

CITY OF RICHMOND, MISSOURI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**CITY OF RICHMOND, MISSOURI
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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Richmond, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Richmond, Missouri, as of and for the year ended September 30, 2021, 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, 2021, 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 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Westbrook & Co., P.C.

Richmond, Missouri
February 14, 2022



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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, 2021. Please read this section in conjunction with the City's financial statements, which follow this section.

Financial Highlights

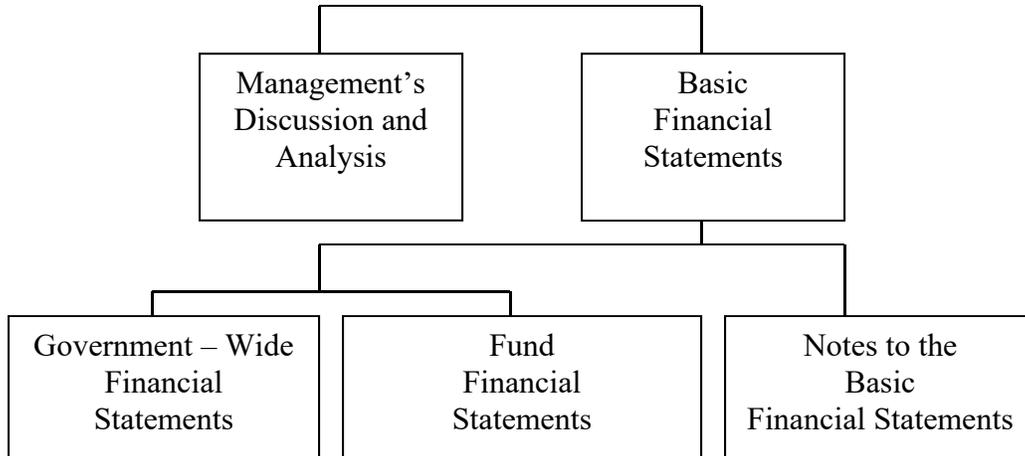
- The assets and deferred outflows of the City of Richmond exceeded its liabilities and deferred inflows by \$23,071,031. Of this amount, \$16,088,089 represents the City's net investment in capital assets; \$672,725 is restricted for debt service and \$109,122 is restricted for perpetual care. There is \$2,850,119 of net position unrestricted for governmental activities and \$3,350,976 of net position unrestricted for business-type activities.
- The City's total net position increased \$839,854.
- The City's long-term debt decreased approximately \$830,000 during the current fiscal year.

Overview of the Financial Statements

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

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

Required Components



Summary → Detail

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

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

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

The notes to the basic financial statements provide additional information that further explain and support the information in the basic financial statements.

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

The City has two types of funds:

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

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

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

Government-Wide Financial Analysis

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

Figure 1

	City of Richmond's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current & other assets	\$ 5,688,241	\$ 2,877,516	\$ 4,646,894	\$ 4,810,926	\$ 10,335,135	\$ 7,688,442
Capital assets, net	10,479,918	10,925,786	18,591,631	18,824,078	29,071,549	29,749,864
Total assets	16,168,159	13,803,302	23,238,525	23,635,004	39,406,684	37,438,306
Deferred outflows of resources:	409,201	445,291	29,313	82,398	438,514	527,689
Liabilities:						
Other liabilities	1,276,597	711,995	917,262	1,275,496	2,193,859	1,987,491
Long-term liabilities	4,099,807	4,239,298	8,798,579	9,298,420	12,898,386	13,537,718
Total liabilities	5,376,404	4,951,293	9,715,841	10,573,916	15,092,245	15,525,209
Deferred inflows of resources	1,376,497	198,377	305,425	11,232	1,681,922	209,609
Net position:						
Net investment in capital assets	6,580,620	7,157,248	9,507,469	9,882,400	16,088,089	17,039,648
Restricted	393,720	392,349	388,127	564,301	781,847	956,650
Unrestricted	2,850,119	1,549,326	3,350,976	2,685,553	6,201,095	4,234,879
Total net position	\$ 9,824,459	\$ 9,098,923	\$ 13,246,572	\$ 13,132,254	\$ 23,071,031	\$ 22,231,177

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 \$23,071,031 from \$22,231,177 as a result of the increase in net position reflected in Figure 2. For the years ended September 30, 2021 and 2020, net position of the City changed as follows:

Figure 2

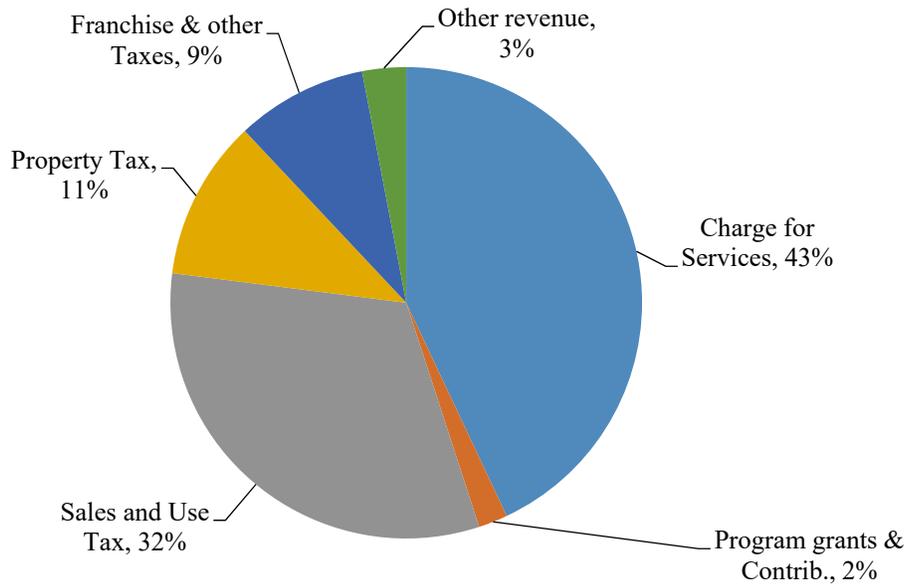
City of Richmond's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for services	\$ 414,520	\$ 326,815	\$ 3,388,529	\$ 3,378,923	\$ 3,803,049	\$ 3,705,738
Operating grants and contributions	130,436	41,128	-	940	130,436	42,068
Capital grants	-	-	-	-	-	-
General Revenues:						
Property taxes	903,498	912,930	-	-	903,498	912,930
Sales and use tax	2,695,324	2,471,972	-	-	2,695,324	2,471,972
Franchise and other taxes	799,041	796,413	-	-	799,041	796,413
Interest revenue	30,842	44,119	15,261	20,047	46,103	64,166
Other revenue	68,285	128,090	20,357	42,903	88,642	170,993
Total Revenues	5,041,946	4,721,467	3,424,147	3,442,813	8,466,093	8,164,280
Expenses						
Administration	544,663	625,602	-	-	544,663	625,602
Public safety	1,518,283	1,739,718	-	-	1,518,283	1,739,718
Public works	920,096	972,001	-	-	920,096	972,001
Community development	196,326	216,585	-	-	196,326	216,585
Cemetery, parks, & recreation	735,125	692,095	-	-	735,125	692,095
Interest on long-term debt	401,917	186,664	-	-	401,917	186,664
Water	-	-	1,462,264	1,400,486	1,462,264	1,400,486
Wastewater	-	-	1,545,035	1,549,346	1,545,035	1,549,346
Solid Waste	-	-	302,530	285,275	302,530	285,275
Total Expenses	4,316,410	4,432,665	3,309,829	3,235,107	7,626,239	7,667,772
Change in net position	725,536	288,802	114,318	207,706	839,854	496,508
Beginning net position	9,098,923	8,810,121	13,132,254	12,924,548	22,231,177	21,734,669
Ending net position	\$ 9,824,459	\$ 9,098,923	\$ 13,246,572	\$ 13,132,254	\$ 23,071,031	\$ 22,231,177

For the fiscal year ended September 30, 2021, government-wide revenues totaled \$8,466,093. Approximately 43% of all revenues are from charges for services, and 32% is from sales and use tax. See Figure 3.

Figure 3

City of Richmond - Sources of Revenue

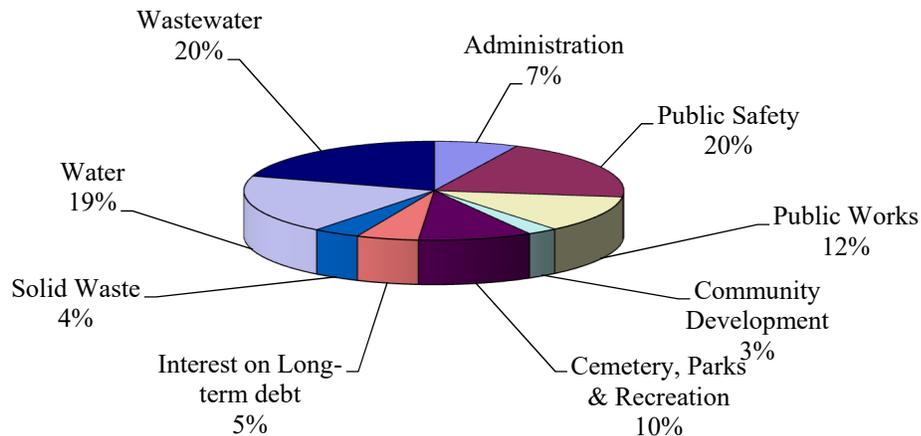


Charges for services are derived from users of the City’s programs such as governmental programs and from fees from the users of the City’s solid waste, water and wastewater operations.

The next largest revenue source for the entire City is sales and use tax. During the 2021 fiscal year sales and use tax revenues were \$2,695,324. 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 43% of all City expenses during the 2021 fiscal year were related to the three business-type activities, solid waste, water and wastewater. The second largest expenditure in 2021 was public safety at 20%. 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 \$725,536. For the fiscal year ended September 30, 2021, revenues totaled \$8,466,093 (governmental and business-type). Revenues from governmental activities were \$5,041,946 or 60% of the total city revenue.

Certain revenues are generated that are specific to governmental program activities. These totaled \$544,956. Figure 5 shows expenses and program revenues of the governmental activities for the years ended September 30, 2021 and 2020:

Figure 5

Net Cost of City of Richmond's Governmental Activities						
	2021			2020		
	Cost of Services	Program Revenue	Net Cost of Services	Cost of Services	Program Revenue	Net Cost of Services
Administration	\$ 544,663	\$ 140,026	\$ 404,637	\$ 625,602	\$ 51,564	\$ 574,038
Public Safety	1,518,283	178,769	1,339,514	1,739,718	189,619	1,550,099
Public Works	920,096	-	920,096	972,001	25	971,976
Community Development	196,326	67,085	129,241	216,585	29,140	187,445
Cemetery, Parks & Recreation	735,125	159,076	576,049	692,095	97,595	594,500
Interest on long-term debt	<u>401,917</u>	<u>-</u>	<u>401,917</u>	<u>186,664</u>	<u>-</u>	<u>186,664</u>
Total	<u>\$ 4,316,410</u>	<u>\$ 544,956</u>	<u>\$ 3,771,454</u>	<u>\$ 4,432,665</u>	<u>\$ 367,943</u>	<u>\$ 4,064,722</u>

As noted in Figure 5, expenses from governmental activities totaled \$4,316,410. However, the net cost of these services was \$3,771,454. The difference represents direct revenues from charges for services of \$414,520, grants and contributions of \$130,436. Taxes and other revenues were collected to cover these net costs.

Business-Type Activities

Business-type activities increased the City's net position by \$114,318. Key elements of the change in net position are as follows:

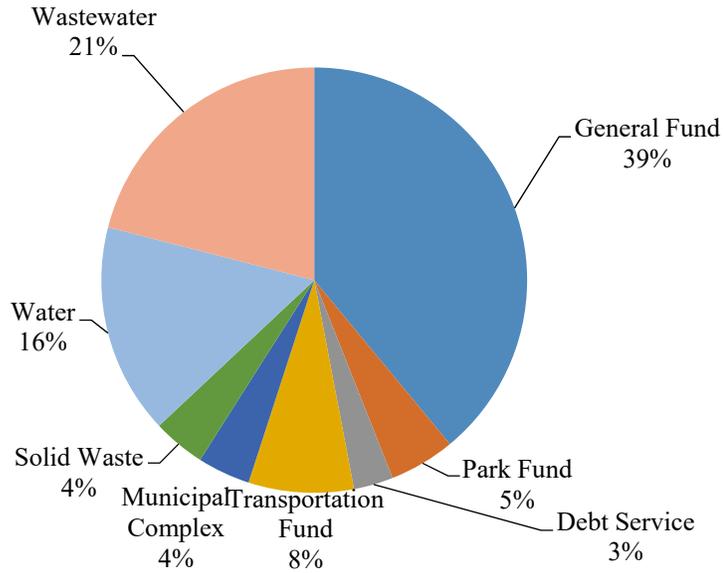
- Solid waste operating revenue increased \$13,712 from the prior year, and operating expenses increased \$17,255. Last year the solid waste fund net position increased \$22,372. This year the solid waste fund net position increased \$18,925. The City added a new contracted service of curbside yard waste collection in spring 2020, increasing the customer fee charged by the City for this service and the City's fee from the contractor for this service. The City's general contract with the solid waste contractor renewed in summer 2021 with a slight increase in the charge from the contractor to the City. The City passed on the increase to the customers with a monthly fee increase. These items increased the revenue and expenses. The increase in net position remained fairly consistent.
- Water operating revenue increased \$34,621 from the prior year, and operating expenses increased \$74,074. Last year the Water Fund net position decreased \$80,349. This year the Water Fund net position decreased \$124,342. The City raised water rates \$0.50 per 1,000 gallons in November 2020, which increased the water operating revenue. The water operating expenses increased primarily due to the City's contract with Suez for upfront renovations and ongoing maintenance on the Valley Drive water tower. The decrease in the change in net position related to the increased operating expenditures.
- Wastewater operating revenue decreased \$38,728 from the prior year, and operating expenses decreased \$57. Last year the Wastewater Fund net position increased \$265,683. This year the Wastewater Fund net position increased \$219,735. 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 \$3,325,306, an increase of \$873,574 over the prior year. The fund balance of the General Fund by itself increased \$459,785 in fiscal year 2021. Last year the General Fund increased \$42,047. The increase in fund balance in the General Fund was greater than the prior year increase primarily due to an increase in sales tax revenue, CARES Act funds received from Ray County and a decrease in capital outlays expenses. The Park Fund's change in fund balance had an increase of \$147,695. The prior year had a decrease of \$38,196. The increase in the Park Fund was due to the prior year payoff of a park lease. The Transportation Fund's change in fund balance moved from a balance of \$532,869 in FY20 to a balance of \$739,492 in FY21. The Municipal Complex Fund's fund balance increased from \$91,006 in FY20 to \$150,512 in FY21. Both of these increases relate to the City receiving more sales and use tax revenue than the amount expended for projects in these funds.

Figure 6

City of Richmond - Revenue by Fund



Budgetary Highlights

The General Fund budget was not amended during the year.

The actual amounts for the General Fund on the budgetary basis was \$3,840,437 in revenue versus \$2,926,844 in expenses. The net change to the General Fund balance at the end of the year on the budgetary basis is an increase of \$913,593.

Capital Assets and Debt Administration

The fiscal year 2021 capital asset activity for governmental activities included the following expenditures:

- Construction of the cold patch storage building for Public Works
- Wrapping of rooftop duct work on City Hall
- Replacement of the Southview Pool building roof
- 2020 Ford F550 rescue truck
- Replacement skate park equipment

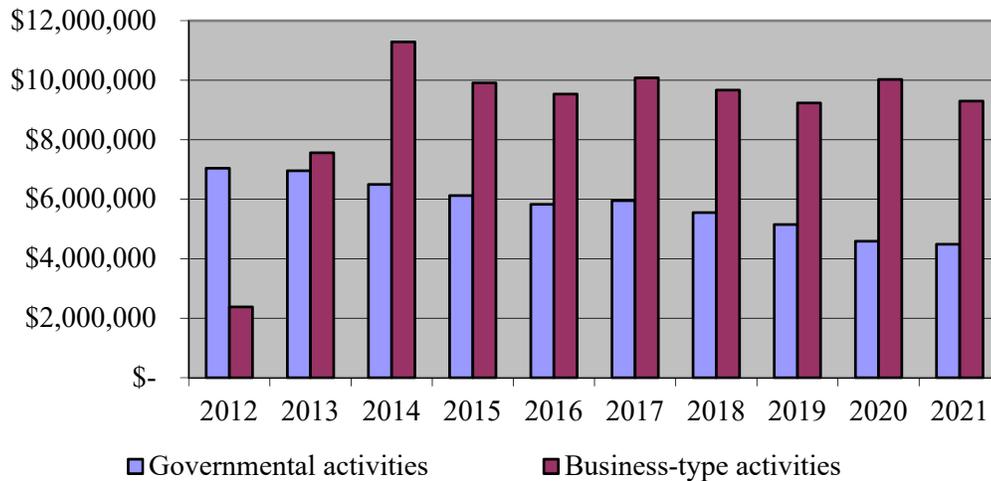
The fiscal year 2021 capital asset activity for business-type activities included the following expenditures:

- Complete engineering and construction of the 210 Wastewater Lift Station reconstruction
- Continue AMI water meter replacement project
- Continue engineering of the Hill Street Lift Station reconstruction
- Incubator for Wastewater Plant
- SBR wasting pump for Wastewater Plant

In fiscal year 2021, long-term debt for the governmental activities decreased \$104,239. Long-term debt for the business-type activities decreased \$728,548. In total, long-term debt outstanding and other liabilities for governmental and business-type activities decreased by \$832,787.

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 plant rehabilitation, water meter replacements, addressing wastewater inflow and infiltration, wastewater line rehabilitation, manhole repairs, wastewater collection system upgrades, street improvements, drainage projects, replacement of worn vehicles and equipment in all departments and deferred maintenance in City facilities continue to be a critical need.

The City paid off the 2001A Water Bonds in FY21, freeing up approximately \$260,000 per year in annual debt service. The water wells, standpipe and tower have all been rehabbed over the past two years and are now under a maintenance plan with a contractor. The City began implementing a full water meter replacement project starting in FY20 and plans to complete the project in FY22. The new meters are also under a maintenance plan with the same contractor. The reconstruction of 210 wastewater lift station was completed in FY20-FY21 and Hill Street wastewater lift station reconstruction is expected to occur in FY22-FY23.

The City hired an engineer to complete a water master plan in FY21-FY22 and intends to ask voters for approval of a G.O. Bond in FY22 for water system upgrades, primarily focusing on waterline replacement and some small water plant upgrades. The City received a significant amount of money from ARPA funds, and will receive the other half in FY22, that it intends to primarily use for the water system upgrade.

The City has focused on replacing outdated equipment and vehicles over recent years and intends to continue the process forward by purchasing replacement large equipment and contracting with Enterprise to assist with fleet management for vehicles.

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

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

The City adopted an Investment Policy in FY20 and approved a firm to begin providing investment services of excess cash when the market is advantageous.

Sales tax has experienced a significant increase during the past two years since COVID-19 began and has remained strong to date.

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

Contacting the City's Financial Management

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

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

CITY OF RICHMOND, MISSOURI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 3,460,585	\$ 2,837,591	\$ 6,298,176
Receivables, net:			
Taxes	480,968	-	480,968
Accounts	-	379,360	379,360
Other	95,932	-	95,932
Restricted cash and cash equivalents	-	920,619	920,619
Inventory	65,566	-	65,566
Net pension asset	1,585,190	509,324	2,094,514
Capital assets, net	10,479,918	18,591,631	29,071,549
Total Assets	16,168,159	23,238,525	39,406,684
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	409,201	29,313	438,514
LIABILITIES			
Accounts payable	52,329	54,263	106,592
Accrued payroll and benefits	119,075	27,144	146,219
Unearned revenue	570,347	-	570,347
Accrued interest	26,462	54,725	81,187
Customer deposits	6,095	254,692	260,787
Noncurrent liabilities:			
Due within one year	502,289	526,438	1,028,727
Due in more than one year	4,099,807	8,798,579	12,898,386
Total Liabilities	5,376,404	9,715,841	15,092,245
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	1,376,497	305,425	1,681,922
NET POSITION			
Net investment in capital assets	6,580,620	9,507,469	16,088,089
Restricted for:			
Perpetual care	109,122	-	109,122
Debt service	284,598	388,127	672,725
Unrestricted	2,850,119	3,350,976	6,201,095
Total Net Position	\$ 9,824,459	\$ 13,246,572	\$ 23,071,031

See accompanying notes to the basic financial statements.

**CITY OF RICHMOND, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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	\$ 544,663	\$ 56,528	\$ 83,498	\$ -	\$ (404,637)	\$ -	\$ (404,637)
Public safety	1,518,283	172,373	6,396	-	(1,339,514)	-	(1,339,514)
Public works	920,096	-	-	-	(920,096)	-	(920,096)
Community development	196,326	27,085	40,000	-	(129,241)	-	(129,241)
Cemetery, parks and recreation	735,125	158,534	542	-	(576,049)	-	(576,049)
Interest on long-term debt	401,917	-	-	-	(401,917)	-	(401,917)
Total governmental activities	4,316,410	414,520	130,436	-	(3,771,454)	-	(3,771,454)
Business-type activities:							
Water	1,462,264	1,326,138	-	-	-	(136,126)	(136,126)
Wastewater	1,545,035	1,741,372	-	-	-	196,337	196,337
Solid waste	302,530	321,019	-	-	-	18,489	18,489
Total business-type activities	3,309,829	3,388,529	-	-	-	78,700	78,700
Total primary government	\$ 7,626,239	\$ 3,803,049	\$ 130,436	\$ -	(3,771,454)	78,700	(3,692,754)
General revenues:							
Property tax					903,498	-	903,498
Sales and use tax					2,695,324	-	2,695,324
Other local taxes					304,579	-	304,579
Franchise taxes					494,462	-	494,462
Interest revenue					30,842	15,261	46,103
Other revenue					68,285	20,357	88,642
Total General revenue					4,496,990	35,618	4,532,608
Change in net position					725,536	114,318	839,854
Net position, beginning of year					9,098,923	13,132,254	22,231,177
Net position, end of year					\$ 9,824,459	\$ 13,246,572	\$ 23,071,031

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	GENERAL	PARK	TRANSPORTATION	DEBT SERVICE	MUNICIPAL COMPLEX	OTHER GOVERNMENTAL FUNDS	TOTALS GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents	\$ 1,932,010	\$ 384,275	\$ 643,156	\$ 282,787	\$ 101,987	\$ 116,370	\$ 3,460,585
Receivables, net:							
Taxes	272,839	52,827	97,049	9,728	48,525	-	480,968
Other	95,932	-	-	-	-	-	95,932
Inventory	<u>65,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,566</u>
Total Assets	<u>\$ 2,366,347</u>	<u>\$ 437,102</u>	<u>\$ 740,205</u>	<u>\$ 292,515</u>	<u>\$ 150,512</u>	<u>\$ 116,370</u>	<u>\$ 4,103,051</u>
LIABILITIES							
Accounts payable	\$ 47,662	\$ 4,225	\$ -	\$ -	\$ -	\$ 442	\$ 52,329
Accrued liabilities	113,388	4,974	713	-	-	-	119,075
Unearned revenue	570,347	-	-	-	-	-	570,347
Municipal court bonds	<u>6,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,095</u>
Total Liabilities	<u>737,492</u>	<u>9,199</u>	<u>713</u>	<u>-</u>	<u>-</u>	<u>442</u>	<u>747,846</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	<u>18,472</u>	<u>3,510</u>	<u>-</u>	<u>7,917</u>	<u>-</u>	<u>-</u>	<u>29,899</u>
FUND BALANCES							
Nonspendable	65,566	-	-	-	-	109,122	174,688
Restricted	-	424,393	739,492	284,598	150,512	6,806	1,605,801
Committed	21,960	-	-	-	-	-	21,960
Unassigned	<u>1,522,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,522,857</u>
Total Fund Balances	<u>1,610,383</u>	<u>424,393</u>	<u>739,492</u>	<u>284,598</u>	<u>150,512</u>	<u>115,928</u>	<u>3,325,306</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,366,347</u>	<u>\$ 437,102</u>	<u>\$ 740,205</u>	<u>\$ 292,515</u>	<u>\$ 150,512</u>	<u>\$ 116,370</u>	<u>\$ 4,103,051</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, 2021

Fund Balances - Total Governmental Funds \$ 3,325,306

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

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

Governmental capital assets	\$ 19,229,514	
Less: accumulated depreciation	<u>(8,749,596)</u>	10,479,918

Net pension asset		1,585,190
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds, as follows:

Deferred outflows of resources	409,201	
Deferred inflows of resources	<u>(1,376,497)</u>	(967,296)

Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the governmental funds.		29,899
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Repayment of long-term debt principal is an expenditure in the governmental funds but it reduces long-term liabilities in the Statement of Net Position:

General obligation bonds	(585,000)	
Lease purchases	<u>(3,899,298)</u>	(4,484,298)

Liabilities for compensated absences are recognized only when paid in the governmental fund statements but are accrued in the government-wide statements.		(117,798)
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Other assets and liabilities not reported at the fund statement level:		
Accrued interest	<u>(26,462)</u>	

Net Position of Governmental Activities \$ 9,824,459

**CITY OF RICHMOND, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	GENERAL	PARK	TRANSPORTATION	DEBT SERVICE	MUNICIPAL COMPLEX	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Sales and use tax	\$ 1,403,966	\$ 322,839	\$ 645,679	\$ -	\$ 322,840	\$ -	\$ 2,695,324
Property tax	519,642	120,680	-	272,094	-	-	912,416
Franchise tax	494,462	-	-	-	-	-	494,462
Licenses and permits	55,129	-	-	-	-	-	55,129
Other local taxes	304,579	-	-	-	-	-	304,579
Fines, tickets and fees	84,093	-	-	-	-	3,442	87,535
Charges for services	161,544	2,710	-	-	-	1,260	165,514
Grants and contributions	141,344	-	-	-	-	-	141,344
Interest revenue	23,510	2,026	1,677	3,126	198	305	30,842
Other revenue	177,160	200	-	-	-	-	177,360
Total Revenues	<u>3,365,429</u>	<u>448,455</u>	<u>647,356</u>	<u>275,220</u>	<u>323,038</u>	<u>5,007</u>	<u>5,064,505</u>
EXPENDITURES:							
Administration	416,149	-	-	14,807	3,178	-	434,134
Public safety	1,533,677	-	-	-	-	4,870	1,538,547
Public works	255,618	-	422,883	-	-	-	678,501
Community development	205,480	-	-	-	-	-	205,480
Cemetery, parks and recreation	335,795	296,580	-	-	-	281	632,656
Capital outlay	153,887	4,180	17,850	-	7,725	-	183,642
Debt service:							
Principal	4,240	-	-	235,000	110,000	-	349,240
Interest and fees	798	-	-	25,304	146,188	-	172,290
Total Expenditures	<u>2,905,644</u>	<u>300,760</u>	<u>440,733</u>	<u>275,111</u>	<u>267,091</u>	<u>5,151</u>	<u>4,194,490</u>
Excess (deficiency) of revenues over expenditures	<u>459,785</u>	<u>147,695</u>	<u>206,623</u>	<u>109</u>	<u>55,947</u>	<u>(144)</u>	<u>870,015</u>
Other financing sources (uses):							
Refunding certificates of participation	-	-	-	-	3,890,000	-	3,890,000
Cost of issuance on refunding certificates of participation	-	-	-	-	(100,756)	-	(100,756)
Payments on refunded certificates of participation	-	-	-	-	(3,785,685)	-	(3,785,685)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,559</u>	<u>-</u>	<u>3,559</u>
Net change in fund balances	<u>459,785</u>	<u>147,695</u>	<u>206,623</u>	<u>109</u>	<u>59,506</u>	<u>(144)</u>	<u>873,574</u>
Fund balance, beginning of year	<u>1,150,598</u>	<u>276,698</u>	<u>532,869</u>	<u>284,489</u>	<u>91,006</u>	<u>116,072</u>	<u>2,451,732</u>
Fund balance, end of year	<u>\$ 1,610,383</u>	<u>\$ 424,393</u>	<u>\$ 739,492</u>	<u>\$ 284,598</u>	<u>\$ 150,512</u>	<u>\$ 115,928</u>	<u>\$ 3,325,306</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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 873,574

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	\$ 183,642	
Depreciation expense	(629,510)	(445,868)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	195,803
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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	(3,890,000)	
Principal payments	3,994,240	
Accrued interest	11,813	116,053

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	(8,918)	
Change in unearned revenue - grants	(10,908)	
Change in unavailable revenue - other	(2,732)	(22,558)

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

Compensated absences payable	8,532
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Change in Net Position of Governmental Activities **\$ 725,536**

CITY OF RICHMOND, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	WATER	WASTEWATER	SOLID WASTE	TOTALS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 642,332	\$ 2,028,997	\$ 166,262	\$ 2,837,591
Receivables, net	146,617	195,205	37,538	379,360
Total current assets	<u>788,949</u>	<u>2,224,202</u>	<u>203,800</u>	<u>3,216,951</u>
Noncurrent assets:				
Restricted cash and cash equivalents	362,086	558,533	-	920,619
Net pension asset	302,726	199,972	6,626	509,324
Capital assets, net	3,978,988	14,592,187	20,456	18,591,631
Total noncurrent assets	<u>4,643,800</u>	<u>15,350,692</u>	<u>27,082</u>	<u>20,021,574</u>
Total assets	<u>5,432,749</u>	<u>17,574,894</u>	<u>230,882</u>	<u>23,238,525</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>8,268</u>	<u>20,665</u>	<u>380</u>	<u>29,313</u>
LIABILITIES				
Current liabilities:				
Current portion of long-term debt	142,188	357,689	-	499,877
Accounts payable	29,237	24,549	477	54,263
Customer deposits payable	254,692	-	-	254,692
Accrued interest	-	54,725	-	54,725
Accrued liabilities:				
Payroll and benefits	15,052	11,914	178	27,144
Compensated absences	13,180	13,381	-	26,561
Total current liabilities	<u>454,349</u>	<u>462,258</u>	<u>655</u>	<u>917,262</u>
Noncurrent liabilities:				
Bonds payable	-	8,136,922	-	8,136,922
Capital lease	330,829	330,828	-	661,657
Total noncurrent liabilities	<u>330,829</u>	<u>8,467,750</u>	<u>-</u>	<u>8,798,579</u>
Total liabilities	<u>785,178</u>	<u>8,930,008</u>	<u>655</u>	<u>9,715,841</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>191,334</u>	<u>107,306</u>	<u>6,785</u>	<u>305,425</u>
NET POSITION				
Net investment in capital assets	3,505,971	5,766,748	20,456	9,293,175
Restricted for debt service	-	388,127	-	388,127
Unrestricted	958,534	2,403,370	203,366	3,565,270
Total net position	<u>\$ 4,464,505</u>	<u>\$ 8,558,245</u>	<u>\$ 223,822</u>	<u>\$ 13,246,572</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, 2021

	<u>WATER</u>	<u>WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Operating revenues:				
Charges for services	\$ <u>1,326,138</u>	\$ <u>1,741,372</u>	\$ <u>321,019</u>	\$ <u>3,388,529</u>
Operating expenses:				
Personnel services	464,550	316,650	43,286	824,486
Contractual services	524,005	366,928	241,544	1,132,477
Materials and supplies	266,430	44,554	14,423	325,407
Depreciation	190,631	448,438	3,069	642,138
Other operating expenses	<u>12,393</u>	<u>1,608</u>	<u>208</u>	<u>14,209</u>
Total operating expenses	<u>1,458,009</u>	<u>1,178,178</u>	<u>302,530</u>	<u>2,938,717</u>
Operating income (loss)	<u>(131,871)</u>	<u>563,194</u>	<u>18,489</u>	<u>449,812</u>
Nonoperating revenues (expenses):				
Interest income	8,756	6,069	436	15,261
Interest expense and fees	(4,255)	(366,857)	-	(371,112)
Other revenue	<u>3,028</u>	<u>17,329</u>	<u>-</u>	<u>20,357</u>
Total nonoperating revenues (expenses)	<u>7,529</u>	<u>(343,459)</u>	<u>436</u>	<u>(335,494)</u>
Net income (loss)	(124,342)	219,735	18,925	114,318
Net position, beginning of year	<u>4,588,847</u>	<u>8,338,510</u>	<u>204,897</u>	<u>13,132,254</u>
Net position, end of year	<u>\$ 4,464,505</u>	<u>\$ 8,558,245</u>	<u>\$ 223,822</u>	<u>\$ 13,246,572</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, 2021

	ENTERPRISE FUNDS			TOTALS
	WATER	WASTEWATER	SOLID WASTE	
Cash flows from operating activities:				
Cash receipts from customers	\$ 1,369,061	\$ 1,816,735	\$ 329,819	\$ 3,515,615
Cash payments to suppliers	(785,577)	(517,871)	(276,154)	(1,579,602)
Cash paid to employees	(507,970)	(335,020)	(44,380)	(887,370)
Net cash provided by operating activities	<u>75,514</u>	<u>963,844</u>	<u>9,285</u>	<u>1,048,643</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(178,578)	(231,113)	-	(409,691)
Principal paid on revenue bonds	(240,000)	(190,000)	-	(430,000)
Principal paid on capital lease	(139,292)	(159,256)	-	(298,548)
Interest and fees paid on debt	(7,255)	(367,790)	-	(375,045)
Net cash used in capital and related financing activities	<u>(565,125)</u>	<u>(948,159)</u>	<u>-</u>	<u>(1,513,284)</u>
Cash flows from investing activities:				
Interest received on cash accounts	10,318	6,069	436	16,823
Other receipts	3,028	17,329	-	20,357
Net cash provided by investing activities	<u>13,346</u>	<u>23,398</u>	<u>436</u>	<u>37,180</u>
Net increase (decrease) in cash and cash equivalents	(476,265)	39,083	9,721	(427,461)
Cash and cash equivalents, beginning of year	<u>1,480,683</u>	<u>2,548,447</u>	<u>156,541</u>	<u>4,185,671</u>
Cash and cash equivalents, end of year	<u>\$ 1,004,418</u>	<u>\$ 2,587,530</u>	<u>\$ 166,262</u>	<u>\$ 3,758,210</u>
Cash and cash equivalents	\$ 642,332	\$ 2,028,997	\$ 166,262	\$ 2,837,591
Restricted cash and cash equivalents	362,086	558,533	-	920,619
Cash and cash equivalents, end of year	<u>\$ 1,004,418</u>	<u>\$ 2,587,530</u>	<u>\$ 166,262</u>	<u>\$ 3,758,210</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (131,871)	\$ 563,194	\$ 18,489	\$ 449,812
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	190,631	448,438	3,069	642,138
Pension expense	(14,975)	(8,878)	(314)	(24,167)
Changes in assets, deferred outflows of resources and liabilities:				
(Increase) decrease in receivables	42,923	75,363	8,800	127,086
(Increase) decrease in prepaid expenses	3,829	3,451	-	7,280
(Increase) decrease in deferred outflows of resources for pensions	(16,223)	(11,270)	(419)	(27,912)
Increase (decrease) in accounts payable	5,743	(108,232)	(19,979)	(122,468)
Increase (decrease) in compensated absences	(5,853)	(255)	-	(6,108)
Increase (decrease) in payroll and benefits	(6,369)	2,033	(361)	(4,697)
Increase in customer deposits payable	7,679	-	-	7,679
Net cash provided by operating activities	<u>\$ 75,514</u>	<u>\$ 963,844</u>	<u>\$ 9,285</u>	<u>\$ 1,048,643</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, 2021

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, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021

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, 2021

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 then. The City has one item that meets this criterion, contributions made to the pension plan in the 2021 fiscal year. In addition to liabilities, the statement of net position will sometimes report a separate section for *Deferred Inflows of Resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has one item that meets this criterion, deferrals of pension expense.

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

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

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

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

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

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

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021

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, 2021, the carrying amount of the City’s deposits was \$6,994,550 and the bank balance was \$7,063,352. Of the bank balance, \$250,000 was covered by federal depository insurance and \$6,813,352 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, 2021.

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, 2021

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	\$ 254,692
Replacement accounts	247
Lease purchase escrow	107,147
	362,086
Wastewater fund:	
Replacement account	63,259
Lease purchase escrow	107,147
Series 2013 Sewer Bonds:	
Principal retirement	105,000
Interest retirement	111,053
Series 2014 Sewer Bonds:	
Principal retirement	90,000
Interest retirement	53,122
Waterworks & Sewerage Revenue	
Bonds, Series A:	
Debt service reserve	28,952
	558,533
Total Proprietary funds	\$ 920,619

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE D - UTILITIES RECEIVABLES

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2021 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	\$ 148,217	\$ 1,600	\$ 146,617
Wastewater	249,205	54,000	195,205
Solid waste	<u>37,738</u>	<u>200</u>	<u>37,538</u>
 Total	 <u>\$ 435,160</u>	 <u>\$ 55,800</u>	 <u>\$ 379,360</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, 2020 on which the fiscal year ended September 30, 2021 levy was based, was \$68,120,061.

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	\$ 0.6795
Park	0.1696
Debt Service	<u>0.3816</u>
Total	<u>\$ 1.2307</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021 were as follows:

	General Fund	Park Fund	Transportation Fund	Debt Service Fund	Municipal Complex Fund	Total
Property tax	\$ 17,239	\$ 4,303	\$ -	\$ 9,728	\$ -	\$ 31,270
Sales and use tax	204,499	48,524	97,049	-	48,525	398,597
Franchise taxes	51,101	-	-	-	-	51,101
	<u>\$272,839</u>	<u>\$ 52,827</u>	<u>\$ 97,049</u>	<u>\$ 9,728</u>	<u>\$ 48,525</u>	<u>\$480,968</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, 2021, the City had the following purchase commitments: comprehensive plan with remaining costs of \$21,960; emergency response plan with remaining costs of \$3,300; limited water system master plan with remaining costs of \$73,594; sludge lagoon cleanout with remaining costs of \$122,400; SCADA computer system upgrades with remaining costs of \$12,750; CIPP and manhole rehab project with remaining costs of \$129,620; AMI meter system project with remaining costs of \$261,985, and engineering costs for the Hill Street Lift Station with remaining costs of \$72,737.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE H - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2021.

	<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	59,334	110,372	169,706	-
Total capital assets, not being depreciated	<u>494,453</u>	<u>110,372</u>	<u>169,706</u>	<u>435,119</u>
Depreciable capital assets:				
Buildings and improvements	14,606,812	73,270	-	14,680,082
Vehicles	708,042	160,816	-	868,858
Equipment	2,959,506	8,890	-	2,968,396
Information systems	201,884	-	2,613	199,271
Office furniture and fixtures	77,788	-	-	77,788
Total capital assets being depreciated	<u>18,554,032</u>	<u>242,976</u>	<u>2,613</u>	<u>18,794,395</u>
Less accumulated depreciation:				
Buildings and improvements	4,552,178	508,399	-	5,060,577
Vehicles	555,855	49,057	-	604,912
Equipment	2,742,266	72,054	-	2,814,320
Information systems	194,611	-	2,613	191,998
Office furniture and fixtures	77,789	-	-	77,789
Total accumulated depreciation	<u>8,122,699</u>	<u>629,510</u>	<u>2,613</u>	<u>8,749,596</u>
Total capital assets being depreciated, net	<u>10,431,333</u>	<u>(386,534)</u>	<u>-</u>	<u>10,044,799</u>
Governmental activities capital assets, net	<u>\$ 10,925,786</u>	<u>\$ (276,162)</u>	<u>\$ 169,706</u>	<u>\$ 10,479,918</u>

Depreciation expense was charged to the governmental activities as follows:

Administration	\$ 154,676
Public safety	100,086
Public works	252,094
Community development	1,081
Cemetery, parks and recreation	121,573
	<u>\$ 629,510</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE H - CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Business-type activities:				
Nondepreciable assets:				
Land and land rights	\$ 385,486	\$ -	\$ -	\$ 385,486
Construction in progress	1,806,446	397,767	924,746	1,279,467
Total capital assets, not being depreciated	<u>2,191,932</u>	<u>397,767</u>	<u>924,746</u>	<u>1,664,953</u>
Capital assets, being depreciated:				
Buildings and improvements	102,203	-	-	102,203
Vehicles	654,871	-	-	654,871
Equipment	756,283	5,149	-	761,432
Information systems	100,839	-	11,287	89,552
Treatment facility	13,875,909	6,775	-	13,882,684
Production and transmission system	9,680,230	924,746	-	10,604,976
Total capital assets being depreciated	<u>25,170,335</u>	<u>936,670</u>	<u>11,287</u>	<u>26,095,718</u>
Less accumulated depreciation:				
Buildings and improvements	47,584	4,482	-	52,066
Vehicles	513,595	38,361	-	551,956
Equipment	493,689	77,027	-	570,716
Information systems	93,320	1,920	11,287	83,953
Treatment facility	3,024,033	270,599	-	3,294,632
Production and transmission system	4,365,968	249,749	-	4,615,717
Total accumulated depreciation	<u>8,538,189</u>	<u>642,138</u>	<u>11,287</u>	<u>9,169,040</u>
Total capital assets being depreciated, net	<u>16,632,146</u>	<u>294,532</u>	<u>-</u>	<u>16,926,678</u>
Business-type activities capital assets, net	<u>\$ 18,824,078</u>	<u>\$ 692,299</u>	<u>\$ 924,746</u>	<u>\$ 18,591,631</u>

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

Water	\$ 190,631
Wastewater	448,438
Solid waste	<u>3,069</u>
	<u>\$ 642,138</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE I - RETIREMENT PLAN

Plan Description

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

Benefits Provided

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

2021 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, 2021, the following employees were covered by the benefit terms:

Retirees and beneficiaries	35
Inactive, nonretired	66
Active employees	<u>47</u>
	<u>148</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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 5.20% General, 12.2% Police and 3.305% Fire of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2021.

Actuarial Assumptions

The total pension liability in the February 28, 2021 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	2.75% to 6.75% including wage inflation for General and Police Division 3.25% to 7.15% including wage inflation for Fire Division
Investment rate of return	7.00%, net of investment and administrative expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the Pub-S-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in February 22, 2021 valuation were based on the 5-year experience study for the period March 1, 2014 through February 29, 2020.

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, 2021

NOTE I - RETIREMENT PLAN (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected 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/Leverage	-25.00%	-0.29%

Discount Rate

The discount rate used to measure the total pension liability is 7.00%. 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 7.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	Current Single Discount		
	1% Decrease <u>6.00%</u>	Rate Assumption <u>7.00%</u>	1% Increase <u>8.00%</u>
Total Pension Liability (TPL)	\$ 7,658,966	\$ 6,622,430	\$ 5,784,277
Plan Fiduciary Net Position	<u>8,716,944</u>	<u>8,716,944</u>	<u>8,716,944</u>
Net Pension Liability/(Asset) (NPL)	<u>\$ (1,057,978)</u>	<u>\$ (2,094,514)</u>	<u>\$ (2,932,667)</u>

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

For the year ended September 30, 2021 the employer recognized pension expense of \$(108,623). 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, 2021

NOTE I - RETIREMENT PLAN (continued)

	<u>General</u>		<u>Police</u>		<u>Fire</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 26,339	\$ (193,184)	\$ 7,314	\$ (132,883)	\$ 45,850	\$ (33,872)
Changes in assumptions	-	(62,827)	-	(4,891)	1,027	(12,475)
Net difference between projected and actual earnings	-	(506,269)	-	(167,530)	-	(245,497)
Employer contributions subsequent to the measurement date *	17,360	-	15,175	-	2,952	-
	<u>\$ 43,699</u>	<u>\$ (762,280)</u>	<u>\$ 22,489</u>	<u>\$ (305,304)</u>	<u>\$ 49,829</u>	<u>\$ (291,844)</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2021.

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

<u>Year Ending</u> <u>June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>		
	<u>General</u>	<u>Police</u>	<u>Fire</u>
2022	\$ (203,726)	\$ (94,575)	\$ (76,957)
2023	(190,346)	(84,960)	(49,188)
2024	(186,415)	(66,906)	(46,796)
2025	(155,454)	(51,549)	(72,026)
2026	-	-	-
Thereafter	-	-	-
Total	<u>\$ (735,941)</u>	<u>\$ (297,990)</u>	<u>\$ (244,967)</u>

Payable to the Pension Plan

At September 30, 2021, the City did not report a payable for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

Pension Plan Fiduciary Net Position

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

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021 was \$6,976,500.

NOTE K - LONG-TERM DEBT

Changes in long-term debt during the year ended September 30, 2021 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 820,000	\$ -	\$ 235,000	\$ 585,000	\$ 240,000
Certificates of participation	3,755,000	3,890,000	3,755,000	3,890,000	140,000
Direct borrowings	13,538	-	4,240	9,298	4,491
Compensated absences	<u>126,330</u>	<u>-</u>	<u>8,532</u>	<u>117,798</u>	<u>117,798</u>
Total Governmental Activities	<u>\$ 4,714,868</u>	<u>\$ 3,890,000</u>	<u>\$ 4,002,772</u>	<u>\$ 4,602,096</u>	<u>\$ 502,289</u>
Business-Type Activities:					
Waterworks & Sewerage Revenue Bonds	\$ 8,802,387	\$ -	\$ 449,964	\$ 8,352,423	\$ 215,500
Direct borrowings	1,224,617	-	278,584	946,033	284,377
Compensated absences	<u>32,669</u>	<u>-</u>	<u>6,108</u>	<u>26,561</u>	<u>26,561</u>
Total Business-Type Activities	<u>\$ 10,059,673</u>	<u>\$ -</u>	<u>\$ 734,656</u>	<u>\$ 9,325,017</u>	<u>\$ 526,438</u>

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

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

On November 3, 2021, the City issued \$4,955,000 Combined Waterworks and Sewerage Refunding Revenue Bonds. These bonds will refund the Series 2013 Combined Waterworks and Sewerage System Revenue Bonds.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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 3.30% to 3.625%	<u>\$ 585,000</u>
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Certificates of participation:

Series 2021 Refunding Certificates of Participation due in varying annual installments through February 2041, interest of .500% to 3.150%	<u>\$ 3,890,000</u>
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Business-type activities long-term debt consists of the following:

Revenue bonds:

Series 2013 Waterworks & Sewerage Revenue Bonds, due in varying annual installments through February 2042, interest of 3.125% to 5.25%	\$ 4,740,000
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Series 2014 Waterworks & Sewerage Revenue Bonds, due in varying annual installments through August 2042, interest of 2.75% to 4.125%	2,770,000
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Combined Waterworks & Sewerage Revenues Bonds Series A (USDA Loan), due in monthly installments of \$3,619 through February 2050, interest at 2.75%	<u>842,423</u>
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	<u>\$ 8,352,423</u>
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CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE K - LONG-TERM DEBT (continued)

Debt service requirements to maturity are:

Year Ending September 30,	Governmental Activities						Business-Type Activities	
	G.O. Bonds		Certificates of Participation		Total		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 240,000	\$ 16,466	\$ 140,000	\$ 167,275	\$ 380,000	\$ 183,741	\$ 215,500	\$ 353,858
2023	255,000	7,885	145,000	94,125	400,000	102,010	225,319	345,250
2024	90,000	1,631	150,000	93,255	240,000	94,886	270,878	335,028
2025	-	-	150,000	91,980	150,000	91,980	281,452	325,067
2026	-	-	150,000	90,180	150,000	90,180	292,042	314,727
2027	-	-	150,000	88,080	150,000	88,080	302,648	303,471
2028	-	-	155,000	85,530	155,000	85,530	313,271	291,185
2029	-	-	155,000	82,585	155,000	82,585	328,911	278,370
2030	-	-	160,000	79,330	160,000	79,330	344,569	264,912
2031	-	-	165,000	75,810	165,000	75,810	355,245	250,212
2032	-	-	165,000	72,015	165,000	72,015	370,939	235,042
2033	-	-	170,000	67,313	170,000	67,313	386,652	219,204
2034	-	-	180,000	62,468	180,000	62,468	402,385	202,396
2035	-	-	180,000	57,338	180,000	57,338	423,138	184,606
2036	-	-	185,000	52,208	185,000	52,208	443,912	165,619
2037	-	-	195,000	46,935	195,000	46,935	459,707	145,812
2038	-	-	195,000	40,793	195,000	40,793	480,524	125,182
2039	-	-	205,000	34,650	205,000	34,650	506,363	102,850
2040	-	-	215,000	28,193	215,000	28,193	527,226	78,568
2041	-	-	220,000	21,420	220,000	21,420	553,112	53,138
2042	-	-	225,000	14,490	225,000	14,490	579,022	26,559
2043	-	-	235,000	7,402	235,000	7,402	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	-	-	-	-	-	-	23,761	1,156
Total	<u>\$ 585,000</u>	<u>\$ 25,982</u>	<u>\$ 3,890,000</u>	<u>\$ 1,453,375</u>	<u>\$ 4,475,000</u>	<u>\$ 1,479,357</u>	<u>\$ 8,352,423</u>	<u>\$ 4,640,341</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021, interest earnings from the 2001A reserve funds totaled \$1,579. 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. The Series 2001A revenue bonds were paid off as of September 30, 2021.

Certificates of Participation

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

	Governmental Activities
Building	\$ 3,611,326
Less: Accumulated depreciation	<u>(1,136,063)</u>
Total	<u><u>\$ 2,475,263</u></u>

NOTE L - DIRECT BORROWINGS

Governmental Funds:

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

Year Ended	Principal	Interest	Total
September 30,			
2022	\$ 4,491	\$ 547	\$ 5,038
2023	<u>4,807</u>	<u>231</u>	<u>5,038</u>
	<u><u>\$ 9,298</u></u>	<u><u>\$ 778</u></u>	<u><u>\$ 10,076</u></u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE L - DIRECT BORROWINGS (continued)

The assets acquired through capital leases are as follows:

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

Business-Type Funds:

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

Year Ended	Principal	Interest	Total
September 30,			
2022	\$ 284,377	\$ 16,813	\$ 301,190
2023	290,290	10,900	301,190
2024	296,327	4,863	301,190
2025	<u>75,039</u>	<u>261</u>	<u>75,300</u>
	<u>\$ 946,033</u>	<u>\$ 261</u>	<u>\$ 978,870</u>

The assets acquired through the capital lease are still under construction and have not been placed in service. The total cost of construction in progress as of September 30, 2021 is \$1,214,330.

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

NOTE M - TAX ABATEMENTS

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

For the year ended September 30, 2021, the City had agreements for abated property taxes totaling \$36,480 under the Chapter 353 program. Under the agreements, the companies have agreed to pay payments in lieu of taxes, which amounts to \$2,929 for fiscal year 2021. The City had agreements for abated property taxes totaling \$27,724 under the Chapter 100 program for the year ended September 30, 2021. The companies have agreed to payments in lieu of taxes under the agreements, which amounted to \$3,123 for fiscal year 2021. For the year ended September 30, 2021, the City had a sales tax rebate agreement with rebates totaling \$8,417.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE N - FUND BALANCES

The following is a summary of the Governmental Fund balances of the City at September 30, 2021.

Classification/Fund	Purpose	
Nonspendable:		
General Fund	Inventory	\$ 65,566
Cemetery trust fund	Cemetery trust fund	<u>109,122</u>
Total Nonspendable		<u>174,688</u>
Restricted:		
Park	Capital improvements	424,393
Other governmental	Police training	6,806
Transportation	Capital improvements	739,492
Debt service	Debt payments	284,598
Municipal complex	Debt payments	<u>150,512</u>
Total Restricted		<u>1,605,801</u>
Committed:		
General Fund	Comprehensive plan	21,960
Unassigned:		
General Fund		<u>1,522,857</u>
Total Fund Balances		<u><u>\$ 3,325,306</u></u>

NOTE O - LITIGATION

As of September 30, 2021, the City is a defendant in a lawsuit. Outcomes cannot be predicted at this time, however, the City is vigorously defending against this claim.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Sales and use tax	\$ 1,165,000	\$ 1,165,000	\$ 1,403,966	\$ 238,966
Property tax	499,815	499,815	501,695	1,880
Franchise tax	508,700	508,700	494,462	(14,238)
Licenses and permits	47,525	49,275	41,166	(8,109)
Other local taxes	287,500	287,000	304,579	17,579
Fines, tickets and fees	102,775	97,325	84,093	(13,232)
Charges for services	164,420	168,820	161,544	(7,276)
Grants and contributions	3,000	8,000	711,691	703,691
Interest revenue	9,800	9,800	23,510	13,710
Other revenue	179,550	174,350	113,731	(60,619)
Total Revenues	<u>2,968,085</u>	<u>2,968,085</u>	<u>3,840,437</u>	<u>872,352</u>
EXPENDITURES:				
Administration	393,280	393,280	437,349	(44,069)
Public safety	1,698,810	1,698,810	1,533,677	165,133
Public works	303,885	303,885	255,618	48,267
Community development	263,455	259,720	205,480	54,240
Cemetery, parks and recreation	575,875	585,610	335,795	249,815
Capital outlay	121,250	115,250	153,887	(38,637)
Debt service:				
Principal	5,040	5,040	4,240	800
Interest and fees	-	-	798	(798)
Total Expenditures	<u>3,361,595</u>	<u>3,361,595</u>	<u>2,926,844</u>	<u>434,751</u>
Net change in fund balance	<u>\$ (393,510)</u>	<u>\$ (393,510)</u>	913,593	<u>\$ 1,307,103</u>
Fund balance, beginning of year - budgetary basis			<u>1,077,888</u>	
Fund balance, end of year - budgetary basis			1,991,481	
GAAP adjustments:				
Receivables:				
Taxes			254,367	
Accounts payable			95,932	
Accounts payable			(47,662)	
Unearned revenue			(570,347)	
Accrued payroll and benefits			<u>(113,388)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 1,610,383</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, 2021

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Sales and use tax	\$ 275,740	\$ 275,050	\$ 318,850	\$ 43,800
Property tax	115,425	116,115	120,680	4,565
Charges for services	1,000	1,000	2,710	1,710
Interest revenue	1,250	1,250	2,026	776
Other revenue	-	-	200	200
Total Revenues	<u>393,415</u>	<u>393,415</u>	<u>444,466</u>	<u>51,051</u>
EXPENDITURES:				
Parks	233,070	233,070	297,324	(64,254)
Capital outlay	107,500	107,500	4,180	103,320
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	<u>340,570</u>	<u>340,570</u>	<u>301,504</u>	<u>39,066</u>
Net change in fund balance	<u>\$ 52,845</u>	<u>\$ 52,845</u>	142,962	<u>\$ 90,117</u>
Fund balance, beginning of year - budgetary basis			<u>241,313</u>	
Fund balance, end of year - budgetary basis			384,275	
GAAP adjustments:				
Receivables:				
Taxes			49,317	
Accounts payable			(4,225)	
Accrued payroll and benefits			<u>(4,974)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 424,393</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, 2021

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES:				
Sales and use tax	\$ 550,100	\$ 550,100	\$ 637,225	\$ 87,125
Interest revenue	<u>1,500</u>	<u>1,500</u>	<u>1,677</u>	<u>177</u>
Total Revenues	<u>551,600</u>	<u>551,600</u>	<u>638,902</u>	<u>87,302</u>
EXPENDITURES:				
Public works	546,715	546,715	423,438	123,277
Capital outlay	<u>15,500</u>	<u>15,500</u>	<u>17,867</u>	<u>(2,367)</u>
Total Expenditures	<u>562,215</u>	<u>562,215</u>	<u>441,305</u>	<u>120,910</u>
Net change in fund balance	<u>\$ (10,615)</u>	<u>\$ (10,615)</u>	197,597	<u>\$ 208,212</u>
Fund balance, beginning of year - budgetary basis			<u>445,559</u>	
Fund balance, end of year - budgetary basis			643,156	
GAAP adjustments:				
Receivables:				
Taxes			97,049	
Accrued payroll and benefits			<u>(713)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 739,492</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, 2021

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Sales and use tax	\$ 275,050	\$ 275,050	\$ 318,613	\$ 43,563
Interest revenue	<u>175</u>	<u>175</u>	<u>198</u>	<u>23</u>
Total Revenues	<u>275,225</u>	<u>275,225</u>	<u>318,811</u>	<u>43,586</u>
EXPENDITURES:				
Administration	10,550	10,550	3,178	7,372
Capital outlay	52,000	52,000	7,725	44,275
Debt service:				
Principal	110,000	110,000	110,000	-
Interest and fees	<u>145,840</u>	<u>145,840</u>	<u>146,188</u>	<u>(348)</u>
Total Expenditures	<u>318,390</u>	<u>318,390</u>	<u>267,091</u>	<u>51,299</u>
Excess (deficiency) of revenues over expenditures	<u>(43,165)</u>	<u>(43,165)</u>	<u>51,720</u>	<u>94,885</u>
Other financing sources (uses):				
Refunding certificates of participation	-	-	3,890,000	3,890,000
Cost of issuance on refunding certificates of participation	-	-	(100,756)	(100,756)
Payments on refunded certificates of participation	<u>-</u>	<u>-</u>	<u>(3,785,685)</u>	<u>(3,785,685)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,559</u>	<u>3,559</u>
Net change in fund balance	<u>\$ (43,165)</u>	<u>\$ (43,165)</u>	55,279	<u>\$ 98,444</u>
Fund balance, beginning of year - budgetary basis			<u>46,708</u>	
Fund balance, end of year - budgetary basis			101,987	
GAAP adjustments:				
Receivables:				
Taxes			<u>48,525</u>	
Fund balances, end of year - GAAP basis			<u>\$ 150,512</u>	

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

Budgetary Process

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

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

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED SEPTEMBER 30,

	2021	2020	2019	2018	2017	2016
Total Pension Liability						
Service Cost	\$ 172,573	\$ 166,404	\$ 154,794	\$ 147,887	\$ 147,645	\$ 143,622
Interest on Total Pension Liability	486,710	448,677	415,701	387,308	367,012	334,717
Changes of Benefit Terms	-	-	-	-	-	-
Difference between expected and actual experience	(448,823)	114,932	75,515	57,371	(56,038)	(51,704)
Changes of Assumptions	(108,738)	-	-	-	-	154,537
Benefit payments, including refunds	(211,799)	(205,238)	(188,768)	(219,389)	(139,562)	(135,923)
Net change in total pension liability	(110,077)	524,775	457,242	373,177	319,057	445,249
Total pension liability - beginning	6,732,507	6,207,732	5,750,490	5,377,313	5,058,256	4,613,007
Total pension liability - ending (a)	<u>\$ 6,622,430</u>	<u>\$ 6,732,507</u>	<u>\$ 6,207,732</u>	<u>\$ 5,750,490</u>	<u>\$ 5,377,313</u>	<u>\$ 5,058,256</u>
Plan fiduciary net position						
Contributions - employer	\$ 143,519	\$ 154,827	\$ 137,459	\$ 134,172	\$ 134,950	\$ 150,079
Contributions - employee	-	-	-	-	-	-
Net investment income	1,896,883	90,611	459,789	729,524	630,563	(7,286)
Benefit payments, including refunds	(211,799)	(205,238)	(188,768)	(219,389)	(139,562)	(135,923)
Pension Plan Administrative Expense	(10,583)	(15,060)	(13,888)	(9,477)	(9,019)	(7,993)
Other (Net Transfers)	(118,727)	(55,553)	39,513	62,538	4,887	(19,993)
Net change in plan fiduciary net position	1,699,293	(30,413)	434,105	697,368	621,819	(21,116)
Plan fiduciary net position - beginning	7,017,651	7,048,064	6,613,959	5,916,591	5,294,772	5,315,888
Plan fiduciary net position - ending (b)	<u>\$ 8,716,944</u>	<u>\$ 7,017,651</u>	<u>\$ 7,048,064</u>	<u>\$ 6,613,959</u>	<u>\$ 5,916,591</u>	<u>\$ 5,294,772</u>
Net pension liability/(asset) - ending (a) - (b)	<u>\$ (2,094,514)</u>	<u>\$ (285,144)</u>	<u>\$ (840,332)</u>	<u>\$ (863,469)</u>	<u>\$ (539,278)</u>	<u>\$ (236,516)</u>
Plan fiduciary net position as a percentage of the total pension liability	131.63%	104.24%	113.54%	115.02%	110.03%	104.68%
Covered-employee payroll	\$ 2,030,820	\$ 2,244,990	\$ 1,968,178	\$ 1,893,077	\$ 1,869,237	\$ 1,955,102
Net pension liability/(asset) as a percentage of covered employee payroll	(103.14)%	(12.70)%	(42.70)%	(45.61)%	(28.85)%	(12.10)%

See accompanying notes to the required supplementary information.

**CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
SEPTEMBER 30, 2021**

<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>
2012	\$ 181,425	\$ 178,572	\$ 2,853	\$ 1,670,824	10.69%
2013	177,373	177,373	-	1,712,829	10.36%
2014	159,771	159,771	-	1,699,066	9.40%
2015	162,249	162,249	-	1,901,167	8.53%
2016	148,524	148,524	-	2,016,399	7.37%
2017	135,052	135,052	-	1,977,078	6.83%
2018	133,846	129,896	3,950	1,998,659	6.50%
2019	139,868	139,868	-	2,045,066	6.84%
2020	155,993	155,993	-	2,216,657	7.04%
2021	139,310	139,310	-	1,984,945	7.02%

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, 2021**

Valuation date:	February 28, 2021
Notes:	The roll-forward of total pension liability from February 28, 2021 to June 30, 2021 reflects expected service cost and interest reduced by actual benefit payments.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 14 to 15 years for General and Fire Division Multiple bases from 9 to 15 years for Police Division
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increases	2.75% to 6.75% including wage inflation for General and Police Division 2.25% to 7.15% including wage inflation for Fire Division
Investment Rate of Return	7.00% net of investment and administrative expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disables Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.
Other information:	None

SUPPLEMENTARY INFORMATION

**CITY OF RICHMOND, MISSOURI
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021**

	<u>SPECIAL REVENUE FUND</u>	<u>PERMANENT FUND</u>	<u>TOTAL OTHER GOVERNMENTAL FUNDS</u>
	<u>POLICE TRAINING</u>	<u>CEMETERY TRUST</u>	
ASSETS			
Cash and cash equivalents	\$ <u>7,248</u>	\$ <u>109,122</u>	\$ <u>116,370</u>
LIABILITIES AND FUND BALANCES			
Liabilities	\$ <u>442</u>	\$ <u>-</u>	\$ <u>442</u>
Fund balances:			
Nonspendable	-	109,122	109,122
Restricted	<u>6,806</u>	<u>-</u>	<u>6,806</u>
Total Fund Balances	<u>6,806</u>	<u>109,122</u>	<u>115,928</u>
Total Liabilities and Fund Balances	<u>\$ 7,248</u>	<u>\$ 109,122</u>	<u>\$ 116,370</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, 2021

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTAL OTHER GOVERNMENTAL FUNDS
	POLICE TRAINING	CEMETERY FUND	
REVENUES:			
Fines, tickets and fees	\$ 3,442	\$ -	\$ 3,442
Charges for services	-	1,260	1,260
Interest revenue	22	283	305
Total Revenues	3,464	1,543	5,007
EXPENDITURES:			
Public safety	4,870	-	4,870
Cemetery	-	281	281
Total Expenditures	4,870	281	5,151
Excess (deficiency) of revenues over expenditures	(1,406)	1,262	(144)
Fund balance, beginning of year	8,212	107,860	116,072
Fund balance, end of year	\$ 6,806	\$ 109,122	\$ 115,928

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 14, 2022.

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 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

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

Westbrook & Co., P.C.

Richmond, Missouri
February 14, 2022

**CITY OF RICHMOND, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

MATERIAL WEAKNESS

2021-001 - CASH RECEIPTS

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

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

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

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

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

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