

**SMITHVILLE BOARD OF ALDERMEN**  
**WORK SESSION**  
**May 19, 2026 5:00 p.m.**  
**City Hall Council Chambers and Via Videoconference**

**1. Call to Order**

Mayor Boley was absent. Mayor Pro-Tem Atkins called the meeting to order at 5:00 p.m. A quorum of the Board was present: Marv Atkins, Kelly Kobylski, Melissa Wilson and Leeah Stone. Dan Hartman joined the meeting at 5:57 p.m.

Mayor Pro-Tem Atkins announced that Chelsea Dana resigned her position on May 18, 2026, effective immediately.

Ms. Dana's email message to the City:

*Dear Mayor Pro-Tem and City Clerk,*

*Please accept this email as my formal resignation from my position as Alderman for the City of Smithville, effective immediately, May 18, 2026.*

*Thank you for the opportunity to serve the community. Please confirm receipt of email.*

*Best regards,  
Chelsea Dana  
Alderman, Ward 2.*

Staff present: Cynthia Wagner, Gina Pate, Chuck Soules, Chief Lockridge, Jack Hendrix, Rick Welch, Matt Denton, Linda Drummond, Brandi Schuerger, Mayra Toothman, Anthony Glenn and Brittain Burnette.

City Attorneys present: Padraic Corcoran.

**2. FY2026 Financial Audit Presentation**

Kevin Smith, CPA, CliftonLarsonAllen LLP (CLA) presented the City of Smithville for the fiscal year ended October 31, 2025. He noted that the audit was conducted by an external CPA firm, as required, with the primary goal of determining whether the City's financial statements are free from material errors or inconsistencies. He explained that the City continues to prepare its financial statements using a modified cash basis of accounting, which differs from full GAAP reporting but is commonly used by organizations of similar size and is consistent with past practice. He explained that the auditors issued an unmodified opinion, which is considered a clean result and represents the highest level of assurance that can be given, indicating that the financial statements are fairly presented under the chosen accounting method.

In addition to the financial statements, they reviewed internal controls to identify any issues. Mr. Smith noted that while they do not provide an official opinion on internal controls, they did report a material weakness which is described in a separate letter. This issue primarily relates to the volume and complexity of journal entries required during the audit process to properly align the financial statements with the modified cash basis. Many of these entries involved converting information from cash to accrual-type adjustments. He noted that this is not a new issue and has been reported in previous audits as well.

At a high level, the City experienced increases in both revenues and expenditures across its governmental funds. Tax revenue remains the largest source of income, with detailed breakdowns available in the financial statement notes. Property taxes account for a significant portion, along with sales and use taxes and franchise taxes. There was also a notable increase in intergovernmental revenue, largely due to grant funding received from the Missouri Department of Transportation. Because the City operates on a cash basis, much of this funding is recognized in the current year even though it had not yet been spent by the end of the reporting period of FY2025.

Mr. Smith pointed out that looking more specifically at the general fund, revenues increased compared to the previous year while expenditures saw a slight decrease, indicating improved financial performance. Spending within the general fund is primarily concentrated in public safety, followed by general government operations, public works, and parks and recreation. Capital outlay expenses vary significantly from year to year depending on the timing of major projects. He showed the City's fund balance in terms of how long operations could continue without additional revenue, and the current level would last roughly eight months. He noted that this was considered a healthy and appropriate range for a governmental entity and represents a slight improvement from the previous year.

Mr. Smith noted that the enterprise funds, which include water, wastewater, and sanitation operations, show generally positive trends as well. Water and wastewater funds saw increased operating revenues alongside a slight decrease in expenses, resulting in improved operating income. The sanitation fund remains relatively stable and predictable, with consistent revenues and expenditures over time due to its less variable nature compared to water usage.

The City's debt levels increased due to the issuance of approximately \$8 million in Certificates of Participation tied to the enterprise funds late in the year. This increase in debt is also reflected in the City's overall cash position, as much of the borrowed funds had not yet been spent by the end of the reporting period. As a result, restricted cash balances rose significantly, while unrestricted cash saw only a modest increase.

Mr. Smith noted that the audit process went smoothly, with full cooperation from City staff and complete access to necessary records and information.

### **3. FY2026 6-Month Budget Update**

Finance Director Rick Welch presented the six-month budget update for FY2026. He noted he would be focusing on how revenues and expenditures are trending compared to the adopted budget and how projections are evolving as more data becomes available. Unlike the first quarter, when staff was cautious about making forecasts due to seasonal fluctuations and limited data, this update reflects clearer patterns that have emerged over time, allowing for more informed projections for the remainder of the fiscal year.

Rick noted that the City has significantly improved its budget monitoring practices compared to the prior year. At the same point last year, there were eleven budget amendments, largely driven by capital projects and timing differences. This year, staff have taken a more proactive and detailed approach by closely reviewing expenditures and ensuring that costs not expected to be incurred in the current year are properly carried forward. As a result, the number of budget amendments has been reduced to four within this six-month, reflecting stronger oversight and more accurate budgeting.

These amendments include adjustments for infrastructure and operational needs such as a sewer line replacement at City Hall, increased costs for the OK Railroad Trail project within parks and stormwater fund, strategic planning expenses, water supply costs tied to the

Army Corps of Engineers lease cost and additional public safety costs related to labor contracts. There was also an increase in capital improvement spending for the Riverwalk and Second Creek pedestrian improvements . Each of these adjustments reflect either unforeseen costs or timing changes, but collectively they remain manageable within the broader financial structure.

In the general fund, revenues are projected to come in slightly higher than originally budgeted, increasing from just over \$7.1 million to nearly \$7.3 million by year-end. Expenditures, however, are being held at the budgeted level for now due to uncertainty around project timing and when spending will occur within the fiscal year. Based on current projections, the City expects to end the year with a modest surplus of approximately \$156,000, contributing positively to the fund balance.

Property tax revenue is tracking very close to budget, with a slight increase to projected budget. While collections were somewhat delayed due to the senior tax rollback, the collections have since caught up and remain aligned with historical trends. Growth in property tax revenue has been relatively steady over recent years, generally increasing by around five percent annually. Projections suggest this gradual upward trend will continue, supported in part by anticipated development.

Sales tax is generally one of the City's primary revenue sources, currently it is showing a slight decline compared to budget projections. He noted that staff estimates a reduce in revenue of about \$65,000. This decrease is being closely monitored, especially given external factors such as economic conditions and the impact of a recent fire that affected certain revenue-generating businesses. Rick noted that the variability in sales tax collections is also influenced by factors outside the City's control, including how and when retailers remit taxes and their occasional amendments to filings, which can cause fluctuations from month to month.

Rick noted that in contrast, the use tax revenue continues to exceed expectations and has become a standout performer. The City has collected a significant amount within six months and is projecting year-end totals well above budget. This reflects sustained online purchasing that began in recent years and has continued.

Interest income is outperforming projections due to higher-than-expected interest rates and strong cash balances, contributing an additional boost to revenues.

Currently building permit revenue remains on budget. Rick is working closely with Development Director Jack Hendrix to refine these projections as more information becomes available.

Rick noted that on the utility side, revenues have been significantly influenced by a large grant related to a major infrastructure project, which shifted into the current fiscal year. Excluding this one-time factor, utility revenues are tracking in line with expectations. Water and wastewater operations are performing consistently with historical trends.

Rick also highlighted activity across various sales tax-supported funds, including capital improvements, transportation, parks and stormwater, and public safety. These funds show slight variations from budgeted projections, mainly due to the same sales tax fluctuations. Major infrastructure projects across these funds are in various stages of planning, engineering, or construction, and staff are actively managing timelines and costs to align with available revenues.

Rick noted that the public safety sales tax supports police compensation increases, staffing, equipment, and the creation of a full-time animal control program. Revenues from this tax are meeting expectations, and expenditures are being carefully managed to align with the priorities.

Cynthia highlighted that investments in compensation have already produced positive outcomes, particularly in strengthening recruitment and hiring efforts within the Police Department, ultimately resulting in full staffing levels. She also noted that certain planned initiatives, including the animal control program, have been deferred to allow for more effective organizational planning, which has generated short-term cost savings.

Rick noted that looking ahead, projections for this fund indicate gradual increases in expenditures over time. Staff will be carefully monitoring this to ensure that reserve levels remain. The City has always taken a conservative approach to budgeting and long-term planning, allowing it to identify potential issues in advance and adjust accordingly.

Currently, the City is in a stable financial position, with revenues generally meeting or exceeding expectations in several key areas. Expenditures are being managed cautiously, and fund balances remaining healthy. While there are some areas of concern, such as the slight decline in sales tax, these are offset by stronger performance in other tax revenue.

Staff has improved financial monitoring practices and with the conservative approach to projections will help to navigate the remainder of the fiscal year and make informed decisions during the upcoming budget process.

#### **4. FY2027 Departmental Budget Presentation**

Finance Analyst Britain Burnette presented the proposed FY2027 departmental budget requests. He noted that this is the beginning of the City's fiscal year 2027 budget development process. This presentation provides an overview of the fiscal year 2027 budget process and early preliminary view following meetings with all departments. This focuses on high-level assumptions and departmental overviews rather than detailed personnel considerations, which will be addressed later in the process. The approach to budget development relies on standard inflationary adjustments across common cost categories, including utilities, software, telecommunications, postage, fuel, and natural gas. These assumptions reflect modest percentage increases intended to anticipate rising costs, while gasoline is held at the same rate as the prior year due to recent volatility. Each department's presentation follows a consistent structure that includes historical budget, a baseline projection excluding personnel, identified decision packages and a revised total incorporating those requests.

The Administration Department budget is largely driven by personnel, with prior increases tied to the addition of an IT and GIS Analyst. Costs previously rose due to the wellness program and the wayfinding signage project being carried forward. The laptop replacement expenses were allocated to individual departments, reducing administrative costs. Contracted services goes up significantly due to restructuring the city attorney from hourly to a contracted retainer. This transition reflects a strategic move to improve budget predictability and ensure accessibility to legal services without discouraging usage based on hourly billing concerns. The retainer approach is based on the recent usage patterns and includes an anticipated increase based on average monthly hours. Administration also maintains several ongoing contractual relationships with community and regional partners. Capital costs remain influenced by the wayfinding project and technology replacements. The department's decision packages add modest increases for targeted needs for a Citizen Newsletters direct mailer and replacement and redesign of downtown street banners adjusting baseline higher while still excluding personnel.

The Streets Division budget reflected personnel growth tied to wages and retirement contributions, as well as capital investment in a major roadway project. Commodity expenses had decreased due to prior-year equipment purchases, and contracted services were reduced after eliminating outsourced snow plowing. Looking forward, the baseline reflects rising commodity costs tied to inflation in fuel and utilities. Contracted services decline due to the reassignment of engineering costs for the First and Bridge Street roundabout project to the Transportation Sales Tax Fund, while capital expenditures drop off due to the completion of the 176<sup>th</sup> Street project. The department has submitted additional requests through decision packages, a mini excavator, PCI software and a zero turn mower, bringing its baseline higher while still excluding personnel.

The Police Department budget shows a similar pattern with personnel, with prior changes reflecting internal accounting adjustments that shifted certain expenses between commodities and contracted services. A notable capital investment in the previous year was the installation of an outdoor warning siren system, annual taser replacement, AEDs, Cargo Raxx, and training gun replacement. For the upcoming baseline, commodity costs increase in line with general inflation assumptions, while capital expenses decrease as major one-time project concluded and some ongoing equipment costs transition to a dedicated public safety sales tax fund. The department continues to manage equipment lifecycle challenges, particularly with aging in-car camera systems that are reaching end of life and becoming difficult to maintain. Proposed upgrades aim to align these systems with recently updated body cameras, improving integration and reliability. Additional decision packages include a storage container, camera replacement, CCTV for evidence room, Flock Cameras, Centerline AI, STAR Team Assignment and Cellebrite contributing to a higher adjusted baseline.

The Development Department budget reflects increases in personnel tied to wage adjustments and retirement contributions, along with prior investments in mobile permitting technology. In the new baseline, costs for the mobile permitting system were removed, reducing both commodities and capital expenditures. However, contracted services increased due to the quantity of zoning reviews by HDR. The department has proposed a decision package related to planning work for a future overlay district tied to potential annexation or Smith's Fork Park. While this work is recognized as necessary, its timing may depend on the pace of annexation discussions with external stakeholders, indicating that it could be deprioritized in the immediate term while remaining an important future need.

The Finance Department maintains a budget influenced by personnel costs and periodic external obligations such as audits. Prior changes included reduced bank-related expenses and increased contracted services due to a state audit. In the upcoming baseline, expenditures rise modestly in response to inflation and anticipated increases in the financial audit costs. A minor capital increase for the laptop replacement cost. Finance has proposed a decision package for new budgeting software intended to improve planning and analysis capabilities, which would incrementally increase the department's baseline.

Parks and Recreation reflects a mix of personnel, program support, and capital improvements. Previous adjustments included reduced capital spending after completion of campground improvements. In the new baseline, commodity costs increase as responsibility for facility maintenance expenses shifts from administration to parks. Contracted services include a significant and growing lease payment for Smith's Fork Park to the Corps of Engineers, a cost that is expected to rise substantially over time and increasingly compete with funding for

programming and enhancements. The department has identified multiple decision packages aimed at improving facilities and services, a finishing mower, sports field irrigation, Activity Center updates, utility vehicle, air compressor, concrete crack seal/shavings, park maintenance shop repairs and a Courtyard Christmas Tree. These requests increase the overall baseline while highlighting ongoing operational and capital pressures.

The Elected Officials budget is comparatively small and largely driven by contracted services, which previously spiked due to strategic planning efforts and survey work. With those initiatives completed, the baseline reverts to a lower level, with only minor inflationary increases in commodities. A key decision package proposes replacement of the council chamber sound system, driven by ongoing reliability issues that affect public communication and meeting accessibility.

The Board discussed potentially accelerating this upgrade through a FY2026 budget amendment rather than waiting for the next fiscal year. They also discussed potential future review of compensation and benefits for elected officials and the possibility of providing city-branded attire. The Board directed staff to research what other area cities offer for compensation and benefits. After further discussion on city-branded attire, the Board agreed it should be purchased by the Board member.

Across all departments, this budget represents an initial phase in the FY2027 budget development plan focused on aligning priorities, incorporating inflationary adjustments, and repositioning certain expenditures into more appropriate categories or funding sources. The Board directed departments to identify and outline key decision packages to support structured evaluation.

It was noted that this presentation was designed to facilitate informed discussion and early policy direction in advance of more detailed financial review. Personnel costs representing the largest share of the budget will be evaluated in a subsequent phase of the process.

Overall, the plan emphasizes transparency, consistency, and strategic prioritization, ensuring that resource allocation decisions are aligned with organizational goals as the City progresses toward refining and ultimately adopting the FY2027 budget.

## **5. Adjourn**

Alderman Hartman moved to adjourn. Alderman Kobylski seconded the motion.

Ayes – 5, Noes – 0, motion carries. Mayor Pro-Tem Atkins declared the work session adjourned at 6:36 p.m.

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Brandi Schuerger, Assistant City Clerk

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Damien Boley, Mayor