

CITY OF RICHMOND, MISSOURI

**FINANCIAL STATEMENTS TOGETHER
WITH INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**CITY OF RICHMOND, MISSOURI
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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Richmond, Missouri

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Richmond, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

"Consistently Exceeding Expectations"

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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. Such 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. The 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 basic 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 supplementary information is fairly stated, in all material respects, in relation to the basic 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 November 17, 2025 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, 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.

A handwritten signature in black ink that reads "Westbrook & Co., P.C." in a cursive script.

Richmond, Missouri
November 17, 2025



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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, 2024. Please read this section in conjunction with the City's financial statements, which follow this section.

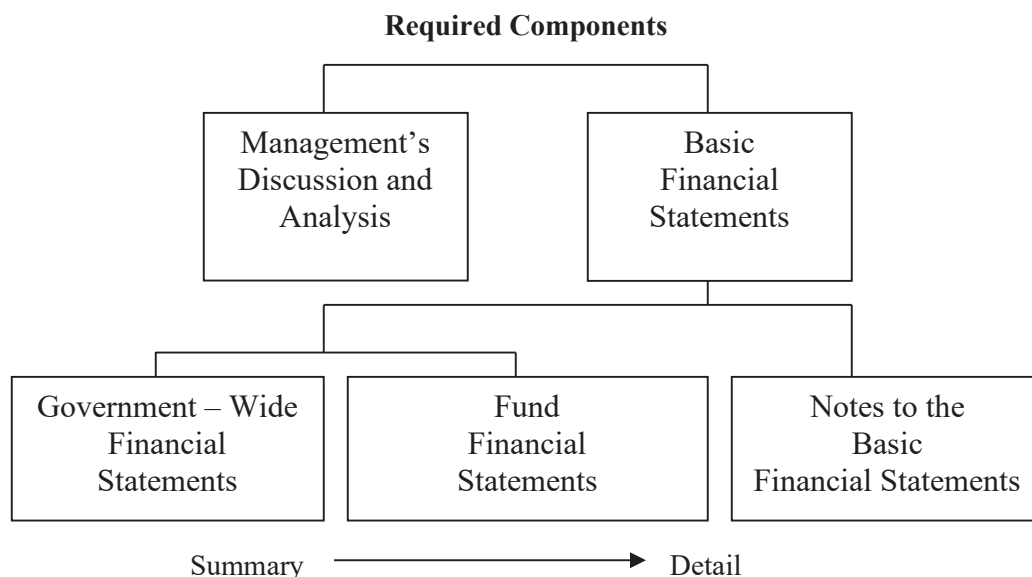
Financial Highlights

- The assets and deferred outflows of the City of Richmond exceeded its liabilities and deferred inflows by \$26,318,171. Of this amount, \$17,978,746 represents the City's net investment in capital assets; \$299,891 is restricted for debt service and \$113,018 is restricted for perpetual care. There is \$4,536,719 of net position unrestricted for governmental activities and \$3,389,797 of net position unrestricted for business-type activities.
- The City's total net position increased \$1,283,876.
- The City's long-term debt decreased approximately \$945,000 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.



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	
	2024	2023	2024	2023	2024	2023
Assets:						
Current & other assets	\$ 10,392,153	\$ 10,798,097	\$ 3,873,629	\$ 3,966,676	\$14,265,782	\$14,764,773
Capital assets, net	<u>11,457,403</u>	<u>11,523,737</u>	<u>18,279,129</u>	<u>18,465,400</u>	<u>29,736,532</u>	<u>29,989,137</u>
Total assets	<u>21,849,556</u>	<u>22,321,834</u>	<u>22,152,758</u>	<u>22,432,076</u>	<u>44,002,314</u>	<u>44,753,910</u>
Deferred outflows of resources	<u>843,384</u>	<u>471,455</u>	<u>141,087</u>	<u>42,994</u>	<u>984,471</u>	<u>514,449</u>
Liabilities:						
Other liabilities	1,224,442	1,611,475	844,144	1,124,171	2,068,586	2,735,646
Long-term liabilities	<u>8,611,877</u>	<u>8,979,252</u>	<u>7,422,299</u>	<u>7,820,780</u>	<u>16,034,176</u>	<u>16,800,032</u>
Total liabilities	<u>9,836,319</u>	<u>10,590,727</u>	<u>8,266,443</u>	<u>8,944,951</u>	<u>18,102,762</u>	<u>19,535,678</u>
Deferred inflows of resources	<u>565,862</u>	<u>635,021</u>	<u>-</u>	<u>63,365</u>	<u>565,862</u>	<u>698,386</u>
Net position:						
Net investment in capital assets	7,536,449	7,285,752	10,442,297	10,017,792	17,978,746	17,303,544
Restricted	217,601	205,425	195,308	190,965	412,909	396,390
Unrestricted	<u>4,536,719</u>	<u>4,076,364</u>	<u>3,389,797</u>	<u>3,257,997</u>	<u>7,926,516</u>	<u>7,334,361</u>
Total net position	<u>\$ 12,290,769</u>	<u>\$ 11,567,541</u>	<u>\$ 14,027,402</u>	<u>\$ 13,466,754</u>	<u>\$ 26,318,171</u>	<u>\$ 25,034,295</u>

Net position may serve over time as a useful indicator of a government's financial position. As shown in Figure 1, the City's combined net position increased to \$26,318,171, from \$25,034,295, as a result of the increase in net position reflected in Figure 2. For the years ended September 30, 2024 and 2023, net position of the City changed as follows:

Figure 2

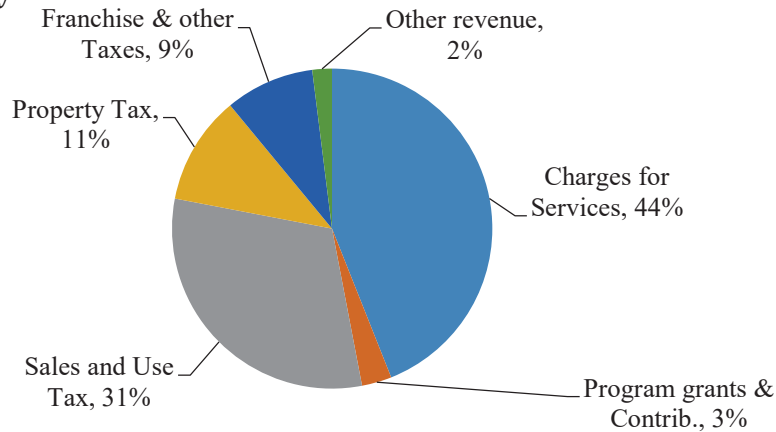
City of Richmond's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues:						
Charges for services	\$ 520,264	\$ 428,003	\$ 3,975,741	\$ 3,902,218	\$ 4,496,005	\$ 4,330,221
Operating grants and contributions	45,657	16,735	-	-	45,657	16,735
Capital grants	259,364	604,929	-	-	259,364	604,929
General Revenues:						
Property taxes	1,086,574	1,043,158	-	-	1,086,574	1,043,158
Sales and use tax	3,171,475	2,959,611	-	-	3,171,475	2,959,611
Franchise and other taxes	900,681	918,085	-	-	900,681	918,085
Interest revenue	40,789	37,013	7,770	7,954	48,559	44,967
Other revenue	97,761	269,652	90,883	32,957	188,644	302,609
Total Revenues	<u>6,122,565</u>	<u>6,277,186</u>	<u>4,074,394</u>	<u>3,943,129</u>	<u>10,196,959</u>	<u>10,220,315</u>
Expenses						
Administration	630,417	938,021	-	-	630,417	938,021
Public safety	2,422,242	1,948,991	-	-	2,422,242	1,948,991
Public works	797,492	976,082	-	-	797,492	976,082
Community development	227,407	237,328	-	-	227,407	237,328
Cemetery, parks, & recreation	933,683	867,328	-	-	933,683	867,328
Interest on long-term debt	331,898	313,741	-	-	331,898	313,741
Water	-	-	1,529,988	1,630,432	1,529,988	1,630,432
Wastewater	-	-	1,656,334	1,774,255	1,656,334	1,774,255
Solid Waste	-	-	383,622	352,797	383,622	352,797
Total Expenses	<u>5,343,139</u>	<u>5,281,491</u>	<u>3,569,944</u>	<u>3,757,484</u>	<u>8,913,083</u>	<u>9,038,975</u>
Transfers	<u>(56,198)</u>	<u>-</u>	<u>56,198</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	723,228	995,695	560,648	185,645	1,283,876	1,181,340
Beginning net position	<u>11,567,541</u>	<u>10,571,846</u>	<u>13,466,754</u>	<u>13,281,109</u>	<u>25,034,295</u>	<u>23,852,955</u>
Ending net position	<u>\$ 12,290,769</u>	<u>\$11,567,541</u>	<u>\$ 14,027,402</u>	<u>\$ 13,466,754</u>	<u>\$ 26,318,171</u>	<u>\$ 25,034,295</u>

For the fiscal year ended September 30, 2024, government-wide revenues totaled \$10,196,959. Approximately 44% of all revenues are from charges for services, and 31% is from sales and use tax. See Figure 3.

Figure 3

City of Richmond - Sources of Revenue

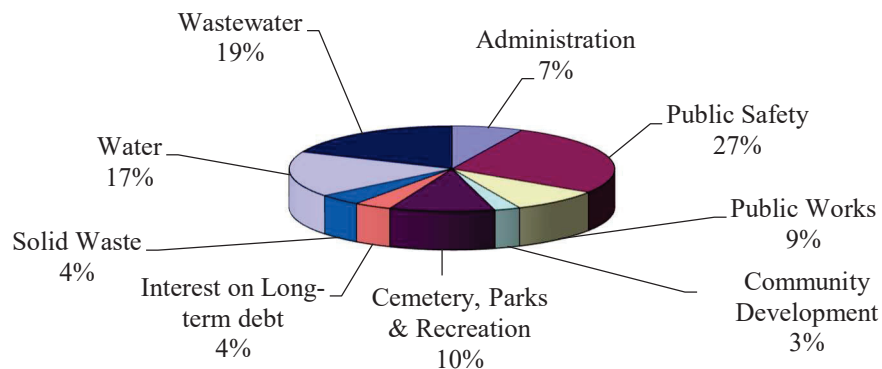


Charges for services are derived from users of the City's programs such as governmental programs and from fees from the users of the City's solid waste, water and wastewater operations.

The next largest revenue source for the entire City is sales and use tax. During the 2024 fiscal year sales and use tax revenues were \$3,171,475. 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 40% of all City expenses during the 2024 fiscal year were related to the three business-type activities, solid waste, water and wastewater. The second largest expenditure in 2024 was public safety at 27%. 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 \$723,228. For the fiscal year ended September 30, 2024, revenues totaled \$10,196,959 (governmental and business-type). Revenues from governmental activities were \$6,122,565 or 60% of the total city revenue.

Certain revenues are generated that are specific to governmental program activities. These totaled \$825,285. Figure 5 shows expenses and program revenues of the governmental activities for the years ended September 30, 2024 and 2023:

Figure 5

Net Cost of City of Richmond's Governmental Activities

	2024			2023		
	Cost of Services	Program Revenue	Net Cost of Services	Cost of Services	Program Revenue	Net Cost of Services
Administration	\$ 630,417	\$ 41,639	\$ 588,778	\$ 938,021	\$ 67,693	\$ 870,328
Public Safety	2,422,242	234,239	2,188,003	1,948,991	180,178	1,768,813
Public Works	797,492	258,864	538,628	976,082	570,392	405,690
Community Development	227,407	87,087	140,320	237,328	56,209	181,119
Cemetery, Parks & Recreation	933,683	203,456	730,227	867,328	175,195	692,133
Interest on long-term debt	331,898	-	331,898	313,741	-	313,741
Total	<u>\$ 5,343,139</u>	<u>\$ 825,285</u>	<u>\$ 4,517,854</u>	<u>\$ 5,281,491</u>	<u>\$ 1,049,667</u>	<u>\$ 4,231,824</u>

As noted in Figure 5, expenses from governmental activities totaled \$5,343,139. However, the net cost of these services was \$4,517,854. The difference represents direct revenues from charges for services of \$520,264, grants and contributions of \$305,021. Taxes and other revenues were collected to cover these net costs.

Business-Type Activities

Business-type activities increased the City's net position by \$560,648. Key elements of the change in net position are as follows:

- Solid waste operating revenue increased \$56,026 from the prior year, and operating expenses increased \$30,825. Last year, the solid waste fund net position increased \$11,767. This year the solid waste fund net position increased \$35,685. The City entered into a new solid waste collection contract in May 2024 following a competitive bid process. The updated agreement included a modest increase in the service rate charged by the contractor, which was passed through to customers effective July 1, 2024. The increase in both revenue and expenses reflects the revised contract terms. Overall, the Solid Waste Fund's net position remained stable compared to the prior year.
- Water operating revenue decreased \$24,102 from the prior year, and operating expenses decreased \$97,928. Last year the Water Fund net position increased \$225,651. This year the Water Fund net position increased by \$359,168. The City implemented a \$0.50 per 1,000-gallon water rate adjustment in November 2023 to support ongoing operational and maintenance needs. Water operating revenue decreased slightly from the prior year, while operating expenses also declined due to lower overall operational expenditures during the fiscal year. Payroll adjustments associated with the compensation and classification study and higher costs for treatment chemicals, including lime, carbon dioxide (CO₂), and chlorine, were partially offset by reduced spending in other expense categories. During FY24, the City concentrated efforts on preparing for the Water Plant Rehabilitation Project

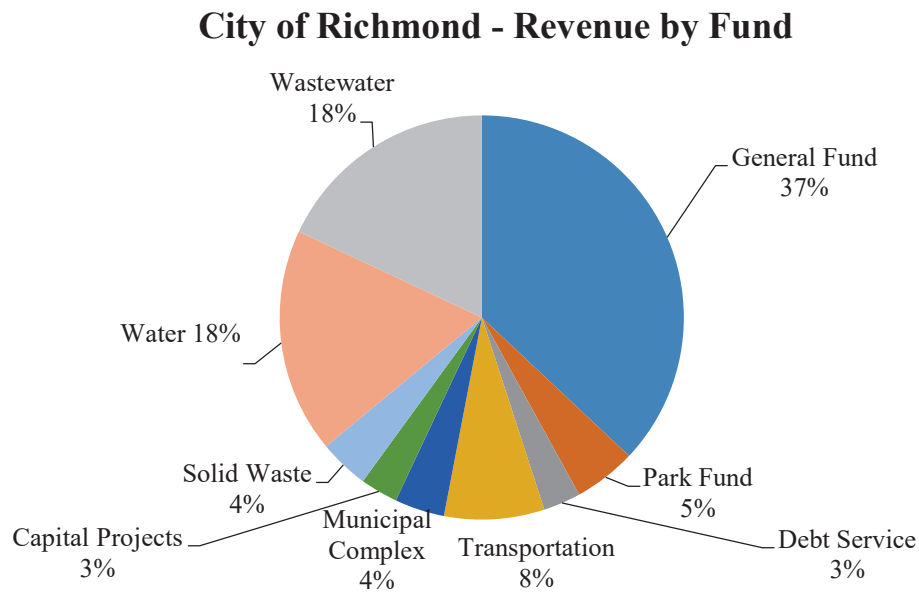
and advancing system improvements identified in the Water Master Plan. Work with the City's engineering consultant focused on design coordination and preconstruction planning to ensure uninterrupted service during the rehabilitation process. Improvements also continued within the distribution system, including the installation of additional EZ valves to enhance system isolation, reduce service interruptions during repairs, and improve long-term maintenance capabilities. Routine maintenance of wells, towers, and distribution lines continued under established service contracts, emphasizing preventive maintenance and system reliability. The Water Fund ended the year with improved financial capacity, as stable consumption levels, cost management, and strategic rate adjustments contributed to the overall increase in net position during FY24.

- Wastewater operating revenue increased \$41,599 from the prior year, and operating expenses decreased \$105,768. This year the Wastewater Fund net position increased \$165,795, compared to a decrease of \$51,773 in FY23. Revenues remain consumption-based, with year-to-year fluctuations of approximately three percent, consistent with historical trends. In FY24, operating activity returned to normal levels following the elevated repair and maintenance costs experienced in FY23. Routine expenditures for lift station and plant maintenance declined, as several major repair projects were completed in the prior year. Overall operating costs stabilized due to lower equipment maintenance expenses and steady utility operations throughout the fiscal year. The increase in net position in FY24 primarily reflects the reduction of nonrecurring maintenance costs and the stabilization of operating expenses following completion of the Hill Street Lift Station Project. The Hill Street Lift Station reached substantial completion during FY2024, and design and electrical upgrades commenced for the Lisa Lane Lift Station, which will continue into FY25.

Financial Analysis of the City's Funds

The City of Richmond's governmental funds reported combined ending fund balances of \$9,422,690, an increase of \$576,011 over the prior year. The fund balance of the General decreased \$58,929 in fiscal year 2024. Last year, the General Fund decreased \$242,694. The decrease in fund balance in the General Fund was primarily due to a decrease in other revenue. Despite the modest decline, the General Fund continues to maintain an adequate reserve consistent with the City's financial policy. The fund balance of the Park Fund increased from \$435,221 in FY2023 to \$620,477 in FY2024. The fund balance of the Transportation Fund increased from \$951,131 to \$1,457,648. Both of these increases relate to the City receiving more tax revenue than the amount expended for projects in these funds. The fund balance of the Municipal Complex Fund decreased from \$263,537 in FY2023 to \$217,994 in FY2024 primarily due to capital outlay expenditures. The fund balance of the Capital Projects Fund decreased \$5,165,173 in FY2023 to \$5,139,642 in FY2024.

Figure 6



Budgetary Highlights

The General Fund budget was amended during the year. Major reasons for amendments are as follows:

- The original revenue budget for the General Fund of \$3,801,810 decreased to \$3,799,183. The decrease in the amount of \$2,627 was due to the following:
 - Increase in property tax, use tax, building permit fees, grants, pool rental revenue, and the sale of vehicles. The primary reason the FY24 overall revenues decreased was due to the reduction of the gym floor revenue that was recognized in FY23.
- The original expense budget for the General Fund of \$4,197,732 increased to \$4,329,935. The increase in the amount of \$132,203 was due to the following:
 - Personnel cost, vehicle repairs, building & grounds repairs, contracted services, equipment repair, property insurance, computer software & hardware, copier expense, safety equipment, and hand tools & hardware.

The actual amounts for the General Fund on the budgetary basis was \$3,844,481 in revenue and other financing sources versus \$3,813,790 in expenses and other financing uses. The net change to the General Fund balance at the end of the year on the budgetary basis is an increase of \$30,691.

Capital Assets and Debt Administration

The fiscal year 2024 capital asset activity for governmental activities included the following expenditures:

- Installed a new Teraflex flooring system in the City Gymnasium and added tinted windows and installed air diverters.
- Repaired and replaced the north wall of the Municipal Complex.
- Repaired and replaced the main line in the pool bathroom.
- Purchased six (6) HVAC rooftop units for the Municipal Complex.
- Completed the Community Welcome Sign Project.
- Began the pool slide repair project.

- Completed the Disc Golf Course Project.
- Began development of the Parks Master Plan through an outside consultant, with completion anticipated in FY2025.
- Constructed additional sidewalks at Southview Park
- Purchased a 2024 Ford flatbed truck, jointly funded by governmental and business-type activities.
-

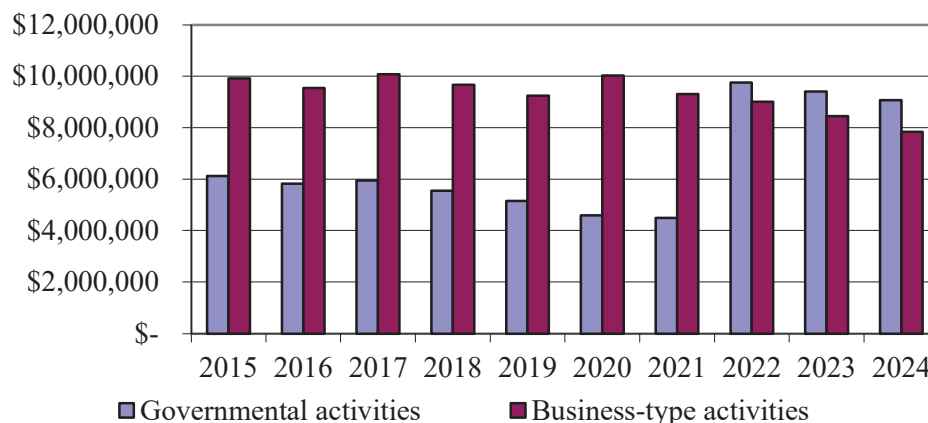
The fiscal year 2024 capital asset activity for business-type activities included the following expenditures:

- Installed three (3) inserta valves to allow for necessary water line repairs without requiring outside contract labor to stop the flow of water in affected areas.
- Replaced SBR blower motors at the wastewater treatment plant.
- Began implementation of the Waterline Replacement and Water Plant Rehabilitation Project, with construction on the water plant rehabilitation phase scheduled to commence in FY2025.
- Continued progress on the Hill Street Lift Station Project, with substantial completion achieved in FY2024.
- Completed the High Service Pump Project at the water plant.
- Purchased a 2024 Ford flatbed truck, jointly funded by governmental and business-type activities.
- Replaced the Variable Frequency Drive (VFD) at Well #3.
- Purchased a 2023 John Deere mower for use at the utility facilities.
- Installed a new metric motor.
- Repaired and rebuilt Pumps #1 and #2 at the wastewater treatment plant.
- Replaced a 5-HP grinder pump at the Grinder Lift Station.
- Began an upgrade project to extend three-phase electrical power to the Lisa Lane Lift Station; full rehabilitation of the lift station will begin in FY2025.
- Replaced three (3) VFDs at the South Influent Wastewater Treatment Plant.
- Replaced VFDs for Pumps #1 and #2 at the 210 Lift Station.

In fiscal year 2024, long-term debt for the governmental activities decreased \$342,562. Long-term debt for the business-type activities decreased \$610,776. In total, long-term debt outstanding for governmental and business-type activities decreased by \$953,338.

Figure 7

City of Richmond Long-Term Debt



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

During fiscal year 2024, the City of Richmond continued to make significant progress in strengthening its infrastructure, improving operational efficiency, and reinforcing its long-term financial stability. Major capital projects advanced during the year, including the Water Plant Rehabilitation Project and the Water Main Replacement Project, both funded through the 2022 General Obligation Bonds and supplemented with ARPA funds and system revenues. These projects represent the largest reinvestment in the City's water system in decades and are expected to substantially improve reliability, water quality, and operational performance.

The City began planning and design for improvements to the Lisa Lane Lift Station, including an upgrade to three-phase electrical service and design of new pumps, electrical controls, and integration with the wastewater system's SCADA monitoring network. Work at the Wastewater Treatment Plant included blower replacements and variable frequency drive (VFD) installations to improve energy efficiency and reduce maintenance costs. The City also continued to address inflow and infiltration within the wastewater collection system.

The City's long-term debt position improved in FY24. The Series 2011 General Obligation Bonds were satisfied on March 1, 2024, and the debt for the automated meter replacement project is scheduled to be fully retired on December 30, 2024 (FY25). The retirement of these obligations reduces annual debt service and provides additional capacity to fund future capital needs from operating revenues.

To strengthen financial planning and transparency, the City implemented Waterworth, a cloud-based utility management software that provides continuous monitoring of utility revenues, expenditures, and long-term capital forecasting. This system allows staff to model rate structures and project operational and capital costs, supporting data-driven financial planning for the water and wastewater systems.

The City invested in several facility and fleet improvements during the year, including completion of a section of the Municipal Complex roof and replacement of the City Gymnasium floor. One replacement vehicle was added to the fleet to improve reliability and reduce maintenance needs.

Community and neighborhood improvement programs remained a strong focus. The Restore Richmond, Sidewalk Improvement, and Drainage Tube programs continued to provide cost-sharing opportunities for residents making property and safety improvements. The City collaborated with United Fiber to expand broadband internet service within city limits, with installation work beginning during FY24. The City completed the Community Welcome Sign Project during FY24 and initiated work to engage a consultant to develop a Parks and Recreation Master Plan, which will establish long-term priorities for park maintenance, facility upgrades, and future recreational development. The City also continued to monitor progress toward goals established in the Comprehensive Plan to ensure development aligns with infrastructure capacity and community needs.

The City continued to work with developers, regional agencies, and business owners to encourage investment and redevelopment within the community. Coordination with the Richmond Redevelopment Corporation (RRC) remained ongoing to administer existing tax abatement projects and support property redevelopment efforts. The City also pursued state and regional grant opportunities to assist with infrastructure and community enhancement projects and updated public information materials to reflect current development incentives and available sites.

Sales tax revenues remained strong throughout FY24, continuing the steady growth trend that has benefited the City since the pandemic recovery period. The City also continued progress on its cash flow analysis and investment laddering schedule to guide future investment decisions and ensure that surplus funds are managed efficiently and in accordance with the adopted Investment Policy.

Fiscal year 2024 reflected continued progress toward the City's long-term goals. The advancement of major utility and facility projects, retirement of long-term debt, implementation of financial planning tools, and continued commitment to infrastructure and neighborhood reinvestment have positioned the City to maintain a strong financial position and sustain essential public services in future years.

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
Misti Holloway, Finance Director

CITY OF RICHMOND, MISSOURI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,176,905	\$ 2,504,025	\$ 6,680,930
Receivables, net:			
Taxes	609,813	-	609,813
Accounts	-	497,129	497,129
Other	13,344	-	13,344
Prepaid expenses	22,103	66,534	88,637
Restricted cash and cash equivalents	5,139,642	605,058	5,744,700
Inventory	65,147	-	65,147
Net pension asset	365,209	200,883	566,092
Capital assets, net	11,457,403	18,279,129	29,736,532
Total Assets	21,849,566	22,152,758	44,002,324
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	843,384	141,087	984,471
LIABILITIES			
Accounts payable	72,473	34,644	107,117
Accrued payroll and benefits	206,880	44,539	251,419
Unearned revenue	287,124	-	287,124
Accrued interest	39,562	34,124	73,686
Customer deposits	1,600	268,267	269,867
Noncurrent liabilities:			
Net pension liability	-	3,180	3,180
Due within one year	616,803	462,570	1,079,373
Due in more than one year	8,611,877	7,419,119	16,030,996
Total Liabilities	9,836,319	8,266,443	18,102,762
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	565,862	-	565,862
NET POSITION			
Net investment in capital assets	7,536,449	10,442,297	17,978,746
Restricted for:			
Perpetual care	113,018	-	113,018
Debt service	104,583	195,308	299,891
Unrestricted	4,536,719	3,389,797	7,926,516
Total Net Position	\$ 12,290,769	\$ 14,027,402	\$ 26,318,171

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental activities:							
Administration	\$ 630,417	\$ 41,639	\$ -	\$ -	\$ (588,778)	\$ -	\$ (588,778)
Public safety	2,422,242	193,587	40,652	-	(2,188,003)	-	(2,188,003)
Public works	797,492	-	-	258,864	(538,628)	-	(538,628)
Community development	227,407	87,087	-	-	(140,320)	-	(140,320)
Cemetery, parks and recreation	933,683	197,951	5,005	500	(730,227)	-	(730,227)
Interest on long-term debt	331,898	-	-	-	(331,898)	-	(331,898)
Total governmental activities	5,343,139	520,264	45,657	259,364	(4,517,854)	-	(4,517,854)
Business-type activities:							
Water	1,529,988	1,824,946	-	-	-	294,958	294,958
Wastewater	1,656,334	1,731,987	-	-	-	75,653	75,653
Solid waste	383,622	418,808	-	-	-	35,186	35,186
Total business-type activities	3,569,944	3,975,741	-	-	-	405,797	405,797
Total primary government	\$ 8,913,083	\$ 4,496,005	\$ 45,657	\$ 259,364	(4,517,854)	405,797	(4,112,057)
		General revenues:					
		Property tax			1,086,574	-	1,086,574
		Sales and use tax			3,171,475	-	3,171,475
		Other local taxes			367,382	-	367,382
		Franchise taxes			533,299	-	533,299
		Interest revenue			40,789	7,770	48,559
		Other revenue			97,761	90,883	188,644
		Total General revenues			5,297,280	98,653	5,395,933
		Transfers			(56,198)	56,198	-
		Change in net position			723,228	560,648	1,283,876
		Net position, beginning of year			11,567,541	13,466,754	25,034,295
		Net position, end of year			\$ 12,290,769	\$ 14,027,402	\$ 26,318,171

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	GENERAL	PARK	TRANSPORTATION	DEBT SERVICE	MUNICIPAL COMPLEX	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTALS GOVERNMENTAL FUNDS
ASSETS								
Cash and cash equivalents	\$ 1,863,979	\$ 572,584	\$ 1,342,259	\$ 102,378	\$ 155,344	\$ 5,157,283	\$ 122,720	\$ 9,316,547
Receivables, net:								
Taxes	341,277	67,872	125,300	12,714	62,650	-	-	609,813
Other	13,344	-	-	-	-	-	-	13,344
Inventory	65,147	-	-	-	-	-	-	65,147
Prepaid expenses	20,081	919	1,103	-	-	-	-	22,103
Total Assets	<u>\$ 2,303,828</u>	<u>\$ 641,375</u>	<u>\$ 1,468,662</u>	<u>\$ 115,092</u>	<u>\$ 217,994</u>	<u>\$ 5,157,283</u>	<u>\$ 122,720</u>	<u>\$ 10,026,954</u>
LIABILITIES								
Accounts payable	\$ 45,673	\$ 9,066	\$ 93	\$ -	\$ -	\$ 17,641	\$ -	\$ 72,473
Accrued liabilities	188,454	7,505	10,921	-	-	-	-	206,880
Unearned revenue	287,124	-	-	-	-	-	-	287,124
Municipal court bonds	1,600	-	-	-	-	-	-	1,600
Total Liabilities	<u>522,851</u>	<u>16,571</u>	<u>11,014</u>	<u>-</u>	<u>-</u>	<u>17,641</u>	<u>-</u>	<u>568,077</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes/other	21,351	4,327	-	10,509	-	-	-	36,187
FUND BALANCES								
Nonspendable	85,228	919	1,103	-	-	-	113,018	200,268
Restricted	-	619,558	1,456,545	104,583	217,994	5,139,642	9,702	7,548,024
Unassigned	1,674,398	-	-	-	-	-	-	1,674,398
Total Fund Balances	<u>1,759,626</u>	<u>620,477</u>	<u>1,457,648</u>	<u>104,583</u>	<u>217,994</u>	<u>5,139,642</u>	<u>122,720</u>	<u>9,422,690</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,303,828</u>	<u>\$ 641,375</u>	<u>\$ 1,468,662</u>	<u>\$ 115,092</u>	<u>\$ 217,994</u>	<u>\$ 5,157,283</u>	<u>\$ 122,720</u>	<u>\$ 10,026,954</u>

CITY OF RICHMOND, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Fund Balances - Total Governmental Funds \$ 9,422,690

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	\$ 22,132,377	
Less: accumulated depreciation	<u>(10,674,974)</u>	11,457,403

Net pension asset		365,209
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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	843,384	
Deferred inflows of resources	<u>(565,862)</u>	277,522

Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the governmental funds.		36,187
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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	(4,970,000)	
Lease purchases	(3,852,422)	
Right to use leases	(179,806)	
Subscription-based information technology liabilities	<u>(58,368)</u>	(9,060,596)

Liabilities for compensated absences are recognized only when paid in the governmental fund statements but are accrued in the government-wide statements.		(168,084)
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Other assets and liabilities not reported at the fund statement level:

Accrued interest		<u>(39,562)</u>
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Net Position of Governmental Activities		<u>\$ 12,290,769</u>
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CITY OF RICHMOND, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

REVENUES:	GENERAL	PARK	TRANSPORTATION	DEBT SERVICE	MUNICIPAL COMPLEX	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Sales and use tax	\$ 1,633,472	\$ 384,501	\$ 769,001	\$ -	\$ 384,501	\$ -	\$ -	\$ 3,171,475
Property tax	604,214	140,201	-	344,194	-	-	-	1,088,609
Franchise tax	538,019	-	-	-	-	-	-	538,019
Licenses and permits	98,152	-	-	-	-	-	-	98,152
Other local taxes	367,382	-	-	-	-	-	-	367,382
Fines, tickets and fees	78,872	-	-	-	-	-	-	78,872
Charges for services	228,134	2,752	-	-	-	-	5,068	83,940
Grants and contributions	44,557	1,600	-	-	-	258,864	1,579	232,465
Interest revenue	14,535	3,458	2,870	5,557	807	13,249	313	305,021
Other revenue	202,866	600	-	-	-	-	-	40,789
Total Revenues	3,810,203	533,112	771,871	349,751	385,308	272,113	6,960	6,129,318
EXPENDITURES:								
Administration	407,158	-	-	17,648	11,212	1,248	-	437,266
Public safety	2,079,467	-	-	-	-	-	3,027	2,082,494
Public works	277,283	-	263,766	-	-	-	-	541,049
Community development	218,994	-	-	-	-	-	-	218,994
Cemetery, parks and recreation	447,177	326,974	-	-	-	-	287	774,438
Capital outlay	320,170	11,595	21,122	-	174,635	240,198	-	767,720
Debt service:								
Principal	154,296	6,309	1,247	120,000	150,000	-	-	431,852
Interest and fees	32,757	2,978	341	201,508	95,004	-	-	332,588
Total Expenditures	3,937,302	347,856	286,476	339,156	430,851	241,446	3,314	5,586,401
Excess (deficiency) of revenues over expenditures	(127,099)	185,256	485,395	10,595	(45,543)	30,667	3,646	542,917
Other financing sources (uses):								
Lease proceeds	68,170	-	21,122	-	-	-	-	89,292
Transfers	-	-	-	-	-	(56,198)	-	(56,198)
Total other financing sources (uses)	68,170	-	21,122	-	-	(56,198)	-	33,094
Net change in fund balances	(58,929)	185,256	506,517	10,595	(45,543)	(25,531)	3,646	576,011
Fund balance, beginning of year	1,818,555	435,221	951,131	93,988	263,537	5,165,173	119,074	8,846,679
Fund balance, end of year	\$ 1,759,626	\$ 620,477	\$ 1,457,648	\$ 104,583	\$ 217,994	\$ 5,139,642	\$ 122,720	\$ 9,422,690

CITY OF RICHMOND, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 576,011

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	\$ 767,720	
Depreciation and amortization expense	<u>(834,054)</u>	(66,334)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		(119,442)
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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	(89,292)	
Principal payments	431,852	
Accrued interest	<u>690</u>	343,250

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	(2,035)	
Change in unavailable revenue - other	<u>(4,720)</u>	(6,755)

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		<u>(3,502)</u>
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Change in Net Position of Governmental Activities **\$ 723,228**

CITY OF RICHMOND, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	WATER	WASTEWATER	SOLID WASTE	TOTALS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 898,462	\$ 1,423,514	\$ 182,049	\$ 2,504,025
Receivables, net	225,226	211,416	60,487	497,129
Prepaid expenses	4,147	31,334	31,053	66,534
Total current assets	<u>1,127,835</u>	<u>1,666,264</u>	<u>273,589</u>	<u>3,067,688</u>
Noncurrent assets:				
Restricted cash and cash equivalents	319,380	285,678	-	605,058
Net pension asset	106,191	94,692	-	200,883
Capital assets, net	3,819,038	14,444,730	15,361	18,279,129
Total noncurrent assets	<u>4,244,609</u>	<u>14,825,100</u>	<u>15,361</u>	<u>19,085,070</u>
Total assets	<u>5,372,444</u>	<u>16,491,364</u>	<u>288,950</u>	<u>22,152,758</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>73,206</u>	<u>61,352</u>	<u>6,529</u>	<u>141,087</u>
LIABILITIES				
Current liabilities:				
Current portion of long-term debt	39,906	377,807	-	417,713
Accounts payable	26,185	8,389	70	34,644
Customer deposits payable	268,267	-	-	268,267
Accrued interest	-	34,124	-	34,124
Accrued liabilities:				
Payroll and benefits	23,956	18,373	2,210	44,539
Compensated absences	27,023	17,834	-	44,857
Total current liabilities	<u>385,337</u>	<u>456,527</u>	<u>2,280</u>	<u>844,144</u>
Noncurrent liabilities:				
Bonds payable	-	7,403,111	-	7,403,111
Finance lease liability	16,008	-	-	16,008
Net pension liability	-	-	3,180	3,180
Total noncurrent liabilities	<u>16,008</u>	<u>7,403,111</u>	<u>3,180</u>	<u>7,422,299</u>
Total liabilities	<u>401,345</u>	<u>7,859,638</u>	<u>5,460</u>	<u>8,266,443</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	3,779,132	6,663,812	15,361	10,458,305
Restricted for debt service	-	195,308	-	195,308
Restricted for replacement	51,115	90,370	-	141,485
Unrestricted	1,214,058	1,743,588	274,658	3,232,304
Total net position	<u>\$ 5,044,305</u>	<u>\$ 8,693,078</u>	<u>\$ 290,019</u>	<u>\$ 14,027,402</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>WATER</u>	<u>WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Operating revenues:				
Charges for services	\$ 1,824,946	\$ 1,731,987	\$ 418,808	\$ 3,975,741
Operating expenses:				
Personnel services	509,332	407,391	72,550	989,273
Contractual services	415,606	391,827	296,216	1,103,649
Materials and supplies	333,086	73,361	13,843	420,290
Depreciation	227,061	518,837	1,013	746,911
Other operating expenses	41,969	27,371	-	69,340
Total operating expenses	<u>1,527,054</u>	<u>1,418,787</u>	<u>383,622</u>	<u>3,329,463</u>
Operating income	<u>297,892</u>	<u>313,200</u>	<u>35,186</u>	<u>646,278</u>
Nonoperating revenues (expenses):				
Interest income	2,650	4,621	499	7,770
Interest expense and fees	(2,934)	(237,547)	-	(240,481)
Other revenue	5,362	85,521	-	90,883
Total nonoperating revenues (expenses)	<u>5,078</u>	<u>(147,405)</u>	<u>499</u>	<u>(141,828)</u>
Net income	302,970	165,795	35,685	504,450
Other Financing Sources (Uses):				
Transfers	56,198	-	-	56,198
Change in net position	359,168	165,795	35,685	560,648
Net position, beginning of year	<u>4,685,137</u>	<u>8,527,283</u>	<u>254,334</u>	<u>13,466,754</u>
Net position, end of year	<u>\$ 5,044,305</u>	<u>\$ 8,693,078</u>	<u>\$ 290,019</u>	<u>\$ 14,027,402</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, 2024

	ENTERPRISE FUNDS			
	WATER	WASTEWATER	SOLID WASTE	TOTALS
Cash flows from operating activities:				
Cash receipts from customers	\$ 1,819,206	\$ 1,718,549	\$ 399,680	\$ 3,937,435
Cash payments to suppliers	(787,474)	(575,632)	(340,408)	(1,703,514)
Cash paid to employees	(502,747)	(403,516)	(72,055)	(978,318)
Net cash provided (used) by operating activities	<u>528,985</u>	<u>739,401</u>	<u>(12,783)</u>	<u>1,255,603</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(174,834)	(385,806)	-	(560,640)
Proceeds from capital lease	21,122	-	-	21,122
Principal paid on revenue bonds	-	(310,000)	-	(310,000)
Principal paid on capital lease	(150,890)	(171,008)	-	(321,898)
Transfers	56,198	-	-	56,198
Interest and fees paid on debt	(2,934)	(239,063)	-	(241,997)
Net cash used in capital and related financing activities	<u>(251,338)</u>	<u>(1,105,877)</u>	<u>-</u>	<u>(1,357,215)</u>
Cash flows from investing activities:				
Interest received on cash accounts	2,650	4,621	498	7,769
Other receipts	5,362	85,521	-	90,883
Net cash provided by investing activities	<u>8,012</u>	<u>90,142</u>	<u>498</u>	<u>98,652</u>
Net increase (decrease) in cash and cash equivalents	285,659	(276,334)	(12,285)	(2,960)
Cash and cash equivalents, beginning of year	<u>932,183</u>	<u>1,985,526</u>	<u>194,334</u>	<u>3,112,043</u>
Cash and cash equivalents, end of year	<u>\$ 1,217,842</u>	<u>\$ 1,709,192</u>	<u>\$ 182,049</u>	<u>\$ 3,109,083</u>
Cash and cash equivalents	\$ 898,462	\$ 1,423,514	\$ 182,049	\$ 2,504,025
Restricted cash and cash equivalents	<u>319,380</u>	<u>285,678</u>	<u>-</u>	<u>605,058</u>
Cash and cash equivalents, end of year	<u>\$ 1,217,842</u>	<u>\$ 1,709,192</u>	<u>\$ 182,049</u>	<u>\$ 3,109,083</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 297,892	\$ 313,200	\$ 35,186	\$ 646,278
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	227,061	518,837	1,013	746,911
Pension expense	(6,355)	(5,491)	(284)	(12,130)
Changes in assets, deferred outflows of resources and liabilities:				
(Increase) decrease in receivables	(5,740)	(13,438)	(19,128)	(38,306)
(Increase) decrease in prepaid expenses	(700)	2,076	(30,222)	(28,846)
(Increase) decrease in deferred outflows of resources for pensions	5,533	5,381	178	11,092
Increase (decrease) in accounts payable	(2,189)	(85,149)	(127)	(87,465)
Increase (decrease) in compensated absences	2,072	2,515	-	4,587
Increase (decrease) in payroll and benefits	5,335	1,470	601	7,406
Increase in customer deposits payable	6,076	-	-	6,076
Net cash provided (used) by operating activities	<u>\$ 528,985</u>	<u>\$ 739,401</u>	<u>\$ (12,783)</u>	<u>\$ 1,255,603</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, 2024

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, 2024

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.

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.

Capital Projects Fund: This fund is used to account for the proceeds from General Obligation bonds and expenditures for capital outlay.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Measurement Focus and 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.

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.

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.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2024 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.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Restricted net position - Consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.

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.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE B - CASH AND CASH EQUIVALENTS (continued)

At September 30, 2024, the carrying amount of the City's deposits was \$12,425,129 and the bank balance was \$12,638,175. Of the bank balance, \$250,000 was covered by federal depository insurance and \$12,388,175 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, 2024.

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

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

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

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

NOTE C - RESTRICTED ASSETS

Cash and cash equivalents are restricted for the following purposes:

Governmental Funds	
Capital projects fund:	
Unspent bond proceeds	\$ 5,139,642
Proprietary Funds	
Water fund:	
Customer deposits	\$ 268,267
Replacement account	51,113
Total Water fund	319,380
Wastewater fund:	
Replacement account	90,370
Series 2022 Sewer Bonds:	
Principal retirement	110,000
Interest retirement	43,328
Waterworks & Sewerage Revenue	
Bonds, Series A:	
Debt service reserve	41,980
Total Wastewater fund	285,678
Total Proprietary funds	\$ 605,058

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE D - UTILITIES RECEIVABLES

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2024 were as follows:

	<u>Total</u> <u>Receivables</u>	<u>Allowance</u>	<u>Net</u> <u>Receivables</u>
Business-type activities:			
Major enterprise funds:			
Water	\$ 227,426	\$ 2,200	\$ 225,226
Wastewater	241,416	30,000	211,416
Solid waste	<u>60,687</u>	<u>200</u>	<u>60,487</u>
Total	<u>\$ 529,529</u>	<u>\$ 32,400</u>	<u>\$ 497,129</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, 2023 on which the fiscal year ended September 30, 2024 levy was based, was \$80,644,612.

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	\$ 0.6651
Park	0.1660
Debt Service	<u>0.4100</u>
Total	<u>\$ 1.2411</u>

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, 2024 were as follows:

	<u>General</u> <u>Fund</u>	<u>Park</u> <u>Fund</u>	<u>Transportation</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Municipal</u> <u>Complex</u> <u>Fund</u>	<u>Total</u>
Property tax	\$ 25,847	\$ 5,222	\$ -	\$ 12,714	\$ -	\$ 43,783
Sales and use tax	266,035	62,650	125,300	-	62,650	516,635
Franchise taxes	<u>49,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,395</u>
Total	<u>\$ 341,277</u>	<u>\$ 67,872</u>	<u>\$ 125,300</u>	<u>\$ 12,714</u>	<u>\$ 62,650</u>	<u>\$ 609,813</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE F - 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, 2024, the City had agreements for abated property taxes totaling \$15,619 under the Chapter 353 program. Under the agreements, the companies have agreed to pay payments in lieu of taxes, which amounts to \$3,580 for fiscal year 2024. The City had agreements for abated property taxes totaling \$27,913 under the Chapter 100 program for the year ended September 30, 2024. The companies have agreed to payments in lieu of taxes under the agreements, which amounted to \$4,420 for fiscal year 2024.

NOTE G - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2024.

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Governmental activities:				
Nondepreciable assets:				
Land and land rights	\$ 435,119	\$ -	\$ -	\$ 435,119
Construction in progress	694,591	321,369	(149,172)	866,788
Total capital assets, not being depreciated	1,129,710	321,369	(149,172)	1,301,907
Depreciable capital assets:				
Buildings and improvements	15,091,804	356,610	144,172	15,592,586
Vehicles	1,236,482	-	-	1,236,482
Equipment	3,346,065	-	5,000	3,351,065
Information systems	239,871	-	-	239,871
Office furniture and fixtures	83,093	-	-	83,093
Right to use assets	134,184	89,741	-	223,925
Subscription-based IT arrangements	103,448	-	-	103,448
Total capital assets being depreciated	20,234,947	446,351	149,172	20,830,470
Less accumulated depreciation:				
Buildings and improvements	6,108,522	571,276	-	6,679,798
Vehicles	599,347	108,682	-	708,029
Equipment	2,831,815	97,140	-	2,928,955
Information systems	203,501	8,120	-	211,621
Office furniture and fixtures	79,734	1,061	-	80,795
Right to use assets	16,441	27,085	-	43,526
Subscription-based IT arrangements	1,560	20,690	-	22,250
Total accumulated depreciation	9,840,920	834,054	-	10,674,974
Total capital assets being depreciated, net	10,394,027	(387,703)	149,172	10,155,496
Governmental activities capital assets, net	\$ 11,523,737	\$ (66,334)	\$ -	\$ 11,457,403

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE G - CAPITAL ASSETS (continued)

Depreciation expense was charged to the governmental activities as follows:

Administration	\$ 189,204
Public safety	220,094
Public works	257,645
Community development	7,674
Cemetery, parks and recreation	159,437
	<u>\$ 834,054</u>

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Business-type activities:				
Nondepreciable assets:				
Land and land rights	\$ 385,486	\$ -	\$ -	\$ 385,486
Construction in progress	519,706	138,421	(622,821)	35,306
Total capital assets, not being depreciated	<u>905,192</u>	<u>138,421</u>	<u>(622,821)</u>	<u>420,792</u>
Capital assets, being depreciated:				
Buildings and improvements	102,203	-	-	102,203
Vehicles	995,888	-	-	995,888
Equipment	2,147,175	134,788	-	2,281,963
Information systems	89,552	-	-	89,552
Treatment facility	13,895,184	25,434	-	13,920,618
Production and transmission system	10,708,937	240,875	622,821	11,572,633
Right of use asset	-	21,122	-	21,122
Total capital assets being depreciated	<u>27,938,939</u>	<u>422,219</u>	<u>622,821</u>	<u>28,983,979</u>
Less accumulated depreciation:				
Buildings and improvements	60,959	4,266	-	65,225
Vehicles	626,410	75,763	-	702,173
Equipment	650,198	143,095	-	793,293
Information systems	87,793	1,760	-	89,553
Treatment facility	3,811,908	259,075	-	4,070,983
Production and transmission system	5,141,463	261,192	-	5,402,655
Right of use asset	-	1,760	-	1,760
Total accumulated depreciation	<u>10,378,731</u>	<u>746,911</u>	<u>-</u>	<u>11,125,642</u>
Total capital assets being depreciated, net	<u>17,560,208</u>	<u>(324,692)</u>	<u>622,821</u>	<u>17,858,337</u>
Business-type activities capital assets, net	<u>\$ 18,465,400</u>	<u>\$ (186,271)</u>	<u>\$ -</u>	<u>\$ 18,279,129</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE G - CAPITAL ASSETS (continued)

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

Water	\$ 227,061
Wastewater	518,837
Solid waste	<u>1,013</u>
Total	<u>\$ 746,911</u>

NOTE H - 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.

	<u>2024 Valuation</u>
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.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE H - RETIREMENT PLAN (continued)

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Retirees and beneficiaries	45
Inactive, nonretired	70
Active employees	<u>46</u>
	<u>161</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 6.30% General, 12.70% Police and 3.90% Fire of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2024.

Actuarial Assumptions

The total pension liability in the February 29, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation; 2.25% price inflation
Salary increase	2.75% to 6.75% including wage inflation for General Division 2.75% to 6.5% including wage inflation for Police Division 2.75% 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.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE H - RETIREMENT PLAN (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in February 29, 2024 valuation were based on the 5-year experience study for the period March 1, 2017 through February 28, 2023.

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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Alpha	5.00%	2.37%
Equity	39.00%	5.37%
Fixed Income	23.00%	1.47%
Real Assets	33.00%	3.45%
Strategic Assets	7.00%	3.46%
Cash/Leverage	-7.00%	-0.26%

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.

	1% Decrease <u>6.00%</u>	Current Single Discount Rate Assumption <u>7.00%</u>	1% Increase <u>8.00%</u>
Total Pension Liability (TPL)	\$ 9,839,162	\$ 8,538,054	\$ 7,481,254
Plan Fiduciary Net Position	<u>9,100,966</u>	<u>9,100,966</u>	<u>9,100,966</u>
Net Pension Liability/(Asset) (NPL)	<u>\$ 738,196</u>	<u>\$ (562,912)</u>	<u>\$ (1,619,712)</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE H - RETIREMENT PLAN (continued)

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

For the year ended September 30, 2024, the employer recognized pension expense of \$291,666. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General		Police		Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 207,917	\$ -	\$ 102,252	\$ -	\$ 138,641	\$ (18,991)
Changes in assumptions	-	-	-	-	-	-
Net difference between projected and actual earnings	129,822	-	55,518	-	68,608	-
Employer contributions subsequent to the measurement date *	16,011	-	19,986	-	4,955	-
	<u>\$ 353,750</u>	<u>\$ -</u>	<u>\$ 177,756</u>	<u>\$ -</u>	<u>\$ 212,204</u>	<u>\$ (18,991)</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, 2024.

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

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources		
	General	Police	Fire
2025	\$ 54,612	\$ 52,142	\$ 105,474
2026	190,496	81,080	51,274
2027	76,958	18,094	23,457
2028	15,673	6,454	8,053
2029	-	-	-
Thereafter	-	-	-
Total	<u>\$ 337,739</u>	<u>\$ 157,770</u>	<u>\$ 188,258</u>

Payable to the Pension Plan

At September 30, 2024, the City did not report a payable for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

Pension Plan Fiduciary Net Position

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

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE I - 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 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, 2024 was \$7,176,500.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE K - LONG-TERM DEBT

Changes in long-term debt during the year ended September 30, 2024 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 5,090,000	\$ -	\$ (120,000)	\$ 4,970,000	\$ 130,000
Certificates of participation	3,605,000	-	(150,000)	3,455,000	150,000
Direct borrowings	505,880	-	(108,458)	397,422	109,442
Lease payable	121,644	89,292	(31,130)	179,806	41,566
Subscription IT liabilities	80,634	-	(22,266)	58,368	17,711
Compensated absences	164,580	168,084	(164,580)	168,084	168,084
Total Governmental Activities	<u>\$ 9,567,738</u>	<u>\$ 257,376</u>	<u>\$ (596,434)</u>	<u>\$ 9,228,680</u>	<u>\$ 616,803</u>
Business-Type Activities:					
Waterworks & Sewerage Revenue Bonds	\$ 8,076,242	\$ -	\$ (331,679)	\$ 7,744,563	\$ 341,452
Direct borrowings	371,366	-	(298,657)	72,709	72,709
Lease payable	-	21,122	(1,562)	19,560	3,552
Compensated absences	40,270	44,857	(40,270)	44,857	44,857
Total Business-Type Activities	<u>\$ 8,487,878</u>	<u>\$ 65,979</u>	<u>\$ (672,168)</u>	<u>\$ 7,881,689</u>	<u>\$ 462,570</u>

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

The City has pledged future water and sewer customer revenues, net of specified operating expenses to repay \$8,763,000 in waterworks and sewerage bonds issued on March 3, 2015, November 3, 2021 and May 19, 2022. Proceeds from the bonds provided financing for various water and sewer projects. The bonds are payable solely from water and sewer customer net revenues and are payable at various maturity dates from February 19, 2016 through February 19, 2050. Principal and interest paid for 2024 from total customer net revenues were \$564,141. At September 30, 2024, pledged future revenues totaled \$10,003,467, which was the amount of the remaining principal and interest on the Series 2021 and 2022 bonds.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE K - LONG-TERM DEBT (continued)

Governmental activities long-term debt consists of the following:

General obligation bonds:

Series 2022 General Obligation Bonds due in varying annual installments through March 1, 2042, interest of 4.00%	\$ 4,970,000
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Certificates of participation:

Series 2021 Refunding Certificates of Participation due in varying annual installments through July 1, 2043, interest of .50% to 3.15%	\$ 3,455,000
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Business-type activities long-term debt consists of the following:

Revenue bonds:

Series 2021 Waterworks & Sewerage Refunding Revenue Bonds, due in varying annual installments through February 2041, interest of 2.75%	\$ 4,425,000
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Series 2022 Waterworks & Sewerage Refunding Revenue Bonds, due in varying annual installments through August 2041, interest of 3.27%	2,540,000
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Combined Waterworks & Sewerage Revenue Bonds Series A (USDA Loan), due in monthly installments of \$3,619 through February 2050, interest at 2.75%	779,563
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Total revenue bonds	<u>\$ 7,744,563</u>
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CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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
2025	\$ 130,000	\$ 196,200	\$ 150,000	\$ 91,980	\$ 280,000	\$ 288,180	\$ 341,452	\$ 223,900
2026	145,000	190,700	150,000	90,180	295,000	280,880	352,042	213,843
2027	155,000	184,700	150,000	88,080	305,000	272,780	362,648	203,401
2028	170,000	178,200	155,000	85,530	325,000	263,730	368,271	192,803
2029	185,000	171,100	155,000	82,585	340,000	253,685	383,911	181,889
2030	205,000	163,300	160,000	79,330	365,000	242,630	399,569	170,517
2031	215,000	154,900	165,000	75,810	380,000	230,710	405,245	158,759
2032	235,000	145,900	165,000	72,015	400,000	217,915	415,939	146,843
2033	250,000	136,200	170,000	67,313	420,000	203,513	431,652	134,539
2034	275,000	125,700	180,000	62,468	455,000	188,168	442,385	121,846
2035	290,000	114,400	180,000	57,338	470,000	171,738	458,138	108,832
2036	315,000	102,300	185,000	52,208	500,000	154,508	473,912	95,264
2037	335,000	89,300	195,000	46,935	530,000	136,235	489,707	81,235
2038	360,000	75,400	195,000	40,792	555,000	116,192	500,524	66,816
2039	385,000	60,500	205,000	34,650	590,000	95,150	516,363	52,004
2040	415,000	44,500	215,000	28,192	630,000	72,692	532,226	36,730
2041	435,000	27,500	220,000	21,420	655,000	48,920	548,112	20,995
2042	470,000	9,400	225,000	14,490	695,000	23,890	34,022	9,403
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	-	-	-	-	-	-	22,598	1,156
Total	<u>\$ 4,970,000</u>	<u>\$ 2,170,200</u>	<u>\$ 3,455,000</u>	<u>\$ 1,098,718</u>	<u>\$ 8,425,000</u>	<u>\$ 3,268,918</u>	<u>\$ 7,744,563</u>	<u>\$ 2,258,904</u>

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>(1,408,912)</u>
Total	<u>\$ 2,202,414</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE K - LONG-TERM DEBT (continued)

Leases Payable

During 2023, the City entered into three lease agreements for police vehicles. The leases are for a term of 60 months with interest rates ranging from 8.943% - 9.754% and fixed monthly payments of \$920, \$778 and \$1,105.

During 2024, the City entered into two lease agreements for vehicles. The leases are for a term of 60 months with interest rates ranging from 4.964% - 7.510% and fixed monthly payments of \$986 and \$1,191.

Intangible right to use lease assets of \$223,926 and \$21,122 have been recorded in the Governmental Fund capital assets and Water Fund capital assets, respectively. Due to the implementation of GASB Statement No. 87, the vehicle leases met the criteria of a lease, thus requiring the leases to be recorded by the City. These assets will be amortized over the lease terms since they are shorter than the useful life and the City is not taking ownership of the vehicles. There are no residual guarantees in the lease provisions. The leases will expire October 2027 through May 2029.

A summary of the remaining principal and interest amounts for the leases is as follows:

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 41,566	\$ 12,638	\$ 54,204	\$ 3,552	\$ 814	\$ 4,366
2026	45,796	9,202	54,998	4,063	700	4,763
2027	49,717	5,281	54,998	4,270	493	4,763
2028	34,533	1,587	36,120	4,487	276	4,763
2029	8,194	129	8,323	3,188	58	3,246
Total	<u>\$ 179,806</u>	<u>\$ 28,837</u>	<u>\$ 208,643</u>	<u>\$ 19,560</u>	<u>\$ 2,341</u>	<u>\$ 21,901</u>

The assets acquired through the right to use leases are as follows:

	Governmental Activities	Business-Type Activities
Vehicles	\$ 223,926	\$ 21,122
Less: Accumulated depreciation	(43,526)	(1,760)
Total	<u>\$ 180,400</u>	<u>\$ 19,362</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE K - LONG-TERM DEBT (continued)

Subscription-Based Information Technology Arrangements

During 2023, the City entered into a police department software subscription contract. The contract is for a term of 60 months with an annual payment of \$18,315 starting September 1, 2023, increasing 5% each year through September 1, 2027, including interest at 4.25%. A subscription-based information technology arrangement (SBITA) of \$92,750 has been recorded in the Governmental Activities capital assets. Due to the implementation of GASB Statement No. 96, the subscription for police software met the criteria of a SBITA thus requiring it to be recorded by the City. This asset will be amortized over the subscription term since it is shorter than the useful life and the City is not taking ownership of the software.

During 2023, the City also entered into a fire department software subscription contract. The contract is for a term of 24 months with an annual payment of \$6,500 starting September 15, 2023, including interest at 4.75%. A SBITA asset of \$10,699 has been recorded in the Governmental Activities capital assets. Due to the implementation of GASB Statement No. 96, the subscription for fire software met the criteria of a subscription IT asset thus requiring it to be recorded by the City. This asset will be amortized over the subscription term since it is shorter than the useful life and the City is not taking ownership of the software.

A summary of the remaining principal and interest amounts for the contracts is as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 17,711	\$ 2,481	\$ 20,192
2026	19,473	1,728	21,201
2027	21,184	1,078	22,262
Total	<u>\$ 58,368</u>	<u>\$ 5,287</u>	<u>\$ 63,655</u>

The assets acquired through SBITA agreements are as follows:

	Governmental Activities
SBITA Assets	\$ 103,449
Less: Accumulated depreciation	<u>(22,250)</u>
Total	<u>\$ 81,199</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE L - DIRECT BORROWINGS

Governmental Funds:

On October 13, 2021, the City entered into a lease purchase agreement to finance police tasers and body cameras. The lease is for 5 years requiring annual installments of \$23,654 beginning November 1, 2021, including interest at 4.00%.

On June 29, 2022, the City entered into a lease purchase agreement to finance a pumper truck. The lease is for six years requiring annual installments of \$87,140 beginning June 30, 2022, including interest at 3.728%.

On April 24, 2023, the City entered into a lease purchase agreement to finance in car cameras. The lease is for five years requiring annual installments of \$16,685 beginning January 2023, including interest at 6.24%.

Debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 109,442	\$ 18,236	\$ 127,678
2026	110,614	17,064	127,678
2027	93,358	10,667	104,025
2028	84,008	3,132	87,140
Total	<u>\$ 397,422</u>	<u>\$ 49,099</u>	<u>\$ 446,521</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Equipment	\$ 653,094
Less: Accumulated depreciation	<u>(139,810)</u>
Total	<u>\$ 513,284</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 Ending September 30,	Principal	Interest	Total
2025	<u>\$ 72,709</u>	<u>\$ 2,588</u>	<u>\$ 75,297</u>

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.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE M - FUND BALANCES

The following is a summary of the Governmental Fund balances of the City at September 30, 2024.

Nonspendable:

General Fund	Inventory	\$ 65,147
General Fund	Prepaid expenses	<u>20,081</u>
		85,228
Park	Prepaid expenses	919
Transportation	Prepaid expenses	1,103
Other governmental	Cemetery	<u>113,018</u>
Total Nonspendable		<u>200,268</u>

Restricted:

Park	Capital improvements	619,558
Other governmental	Police training	9,702
Transportation	Capital improvements	1,456,545
Debt Service	Debt payments	104,583
Municipal complex	Debt payments	217,994
Capital projects	Capital improvements	<u>5,139,642</u>
Total Restricted		<u>7,548,024</u>

Unassigned:

General Fund	<u>1,674,398</u>
Total fund balances	<u><u>\$ 9,422,690</u></u>

NOTE N - 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, 2024, the City had purchase commitments for engineering costs for the Water Plant Rehabilitation and Waterline Replacement Project Station with remaining costs of \$205,177, and construction costs for water treatment plant improvements with remaining costs of \$1,079,388.

NOTE O - TRANSFERS

During the year, the City made a \$56,198 transfer from the Capital Projects Fund to the Water Fund for capital outlay expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Sales and use tax	\$ 1,515,000	\$ 1,565,000	\$ 1,633,472	\$ 68,472
Property tax	567,880	591,880	572,992	(18,888)
Franchise tax	560,000	560,000	538,019	(21,981)
Licenses and permits	57,600	83,600	97,883	14,283
Other local taxes	325,250	325,250	367,382	42,132
Fines, tickets and fees	67,150	67,150	78,872	11,722
Charges for services	198,811	202,811	228,134	25,323
Grants and contributions	170,180	201,292	44,557	(156,735)
Interest revenue	12,800	12,800	14,535	1,735
Other revenue	327,139	189,400	200,465	11,065
Total Revenues	<u>3,801,810</u>	<u>3,799,183</u>	<u>3,776,311</u>	<u>(22,872)</u>
EXPENDITURES:				
Administration	457,198	469,288	344,951	124,337
Public safety	2,086,985	2,153,303	2,079,467	73,836
Public works	293,796	300,076	277,283	22,793
Community development	453,796	456,976	218,994	237,982
Cemetery, parks and recreation	492,822	510,157	447,177	62,980
Capital outlay	232,274	259,274	320,170	(60,896)
Debt service:				
Principal	179,742	179,742	154,296	25,446
Interest and fees	<u>1,119</u>	<u>1,119</u>	<u>32,757</u>	<u>(31,638)</u>
Total Expenditures	<u>4,197,732</u>	<u>4,329,935</u>	<u>3,875,095</u>	<u>454,840</u>
Other financing sources (uses):				
Lease proceeds	72,674	72,674	68,170	(4,504)
Transfers	<u>-</u>	<u>-</u>	<u>(258,865)</u>	<u>(258,865)</u>
Total other financings sources (uses)	<u>72,674</u>	<u>72,674</u>	<u>(190,695)</u>	<u>(263,369)</u>
Net change in fund balance	<u>\$ (323,248)</u>	<u>\$ (458,078)</u>	<u>(289,479)</u>	<u>\$ 168,599</u>
Fund balance, beginning of year - budgetary basis			<u>2,151,858</u>	
Fund balance, end of year - budgetary basis			1,862,379	
GAAP adjustments:				
Receivables:				
Taxes			319,926	
Accounts			13,344	
Inventory			65,147	
Prepaid expenses			20,081	
Accounts payable			(45,673)	
Unearned revenue			(287,124)	
Accrued payroll and benefits			<u>(188,454)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 1,759,626</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, 2024

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Sales and use tax	\$ 355,000	\$ 355,000	\$ 377,548	\$ 22,548
Property tax	132,667	132,667	140,201	7,534
Charges for services	2,300	2,300	2,752	452
Grants and contributions	-	-	1,600	1,600
Interest revenue	2,200	2,200	3,458	1,258
Other revenue	-	-	600	600
Total Revenues	<u>492,167</u>	<u>492,167</u>	<u>526,159</u>	<u>33,992</u>
EXPENDITURES:				
Parks	440,996	440,996	330,361	110,635
Debt service:				
Principal	9,336	9,336	6,309	3,027
Interest and fees	-	-	2,978	(2,978)
Total Expenditures	<u>450,332</u>	<u>450,332</u>	<u>339,648</u>	<u>110,684</u>
Other financing sources (uses):				
Lease proceeds	-	-	-	-
Net change in fund balance	<u>\$ 41,835</u>	<u>\$ 41,835</u>	186,511	<u>\$ 144,676</u>
Fund balance, beginning of year - budgetary basis			<u>386,073</u>	
Fund balance, end of year - budgetary basis			572,584	
GAAP adjustments:				
Receivables:				
Taxes			63,545	
Prepaid expenses			919	
Accounts payable			(9,066)	
Accrued payroll and benefits			<u>(7,505)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 620,477</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, 2024

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Sales and use tax	\$ 710,000	\$ 710,000	\$ 755,246	\$ 45,246
Interest revenue	1,600	1,600	2,870	1,270
Total Revenues	<u>711,600</u>	<u>711,600</u>	<u>758,116</u>	<u>46,516</u>
EXPENDITURES:				
Public works	695,347	721,798	500,922	220,876
Capital outlay	20,389	20,389	21,122	(733)
Debt service:				
Principal	16,253	16,253	1,247	15,006
Interest and fees	-	-	341	(341)
Total Expenditures	<u>731,989</u>	<u>758,440</u>	<u>523,632</u>	<u>234,808</u>
Other financing sources (uses):				
Lease proceeds	<u>20,389</u>	<u>20,389</u>	<u>21,122</u>	<u>733</u>
Net change in fund balance	<u>\$ (20,389)</u>	<u>\$ (46,840)</u>	255,606	<u>\$ 281,324</u>
Fund balance, beginning of year - budgetary basis			<u>1,086,653</u>	
Fund balance, end of year - budgetary basis			1,342,259	
GAAP adjustments:				
Receivables:				
Taxes			125,300	
Prepaid expenses			1,103	
Accounts payable			(93)	
Accrued payroll and benefits			<u>(10,921)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 1,457,648</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, 2024

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Sales and use tax	\$ 382,500	\$ 382,500	\$ 377,623	\$ (4,877)
Interest revenue	250	250	807	557
Total Revenues	<u>382,750</u>	<u>382,750</u>	<u>378,430</u>	<u>(4,320)</u>
EXPENDITURES:				
Administration	235,800	235,800	11,212	224,588
Capital outlay	-	-	174,635	(174,635)
Debt service:				
Principal	150,000	150,000	150,000	-
Interest and fees	<u>95,005</u>	<u>95,005</u>	<u>95,004</u>	<u>1</u>
Total Expenditures	<u>480,805</u>	<u>480,805</u>	<u>430,851</u>	<u>49,954</u>
Net change in fund balance	<u>\$ (98,055)</u>	<u>\$ (98,055)</u>	(52,421)	<u>\$ 45,634</u>
Fund balance, beginning of year - budgetary basis			<u>207,765</u>	
Fund balance, end of year - budgetary basis			155,344	
GAAP adjustments:				
Receivables:				
Taxes			<u>62,650</u>	
Fund balances, end of year - GAAP basis			<u>\$ 217,994</u>	

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

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 cannot 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,

	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability								
Service Cost	\$ 183,020	\$ 164,517	\$ 161,577	\$ 172,573	\$ 166,404	\$ 154,794	\$ 147,887	\$ 147,645
Interest on Total Pension Liability	520,228	488,355	459,950	486,710	448,677	415,701	387,308	367,012
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	651,867	77,126	44,233	(448,823)	114,932	75,515	57,371	(56,038)
Changes of Assumptions	-	-	-	(108,738)	-	-	-	-
Benefit payments, including refunds	(312,593)	(255,874)	(266,782)	(211,799)	(205,238)	(188,768)	(219,389)	(139,562)
Net change in total pension liability	1,042,522	474,124	398,978	(110,077)	524,775	457,242	373,177	319,057
Total pension liability - beginning	7,495,532	7,021,408	6,622,430	6,732,507	6,207,732	5,750,490	5,377,313	5,058,256
Total pension liability - ending (a)	\$8,538,054	\$ 7,495,532	\$ 7,021,408	\$ 6,622,430	\$6,732,507	\$6,207,732	\$5,750,490	\$5,377,313
Plan fiduciary net position								
Contributions - employer	\$ 171,078	\$ 155,053	\$ 146,259	\$ 143,519	\$ 154,827	\$ 137,459	\$ 134,172	\$ 134,950
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	458,942	308,095	6,402	1,896,883	90,611	459,789	729,524	630,563
Benefit payments, including refunds	(312,593)	(255,874)	(266,782)	(211,799)	(205,238)	(188,768)	(219,389)	(139,562)
Pension Plan Administrative Expense	(15,651)	(16,745)	(11,492)	(10,583)	(15,060)	(13,888)	(9,477)	(9,019)
Other (Net Transfers)	19,796	24,017	(26,483)	(118,727)	(55,553)	39,513	62,538	4,887
Net change in plan fiduciary net position	321,572	214,546	(152,096)	1,699,293	(30,413)	434,105	697,368	621,819
Plan fiduciary net position - beginning	8,779,394	8,564,848	8,716,944	7,017,651	7,048,064	6,613,959	5,916,591	5,294,772
Plan fiduciary net position - ending (b)	\$9,100,966	\$ 8,779,394	\$ 8,564,848	\$ 8,716,944	\$7,017,651	\$7,048,064	\$6,613,959	\$5,916,591
Net pension liability/(asset) - ending (a) - (b)	\$ (562,912)	\$ (1,283,862)	\$ (1,543,440)	\$ (2,094,514)	\$ (285,144)	\$ (840,332)	\$ (863,469)	\$ (539,278)
Plan fiduciary net position as a percentage of the total pension liability	106.59%	117.13%	121.98%	131.63%	104.24%	113.54%	115.02%	110.03%
Covered-employee payroll	\$2,568,235	\$ 2,063,055	\$ 1,990,162	\$ 2,030,820	\$2,244,990	\$1,968,178	\$1,893,077	\$1,869,237
Net pension liability/(asset) as a percentage of covered employee payroll	(21.92)%	(62.23)%	(77.55)%	(103.14)%	(12.70)%	(42.70)%	(45.61)%	(28.85)%

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
SEPTEMBER 30, 2024

<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>
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	133,846	-	1,998,659	6.70%
2019	139,868	139,868	-	2,045,066	6.84%
2020	155,627	155,627	-	2,213,965	7.03%
2021	139,192	139,192	-	1,982,950	7.02%
2022	157,374	153,659	3,715	1,977,815	7.77%
2023	151,635	151,635	-	2,361,733	6.42%
2024	172,906	172,906	-	2,757,987	6.27%

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, 2024**

Valuation date:	February 29, 2024
Notes:	The roll-forward of total pension liability from February 29, 2024 to June 30, 2024 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 11 to 15 years for General and Fire Division Multiple bases from 6 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 Division 2.75% to 7.15% including wage inflation for Fire Division 2.75% to 6.55% including wage inflation for Police 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	<p>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.</p> <p>Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.</p>
Other information:	None

SUPPLEMENTARY INFORMATION

CITY OF RICHMOND, MISSOURI
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	SPECIAL REVENUE FUND <u>POLICE TRAINING</u>	PERMANENT FUND <u>CEMETERY TRUST</u>	TOTAL OTHER GOVERNMENTAL FUNDS <u></u>
ASSETS			
Cash and cash equivalents	\$ <u>9,702</u>	\$ <u>113,018</u>	\$ <u>122,720</u>
LIABILITIES AND FUND BALANCES			
Liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Fund balances:			
Nonspendable	-	113,018	113,018
Restricted	<u>9,702</u>	<u>-</u>	<u>9,702</u>
Total Fund Balances	<u>9,702</u>	<u>113,018</u>	<u>122,720</u>
Total Liabilities and Fund Balances	\$ <u>9,702</u>	\$ <u>113,018</u>	\$ <u>122,720</u>

CITY OF RICHMOND, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	SPECIAL REVENUE FUND <u>POLICE TRAINING</u>	PERMANENT FUND <u>CEMETERY FUND</u>	TOTAL OTHER GOVERNMENTAL FUNDS <u></u>
REVENUES:			
Fines, tickets and fees	\$ 5,068	\$ -	\$ 5,068
Charges for services	-	1,579	1,579
Interest revenue	<u>24</u>	<u>289</u>	<u>313</u>
Total Revenues	<u>5,092</u>	<u>1,868</u>	<u>6,960</u>
EXPENDITURES:			
Public safety	3,027	-	3,027
Cemetery	<u>-</u>	<u>287</u>	<u>287</u>
Total Expenditures	<u>3,027</u>	<u>287</u>	<u>3,314</u>
Excess (deficiency) of revenues over expenditures	2,065	1,581	3,646
Fund balance, beginning of year	<u>7,637</u>	<u>111,437</u>	<u>119,074</u>
Fund balance, end of year	<u>\$ 9,702</u>	<u>\$ 113,018</u>	<u>\$ 122,720</u>

INTERNAL CONTROL AND COMPLIANCE



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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 (*Government Auditing Standards*), 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 17, 2025.

Report on 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) as a basis for designing 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, as described in the accompanying schedule of findings and responses as item 2024-001, that we consider to be a material weakness.

Report on 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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

A handwritten signature in black ink that reads "Westbrook & Co., P.C." in a cursive, slightly stylized font.

Richmond, Missouri
November 17, 2025

**CITY OF RICHMOND, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**MATERIAL WEAKNESS
2024-001 GENERAL LEDGER**

Condition: We noted that the City does not perform accounting procedures to review the detail of journal entries or transaction postings in the general ledger. We noted a substantial number of posting errors that occurred in the general ledger for the year ended September 30, 2024. These errors included incorrect postings related to accrual entries, capital asset posting, and lease payments, as well as unrecorded entries related to pension deferrals, unsubstantiated entries posted to fund balance, and to correct cash balances.

Criteria: The general ledger posting detail should be reviewed monthly for proper account coding. Uncleared transactions on the bank reconciliations should be reviewed and balances reported on the bank reconciliation should be traced back to the general ledger. Additionally, journal entries should be reviewed to ensure account balances and debits and credits are correct, and that journal entries reconcile to supporting documentation.

Cause: The City has not adopted policies and procedures to review the detail postings to the general ledger monthly.

Effect: Inadequate controls could allow for errors or fraud to occur.

Recommendation: We recommend monthly procedures be implemented to review the general ledger posting detail. Additionally, year-end accruals should be reviewed and reconciled to supporting documentation.

Auditee's Response: The City acknowledges that journal entries and general ledger postings were not consistently reviewed at a detailed level. Although procedures for monthly and annual review existed, they were not fully applied during the audit period due to staff's limited experience with governmental accounting requirements. The City has since fully implemented formal monthly and annual review procedures for all journal entries and general ledger transactions, including supervisory review, reconciliation to supporting documentation, and confirmation of proper account coding. Oversight responsibilities have been strengthened among key administrative staff to ensure consistent application of these controls, and the corrective actions have been implemented and have resolved the issue identified in the audit.