



Board of Alderman Request for Action

MEETING DATE: 3/1/2022

DEPARTMENT: Administration/Finance

AGENDA ITEM: Approve Bill No. 2935-22, Creation of CID Fund. 1st reading by title only.

REQUESTED BOARD ACTION:

A motion to approve Bill No. 2935-22, Creation of CID Fund. First reading by title only.

SUMMARY:

On August 1, 2017, the City of Smithville Board of Aldermen passed Ordinance 2974-17 which approved the petition to form the Smithville Commons Community Improvement District. A public hearing was held in accordance with the CID Act. On July 16, 2019, the City of Smithville Board of Aldermen passed Ordinance 3041-19 to approve a cooperative agreement between the City, the Community Improvement District, and the Developer to impose a district-wide sales tax and authorize the City to perform all functions incident to the administration, enforcement, and operation of the district-wide sales tax. Per RSMo 67.1401 through 67.1571 (the "CID Act"), the Smithville Commons Community Improvement District is established as a separate political subdivision with its own cooperative agreement and set of audited finance statements. The length of time for the existence of the Smithville Commons CID is twenty-three (23) years from the date upon which any sales tax is levied within the District.

During the FY2021 Audit performed by CliftonAllenLarson, auditors noted CID revenues (the CID 1% sales tax) were currently being captured in the Special Allocation Fund. The Special Allocation Fund was designated as the budgeted fund to house TIF activity in the Marketplace (TIF EATs, TIF Property Tax, and TIF related expenses) as well as CID revenue and expenditure activity. The City began receiving CID Sales Tax in January 2021 and staff captured and recorded revenues in the Special Allocation Fund. At this time, no CID expenditures have been recorded in the General Ledger.

After review with staff, CliftonLarsonAllen recommended that the City create a separate fund to account for revenues and expenditures associated with the CID. The recommendation is based upon the idea that segregation will prevent the co-mingling of CID resources with TIF revenues and expense activity. Therefore, this Ordinance would establish a formal Community Improvement District budgeted fund to account for all revenues and expenditures for the CID. This recommendation to create a new fund will be outlined in the management letter provided by CLA for the FY2021 audit. In addition to this Ordinance, staff has added an Ordinance for Board approval to amend the FY2022 budget to allow for revenue and expenditure authority in the new CID Fund.

PREVIOUS ACTION:

In August 2017, the Board has approved Ordinance 2971-17 to form the CID and in July 2019, the Board approved Ordinance 3041-19 to adopt a cooperative agreement between the City, the CID, and the Developer.

POLICY OBJECTIVE:

N/A

FINANCIAL CONSIDERATIONS:

Provide a separate fund to account and track CID revenues and expenses.

ATTACHMENTS:

☒ Ordinance

☐ Resolution

☐ Staff Report

☐ Other:

☐ Contract

☐ Plans

☐ Minutes

**AN ORDINANCE CREATING THE COMMUNITY IMPROVEMENT
DISTRICT (CID) FUND**

WHEREAS, on August 1, 2017, the City of Smithville Board of Aldermen passed Ordinance No. 2974-17 to approve the formation of the Smithville Commons Community Improvement District, and;

WHEREAS, on July 16, 2019, the City of Smithville Board of Aldermen passed Ordinance No. 3041-19 to approve a cooperative agreement between the City, the Community Improvement District, and the Developer to impose a district-wide sales tax and authorizes the City to perform all functions incident to the administration, enforcement, and operation of the district-wide sales tax, and;

WHEREAS, RSMo 67.1401 through 67.1571 (the "CID Act") establishes the Smithville Commons Community Improvement District as a separate political subdivision with the power to govern itself and impose and collect special assessments and additional property and sales taxes, and;

WHEREAS, the City of Smithville is the fiscal agent for the CID and holds the funds of the CID in a custodial capacity and the establishment of a separate fund to allow for accounting of revenues and expenditures is desired.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF SMITHVILLE, MISSOURI AS FOLLOWS:

The Community Improvement District (CID) Fund is hereby established in the City's treasury and shall be held and administered by the City's Finance Director.

Passed this ____ day of _____, 2022.

Damien Boley, Mayor

ATTEST:

Linda Drummond, City Clerk

First Reading: 3/01/2022

Second Reading: 4/4/2022