

CITY OF RICHMOND, MISSOURI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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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, 2020, 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, 2020, 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.

Member, American Institute of Certified Public Accountants; Missouri Society of Certified Public Accountants

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 schedules, schedule of changes in the net pension liability and schedule of contributions on pages 3 through 14 and 46 through 54 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, as listed in the table of contents, 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 February 23, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Westbrook & Co., P.C.

Richmond, Missouri
February 23, 2021



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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, 2020. Please read this section in conjunction with the City's financial statements, which follow this section.

Financial Highlights

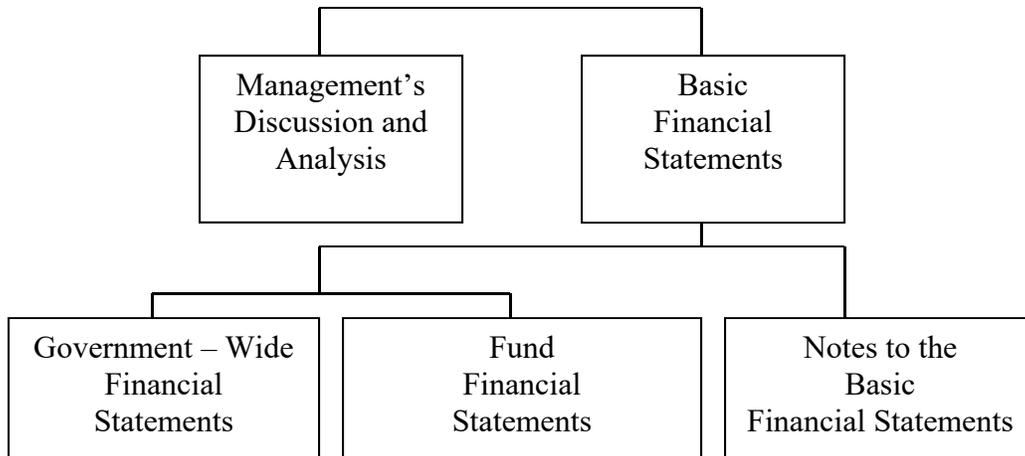
- The assets and deferred outflows of the City of Richmond exceeded its liabilities and deferred inflows by \$22,231,177. Of this amount, \$17,039,648 represents the City's net investment in capital assets; \$848,790 is restricted for debt service and \$107,860 is restricted for perpetual care. There is \$1,549,326 of net position unrestricted for governmental activities and \$2,685,553 of net position unrestricted for business-type activities.
- The City's total net position increased \$496,508.
- The City's long-term debt increased approximately \$230,000 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 explain and support 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 method 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 indicators 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 understanding 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 (police and fire), animal control, court, streets, cemetery, economic development, community development, parks and recreation. Taxes (sales, use, property, franchise, and other local taxes), licenses, permits, charges for services, fines, fees, 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					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current & other assets	\$ 2,877,516	\$ 3,303,089	\$ 4,810,926	\$ 5,035,038	\$ 7,688,442	\$ 8,338,127
Capital assets, net	10,925,786	11,043,592	18,824,078	17,567,397	29,749,864	28,610,989
Total assets	<u>13,803,302</u>	<u>14,346,681</u>	<u>23,635,004</u>	<u>22,602,435</u>	<u>37,438,306</u>	<u>36,949,116</u>
Deferred outflows of resources	445,291	111,555	82,398	37,559	527,689	149,114
Liabilities:						
Other liabilities	711,995	729,509	1,275,496	872,541	1,987,491	1,602,050
Long-term liabilities	4,239,298	4,718,907	9,298,420	8,802,810	13,537,718	13,521,717
Total liabilities	<u>4,951,293</u>	<u>5,448,416</u>	<u>10,573,916</u>	<u>9,675,351</u>	<u>15,525,209</u>	<u>15,123,767</u>
Deferred inflows of resources	198,377	199,699	11,232	40,095	209,609	239,794
Net position:						
Net investment in capital assets	7,157,248	6,934,049	9,882,400	8,330,587	17,039,648	15,264,636
Restricted	392,349	368,108	564,301	551,570	956,650	919,678
Unrestricted	1,549,326	1,507,964	2,685,553	4,042,391	4,234,879	5,550,355
Total net position	<u>\$ 9,098,923</u>	<u>\$ 8,810,121</u>	<u>\$ 13,132,254</u>	<u>\$ 12,924,548</u>	<u>\$ 22,231,177</u>	<u>\$ 21,734,669</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 \$22,231,177 from \$21,734,669 as a result of the increase in net position reflected in Figure 2. For the years ended September 30, 2020 and 2019, net position of the City changed as follows:

Figure 2

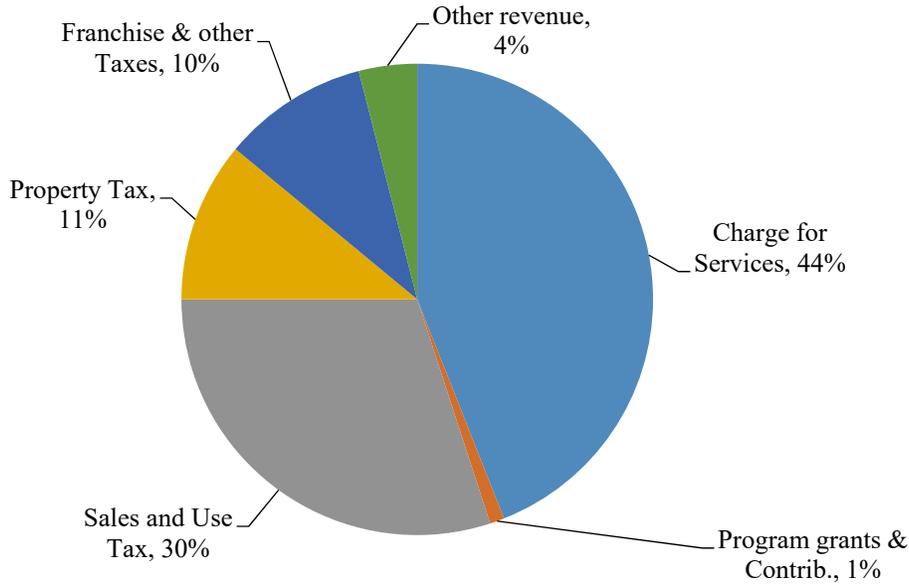
City of Richmond's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	\$ 326,815	\$ 418,830	\$ 3,378,923	\$ 3,400,876	\$ 3,705,738	\$ 3,819,706
Operating grants and contributions	41,128	6,817	940	-	42,068	6,817
Capital grants	-	2,000	-	-	-	2,000
General Revenues:						
Property taxes	912,930	862,572	-	-	912,930	862,572
Sales and use tax	2,471,972	2,231,044	-	-	2,471,972	2,231,044
Franchise and other taxes	796,413	801,924	-	-	796,413	801,924
Interest revenue	44,119	16,874	20,047	23,164	64,166	40,038
Other revenue	128,090	81,614	42,903	39,330	170,993	120,944
Total Revenues	<u>4,721,467</u>	<u>4,421,675</u>	<u>3,442,813</u>	<u>3,463,370</u>	<u>8,164,280</u>	<u>7,885,045</u>
Expenses						
Administration	625,602	568,440	-	-	625,602	568,440
Public safety	1,739,718	1,603,011	-	-	1,739,718	1,603,011
Public works	972,001	869,078	-	-	972,001	869,078
Community development	216,585	159,665	-	-	216,585	159,665
Cemetery, parks, & recreation	692,095	671,354	-	-	692,095	671,354
Interest on long-term debt	186,664	198,767	-	-	186,664	198,767
Water	-	-	1,400,486	1,108,357	1,400,486	1,108,357
Wastewater	-	-	1,549,346	1,569,370	1,549,346	1,569,370
Solid Waste	-	-	285,275	272,807	285,275	272,807
Total Expenses	<u>4,432,665</u>	<u>4,070,315</u>	<u>3,235,107</u>	<u>2,950,534</u>	<u>7,667,772</u>	<u>7,020,849</u>
Change in net position	288,802	351,360	207,706	512,836	496,508	864,196
Beginning net position	<u>8,810,121</u>	<u>8,458,761</u>	<u>12,924,548</u>	<u>12,411,712</u>	<u>21,734,669</u>	<u>20,870,473</u>
Ending net position	<u>\$ 9,098,923</u>	<u>\$ 8,810,121</u>	<u>\$ 13,132,254</u>	<u>\$ 12,924,548</u>	<u>\$ 22,231,177</u>	<u>\$ 21,734,669</u>

For the fiscal year ended September 30, 2020, government-wide revenues totaled \$8,164,280. Approximately 44% of all revenues are from charges for services, and 30% is from sales and use tax. See Figure 3.

Figure 3

City of Richmond - Sources of Revenue

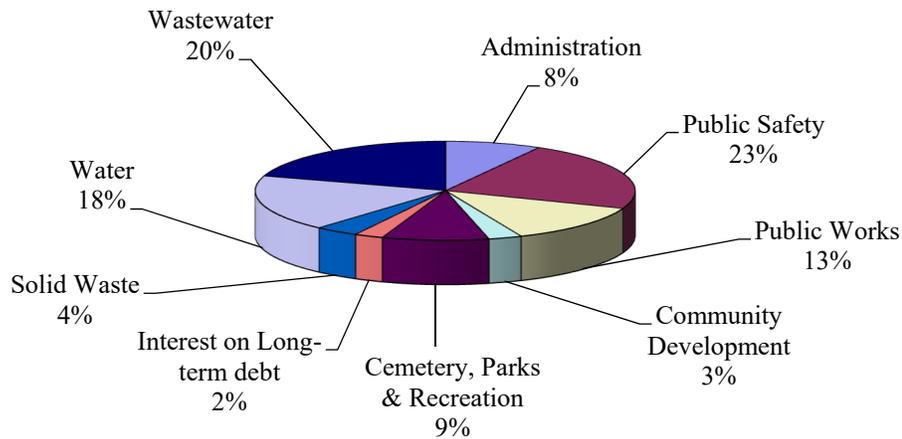


Charges for services are derived from users of the City’s programs such as governmental programs and from fees from the users of the City’s solid waste, water and wastewater operations.

The next largest revenue source for the entire City is sales and use tax. During the 2020 fiscal year sales and use tax revenues were \$2,471,972. The City of Richmond has a 2% sales and use tax (1% to fund general governmental activities, 0.5% for transportation improvements, 0.25% to finance the municipal complex, and 0.25% for parks).

Figure 4

City of Richmond - Functional Expenses



The City's expenses cover a range of services. As shown in Figure 4, approximately 42% of all City expenses during the 2020 fiscal year were related to the three business-type activities, solid waste, water and wastewater. The second largest expenditure in 2020 was public safety at 23%. Public safety is comprised of the police department, the fire department, and animal control.

Governmental Activities

Governmental activities increased the City's net position by \$288,802. For the fiscal year ended September 30, 2020, revenues totaled \$8,164,280 (governmental and business-type). Revenues from governmental activities were \$4,721,467 or 58% of the total city revenue.

Certain revenues are generated that are specific to governmental program activities. These totaled \$367,943. Figure 5 shows expenses and program revenues of the governmental activities for the years ended September 30, 2020 and 2019:

Figure 5

Net Cost of City of Richmond's Governmental Activities						
	2020			2019		
	Cost of Services	Program Revenue	Net Cost of Services	Cost of Services	Program Revenue	Net Cost of Services
Administration	\$ 625,602	\$ 51,564	\$ 574,038	\$ 568,440	\$ 39,203	\$ 529,237
Public Safety	1,739,718	189,619	1,550,099	1,603,011	194,515	1,408,496
Public Works	972,001	25	971,976	869,078	-	869,078
Community Development	216,585	29,140	187,445	159,665	28,332	131,333
Cemetery, Parks & Recreation	692,095	97,595	594,500	671,354	165,597	505,757
Interest on long-term debt	186,664	-	186,664	198,767	-	198,767
Total	<u>\$ 4,432,665</u>	<u>\$ 367,943</u>	<u>\$ 4,064,722</u>	<u>\$ 4,070,315</u>	<u>\$ 427,647</u>	<u>\$ 3,642,668</u>

As noted in Figure 5, expenses from governmental activities totaled \$4,432,665. However, the net cost of these services was \$4,064,722. The difference represents direct revenues from charges for services of \$326,815, grants and contributions of \$41,128. Taxes and other revenues were collected to cover these net costs.

Business-Type Activities

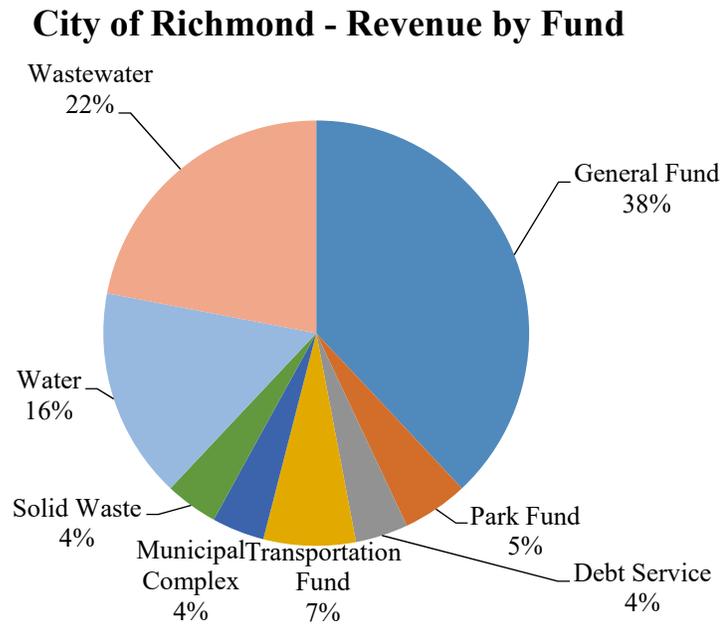
Business-type activities increased the City's net position by \$207,706. Key elements of the change in net position are as follows:

- Solid waste operating revenue increased \$20,828 from the prior year, and operating expenses increased \$12,468. Last year the solid waste fund net position increased \$13,985. This year the solid waste fund net position increased \$22,372. The City added a new contracted service of curbside yard waste collection in Spring 2020. The solid waste operating revenue increase was due to the increased customer fee charged by the City for this service and the operating expense increase was due to the City's fee from the contractor for this service. The increase in net position remained fairly consistent.
- Water operating revenue decreased \$6,169 from the prior year, and operating expenses increased \$304,851. Last year the Water Fund net position increased \$222,907. This year the Water Fund net position decreased \$80,349. The water operating revenue remained fairly consistent with prior year. The water operating expenses increased primarily due to the City entering contracts with Suez for upfront renovations and ongoing maintenance for the three water wells, standpipe and water tower. The decrease in the change in net position related to the increased operating expenditures.
- Wastewater operating revenue decreased \$36,612 from the prior year, and operating expenses decreased \$25,515. Last year the Wastewater Fund net position increased \$275,944. This year the Wastewater Fund net position increased \$265,683. The wastewater operating revenue, operating expenses and change in net position remained fairly consistent with prior year.

Financial Analysis of the City's Funds

The City of Richmond's governmental funds reported combined ending fund balances of \$2,451,732, a decrease of \$16,876 over the prior year. The fund balance of the General Fund by itself increased \$42,047 in fiscal year 2020. Last year the General Fund increased \$122,609. The increase in fund balance in the General Fund was less in FY20 primarily due to an increase in expenses. The largest increases of expenses occurred in capital outlays. The Park Fund's change in fund balance had a decrease of \$38,196. The prior year had an increase of \$82,171. The decrease in fund balance in the Park Fund was due to the early payoff of the park lease. The Transportation Fund's change in fund balance moved from a balance of \$623,997 in FY19 to a balance of \$532,869 in FY20. The decrease was related primarily to the increase in capital outlays in FY20. The Municipal Complex Fund's fund balance increased from \$46,928 in FY19 to \$91,006 in FY20. This increase in fund balance is related to an increase in sales and use tax revenues in FY20 and the lack of capital outlays in FY20.

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 \$3,110,710 was amended during the year. It was amended for changes to license and permits, demolition fees and rural fire fees.
- Total original expense budget for the General Fund of \$3,435,725 was amended during the year. It was amended for public safety and capital outlay costs.

The actual amounts for the General Fund on the budgetary basis was \$3,144,820 in revenue versus \$3,009,534 in expenses. The net change to the General Fund balance at the end of the year on the budgetary basis is an increase of \$135,286.

Capital Assets and Debt Administration

The fiscal year 2020 capital asset activity for governmental activities included the following expenditures:

- Completion of the construction of the South Street/Thornton retaining wall, drainage, curb and sidewalk
- Downtown corner lot development (walls, columns, fence and lights)
- Completion of the Wollard Boulevard drainage project
- 2020 Ford Utility (Explorer) for Police
- 1989 Simon-Duplex ladder truck for Fire
- 2020 Ford F550 rescue truck chassis
- 1/3 of 2020 Freightliner 108SD dump truck for Public Works
- 10' plow for 2020 Freightliner dump truck
- 1/3 of 2020 Loadtrail tilt trailer for Public Works
- 1/2 of 2020 John Deere Skidsteer 325G with bucket
- Replacement skate park equipment

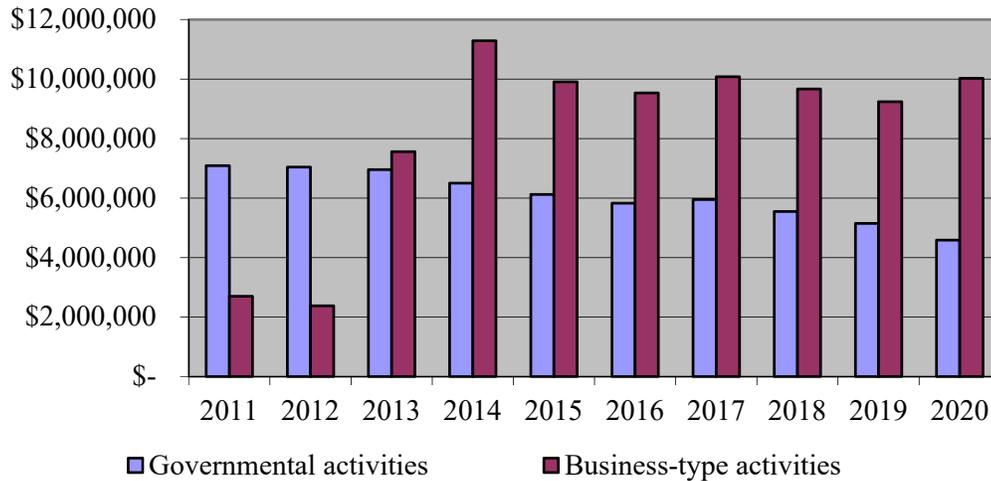
The fiscal year 2020 capital asset activity for business-type activities included the following expenditures:

- Chemical building roof replacement at the Water Plant
- 2020 Ford F150 for Meter Reader
- 2/3 of 2020 Freightliner 108SD dump truck for Public Works
- 2/3 of 2020 Loadtrail tilt trailer for Public Works
- 1/2 of 2020 John Deere Skidsteer 325G with bucket
- Continue engineering and construction of the 210 Wastewater Lift Station reconstruction
- Begin AMI water meter replacement project
- Begin engineering of the Hill Street Lift Station reconstruction

In fiscal year 2020, long-term debt for the governmental activities decreased \$561,005. Long-term debt for the business-type activities increased \$790,194. In total, long-term debt outstanding and other liabilities for governmental and business-type activities increased by \$229,189.

Figure 7

City of Richmond Long-Term Debt



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

Waterline repairs and replacement, water reservoirs cleaning and rehabilitation, water wells and water plant rehabilitation and/or replacement, water meter replacements, addressing wastewater inflow and infiltration, wastewater line rehabilitation, manhole repairs, wastewater collection system upgrades, street improvements, drainage projects, and replacement of worn vehicles and equipment in all departments continue to be a critical need.

The City began implementing a full water meter replacement project starting in FY20 and plans to complete the project in FY21. Other significant projects that began in FY20 and will continue taking place over the next several years include the cleaning and rehabilitation of the water reservoirs along with a maintenance plan for each of the reservoirs, cleaning of the water wells along with a maintenance plan for the wells, and reconstruction of two wastewater lift stations. The City will pay off the 2001A Water Bonds in FY21, freeing up approximately \$260,000 per year in annual debt service.

The City continues to seek economic development benefits. The City Council has offered economic development incentives to various entities over the past several years to boost additional development within the City. The City hired an Economic Development Director during the FY19 budget year, continued building a social media presence, completed a Citizen Survey in FY20 and plans to update the Comprehensive Plan in FY21.

The City adopted a policy in FY20 to abate certain liens for old special assessments in order to eliminate the barrier to several properties selling at the tax sales. Other policies were adopted to begin acquiring and selling collector deed properties. All of these policies were adopted in an effort to get more properties back on the active tax roll.

The City began contracting with the Ray County Collector to bill and collect the City's property taxes beginning with the 2019 taxes and all tax years moving forward.

The City adopted an Investment Policy and approved a firm to begin providing investment services of excess cash when the market is advantageous.

During FY21, the City is focusing on maintenance and repairs of deferred maintenance in City facilities.

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 Wright, Mayor
Tonya Willim, City Administrator
Rebecca Hoeflicker, Finance Director

CITY OF RICHMOND, MISSOURI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 2,130,549	\$ 2,615,209	\$ 4,745,758
Receivables, net:			
Taxes	451,501	-	451,501
Accounts	-	506,446	506,446
Grants	18,479	-	18,479
Other	18,111	-	18,111
Accrued interest	-	1,562	1,562
Prepaid expenses	17,971	7,280	25,251
Restricted cash and cash equivalents	-	1,570,462	1,570,462
Inventory	65,728	-	65,728
Net pension asset	175,177	109,967	285,144
Capital assets, net	10,925,786	18,824,078	29,749,864
 Total Assets	 <u>13,803,302</u>	 <u>23,635,004</u>	 <u>37,438,306</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>445,291</u>	<u>82,398</u>	<u>527,689</u>
LIABILITIES			
Accounts payable	79,888	176,731	256,619
Accrued payroll and benefits	113,590	31,841	145,431
Accrued interest	38,276	58,658	96,934
Customer deposits	4,671	247,013	251,684
Noncurrent liabilities:			
Due within one year	475,570	761,253	1,236,823
Due in more than one year	4,239,298	9,298,420	13,537,718
 Total Liabilities	 <u>4,951,293</u>	 <u>10,573,916</u>	 <u>15,525,209</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>198,377</u>	<u>11,232</u>	<u>209,609</u>
NET POSITION			
Net investment in capital assets	7,157,248	9,743,108	16,900,356
Restricted for:			
Perpetual care	107,860	-	107,860
Debt service	284,489	564,301	848,790
Unrestricted	1,549,326	2,824,845	4,374,171
 Total Net Position	 <u>\$ 9,098,923</u>	 <u>\$ 13,132,254</u>	 <u>\$ 22,231,177</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	\$ 625,743	\$ 20,444	\$ 31,120	\$ -	\$ (574,179)	\$ -	\$ (574,179)
Public safety	1,739,718	181,636	7,983	-	(1,550,099)	-	(1,550,099)
Public works	972,001	-	25	-	(971,976)	-	(971,976)
Community development	216,585	29,140	-	-	(187,445)	-	(187,445)
Cemetery, parks and recreation	692,095	95,595	2,000	-	(594,500)	-	(594,500)
Interest on long-term debt	186,523	-	-	-	(186,523)	-	(186,523)
Total governmental activities	<u>4,432,665</u>	<u>326,815</u>	<u>41,128</u>	<u>-</u>	<u>(4,064,722)</u>	<u>-</u>	<u>(4,064,722)</u>
Business-type activities:							
Water	1,400,486	1,291,516	-	-	-	(108,970)	(108,970)
Wastewater	1,549,346	1,780,100	940	-	-	231,694	231,694
Solid waste	285,275	307,307	-	-	-	22,032	22,032
Total business-type activities	<u>3,235,107</u>	<u>3,378,923</u>	<u>940</u>	<u>-</u>	<u>-</u>	<u>144,756</u>	<u>144,756</u>
Total primary government	<u>\$ 7,667,772</u>	<u>\$ 3,705,738</u>	<u>\$ 42,068</u>	<u>\$ -</u>	<u>(4,064,722)</u>	<u>144,756</u>	<u>(3,919,966)</u>
General revenues:							
Property tax					912,930	-	912,930
Sales and use tax					2,471,972	-	2,471,972
Other local taxes					293,240	-	293,240
Franchise taxes					503,173	-	503,173
Interest revenue					44,119	20,047	64,166
Gain in disposal of assets					-	10,024	10,024
Other revenue					128,090	32,879	160,969
Total General revenue					<u>4,353,524</u>	<u>62,950</u>	<u>4,416,474</u>
Change in net position					288,802	207,706	496,508
Net position, beginning of year					8,810,121	12,924,548	21,734,669
Net position, end of year					<u>\$ 9,098,923</u>	<u>\$ 13,132,254</u>	<u>\$ 22,231,177</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	GENERAL	PARK	TRANSPORTATION	DEBT SERVICE	MUNICIPAL COMPLEX	OTHER GOVERNMENTAL FUNDS	TOTALS GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents	\$ 1,000,455	\$ 239,718	\$ 445,559	\$ 282,037	\$ 46,708	\$ 116,072	\$ 2,130,549
Receivables, net:							
Taxes	255,116	49,983	88,595	13,509	44,298	-	451,501
Grants	18,479	-	-	-	-	-	18,479
Other	18,111	-	-	-	-	-	18,111
Inventory	65,728	-	-	-	-	-	65,728
Prepaid expenses	16,376	1,595	-	-	-	-	17,971
Total Assets	<u>\$ 1,374,265</u>	<u>\$ 291,296</u>	<u>\$ 534,154</u>	<u>\$ 295,546</u>	<u>\$ 91,006</u>	<u>\$ 116,072</u>	<u>\$ 2,702,339</u>
LIABILITIES							
Accounts payable	\$ 74,414	\$ 5,457	\$ 17	\$ -	\$ -	\$ -	\$ 79,888
Accrued liabilities	107,836	4,486	1,268	-	-	-	113,590
Municipal court bonds	4,671	-	-	-	-	-	4,671
Total Liabilities	<u>186,921</u>	<u>9,943</u>	<u>1,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,149</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	18,697	4,655	-	11,057	-	-	34,409
Unavailable revenue - other	18,049	-	-	-	-	-	18,049
Total Deferred Inflows of Resources	<u>36,746</u>	<u>4,655</u>	<u>-</u>	<u>11,057</u>	<u>-</u>	<u>-</u>	<u>52,458</u>
FUND BALANCES							
Nonspendable	82,104	1,595	-	-	-	107,860	191,559
Restricted	-	275,103	484,517	284,489	91,006	8,212	1,143,327
Committed	105,247	-	48,352	-	-	-	153,599
Unassigned	963,247	-	-	-	-	-	963,247
Total Fund Balances	<u>1,150,598</u>	<u>276,698</u>	<u>532,869</u>	<u>284,489</u>	<u>91,006</u>	<u>116,072</u>	<u>2,451,732</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,374,265</u>	<u>\$ 291,296</u>	<u>\$ 534,154</u>	<u>\$ 295,546</u>	<u>\$ 91,006</u>	<u>\$ 116,072</u>	<u>\$ 2,702,339</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Fund Balances - Total Governmental Funds \$ 2,451,732

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	\$ 19,048,485	
Less: accumulated depreciation	<u>(8,122,699)</u>	10,925,786

Net pension asset		175,177
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Pension related deferred outflows of resources and deferred inflows of resources
are not due and payable in the current year and, therefore are not reported in the
governmental funds, as follows:

Deferred outflows of resources	445,291	
Deferred inflows of resources	<u>(198,377)</u>	246,914

Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the governmental funds.		52,458
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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	(820,000)	
Lease purchases	<u>(3,768,538)</u>	(4,588,538)

Liabilities for compensated absences are recognized only when paid in the governmental fund statements but are accrued in the government-wide statements.		(126,330)
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Other assets and liabilities not reported at the fund statement level:

Accrued interest		<u>(38,276)</u>
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Net Position of Governmental Activities **\$ 9,098,923**

**CITY OF RICHMOND, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	GENERAL	PARK	TRANSPORTATION	DEBT SERVICE	MUNICIPAL COMPLEX	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Sales and use tax	\$ 1,262,220	\$ 302,438	\$ 604,876	\$ -	\$ 302,438	\$ -	\$ 2,471,972
Property tax	522,258	121,691	-	289,340	-	-	933,289
Franchise tax	503,173	-	-	-	-	-	503,173
Licenses and permits	48,945	-	-	-	-	-	48,945
Other local taxes	293,240	-	-	-	-	-	293,240
Fines, tickets and fees	97,380	-	-	-	-	3,783	101,163
Charges for services	107,643	1,222	-	-	-	1,620	110,485
Grants and contributions	30,220	-	-	-	-	-	30,220
Interest revenue	38,524	1,446	1,617	2,135	106	291	44,119
Other revenue	201,154	2,495	-	-	-	-	203,649
Total Revenues	<u>3,104,757</u>	<u>429,292</u>	<u>606,493</u>	<u>291,475</u>	<u>302,544</u>	<u>5,694</u>	<u>4,740,255</u>
EXPENDITURES:							
Administration	416,150	-	-	15,275	4,854	-	436,279
Public safety	1,585,960	-	-	-	-	1,718	1,587,678
Public works	303,208	-	427,559	-	-	-	730,767
Community development	206,669	-	-	-	-	-	206,669
Cemetery, parks and recreation	316,995	226,026	-	-	-	272	543,293
Capital outlay	228,690	4,710	270,062	-	-	-	503,462
Debt service:							
Principal	4,003	232,002	-	220,000	105,000	-	561,005
Interest and fees	1,035	4,750	-	33,581	148,612	-	187,978
Total Expenditures	<u>3,062,710</u>	<u>467,488</u>	<u>697,621</u>	<u>268,856</u>	<u>258,466</u>	<u>1,990</u>	<u>4,757,131</u>
Net change in fund balances	42,047	(38,196)	(91,128)	22,619	44,078	3,704	(16,876)
Fund balance, beginning of year	<u>1,108,551</u>	<u>314,894</u>	<u>623,997</u>	<u>261,870</u>	<u>46,928</u>	<u>112,368</u>	<u>2,468,608</u>
Fund balance, end of year	<u>\$ 1,150,598</u>	<u>\$ 276,698</u>	<u>\$ 532,869</u>	<u>\$ 284,489</u>	<u>\$ 91,006</u>	<u>\$ 116,072</u>	<u>\$ 2,451,732</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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (16,876)

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	\$ 503,462	
Depreciation expense	(621,268)	(117,806)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	(111,806)
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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:

Principal payments	561,005	
Accrued interest	1,455	562,460

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

Change in unavailable revenue - property taxes	(20,359)	
Change in unavailable revenue - grants	10,908	
Change in unavailable revenue - other	(9,337)	(18,788)

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:

Compensated absences payable	(8,382)
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Change in Net Position of Governmental Activities **\$ 288,802**

CITY OF RICHMOND, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	WATER	WASTEWATER	SOLID WASTE	TOTALS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 631,752	\$ 1,826,916	\$ 156,541	\$ 2,615,209
Receivables, net	189,540	270,568	46,338	506,446
Accrued interest	1,562	-	-	1,562
Prepaid expenses	3,829	3,451	-	7,280
Total current assets	<u>826,683</u>	<u>2,100,935</u>	<u>202,879</u>	<u>3,130,497</u>
Noncurrent assets:				
Restricted cash and cash equivalents	848,931	721,531	-	1,570,462
Net pension asset	55,267	53,268	1,432	109,967
Capital assets, net	3,991,041	14,809,512	23,525	18,824,078
Total noncurrent assets	<u>4,895,239</u>	<u>15,584,311</u>	<u>24,957</u>	<u>20,504,507</u>
Total assets	<u>5,721,922</u>	<u>17,685,246</u>	<u>227,836</u>	<u>23,635,004</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>41,237</u>	<u>39,915</u>	<u>1,246</u>	<u>82,398</u>
LIABILITIES				
Current liabilities:				
Current portion of long-term debt	379,292	349,292	-	728,584
Accounts payable	23,494	132,781	20,456	176,731
Customer deposits payable	247,013	-	-	247,013
Accrued interest	3,000	55,658	-	58,658
Accrued liabilities:				
Payroll and benefits	21,421	9,881	539	31,841
Compensated absences	19,033	13,636	-	32,669
Total current liabilities	<u>693,253</u>	<u>561,248</u>	<u>20,995</u>	<u>1,275,496</u>
Noncurrent liabilities:				
Bonds payable	-	8,352,386	-	8,352,386
Capital lease	473,017	473,017	-	946,034
Total noncurrent liabilities	<u>473,017</u>	<u>8,825,403</u>	<u>-</u>	<u>9,298,420</u>
Total liabilities	<u>1,166,270</u>	<u>9,386,651</u>	<u>20,995</u>	<u>10,573,916</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>8,042</u>	<u>-</u>	<u>3,190</u>	<u>11,232</u>
NET POSITION				
Net investment in capital assets	3,611,749	6,107,834	23,525	9,743,108
Restricted for debt service	182,717	381,584	-	564,301
Unrestricted	794,381	1,849,092	181,372	2,824,845
Total net position	<u>\$ 4,588,847</u>	<u>\$ 8,338,510</u>	<u>\$ 204,897</u>	<u>\$ 13,132,254</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, 2020

	<u>WATER</u>	<u>WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Operating revenues:				
Charges for services	\$ <u>1,291,517</u>	\$ <u>1,780,100</u>	\$ <u>307,307</u>	\$ <u>3,378,924</u>
Operating expenses:				
Personnel services	528,360	332,769	36,824	897,953
Contractual services	206,851	328,730	231,845	767,426
Materials and supplies	445,969	91,911	13,474	551,354
Depreciation	188,967	420,721	3,069	612,757
Other operating expenses	<u>13,787</u>	<u>3,990</u>	<u>63</u>	<u>17,840</u>
Total operating expenses	<u>1,383,934</u>	<u>1,178,121</u>	<u>285,275</u>	<u>2,847,330</u>
Operating income (loss)	<u>(92,417)</u>	<u>601,979</u>	<u>22,032</u>	<u>531,594</u>
Nonoperating revenues (expenses):				
Interest income	12,969	6,737	340	20,046
Grant revenues	-	940	-	940
Interest expense and fees	(16,552)	(371,225)	-	(387,777)
Gain (loss) on disposal of assets	10,192	(168)	-	10,024
Other revenue	<u>5,459</u>	<u>27,420</u>	<u>-</u>	<u>32,879</u>
Total nonoperating revenues (expenses)	<u>12,068</u>	<u>(336,296)</u>	<u>340</u>	<u>(323,888)</u>
Net income (loss)	(80,349)	265,683	22,372	207,706
Net position, beginning of year	<u>4,669,196</u>	<u>8,072,827</u>	<u>182,525</u>	<u>12,924,548</u>
Net position, end of year	<u>\$ 4,588,847</u>	<u>\$ 8,338,510</u>	<u>\$ 204,897</u>	<u>\$ 13,132,254</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, 2020

	ENTERPRISE FUNDS			TOTALS
	WATER	WASTEWATER	SOLID WASTE	
Cash flows from operating activities:				
Cash receipts from customers	\$ 1,302,543	\$ 1,803,933	\$ 302,608	\$ 3,409,084
Cash payments to suppliers	(677,188)	(311,040)	(241,773)	(1,230,001)
Cash paid to employees	(501,469)	(320,193)	(36,255)	(857,917)
Net cash provided by operating activities	<u>123,886</u>	<u>1,172,700</u>	<u>24,580</u>	<u>1,321,166</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(519,846)	(1,359,952)	-	(1,879,798)
Proceeds from sale of equipment	10,192	10,192	-	20,384
Proceeds from capital lease	714,912	714,912	-	1,429,824
Grant revenue	-	940	-	940
Principal paid on revenue bonds	(230,000)	(204,423)	-	(434,423)
Principal paid on capital lease	(102,603)	(102,602)	-	(205,205)
Interest and fees paid on debt	(19,427)	(371,946)	-	(391,373)
Net cash used in capital and related financing activities	<u>(146,772)</u>	<u>(1,312,879)</u>	<u>-</u>	<u>(1,459,651)</u>
Cash flows from investing activities:				
Interest received on cash accounts	13,812	6,735	340	20,887
Other receipts	5,459	27,420	-	32,879
Net cash provided by investing activities	<u>19,271</u>	<u>34,155</u>	<u>340</u>	<u>53,766</u>
Net increase (decrease) in cash and cash equivalents	(3,615)	(106,024)	24,920	(84,719)
Cash and cash equivalents, beginning of year	<u>1,484,298</u>	<u>2,654,471</u>	<u>131,621</u>	<u>4,270,390</u>
Cash and cash equivalents, end of year	<u>\$ 1,480,683</u>	<u>\$ 2,548,447</u>	<u>\$ 156,541</u>	<u>\$ 4,185,671</u>
Cash and cash equivalents	\$ 631,752	\$ 1,826,916	\$ 156,541	\$ 2,615,209
Restricted cash and cash equivalents	<u>848,931</u>	<u>721,531</u>	<u>-</u>	<u>1,570,462</u>
Cash and cash equivalents, end of year	<u>\$ 1,480,683</u>	<u>\$ 2,548,447</u>	<u>\$ 156,541</u>	<u>\$ 4,185,671</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (92,417)	\$ 601,979	\$ 22,032	\$ 531,594
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	188,967	420,721	3,069	612,757
Pension expense	37,246	25,448	1,054	63,748
Changes in assets, deferred outflows of resources and liabilities:				
(Increase) decrease in receivables	11,026	23,833	(4,699)	30,160
(Increase) decrease in prepaid expenses	(698)	764	-	66
(Increase) decrease in deferred outflows of resources for pensions	(17,450)	(11,309)	(367)	(29,126)
Increase (decrease) in accounts payable	(15,369)	112,827	3,609	101,067
Increase (decrease) in compensated absences	4,624	(1,403)	-	3,221
Increase (decrease) in payroll and benefits	2,471	(160)	(118)	2,193
Increase in customer deposits payable	5,486	-	-	5,486
Net cash provided by operating activities	<u>\$ 123,886</u>	<u>\$ 1,172,700</u>	<u>\$ 24,580</u>	<u>\$ 1,321,166</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 two months of general fund operating expenditures 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 and use tax and park property tax. Included in this fund are expenditures for park improvements and maintenance.

Transportation Fund: This fund is used to account for the proceeds and interest earnings on the City's transportation sales and use tax. Included in this fund are expenditures for street and sidewalk improvements 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
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 and use 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 and use 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
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 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
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/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 governmental funds has one type of item, which arises 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, billing and licensing and grants. These amounts are deferred and recognized as in inflow of resources in the period that the amounts become available. The governmental funds also has one type of item, which arises under the accrual basis of accounting that qualifies for reporting in this category.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion, contributions made to the pension plan in the 2020 fiscal year. In addition to liabilities, the statement of net position will sometimes report a separate section for *Deferred Inflows of Resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has one item that meets this criterion, deferrals of pension expense.

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.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 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.

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

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2020, the carrying amount of the City’s deposits was \$5,557,926 and the bank balance was \$5,638,379. Of the bank balance, \$250,000 was covered by federal depository insurance and \$5,388,379 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, 2020.

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.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE B - CASH AND CASH EQUIVALENTS (continued)

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.

NOTE C - RESTRICTED ASSETS

Cash and cash equivalents are restricted for the following purposes:

Proprietary Funds	
Water fund:	
Customer deposits	\$ 247,013
Replacement accounts	133,477
Lease purchase escrow	285,725
Series 2001 Water Bonds:	
Principal retirement	180,000
Interest retirement	2,716
	848,931
Wastewater fund:	
Replacement account	54,222
Lease purchase escrow	285,725
Series 2013 Sewer Bonds:	
Principal retirement	100,000
Interest retirement	112,616
Series 2014 Sewer Bonds:	
Principal retirement	90,000
Interest retirement	54,359
Waterworks & Sewerage Revenue	
Bonds, Series A:	
Debt service reserve	24,609
	721,531
Total Proprietary funds	\$ 1,570,462

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE D - UTILITIES RECEIVABLES

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2020 were as follows:

	<u>Total</u>	<u>Allowance</u>	<u>Net</u>
	<u>Receivables</u>		<u>Receivables</u>
Business-type activities:			
Major enterprise funds:			
Water	\$ 191,140	\$ 1,600	\$ 189,540
Wastewater	314,968	44,400	270,568
Solid waste	<u>46,538</u>	<u>200</u>	<u>46,338</u>
 Total	 <u>\$ 552,646</u>	 <u>\$ 46,200</u>	 <u>\$ 506,446</u>

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, 2019 on which the fiscal year ended September 30, 2020 levy was based, was \$70,983,142.

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	\$ 0.6479
Park	0.1617
Debt Service	<u>0.3842</u>
Total	<u>\$ 1.1938</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE E - TAXES RECEIVABLE (continued)

Taxes receivable represent the collectible ad valorem taxes, local sales and use 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, 2020 were as follows:

	General Fund	Park Fund	Transportation Fund	Debt Service Fund	Municipal Complex Fund	Total
Property tax	\$ 22,781	\$ 5,686	\$ -	\$ 13,509	\$ -	\$ 41,976
Sales and use tax	182,672	44,297	88,595	-	44,298	359,862
Franchise taxes	49,663	-	-	-	-	49,663
	<u>\$255,116</u>	<u>\$ 49,983</u>	<u>\$ 88,595</u>	<u>\$ 13,509</u>	<u>\$ 44,298</u>	<u>\$451,501</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.

Purchase commitments

As of September 30, 2020, the City had the following purchase commitments: fire truck with remaining costs of \$105,247; drainage study at Pea Ridge and Deer Ridge with remaining costs of \$32,902; building for cold patch and street equipment with remaining costs of \$15,450; engineering costs related to the Hwy 210 lift station with remaining costs of \$3,536; and engineering costs for the Hill Street Lift Station with remaining costs of \$110,041.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE H - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2020.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable assets:				
Land and land rights	\$ 435,119	\$ -	\$ -	\$ 435,119
Construction in progress	<u>52,974</u>	<u>317,145</u>	<u>310,785</u>	<u>59,334</u>
Total capital assets, not being depreciated	<u>488,093</u>	<u>317,145</u>	<u>310,785</u>	<u>494,453</u>
Depreciable capital assets:				
Buildings and improvements	14,247,326	359,486	-	14,606,812
Vehicles	653,231	101,680	46,869	708,042
Equipment	2,987,237	35,936	63,667	2,959,506
Information systems	201,884	-	-	201,884
Office furniture and fixtures	<u>77,788</u>	<u>-</u>	<u>-</u>	<u>77,788</u>
Total capital assets being depreciated	<u>18,167,466</u>	<u>497,102</u>	<u>110,536</u>	<u>18,554,032</u>
Less accumulated depreciation:				
Buildings and improvements	4,045,198	506,980	-	4,552,178
Vehicles	561,492	41,232	46,869	555,855
Equipment	2,735,278	70,655	63,667	2,742,266
Information systems	192,210	2,401	-	194,611
Office furniture and fixtures	<u>77,789</u>	<u>-</u>	<u>-</u>	<u>77,789</u>
Total accumulated depreciation	<u>7,611,967</u>	<u>621,268</u>	<u>110,536</u>	<u>8,122,699</u>
Total capital assets being depreciated, net	<u>10,555,499</u>	<u>(124,166)</u>	<u>-</u>	<u>10,431,333</u>
Governmental activities capital assets, net	<u>\$ 11,043,592</u>	<u>\$ 192,979</u>	<u>\$ 310,785</u>	<u>\$ 10,925,786</u>

Depreciation expense was charged to the governmental activities as follows:

Administration	\$ 154,254
Public safety	96,657
Public works	234,127
Community development	1,081
Cemetery, parks and recreation	<u>135,149</u>
	<u>\$ 621,268</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE H - CAPITAL ASSETS (continued)

	<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	83,836	1,722,610	-	1,806,446
Total capital assets, not being depreciated	<u>469,322</u>	<u>1,722,610</u>	<u>-</u>	<u>2,191,932</u>
Capital assets, being depreciated:				
Buildings and improvements	76,872	25,331	-	102,203
Vehicles	589,259	101,624	36,012	654,871
Equipment	730,648	30,233	4,598	756,283
Information systems	100,839	-	-	100,839
Treatment facility	13,875,909	-	-	13,875,909
Production and transmission system	9,727,318	-	47,088	9,680,230
Total capital assets being depreciated	<u>25,100,845</u>	<u>157,188</u>	<u>87,698</u>	<u>25,170,335</u>
Less accumulated depreciation:				
Buildings and improvements	43,665	3,919	-	47,584
Vehicles	514,571	35,035	36,011	513,595
Equipment	423,809	74,478	4,598	493,689
Information systems	91,400	1,920	-	93,320
Treatment facility	2,742,641	281,392	-	3,024,033
Production and transmission system	4,186,684	216,013	36,729	4,365,968
Total accumulated depreciation	<u>8,002,770</u>	<u>612,757</u>	<u>77,338</u>	<u>8,538,189</u>
Total capital assets being depreciated, net	<u>17,098,075</u>	<u>(455,569)</u>	<u>10,360</u>	<u>16,632,146</u>
Business-type activities capital assets, net	<u>\$ 17,567,397</u>	<u>\$ 1,267,041</u>	<u>\$ 10,360</u>	<u>\$ 18,824,078</u>

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

Water	\$ 188,967
Wastewater	420,721
Solid waste	3,069
	<u>\$ 612,757</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE I - RETIREMENT PLAN

Plan Description

The City of Richmond defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Richmond participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

2020 Valuation

Benefit Multiplier:	1.25%
Final Average Salary:	3 years
Member Contributions:	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

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

Retirees and beneficiaries	39
Inactive, nonretired	62
Active employees	<u>51</u>
	<u>152</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE I - RETIREMENT PLAN (continued)

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 6.90% General, 13.0% Police and 3.5% Fire of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2020.

Actuarial Assumptions

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

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55% including wage inflation for General and Police Division 3.25% to 7.15% including wage inflation for Fire Division
Investment rate of return	7.25%, net of investment and administrative expenses

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

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

The actuarial assumptions used in February 29, 2020 valuation were based on the 5-year experience study for the period March 1, 2013 through February 28, 2019.

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

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE I - RETIREMENT PLAN (continued)

<u>Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Leverage	-25.00%	-0.29%

Discount Rate

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Current Single Discount		
	1% Decrease <u>6.25%</u>	Rate Assumption <u>7.25%</u>	1% Increase <u>8.25%</u>
Total Pension Liability (TPL)	\$ 7,806,718	\$ 6,732,507	\$ 5,867,273
Plan Fiduciary Net Position	<u>7,017,651</u>	<u>7,017,651</u>	<u>7,017,651</u>
Net Pension Liability/(Asset) (NPL)	<u>\$ 789,067</u>	<u>\$ (285,144)</u>	<u>\$ (1,150,378)</u>

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

For the year ended September 30, 2020 the employer recognized pension expense of \$302,551. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE I - RETIREMENT PLAN (continued)

	<u>General</u>		<u>Police</u>		<u>Fire</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 63,770	\$ (3,664)	\$ 33,492	\$ (18,185)	\$ 64,369	\$ (39,311)
Changes in assumptions	-	-	-	-	3,814	-
Net difference between projected and actual earnings	104,258	-	36,034	-	33,753	-
Employer contributions subsequent to the measurement date *	19,974	-	16,325	-	3,448	-
	<u>\$ 188,002</u>	<u>\$ (3,664)</u>	<u>\$ 85,851</u>	<u>\$ (18,185)</u>	<u>\$ 105,384</u>	<u>\$ (39,311)</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2020.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>		
	<u>General</u>	<u>Police</u>	<u>Fire</u>
2021	\$ 22,475	\$ 15,344	\$ (6,603)
2022	41,216	5,242	4,974
2023	54,596	14,857	32,743
2024	46,077	15,898	31,511
2025	-	-	-
Thereafter	-	-	-
Total	<u>\$ 164,364</u>	<u>\$ 51,341</u>	<u>\$ 62,625</u>

Payable to the Pension Plan

At September 30, 2020, the City reported a payable of \$210,742 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for LAGERS at www.molagers.org.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE J - CONDUIT DEBT - INDUSTRIAL REVENUE BONDS

The City has issued Industrial Revenue Bonds to provide funds to pay the costs to purchase, construct, extend, and improve certain projects as defined in RSMo Section 100.010 and to lease or otherwise dispose of such projects. The maximum amount of the bonds issued is \$7,176,500. The bonds are secured by the projects and are payable solely from payments received on the underlying loans. Neither the City, State of Missouri, nor any political subdivision thereof is obligated in any manner for repayment of the outstanding bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. The outstanding balance of these bonds at September 30, 2020 was \$6,976,500.

NOTE K - LONG-TERM DEBT

Changes in long-term debt during the year ended September 30, 2020 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 1,040,000	\$ -	\$ 220,000	\$ 820,000	\$ 235,000
Certificates of participation	4,092,002	-	337,002	3,755,000	110,000
Direct borrowings	17,541	-	4,003	13,538	4,240
Compensated absences	117,948	8,382	-	126,330	126,330
Total Governmental Activities	<u>\$ 5,267,491</u>	<u>\$ 8,382</u>	<u>\$ 561,005</u>	<u>\$ 4,714,868</u>	<u>\$ 475,570</u>
Business-Type Activities:					
Waterworks & Sewerage Revenue Bonds	\$ 9,236,810	\$ -	\$ 434,423	\$ 8,802,387	\$ 450,000
Direct borrowings	-	1,429,824	205,207	1,224,617	278,584
Compensated absences	29,448	3,221	-	32,669	32,669
Total Business-Type Activities	<u>\$ 9,266,258</u>	<u>\$ 1,433,045</u>	<u>\$ 639,630</u>	<u>\$ 10,059,673</u>	<u>\$ 761,253</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
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE K - 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>\$ 820,000</u>
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Certificates of participation:

Series 2013 Certificates of Participation issued for municipal complex due in varying annual installments through July 2043, interest of 2.125% to 4.25%	<u>\$ 3,755,000</u>
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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%	\$ 240,000
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Series 2013 Waterworks & Sewerage Revenue Bonds, due in varying annual installments through February 2042, interest of 2.00% to 5.25%	4,840,000
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Series 2014 Waterworks & Sewerage Revenue Bonds, due in varying annual installments through August 2042, interest of 2.00% to 4.125%	2,860,000
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Combined Waterworks & Sewerage Revenues Bonds Series A (USDA Loan), due in monthly installments of \$3,619 through February 2050, interest at 2.75%	<u>862,387</u>
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	<u>\$ 8,802,387</u>
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CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE K - LONG-TERM DEBT (continued)

Debt service requirements to maturity are:

Year Ending September 30,	Governmental Activities						Business-Type Activities	
	G.O. Bonds		Certificates of Participation		Total		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 235,000	\$ 24,304	\$ 110,000	\$ 143,710	\$ 345,000	\$ 168,014	\$ 450,000	\$ 367,817
2022	240,000	16,466	110,000	140,685	350,000	157,151	214,776	353,858
2023	255,000	7,885	115,000	137,660	370,000	145,545	225,319	345,250
2024	90,000	1,631	120,000	134,066	210,000	135,697	270,878	335,028
2025	-	-	125,000	130,316	125,000	130,316	281,452	325,067
2026	-	-	125,000	126,410	125,000	126,410	292,042	314,727
2027	-	-	130,000	122,191	130,000	122,191	302,648	303,471
2028	-	-	135,000	117,804	135,000	117,804	313,271	291,185
2029	-	-	140,000	113,247	140,000	113,247	328,911	278,370
2030	-	-	145,000	107,997	145,000	107,997	344,569	264,912
2031	-	-	150,000	102,560	150,000	102,560	355,245	250,212
2032	-	-	155,000	96,935	155,000	96,935	370,939	235,042
2033	-	-	160,000	91,122	160,000	91,122	386,652	219,204
2034	-	-	170,000	85,122	170,000	85,122	402,385	202,396
2035	-	-	175,000	78,152	175,000	78,152	423,138	184,606
2036	-	-	180,000	70,978	180,000	70,978	443,912	165,619
2037	-	-	190,000	63,598	190,000	63,598	459,707	145,812
2038	-	-	195,000	55,808	195,000	55,808	480,524	125,182
2039	-	-	205,000	47,812	205,000	47,812	506,363	102,850
2040	-	-	215,000	39,100	215,000	39,100	527,226	78,568
2041	-	-	225,000	29,963	225,000	29,963	553,112	53,138
2042	-	-	235,000	20,400	235,000	20,400	579,022	26,559
2043	-	-	245,000	10,413	245,000	10,413	34,958	8,467
2044	-	-	-	-	-	-	35,920	7,506
2045	-	-	-	-	-	-	36,907	6,518
2046	-	-	-	-	-	-	37,922	5,503
2047	-	-	-	-	-	-	38,965	4,460
2048	-	-	-	-	-	-	40,037	3,388
2049	-	-	-	-	-	-	41,138	2,287
2050	-	-	-	-	-	-	24,449	1,156
Total	<u>\$ 820,000</u>	<u>\$ 50,286</u>	<u>\$ 3,755,000</u>	<u>\$ 2,066,049</u>	<u>\$ 4,575,000</u>	<u>\$ 2,116,335</u>	<u>\$ 8,802,387</u>	<u>\$ 5,008,158</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE K - 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, 2020, interest earnings from the 2001A reserve funds totaled \$5,520. 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.

Certificates of Participation

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
Less: Accumulated depreciation	<u>(1,045,780)</u>
Total	<u><u>\$ 2,565,546</u></u>

NOTE L - DIRECT BORROWINGS

Governmental Funds:

On October 4, 2018, the City entered into a lease purchase agreement to finance police tasers. The lease is for five years requiring annual installments of \$5,038 beginning November 1, 2018; including interest at 5.765% Debt service requirements to maturity are as follows:

Year Ended September 30,	Principal	Interest	Total
2021	\$ 4,240	\$ 798	\$ 5,038
2022	4,491	547	5,038
2023	<u>4,807</u>	<u>231</u>	<u>5,038</u>
	<u><u>\$ 13,538</u></u>	<u><u>\$ 1,576</u></u>	<u><u>\$ 15,114</u></u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE L - DIRECT BORROWINGS (continued)

The assets acquired through capital leases are as follows:

	Governmental Activities
Equipment	\$ 21,325
Less: Accumulated depreciation	(8,530)
Total	\$ 12,795

Business-Type Funds:

On December 31, 2019, the City entered into a lease purchase agreement to finance a water meter system. The lease is for five years requiring monthly installments of \$25,099 beginning January 30, 2020; including interest at 2.06%. Debt service requirements to maturity are as follows:

Year Ended September 30,	Principal	Interest	Total
2021	\$ 278,584	\$ 22,606	\$ 301,190
2022	284,377	16,813	301,190
2023	290,290	10,900	301,190
2024	296,327	4,863	301,190
2025	75,039	261	75,300
	\$ 1,224,617	\$ 55,443	\$ 1,280,060

The assets acquired through the capital lease are still under construction and have not been placed in service. The total cost of construction in progress as of September 30, 2020 is \$857,174.

The leases from direct borrowings contain an event of default that changes the timing of the repayment of outstanding amounts to become immediately due if the City is unable to make payments.

NOTE M - TAX ABATEMENTS

The City utilizes various economic development tools to attract new businesses to the City and to retain and improve current businesses in order to grow the local economy. Incentive agreements are entirely discretionary and are considered on a case-by-case basis by the City Council. The City is not subject to any tax abatement agreements entered into by other governmental entities. The City enters into property tax abatement agreements pursuant to Article VI, Section 27(b) of the Missouri Constitution and Sections 100.010 to 100.200 of the Revised Statutes of Missouri and Chapter 353 of the Revised Statutes of Missouri. Tax abatements range from 50% to 100%. The City enters into sales tax rebate agreements pursuant to Section 70.220 of the Revised Statutes of Missouri.

For the year ended September 30, 2020, the City had agreements for abated property taxes totaling \$35,525 under the Chapter 353 program. Under the agreements, the developers have agreed to pay payments in lieu of taxes, which amounts to \$2,847 for fiscal year 2020. The City had agreements for abated property taxes totaling \$27,051 under the Chapter 100 program for the year ended September 30, 2020. The developers have agreed to payments in lieu of taxes under the agreements, which amounted to \$3,796 for fiscal year 2020. For the year ended September 30, 2020, the City had a sales tax rebate agreement with rebates totaling \$10,736.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE N - FUND BALANCES

The following is a summary of the Governmental Fund balances of the City at September 30, 2020.

<u>Classification/Fund</u>	<u>Purpose</u>	
Nonspendable:		
General Fund	Inventory	\$ 65,728
General Fund	Prepaid expenses	16,376
		<u>82,104</u>
Park	Prepaid expenses	1,595
Cemetery trust fund	Cemetery	107,860
Total Nonspendable		<u>191,559</u>
Committed:		
General Fund	Capital outlay	105,247
Transportation	Capital improvements	48,352
Total Committed		<u>153,599</u>
Restricted:		
Park	Capital improvements	275,103
Other governmental	Police training	8,212
Transportation	Capital improvements	484,517
Debt service	Debt payments	284,489
Municipal complex	Debt payments	91,006
Total Restricted		<u>1,143,327</u>
Unassigned:		
General Fund		<u>963,247</u>
Total Fund Balances		<u>\$ 2,451,732</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Sales and use tax	\$ 1,125,000	\$ 1,125,000	\$ 1,262,220	\$ 137,220
Property tax	526,325	526,325	504,896	(21,429)
Franchise tax	525,500	525,500	503,173	(22,327)
Licenses and permits	51,125	52,875	50,681	(2,194)
Other local taxes	288,000	288,000	293,240	5,240
Fines, tickets and fees	101,725	96,275	97,380	1,105
Charges for services	167,065	171,015	107,643	(63,372)
Grants and contributions	18,000	18,000	11,741	(6,259)
Interest revenue	38,500	38,500	38,524	24
Other revenue	<u>269,500</u>	<u>256,240</u>	<u>275,322</u>	<u>19,082</u>
Total Revenues	<u>3,110,740</u>	<u>3,097,730</u>	<u>3,144,820</u>	<u>47,090</u>
EXPENDITURES:				
Administration	431,085	431,085	362,974	68,111
Public safety	1,627,160	1,666,344	1,585,960	80,384
Public works	329,665	329,665	303,208	26,457
Community development	283,685	283,685	206,669	77,016
Cemetery, parks and recreation	417,895	417,895	316,995	100,900
Capital outlay	341,195	371,095	228,690	142,405
Debt service:				
Principal	5,040	5,040	4,003	1,037
Interest and fees	<u>-</u>	<u>-</u>	<u>1,035</u>	<u>(1,035)</u>
Total Expenditures	<u>3,435,725</u>	<u>3,504,809</u>	<u>3,009,534</u>	<u>495,275</u>
Net change in fund balance	<u>\$ (324,985)</u>	<u>\$ (407,079)</u>	135,286	<u>\$ 542,365</u>
Fund balance, beginning of year - budgetary basis			<u>942,602</u>	
Fund balance, end of year - budgetary basis			1,077,888	
GAAP adjustments:				
Receivables:				
Taxes			236,419	
Grants			18,479	
Accounts			62	
Accounts payable			(74,414)	
Accrued payroll and benefits			<u>(107,836)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 1,150,598</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, 2020

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales and use tax	\$ 266,200	\$ 265,500	\$ 297,776	\$ 32,276
Property tax	121,200	121,900	121,691	(209)
Charges for services	2,000	2,000	1,222	(778)
Interest revenue	2,000	2,000	1,446	(554)
Other revenue	500	500	2,495	1,995
Total Revenues	<u>391,900</u>	<u>391,900</u>	<u>424,630</u>	<u>32,730</u>
EXPENDITURES:				
Parks	250,125	241,925	222,428	19,497
Capital outlay	8,000	16,200	4,710	11,490
Debt service:				
Principal	235,000	235,000	232,002	2,998
Interest and fees	<u>-</u>	<u>-</u>	<u>4,750</u>	<u>(4,750)</u>
Total Expenditures	<u>493,125</u>	<u>493,125</u>	<u>463,890</u>	<u>29,235</u>
Net change in fund balance	<u>\$ (101,225)</u>	<u>\$ (101,225)</u>	(39,260)	<u>\$ 61,965</u>
Fund balance, beginning of year - budgetary basis			<u>280,573</u>	
Fund balance, end of year - budgetary basis			241,313	
GAAP adjustments:				
Receivables:				
Taxes			45,328	
Accounts payable			(5,457)	
Accrued payroll and benefits			<u>(4,486)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 276,698</u>	

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES:				
Sales and use tax	\$ 531,000	\$ 540,000	\$ 596,513	\$ 56,513
Interest revenue	<u>7,500</u>	<u>1,500</u>	<u>1,617</u>	<u>117</u>
Total Revenues	<u>538,500</u>	<u>541,500</u>	<u>598,130</u>	<u>56,630</u>
EXPENDITURES:				
Public works	729,360	729,360	426,636	302,724
Capital outlay	<u>44,375</u>	<u>44,375</u>	<u>273,071</u>	<u>(228,696)</u>
Total Expenditures	<u>773,735</u>	<u>773,735</u>	<u>699,707</u>	<u>74,028</u>
Net change in fund balance	<u>\$ (235,235)</u>	<u>\$ (232,235)</u>	(101,577)	<u>\$ 130,658</u>
Fund balance, beginning of year - budgetary basis			<u>547,136</u>	
Fund balance, end of year - budgetary basis			445,559	
GAAP adjustments:				
Receivables:				
Taxes			88,595	
Accounts payable			(17)	
Accrued payroll and benefits			<u>(1,268)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 532,869</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, 2020

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Sales and use tax	\$ 265,500	\$ 265,500	\$ 298,256	\$ 32,756
Interest revenue	<u>175</u>	<u>175</u>	<u>106</u>	<u>(69)</u>
Total Revenues	<u>265,675</u>	<u>265,675</u>	<u>298,362</u>	<u>32,687</u>
EXPENDITURES:				
Administration	10,050	10,050	4,854	5,196
Debt service:				
Principal	105,000	105,000	105,000	-
Interest and fees	<u>148,730</u>	<u>148,730</u>	<u>148,612</u>	<u>118</u>
Total Expenditures	<u>263,780</u>	<u>263,780</u>	<u>258,466</u>	<u>5,314</u>
Net change in fund balance	<u>\$ 1,895</u>	<u>\$ 1,895</u>	39,896	<u>\$ 38,001</u>
Fund balance, beginning of year - budgetary basis			<u>6,812</u>	
Fund balance, end of year - budgetary basis			46,708	
GAAP adjustments:				
Receivables:				
Taxes			<u>44,298</u>	
Fund balances, end of year - GAAP basis			<u>\$ 91,006</u>	

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED SEPTEMBER 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability						
Service Cost	\$ 166,404	\$ 154,794	\$ 147,887	\$ 147,645	\$ 143,622	\$ 131,825
Interest on Total Pension Liability	448,677	415,701	387,308	367,012	334,717	310,434
Changes of Benefit Terms	-	-	-	-	-	-
Difference between expected and actual experience	114,932	75,515	57,371	(56,038)	(51,704)	23,997
Changes of Assumptions	-	-	-	-	154,537	-
Benefit payments, including refunds	<u>(205,238)</u>	<u>(188,768)</u>	<u>(219,389)</u>	<u>(139,562)</u>	<u>(135,923)</u>	<u>(138,275)</u>
Net change in total pension liability	524,775	457,242	373,177	319,057	445,249	327,981
Total pension liability - beginning	<u>6,207,732</u>	<u>5,750,490</u>	<u>5,377,313</u>	<u>5,058,256</u>	<u>4,613,007</u>	<u>4,285,026</u>
Total pension liability - ending (a)	<u>\$ 6,732,507</u>	<u>\$ 6,207,732</u>	<u>\$ 5,750,490</u>	<u>\$ 5,377,313</u>	<u>\$ 5,058,256</u>	<u>\$ 4,613,007</u>
Plan fiduciary net position						
Contributions - employer	\$ 154,827	\$ 137,459	\$ 134,172	\$ 134,950	\$ 150,079	\$ 162,873
Contributions - employee	-	-	-	-	-	-
Net investment income	90,611	459,789	729,524	630,563	(7,286)	103,072
Benefit payments, including refunds	(205,238)	(188,768)	(219,389)	(139,562)	(135,923)	(138,278)
Pension Plan Administrative Expense	(15,060)	(13,888)	(9,477)	(9,019)	(7,993)	(9,321)
Other (Net Transfers)	<u>(55,553)</u>	<u>39,513</u>	<u>62,538</u>	<u>4,887</u>	<u>(19,993)</u>	<u>31,555</u>
Net change in plan fiduciary net position	(30,413)	434,105	697,368	621,819	(21,116)	149,901
Plan fiduciary net position - beginning	<u>7,048,064</u>	<u>6,613,959</u>	<u>5,916,591</u>	<u>5,294,772</u>	<u>5,315,888</u>	<u>5,165,984</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,017,651</u>	<u>\$ 7,048,064</u>	<u>\$ 6,613,959</u>	<u>\$ 5,916,591</u>	<u>\$ 5,294,772</u>	<u>\$ 5,315,885</u>
Net pension liability/(asset) - ending (a) - (b)	<u>\$ (285,144)</u>	<u>\$ (840,332)</u>	<u>\$ (863,469)</u>	<u>\$ (539,278)</u>	<u>\$ (236,516)</u>	<u>\$ (702,878)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.24%	113.54%	115.02%	110.03%	104.68%	115.24%
Covered-employee payroll	\$ 2,244,990	\$ 1,968,178	\$ 1,893,077	\$ 1,869,237	\$ 1,955,102	\$ 1,887,321
Net pension liability/(asset) as a percentage of covered employee payroll	(12.70)%	(42.70)%	(45.61)%	(28.85)%	(12.10)%	(37.24)%

See accompanying notes to the required supplementary information.

**CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
SEPTEMBER 30, 2020**

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution in Relation</u>	<u>Contribution Deficiency</u>	<u>Covered Employee Payroll</u>	<u>Contribution as Percentage</u>
2011	\$ 163,954	\$ 159,382	\$ 4,572	\$ 1,560,193	10.22%
2012	181,425	178,572	2,853	1,670,824	10.69%
2013	177,373	177,373	-	1,712,829	10.36%
2014	159,771	159,771	-	1,699,066	9.40%
2015	162,249	162,249	-	1,901,167	8.53%
2016	148,524	148,524	-	2,016,399	7.37%
2017	135,052	135,052	-	1,977,078	6.83%
2018	133,846	129,896	3,950	1,998,659	6.50%
2019	139,868	139,868	-	2,045,066	6.84%
2020	155,993	155,993	-	2,216,657	7.04%

See accompanying notes to the required supplementary information.

**CITY OF RICHMOND, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO THE SCHEDULE OF CONTRIBUTIONS
 LAST 10 FISCAL YEARS
 SEPTEMBER 30, 2020**

Valuation date:	February 29, 2020
Notes:	The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 15 to 16 years for General and Fire Division Multiple bases from 11 to 16 years for Police Division
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increases	3.25% to 6.55% including wage inflation for General and Police Division 3.25% to 7.15% including wage inflation for Fire Division
Investment Rate of Return	7.25% net of investment and administrative expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to the 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Other information:	None

SUPPLEMENTARY INFORMATION

CITY OF RICHMOND, MISSOURI
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<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>8,212</u>	\$ <u>107,860</u>	\$ <u>116,072</u>
LIABILITIES AND FUND BALANCES			
Liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Fund balances:			
Nonspendable	-	107,860	107,860
Restricted	<u>8,212</u>	<u>-</u>	<u>8,212</u>
Total Fund Balances	<u>8,212</u>	<u>107,860</u>	<u>116,072</u>
Total Liabilities and Fund Balances	<u>\$ 8,212</u>	<u>\$ 107,860</u>	<u>\$ 116,072</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, 2020

	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	\$ 3,783	\$ -	\$ 3,783
Charges for services	-	1,620	1,620
Interest revenue	<u>17</u>	<u>274</u>	<u>291</u>
Total Revenues	<u>3,800</u>	<u>1,894</u>	<u>5,694</u>
EXPENDITURES:			
Public safety	1,718	-	1,718
Cemetery	<u>-</u>	<u>272</u>	<u>272</u>
Total Expenditures	<u>1,718</u>	<u>272</u>	<u>1,990</u>
Excess (deficiency) of revenues over expenditures	2,082	1,622	3,704
Fund balance, beginning of year	<u>6,130</u>	<u>106,238</u>	<u>112,368</u>
Fund balance, end of year	<u>\$ 8,212</u>	<u>\$ 107,860</u>	<u>\$ 116,072</u>

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 23, 2021.

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.

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 a 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider 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*.

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 responses. 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.

Westbrook & Co., P.C.

Richmond, Missouri
February 23, 2021

**CITY OF RICHMOND, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

MATERIAL WEAKNESS

2020-001 - CASH RECEIPTS

Condition: The Collector's office receives the payments for the utility billings, certain property taxes, licenses and fees, deposits these monies and has the ability to make adjustments to the accounts.

Criteria: A fundamental principle of proper internal control requires that the individual that controls the asset be a different person than the individual who performs the asset record keeping.

Cause: Accounting duties for cash receipts are not properly segregated.

Effect: Lack of segregation of duties over cash receipts could allow errors or fraud to occur and go undetected.

Recommendation: We recommend that the City review their segregation of duties over cash receipts to provide internal controls.

Auditee's Response: We believe that two distinct and separate offices (collections and billings) would be required to segregate cash receipts duties properly, i.e. remove the Collector's ability to make all billing adjustments.