

CITY OF RICHMOND, MISSOURI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

**CITY OF RICHMOND, MISSOURI
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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Richmond, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Richmond, Missouri, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' 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 auditors' 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 financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Richmond, Missouri, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pages 3 through 14 and 44 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2015, on our consideration of the City'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 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 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 City's internal control over financial reporting and compliance.

Westbrook & Co., P.C.

Richmond, Missouri
January 6, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the City of Richmond's (the City) financial report presents a review of the City's financial performance during the fiscal year that ended September 30, 2014. Please read this section in conjunction with the City's financial statements, which follow this section.

Financial Highlights

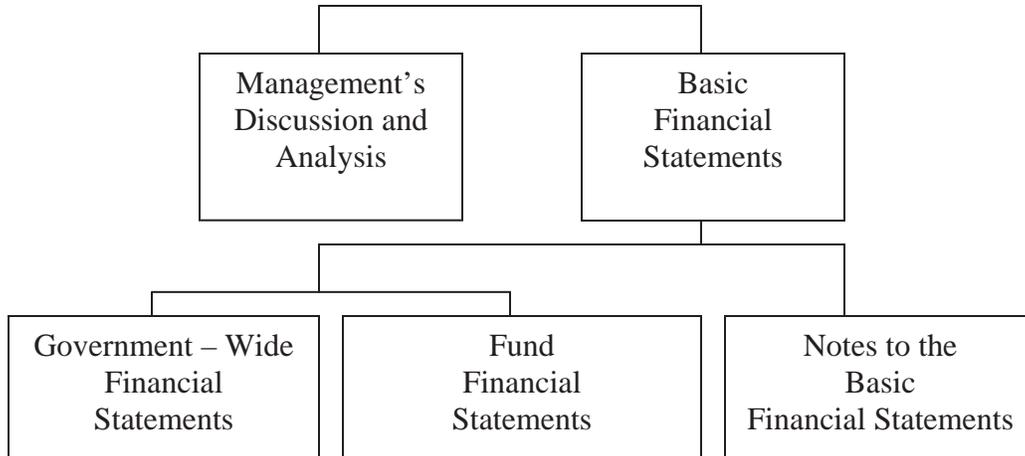
- The assets of the City of Richmond exceeded its liabilities by \$19,035,296. Of this amount, \$15,744,980 represents the City's net investment in capital assets; \$426,620 is restricted for debt service and \$100,628 is restricted for perpetual care. There is a deficit of \$525,085 of net position unrestricted for governmental activities and a positive balance of \$3,288,153 of net position unrestricted for business-type activities.
- The City's total net position increased \$800,361.
- The City's long-term debt increased approximately \$3,400,000 during the current fiscal year.

Overview of the Financial Statements

This section is the Management's Discussion and Analysis and contains supplementary information to the basic financial statements.

The City's basic financial statements will follow this section and are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements.

Required Components



Summary → Detail

Government-Wide financial statements provide both long-term and short-term information about the City's overall financial status.

Fund financial statements focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements. These operations are separated into two groups, governmental funds and proprietary funds.

- Governmental fund statements tell how general government services, such as public safety, were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements provide short and long-term financial information about the activities the government operates like a business, such as solid waste, water, and wastewater operations.

The notes to the basic financial statements provide additional information that further explains and supports the information in the basic financial statements.

Government-Wide Financial Statements

Our analysis of the City as a whole is presented in the government-wide financial statements. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities reports information about the City as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash was received or paid.

These two statements report the City's net position and change in net position. You can think of the City's net position - the difference between assets and liabilities - as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's streets, to assess the overall health of the City.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is that the format is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including general administration, public safety, streets and public works, community development, parks and recreation. Taxes, (sales, property and franchise) charges for services, fines, and state and federal grants finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, wastewater and solid waste activities are reported here.

Fund Financial Statements

The fund financial statements provide more detailed information about the most significant funds - not the City as a whole. Funds are the accounting devices the City uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law and by bond covenants. The City establishes other funds to help it control and manage its resources. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related liabilities and residual equities and balances, and the changes therein.

The City has two types of funds:

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the

City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation following the fund financial statements.

- Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's water, wastewater and solid waste enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

Government-Wide Financial Analysis

Our analysis below focuses on net position (Figure 1) and change in net position (Figure 2) of the governmental and business-type activities.

Figure 1

City of Richmond's Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets:						
Current & other assets	\$ 2,642,669	\$ 1,999,143	\$ 6,082,701	\$ 9,332,561	\$ 8,725,370	\$ 11,331,704
Capital assets, net	<u>11,189,302</u>	<u>11,456,703</u>	<u>20,099,687</u>	<u>11,647,864</u>	<u>31,288,989</u>	<u>23,104,567</u>
Total assets	<u>13,831,971</u>	<u>13,455,846</u>	<u>26,182,388</u>	<u>20,980,425</u>	<u>40,014,359</u>	<u>34,436,271</u>
Liabilities:						
Other liabilities	1,173,332	788,408	2,773,704	1,817,792	3,947,036	2,606,200
Long-term liabilities	<u>6,122,384</u>	<u>6,400,136</u>	<u>10,909,643</u>	<u>7,195,000</u>	<u>17,032,027</u>	<u>13,595,136</u>
Total liabilities	<u>7,295,716</u>	<u>7,188,544</u>	<u>13,683,347</u>	<u>9,012,792</u>	<u>20,979,063</u>	<u>16,201,336</u>
Net position:						
Net investment in capital assets	6,696,049	6,675,602	9,048,931	4,144,561	15,744,980	10,820,163
Restricted	365,291	384,019	161,957	5,851,428	527,248	6,235,447
Unrestricted	<u>(525,085)</u>	<u>(792,319)</u>	<u>3,288,153</u>	<u>1,971,644</u>	<u>2,763,068</u>	<u>1,179,325</u>
Total net position	<u>\$ 6,536,255</u>	<u>\$ 6,267,302</u>	<u>\$ 12,499,041</u>	<u>\$ 11,967,633</u>	<u>\$ 19,035,296</u>	<u>\$ 18,234,935</u>

Net position may serve over time as a useful indicator of a government's financial position. As shown in Figure 1, the City's combined net position increased to \$19,035,296 from \$18,234,935 as a result of the increase in net position reflected in Figure 2.

For the years ended September 30, 2014 and 2013, net position of the City changed as follows:

Figure 2

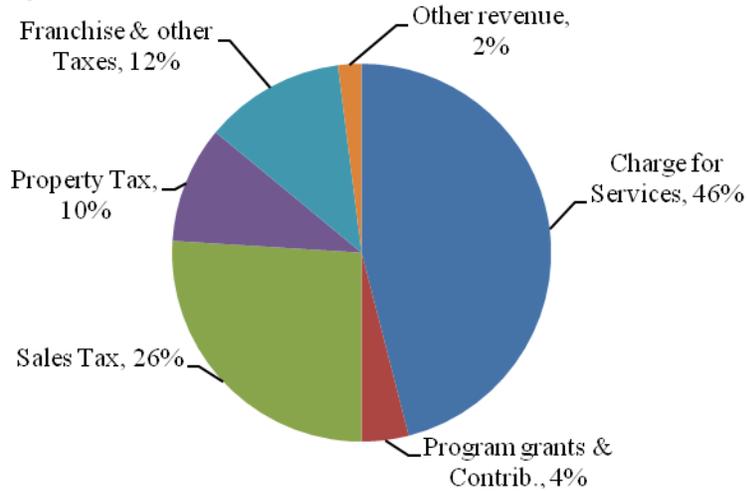
City of Richmond's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for services	\$ 419,708	\$ 391,148	\$ 3,079,466	\$ 3,085,126	\$ 3,499,174	\$ 3,476,274
Operating grants and contributions	12,222	33,351	-	-	12,222	33,351
Capital grants	247,094	34,787	38,408	459,392	285,502	494,179
General Revenues:						
Property Taxes	728,772	721,406	-	-	728,772	721,406
Sales and Use Taxes	1,946,428	1,846,952	-	-	1,946,428	1,846,952
Franchise and other taxes	885,531	875,841	-	-	885,531	875,841
Interest revenue	21,080	14,476	43,916	42,073	64,996	56,549
Other revenue	115,936	26,181	8,838	8,935	124,774	35,116
Total Revenues	<u>4,376,771</u>	<u>3,944,142</u>	<u>3,170,628</u>	<u>3,595,526</u>	<u>7,547,399</u>	<u>7,539,668</u>
Expenses						
Administration	523,036	476,225	-	-	523,036	476,225
Public safety	1,660,251	1,541,563	-	-	1,660,251	1,541,563
Public works	946,157	777,001	-	-	946,157	777,001
Community development	152,963	119,832	-	-	152,963	119,832
Cemetery, parks, & recreation	584,563	517,867	-	-	584,563	517,867
Interest long-term debt	240,848	419,867	-	-	240,848	419,867
Water	-	-	1,151,846	1,122,323	1,151,846	1,122,323
Wastewater	-	-	1,232,354	1,235,234	1,232,354	1,235,234
Solid Waste	-	-	255,020	253,700	255,020	253,700
Total Expenses	<u>4,107,818</u>	<u>3,852,355</u>	<u>2,639,220</u>	<u>2,611,257</u>	<u>6,747,038</u>	<u>6,463,612</u>
Change in net position	268,953	91,787	531,408	984,269	800,361	1,076,056
Beginning net position	<u>6,267,302</u>	<u>6,175,515</u>	<u>11,967,633</u>	<u>10,983,364</u>	<u>18,234,935</u>	<u>17,158,879</u>
Ending net position	<u>\$ 6,536,255</u>	<u>\$ 6,267,302</u>	<u>\$ 12,499,041</u>	<u>\$ 11,967,633</u>	<u>\$ 19,035,296</u>	<u>\$ 18,234,935</u>

For the fiscal year ended September 30, 2014, government-wide revenues totaled \$7,547,399. Approximately 46% of all revenues are from charges for services, and 26% is from sales tax. See Figure 3.

Figure 3

City of Richmond - Sources of Revenue

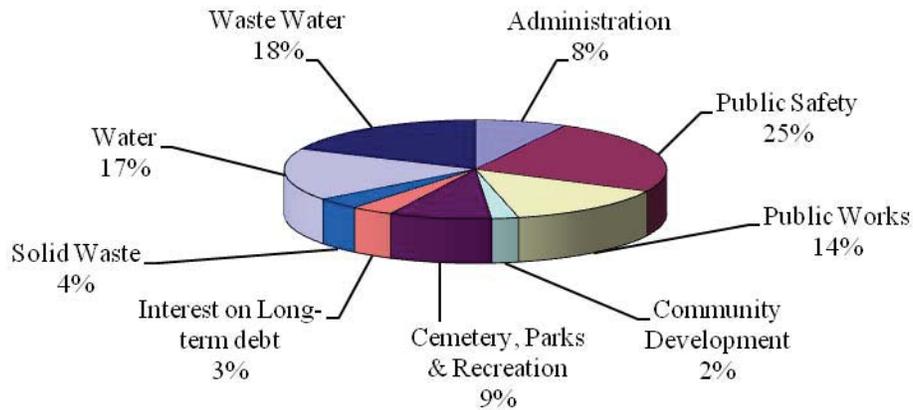


Charges for services are derived from users of the City’s programs such as governmental programs and from fees from the users of the City’s solid waste, water and wastewater operations.

The next largest revenue source for the entire City is sales tax. During the 2014 fiscal year sales tax revenues were \$1,946,428. The City of Richmond has a 1% sales tax to fund general governmental activities, a .5% sales tax for transportation improvements, a .25% sales tax to finance the municipal complex, and a .25% sales tax for parks. Sales tax activity has increased approximately 5% from last fiscal year.

Figure 4

City of Richmond - Functional Expenses



The City’s expenses cover a range of services. As shown in Figure 4, approximately 39% of all City expenses during the 2014 fiscal year were related to the three business-type activities, solid waste, water, and wastewater. The second largest expenditure in 2014 was public safety at 25%. Public safety is comprised of the police department, the fire department and dispatch.

Governmental Activities

Governmental activities increased the City’s net position by \$268,953. For the fiscal year ended September 30, 2014, revenues totaled \$7,547,399 (governmental and business-type). Revenues from governmental activities were \$4,376,771 or 58% of the total city revenue.

Certain revenues are generated that are specific to governmental program activities. These totaled \$679,024. Figure 5 shows expenses and program revenues of the governmental activities for the years ended September 30, 2014 and 2013:

Figure 5

Net Cost of City of Richmond's Governmental Activities

	2014			2013		
	Cost of Services	Program Revenue	Net Cost of Services	Cost of Services	Program Revenue	Net Cost of Services
Administration	\$ 523,036	\$ 245,134	\$ 277,902	\$ 476,225	\$ 69,284	\$ 406,941
Public Safety	1,660,251	219,752	1,440,499	1,541,563	209,004	1,332,559
Public Works	946,157	-	946,157	777,001	10,198	766,803
Community Development	152,963	32,548	120,415	119,832	19,597	100,235
Cemetery, Parks & Recreation	584,563	181,590	402,973	517,867	151,203	366,664
Interest on long-term debt	<u>240,848</u>	<u>-</u>	<u>240,848</u>	<u>419,867</u>	<u>-</u>	<u>419,867</u>
Total	<u>\$ 4,107,818</u>	<u>\$ 679,024</u>	<u>\$ 3,428,794</u>	<u>\$ 3,852,355</u>	<u>\$ 459,286</u>	<u>\$ 3,393,069</u>

As noted in Figure 5, expenses from governmental activities totaled \$4,107,818. However, the net cost of these services was \$3,428,794. The difference represents direct revenues from charges for services of \$419,708, grants and contributions of \$12,222 and capital grants of \$247,094. Taxes and other revenues were collected to cover these net costs.

Business-Type Activities

Business-type activities increased the City's net position by \$531,408. Key elements of the change in net position are as follows:

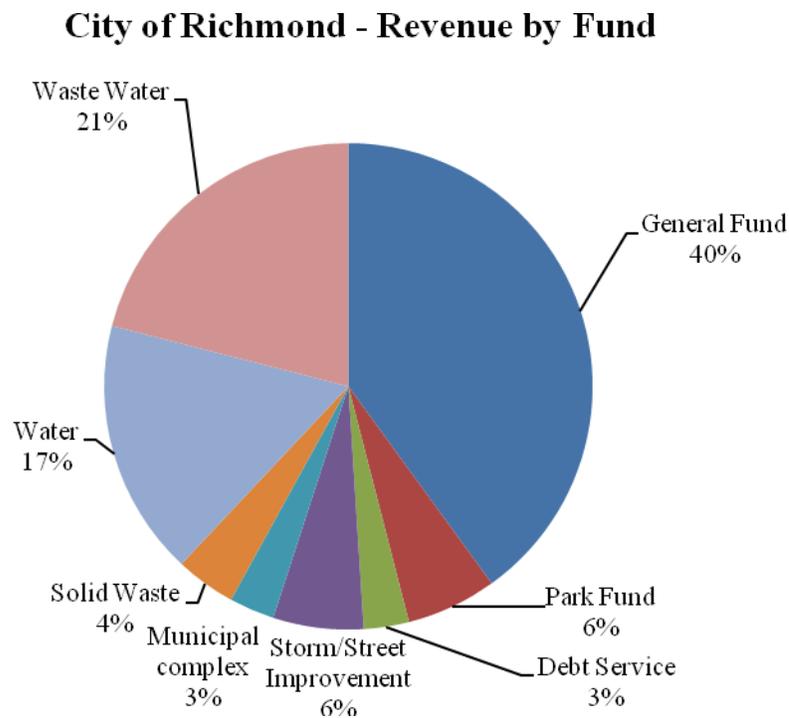
- Solid waste operating revenue increased \$3,071 from the prior year, and operating expenses increased \$1,320. Last year the solid waste fund net position increased \$25,756. This year the solid waste fund net position increased an additional \$27,593. The Solid Waste operating revenue and expenses remained fairly consistent with prior year, as there were no significant changes in operations during the current fiscal year.
- Water operating revenue decreased \$38,065 from the prior year, while operating expenses increased \$38,726. Last year the Water Fund net position increased \$213,910. This year the Water Fund net position increased an additional \$148,622. The decrease in Water operating revenue was due primarily to a decrease in water usage. The increase in Water operating expenses was due primarily to water well testing and treatment; sludge removal and lagoon maintenance; water meters, registers, and ERTs; lime for water treatment; and waterline repair materials.
- Wastewater operating revenue increased \$29,334 from the prior year, and operating expenses increased \$25,271. Last year the Wastewater Fund net position increased \$744,603. This year the Wastewater Fund net position increased an additional \$355,193. The increase in the Wastewater operating

revenue was due to a base rate increase in August 2013 (impacted FY13 for 2 months and the full year of FY14). Total gallons billed in FY14 decreased from prior year, but the increase in the base rate caused an increase in the total revenue. The rate increase is in preparation to begin paying the debt service related to the Wastewater project that is in progress. The increase in Wastewater operating expenses was due primarily to increased personnel expenses. The larger increase in Wastewater net position in FY13 over FY14 was primarily due to FY13 grant revenue related to the Wastewater construction in progress project.

Financial Analysis of the City’s Funds

The City of Richmond’s governmental funds reported combined ending fund balances of \$1,887,687, an increase of \$166,193 over the prior year. This increase to the total fund balance is a result of sound financial management and holding expenses to a minimum during the 2014 fiscal year. The fund balance of the General Fund by itself increased \$113,774 in fiscal year 2014. Last year the General Fund increased \$154,335. This increase is due to careful management of all activities.

Figure 6



Budgetary Highlights

Difference between the original and the final approved budget for the General Fund can be summarized as follows:

- ❖ Total original revenue budget for the General Fund of \$2,668,700 increased to \$2,877,800. The increase was due to the following items:
 - ❖ \$8,600 Police Grant revenue
 - ❖ \$180,500 Safe Routes to School Grant revenue
 - ❖ \$20,000 Early Childhood CDBG Grant revenue
- ❖ Total original expense budget for the General Fund of \$2,814,494 increased to \$3,033,551. The increase was due to the following items:
 - ❖ \$9,957 purchase of property and related expenses
 - ❖ \$8,600 Police Grant expenses
 - ❖ \$180,500 Safe Routes to School Grant expenses
 - ❖ \$20,000 Early Childhood CDBG Grant expenses

The actual amounts for the General Fund on the budgetary basis was \$2,929,970 in revenue and transfers versus \$2,887,470 in expenses. The net change to the General Fund balance at the end of the year on the budgetary basis is an increase of \$18,617.

Capital Assets and Debt Administration

The fiscal year 2014 capital asset activity for governmental activities included the following expenditures:

- Property on Shaw Street
- Concrete pad at the south shelter at Maurice Roberts Park
- Sidewalk, curb, and street project at Thornton and Summit Streets
- French drains at B-field and Legion Field
- 2014 Ford Taurus for the Police Department
- 2014 Ford Explorer for the Police Department
- Walk through metal detector
- Gemini monitor for Fire Department: Truck 10
- Surveillance equipment for the parks
- Copy machine for the Fire Department
- Continuing work on the Safe Routes to School South Street Sidewalk project

The year's major capital asset activity for business-type activities included the following expenditures:

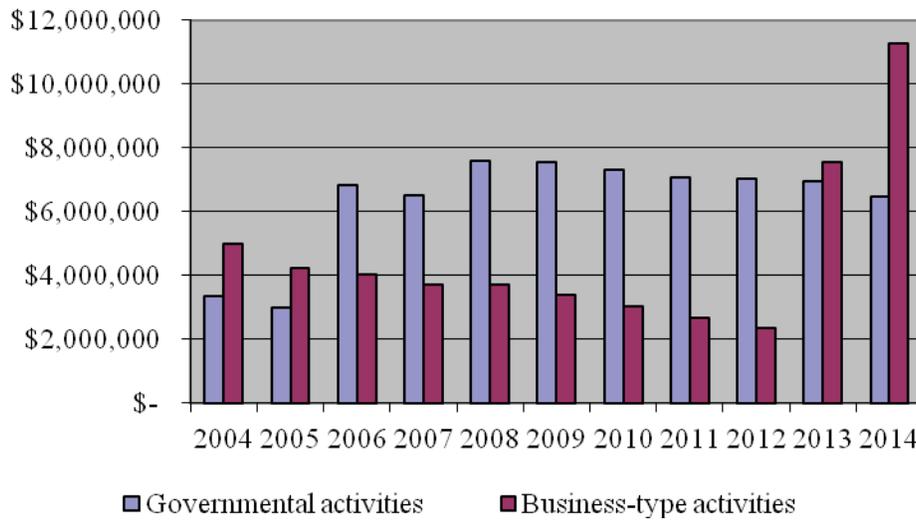
- 9'x12' ranch style shed for water plant storage
- 2002 Ford F150 for Wastewater Fund
- 1999 Ford Ranger for meter reader
- 8' Pro Blade Fleetflex snow plow
- Clark Street waterline

- Continuing work on upgrading and modernizing the South Wastewater Treatment Plant and a new force main
- Engineering for rerouting the 10-13 lift station force main
- Begin GIS mapping the wastewater collection system

In fiscal year 2014, long-term debt for the governmental activities decreased \$372,764. Long-term debt for the business-type activities increased \$3,786,226. In total, long-term debt outstanding and other liabilities for governmental and business-type activities increased by \$3,413,462.

Figure 7

City of Richmond Long-Term Debt



Factors expected to have Significant Future Effect on Financial Position and Results of Operation

The South Wastewater Treatment Plant had significant deterioration and the City is upgrading and modernizing this Wastewater Treatment Plant (construction began in August 2013 and is estimated to be complete in spring 2015). The City will use the \$9,800,000 voter approved bond capacity, of which \$968,000 was funded by a USDA approved loan and the remainder sold on the commercial bond market. The City issued \$5,500,000 of the commercial bonds in August 2013 and \$3,330,000 of the commercial bonds in May 2014. Additional funds are expected to be used to pay for the Wastewater Treatment Plant upgrades, including an estimated \$600,000 of reserves of the wastewater fund, a \$500,000 CDBG Grant, and a \$416,100 Rural Development Grant. The North Wastewater Treatment Plant is closed and a new lift station was built at that site. A force main was built to pump waste collected at the North Wastewater Treatment Plant location to the South Wastewater Treatment Plant for processing.

The citizens approved a 5-year extension of the ½ cent Transportation Sales Tax in November 2011. This tax is used for transportation purposes including street improvements and related storm water improvements.

Waterline replacement, clearwell, water tower, and water tank testing and rehabilitation, water well rehabilitation and/or replacement, wastewater line rehabilitation, addressing I&I, and manhole repair and upgrades continue to be a critical need. We expect to spend approximately \$20,000 on pigging the raw water line, \$16,000 to wash and repaint the stand pipe and water tower, \$100,000 on waterline replacement, \$10,000 on water hydrant replacement, \$22,000 for GIS mapping of the waterlines, \$138,000 to reroute the 10-13 lift station wastewater force main, and \$12,000 on manhole rehab in FY2015.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact any of the following persons at 205 Summit Street, Richmond, MO 64085 or (816) 776-5304.

Michael K. Wright, Mayor
Ronald G. Brohammer, City Administrator
Rebecca A. Hoeflicker, Finance Director

**CITY OF RICHMOND, MISSOURI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 2,037,263	\$ 2,905,682	\$ 4,942,945
Receivables, net:			
Taxes	396,282	-	396,282
Accounts	-	473,248	473,248
Grants	115,470	-	115,470
Other	7,019	-	7,019
Accrued interest	-	6,451	6,451
Prepaid expenses	19,935	6,895	26,830
Restricted cash and cash equivalents	-	2,690,425	2,690,425
Inventory	66,700	-	66,700
Capital assets, net	11,189,302	20,099,687	31,288,989
Total Assets	13,831,971	26,182,388	40,014,359
LIABILITIES			
Accounts payable	581,065	1,997,687	2,578,752
Accrued payroll and benefits	120,847	41,809	162,656
Accrued interest	5,669	102,298	107,967
Customer deposits	2,340	214,196	216,536
Noncurrent liabilities:			
Due within one year	463,411	417,714	881,125
Due in more than one year	6,122,384	10,909,643	17,032,027
Total Liabilities	7,295,716	13,683,347	20,979,063
NET POSITION			
Net investment in capital assets	6,696,049	9,048,931	15,744,980
Restricted for:			
Perpetual care	100,628	-	100,628
Debt service	264,663	161,957	426,620
Unrestricted (Deficit)	(525,085)	3,288,153	2,763,068
Total Net Position	\$ 6,536,255	\$ 12,499,041	\$ 19,035,296

See accompanying notes to the basic financial statements.

**CITY OF RICHMOND, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
Administration	\$ 523,036	\$ 30,043	\$ 2,600	\$ 212,491	\$ (277,902)	\$ -	\$ (277,902)
Public safety	1,660,251	202,169	8,980	8,603	(1,440,499)	-	(1,440,499)
Public works	946,157	-	-	-	(946,157)	-	(946,157)
Community development	152,963	32,548	-	-	(120,415)	-	(120,415)
Cemetery, parks and recreation	584,563	154,948	642	26,000	(402,973)	-	(402,973)
Capital outlay	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest on long-term debt	240,848	-	-	-	(240,848)	-	(240,848)
Total governmental activities	4,107,818	419,708	12,222	247,094	(3,428,794)	-	(3,428,794)
Business-type activities:							
Water	1,151,846	1,262,554	-	-	-	110,708	110,708
Wastewater	1,232,354	1,534,562	-	38,408	-	340,616	340,616
Solid waste	255,020	282,350	-	-	-	27,330	27,330
Total business-type activities	2,639,220	3,079,466	-	38,408	-	478,654	478,654
Total primary government	\$ 6,747,038	\$ 3,499,174	\$ 12,222	\$ 285,502	(3,428,794)	478,654	(2,950,140)
General revenues:							
Property tax					728,772	-	728,772
Sales tax					1,946,428	-	1,946,428
Other local taxes					278,488	-	278,488
Franchise taxes					607,043	-	607,043
Interest revenue					21,080	43,916	64,996
Other revenue					115,936	8,838	124,774
Total general revenues					3,697,747	52,754	3,750,501
Change in net position					268,953	531,408	800,361
Net position, beginning of year					6,267,302	11,967,633	18,234,935
Net position, end of year					\$ 6,536,255	\$ 12,499,041	\$ 19,035,296

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	GENERAL	PARK	1/2 CENT TRANSPORTATION SALES TAX	DEBT SERVICE	MUNICIPAL COMPLEX	OTHER GOVERNMENTAL FUNDS	TOTALS GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents (deficit)	\$ 897,400	\$ 346,796	\$ 749,495	\$ 264,663	\$ (336,283)	\$ 115,192	\$ 2,037,263
Receivables, net:							
Taxes	234,917	41,054	70,354	14,780	35,177	-	396,282
Grants	115,470	-	-	-	-	-	115,470
Other	7,019	-	-	-	-	-	7,019
Inventory	66,700	-	-	-	-	-	66,700
Prepaid expenses	18,715	1,220	-	-	-	-	19,935
 Total Assets	 <u>\$ 1,340,221</u>	 <u>\$ 389,070</u>	 <u>\$ 819,849</u>	 <u>\$ 279,443</u>	 <u>\$ (301,106)</u>	 <u>\$ 115,192</u>	 <u>\$ 2,642,669</u>
LIABILITIES							
Accounts payable	\$ 101,818	\$ 10,053	\$ 468,924	\$ -	\$ -	\$ 270	\$ 581,065
Accrued liabilities	115,073	4,962	812	-	-	-	120,847
Municipal court bonds	2,340	-	-	-	-	-	2,340
 Total Liabilities	 <u>219,231</u>	 <u>15,015</u>	 <u>469,736</u>	 <u>-</u>	 <u>-</u>	 <u>270</u>	 <u>704,252</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	23,546	5,877	-	14,780	-	-	44,203
Unavailable revenue - other	6,527	-	-	-	-	-	6,527
 Total Deferred Inflows of Resources	 <u>30,073</u>	 <u>5,877</u>	 <u>-</u>	 <u>14,780</u>	 <u>-</u>	 <u>-</u>	 <u>50,730</u>
FUND BALANCES (DEFICITS)							
Nonspendable	85,415	1,220	-	-	-	100,628	187,263
Restricted	25,000	366,958	350,113	264,663	-	14,294	1,021,028
Unassigned	980,502	-	-	-	(301,106)	-	679,396
 Total Fund Balances (Deficits)	 <u>1,090,917</u>	 <u>368,178</u>	 <u>350,113</u>	 <u>264,663</u>	 <u>(301,106)</u>	 <u>114,922</u>	 <u>1,887,687</u>
 Total liabilities, deferred inflows of resources and fund balances (deficits)	 <u>\$ 1,340,221</u>	 <u>\$ 389,070</u>	 <u>\$ 819,849</u>	 <u>\$ 279,443</u>	 <u>\$ (301,106)</u>	 <u>\$ 115,192</u>	 <u>\$ 2,642,669</u>

See accompanying notes to the financial statements.

CITY OF RICHMOND, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Fund Balances - Total Governmental Funds \$ 1,887,687

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial
resources and, therefore, are not reported in the governmental funds:

Governmental capital assets	\$ 16,348,155	
Less: accumulated depreciation	<u>(5,158,853)</u>	11,189,302

Certain revenues are not available to pay for current period expenditures
and therefore are reported as unavailable revenue in the governmental funds. 50,730

Repayment of long-term debt principal is an expenditure in the governmental funds
but it reduces long-term liabilities in the Statement of Net Position.

General obligation bonds	(2,005,000)	
Notes payable	(94,765)	
Lease purchases	<u>(4,398,489)</u>	(6,498,254)

Liabilities for compensated absences are recognized only when
paid in the governmental fund statements but are accrued in the
government-wide statements. (87,541)

Other assets and liabilities not reported at the fund statement level:

Accrued interest		<u>(5,669)</u>
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Net Position of Governmental Activities \$ 6,536,255

CITY OF RICHMOND, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

REVENUES:	GENERAL	PARK	1/2 CENT	DEBT SERVICE	MUNICIPAL COMPLEX	OTHER	TOTAL
			TRANSPORTATION SALES TAX			GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS
Sales tax	\$ 1,001,211	\$ 235,311	\$ 473,554	\$ -	\$ 236,352	\$ -	\$ 1,946,428
Property tax	400,769	93,936	-	236,860	-	-	731,565
Franchise tax	607,043	-	-	-	-	-	607,043
Licenses and permits	53,336	-	-	-	-	-	53,336
Other local taxes	278,488	-	-	-	-	-	278,488
Fines, tickets and fees	141,257	-	-	-	-	6,052	147,309
Charges for services	160,732	2,522	-	-	-	1,264	164,518
Grants	223,995	-	-	-	-	-	223,995
Interest revenue	17,828	745	1,423	789	-	295	21,080
Other revenue	152,314	90,642	650	-	-	-	243,606
Total Revenues	<u>3,036,973</u>	<u>423,156</u>	<u>475,627</u>	<u>237,649</u>	<u>236,352</u>	<u>7,611</u>	<u>4,417,368</u>
EXPENDITURES:							
Administration	384,724	-	-	-	-	-	384,724
Public safety	1,553,062	-	-	-	-	4,308	1,557,370
Public works	259,337	-	543,430	-	-	-	802,767
Community development	152,589	-	-	-	-	-	152,589
Cemetery, parks and recreation	295,233	155,440	-	-	-	247	450,920
Capital outlay	238,213	29,974	20,580	-	-	-	288,767
Debt service:							
Principal	13,961	97,557	-	170,000	95,000	-	376,518
Interest and fees	2,197	6,562	-	71,746	160,768	-	241,273
Total Expenditures	<u>2,899,316</u>	<u>289,533</u>	<u>564,010</u>	<u>241,746</u>	<u>255,768</u>	<u>4,555</u>	<u>4,254,928</u>
Excess (deficiency) of revenues over expenditures	<u>137,657</u>	<u>133,623</u>	<u>(88,383)</u>	<u>(4,097)</u>	<u>(19,416)</u>	<u>3,056</u>	<u>162,440</u>
Other financing sources (uses):							
Debt proceeds	3,753	-	-	-	-	-	3,753
Transfers	(27,636)	-	-	-	35,500	(7,864)	-
Total other financing sources (uses)	<u>(23,883)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,500</u>	<u>(7,864)</u>	<u>3,753</u>
Net change in fund balances	113,774	133,623	(88,383)	(4,097)	16,084	(4,808)	166,193
Fund balance, beginning of year	<u>977,143</u>	<u>234,555</u>	<u>438,496</u>	<u>268,760</u>	<u>(317,190)</u>	<u>119,730</u>	<u>1,721,494</u>
Fund balance, end of year	<u>\$ 1,090,917</u>	<u>\$ 368,178</u>	<u>\$ 350,113</u>	<u>\$ 264,663</u>	<u>\$ (301,106)</u>	<u>\$ 114,922</u>	<u>\$ 1,887,687</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 166,193

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases	\$ 288,767	
Retirement of capital assets	(40,027)	
Depreciation expense	<u>(516,141)</u>	(267,401)

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.

Proceeds from debt	(3,753)	
Principal payments	<u>376,518</u>	372,765

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes	(2,793)	
Other	2,872	
Grants	<u>(650)</u>	(571)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest	425	
Compensated absences payable	<u>(2,458)</u>	<u>(2,033)</u>

Change in Net Position of Governmental Activities **\$ 268,953**

CITY OF RICHMOND, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	<u>WATER</u>	<u>WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,082,037	\$ 1,706,354	\$ 117,291	\$ 2,905,682
Receivables, net	189,854	243,077	40,317	473,248
Accrued interest	6,451	-	-	6,451
Prepaid expenses	4,231	2,664	-	6,895
Total current assets	<u>1,282,573</u>	<u>1,952,095</u>	<u>157,608</u>	<u>3,392,276</u>
Noncurrent assets:				
Restricted cash and cash equivalents	522,561	2,167,864	-	2,690,425
Capital assets, net	3,855,342	16,225,463	18,882	20,099,687
Total noncurrent assets	<u>4,377,903</u>	<u>18,393,327</u>	<u>18,882</u>	<u>22,790,112</u>
Total assets	<u>\$ 5,660,476</u>	<u>\$ 20,345,422</u>	<u>\$ 176,490</u>	<u>\$ 26,182,388</u>
LIABILITIES AND NET POSITION				
Current liabilities:				
Current portion of long-term debt	\$ 195,000	\$ 183,857	\$ -	\$ 378,857
Accounts payable	41,032	1,939,962	16,693	1,997,687
Customer deposits payable	214,196	-	-	214,196
Accrued interest	18,395	83,903	-	102,298
Accrued liabilities:				
Payroll and benefits	21,641	19,537	631	41,809
Compensated absences	14,502	24,355	-	38,857
Total current liabilities	<u>504,766</u>	<u>2,251,614</u>	<u>17,324</u>	<u>2,773,704</u>
Noncurrent liabilities:				
Notes payable	-	749,643	-	749,643
Bonds payable	1,315,000	8,845,000	-	10,160,000
Total noncurrent liabilities	<u>1,315,000</u>	<u>9,594,643</u>	<u>-</u>	<u>10,909,643</u>
Total liabilities	<u>1,819,766</u>	<u>11,846,257</u>	<u>17,324</u>	<u>13,683,347</u>
Net Position:				
Net investment in capital assets	2,345,342	6,684,707	18,882	9,048,931
Restricted for debt service	159,464	2,493	-	161,957
Unrestricted	1,335,904	1,811,965	140,284	3,288,153
Total net position	<u>3,840,710</u>	<u>8,499,165</u>	<u>159,166</u>	<u>12,499,041</u>
Total liabilities and net position	<u>\$ 5,660,476</u>	<u>\$ 20,345,422</u>	<u>\$ 176,490</u>	<u>\$ 26,182,388</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>WATER</u>	<u>WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Operating revenues:				
Charges for services	\$ 1,262,554	\$ 1,534,562	\$ 282,350	\$ 3,079,466
Operating expenses:				
Personnel services	383,364	404,717	34,524	822,605
Contractual services	175,904	387,417	208,028	771,349
Materials and supplies	312,242	70,624	10,736	393,602
Depreciation and amortization	196,719	249,990	1,693	448,402
Other operating expenses	<u>1,042</u>	<u>1,267</u>	<u>39</u>	<u>2,348</u>
Total operating expenses	<u>1,069,271</u>	<u>1,114,015</u>	<u>255,020</u>	<u>2,438,306</u>
Operating income	<u>193,283</u>	<u>420,547</u>	<u>27,330</u>	<u>641,160</u>
Nonoperating revenues (expenses):				
Interest income	32,197	11,456	263	43,916
Grant revenues	-	38,408	-	38,408
Interest expense and fees	(82,575)	(118,339)	-	(200,914)
Other revenue	<u>5,717</u>	<u>3,121</u>	<u>-</u>	<u>8,838</u>
Total nonoperating revenues (expenses)	<u>(44,661)</u>	<u>(65,354)</u>	<u>263</u>	<u>(109,752)</u>
Net income	148,622	355,193	27,593	531,408
Net position, beginning of year	<u>3,692,088</u>	<u>8,143,972</u>	<u>131,573</u>	<u>11,967,633</u>
Net position, end of year	<u>\$ 3,840,710</u>	<u>\$ 8,499,165</u>	<u>\$ 159,166</u>	<u>\$ 12,499,041</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	ENTERPRISE FUNDS			TOTALS
	WATER	WASTEWATER	SOLID WASTE	
Cash flows from operating activities:				
Cash receipts from customers	\$ 1,294,196	\$ 1,551,894	\$ 281,977	\$ 3,128,067
Cash payments to suppliers	(462,611)	(316,893)	(218,707)	(998,211)
Cash paid to employees	(384,693)	(396,209)	(34,366)	(815,268)
Net cash provided by operating activities	<u>446,892</u>	<u>838,792</u>	<u>28,904</u>	<u>1,314,588</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(58,392)	(8,172,865)	-	(8,231,257)
Proceeds from bonds	-	3,330,000	-	3,330,000
Proceeds from note payable	-	763,500	-	763,500
Grant revenue	-	492,302	-	492,302
Principal paid on revenue bonds	(185,000)	(115,000)	-	(300,000)
Principal paid on notes payable	(3,637)	(3,637)	-	(7,274)
Interest and fees paid on debt	(84,656)	(77,978)	-	(162,634)
Net cash used in capital and related financing activities	<u>(331,685)</u>	<u>(3,783,678)</u>	<u>-</u>	<u>(4,115,363)</u>
Cash flows from investing activities:				
Interest received on cash accounts	32,875	11,456	263	44,594
Other receipts	5,717	3,121	-	8,838
Net cash provided by investing activities	<u>38,592</u>	<u>14,577</u>	<u>263</u>	<u>53,432</u>
Net increase (decrease) in cash and cash equivalents	153,799	(2,930,309)	29,167	(2,747,343)
Cash and cash equivalents, beginning of year	<u>1,450,799</u>	<u>6,804,527</u>	<u>88,124</u>	<u>8,343,450</u>
Cash and cash equivalents, end of year	<u>\$ 1,604,598</u>	<u>\$ 3,874,218</u>	<u>\$ 117,291</u>	<u>\$ 5,596,107</u>
Cash and cash equivalents	\$ 1,082,037	\$ 1,706,354	\$ 117,291	\$ 2,905,682
Restricted cash and cash equivalents	<u>522,561</u>	<u>2,167,864</u>	<u>-</u>	<u>2,690,425</u>
Cash and cash equivalents, end of year	<u>\$ 1,604,598</u>	<u>\$ 3,874,218</u>	<u>\$ 117,291</u>	<u>\$ 5,596,107</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 193,283	\$ 420,547	\$ 27,330	\$ 641,160
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	196,719	249,990	1,693	448,402
Changes in assets and liabilities:				
(Increase) decrease in receivables	31,642	17,332	(373)	48,601
(Increase) decrease in prepaid expenses	(874)	219	-	(655)
Increase in accounts payable	14,395	142,196	96	156,687
Increase (decrease) in compensated absences	(2,967)	6,352	158	3,543
Increase in payroll and benefits	1,638	2,156	-	3,794
Increase in customer deposits payable	<u>13,056</u>	<u>-</u>	<u>-</u>	<u>13,056</u>
Net cash provided by operating activities	<u>\$ 446,892</u>	<u>\$ 838,792</u>	<u>\$ 28,904</u>	<u>\$ 1,314,588</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Richmond, Missouri (the City) was incorporated in 1827 and covers an area of seven square miles in Ray County, Missouri. The City is organized as a third class city under the Revised Statutes of Missouri and operates under a Council-Mayor/City Administrator form of government and provides such services as are authorized by its charter to advance the health, welfare, comfort, safety and convenience of its inhabitants.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America applicable to local governments. The following represent the significant accounting and reporting policies and practices of the City.

Financial Reporting Entity: The City's reporting entity includes the City's governing board and all related organizations. The combined financial statements of the City include all organizations that raise and hold economic resources for the direct benefit of the City. The City has implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB Statement No. 61 amended GASB Statement No. 14. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity.

The City has determined that no other outside agency meets the criteria set forth in GASB Statement No. 61 and, therefore, no other agency has been included as a component unit in the City's financial statements.

Basis of Presentation: The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. The statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions, such as grants and donations. Business-type activities are financed in whole or in part by fees charged to external parties. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues and contributions 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 City.

Fund Financial Statements - Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

The City has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the Fund financial statements, fund balance consist of five classifications: 1) Nonspendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. 2) Restricted fund balance are amounts restricted to specific purposes. 3) Committed fund balance are amounts that can only be used for specific purposes as pursuant to official action by the Council prior to the end of the reporting period. 4) Assigned fund balance are amounts the City intends to use for a specific purpose but is neither restricted nor committed. The Council has the authority to assign fund balances. 5) Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general ledger.

The order of spending, regarding the restricted and unrestricted fund balance, when an expenditure is incurred for which both restricted and unrestricted fund balance is available should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those restricted fund balance classification could be used.

In the General Fund, there shall be a minimum unassigned fund balance equivalent to ten percent of the current fiscal year expenditures less capital outlay. For purposes of this calculation, the expenditures shall be the current budget as originally adopted by ordinance in September for the subsequent year.

Governmental Funds - Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is on determination of financial position and changes in financial positions, rather than on net income determination. The following are the City's major governmental funds:

General Fund: The General Fund is the primary operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, finance charges, and capital improvement costs that are not paid through other funds are financed through revenue received by the General Fund.

Park Fund: This fund is used to account for the proceeds and interest on the City's park sales tax and park property tax. Included in this fund are expenditures for park improvements and maintenance.

½ Cent Transportation Sales Tax Fund: This fund is used to account for the proceeds and interest earnings on the City's transportation sales tax. Included in this fund are expenditures for street improvement and storm water abatement.

Debt Service Fund: This fund is used to account for the accumulation of resources for, and the payment of, the City's general obligation bonds. The principal source of revenue is property taxes.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Municipal Complex Fund: This fund is used to account for the proceeds of the capital improvement sales tax that is legally restricted to expenditures for capital improvements.

Proprietary Funds - Proprietary funds are used to account for the City's ongoing activities, which are similar to those found in the private sector. The measurement focus is on determination of net income, financial position, and changes in financial position. The following are the City's major proprietary funds:

Water Fund: This fund accounts for the acquisition, operation, and maintenance of the City's water facilities and services.

Wastewater Fund: This fund accounts for the acquisition, operation, and maintenance of the City's wastewater facilities and services.

Solid Waste Fund: This fund accounts for the operation of solid waste collection and disposal.

Basis of Accounting:

The term "basis of accounting" refers to the method in which revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. The term "basis of accounting" also relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

In applying the susceptible to actual concept under the modified cash basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within two months of year end and available to pay obligations of the current period). This includes investment earnings and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or if the reimbursement is received in advance, the revenue is deferred until the expenditures are made.

Property taxes, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property taxes receivable are recorded and deferred until they become available.

Other revenue, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Fund Financial Statements

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

In reporting the financial activity of its business-type activities and enterprise funds, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Those include the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the Committee on Accounting Policies.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows of Resources: This separate financial statement element, *deferred inflows of resources*, represents an inflow of resources that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and billing and licensing. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Customer Deposits: The City collects a refundable deposit from a new customer prior to initiating metered service.

Accounts Receivable: Accounts receivable result primarily from miscellaneous services provided to citizens accounted for in the Governmental Funds, and from water, wastewater, and sanitation services accounted for in their respective Business-type Funds.

Cash and Cash Equivalents: The City maintains and controls a cash pool in which a majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet or statement of net position as "Cash and cash equivalents". The City also maintains several trust accounts related to various reserves required for its bond issuance. These accounts are displayed on their respective balance sheet or statement of net position as "Restricted cash and cash equivalents". For purposes of the statement of cash flows, short-term investments with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

Inventory: Inventory is stated at cost and consists of real estate developed for burial space and undeveloped real estate.

Prepaid Items: Certain payments to vendors reflecting costs applicable to future accounting periods have been recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets: Capital assets, which include property, equipment, and infrastructure assets (i.e. roads, street lights, storm sewers, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed. Capitalized interest for the year ended September 30, 2014 was \$276,147. (Total interest incurred by the City during the year ended September 30, 2014 was \$365,888.)

Capital assets are defined by the City as assets with an initial, individual cost of \$1,500 or more and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	30 - 50 years
Vehicles	5 - 10 years
Equipment	5 - 10 years
Information systems	3 - 5 years
Office furniture and fixtures	3 - 5 years
Treatment facility	15 - 40 years
Production and transmission system	10 - 50 years

Compensated Absences: Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, depending upon years of employee service. Unused vacation days may be carried forward to the next period, up to a maximum of two times the employee's annual vacation hours earned. In the event of retirement or termination, an employee is paid for any vacation days that are unused.

Full-time employees are eligible to accrue sick leave at the rate of one eight-hour day per month of service, up to a maximum of 180 days. Sick leave benefits must be used by employees during their term of employment and are not paid to employees upon termination. Therefore, no liability for accumulated sick time is displayed on the City's basic financial statements.

Vested or accumulated vacation and sick time is accounted for as follows:

Governmental Funds - The accumulated liabilities for employee vacation time is recorded in the governmental activities column of the government-wide financial statements.

Proprietary Funds - The costs of vacation and sick pay are accrued in the respective funds as earned by City employees and recorded in the proprietary fund financial statements and the business-type activities column of the government-wide financial statements.

Fund Equity Classifications: In the government-wide statements, equity is shown as net position and classified into three components:

Net investment in capital assets - Consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bond, mortgage notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consisting of net position with constraints placed on their 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. The City first utilizes restricted resources to finance qualifying activities.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Use of Estimates - The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND CASH EQUIVALENTS

The City complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

Custodial credit risk - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City’s policy is to collateralize the demand deposits with securities held by the financial institution’s agent and in the City’s name.

At September 30, 2014, the carrying amount of the City’s deposits was \$7,471,373 and the bank balance was \$7,586,326. Of the bank balance, \$250,000 was covered by federal depository insurance and \$7,336,326 was collateralized with securities held by the bank’s trust department in the City’s name. Accordingly, management has determined that none of the City’s deposits were exposed to custodial credit risk as of September 30, 2014.

Missouri state statutes authorize the City, with certain restrictions, to deposit or invest in open accounts, time deposits, U.S. Treasury notes, and certificates of deposit. Collateral is required by Missouri state statutes for demand deposits and certificates of deposit. The fair value of the collateral must equal 100% of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are governed by state statutes and include U.S. government and government agency bonds and securities, general obligation bonds of any of the fifty states, general obligation bonds of any Missouri county and certain cities and special districts and revenue bonds of certain Missouri agencies.

Cash and cash equivalents are pooled and interest income earned is allocated to the various funds on the basis of average month-end cash pooled investment balances.

Interest rate risk - The interest rate risk for investments is the risk that changes in interest rates may adversely affect the fair value of an investment. The City does not have a formal policy regarding the management of interest rate risk on its investments.

Concentration of credit risk - Concentration of credit risk is the risk loss attributed to the magnitude of a government’s investment in a single issuer. The City does not have a formal policy regarding the concentration of credit risk.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE C - RESTRICTED ASSETS

Cash and cash equivalents are restricted for the following purposes:

Proprietary Funds	
Water fund:	
Customer deposits	\$ 214,196
Replacement accounts	148,900
Series 2001 Water Bonds:	
Principal retirement	146,250
Interest retirement	13,214
	522,560
Wastewater fund:	
Series 2013 Sewer Bonds:	
Interest account	2,493
Construction account	2,165,372
	2,167,865
Total Proprietary funds	\$ 2,690,425

NOTE D - UTILITIES RECEIVABLES

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2014 were as follows:

	Total Receivables	Allowance	Net Receivables
Business-type activities:			
Major enterprise funds:			
Water	\$ 192,654	\$ 2,800	\$ 189,854
Wastewater	246,564	3,487	243,077
Solid waste	40,917	600	40,317
Total	\$ 480,135	\$ 6,887	\$ 473,248

NOTE E - TAXES RECEIVABLE

Property taxes are levied and recorded each November 1 on the assessed value as of the prior January 1 for all property located in the City, and are delinquent on January 1 (the lien date) following the levy date. The assessed value of local property at October 1, 2013, on which the fiscal year ended September 30, 2014 levy was based, was \$56,128,822.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE E - TAXES RECEIVABLE (continued)

The City is permitted by the Missouri State Constitution to levy (without a vote of two-thirds of the voting electorate) taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt. The City's property tax levies per \$100 of the assessed valuation for the year in which the revenues were earned were as follows:

<u>Fund</u>	<u>Levy</u>
General	\$ 0.6366
Park	0.1589
Debt Service	<u>0.3996</u>
Total	<u>\$ 1.1951</u>

Taxes receivable represent the collectible ad valorem taxes, local sales taxes and franchise taxes. Adjustments have been made during the year to remove any uncollectible accounts. Management believes that the remaining receivables will be collected in the next fiscal year. Balances at September 30, 2014 were as follows:

	General Fund	Park Fund	1/2 Cent Transportation Sales Tax Fund	Debt Service Fund	Municipal Complex Fund	Total
Property tax	\$ 23,546	\$ 5,877	\$ -	\$ 14,780	\$ -	\$ 44,203
Sales tax	146,052	35,177	70,354	-	35,177	286,760
Franchise taxes	65,319	-	-	-	-	65,319
	<u>\$234,917</u>	<u>\$ 41,054</u>	<u>\$ 70,354</u>	<u>\$ 14,780</u>	<u>\$ 35,177</u>	<u>\$396,282</u>

NOTE F - INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance to cover these risks.

NOTE G - COMMITMENTS AND CONTINGENCIES

Federal and State Grants

The City has received financial assistance from various federal, state and local agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE G - COMMITMENTS AND CONTINGENCIES (continued)

Purchase Commitments

In July 2014, the City approved the purchase of a 2015 Ford F550 for the water department in the amount of \$52,540. The vehicle was purchased on December 3, 2014.

On June 25, 2013, the City entered into a construction agreement with David E. Ross Construction Engineers & Contractors for improvements to the wastewater treatment plant. The total cost of the contract was \$8,837,008. As of September 30, 2014, the City still has \$1,830,313 of remaining construction costs on this contract.

On June 25, 2013, the City also entered into an engineering agreement with Olsson Associates related to the improvements to the wastewater treatment plant. The total cost of this contract was \$1,199,800. As of September 30, 2014, the City still has \$256,813 of remaining construction costs on this contract.

NOTE H - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2014.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable assets:				
Land and land rights	\$ 385,277	\$ 9,500	\$ 40,027	\$ 354,750
Construction in progress	34,787	160,928	-	195,715
Total capital assets, not being depreciated	<u>420,064</u>	<u>170,428</u>	<u>40,027</u>	<u>550,465</u>
Depreciable capital assets:				
Buildings and improvements	12,125,204	30,933	-	12,156,137
Vehicles	612,600	56,559	47,647	621,512
Equipment	2,767,493	30,847	53,000	2,745,340
Information systems	196,993	-	-	196,993
Office furniture and fixtures	77,708	-	-	77,708
Total capital assets being depreciated	<u>15,779,998</u>	<u>118,339</u>	<u>100,647</u>	<u>15,797,690</u>
Less accumulated depreciation:				
Buildings and improvements	1,560,148	368,425	-	1,928,573
Vehicles	543,212	30,570	47,647	526,135
Equipment	2,369,821	114,891	53,000	2,431,712
Information systems	194,037	1,773	-	195,810
Office furniture and fixtures	76,141	482	-	76,623
Total accumulated depreciation	<u>4,743,359</u>	<u>516,141</u>	<u>100,647</u>	<u>5,158,853</u>
Total capital assets being depreciated, net	<u>11,036,639</u>	<u>(397,802)</u>	<u>-</u>	<u>10,638,837</u>
Governmental activities capital assets, net	<u>\$ 11,456,703</u>	<u>\$ (227,374)</u>	<u>\$ 40,027</u>	<u>\$ 11,189,302</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE H - CAPITAL ASSETS (continued)

Depreciation expense was charged to the governmental activities as follows:

Administration	\$	135,853
Public safety		102,881
Public works		143,390
Community development		374
Cemetery, parks and recreation		<u>133,643</u>
	\$	<u><u>516,141</u></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Business-type activities:				
Nondepreciable assets:				
Land and land rights	\$ 385,486	\$ -	\$ -	\$ 385,486
Construction in progress	<u>1,422,870</u>	<u>8,828,150</u>	<u>-</u>	<u>10,251,020</u>
Total capital assets, not being depreciated	<u>1,808,356</u>	<u>8,828,150</u>	<u>-</u>	<u>10,636,506</u>
Capital assets, being depreciated:				
Buildings and improvements	40,730	1,905	-	42,635
Vehicles	490,160	15,522	8,798	496,884
Equipment	361,610	5,001	-	366,611
Information systems	44,694	-	-	44,694
Treatment facility	5,036,094	-	-	5,036,094
Production and transmission system	<u>11,249,134</u>	<u>49,647</u>	<u>-</u>	<u>11,298,781</u>
Total capital assets being depreciated	<u>17,222,422</u>	<u>72,075</u>	<u>8,798</u>	<u>17,285,699</u>
Less accumulated depreciation:				
Buildings and improvements	33,337	493	-	33,830
Vehicles	458,603	10,093	8,798	459,898
Equipment	281,680	19,320	-	301,000
Information systems	36,322	3,872	-	40,194
Treatment facility	3,219,065	150,163	-	3,369,228
Production and transmission system	<u>3,353,907</u>	<u>264,461</u>	<u>-</u>	<u>3,618,368</u>
Total accumulated depreciation	<u>7,382,914</u>	<u>448,402</u>	<u>8,798</u>	<u>7,822,518</u>
Total capital assets being depreciated, net	<u>9,839,508</u>	<u>(376,327)</u>	<u>-</u>	<u>9,463,181</u>
Business-type activities capital assets, net	<u>\$ 11,647,864</u>	<u>\$ 8,451,823</u>	<u>\$ -</u>	<u>\$ 20,099,687</u>

Depreciation expense was charged to the business-type activities as follows:

Water	\$	196,719
Wastewater		249,990
Solid waste		<u>1,693</u>
	\$	<u><u>448,402</u></u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE I - RETIREMENT PLAN

A. Plan Description

The City of Richmond participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's 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 it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Full-time employees of the City of Richmond do not contribute to the pension plan. The June 30th statutorily required contribution rates are 8.0% (General), 14.4% (Police) and 8.9% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 162,574
Interest on net pension obligation	168
Adjustment to annual required pension	<u>(134)</u>
Annual pension cost	162,608
Actual contributions	<u>161,599</u>
Increase (decrease) in NPO	1,009
NPO beginning of year	<u>2,318</u>
NPO end of year	<u><u>\$ 3,327</u></u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE I - RETIREMENT PLAN (continued)

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period as of February 28, 2011 was 22 years for the General division, 20 years for the Police division and 30 years for the Fire division. The amortization period as of February 29, 2012 was 30 years for the General division, 19 years for the Police division and 13 years for the Fire division.

Three-Year Trend Information			
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 181,233	99.7%	\$ 2,132
2013	179,646	99.9%	2,318
2014	162,608	99.4%	3,327

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE J - LONG-TERM DEBT

Changes in long-term debt during the year ended September 30, 2014 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amount due within one year</u>
Governmental Activities:					
General obligation bonds	\$ 2,175,000	\$ -	\$ 170,000	\$ 2,005,000	\$ 175,000
Notes payable	195,959	-	101,194	94,765	94,765
Lease purchases	4,500,059	3,753	105,323	4,398,489	106,105
Compensated absences	<u>85,083</u>	<u>2,458</u>	<u>-</u>	<u>87,541</u>	<u>87,541</u>
Total Governmental Activities	<u>\$ 6,956,101</u>	<u>\$ 6,211</u>	<u>\$ 376,517</u>	<u>\$ 6,585,795</u>	<u>\$ 463,411</u>
Business-Type Activities:					
Waterworks & Sewerage Revenue Bonds	\$ 7,495,000	\$ 3,330,000	\$ 300,000	\$ 10,525,000	\$ 365,000
Notes payable	7,274	763,500	7,274	763,500	13,857
Compensated absences	<u>35,472</u>	<u>3,385</u>	<u>-</u>	<u>38,857</u>	<u>38,857</u>
Total Business-Type Activities	<u>\$ 7,537,746</u>	<u>\$ 4,096,885</u>	<u>\$ 307,274</u>	<u>\$ 11,327,357</u>	<u>\$ 417,714</u>

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

Net revenues are pledged over the term of the Waterworks & Sewerage Revenue bonds in an amount equal to the total principal and interest payments.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE J - LONG-TERM DEBT (continued)

Governmental activities long-term debt consists of the following:

General obligation bonds:

Series 2011 General Obligation Bonds due in varying annual installments through March 1, 2024, interest of 3.00% to 4.00%	\$ <u>2,005,000</u>
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Notes payable:

Note payable to bank, secured, due in monthly installments of \$4,521 through July 16, 2015, interest at 4.00%	\$ <u>94,765</u>
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Lease purchases:

Lease purchase for municipal complex due in varying annual installments through July 2043, interest of 2.00% to 4.25%	\$ 4,360,000
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Lease purchase for copy machines due in monthly installments of \$323 through September 2017, interest at 4.00%	12,713
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Lease purchase for cameras for police cars due in monthly installments of \$655 through October 2017, interest at 5.010%	22,423
--	--------

Lease purchase for copy machine due in monthly installments of \$69 through February 2019, interest at 4.00%	<u>3,353</u>
--	--------------

	\$ <u>4,398,489</u>
--	---------------------

Business-type activities long-term debt consists of the following:

Revenue bonds:

Series 2001 A State Environmental Improvement and Energy Resources Authority Water Pollution Control and Drinking Water Revenue Bonds due in varying annual installments through January 2021, interest of 4.75% to 5.00%	\$ 1,510,000
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Series 2004 A Waterworks & Sewerage Revenue Bonds, due in varying annual installments through June 2023, interest of 4.15% to 5.00%	275,000
---	---------

Series 2013 Waterworks & Sewerage Revenue Bonds, due in varying annual installments through February 2042, interest of 2.00% to 5.25%	5,410,000
---	-----------

Series 2014 Waterworks & Sewerage Revenue Bonds, due in varying annual installments through August 2042, interest of 2.00% to 4.125%	<u>3,330,000</u>
--	------------------

	\$ <u>10,525,000</u>
--	----------------------

Notes payable:

USDA loan payable, due in annual installments of \$34,853 through August 2048, interest at 2.75%	\$ <u>763,500</u>
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CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE J - LONG-TERM DEBT (continued)

Debt service requirements to maturity are:

Year Ending September 30,	Governmental Activities							
	G.O. Bonds		Notes Payable		Lease Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 175,000	\$ 65,407	\$ 94,765	\$ 2,759	\$ 106,105	\$ 158,194	\$ 375,870	\$ 226,360
2016	185,000	60,007	-	-	111,630	155,798	296,630	215,805
2017	190,000	54,381	-	-	113,961	153,278	303,961	207,659
2018	205,000	48,456	-	-	101,451	150,957	306,451	199,413
2019	210,000	41,181	-	-	105,342	148,829	315,342	190,010
2020	220,000	32,581	-	-	105,000	146,597	325,000	179,178
2021	235,000	24,304	-	-	110,000	143,710	345,000	168,014
2022	240,000	16,466	-	-	110,000	140,685	350,000	157,151
2023	255,000	7,885	-	-	115,000	137,660	370,000	145,545
2024	90,000	1,631	-	-	120,000	134,066	210,000	135,697
2025	-	-	-	-	125,000	130,316	125,000	130,316
2026	-	-	-	-	125,000	126,410	125,000	126,410
2027	-	-	-	-	130,000	122,191	130,000	122,191
2028	-	-	-	-	135,000	117,804	135,000	117,804
2029	-	-	-	-	140,000	113,247	140,000	113,247
2030	-	-	-	-	145,000	107,997	145,000	107,997
2031	-	-	-	-	150,000	102,560	150,000	102,560
2032	-	-	-	-	155,000	96,935	155,000	96,935
2033	-	-	-	-	160,000	91,122	160,000	91,122
2034	-	-	-	-	170,000	85,122	170,000	85,122
2035	-	-	-	-	175,000	78,152	175,000	78,152
2036	-	-	-	-	180,000	70,978	180,000	70,978
2037	-	-	-	-	190,000	63,598	190,000	63,598
2038	-	-	-	-	195,000	55,808	195,000	55,808
2039	-	-	-	-	205,000	47,812	205,000	47,812
2040	-	-	-	-	215,000	39,100	215,000	39,100
2041	-	-	-	-	225,000	29,963	225,000	29,963
2042	-	-	-	-	235,000	20,400	235,000	20,400
2043	-	-	-	-	245,000	10,413	245,000	10,413
Total	\$ 2,005,000	\$ 352,299	\$ 94,765	\$ 2,759	\$ 4,398,489	\$ 2,979,702	\$ 6,498,254	\$ 3,334,760

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE J - LONG-TERM DEBT (continued)

Debt service requirements to maturity are:

Year Ending September 30,	Business-Type Activities					
	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 365,000	\$ 462,146	\$ 13,857	\$ 20,996	\$ 378,857	\$ 483,142
2016	400,000	423,890	14,238	20,615	414,238	444,505
2017	405,000	409,734	14,629	20,224	419,629	429,958
2018	425,000	394,851	15,031	19,821	440,031	414,672
2019	440,000	378,663	15,445	19,408	455,445	398,071
2020	445,000	361,463	15,870	18,983	460,870	380,446
2021	465,000	343,638	16,306	18,547	481,306	362,185
2022	230,000	330,209	16,754	18,098	246,754	348,307
2023	240,000	322,144	17,215	17,638	257,215	339,782
2024	250,000	312,481	17,689	17,164	267,689	329,645
2025	260,000	303,094	18,175	16,678	278,175	319,772
2026	270,000	293,344	18,675	16,178	288,675	309,522
2027	280,000	282,694	19,188	15,664	299,188	298,358
2028	290,000	271,031	19,716	15,137	309,716	286,168
2029	305,000	258,856	20,258	14,595	325,258	273,451
2030	320,000	246,056	20,815	14,038	340,815	260,094
2031	330,000	232,031	21,388	13,465	351,388	245,496
2032	345,000	217,556	21,976	12,877	366,976	230,433
2033	360,000	202,431	22,580	12,273	382,580	214,704
2034	375,000	186,356	23,201	11,652	398,201	198,008
2035	395,000	169,319	23,839	11,014	418,839	180,333
2036	415,000	151,106	24,495	10,358	439,495	161,464
2037	430,000	132,094	25,168	9,684	455,168	141,778
2038	450,000	112,281	25,861	8,992	475,861	121,273
2039	475,000	90,787	26,572	8,281	501,572	99,068
2040	495,000	67,369	27,302	7,550	522,302	74,919
2041	520,000	42,825	28,053	6,800	548,053	49,625
2042	545,000	17,156	28,825	6,028	573,825	23,184
2043	-	-	29,618	5,235	29,618	5,235
2044	-	-	30,432	4,421	30,432	4,421
2045	-	-	31,269	3,584	31,269	3,584
2046	-	-	32,128	2,724	32,128	2,724
2047	-	-	33,012	1,841	33,012	1,841
2048	-	-	33,920	933	33,920	933
Total	\$ 10,525,000	\$ 7,015,605	\$ 763,500	\$ 421,496	\$ 11,288,500	\$ 7,437,101

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE J - LONG-TERM DEBT (continued)

Revolving Loan Fund

In accordance with the agreement between various public entities (including the City of Richmond) and the State Environmental Improvement and Energy Resources Authority (the Authority), the City issued the Series 2001A revenue bonds. In connection with the City's issuance of these revenue bonds, the City participates in a revolving loan program established by the Department of Natural Resources (DNR). The revolving fund, which consists of 83.33% federal dollars and 16.67% state dollars, is designed to serve as a guarantee for local municipalities' drinking water revenue bond financing. The State of Missouri manages and invests the bond proceeds on behalf of the City. As the City incurs approved capital expenditures, DNR reimburses the City for the expenditure from the bond proceeds account and deposits an additional 50% of the expenditure amount in a Bond Reserve Fund in the City's name and is held as a guarantee against the debt. Interest earned from this reserve fund can be used by the City to fund interest payment on the revenue bonds. For the year ended September 30, 2014, interest earnings from the 2001A reserve funds totaled \$24,848. The reserve fund is transferred back to the State as bond issues are retired.

The costs of operation and maintenance of the system and debt service is payable from Water Fund operating revenues.

Notes Payable

At September 30, 2014 the City had promissory note obligations outstanding which were used fund improvements to a parking lot and improvements to the wastewater plant. For those notes recorded in the governmental fund, the City records the present value of the note obligation as capital outlay expenditure and as an offsetting other financing source in the year that the asset is purchased. At the government-wide level, the present value of payments due in future periods, along with the net carrying value of the related capital assets, are recorded as liabilities and assets, respectively, in the governmental activities column of the Statement of Net Position. For those notes recorded in proprietary funds, the City records the present value of the future debt payments as a liability and the related capital item as an asset of the fund.

On August 20, 2013, the City entered into a loan agreement with USDA not to exceed \$968,000. The loan will finance a portion of improvements to the City's wastewater facility. Upon the final advance payment, USDA will issue bonds in the amount of \$968,000 with interest at 2.75%. As of September 30, 2014, \$763,500 had been advanced on this loan.

Revenue Bonds Payable

In April 2010 and 2011, the City voters approved the issuance of Combined Waterworks and Sewerage System Revenue Bonds of \$5,100,000 and \$4,700,000, respectively for the purpose of improving the system. As of September 30, 2014, the City has issued all of the \$5,100,000 bonds and \$3,730,000 of the \$4,700,000 bonds. As discussed above, the City plans to issue \$968,000 of bonds through USDA upon the final loan advance payment per the loan agreement with USDA.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE J - LONG-TERM DEBT (continued)

Lease Purchases

The City's lease purchase agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Building	\$ 3,611,326
Equipment	72,867
Less: Accumulated depreciation	(531,865)
Total	\$ 3,152,328

NOTE K - ANNUAL GENERAL OPERATING REVENUE FROM TRAFFIC VIOLATIONS

Section 302.341.2 RSMo requires municipalities to report an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations. Total fines and court costs for traffic violations for the fiscal year summed to \$102,130. The City's general sales tax and property tax revenue summed to \$1,377,677. Using the general sales tax and property tax as the "annual general operating revenue", the City's traffic violations revenues are 7.41% of this total "annual general operating revenue", which is substantially below the 30% threshold requirement of the statute.

NOTE L - INTERFUND TRANSFERS

During the year, the City transferred \$35,500 from the General Fund to the Municipal Complex Fund to cover the shortfall of sales tax revenue in making the lease payment in the Municipal Complex Fund.

The City also transferred \$7,864 of DWI/ Drug Enforcement funds from the Police Training Fund to the General Fund to assist with the lease payments for the police car cameras.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE M - FUND BALANCES

The following is a summary of the Governmental Fund balances of the City for the year ended September 30, 2014.

<u>Classification/Fund</u>	<u>Purpose</u>	
Nonspendable:		
General Fund	Inventory	\$ 66,700
General Fund	Prepaid expenses	<u>18,715</u>
		85,415
Park	Prepaid expenses	1,220
Cemetery trust fund	Cemetery	<u>100,628</u>
Total Nonspendable		<u>187,263</u>
Restricted:		
General Fund	Gym floor improvements	25,000
Park	Capital improvements	366,958
Other governmental	Police training	14,294
1/2 cent transportation sales tax	Capital improvements	350,113
Debt service	Debt payments	<u>264,663</u>
Total Restricted		<u>1,021,028</u>
Unassigned:		
General Fund		980,502
Municipal complex		<u>(301,106)</u>
Total Unassigned		<u>679,396</u>
Total Fund Balances		<u><u>\$ 1,887,687</u></u>

NOTE N - SUBSEQUENT EVENT

On November 18, 2014, the City purchased land for the purpose of providing an additional park for the City at a cost of \$75,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES:				
Sales tax	\$ 960,000	\$ 960,000	\$ 1,001,211	\$ 41,211
Property tax	391,500	391,500	396,311	4,811
Franchise tax	598,500	598,500	607,043	8,543
Licenses and permits	51,400	52,100	58,855	6,755
Other local taxes	263,500	263,500	278,488	14,988
Fines, tickets and fees	149,050	149,150	141,257	(7,893)
Charges for services	203,270	202,970	160,732	(42,238)
Grants	2,000	211,100	115,931	(95,169)
Interest revenue	12,050	12,050	17,828	5,778
Other revenue	37,430	36,930	152,314	115,384
Total Revenues	<u>2,668,700</u>	<u>2,877,800</u>	<u>2,929,970</u>	<u>52,170</u>
EXPENDITURES:				
Administration	352,074	543,031	372,878	170,153
Public safety	1,520,537	1,575,962	1,553,062	22,900
Public works	274,700	282,195	259,337	22,858
Community development	183,312	177,312	152,589	24,723
Cemetery, parks and recreation	360,411	331,411	295,233	36,178
Capital outlay	108,800	104,070	238,213	(134,143)
Debt service:				
Principal	13,045	17,405	13,961	3,444
Interest and fees	1,615	2,165	2,197	(32)
Total Expenditures	<u>2,814,494</u>	<u>3,033,551</u>	<u>2,887,470</u>	<u>146,081</u>
Other financing sources (uses):				
Debt proceeds	57,800	57,800	3,753	(54,047)
Transfers	(35,500)	(35,500)	(27,636)	7,864
Total other financings sources (uses)	<u>22,300</u>	<u>22,300</u>	<u>(23,883)</u>	<u>(46,183)</u>
Net change in fund balance	<u>\$ (123,494)</u>	<u>\$ (133,451)</u>	18,617	<u>\$ 152,068</u>
Fund balance, beginning of year - budgetary basis			<u>961,857</u>	
Fund balance, end of year - budgetary basis			980,474	
GAAP adjustments:				
Receivables:				
Taxes			211,372	
Grants			115,471	
Accounts			491	
Accounts payable			(101,818)	
Accrued payroll and benefits			<u>(115,073)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 1,090,917</u>	

See accompanying notes to the required supplementary information.

**CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PARK FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Sales tax	\$ 225,500	\$ 225,500	\$ 232,759	\$ 7,259
Property tax	91,500	91,500	93,936	2,436
Charges for services	2,500	2,500	2,522	22
Interest revenue	400	400	745	345
Other revenue	-	-	90,642	90,642
Total Revenues	<u>319,900</u>	<u>319,900</u>	<u>420,604</u>	<u>100,704</u>
EXPENDITURES:				
Parks	161,640	171,025	151,029	19,996
Capital outlay	85,000	75,615	29,974	45,641
Debt service:				
Principal	56,000	109,000	97,557	11,443
Interest and fees	10,400	10,400	6,562	3,838
Total Expenditures	<u>313,040</u>	<u>366,040</u>	<u>285,122</u>	<u>80,918</u>
Net change in fund balance	<u>\$ 6,860</u>	<u>\$ (46,140)</u>	<u>\$ 135,482</u>	<u>\$ 181,622</u>
Fund balance, beginning of year - budgetary basis			<u>212,534</u>	
Fund balance, end of year - budgetary basis			348,016	
GAAP adjustments:				
Receivables:				
Taxes			35,177	
Accounts payable			(10,053)	
Accrued payroll and benefits			<u>(4,962)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 368,178</u>	

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - 1/2 CENT TRANSPORTATION SALES TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>BUDGET</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES:				
Sales tax	\$ 450,900	\$ 450,900	\$ 469,066	\$ 18,166
Interest revenue	300	300	1,423	1,123
Other revenue	<u>-</u>	<u>-</u>	<u>650</u>	<u>650</u>
Total Revenues	<u>451,200</u>	<u>451,200</u>	<u>471,139</u>	<u>19,939</u>
EXPENDITURES:				
Public works	590,061	720,061	542,618	177,443
Capital outlay	<u>-</u>	<u>-</u>	<u>(446,899)</u>	<u>446,899</u>
Total Expenditures	<u>590,061</u>	<u>720,061</u>	<u>95,719</u>	<u>624,342</u>
Net change in fund balance	<u>\$ (138,861)</u>	<u>\$ (268,861)</u>	375,420	<u>\$ 644,281</u>
Fund balance, beginning of year - budgetary basis			<u>374,075</u>	
Fund balance, end of year - budgetary basis			749,495	
GAAP adjustments:				
Receivables:				
Taxes			70,354	
Accounts payable			(468,924)	
Accrued payroll and benefits			<u>(812)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 350,113</u>	

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - MUNICIPAL COMPLEX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Sales tax	\$ 225,500	\$ 225,500	\$ 234,108	\$ 8,608
Interest revenue	-	-	-	-
Total Revenues	<u>225,500</u>	<u>225,500</u>	<u>234,108</u>	<u>8,608</u>
EXPENDITURES:				
Debt service:				
Principal	95,000	95,000	95,000	-
Interest and fees	<u>160,900</u>	<u>160,900</u>	<u>160,768</u>	<u>132</u>
Total Expenditures	<u>255,900</u>	<u>255,900</u>	<u>255,768</u>	<u>132</u>
Excess (deficiency) of revenues over expenditures	<u>(30,400)</u>	<u>(30,400)</u>	<u>(21,660)</u>	<u>8,740</u>
Other financing sources:				
Debt proceeds	-	-	-	-
Transfers	<u>35,500</u>	<u>35,500</u>	<u>35,500</u>	-
Total other financing sources	<u>35,500</u>	<u>35,500</u>	<u>35,500</u>	-
Net change in fund balance	<u>\$ 5,100</u>	<u>\$ 5,100</u>	13,840	<u>\$ 8,740</u>
Fund balance, beginning of year - budgetary basis			<u>(350,123)</u>	
Fund balance, end of year - budgetary basis			(336,283)	
GAAP adjustments:				
Receivables:				
Taxes			<u>35,177</u>	
Fund balances, end of year - GAAP basis			<u>\$ (301,106)</u>	

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014

Budgetary Process

The City follows the following procedures in establishing the budgetary data reflected in the basic financial statements:

1. As declared by ordinance, the City Administrator is the budget officer and prepares the proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1st, the budget is legally enacted through the passage of an ordinance.
4. The legal level of control for the budget is at the fund level, and City management can not amend the budget without approval of the City Council. However, the City Administrator has the authority to transfer budgeted amounts between departments within any fund. The City Council must approve any revisions that alters the total budgeted expenditures of any fund. Unexpended appropriations lapse at year end.
5. Budgets are prepared on the cash basis of accounting (budgetary basis), in which revenues are recognized when collected and expenditures are recognized when paid. The reported budgetary data represent both the original and final approved budgets as adopted by the City Council.

**CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN
SEPTEMBER 30, 2014**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/29/2012	\$ 2,253,956	\$ 2,541,805	\$ 287,849	89%	\$ 1,632,103	18%
2/29/2013	2,639,024	2,792,570	153,546	95%	1,687,525	9%
2/28/2014	2,916,559	2,773,719	(142,840)	105%	1,617,104	0%

NOTE: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

SUPPLEMENTARY INFORMATION

**CITY OF RICHMOND, MISSOURI
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014**

	<u>SPECIAL REVENUE FUND</u>	<u>PERMANENT FUND</u>	<u>TOTAL OTHER GOVERNMENTAL FUNDS</u>
	<u>POLICE TRAINING</u>	<u>CEMETERY TRUST</u>	
ASSETS			
Cash and cash equivalents	\$ <u>14,564</u>	\$ <u>100,628</u>	\$ <u>115,192</u>
LIABILITIES AND FUND BALANCES			
Liabilities	\$ <u>270</u>	\$ <u>-</u>	\$ <u>270</u>
Fund balances:			
Nonspendable	-	100,628	100,628
Restricted	<u>14,294</u>	<u>-</u>	<u>14,294</u>
Total Fund Balances	<u>14,294</u>	<u>100,628</u>	<u>114,922</u>
Total Liabilities and Fund Balances	<u>\$ 14,564</u>	<u>\$ 100,628</u>	<u>\$ 115,192</u>

CITY OF RICHMOND, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTAL OTHER GOVERNMENTAL FUNDS
	<u>POLICE TRAINING</u>	<u>CEMETERY FUND</u>	<u>GOVERNMENTAL FUNDS</u>
REVENUES:			
Fines, tickets and fees	\$ 6,052	\$ -	\$ 6,052
Charges for services	-	1,264	1,264
Interest revenue	<u>46</u>	<u>249</u>	<u>295</u>
Total Revenues	<u>6,098</u>	<u>1,513</u>	<u>7,611</u>
EXPENDITURES:			
Public safety	4,308	-	4,308
Cemetery	<u>-</u>	<u>247</u>	<u>247</u>
Total Expenditures	<u>4,308</u>	<u>247</u>	<u>4,555</u>
Excess (deficiency) of revenues over expenditures	<u>1,790</u>	<u>1,266</u>	<u>3,056</u>
Other financing sources (uses):			
Transfers	<u>(7,864)</u>	<u>-</u>	<u>(7,864)</u>
Net change in fund balances	(6,074)	1,266	(4,808)
Fund balance, beginning of year	<u>20,368</u>	<u>99,362</u>	<u>119,730</u>
Fund balance, end of year	<u>\$ 14,294</u>	<u>\$ 100,628</u>	<u>\$ 114,922</u>

CITY OF RICHMOND, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PROJECT NUMBER	EXPENDITURES
<u>U.S. Department of Agriculture</u>			
Direct:			
Water and Waste Disposal Systems Loan	10.760	29-089-446000252	\$ 746,801
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Missouri Department of Economic Development:			
Community Development Block Grant	14.228	2012-PF-09	38,408
Community Development Block Grant (Note 3)	14.228	2012-PF-27	<u>51,563</u>
Total Community Development Block Grant			<u>89,971</u>
<u>U.S. Department of Transportation</u>			
Passed through Missouri Department of Transportation:			
Safe Routes to Schools Infrastructure Grant	20.205	SRTS-INF-H284 (104)	160,928
Passed through Missouri Department of Transportation, Traffic & Highway Safety Division:			
Passed through University of Central Missouri:			
DWI Enforcement	20.607	14-154-AL-062	2,263
Click it or Ticket Enforcement	20.600	14-OP-05-002	638
<u>U.S. Department of Justice</u>			
Passed through Missouri Department of Public Safety:			
2014 Local Law Enforcement Block Grant (LLEBG) Program	16.738	2013-LLEBG-086	<u>8,603</u>
			<u>\$ 1,009,204</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Richmond under programs of the federal government for the year ended September 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of City of Richmond, it is not intended to and does not present the financial position, change in net position or cash flows of City of Richmond.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Subrecipient

Of the federal expenditures presented in the Schedule, City of Richmond provided federal awards of \$51,563 to a subrecipient from the Community Block Grant, CFDA No. 14.228.

INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Richmond, Missouri

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Richmond as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Westbrook & Co., P.C." The signature is written in a cursive, flowing style.

Richmond, Missouri
January 6, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

To the City Council
City of Richmond, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Richmond, Missouri
January 6, 2015

**CITY OF RICHMOND, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
• Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
• Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
• Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u> None reported

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u> </u>	Yes	<u> X </u>	No
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Identification of major programs:	
Water and Waste Disposal Systems Loan	CFDA No. 10.760

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 300,000</u>
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Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u>	No
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**CITY OF RICHMOND, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2014-001 - UTILITY BILLING

Condition: The City does not perform monthly accounting procedures to reconcile the amounts billed for utilities to amounts collected and reported in the general ledger.

Criteria: The City should perform accounting procedures to provide controls over utility billings and collections.

Cause: Internal control procedures over utility billings have not been implemented by the City.

Effect: Inadequate accounting controls over utility billings could allow errors or fraud to occur and go undetected.

Recommendation: We recommend that the City implement monthly accounting procedures to provide a reconciliation of the amounts billed to amounts collected and reported on the general ledger.

Auditee's Response: We are aware of this situation. While we do not reconcile closely, the Financial Director and City Administrator monitor the monthly receipts for all accounts very closely. We believe that we would detect any significant anomalies in our utility receipts. We also believe an additional person would be required to track and account for and reconcile each of our revenue accounts. We do not believe the added expense would justify the benefit.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

**CITY OF RICHMOND, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

The prior audit report contained no written comments relating to the federal awards programs.