



**SOUTHWEST MISSOURI COUNCIL OF
GOVERNMENTS
SPRINGFIELD, MISSOURI**

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2021



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SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS	3-6
BASIC FINANCIAL STATEMENTS	
Statement of Net Position – Cash Basis	7
Statement of Revenues Collected, Expenses Paid, and Change in Net Position – Cash Basis	8
Statement of Cash Flows – Cash Basis	9
Notes to Financial Statements	10-15

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southwest Missouri Council of Governments
Springfield, Missouri

We have audited the accompanying cash basis financial statements of the Southwest Missouri Council of Governments (SMCOG), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SMCOG'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 cash basis of accounting described in Note 1; this includes determining that the 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of SMCOG, as of and for the year ended June 30, 2021, and the respective changes in cash basis financial position and, cash flows thereof for the year then ended in accordance with the 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 cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is 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 as a whole that collectively comprise the SMCOG's basic financial statements. The management's discussion and analysis, as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is 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.

Sikich LLP

St. Louis, Missouri
June 8, 2023

**SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

This section of SMCOG's financial report presents discussion and analysis of SMCOG's financial performance for the fiscal year ended June 30, 2021. It should be read in conjunction with the transmittal letter at the front of this report and SMCOG's financial statements, which immediately follow.

FINANCIAL HIGHLIGHTS

- SMCOG is funded as the Federally designated Economic Development District (EDD) through the Economic Development Administration (EDA). This funding supports regional economic development planning and was extended to an additional three years in FY21.
- SMCOG was awarded a grant through EDA for long term economic recovery planning activities related to the COVID-19 pandemic. SMCOG leveraged this grant to hire a full-time Recovery Coordinator and Grants Administrator. This grant has also funded market studies for the communities of Ozark, Republic, and Buffalo.
- SMCOG continued its agreement with the Springfield Area Chamber of Commerce to collect field data, 3 times per year for the Cost-of-Living Index Price Reports which in turn the Chamber provides to the National Council for Community & Economic Research. This information is used to attract new residents and businesses to the area.
- SMCOG staff continued to serve on the executive board of the RMI, Inc., which functions as a certified lender of SBA 504 Small Business Loans.
- SMCOG Net Position increased by \$62,550 to \$146,599 as of June 30, 2021. This represents an increase of 74% over prior year.
- Revenues and expenses increased over prior year by 289% and 386%, respectively.

OVERVIEW OF FINANCIAL STATEMENTS

The financial statements presented in this report consist of the statement of net position - cash basis and the statement of revenues collected, expenses paid, and change in net position - cash basis. The statement of net position - cash basis provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of SMCOG. This year's revenues and expenses are accounted for in the statement of revenues collected, expenses paid, and change in net position - cash basis. This statement reports the revenues and expenses during the time periods indicated and can be used to determine whether SMCOG has successfully recovered all of its costs through user fees and other charges.

**SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended June 30, 2021

BASIS OF ACCOUNTING

SMCOG has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 SMCOG’s cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues 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 within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

FINANCIAL ANALYSIS

Statement of Net Position – Cash Basis. SMCOG's combined net position was \$146,599 as of June 30, 2021. Of this amount \$108,750 is restricted for grants and \$37,849 is unrestricted. As mentioned earlier, net position may serve over time as a useful indicator of a government’s financial position. The condensed statement of net position as of June 30, 2021, was as follows:

Statement of Net Position – Cash Basis

	June 30		2021 Change	
	2021	2020	Amount	Percent
ASSETS				
Current and other assets	\$ 146,599	84,049	62,550	74 %
NET POSITION				
Restricted	\$ 108,750	-	108,750	100 %
Unrestricted	37,849	84,049	(46,200)	(55)
Total net position	\$ 146,599	84,049	62,550	74 %

Statement of Revenues Collected, Expenses Paid and Change in Net Position Activities. SMCOG’s net position increased by \$62,550 during the current fiscal year due to operating activities:

**SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended June 30, 2021

Statement of Revenues Collected, Expenses Paid and Change in Net Position – Cash Basis

	For The Years Ended June 30		2021 Change	
	2021	2020	Amount	Percent
REVENUES COLLECTED				
Program revenues:				
Service revenues	\$ -	1,000	(1,000)	(100) %
Federal grants	190,964	-	190,964	100
Membership dues	48,300	46,248	2,052	4
Associate dues	5,750	5,875	(125)	(2)
Other	-	9,833	(9,833)	(100)
Total revenues collected	245,014	62,956	182,058	289
EXPENSES PAID				
Program expenses	182,464	37,555	144,909	386
CHANGE IN NET POSITION	62,550	25,401	37,149	146
NET POSITION, JULY 1,	84,049	58,648	25,401	43
NET POSITION, JUNE 30	\$ 146,599	84,049	62,550	74 %

Services Revenues decreased by \$1,000 from 2020 to 2021. This is mainly due to no service projects provided through SMCOG during the year.

Federal Grants increased by \$190,964 from 2020 to 2021. Federal grants are approximately 78% of the total revenue in 2021. Revenues for the following service projects made up the total federal revenue income for the year: Economic Development Administration (EDA) Partnership Planning Assistant Programs, EDA CARES Program, and Greene County CARES Program.

Membership Dues increased by \$2,052 from 2020 to 2021. The following are the new members who joined in 2021: City of Clever, City of Exeter, City of Humansville, City of Kirbyville, City of Purdy, City of Sparta, Village of Taneyville, City of Urbana, and City of Wheaton.

Associate Dues decreased by \$125 from 2020 to 2021. There were no new members in 2021.

Program Expenses include scholarships, insurance, food, administrative expenses, membership dues, project, payroll, and fringe benefits reimbursement to MSU. Payroll and Fringe benefits reimbursements were \$91,738 and \$27,180 of the total and 51% and 15% of the total program expenses for the year ended June 30, 2020, compared to 0% in the prior year.

**SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended June 30, 2021

ECONOMIC FACTORS

SMCOG operates solely in a ten-county area of Southwest Missouri. It is imperative that SMCOG succeed in the implementation of projects in Transportation, Revolving Lending Fund, Economic and Community Development, Comprehensive Planning, Environmental Planning, Hazard Mitigation, Homeland Securities, and other projects not only for the ten-county region and its residents, but also for the longevity of SMCOG. SMCOG has a sustained flow of revenues: the membership and associate dues charged to each community and county based on census count and federal grants.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This financial report is designed to provide SMCOG's constituents, residents, and funding agencies with a general overview of its finances and to demonstrate the accountability for funding it receives.

If you have questions about this report or need additional financial information, please contact:

Jason Ray
Executive Director
Levy-Wolf Building
110 Park Central Square
Springfield, MO 65806

**SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI**

STATEMENT OF NET POSITION – CASH BASIS

June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 146,599
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NET POSITION

Restricted for:

EDA cares grant	\$ 91,250
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Partnership planning grant	17,500
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Unrestricted	<u>37,849</u>
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Total net position	<u>\$ 146,599</u>
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See notes to financial statements.

**SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI**

**STATEMENT OF REVENUES COLLECTED, EXPENSES PAID, AND
CHANGE IN NET POSITION – CASH BASIS**

For the Year ended June 30, 2021

REVENUES COLLECTED

Membership dues	\$ 48,300
Associate dues	5,750
Federal grants	<u>190,964</u>
Total revenues collected	<u>245,014</u>

EXPENSES PAID

Travel	5,607
Supplies	16,687
Insurance	2,505
Contractual	4,500
Memberships	500
Meals	700
Other	16,871
Transfer to Missouri State University:	
Project reimbursements	16,176
Payroll reimbursements	91,738
Fringe Benefits reimbursements	<u>27,180</u>
Total expenses paid	<u>182,464</u>

CHANGE IN NET POSITION 62,550

TOTAL NET POSITION - BEGINNING 84,049

TOTAL NET POSITION - ENDING \$ 146,599

See notes to financial statements.

**SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI**

STATEMENT OF CASH FLOWS – CASH BASIS

For the Year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 54,050
Receipts from federal grants	190,964
Payments for operating expenses	(47,370)
Payments to MSU for reimbursements	<u>(135,094)</u>

NET INCREASE IN CASH AND

CASH EQUIVALENTS 62,550

CASH AND CASH EQUIVALENTS,

BEGINNING OF YEAR 84,049

CASH AND CASH EQUIVALENTS,

END OF YEAR \$ 146,599

See notes to financial statements.

**SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Southwest Missouri Council of Governments (SMCOG) was established in 1989 in the State of Missouri. SMCOG is an association of local governments and stakeholders and is the federally designated Economic Development District for the ten-county area of Southwest Missouri. SMCOG oversees the growth and development of the region and provides professional services and information to assist cities and counties with development issues. SMCOG strives to accomplish these objectives by 1) providing staff expertise in planning and community development; 2) creating networking opportunities to address issues of common concern; 3) assisting governments in accessing resources; 4) advocating for the Southwest Missouri Region.

The basic financial statements of SMCOG have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)), except as described in Note 1c. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of SMCOG's accounting policies are described below:

(a) Reporting Entity

In evaluating how to define the government, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, and no other entities are appropriate for inclusion as component units of SMCOG in the financial statements of SMCOG, and SMCOG is not a component unit of any other entity. The primary criteria of evaluation of the reporting entity are the degree of oversight maintained by SMCOG. Oversight responsibility includes financial interdependency, selection of governing authority, ability to significantly influence operations, and accountability for fiscal matters.

(b) Fund Accounting and Measurement Focus

SMCOG is accounted for as an enterprise fund within the proprietary fund category. Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services.

Proprietary fund financial statements are reported using the economic resources measurement focus, within the limitations of the cash basis of accounting, as defined in Note 1c.

SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Fund Accounting and Measurement Focus (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The principal operating revenue for proprietary funds is a charge to other governments for local assessments including membership and associate dues, project services and grant administration as discussed below:

Membership and Associate Dues: All member and associate governments are required to pay assessments to the Council. Assessments are determined annually and are recognized as revenues when they are received.

Services Revenues: Any services provided for planning and development project to the members outside of the grant projects. The revenues are recognized as they are received.

Other Revenues: Other Revenues are composed of any cash received from fundraising events and other reimbursements. The revenues are recognized as they are received.

Federal Grants: Federal grants is composed of any cash received from federal grants. The revenues are recognized as they are received.

When both restricted and unrestricted resources are available for use, it is SMCOG's policy to use restricted resources first, then the unrestricted resources as they are needed.

(c) Basis of Accounting

SMCOG's financial statements are presented using a cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of Accounting (Continued)

As a result of the use of this 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.

(d) Accounting Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(e) Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of one year or less.

(f) Compensated Absences

SMCOG does not report accrued vacation or sick leave under the cash basis of accounting. Such amounts are reported as expenses when paid. SMCOG follows MSU policy as the payroll and benefits are processed through MSU. The following policies concern compensated absences for all full-time employees:

Sick Leave

Employees accrue one day sick leave per month of service. Upon resignation or dismissal, compensation for any unused sick leave will be cancelled. Upon retirement, employees may use a maximum of 21 accumulated sick days to Missouri State Employees’ Retirement System (MOSERS) or a maximum of 48 accumulated sick days to one of the university’s public retirement plans.

SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Compensated Absences (Continued)

Vacation Leave

The policy permit employees to accumulate earned but unused vacation pay benefits. Employees who retire or whose employment otherwise terminates will be paid for all earned but unused vacation. Exempt full-time employees earn vacation benefits at 20 working days per year. Nonexempt full-time employees earn vacation benefits according to the following schedule:

<u>Years of Service</u>	<u>Working Days Per Year</u>
Less than 5	10
5 – 10	15
10 or over	20

(g) Net Position

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 debt attributable to the acquisition, construction, or improvements of those assets. SMCOG does not report “Net Investment in Capital Assets” since they do not record capital assets or long-term debt.

Restricted Net Position – consist of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net assets that do not meet the definition of “restricted” or “Net Investment in Capital Assets”.

(h) Budgets and Budgetary Accounting

In accordance with SMCOG’s bylaws, the Executive Director and the budget committee prepare an annual budget and present it to SMCOG board members for final action by SMCOG board members no later than the June Board meeting. The budget shows the proportionate share of each local governmental unit participating in SMCOG. The operating budget covers all funds and includes proposed revenue and expenses for the upcoming year.

SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS

SPRINGFIELD, MISSOURI

NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND CASH EQUIVALENTS

SMCOG complies with various restrictions on deposits which are imposed by state statutes as follows:

All deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits. At June 30, 2021, the carrying amounts of the SMCOG's deposits were \$146,599 and the bank balances were \$148,398, which were covered by federal depository insurance.

3. CONTINGENCY

SMCOG receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenses disallowed under, or other noncompliance with, the terms of the grants and funding.

There are no claims for lawsuits to which SMCOG is a part as a result of certain injuries and various other matters and complaints arising in the ordinary course of SMCOG's activities. SMCOG's management and legal counsel anticipate that any unknown potential claims, if any, against SMCOG not covered by insurance would not have a material effect on the financial position of SMCOG.

4. COMMITMENTS

SMCOG is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; professional liabilities.

Type of Loss	Method Managed	Risk of Loss Retained
Torts, theft, damage to physical property	Purchased commercial insurance	None
Professional liabilities	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to SMCOG.

SOUTHWEST MISSOURI COUNCIL OF GOVERNMENTS
SPRINGFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RELATED PARTY TRANSACTIONS

SMCOG has entered into an operating agreement with Missouri State University (MSU). Related party transactions with MSU are as follows:

Payroll and Fringe Benefits: All SMCOG employees are members of the University's Center for Resource Planning and Management (CRPM). Their payroll and fringe benefits are directly processed through MSU. SMCOG is required to reimburse payroll and fringe benefits spent on SMCOG projects and services to MSU. On June 30, 2021, Payroll and fringe benefits reimbursements to MSU were \$91,738 and \$27,180, respectively. Of these amounts, \$22,419 of payroll and \$8,683 of fringe benefits were spent on EDA CARES project. \$69,319 of payroll and \$18,497 of fringe benefits were spent on EDA Partnership Planning project.

Project Reimbursements: SMCOG can accept and administer grants, agreements, or contracts with external entities for the conduct of projects to be carried out in whole or in part through MSU. However, SMCOG must have prior written approval before acting on the MSU's behalf for any purpose. On June 30, 2021, SMCOG's project and service reimbursements to MSU was \$16,176. This was for matching contributions to a MODOT project owned by MSU.

6. ECONOMIC DEPENDENCY

SMCOG receives a substantial amount of its support from federal, state, and local governments. If a significant reduction in this level of government support were to occur, it may have an effect on SMCOG's programs.

7. SUBSEQUENT EVENTS

Management has evaluated events and transactions for subsequent events disclosures occurring after June 30, 2021 through June 8, 2023, the date the financial statements were available to be issued and there are no material events requiring recognition or disclosure.