

SMITHVILLE AREA FIRE PROTECTION DISTRICT

**BASIC FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

December 31, 2020

SMITHVILLE AREA FIRE PROTECTION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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Board of Directors
Smithville Area Fire Protection District
Smithville, Missouri

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Smithville Area Fire Protection District (the District) as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the District as of December 31, 2020, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis on pages 3 - 8 and the budgetary comparison schedules, schedules of changes in net pension liability and related ratios, and schedule of employer contributions on pages 27- 32, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2021, on our consideration of the District'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 that 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 the District'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 District's internal control over financial reporting and compliance.

Cochran Head View & Co., P.C.

Kansas City, Missouri
April 15, 2021

Smithville Area Fire Protection District
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2020

The discussion and analysis of the Smithville Area Fire Protection District (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2020, within the limitations of the District's modified cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

FY 2020 Highlights

The District's ending government-wide net position was \$3,191,301, an increase of \$532,498 from the prior year. Net position consists of \$1,105,985 related to the District's net investment in capital assets, \$498,588 is restricted, and \$1,592,728 is unrestricted.

The District's ending general fund balance was \$1,624,728, an increase of \$257,015 from the prior year. The unassigned general fund balance was \$1,258,773 or approximately 91% of the current year expenditures.

Overview of Financial Statements

Management's discussion and analysis introduces the District's basic financial statements. The District's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains additional other supplementary information (general fund budgetary schedule, debt service fund budgetary schedule, capital project fund budgetary schedule, pension, and other information) in addition to the basic financial statements.

Report Components

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

Fund Financial Statements

These statements focus on the individual parts of the District. They also report the District's operations in more detail than the government-wide statements by providing information about the District's major funds.

Notes to the Basic Financial Statements

The notes to the basic financial statement are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Supplementary Information

This Management Discussion and Analysis, general fund budgetary comparison schedule, and the pension related schedules represent additional financial information. Such information provides users of this report with additional data that supplements the District's basic financial statements.

Basis of Accounting

The District has elected to present its financial statements on a modified cash basis of accounting. The modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the District's modified cash basis of accounting, receipts and expenses and related assets and liabilities are recorded when they result from cash transactions. The modification to the cash basis of accounting relates to the presentation of capital assets and long-term general obligation debt.

Smithville Area Fire Protection District
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2020

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion with this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-Wide Statement of Net Position and the Statement of Activities

These two statements report the District's net position and changes in them. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The cause of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in Missouri and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where all the District's programs and services are reported including, but not limited to emergency services, support services, operation and maintenance of fire stations and equipment.

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District uses funds to account for certain financial transaction. The District's governmental funds are the General Fund, Debt Service Fund, and Capital Projects Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified-cash basis of accounting. The governmental funds statements provide a detailed short-term view of the District's general government operations and the basic service it provides.

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance service programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Smithville Area Fire Protection District
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2020

Government-wide Financial Analysis

The following comparative condensed statements serve as the key financial data and indicators for management, monitoring and planning.

Table 1 Net Position - Modified Cash Basis

	2020	2019
Assets		
Cash and cash equivalents	\$ 1,607,969	\$ 1,369,988
Restricted cash and cash equivalents	509,347	535,031
Capital assets, net of accumulated depreciation	4,062,445	4,177,536
Total Assets	6,179,761	6,082,555
Liabilities		
Accrued interest payable	32,000	36,000
Long-term liabilities:		
Due within one year	431,292	431,292
Due in more than one year	2,525,168	2,956,460
Total liabilities	2,988,460	3,423,752
Net Position		
Net investment in capital assets	1,105,985	789,784
Restricted	492,588	537,306
Unrestricted	1,592,728	1,331,713
Total net position	\$ 3,191,301	\$ 2,658,803

As noted earlier, net position may serve over time as a useful indicator of the District's financial condition. The assets of the District exceeded liabilities by \$3,191,301. Of this amount, \$1,592,728 is unrestricted, \$492,588 is restricted, and \$1,105,985 reflects the District's net investment in capital assets. The District uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities.

Smithville Area Fire Protection District
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2020

Table 2 Changes in Net Position – Modified Cash Basis

	<u>2020</u>	<u>2019</u>
Revenues:		
General revenues:		
Property taxes	\$ 1,598,991	\$ 1,319,508
Sales taxes	689,401	613,623
Investment income	2,648	5,896
Other income	11,501	8,958
Total revenues	<u>2,302,541</u>	<u>1,947,985</u>
Expenses:		
Fire prevention	1,702,835	1,631,707
Interest on long-term debt	67,208	79,083
Total expenses	<u>1,770,043</u>	<u>1,710,790</u>
Change in net position	532,498	237,195
Net position, beginning of the year	<u>2,658,803</u>	<u>2,421,608</u>
Net position, end of year	<u><u>\$ 3,191,301</u></u>	<u><u>\$ 2,658,803</u></u>

The District's net position increased by \$532,498 for the fiscal year ended December 31, 2020. Total revenues increased by \$354,556 from 2019. Expenses increased over 2019 by \$59,253 primarily related to increased personnel and related benefits costs, insurance and professional fees.

Financial Analysis of the District's Funds

The General Fund balance increased \$257,015 in 2020 compared to a decrease of \$145,839 in 2019. Total combined property and sales tax revenues increased \$230,832 from 2019 while expenditures decreased \$171,528 over 2019. Decreases in professional fees and capital outlay expenditures were the main reasons for the increase.

The Debt Service Fund balance increased \$161,161 to an ending balance of \$486,779 which is restricted to pay future general obligation debt service requirements.

The Capital Project Fund balance decreased \$205,879 to an ending balance of \$5,809 resulting from capital outlay expenditures.

Budgetary Highlights – General Fund

The District's budget is prepared according to Missouri law and is based on accounting for certain transactions on the modified cash basis of accounting. The most significant budgeted fund is the General Fund.

The District's General Fund showed a favorable variance of \$145,579 of actual total revenues compared to budgeted total revenues for the fiscal year. In addition, actual expenditures for the year were \$170,587 less than budgeted expenditures.

Smithville Area Fire Protection District
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2020

Capital Asset and Debt Administration

Capital Assets

The amount invested in capital assets for the District at December 31, 2020, was \$4,062,445, net of accumulated depreciation. The following table provides a summary of capital asset activity. Additional information about the District's capital assets can be found in notes 1 and 4 to the basic financial statements.

Total capital assets decreased \$115,091 as depreciation of \$332,412 exceeded current year additions of \$217,321. The most significant addition was for a new brush truck totaling \$177,465.

Capital assets, net of accumulated depreciation

	2020	2019
Land	\$ 121,321	\$ 121,321
Buildings and improvements	2,800,262	2,859,258
Equipment	232,636	284,660
Vehicles	908,226	912,297
 Total	 \$ 4,062,445	 \$ 4,177,536

Long-Debt

At December 31, 2020, the District had \$2,800,000 in general obligation bonds outstanding which is a decrease of \$400,000 from 2019. Additional information about the District's long-term debt can be found in note 5 to the basic financial statements.

	2020	2019
General obligation bonds:		
Series 2015	\$ 2,800,000	\$ 3,200,000
 Total	 \$ 2,800,000	 \$ 3,200,000

Smithville Area Fire Protection District
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2020

Economic Factors and Next Year's Budget

The Smithville Area Fire Protection District is financially stable. The District will continue to be able to provide quality services. Locally derived receipts including sales taxes and property taxes are some of the challenges facing the District. The budget reflects an effort on the part of the District to remain competitive in the marketplace for qualified personnel. The District will need to continue management of its financial resources to ensure that sound fiscal practices are followed to provide quality services. Throughout the year, the District administration monitors the receipts and expenditures budget closely. Amendments to the budget are made as necessary.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact Dave Cline, Fire Chief, at the Smithville Area Fire Protection District, 341 Park Dr, Smithville, MO 64089, phone number 816-532-4902.

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Statement of Net Position - Modified Cash Basis
December 31, 2020

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,607,969
Restricted cash and cash equivalents	509,347
Capital assets - nondepreciable	121,321
Capital assets - net of accumulated depreciation	3,941,124
Total assets	<u>6,179,761</u>
Liabilities	
Accrued interest payable	32,000
Long-term liabilities:	
Due within one year	431,292
Due in more than one year	2,525,168
Total liabilities	<u>2,988,460</u>
Net Position	
Net investment in capital assets	1,105,985
Restricted:	
Debt service	486,779
Capital projects	5,809
Unrestricted	1,592,728
Total net position	<u>\$ 3,191,301</u>

See accompanying notes to the basic financial statements

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental Activities:				Governmental Activities	
Fire prevention	\$ 1,702,835	\$ -	\$ -	\$ -	\$ (1,702,835)
Interest on long-term debt	67,208	-	-	-	(67,208)
Total primary government	<u>\$ 1,770,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,770,043)</u>
General revenues:					
Property taxes, levied for general purpose					936,124
Property taxes, levied for debt service					662,867
Sales taxes					689,401
Investment income					2,648
Miscellaneous					11,501
Total general revenues					<u>2,302,541</u>
Change in net position					532,498
Net position, beginning of year					<u>2,658,803</u>
Net position, end of year					<u>\$ 3,191,301</u>

See accompanying notes to the basic financial statements

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Balance Sheet - Governmental Funds - Modified Cash Basis
December 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and equivalents	\$ 1,607,969	\$ -	\$ -	\$ 1,607,969
Restricted cash and equivalents	-	503,538	5,809	509,347
Due from other funds	16,759	-	-	16,759
Total assets	<u>\$ 1,624,728</u>	<u>\$ 503,538</u>	<u>\$ 5,809</u>	<u>\$ 2,134,075</u>
Liabilities:				
Due to other funds	\$ -	\$ 16,759	\$ -	\$ 16,759
Total liabilities	<u>-</u>	<u>16,759</u>	<u>-</u>	<u>16,759</u>
Fund balances:				
Restricted for:				
Debt service	-	486,779	-	486,779
Capital projects	-	-	5,809	5,809
Assigned to:				
Capital projects	365,955	-	-	365,955
Unassigned	1,258,773	-	-	1,258,773
Total fund balances	<u>1,624,728</u>	<u>486,779</u>	<u>5,809</u>	<u>2,117,316</u>
Total liabilities and fund balances	<u>\$ 1,624,728</u>	<u>\$ 503,538</u>	<u>\$ 5,809</u>	<u>\$ 2,134,075</u>

See accompanying notes to the basic financial statements

SMITHVILLE AREA FIRE PROTECTION DISTRICT
 Reconciliation of the Balance Sheet - Governmental Funds to the
 Statement of Net Position - Modified Cash Basis
 December 31, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balances - total governmental funds	\$	2,117,316
Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, the cost of those assets is capitalized and shown at cost or estimated cost, net of accumulated depreciation. This is the amount of net capital assets reported in the Statement of Net Position.		4,062,445
The issuance of long-term debt 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 has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:		(2,956,460)
Interest on long-term debt is recognized only when paid in the governmental fund statements but are accrued in the government-wide statements.		<u>(32,000)</u>
Total net position of governmental activities	\$	<u><u>3,191,301</u></u>

See accompanying notes to the basic financial statements

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Modified Cash Basis
For the Year Ended December 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 936,124	\$ 662,867	\$ -	\$ 1,598,991
Sales taxes	689,401	-	-	689,401
Investment income	1,614	794	240	2,648
Other income	11,501	-	-	11,501
Total revenues:	<u>1,638,640</u>	<u>663,661</u>	<u>240</u>	<u>2,302,541</u>
Expenditures:				
Current:				
Personnel services and payroll taxes	777,617	-	-	777,617
Employee benefits	84,304	-	-	84,304
Insurance - general, health, work. comp.	269,681	-	-	269,681
Communications	79,875	-	-	79,875
Professional fees	20,969	-	-	20,969
Medical supplies	895	-	-	895
Fire prevention and investigations	2,600	-	-	2,600
Health and safety	11,479	-	-	11,479
Building maintenance and supplies	11,297	-	-	11,297
Vehicle and equipment maintenance	27,185	-	-	27,185
Other	15,477	-	-	15,477
Office operations and supplies	1,391	-	-	1,391
Professional development	11,145	-	-	11,145
Fuel	13,940	-	-	13,940
Utilities	17,433	-	-	17,433
Capital outlay	36,337	-	206,119	242,456
Debt service:				
Principal retirements	-	400,000	-	400,000
Interest and fiscal charges	-	102,500	-	102,500
Total expenditures	<u>1,381,625</u>	<u>502,500</u>	<u>206,119</u>	<u>2,090,244</u>
Net changes in fund balances	257,015	161,161	(205,879)	212,297
Fund balances, beginning of year	<u>1,367,713</u>	<u>325,618</u>	<u>211,688</u>	<u>1,905,019</u>
Fund balances, end of year	<u>\$ 1,624,728</u>	<u>\$ 486,779</u>	<u>\$ 5,809</u>	<u>\$ 2,117,316</u>

See accompanying notes to the basic financial statements

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of
Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	212,297
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense and capital asset additions in the current period.</p>		
Capital asset additions		217,321
Depreciation expense		(332,412)
<p>The issuance of long-term debt 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 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 differences in the treatment of long-term debt and related items.</p>		
Payment of long-term debt		400,000
Amortization of premium		31,292
<p>Interest on long-term debt is recognized only when paid in the governmental fund statements but is accrued in the government-wide statements.</p>		
		<u>4,000</u>
Total changes in net position of governmental activities	\$	<u><u>532,498</u></u>

See accompanying notes to the basic financial statements

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Smithville Area Fire Protection District (the District) was created in April 1989 by a vote of the people of Clay and Platte Counties. The District's function is to provide fire protection to residents of Clay and Platte Counties. This service was previously performed by the Smithville Community Firefighters Association. The assets of the Smithville Community Firefighters Association were transferred to the Smithville Area Fire Protection District on July 12, 1989, as a successor organization.

The District prepares its financial statements in conformity with the modified cash basis of accounting which is a basis of accounting other than generally accepted accounting principles (GAAP). The cash basis approach is modified to include capital assets and related depreciation and long-term debt. The following represent the more significant accounting and reporting policies and practices of the City.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the District's financial accountability for the potential component unit. An entity is considered a component unit if District officials appoint a voting majority of the component unit's governing body and the District is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the District, it may be considered a component unit.

The District is a primary government which is governed by a five-member Board of Directors. The members of the Board are elected by the voters of the District for six-year staggered terms with one director elected every two years. The District has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The District has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the District's financial statements.

Basis of Presentation

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds).

Government-wide financial statements

The statement of net position and the statement of activities display information about the District, the primary government, as a whole. The District's governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

Fund financial statements

Fund financial statements report detailed information about the District's funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination.

The following are the District's major governmental funds:

General Fund

The General Fund is the principal operating fund of the District that accounts for all financial transactions not accounted for in other funds. The majority of the current operating expenditures of the District are financed through revenues received by the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for general obligation bond debt service payments.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources segregated for the acquisition and construction of major capital assets.

Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as described below.

Governmental Fund Financial Statements

In the fund financial statements, the "current financial resources" measurement focus, as applied to the modified cash basis of accounting, is used. Only current financial assets and liabilities are generally included on their balance sheet. The fund operating statement presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

The government-wide and fund financial statements are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation and accrued interest payable in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

Cash and Investments

Missouri State Statutes authorize the District, with certain restrictions, to deposit funds in open accounts, time deposits, investment pools and certificates of deposit. Statutes also 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 District or an independent third party and must be of the kind prescribed by State Statutes and approved by the State.

The District's cash include cash on hand and amounts in demand deposits.

For the purpose of financial reporting, cash and cash equivalents includes all checking, demand money market and savings accounts, and those certificates of deposit with original maturities of three months or less.

Capital Assets

The District's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual was unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings and improvements	7-40
Vehicles	7-20
Rescue and communication equipment	5-10
Furniture, fixtures and equipment	5-7

Fund Financial Statements

In the fund-financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as equipment and capital outlay expenditures upon acquisition.

Compensated Absences

Under the modified cash basis of accounting, the District's compensated absence balances are not reflected in the government-wide financial statements. In the fund financial statements, compensated absence amounts are reported when paid.

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

Sick Leave Benefit

Employees earn sick leave benefits and accumulate unused sick leave based on their hire date and the type of employee. For firefighters the accrual rate is 11.08 hours per pay period after the first year of service and 3.70 hours per pay period for all other employees. Accumulated unused sick leave is paid to employees upon resignation or retirement up to 1,560 hours. Employees will be paid their hourly rate at one hour for every four hours of accumulated sick leave.

As of December 31, 2020, the District's estimated unrecorded liability for sick leave was \$76,114.

Vacation Leave Benefit

Employees earn vacation leave benefits and accumulate unused vacation leave based on the number of years of service and the type of employee. Employees can carry over unused hours from year to year however, upon termination, resignation, or retirement firefighters will be compensated no more than 240 hours of accrued vacation and 160 for other employees. Accrued vacation leave and accumulated unused leave is based on the following:

Employee Type	Years of Service	Accrual Rate (hrs/pay period)	Employee Type	Years of Service	Accrual Rate (hrs/pay period)
Regular employees	0-1	1.94	Shift employees	0-1	2.77
	1-2	2.58		1-2	3.7
	2-3	3.23		2-3	4.62
	3-4	3.88		3-4	5.54
	4-5	4.52		4-5	6.47
	5-9	5.81		5-9	8.31
	10-14	7.76		10-14	11.08
	15-19	9.7		15-19	13.85
	20+	11.63		20+	16.62

As of December 31, 2020, the District's estimated unrecorded liability for vacation leave was \$54,285.

Long-term Debt

All Long-term bonds, notes and other debt arising from cash transactions or events to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund-financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as debt service expenditures.

Net Position and Fund Balance Classifications

Government Wide

As noted previously, in the government-wide statements, equity is classified as net position and displayed in three components:

- *Net investment in capital assets* – Consists of 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 improvement of those assets.
- *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

- *Unrestricted net position* – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Governmental Funds

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- *Nonspendable Fund Balance* - This portion of fund balance cannot be spent either because it is in nonspendable form or is required to be maintained intact.
- *Restricted Fund Balance* - This portion of fund balance is restricted to specific purposes by state or federal laws, or externally imposed conditions by grantors and creditors. This portion of the District's fund balance is restricted for debt service and capital projects.
- *Committed Fund Balance* - This consists of amounts which can only be used for specific purposes determined by a formal action of passing an ordinance by the Board of Directors, the District's highest level of decision-making authority. Any changes or removal of specific purpose requires the same action by Board of Directors.
- *Assigned Fund Balance* - This consists of amounts which are constrained by District's management's intent to be used for a specific purpose but do not meet the criteria to be classified as committed.
- *Unassigned Fund Balance* - This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications.

The District first utilizes restricted resources when an expenditure is incurred for which both unrestricted and restricted fund balances are available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Budgetary Basis Accounting and Information

An annual budget is prepared under the modified cash basis of accounting and is adopted prior to the beginning of each fiscal year for the General Fund, Debt Service Fund, and Capital Projects Fund. Under Missouri state law, control of budget appropriations is exercised at the fund level.

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

NOTE 2: DEPOSITS

At December 31, 2020, the carrying values of deposits are summarized as follows:

	General Fund	Debt Service	Capital Projects	Total
Cash and cash equivalents	\$ 1,607,969	\$ -	\$ -	\$ 1,607,969
Restricted cash and cash equivalents	-	503,538	5,809	509,347
Total	<u>\$ 1,607,969</u>	<u>\$ 503,538</u>	<u>\$ 5,809</u>	<u>\$ 2,117,316</u>

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a failure of a depository financial institution, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits.

The District's policy requires deposits to be 100 percent secured by collateral valued at market less the amount covered by the Federal Deposit Insurance Corporation (FDIC).

The District's deposits were fully insured or collateralized and were not exposed to custodial credit risk.

Note 3: PROPERTY TAXES

Property tax receipts by fund for the year ended December 31, 2020, is as follows:

General Fund	\$ 936,124
Debt Service Fund	<u>662,867</u>
Total	<u>\$ 1,598,991</u>

The District's property tax is levied each November on the assessed value as of the prior January 1 for all property located in the District. Assessed valuations are established by the Platte and Clay County Assessors. The assessed valuation of the tangible taxable property for the purposes of local taxation was as follows:

	Platte	Clay
Real Estate	\$ 30,043,721	\$ 216,530,840
Personal Property	8,700,976	44,694,964
State & Local - Real	4,567,451	6,545,104
State & Local - Personal	195,050	1,044,444
Total	<u>\$ 43,507,198</u>	<u>\$ 268,815,352</u>

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2020 and for purposes of local taxation was as follows:

General Fund	\$	0.2821
Debt Service Fund		0.2000
Total	\$	<u>0.4821</u>

NOTE 4: CAPITAL ASSETS

Capital asset activity of the District for the year ended December 31, 2020 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land and improvements	\$ 121,321	\$ -	\$ -	\$ 121,321
Total capital assets not being depreciated	<u>121,321</u>	<u>-</u>	<u>-</u>	<u>121,321</u>
Capital assets being depreciated:				
Buildings and improvements	3,728,610	37,266	-	3,765,876
Equipment	898,201	2,590	-	900,791
Vehicles	2,249,160	177,465	-	2,426,625
Total capital assets being depreciated	<u>6,875,971</u>	<u>217,321</u>	<u>-</u>	<u>7,093,292</u>
Less accumulated depreciation for:				
Buildings and improvements	869,352	96,262	-	965,614
Equipment	613,542	54,612	-	668,154
Vehicles	1,336,862	181,538	-	1,518,400
Total accumulated depreciation	<u>2,819,756</u>	<u>\$ 332,412</u>	<u>\$ -</u>	<u>3,152,168</u>
Total capital assets being depreciated, net	<u>4,056,215</u>			<u>3,941,124</u>
Governmental activities capital assets net	<u>\$ 4,177,536</u>			<u>\$ 4,062,445</u>

Depreciation expense of \$332,412 was charged to the fire prevention function in the Statement of Activities.

NOTE 5: LONG-TERM DEBT

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
Governmental activities:					
General obligation bonds	\$ 3,200,000	\$ -	\$ 400,000	\$ 2,800,000	\$ 400,000
Premium on bond issuance	187,752	-	31,292	156,460	31,292
Total	<u>\$ 3,387,752</u>	<u>\$ -</u>	<u>\$ 431,292</u>	<u>\$ 2,956,460</u>	<u>\$ 431,292</u>

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

The District issued \$4,455,000 Series 2015 General Obligation Improvement and Refunding Bonds. Proceeds from the bonds were used to refund \$1,475,000 outstanding balance of the Series 2009 General Obligation Fire Protection Bonds and to provide funding for the purpose of constructing and furnishing a new fire station, acquiring fire trucks and other firefighting and rescue equipment. The Series 2015 bonds are due in annual installments of \$250,000 to \$425,000 through March 1, 2027, including interest at 2.0% to 4.0%.

The following table is the scheduled future debt service requirements for the Series 2015 general obligation bonds at December 31, 2020.

Fiscal Year	Principal	Interest	Total
2021	\$ 400,000	\$ 90,000	\$ 490,000
2022	400,000	78,000	478,000
2023	400,000	66,000	466,000
2024	400,000	54,000	454,000
2025	375,000	40,500	415,500
2026-2027	825,000	33,500	858,500
	<u>\$ 2,800,000</u>	<u>\$ 362,000</u>	<u>\$ 3,162,000</u>

NOTE 6: PENSION PLAN

Missouri Local Government Employees Retirement System

General Information about the Pension Plan

Plan description. The District's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The District 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 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 and receive a reduced allowance.

	<u>2020 Valuation</u>
Benefit Multiplier:	1.50% for life
Final Average Salary:	5 Years
Member Contributions:	0%

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

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 June 30, 2020, the following employees were covered by the benefit terms:

	Fire	General
Inactive members or beneficiaries currently receiving benefits	2	-
Inactive members entitled to but not yet receiving benefits	7	-
Active members	13	1
Total	<u>22</u>	<u>1</u>

Contributions. The employer 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. The employer contribution rate is 19.8% (General) and 8.0% (Fire) of annual covered payroll.

Net Pension Asset. The employer’s net pension asset was measured as of June 30, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of February 29, 2020.

Actuarial assumptions. The total pension asset in the February 29, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Fire Division

Inflation	3.25 % wage inflation; 2.50% price inflation
Salary increase	3.25 % to 7.15% including wage inflation
Investment rate of return	7.25 %, net of investment expenses

General Division

Inflation	3.25 % wage inflation; 2.50% price inflation
Salary increase	3.25 % to 6.55% including wage inflation
Investment rate of return	7.25 %, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees’ mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash	10.00%	0.00%
Leverage	-35.00%	-0.29%

Discount rate. The discount rate used to measure the total pension asset is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension asset.

Changes in the Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at 6/30/2019	\$ 1,655,972	\$ 1,965,584	\$ (309,612)
Changes for the year:			
Service cost	80,757	-	80,757
Interest	116,802	-	116,802
Difference between expected and actual experience	266,605	-	266,605
Contributions - employer	-	63,433	(63,433)
Net investment income	-	31,858	(31,858)
Benefit payments, including refunds	(172,160)	(172,160)	-
Administrative expense	-	(2,288)	2,288
Other changes	-	220,485	(220,485)
Net changes	292,004	141,328	150,676
Balances at 6/30/2020	\$ 1,947,976	\$ 2,106,912	\$ (158,936)

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

Sensitivity of the net pension asset to changes in the discount rate. The following presents the Net Pension Asset of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Asset would be using a discount rate that is 1 percentage point lower (6.25%), or one percentage point higher (8.25%), than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ 193,331	\$ (158,936)	\$ (443,186)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the District recognized pension expense of \$63,294 equal to the amount of employer cash contributions paid to the pension plan. The deferred outflows and inflows of resources related to pension include the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in experience	\$ 549,520	\$ (171,716)
Changes in assumptions	14,831	-
Excess (deficit) investments returns	56,316	-
Contributions subsequent to the measurement date *	31,987	-
Total	<u>\$ 652,654</u>	<u>\$ (171,716)</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an increase in the plan's fiduciary net position for the plan year ending June 30, 2021.

Amounts reported as deferred outflows of resources, exclusive of the contributions subsequent to the measurement date, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Net Deferred Outflows and Inflows of Resources
2021	\$ 53,318
2022	62,547
2023	80,052
2024	74,935
2025	54,364
Thereafter	123,735
Total	<u>\$ 448,951</u>

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

Payable to the Pension Plan

In accordance with the modified cash basis of accounting as described in Note 1, the District did not record the pension related assets, deferred outflows, deferred inflows or payable for outstanding contributions to the pension plan as of December 31, 2020.

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

NOTE 8: INTERFUND ACTIVITY

Amount due to/due from other funds as of December 31, 2020:

	<u>Due from:</u>
	Debt Service Fund
<u>Due to:</u>	<u> </u>
General Fund	<u>\$ 16,759</u>

Amounts due from the Debt Service Fund to the General Fund result from property taxes transferred in excess of the portion of the property tax funds related to debt service.

NOTE 9: UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak a global pandemic and recommended mitigation protocols. The impact on the District's operations and finances is dependent on future developments, including the effect of recently developed vaccines as treatment to prevent the spread of the virus. It is not currently possible to determine the overall impact of COVID-19 on the District's operations.

NOTE 10: SUBSEQUENT EVENTS

The District evaluated subsequent events through April 15, 2021, the date the financial statements were available to be issued. No subsequent events were identified that required adjustments to or disclosure in the financial statements.

Supplementary Information

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Schedule of Revenues & Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under) with Final Budget</u>
Revenues:				
Property taxes	\$ 881,061	\$ 881,061	\$ 936,124	\$ 55,063
Sales taxes	600,000	600,000	689,401	89,401
Investment income	2,000	2,000	1,614	(386)
Other income	10,000	10,000	11,501	1,501
Total revenues:	<u>1,493,061</u>	<u>1,493,061</u>	<u>1,638,640</u>	<u>145,579</u>
Expenditures:				
Current:				
Personnel services and payroll taxes	817,112	817,112	777,617	(39,495)
Employee benefits	149,200	101,000	84,304	(16,696)
Insurance - general, health, work. comp.	276,600	277,400	269,681	(7,719)
Communications	79,300	84,700	79,875	(4,825)
Professional fees	22,000	24,000	20,969	(3,031)
Medical supplies	2,000	2,000	895	(1,105)
Fire prevention and investigations	5,500	5,500	2,600	(2,900)
Health and safety	13,500	15,000	11,479	(3,521)
Building maintenance and supplies	14,500	15,500	11,297	(4,203)
Vehicle and equipment maintenance	42,000	52,300	27,185	(25,115)
Other	4,150	14,150	15,477	1,327
Office operations and supplies	4,700	4,700	1,391	(3,309)
Professional development	17,400	19,900	11,145	(8,755)
Fuel	19,000	19,000	13,940	(5,060)
Utilities	24,150	24,950	17,433	(7,517)
Capital outlay	75,000	75,000	36,337	(38,663)
Total expenditures	<u>1,566,112</u>	<u>1,552,212</u>	<u>1,381,625</u>	<u>(170,587)</u>
Net changes in fund balances	<u>\$ (73,051)</u>	<u>\$ (59,151)</u>	257,015	<u>\$ 316,166</u>
Fund balances, beginning of year			<u>1,367,713</u>	
Fund balances, end of year			<u>\$ 1,624,728</u>	

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Schedule of Revenues & Expenditures - Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under) with Final Budget</u>
Revenues:				
Property taxes	\$ 624,644	\$ 624,644	\$ 662,867	\$ 38,223
Investment income	-	-	794	794
Total revenues:	<u>624,644</u>	<u>624,644</u>	<u>663,661</u>	<u>39,017</u>
Expenditures:				
Debt service:				
Principal retirements	454,250	454,250	400,000	(54,250)
Interest and fiscal charges	<u>48,250</u>	<u>48,250</u>	<u>102,500</u>	<u>54,250</u>
Total expenditures	<u>502,500</u>	<u>502,500</u>	<u>502,500</u>	<u>-</u>
Net changes in fund balances	<u>\$ 122,144</u>	<u>\$ 122,144</u>	161,161	<u>\$ 39,017</u>
Fund balances, beginning of year			<u>325,618</u>	
Fund balances, end of year			<u>\$ 486,779</u>	

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Schedule of Revenues & Expenditures - Budget and Actual - Capital Project Fund
For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under) with Final Budget</u>
Revenues:				
Investment income	\$ -	\$ -	\$ 240	\$ 240
Total revenues:	<u>-</u>	<u>-</u>	<u>240</u>	<u>240</u>
Expenditures:				
Capital outlay	211,000	211,000	206,119	(4,881)
Total expenditures	<u>211,000</u>	<u>211,000</u>	<u>206,119</u>	<u>(4,881)</u>
Net changes in fund balances	<u>\$ (211,000)</u>	<u>\$ (211,000)</u>	(205,879)	<u>\$ 5,121</u>
Fund balances, beginning of year			<u>211,688</u>	
Fund balances, end of year			<u>\$ 5,809</u>	

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Notes to the Budgetary Comparison Schedules
December 31, 2020

Budget Law

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- 1) In accordance with Chapter 67, RSMO, the District formally adopts an annual budget for the general fund.
- 2) The Fire chief submits to the District's Board of Directors a proposed budget for the year beginning on the following January 1. The proposed budget includes estimated receipts and proposed expenditures. Budgeted expenditures cannot exceed beginning available funds plus estimated receipts for the year.
- 3) Prior to January 1, the budget is legally enacted by a vote of the Board of Directors.
- 4) Subsequent to its formal approval of the budget, the Board of Directors has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Receipts and expenditures are reported when they result from cash transactions.

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability						
Service cost	\$ 80,757	\$ 76,755	\$ 60,001	\$ 57,577	\$ 53,159	\$ 49,946
Interest on the total pension liability	116,802	115,952	75,315	71,679	62,147	59,001
Benefit changes	-	-	-	-	-	-
Difference between expected and actual experience	266,605	(93,850)	425,718	(71,684)	(12,850)	(57,909)
Changes of assumptions	-	-	-	-	35,331	-
Benefit payments, including refunds	<u>(172,160)</u>	<u>(8,879)</u>	<u>(8,657)</u>	<u>(8,529)</u>	<u>(8,457)</u>	<u>(9,975)</u>
Net Change in total pension liability	292,004	89,978	552,377	49,043	129,330	41,063
Total pension liability beginning	1,655,972	1,565,994	1,013,617	964,574	835,244	794,181
Total pension liability ending	<u>\$ 1,947,976</u>	<u>\$ 1,655,972</u>	<u>\$ 1,565,994</u>	<u>\$ 1,013,617</u>	<u>\$ 964,574</u>	<u>\$ 835,244</u>
Plan Fiduciary Net Position						
Contributions-employer	\$ 63,433	\$ 61,261	\$ 147,053	\$ 50,546	\$ (14,107)	\$ 118,135
Contributions-employee	-	-	269,828	-	-	-
Pension plan net investment income	31,858	118,842	185,309	125,401	7,363	18,288
Benefit payments	<u>(172,160)</u>	<u>(8,879)</u>	<u>(8,657)</u>	<u>(8,529)</u>	<u>(8,457)</u>	<u>(9,975)</u>
Pension plan administrative expense	<u>(2,288)</u>	<u>(2,055)</u>	<u>(1,195)</u>	<u>(1,264)</u>	<u>(1,010)</u>	<u>(1,305)</u>
Other	220,485	5,768	<u>(8,757)</u>	<u>(4,622)</u>	<u>(4,006)</u>	42,455
Net change in plan fiduciary net position	141,328	174,937	583,581	161,532	(20,217)	167,598
Plan fiduciary net position beginning	1,965,584	1,790,647	1,207,066	1,045,534	1,065,751	898,153
Plan fiduciary net position ending	<u>\$ 2,106,912</u>	<u>\$ 1,965,584</u>	<u>\$ 1,790,647</u>	<u>\$ 1,207,066</u>	<u>\$ 1,045,534</u>	<u>\$ 1,065,751</u>
Employer net pension liability (asset)	<u>\$ (158,936)</u>	<u>\$ (309,612)</u>	<u>\$ (224,653)</u>	<u>\$ (193,449)</u>	<u>\$ (80,960)</u>	<u>\$ (230,507)</u>
Plan fiduciary net position as a percentage of the Total pension liability (asset)	108.16%	118.70%	114.35%	119.09%	108.39%	127.60%
Covered employee payroll	\$ 739,210	\$ 726,824	\$ 676,708	\$ 474,828	\$ 543,875	\$ 467,475
Employer's net pension liability (asset) as a percentage of covered employee payroll	-21.50%	-42.60%	-33.20%	-40.74%	-14.89%	-49.31%

Ultimately, 10 fiscal years will be displayed. Information for prior years is not available.

SMITHVILLE AREA FIRE PROTECTION DISTRICT

Schedule of Employer Contributions

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation to Actuarially Determined Contributions	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage of Covered Employee Payroll
2011	\$ 63,964	\$ 63,964	\$ -	\$ 514,741	12.43%
2012	65,204	65,204	-	532,964	12.23%
2013	61,659	61,659	-	538,051	11.46%
2014	62,616	62,616	-	565,862	11.07%
2015	65,884	65,884	-	633,181	10.41%
2016	56,747	56,747	-	590,836	9.60%
2017	60,938	60,938	-	665,218	9.16%
2018	54,645	54,645	-	637,620	8.57%
2019	69,780	67,117	2,663	708,722	9.47%
2020	62,764	62,764	-	718,943	8.73%

Notes to Schedule of Employer Contributions

Valuation date: February 29, 2020

Notes: The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal and modified terminal funding

Amortization method A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining amortization period Multiple bases from 11 to 15 years - General Division
15 years - Fire Division

Asset valuation method 5 years smoothed market; 20% corridor

Inflation 3.25% wage inflation; 2.50% price inflation

Salary increases 3.25% to 6.55%; including wage inflation - General Division
3.25% to 7.15%; including wage inflation - Fire Division

Investment rate of return 7.25%, net of investment expenses

Retirement age Experience-based table of rates that are specific to the type of eligibility condition.

Mortality The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disables retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other Information: None