Budgeted	FY21 YTD	% Expended
Expenditures	\$125,000	\$0	0.00%

- Enterprise leasing expenses were first incurred last month (February 2021). These expenses will appear in the next budget update to the Board.

Alderwoman Wilson thanked Stephen for his presentation.

Mayor Boley likes the format.

Cynthia thanked Stephen for all his work and learning everything in the five months he has been with the City. She also noted that Stephen and Anna are getting up to speed with the TIF and staff will be beginning work on the FY22 budget.

### **3. FY20 Audit Presentation**

Presenters - Jason Moses, CPA and Harold Ray, CPA with CliftonLarsonAllan

#### **Audit Presentation – Year ending October 31, 2020**

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

#### **Agenda**

- Introduction
- Required Communications
- Internal Control Communications
- Financial Results

## Audit Team

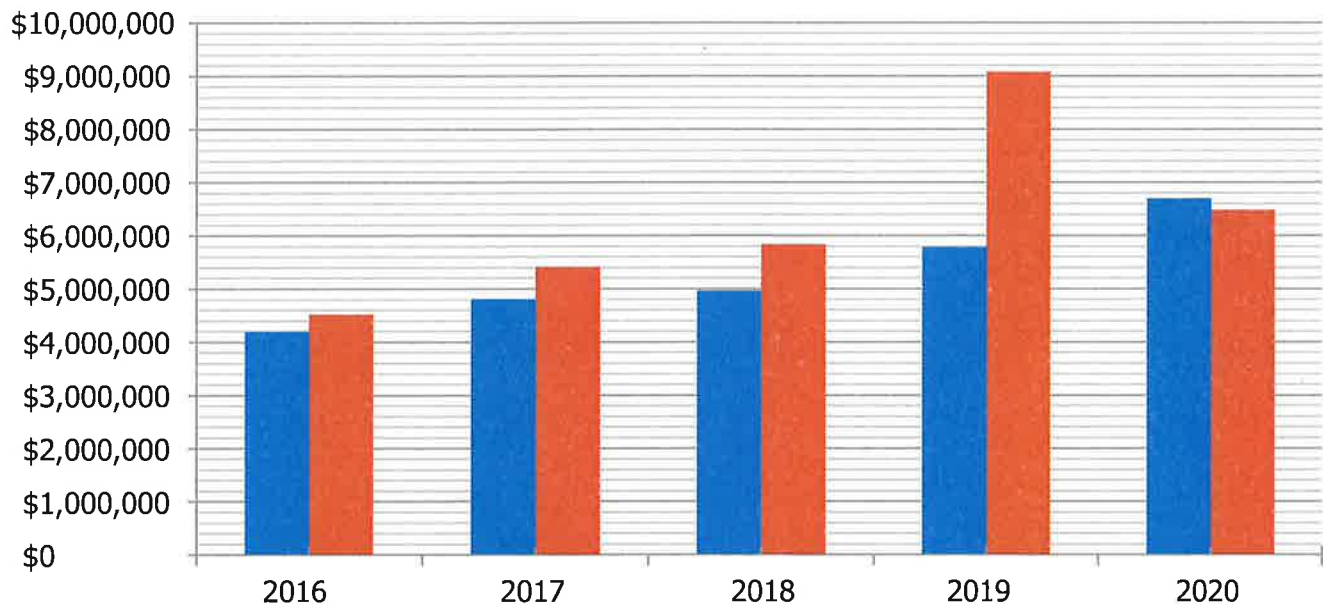
- Your audit team consisted of the following professionals:
  - Harold Ray – Signing Director
  - Jason Moses – Manager
  - Callie Rauschelbach – Senior
  - Jordan Townsend – Senior

## Internal Control Communications

- Material Weaknesses – deficiencies in internal control such that there is a reasonable possibility that a material misstatement would not be prevented or detected and corrected on a timely basis
  - Preparation of Financial Statements
  - Audit Adjusting Entries
  - Repairs and Maintenance
- Other Matters – Other deficiencies in internal control or compliance issues
  - Terminated User Access

## Financial Results

### All Governmental Funds – Revenues and Expenditures



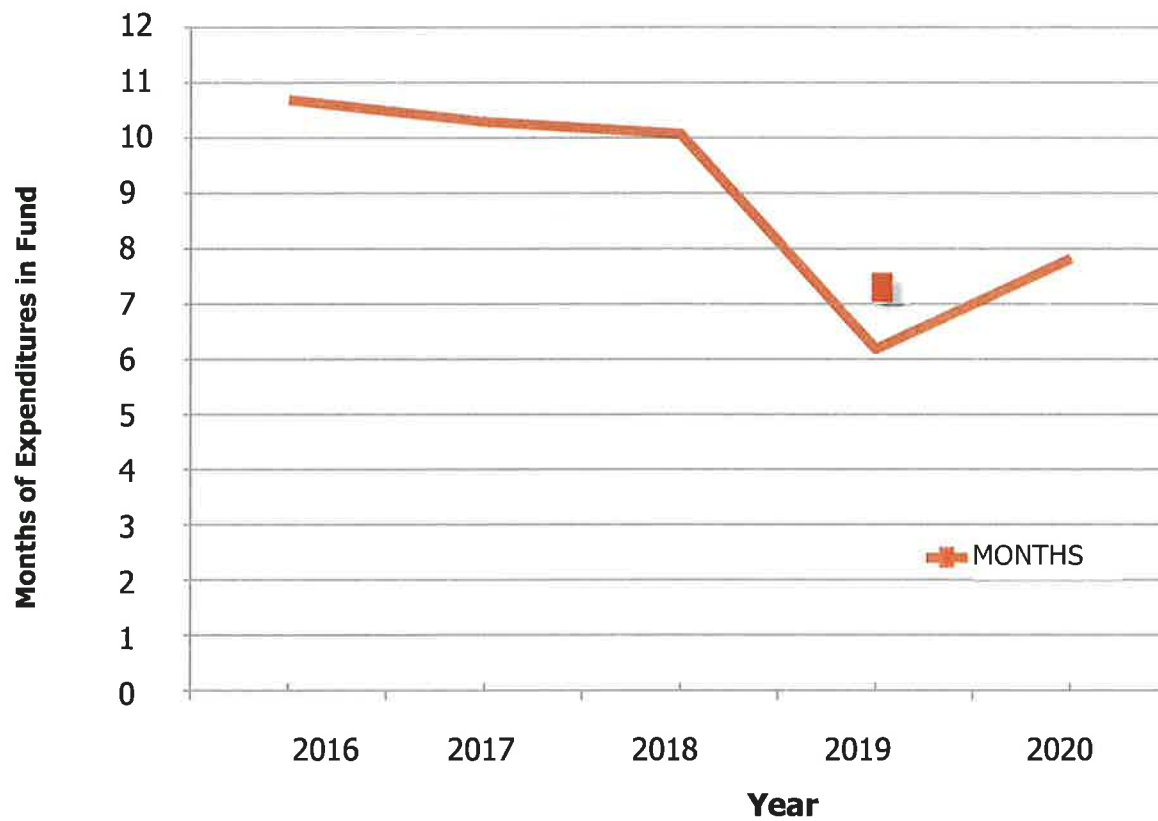
## Revenues

## Expenditures

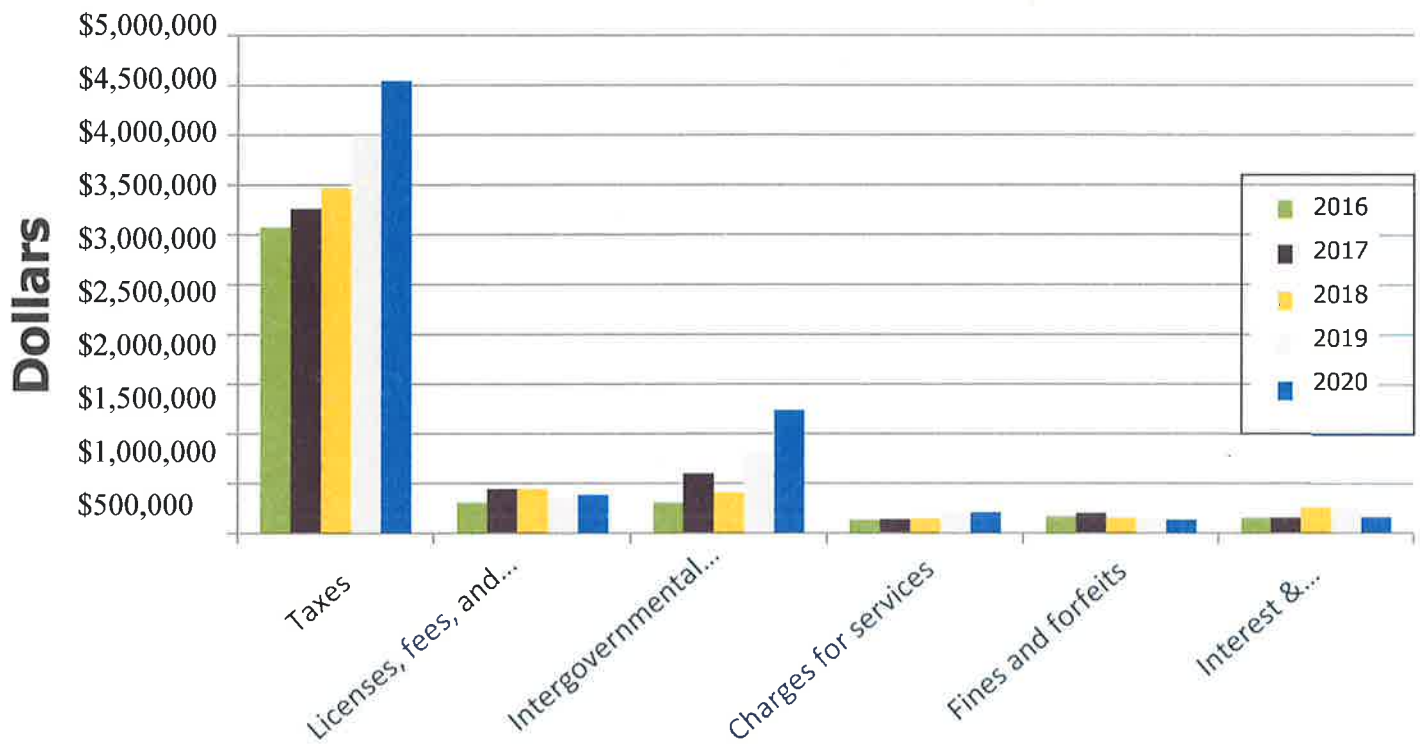
	2016	2017	2018	2019	2020
Revenues	\$ 4,205,909	\$ 4,816,330	\$ 4,971,800	\$ 5,792,778	\$ 6,708,285
Expenditures	4,534,311	5,424,682	5,845,393	9,088,233	6,499,487
Months Expenditures in Fund Balance	10.71	10.31	10.09	6.20	7.84

## Months Expenditures in Fund Balance

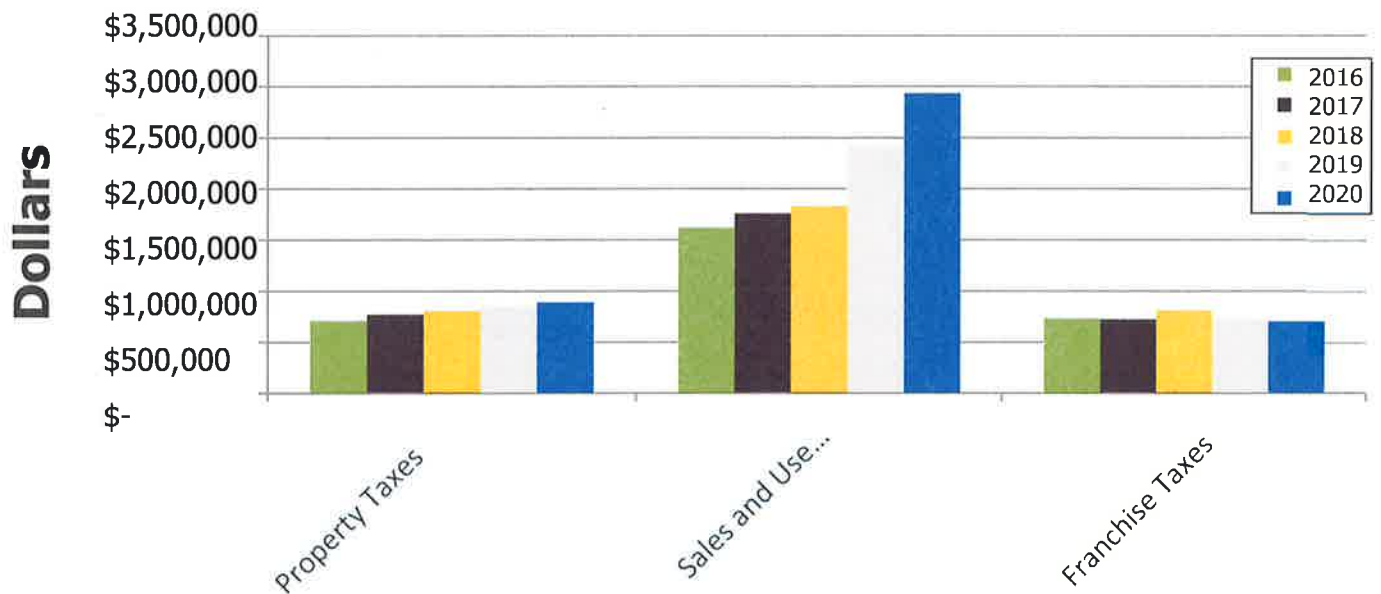
YEAR	MONTHS
2016	10.71
2017	10.31
2018	10.09
2019	6.20
2020	7.84



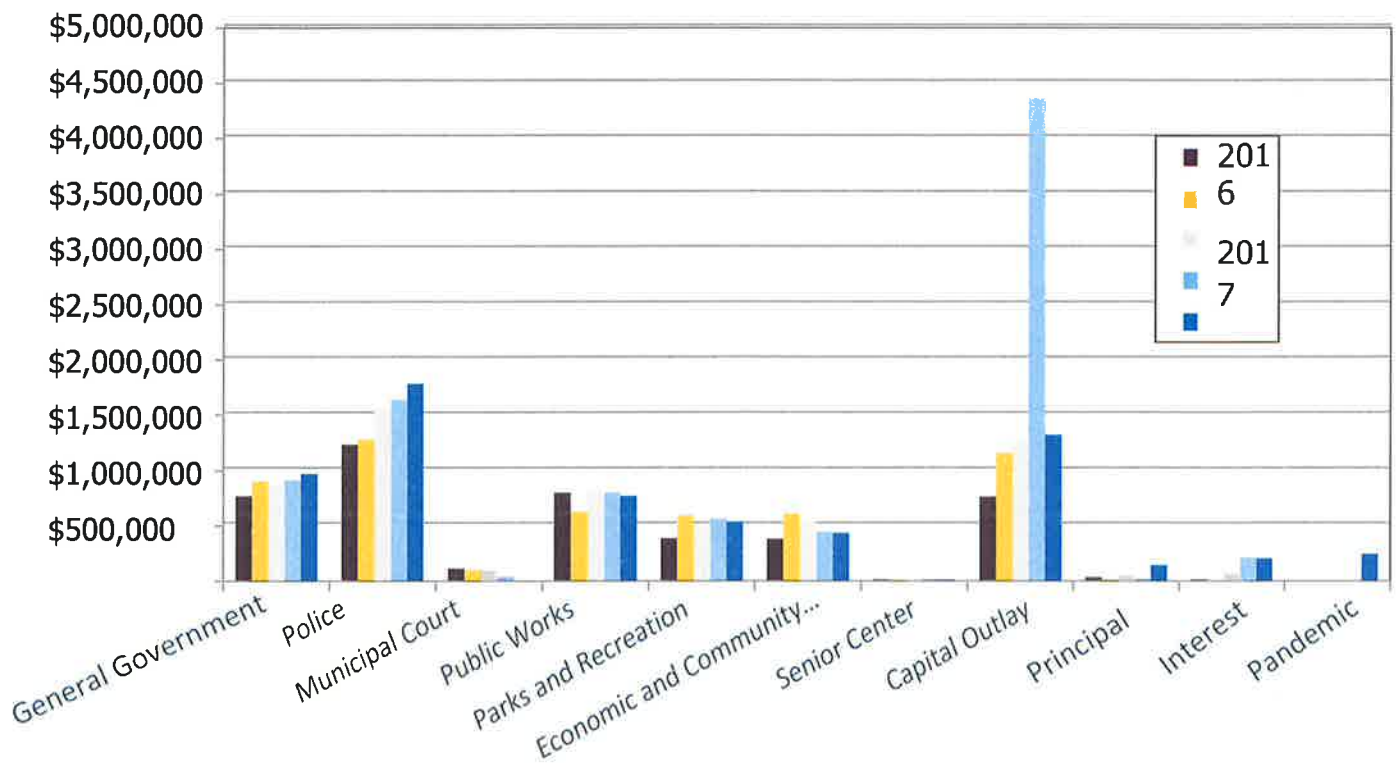
## All Governmental Funds – Revenue Sources



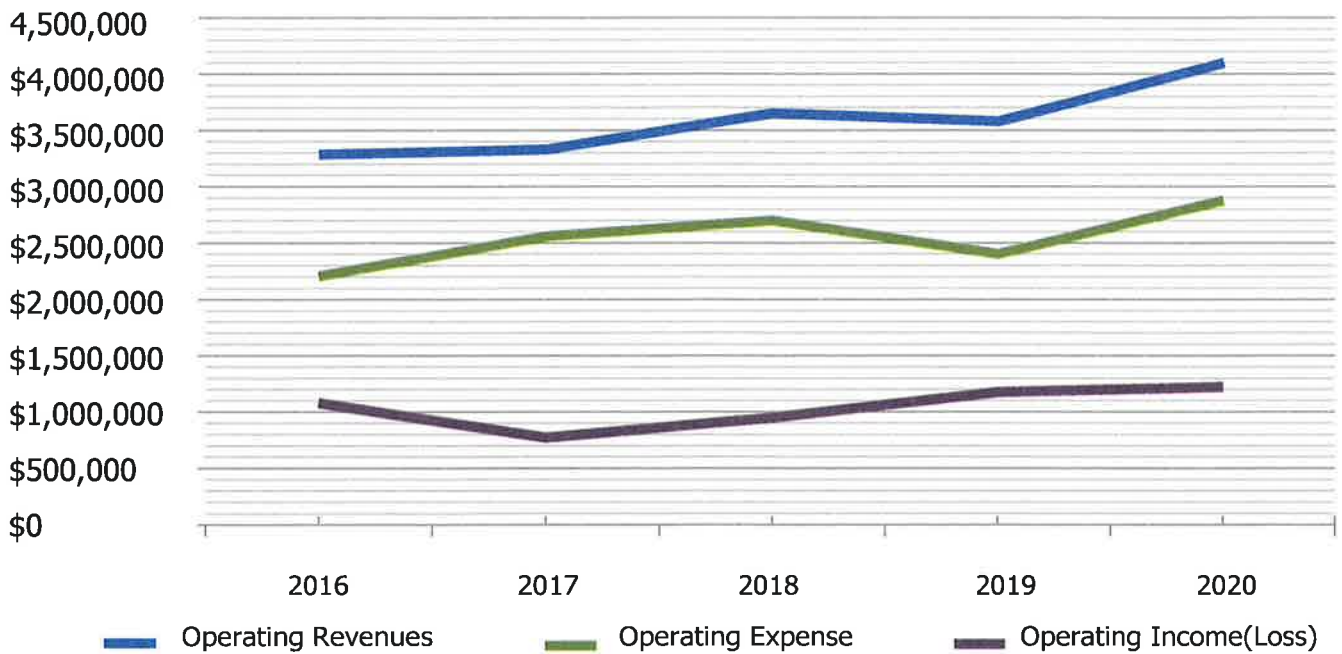
## All Governmental Funds – Tax Revenues



## All Governmental Funds – Expenditures

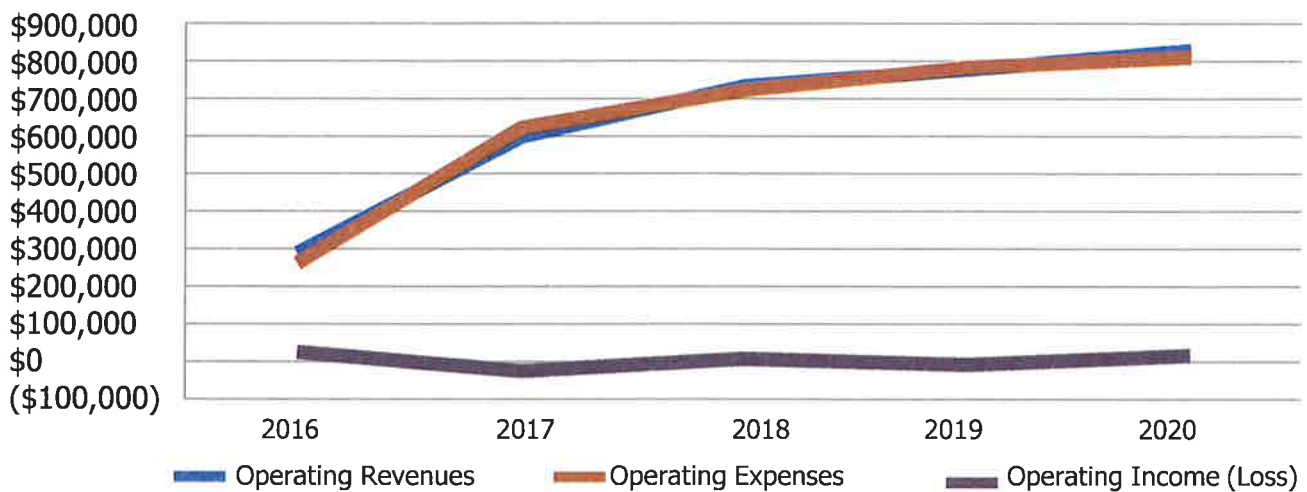


## Water and Sewer Fund Historical Trends



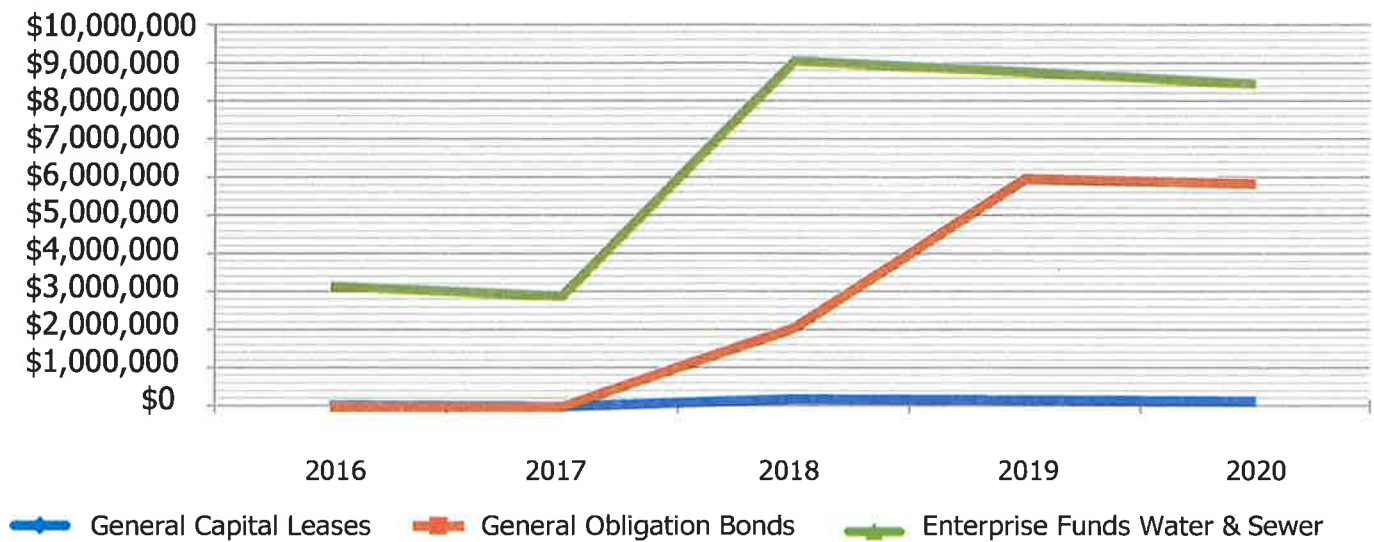
	2016	2017	2018	2019	2020
Operating Revenues	\$ 3,294,734	\$ 3,338,596	\$ 3,657,681	\$ 3,587,837	\$ 4,107,090
Operating Expenses	2,211,413	2,563,384	2,705,483	2,407,337	2,882,862
Operating Income (Loss)	1,083,321	775,212	952,198	1,180,500	1,224,228
Nonoperating Revenues	64,362	104,885	56,827	106,455	54,640
Nonoperating Expenses	152,014	159,124	286,645	272,945	302,710

## Sanitation Fund Historical Trends



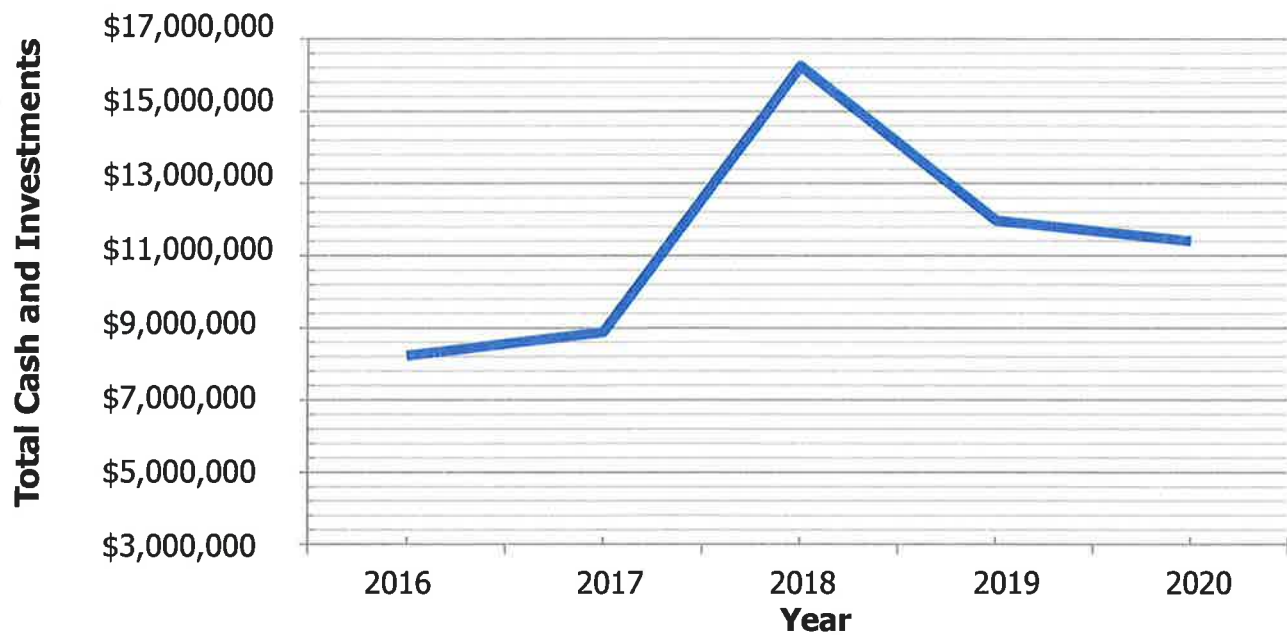
	2016	2017	2018	2019	2020
Operating Revenues	\$ 291,166	\$ 601,299	\$ 735,138	\$ 780,004	\$ 831,293
Operating Expenses	264,703	625,485	726,458	786,350	813,356
Operating Income (Loss)	26,463	(24,186)	8,680	(6,346)	17,937

## City Debt



	2016	2017	2018	2019	2020
General Capital Leases	\$ 35,162	\$ 11,956	\$ 196,956	\$ 167,688	\$ 137,081
General Obligation Bonds			2,075,886	5,990,070	5,861,961
Enterprise Funds Water & Sewer	3,155,164	2,896,164	9,073,370	8,777,563	8,466,386

## City Cash Position





Alderwoman Wilson noted that staff is working on the City's TIF project and we will have to start paying out on it, she asked if that will be a separate category that the auditors will review in future audits or will it just be incorporated overall?

Harold Ray said he believed that is a separate fund set up for the TIF. He explained that per the State Statute it is a requirement for special allocation fund to account for those resources. He explained that it will definitely show in future audits but at this time there has not been much activity. He said that in the financial statements there is a footnote that talks about tax abatements and how much money gets abated through those TIF agreements, so you will see more dollars in that disclosure also.

Alderwoman Wilson asked if there would be anything in particular that auditors look at in those specific funds separate from general operating or is it just part of a regular audit separate accounts?

Harold said it would be part of the normal audit process.

There were no other questions for the auditors.

Harold thanked Stephen and Cynthia for all the help during the audit process.

#### **4. Adjourn**

Alderman Atkins moved to adjourn. Alderwoman Wilson seconded the motion.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared the Work Session adjourned at 6:36 p.m.

  
Linda Drummond, City Clerk

  
Damien Boley, Mayor