

**CITY OF RICHMOND, MISSOURI**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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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, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of changes in the net pension liability and schedule of contributions on pages 3 through 14 and 46 through 53 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.

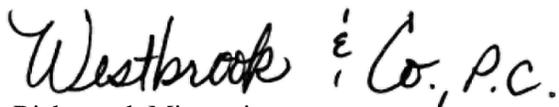
### *Other Information*

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 March 16, 2020, 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.



Richmond, Missouri  
March 16, 2020



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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, 2019. Please read this section in conjunction with the City's financial statements, which follow this section.

### **Financial Highlights**

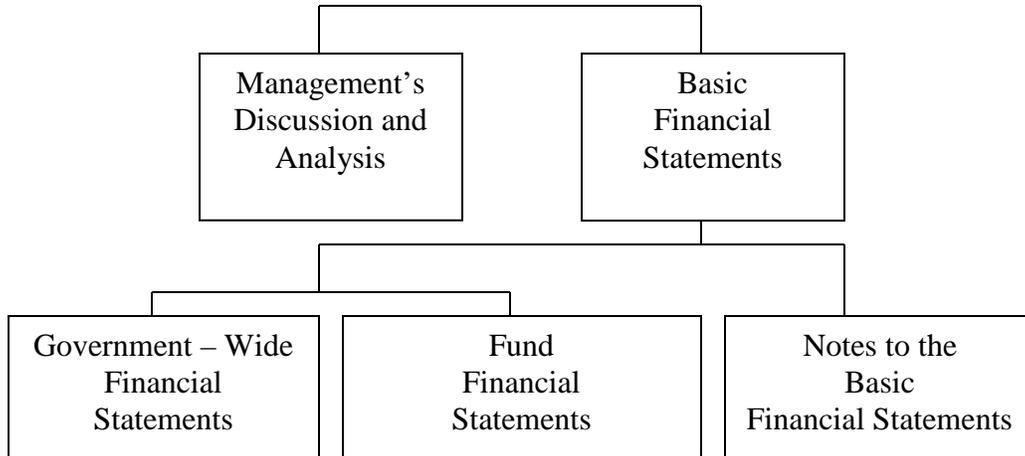
- The assets and deferred outflows of the City of Richmond exceeded its liabilities and deferred inflows by \$21,734,669. Of this amount, \$15,264,636 represents the City's net investment in capital assets; \$813,439 is restricted for debt service and \$106,238 is restricted for perpetual care. There is \$1,507,964 of net position unrestricted for governmental activities and \$4,042,392 of net position unrestricted for business-type activities.
- The City's total net position increased \$864,196.
- The City's long-term debt decreased approximately \$825,000 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, 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						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets:</b>						
Current & other assets	\$ 3,303,089	\$ 3,201,591	\$ 5,035,038	\$ 4,575,446	\$ 8,338,127	\$ 7,777,037
Capital assets, net	<u>11,043,592</u>	<u>11,419,073</u>	<u>17,567,397</u>	<u>17,948,541</u>	<u>28,610,989</u>	<u>29,367,614</u>
Total assets	<u>14,346,681</u>	<u>14,620,664</u>	<u>22,602,435</u>	<u>22,523,987</u>	<u>36,949,116</u>	<u>37,144,651</u>
Deferred outflows of resources	<u>111,555</u>	<u>81,570</u>	<u>37,559</u>	<u>44,586</u>	<u>149,114</u>	<u>126,156</u>
<b>Liabilities:</b>						
Other liabilities	729,509	930,582	872,541	869,043	1,602,050	1,799,625
Long-term liabilities	<u>4,718,907</u>	<u>5,132,002</u>	<u>8,802,810</u>	<u>9,237,477</u>	<u>13,521,717</u>	<u>14,369,479</u>
Total liabilities	<u>5,448,416</u>	<u>6,062,584</u>	<u>9,675,351</u>	<u>10,106,520</u>	<u>15,123,767</u>	<u>16,169,104</u>
Deferred inflows of resources	<u>199,699</u>	<u>180,889</u>	<u>40,095</u>	<u>50,341</u>	<u>239,794</u>	<u>231,230</u>
<b>Net position:</b>						
Net investment in capital assets	6,934,049	7,122,405	8,330,587	8,282,834	15,264,636	15,405,239
Restricted	368,108	368,648	551,570	515,856	919,678	884,504
Unrestricted	<u>1,507,964</u>	<u>967,708</u>	<u>4,042,391</u>	<u>3,613,022</u>	<u>5,550,355</u>	<u>4,580,730</u>
Total 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>

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 \$21,734,669 from

\$20,870,473 as a result of the increase in net position reflected in Figure 2. For the years ended September 30, 2019 and 2018, net position of the City changed as follows:

**Figure 2**

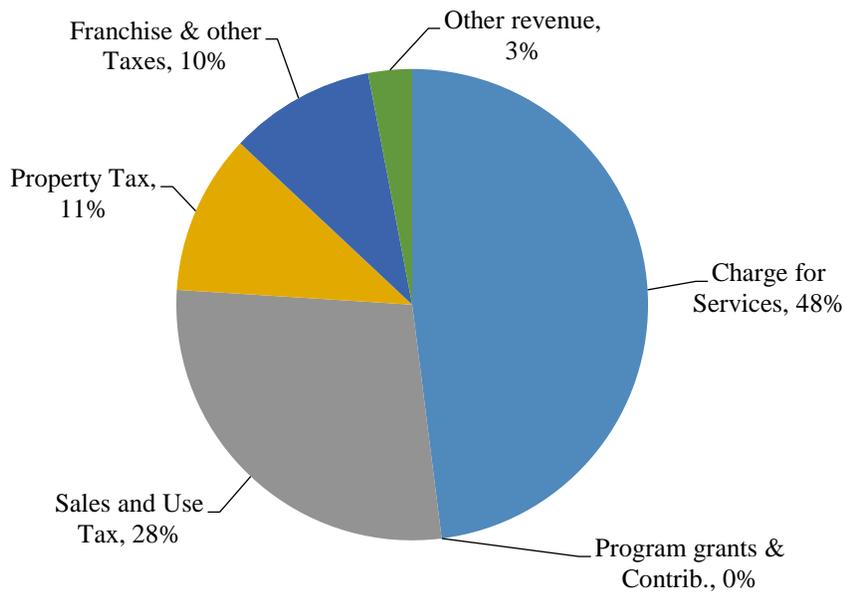
City of Richmond's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 418,830	\$ 404,642	\$ 3,400,876	\$ 3,357,453	\$ 3,819,706	\$ 3,762,095
Operating grants and contributions	6,817	11,894	-	-	6,817	11,894
Capital grants	2,000	348,670	-	-	2,000	348,670
General Revenues:						
Property taxes	862,572	843,277	-	-	862,572	843,277
Sales and use tax	2,231,044	2,288,702	-	-	2,231,044	2,288,702
Franchise and other taxes	801,924	873,588	-	-	801,924	873,588
Interest revenue	16,874	22,510	23,164	25,727	40,038	48,237
Other revenue	81,614	119,735	39,330	39,162	120,944	158,897
<b>Total Revenues</b>	<b>4,421,675</b>	<b>4,913,018</b>	<b>3,463,370</b>	<b>3,422,342</b>	<b>7,885,045</b>	<b>8,335,360</b>
<b>Expenses</b>						
Administration	568,440	537,206	-	-	568,440	537,206
Public safety	1,603,011	1,770,403	-	-	1,603,011	1,770,403
Public works	869,078	782,482	-	-	869,078	782,482
Community development	159,665	133,835	-	-	159,665	133,835
Cemetery, parks, & recreation	671,354	677,960	-	-	671,354	677,960
Interest on long-term debt	198,767	210,380	-	-	198,767	210,380
Water	-	-	1,108,357	1,192,335	1,108,357	1,192,335
Wastewater	-	-	1,569,370	1,525,006	1,569,370	1,525,006
Solid Waste	-	-	272,807	298,425	272,807	298,425
<b>Total Expenses</b>	<b>4,070,315</b>	<b>4,112,266</b>	<b>2,950,534</b>	<b>3,015,766</b>	<b>7,020,849</b>	<b>7,128,032</b>
<b>Change in net position</b>	<b>351,360</b>	<b>800,752</b>	<b>512,836</b>	<b>406,576</b>	<b>864,196</b>	<b>1,207,328</b>
<b>Beginning net position</b>	<b>8,458,761</b>	<b>7,658,009</b>	<b>12,411,712</b>	<b>12,005,136</b>	<b>20,870,473</b>	<b>19,663,145</b>
<b>Ending net position</b>	<b>\$ 8,810,121</b>	<b>\$ 8,458,761</b>	<b>\$ 12,924,548</b>	<b>\$ 12,411,712</b>	<b>\$ 21,734,669</b>	<b>\$ 20,870,473</b>

For the fiscal year ended September 30, 2019, government-wide revenues totaled \$7,885,045. Approximately 48% of all revenues are from charges for services, and 28% is from sales and use tax. See Figure 3.

**Figure 3**

### **City of Richmond - Sources of Revenue**

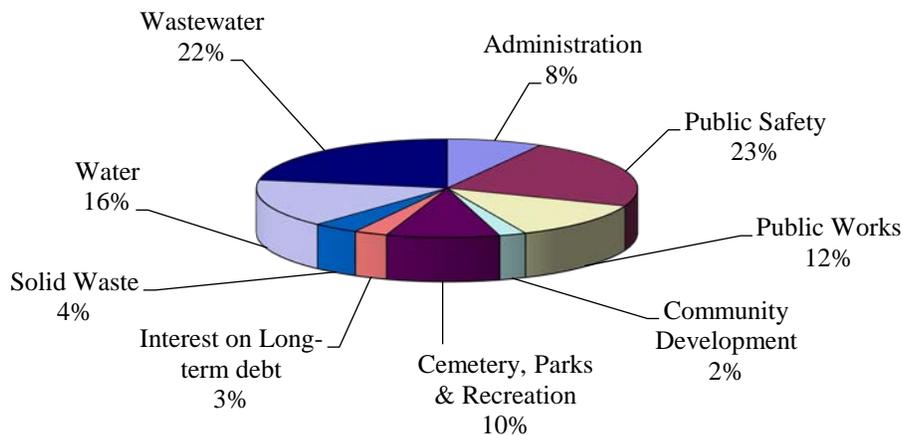


Charges for services are derived from users of the City’s programs such as governmental programs and from fees from the users of the City’s solid waste, water and wastewater operations.

The next largest revenue source for the entire City is sales and use tax. During the 2019 fiscal year sales and use tax revenues were \$2,231,044. 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 2019 fiscal year were related to the three business-type activities, solid waste, water and wastewater. The second largest expenditure in 2019 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 \$351,360. For the fiscal year ended September 30, 2019, revenues totaled \$7,885,045 (governmental and business-type). Revenues from governmental activities were \$4,421,675 or 56% of the total city revenue.

Certain revenues are generated that are specific to governmental program activities. These totaled \$427,647. Figure 5 shows expenses and program revenues of the governmental activities for the years ended September 30, 2019 and 2018:

**Figure 5**

Net Cost of City of Richmond's Governmental Activities						
	2019			2018		
	Cost of Services	Program Revenue	Net Cost of Services	Cost of Services	Program Revenue	Net Cost of Services
Administration	\$ 568,440	\$ 39,203	\$ 529,237	\$ 537,206	\$ 31,259	\$ 505,947
Public Safety	1,603,011	194,515	1,408,496	1,770,403	199,768	1,570,635
Public Works	869,078	-	869,078	782,482	346,630	435,852
Community Development	159,665	28,332	131,333	133,835	22,851	110,984
Cemetery, Parks & Recreation	671,354	165,597	505,757	677,960	164,698	513,262
Interest on long-term debt	<u>198,767</u>	<u>-</u>	<u>198,767</u>	<u>210,380</u>	<u>-</u>	<u>210,380</u>
Total	<u>\$ 4,070,315</u>	<u>\$ 427,647</u>	<u>\$ 3,642,668</u>	<u>\$ 4,112,266</u>	<u>\$ 765,206</u>	<u>\$ 3,347,060</u>

As noted in Figure 5, expenses from governmental activities totaled \$4,070,315. However, the net cost of these services was \$3,642,668. The difference represents direct revenues from charges for services of \$418,830, grants and contributions of \$6,817 and capital grants and contributions of \$2,000. Taxes and other revenues were collected to cover these net costs.

## **Business-Type Activities**

Business-type activities increased the City's net position by \$512,836. Key elements of the change in net position are as follows:

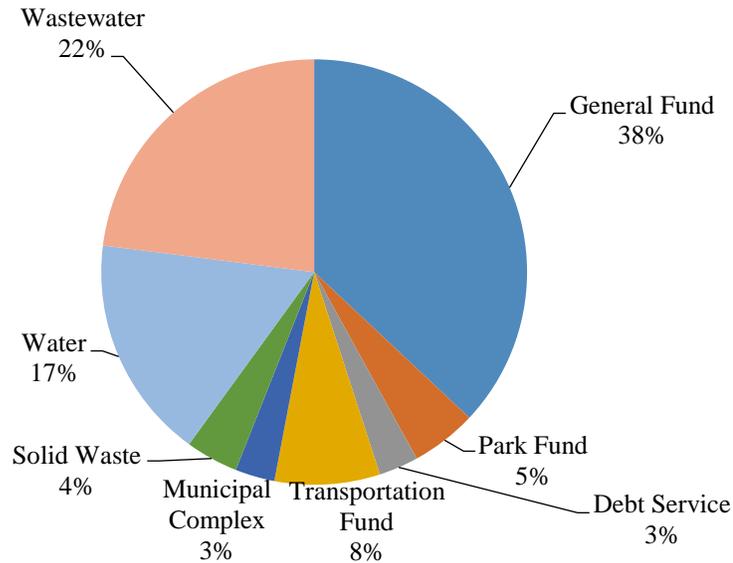
- Solid waste operating revenue decreased \$198 from the prior year, and operating expenses decreased \$25,618. Last year the solid waste fund net position decreased \$11,409. This year the solid waste fund net position increased \$13,985. The solid waste operating revenue remained fairly consistent with prior year. The decrease in operating expenditures relates to the contracted tub grinding that occurred in FY18 in an amount of \$25,000, but did not recur in FY19. The increase in net position related to the decreased operating expenditures.
- Water operating revenue decreased \$23,664 from the prior year, and operating expenses decreased \$72,145. Last year the Water Fund net position increased \$157,684. This year the Water Fund net position increased \$222,907. The water operating revenue remained fairly consistent with prior year. The water operating expenses decreased primarily due to FY18 expenditure that did not recur in FY19 (cleaning, treating and rehabbing the water wells). The increase in the change in net position related to the decreased operating expenditures.
- Wastewater operating revenue increased \$67,286 from the prior year, and operating expenses increased \$50,501. Last year the Wastewater Fund net position increased \$260,301. This year the Wastewater Fund net position increased \$275,944. 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 \$2,468,608, an increase of \$360,348 over the prior year. The fund balance of the General Fund by itself increased \$122,609 in fiscal year 2019. Last year the General Fund increased \$225,016. The increase in fund balance in the General Fund was less in FY19 primarily due to a decrease in revenues. The largest decreases of revenues occurred in sales and use tax, franchise tax, and insurance proceeds. The Park Fund's change in fund balance also had an increase of \$82,171, which was comparable to the FY18 increase of \$74,020. The Transportation Fund's change in fund balance moved from a decrease of \$250,301 in FY18 to an increase in FY19 of \$173,926. This related to capital outlays in FY18, including the Ridgeway Drive drainage project and the Highway 13 sidewalk (from East Main Street to North Thornton Street). The Municipal Complex Fund's change in fund balance moved from an increase of \$26,295 in FY18 to a decrease in FY19 of \$15,309. This is related to capital outlays in FY19, which included improvements for the Municipal Complex (two replacement rooftop HVACs, replacement gutters and downspouts and the addition of underground drainage for the gutters).

**Figure 6**

**City of Richmond - Revenue by Fund**



**Budgetary Highlights**

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

- Total original revenue budget for the General Fund of \$2,957,555 was not amended during the year.
- Total original expense budget for the General Fund of \$3,222,510 was not amended during the year.

The actual amounts for the General Fund on the budgetary basis was \$2,859,168 in revenue versus \$2,943,939 in expenses. The net change to the General Fund balance at the end of the year on the budgetary basis is a decrease of \$48,793.

## **Capital Assets and Debt Administration**

The fiscal year 2019 capital asset activity for governmental activities included the following expenditures:

- Gutters, downspouts and underground drainage on the Municipal Complex
- Rooftop HVACs (2) on the Municipal Complex
- 1/3 of 2016 Ford Fusion for all departments' administrative vehicle
- Reconstruct North entrance of the City Gym
- Volleyball net system for the City Gym
- 2018 Ford Utility (Explorer) for Police
- Tasers (11) for Police
- Self-Contained Breathing Apparatuses (6) for Fire
- 1/3 of Trimble R-2 GIS equipment
- 2019 John Deere TS Gator for Cemetery
- 1/2 of 2019 Ford F250 for Public Works
- 1/3 of 2019 Loadtrail tilt trailer for Public Works
- Completion of the TAP Grant/STP Funds Highway 13 Sidewalk project
- Begin engineering the Wollard Boulevard drainage project
- Begin construction of the South Street/Thornton retaining wall for the sidewalk project

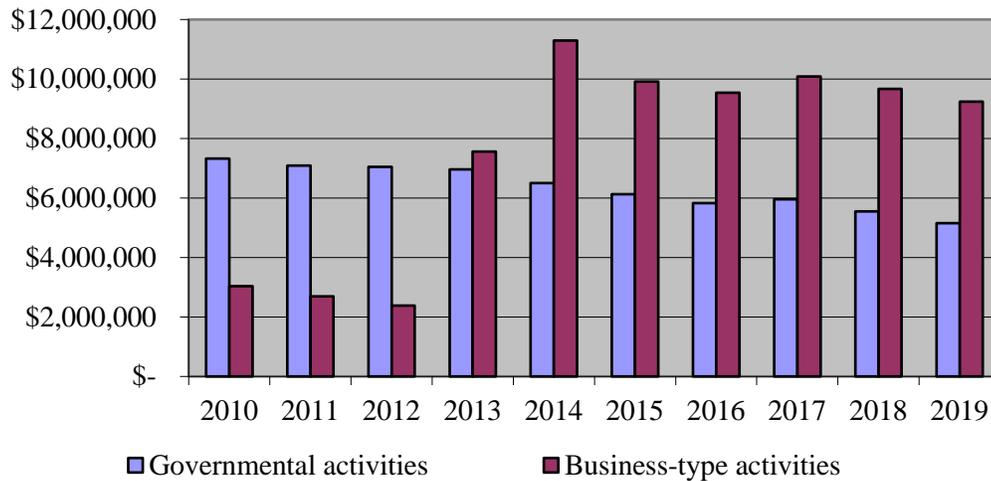
The fiscal year 2019 capital asset activity for business-type activities included the following expenditures:

- 2/3 of 2016 Ford Fusion for all departments' administrative vehicle
- 2/3 of Trimble R-2 GIS equipment
- 1/2 of 2019 Ford F250 for Public Works
- 2/3 of 2019 Loadtrail tilt trailer for Public Works
- SCADA system for Water Plant
- Mary, Martha and Margaret Streets waterline replacements
- Begin engineering the 210 Wastewater Lift Station reconstruction

In fiscal year 2019, long-term debt for the governmental activities decreased \$397,126. Long-term debt for the business-type activities decreased \$428,897. In total, long-term debt outstanding and other liabilities for governmental and business-type activities decreased by \$826,023.

**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 plans to implement a full water meter replacement project starting in FY20. Other significant projects that will take 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 continues to seek economic development benefits. 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 and plans to complete a Citizen Survey in FY20 and update the Comprehensive Plan in the coming years.

The City will contract with the Ray County Collector to bill and collect the City's property taxes beginning with the 2019 taxes.

Beginning in 2020, the City will hire a contractor to perform a weekly curbside yard waste collection program.

### **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, 2019**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,062,226	\$ 3,156,044	\$ 5,218,270
Receivables, net:			
Taxes	436,098	-	436,098
Accounts	-	536,606	536,606
Other	92,442	-	92,442
Accrued interest	-	2,405	2,405
Prepaid expenses	24,333	7,346	31,679
Restricted cash and cash equivalents	-	1,114,346	1,114,346
Inventory	65,949	-	65,949
Net pension asset	622,041	218,291	840,332
Capital assets, net	11,043,592	17,567,397	28,610,989
Total Assets	14,346,681	22,602,435	36,949,116
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	111,555	37,559	149,114
<b>LIABILITIES</b>			
Accounts payable	41,263	75,664	116,927
Accrued payroll and benefits	97,596	29,648	127,244
Accrued interest	39,731	62,254	101,985
Customer deposits	2,335	241,527	243,862
Noncurrent liabilities:			
Due within one year	548,584	463,448	1,012,032
Due in more than one year	4,718,907	8,802,810	13,521,717
Total Liabilities	5,448,416	9,675,351	15,123,767
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	199,699	40,095	239,794
<b>NET POSITION</b>			
Net investment in capital assets	6,934,049	8,330,587	15,264,636
Restricted for:			
Perpetual care	106,238	-	106,238
Debt service	261,870	551,570	813,440
Unrestricted	1,507,964	4,042,391	5,550,355
Total Net Position	\$ 8,810,121	\$ 12,924,548	\$ 21,734,669

See accompanying notes to the basic financial statements.

**CITY OF RICHMOND, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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	\$ 568,440	\$ 39,203	\$ -	\$ -	\$ (529,237)	\$ -	\$ (529,237)
Public safety	1,603,011	189,308	5,207	-	(1,408,496)	-	(1,408,496)
Public works	869,078	-	-	-	(869,078)	-	(869,078)
Community development	159,665	28,332	-	-	(131,333)	-	(131,333)
Cemetery, parks and recreation	671,354	161,987	1,610	2,000	(505,757)	-	(505,757)
Interest on long-term debt	198,767	-	-	-	(198,767)	-	(198,767)
Total governmental activities	<u>4,070,315</u>	<u>418,830</u>	<u>6,817</u>	<u>2,000</u>	<u>(3,642,668)</u>	<u>-</u>	<u>(3,642,668)</u>
Business-type activities:							
Water	1,108,357	1,297,685	-	-	-	189,328	189,328
Wastewater	1,569,370	1,816,712	-	-	-	247,342	247,342
Solid waste	272,807	286,479	-	-	-	13,672	13,672
Total business-type activities	<u>2,950,534</u>	<u>3,400,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,342</u>	<u>450,342</u>
Total primary government	<u>\$ 7,020,849</u>	<u>\$ 3,819,706</u>	<u>\$ 6,817</u>	<u>\$ 2,000</u>	<u>(3,642,668)</u>	<u>450,342</u>	<u>(3,192,326)</u>
General revenues:							
Property tax					862,572	-	862,572
Sales and use tax					2,231,044	-	2,231,044
Other local taxes					282,466	-	282,466
Franchise taxes					519,458	-	519,458
Interest revenue					16,874	23,164	40,038
Other revenue					81,614	39,330	120,944
Total General revenue					<u>3,994,028</u>	<u>62,494</u>	<u>4,056,522</u>
Change in net position					351,360	512,836	864,196
Net position, beginning of year					<u>8,458,761</u>	<u>12,411,712</u>	<u>20,870,473</u>
Net position, end of year					<u>\$ 8,810,121</u>	<u>\$ 12,924,548</u>	<u>\$ 21,734,669</u>

See accompanying notes to the basic financial statements.

**CITY OF RICHMOND, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	GENERAL	PARK	TRANSPORTATION	DEBT SERVICE	MUNICIPAL COMPLEX	OTHER GOVERNMENTAL FUNDS	TOTALS GOVERNMENTAL FUNDS
<b>ASSETS</b>							
Cash and cash equivalents	\$ 857,284	\$ 277,944	\$ 547,136	\$ 260,613	\$ 6,812	\$ 112,437	\$ 2,062,226
Receivables, net:							
Taxes	249,370	48,240	80,232	18,140	40,116	-	436,098
Other	92,442	-	-	-	-	-	92,442
Inventory	65,949	-	-	-	-	-	65,949
Prepaid expenses	21,704	2,629	-	-	-	-	24,333
 Total Assets	<u>\$ 1,286,749</u>	<u>\$ 328,813</u>	<u>\$ 627,368</u>	<u>\$ 278,753</u>	<u>\$ 46,928</u>	<u>\$ 112,437</u>	<u>\$ 2,681,048</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 35,926	\$ 2,242	\$ 3,026	\$ -	\$ -	\$ 69	\$ 41,263
Accrued liabilities	93,148	4,103	345	-	-	-	97,596
Municipal court bonds	2,335	-	-	-	-	-	2,335
 Total Liabilities	<u>131,409</u>	<u>6,345</u>	<u>3,371</u>	<u>-</u>	<u>-</u>	<u>69</u>	<u>141,194</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes	30,312	7,574	-	16,883	-	-	54,769
Unavailable revenue - other	16,477	-	-	-	-	-	16,477
 Total Deferred Inflows of Resources	<u>46,789</u>	<u>7,574</u>	<u>-</u>	<u>16,883</u>	<u>-</u>	<u>-</u>	<u>71,246</u>
<b>FUND BALANCES</b>							
Nonspendable	87,653	2,629	-	-	-	106,238	196,520
Restricted	-	312,265	560,736	261,870	46,928	6,130	1,187,929
Committed	48,715	-	63,261	-	-	-	111,976
Unassigned	972,183	-	-	-	-	-	972,183
 Total Fund Balances	<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>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,286,749</u>	<u>\$ 328,813</u>	<u>\$ 627,368</u>	<u>\$ 278,753</u>	<u>\$ 46,928</u>	<u>\$ 112,437</u>	<u>\$ 2,681,048</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, 2019**

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**Fund Balances - Total Governmental Funds** \$ 2,468,608

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	\$ 18,655,559	
Less: accumulated depreciation	<u>(7,611,967)</u>	11,043,592

Net pension asset 622,041

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	111,555	
Deferred inflows of resources	<u>(199,699)</u>	(88,144)

Certain revenues are not available to pay for current period expenditures  
and therefore are reported as unavailable revenue in the governmental funds. 71,246

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	(1,040,000)	
Lease purchases	<u>(4,109,543)</u>	(5,149,543)

Liabilities for compensated absences are recognized only when  
paid in the governmental fund statements but are accrued in the  
government-wide statements. (117,948)

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

Accrued interest		<u>(39,731)</u>
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**Net Position of Governmental Activities** **\$ 8,810,121**

**CITY OF RICHMOND, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

REVENUES:	GENERAL	PARK	TRANSPORTATION	DEBT SERVICE	MUNICIPAL COMPLEX	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Sales and use tax	\$ 1,140,424	\$ 272,657	\$ 545,309	\$ -	\$ 272,654	\$ -	\$ 2,231,044
Property tax	485,934	113,373	-	254,465	-	-	853,772
Franchise tax	519,458	-	-	-	-	-	519,458
Licenses and permits	54,504	-	-	-	-	-	54,504
Other local taxes	282,466	-	-	-	-	-	282,466
Fines, tickets and fees	107,530	-	-	-	-	4,281	111,811
Charges for services	164,536	2,232	-	-	-	1,766	168,534
Grants and contributions	8,167	650	53,019	-	-	-	61,836
Interest revenue	13,356	658	1,539	794	236	291	16,874
Other revenue	155,855	-	-	-	-	-	155,855
Total Revenues	<u>2,932,230</u>	<u>389,570</u>	<u>599,867</u>	<u>255,259</u>	<u>272,890</u>	<u>6,338</u>	<u>4,456,154</u>
<b>EXPENDITURES:</b>							
Administration	395,166	-	-	5,238	17	-	400,421
Public safety	1,537,689	-	-	-	-	6,812	1,544,501
Public works	279,087	-	372,766	-	-	-	651,853
Community development	155,589	-	-	-	-	-	155,589
Cemetery, parks and recreation	322,515	201,497	-	-	-	266	524,278
Capital outlay	136,616	-	53,175	-	32,223	-	222,014
Debt service:							
Principal	4,126	99,324	-	210,000	105,000	-	418,450
Interest and fees	158	6,578	-	42,330	150,959	-	200,025
Total Expenditures	<u>2,830,946</u>	<u>307,399</u>	<u>425,941</u>	<u>257,568</u>	<u>288,199</u>	<u>7,078</u>	<u>4,117,131</u>
Excess (deficiency) of revenues over expenditures	<u>101,284</u>	<u>82,171</u>	<u>173,926</u>	<u>(2,309)</u>	<u>(15,309)</u>	<u>(740)</u>	<u>339,023</u>
<b>Other financing sources (uses):</b>							
Debt proceeds	<u>21,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,325</u>
Net change in fund balances	122,609	82,171	173,926	(2,309)	(15,309)	(740)	360,348
Fund balance, beginning of year	<u>985,942</u>	<u>232,723</u>	<u>450,071</u>	<u>264,179</u>	<u>62,237</u>	<u>113,108</u>	<u>2,108,260</u>
Fund balance, end 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>

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, 2019**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 360,348

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	\$ 222,013	
Depreciation expense	(597,494)	(375,481)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	8,499
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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:

Proceeds from debt	(21,325)	
Principal payments	418,450	
Accrued interest	1,258	398,383

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	8,800	
Change in unavailable revenue - grants	(53,019)	
Change in unavailable revenue - other	9,740	(34,479)

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	(5,910)
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**Change in Net Position of Governmental Activities** **\$ 351,360**

**CITY OF RICHMOND, MISSOURI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2019**

	WATER	WASTEWATER	SOLID WASTE	TOTALS
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 789,541	\$ 2,234,882	\$ 131,621	\$ 3,156,044
Receivables, net	200,566	294,401	41,639	536,606
Accrued interest	2,405	-	-	2,405
Prepaid expenses	3,131	4,215	-	7,346
Total current assets	<u>995,643</u>	<u>2,533,498</u>	<u>173,260</u>	<u>3,702,401</u>
Noncurrent assets:				
Restricted cash and cash equivalents	694,757	419,589	-	1,114,346
Net pension asset	118,557	96,511	3,223	218,291
Capital assets, net	3,660,162	13,880,641	26,594	17,567,397
Total noncurrent assets	<u>4,473,476</u>	<u>14,396,741</u>	<u>29,817</u>	<u>18,900,034</u>
Total assets	<u>5,469,119</u>	<u>16,930,239</u>	<u>203,077</u>	<u>22,602,435</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	<u>18,915</u>	<u>18,802</u>	<u>(158)</u>	<u>37,559</u>
<b>LIABILITIES</b>				
Current liabilities:				
Current portion of long-term debt	230,000	204,000	-	434,000
Accounts payable	38,863	19,954	16,847	75,664
Customer deposits payable	241,527	-	-	241,527
Accrued interest	5,875	56,379	-	62,254
Accrued liabilities:				
Payroll and benefits	18,950	10,041	657	29,648
Compensated absences	14,409	15,039	-	29,448
Total current liabilities	<u>549,624</u>	<u>305,413</u>	<u>17,504</u>	<u>872,541</u>
Noncurrent liabilities:				
Bonds payable	<u>240,000</u>	<u>8,562,810</u>	<u>-</u>	<u>8,802,810</u>
Total liabilities	<u>789,624</u>	<u>8,868,223</u>	<u>17,504</u>	<u>9,675,351</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	<u>29,214</u>	<u>7,991</u>	<u>2,890</u>	<u>40,095</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,190,162	5,113,831	26,594	8,330,587
Restricted for debt service	177,166	374,404	-	551,570
Unrestricted	1,301,868	2,584,592	155,931	4,042,391
Total net position	<u>\$ 4,669,196</u>	<u>\$ 8,072,827</u>	<u>\$ 182,525</u>	<u>\$ 12,924,548</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, 2019**

	<u>WATER</u>	<u>WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Operating revenues:				
Charges for services	\$ <u>1,297,686</u>	\$ <u>1,816,712</u>	\$ <u>286,479</u>	\$ <u>3,400,877</u>
Operating expenses:				
Personnel services	453,870	315,688	54,135	823,693
Contractual services	186,169	420,537	203,460	810,166
Materials and supplies	250,672	47,405	12,084	310,161
Depreciation	186,854	418,210	3,069	608,133
Other operating expenses	<u>1,518</u>	<u>1,796</u>	<u>59</u>	<u>3,373</u>
Total operating expenses	<u>1,079,083</u>	<u>1,203,636</u>	<u>272,807</u>	<u>2,555,526</u>
Operating income	<u>218,603</u>	<u>613,076</u>	<u>13,672</u>	<u>845,351</u>
Nonoperating revenues (expenses):				
Interest income	16,432	6,418	313	23,163
Interest expense and fees	(29,274)	(365,734)	-	(395,008)
Other revenue	<u>17,146</u>	<u>22,184</u>	<u>-</u>	<u>39,330</u>
Total nonoperating revenues (expenses)	<u>4,304</u>	<u>(337,132)</u>	<u>313</u>	<u>(332,515)</u>
Net income	222,907	275,944	13,985	512,836
Net position, beginning of year	<u>4,446,289</u>	<u>7,796,883</u>	<u>168,540</u>	<u>12,411,712</u>
Net position, end of year	<u>\$ 4,669,196</u>	<u>\$ 8,072,827</u>	<u>\$ 182,525</u>	<u>\$ 12,924,548</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, 2019**

	ENTERPRISE FUNDS			TOTALS
	WATER	WASTEWATER	SOLID WASTE	
Cash flows from operating activities:				
Cash receipts from customers	\$ 1,294,730	\$ 1,780,374	\$ 286,479	\$ 3,361,583
Cash payments to suppliers	(406,720)	(499,105)	(215,542)	(1,121,367)
Cash paid to employees	(442,849)	(308,947)	(53,757)	(805,553)
Net cash provided by operating activities	<u>445,161</u>	<u>972,322</u>	<u>17,180</u>	<u>1,434,663</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(134,172)	(92,818)	-	(226,990)
Proceeds from sale of equipment	12,945	3,695	-	16,640
Principal paid on revenue bonds	(225,000)	(203,897)	-	(428,897)
Interest and fees paid on debt	(32,086)	(366,454)	-	(398,540)
Net cash used in capital and related financing activities	<u>(378,313)</u>	<u>(659,474)</u>	<u>-</u>	<u>(1,037,787)</u>
Cash flows from investing activities:				
Interest received on cash accounts	17,384	6,416	313	24,113
Other receipts	4,201	18,489	-	22,690
Net cash provided by investing activities	<u>21,585</u>	<u>24,905</u>	<u>313</u>	<u>46,803</u>
Net increase in cash and cash equivalents	88,433	337,753	17,493	443,679
Cash and cash equivalents, beginning of year	<u>1,395,865</u>	<u>2,316,718</u>	<u>114,128</u>	<u>3,826,711</u>
Cash and cash equivalents, end 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	\$ 789,541	\$ 2,234,882	\$ 131,621	\$ 3,156,044
Restricted cash and cash equivalents	<u>694,757</u>	<u>419,589</u>	<u>-</u>	<u>1,114,346</u>
Cash and cash equivalents, end of year	<u>\$ 1,484,298</u>	<u>\$ 2,654,471</u>	<u>\$ 131,621</u>	<u>\$ 4,270,390</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 218,603	\$ 613,076	\$ 13,672	\$ 845,351
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	186,854	418,210	3,069	608,133
Pension expense	21,751	14,910	1,107	37,768
Changes in assets, deferred outflows of resources and liabilities:				
(Increase) decrease in receivables	(2,956)	(36,339)	-	(39,295)
(Increase) decrease in prepaid expenses	1,279	691	-	1,970
(Increase) decrease in deferred outflows of resources for pensions	(11,228)	(8,689)	(608)	(20,525)
Increase (decrease) in accounts payable	23,173	(30,058)	61	(6,824)
Increase (decrease) in compensated absences	(3,884)	2,012	-	(1,872)
Increase (decrease) in payroll and benefits	4,382	(1,491)	(121)	2,770
Increase in customer deposits payable	7,187	-	-	7,187
Net cash provided by operating activities	<u>\$ 445,161</u>	<u>\$ 972,322</u>	<u>\$ 17,180</u>	<u>\$ 1,434,663</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, 2019**

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**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, 2019**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

**Park Fund**: This fund is used to account for the proceeds and interest on the City's park sales 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, 2019**

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**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, 2019**

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**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, 2019**

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**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 and billing and licensing. 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 them. The City has one item that meets this criterion, contributions made to the pension plan in the 2019 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. They City has one item that meets this criterion, deferrals of pension expense that result from the implementation of GASB Statement 68.

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, 2019**

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**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, 2019**

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**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, 2019, the carrying amount of the City’s deposits was \$6,331,595 and the bank balance was \$6,200,981. Of the bank balance, \$250,000 was covered by federal depository insurance and \$5,950,981 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, 2019.

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, 2019**

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**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	\$ 240,902
Replacement accounts	276,689
Series 2001 Water Bonds:	
Principal retirement	172,500
Interest retirement	4,666
	694,757
Wastewater fund:	
Replacement account	45,185
Series 2013 Sewer Bonds:	
Principal retirement	100,000
Interest retirement	113,928
Series 2014 Sewer Bonds:	
Principal retirement	85,000
Interest retirement	55,209
Waterworks & Sewerage Revenue	
Bonds, Series A:	
Debt service reserve	20,267
	419,589
Total Proprietary funds	\$ 1,114,346

**CITY OF RICHMOND, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE D - UTILITIES RECEIVABLES**

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2019 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	\$ 203,366	\$ 2,800	\$ 200,566
Wastewater	320,601	26,200	294,401
Solid waste	<u>42,239</u>	<u>600</u>	<u>41,639</u>
Total	<u>\$ 566,206</u>	<u>\$ 29,600</u>	<u>\$ 536,606</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, 2018, on which the fiscal year ended September 30, 2019 levy was based, was \$69,315,778.

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	\$ 0.6499
Park	0.1622
Debt Service	<u>0.3622</u>
Total	<u>\$ 1.1743</u>

**CITY OF RICHMOND, MISSOURI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**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, 2019 were as follows:

	General Fund	Park Fund	Transportation Fund	Debt Service Fund	Municipal Complex Fund	Total
Property tax	\$ 32,549	\$ 8,124	\$ -	\$ 18,140	\$ -	\$ 58,813
Sales and use tax	164,973	40,116	80,232	-	40,116	325,437
Franchise taxes	51,848	-	-	-	-	51,848
	<u>\$249,370</u>	<u>\$ 48,240</u>	<u>\$ 80,232</u>	<u>\$ 18,140</u>	<u>\$ 40,116</u>	<u>\$436,098</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, 2019, the City had the following purchase commitments: dump truck with plow for a total cost of \$121,068; engineering costs for the Highway 210 lift station and Wollard drainage project with remaining costs of \$102,953; and construction of a retaining wall at South and Thornton Streets with remaining costs of \$27,376.

**CITY OF RICHMOND, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE H - CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended September 30, 2019.

	<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>525,822</u>	<u>53,175</u>	<u>526,023</u>	<u>52,974</u>
Total capital assets, not being depreciated	<u>960,941</u>	<u>53,175</u>	<u>526,023</u>	<u>488,093</u>
Depreciable capital assets:				
Buildings and improvements	13,676,494	570,832	-	14,247,326
Vehicles	635,408	49,429	31,606	653,231
Equipment	2,912,637	74,600	-	2,987,237
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>17,504,211</u>	<u>694,861</u>	<u>31,606</u>	<u>18,167,466</u>
Less accumulated depreciation:				
Buildings and improvements	3,551,973	493,225	-	4,045,198
Vehicles	561,234	31,864	31,606	561,492
Equipment	2,668,814	66,464	-	2,735,278
Information systems	186,746	5,464	-	192,210
Office furniture and fixtures	<u>77,312</u>	<u>477</u>	<u>-</u>	<u>77,789</u>
Total accumulated depreciation	<u>7,046,079</u>	<u>597,494</u>	<u>31,606</u>	<u>7,611,967</u>
Total capital assets being depreciated, net	<u>10,458,132</u>	<u>97,367</u>	<u>-</u>	<u>10,555,499</u>
Governmental activities capital assets, net	<u>\$ 11,419,073</u>	<u>\$ 150,542</u>	<u>\$ 526,023</u>	<u>\$ 11,043,592</u>

Depreciation expense was charged to the governmental activities as follows:

Administration	\$ 150,382
Public safety	91,366
Public works	213,720
Community development	1,455
Cemetery, parks and recreation	<u>140,571</u>
	<u>\$ 597,494</u>

**CITY OF RICHMOND, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**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	<u>-</u>	<u>83,836</u>	<u>-</u>	<u>83,836</u>
Total capital assets, not being depreciated	<u>385,486</u>	<u>83,836</u>	<u>-</u>	<u>469,322</u>
Capital assets, being depreciated:				
Buildings and improvements	76,872	-	-	76,872
Vehicles	609,985	22,180	42,906	589,259
Equipment	720,685	9,963	-	730,648
Information systems	91,241	9,598	-	100,839
Treatment facility	13,875,909	-	-	13,875,909
Production and transmission system	<u>9,625,905</u>	<u>101,413</u>	<u>-</u>	<u>9,727,318</u>
Total capital assets being depreciated	<u>25,000,597</u>	<u>143,154</u>	<u>42,906</u>	<u>25,100,845</u>
Less accumulated depreciation:				
Buildings and improvements	40,872	2,793	-	43,665
Vehicles	524,899	32,578	42,906	514,571
Equipment	348,948	74,861	-	423,809
Information systems	89,902	1,498	-	91,400
Treatment facility	2,459,208	283,433	-	2,742,641
Production and transmission system	<u>3,973,714</u>	<u>212,970</u>	<u>-</u>	<u>4,186,684</u>
Total accumulated depreciation	<u>7,437,543</u>	<u>608,133</u>	<u>42,906</u>	<u>8,002,770</u>
Total capital assets being depreciated, net	<u>17,563,054</u>	<u>(464,979)</u>	<u>-</u>	<u>17,098,075</u>
Business-type activities capital assets, net	<u>\$ 17,948,540</u>	<u>\$ (381,143)</u>	<u>\$ -</u>	<u>\$ 17,567,397</u>

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

Water	\$ 186,854
Wastewater	418,210
Solid waste	<u>3,069</u>
	<u>\$ 608,133</u>

**CITY OF RICHMOND, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**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](http://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.

2019 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, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries	38
Inactive, nonretired	60
Active employees	<u>47</u>
	<u>145</u>

**CITY OF RICHMOND, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**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 5.90% General, 13.4% Police and 2.5% Fire of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019.

Actuarial Assumptions

The total pension liability in the February 28, 2019 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 28, 2019 valuation were based on the 5-year experience study for the period March 1, 2012 through February 29, 2017.

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, 2019**

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**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%
Cash	10.00%	0.00%
Leverage	-35.00%	-0.51%

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.

	1% Decrease <u>6.25%</u>	Current Single Discount Rate Assumption <u>7.25%</u>	1% Increase <u>8.25%</u>
Total Pension Liability (TPL)	\$ 7,187,009	\$ 6,207,732	\$ 5,417,903
Plan Fiduciary Net Position	<u>7,048,064</u>	<u>7,048,064</u>	<u>7,048,064</u>
Net Pension Liability/(Asset) (NPL)	<u>\$ 138,945</u>	<u>\$ (840,332)</u>	<u>\$ (1,630,161)</u>

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

For the year ended September 30, 2019 the employer recognized pension expense of \$147,934. 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, 2019**

**NOTE I - RETIREMENT PLAN (continued)**

	General		Police		Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 69,361	\$ (16,215)	\$ 60,631	\$ (16,764)	\$ 3,102	\$ (58,366)
Changes in assumptions	7,238	-	1,626	-	6,601	-
Net difference between projected and actual earnings	-	(90,729)	-	(33,171)	-	(62,448)
Employer contributions subsequent to the measurement date *	16,302	-	18,857	-	3,291	-
	\$ 92,901	\$ (106,944)	\$ 81,114	\$ (49,935)	\$ 12,994	\$ (120,814)

\* 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, 2019.

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

Year Ending	Net Deferred Outflows (Inflows) of Resources		
	June 30,	General	Police
2020	\$ 20,026	\$ 17,413	\$ (25,984)
2021	(37,425)	1,915	(45,350)
2022	(18,684)	(8,187)	(33,773)
2023	5,738	1,181	(6,004)
2024	-	-	-
Thereafter	-	-	-
Total	\$ (30,345)	\$ 12,322	\$ (111,111)

**Payable to the Pension Plan**

At September 30, 2019, the City reported a payable of \$159,632 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

**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](http://www.molagers.org).

**CITY OF RICHMOND, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**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, 2019 was \$6,976,500.

**NOTE K - LONG-TERM DEBT**

Changes in long-term debt during the year ended September 30, 2019 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount due within one year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 1,250,000	\$ -	\$ 210,000	\$ 1,040,000	\$ 220,000
Lease purchases	4,296,668	-	204,666	4,092,002	206,633
Direct borrowings	-	21,325	3,784	17,541	4,003
Compensated absences	112,038	5,910	-	117,948	117,948
<b>Total Governmental Activities</b>	<b><u>\$ 5,658,706</u></b>	<b><u>\$ 27,235</u></b>	<b><u>\$ 418,450</u></b>	<b><u>\$ 5,267,491</u></b>	<b><u>\$ 548,584</u></b>
<b>Business-Type Activities:</b>					
Waterworks & Sewerage Revenue Bonds	\$ 9,665,707	\$ -	\$ 428,897	\$ 9,236,810	\$ 434,000
Compensated absences	31,320	-	1,872	29,448	29,448
<b>Total Business-Type Activities</b>	<b><u>\$ 9,697,027</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 430,769</u></b>	<b><u>\$ 9,266,258</u></b>	<b><u>\$ 463,448</u></b>

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, 2019**

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**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>\$ 1,040,000</u>
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**Lease purchases:**

Lease purchase for municipal complex due in varying annual installments through July 2043, interest of 2.125% to 4.25%	\$ 3,860,000
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Lease purchase for park improvements due in monthly installments of \$8,825 through December 2021, interest at 2.3%	<u>232,002</u>
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	<u>\$ 4,092,002</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%	\$ 470,000
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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%	4,940,000
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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%	2,945,000
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Combined Waterworks & Sewerage Revenues Bonds Series A, due in monthly installments of \$3,619 through February 2050, interest at 2.75%	<u>881,810</u>
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	<u>\$ 9,236,810</u>
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**CITY OF RICHMOND, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**NOTE K - LONG-TERM DEBT (continued)**

Debt service requirements to maturity are:

Year Ending September 30,	Governmental Activities						Business-Type Activities	
	G.O. Bonds		Lease Purchases		Total		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 220,000	\$ 32,581	\$ 206,633	\$ 151,461	\$ 426,633	\$ 184,042	\$ 434,000	\$ 386,157
2021	235,000	24,304	213,993	145,966	448,993	170,270	449,246	367,817
2022	240,000	16,466	136,376	140,896	376,376	157,362	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	-	-	-	-	-	-	25,626	1,156
<b>Total</b>	<b>\$ 1,040,000</b>	<b>\$ 82,867</b>	<b>\$ 4,092,002</b>	<b>\$ 2,219,977</b>	<b>\$ 5,132,002</b>	<b>\$ 2,302,844</b>	<b>\$ 9,236,810</b>	<b>\$ 5,394,315</b>

**CITY OF RICHMOND, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**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, 2019, interest earnings from the 2001A reserve funds totaled \$8,988. 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.

**Lease Purchases**

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

	Governmental Activities
Building	\$ 3,611,326
Less: Accumulated depreciation	<u>(955,497)</u>
Total	<u><u>\$ 2,655,829</u></u>

**NOTE L - DIRECT BORROWINGS**

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 Ending September 30,	Principal	Interest	Total
2020	\$ 4,003	\$ 1,035	\$ 5,038
2021	4,240	798	5,038
2022	4,491	547	5,038
2023	4,807	231	5,038
	<u>\$ 17,541</u>	<u>\$ 2,611</u>	<u>\$ 20,152</u>

The lease from direct borrowings contains 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.

**CITY OF RICHMOND, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE M - FUND BALANCES**

The following is a summary of the Governmental Fund balances of the City at September 30, 2019.

<u>Classification/Fund</u>	<u>Purpose</u>	
Nonspendable:		
General Fund	Inventory	\$ 65,949
General Fund	Prepaid expenses	<u>21,704</u>
		87,653
Park	Prepaid expenses	2,629
Cemetery trust fund	Cemetery	<u>106,238</u>
Total Nonspendable		<u>196,520</u>
Committed:		
General Fund	Capital outlay	48,715
Transportation	Capital improvements	<u>63,261</u>
Total Committed		<u>111,976</u>
Restricted:		
Park	Capital improvements	312,265
Other governmental	Police training	6,130
Transportation	Capital improvements	560,736
Debt service	Debt payments	261,870
Municipal complex	Debt payments	<u>46,928</u>
Total Restricted		<u>1,187,929</u>
Unassigned:		
General Fund		<u>972,183</u>
Total Fund Balances		<u>\$ 2,468,608</u>

**NOTE N - 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, 2019, the City had agreements for abated property taxes totaling \$33,716 under the Chapter 353 program. Under the agreements, the developers have agreed to pay payments in lieu of taxes, which amounts to \$781 for fiscal year 2019. The City had agreements for abated property taxes totaling \$26,755 under the Chapter 100 program for the year ended September 30, 2019. The developers have agreed to payments in lieu of taxes under the agreements, which amounted to \$3,419 for fiscal year 2019. For the year ended September 30, 2019, the City had a sales tax rebate agreement with rebates totaling \$9,476.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF RICHMOND, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Sales and use tax	\$ 1,145,000	\$ 1,145,000	\$ 1,140,424	\$ (4,576)
Property tax	481,900	481,900	486,874	4,974
Franchise tax	552,500	552,500	519,458	(33,042)
Licenses and permits	48,275	49,975	68,535	18,560
Other local taxes	284,000	284,000	282,466	(1,534)
Fines, tickets and fees	115,450	115,100	107,530	(7,570)
Charges for services	170,580	169,730	164,536	(5,194)
Grants and contributions	4,000	4,000	8,955	4,955
Interest revenue	13,800	13,800	13,356	(444)
Other revenue	<u>158,550</u>	<u>158,050</u>	<u>81,687</u>	<u>(76,363)</u>
Total Revenues	<u>2,974,055</u>	<u>2,974,055</u>	<u>2,873,821</u>	<u>(100,234)</u>
<b>EXPENDITURES:</b>				
Administration	429,265	429,265	508,159	(78,894)
Public safety	1,663,920	1,663,920	1,537,689	126,231
Public works	296,160	296,160	279,087	17,073
Community development	234,640	234,640	155,589	79,051
Cemetery, parks and recreation	403,675	403,675	322,515	81,160
Capital outlay	194,850	194,850	136,616	58,234
Debt service:				
Principal	-	-	4,126	(4,126)
Interest and fees	-	-	158	(158)
Total Expenditures	<u>3,222,510</u>	<u>3,222,510</u>	<u>2,943,939</u>	<u>278,571</u>
Other financing sources (uses):				
Debt proceeds	<u>24,090</u>	<u>24,090</u>	<u>21,325</u>	<u>(2,765)</u>
Net change in fund balance	<u>\$ (224,365)</u>	<u>\$ (224,365)</u>	(48,793)	<u>\$ 175,572</u>
Fund balance, beginning of year - budgetary basis			<u>991,395</u>	
Fund balance, end of year - budgetary basis			942,602	
<b>GAAP adjustments:</b>				
Receivables:				
Taxes			219,058	
Accounts payable			75,965	
Accounts payable			(35,926)	
Accrued payroll and benefits			<u>(93,148)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 1,108,551</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, 2019**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Sales and use tax	\$ 270,250	\$ 270,250	\$ 271,362	\$ 1,112
Property tax	112,510	112,510	113,373	863
Charges for services	2,500	2,500	2,232	(268)
Grants and contributions	-	-	650	650
Interest revenue	450	450	658	208
Total Revenues	<u>385,710</u>	<u>385,710</u>	<u>388,275</u>	<u>2,565</u>
<b>EXPENDITURES:</b>				
Parks	234,400	234,400	199,111	35,289
Capital outlay	15,000	15,000	-	15,000
Debt service:				
Principal	101,635	101,635	99,324	2,311
Interest and fees	4,270	4,270	6,578	(2,308)
Total Expenditures	<u>355,305</u>	<u>355,305</u>	<u>305,013</u>	<u>50,292</u>
Net change in fund balance	<u>\$ 30,405</u>	<u>\$ 30,405</u>	83,262	<u>\$ 52,857</u>
Fund balance, beginning of year - budgetary basis			<u>197,311</u>	
Fund balance, end of year - budgetary basis			280,573	
<b>GAAP adjustments:</b>				
Receivables:				
Taxes			40,666	
Accounts payable			(2,242)	
Accrued payroll and benefits			<u>(4,103)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 314,894</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, 2019**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
<b>REVENUES:</b>				
Sales and use tax	\$ 540,000	\$ 540,000	\$ 543,759	\$ 3,759
Grant revenue	-	-	107,383	107,383
Interest revenue	<u>1,500</u>	<u>1,500</u>	<u>1,539</u>	<u>39</u>
Total Revenues	<u>541,500</u>	<u>541,500</u>	<u>652,681</u>	<u>111,181</u>
<b>EXPENDITURES:</b>				
Public works	732,050	732,050	372,691	359,359
Capital outlay	<u>-</u>	<u>-</u>	<u>163,423</u>	<u>(163,423)</u>
Total Expenditures	<u>732,050</u>	<u>732,050</u>	<u>536,114</u>	<u>195,936</u>
Net change in fund balance	<u>\$ (190,550)</u>	<u>\$ (190,550)</u>	116,567	<u>\$ 307,117</u>
Fund balance, beginning of year - budgetary basis			<u>430,569</u>	
Fund balance, end of year - budgetary basis			547,136	
<b>GAAP adjustments:</b>				
Receivables:				
Taxes			80,232	
Accounts payable			(3,026)	
Accrued payroll and benefits			<u>(345)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 623,997</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, 2019**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Sales and use tax	\$ 270,250	\$ 270,250	\$ 271,879	\$ 1,629
Interest revenue	75	75	236	161
Total Revenues	<u>270,325</u>	<u>270,325</u>	<u>272,115</u>	<u>1,790</u>
<b>EXPENDITURES:</b>				
Administration	25	25	17	8
Capital outlay	32,225	32,225	32,223	2
Debt service:				
Principal	105,000	105,000	105,000	-
Interest and fees	<u>150,960</u>	<u>150,960</u>	<u>150,959</u>	<u>1</u>
Total Expenditures	<u>288,210</u>	<u>288,210</u>	<u>288,199</u>	<u>11</u>
Net change in fund balance	<u>\$ (17,885)</u>	<u>\$ (17,885)</u>	(16,084)	<u>\$ 1,801</u>
Fund balance, beginning of year - budgetary basis			<u>22,896</u>	
Fund balance, end of year - budgetary basis			6,812	
<b>GAAP adjustments:</b>				
Receivables:				
Taxes			<u>40,116</u>	
Fund balances, end of year - GAAP basis			<u>\$ 46,928</u>	

See accompanying notes to the required supplementary information.

**CITY OF RICHMOND, MISSOURI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2019**

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**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 1<sup>st</sup>, 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,**

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

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<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>
2010	\$ 165,376	\$ 165,376	\$ -	\$ 1,789,733	9.24%
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%

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, 2019**

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<b>Valuation date:</b>	February 28, 2019
<b>Notes:</b>	The roll-forward of total pension liability from February 28, 2019 to June 30, 2019 reflects expected service cost and interest reduced by actual benefit payments.
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>	
<b>Actuarial Cost Method</b>	Entry Age Normal and Modified Terminal Funding
<b>Amortization Method</b>	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.
<b>Remaining Amortization Period</b>	Multiple bases from 15 to 16 years for General and Fire Division Multiple bases from 11 to 16 years for Police Division
<b>Asset Valuation Method</b>	5-Year smoothed market; 20% corridor
<b>Inflation</b>	3.25% wage inflation; 2.50% price inflation
<b>Salary Increases</b>	3.25% to 6.55% including wage inflation for General and Police Division 3.25% to 7.15% including wage inflation for Fire Division
<b>Investment Rate of Return</b>	7.25% net of investment and administrative expenses
<b>Retirement Age</b>	Experience-based table of rates that are specific to the type of eligibility condition.
<b>Mortality</b>	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.
<b>Other information:</b>	None

## **SUPPLEMENTARY INFORMATION**

**CITY OF RICHMOND, MISSOURI**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

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	<u>SPECIAL REVENUE FUND</u>	<u>PERMANENT FUND</u>	<u>TOTAL OTHER GOVERNMENTAL FUNDS</u>
	<u>POLICE TRAINING</u>	<u>CEMETERY TRUST</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ <u>6,199</u>	\$ <u>106,238</u>	\$ <u>112,437</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	\$ <u>69</u>	\$ <u>-</u>	\$ <u>69</u>
Fund balances:			
Nonspendable	-	106,238	106,238
Restricted	<u>6,130</u>	<u>-</u>	<u>6,130</u>
Total Fund Balances	<u>6,130</u>	<u>106,238</u>	<u>112,368</u>
Total Liabilities and Fund Balances	<u>\$ 6,199</u>	<u>\$ 106,238</u>	<u>\$ 112,437</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, 2019**

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	SPECIAL REVENUE FUND	PERMANENT FUND	TOTAL OTHER GOVERNMENTAL FUNDS
	POLICE TRAINING	CEMETERY FUND	
REVENUES:			
Fines, tickets and fees	\$ 4,281	\$ -	\$ 4,281
Charges for services	-	1,766	1,766
Interest revenue	22	269	291
Total Revenues	4,303	2,035	6,338
EXPENDITURES:			
Public safety	6,812	-	6,812
Cemetery	-	266	266
Total Expenditures	6,812	266	7,078
Excess (deficiency) of revenues over expenditures	(2,509)	1,769	(740)
Fund balance, beginning of year	8,639	104,469	113,108
Fund balance, end of year	\$ 6,130	\$ 106,238	\$ 112,368

## **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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 16, 2020.

**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 2019-001, that we consider to be a material weakness.

**Compliance and Other Matters**

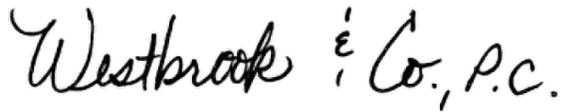
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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.

Handwritten signature in black ink that reads "Westbrook & Co., P.C." in a cursive style.

Richmond, Missouri  
March 16, 2020

**CITY OF RICHMOND, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**MATERIAL WEAKNESS**

**2019-001 - CASH RECEIPTS**

*Condition:* The Collector's office receives the payments for the utility billings, 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.