

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

ANNUAL FINANCIAL REPORT

2005

CITY OF RICHMOND

WAYNE COUNTY, INDIANA



FILED
7/31/06

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	John P. Kenny	01-01-05 to 12-31-06
Mayor	Sarah L. Hutton	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	John P. Kenny	01-01-05 to 12-31-06
President of the Common Council	Bruce Wissel Karl Sharp	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of Sanitary Commissioners	Rodney Phenis	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF RICHMOND, WAYNE COUNTY, INDIANA

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 the City of Richmond (City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 26, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities and Budgetary Comparison Schedules, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the table of contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 26, 2006



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF RICHMOND, WAYNE COUNTY, INDIANA

We have audited the financial statements of the City of Richmond (City), as of and for the year ended December 31, 2005, and have issued our report thereon dated June 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control over financial reporting that we have discussed with the management of the City on May 17, 2006. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 26, 2006

CITY OF RICHMOND
STATEMENT OF CASH ACTIVITIES AND NET ASSETS - CASH BASIS
For The Year Ended December 31, 2005

Functions/Programs	Program Receipts				Net Disbursement and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 8,470,112	\$ 7,014,413	\$ 71,445	\$ 35,775	\$ (1,348,479)	\$ -	\$ (1,348,479)
Public safety	13,899,980	773,196	240,027	289,670	(12,597,087)	-	(12,597,087)
Highways and streets	5,543,788	8,700	1,312,319	372,860	(3,849,909)	-	(3,849,909)
Sanitation	225,744	-	-	68,127	(157,617)	-	(157,617)
Economic development	1,795,604	9,957	832,089	147,369	(806,189)	-	(806,189)
Culture and recreation	4,885,327	826,229	235,398	642,571	(3,181,129)	-	(3,181,129)
Interest on long-term debt	197,749	-	-	-	(197,749)	-	(197,749)
Total governmental activities	35,018,304	8,632,495	2,691,278	1,556,372	(22,138,159)	-	(22,138,159)
Business-type activities:							
Sanitary district	11,614,877	6,412,541	1,314,195	192,900	-	(3,695,241)	(3,695,241)
Electric	76,658,994	73,581,255	-	14,129	-	(3,063,610)	(3,063,610)
Roseview transit	1,169,133	186,633	969,827	62,677	-	50,004	50,004
Airport	706,344	295,807	-	162,433	-	(248,104)	(248,104)
Off street parking	90,749	80,220	-	-	-	(10,529)	(10,529)
Total business-type activities	90,240,097	80,556,456	2,284,022	432,139	-	(6,967,480)	(6,967,480)
Total primary government	\$ 125,258,401	\$ 89,188,951	\$ 4,975,300	\$ 1,988,511	(22,138,159)	(6,967,480)	(29,105,639)
General receipts and disbursements:							
Property taxes					13,968,235	4,211,949	18,180,184
Other local sources					4,129,471	-	4,129,471
Bonds and loans					-	9,948,348	9,948,348
Grants and contributions not restricted to specific programs					249,509	324,612	574,121
Unrestricted interest received					247,608	701,981	949,589
Transfers					2,189,713	(2,189,713)	-
Total general receipts and transfers					20,784,536	12,997,177	33,781,713
Change in net assets					(1,353,623)	6,029,697	4,676,074
Net assets - beginning					10,048,708	20,626,589	30,675,297
Net assets - ending					\$ 8,695,085	\$ 26,656,286	\$ 35,351,371
Assets							
Cash and cash equivalents					\$ 7,365,784	\$ 7,210,603	\$ 14,576,387
Cash with fiscal agent					156,001	555,880	711,881
Restricted assets:							
Cash and cash equivalents					1,173,300	18,889,803	20,063,103
Total assets					\$ 8,695,085	\$ 26,656,286	\$ 35,351,371
Net Assets							
Restricted for:							
Law enforcement					\$ 80,090	\$ -	\$ 80,090
Urban redevelopment and housing					957,041	-	957,041
Debt service					292,170	555,880	848,050
Construction					-	9,820,454	9,820,454
Health and welfare					49,764	-	49,764
Utility restricted cash purposes					-	9,069,349	9,069,349
Unrestricted					7,316,020	7,210,603	14,526,623
Total net assets					\$ 8,695,085	\$ 26,656,286	\$ 35,351,371

The notes to the financial statements are an integral part of this statement.

CITY OF RICHMOND
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

	General	Motor Vehicle Highway	Park and Recreation	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 8,495,886	\$ 1,088,672	\$ 2,064,678	\$ 2,318,999	\$ 13,968,235
Licenses and permits	161,990	5,325	-	3,957	171,272
Intergovernmental	4,008,528	1,312,319	177,301	2,363,315	7,861,463
Charges for services	1,054,989	8,700	141,944	661,984	1,867,617
Fines and forfeits	118,234	-	-	40,789	159,023
Other	948,794	56,081	53,327	1,327,393	2,385,595
Total receipts	14,788,421	2,471,097	2,437,250	6,716,437	26,413,205
Disbursements:					
General government	2,232,933	-	-	863,301	3,096,234
Public safety	12,831,054	-	-	347,033	13,178,087
Highways and streets	998,471	2,957,296	-	1,011,765	4,967,532
Sanitation	-	-	-	45,133	45,133
Culture and recreation	-	-	2,269,868	1,970,564	4,240,432
Urban redevelopment and housing	481,867	-	-	1,028,737	1,510,604
Debt service:					
Principal	-	-	-	525,000	525,000
Interest	-	-	-	197,749	197,749
Capital outlay:					
Public safety	-	-	-	721,893	721,893
Highways and streets	-	-	-	576,256	576,256
Sanitation	-	-	-	180,611	180,611
Culture and recreation	-	-	-	404,895	404,895
Total disbursements	16,544,325	2,957,296	2,269,868	7,872,937	29,644,426
Excess (deficiency) of revenue over (under) disbursements	(1,755,904)	(486,199)	167,382	(1,156,500)	(3,231,221)
Other financing sources (uses)					
Transfers in	2,306,318	-	16,790	542,837	2,865,945
Transfers out	-	-	(100,000)	(695,977)	(795,977)
Total other financing sources (uses)	2,306,318	-	(83,210)	(153,140)	2,069,968
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	550,414	(486,199)	84,172	(1,309,640)	(1,161,253)
Cash basis fund balance - beginning	707,659	701,955	285,084	8,161,640	9,856,338
Cash basis fund balance - ending	\$ 1,258,073	\$ 215,756	\$ 369,256	\$ 6,852,000	\$ 8,695,085
Cash Basis Assets - December 31					
Cash and cash equivalents	\$ 1,258,073	\$ 215,756	\$ 369,256	\$ 5,522,699	\$ 7,365,784
Cash with fiscal agent	-	-	-	156,001	156,001
Restricted assets:					
Cash and cash equivalents	-	-	-	1,173,300	1,173,300
Total cash basis assets - December 31	\$ 1,258,073	\$ 215,756	\$ 369,256	\$ 6,852,000	\$ 8,695,085
Cash Basis Fund Balance - December 31					
Restricted for:					
Law enforcement	\$ -	\$ -	\$ -	\$ 80,090	\$ 80,090
Urban redevelopment and housing	-	-	-	957,041	957,041
Debt service	-	-	-	292,170	292,170
Health and welfare	-	-	-	49,764	49,764
Unrestricted	1,258,073	215,756	369,256	5,472,935	7,316,020
Total cash basis fund balance - December 31	\$ 1,258,073	\$ 215,756	\$ 369,256	\$ 6,852,000	\$ 8,695,085

The notes to the financial statements are an integral part of this statement.

CITY OF RICHMOND
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2005

	Sanitary District	Electric Utility	Roseview Transit	Municipal Airport	Off Street Parking	Total	Internal Service Funds
Operating receipts:							
Residential sales	\$ -	\$ 15,570,187	\$ -	\$ -	\$ -	\$ 15,570,187	\$ -
Commercial and industrial sales	-	40,627,690	-	-	-	40,627,690	-
Public street and highway lighting	-	1,876,606	-	-	-	1,876,606	-
Sales for resale	-	15,015,246	-	-	-	15,015,246	-
Residential, commercial, and industrial user fees	5,910,181	-	-	-	-	5,910,181	-
Customer charges and sales	-	-	161,982	292,446	80,169	534,597	610,895
Penalties	-	393,272	-	-	-	393,272	-
Interfund service provided	-	-	-	-	-	-	4,332,788
Other	502,360	98,254	24,651	3,361	51	628,677	-
Total operating receipts	6,412,541	73,581,255	186,633	295,807	80,220	80,556,456	4,943,683
Operating disbursements:							
Equipment and capital improvements	1,883,165	4,247,181	67,317	226,129	-	6,423,792	-
Production and supply	-	61,505,740	-	-	-	61,505,740	-
Transmission and distribution	-	2,713,206	-	-	-	2,713,206	-
Customer accounts	-	1,065,933	-	-	-	1,065,933	-
Administration and general	-	3,672,941	-	-	-	3,672,941	171,595
Public transportation operations and maintenance	-	-	1,101,816	-	-	1,101,816	-
Municipal airport operations	-	-	-	480,215	-	480,215	-
Off street parking operations	-	-	-	-	90,749	90,749	-
Insurance claims and premiums	-	-	-	-	-	-	5,202,283
Salaries and wages	2,995,637	-	-	-	-	2,995,637	-
Employee pensions and benefits	1,155,371	2,013,597	-	-	-	3,168,968	-
Purchased power	477,714	-	-	-	-	477,714	-
Sludge removal	182,515	-	-	-	-	182,515	-
Fuel	323,904	-	-	-	-	323,904	-
Chemicals	102,654	-	-	-	-	102,654	-
Material and supplies	1,167,957	-	-	-	-	1,167,957	-
Contractual services	1,087,214	-	-	-	-	1,087,214	-
Rents	74,838	-	-	-	-	74,838	-
Insurance disbursements	328,936	-	-	-	-	328,936	-
Miscellaneous disbursements	1,152,519	1,437,542	-	-	-	2,590,061	-
Total operating disbursements	10,932,424	76,656,140	1,169,133	706,344	90,749	89,554,790	5,373,878
Deficiency of receipts under disbursements	(4,519,883)	(3,074,885)	(982,500)	(410,537)	(10,529)	(8,998,334)	(430,195)
Nonoperating receipts (disbursements):							
Bond proceeds	9,948,348	-	-	-	-	9,948,348	-
Interest and investment receipts	138,624	558,754	-	4,472	132	701,982	7,854
Principal received on customer notes	10,821	-	-	-	-	10,821	-
Miscellaneous receipts	34,578	194,838	-	-	-	229,416	110,226
Property taxes	4,211,949	-	-	-	-	4,211,949	-
Intergovernmental	1,314,194	-	-	-	-	1,314,194	-
Operating grants	-	-	969,827	-	-	969,827	-
Rent	-	-	-	84,375	-	84,375	-
Debt service of principal	(396,433)	-	-	-	-	(396,433)	-
Debt service of interest	(180,809)	-	-	-	-	(180,809)	-
Interest and investment disbursement	(105,211)	(2,854)	-	-	-	(108,065)	-
Total nonoperating receipts (disbursements)	14,976,061	750,738	969,827	88,847	132	16,785,605	118,080

The notes to the financial statements are an integral part of this statement.

CITY OF RICHMOND
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2005
(Continued)

	Sanitary District	Electric Utility	Roseview Transit	Municipal Airport	Off Street Parking	Total	Internal Service Funds
Nonoperating receipts (disbursements) (continued):							
Excess (deficiency) of receipts over (under) disbursements and nonoperating receipts (disbursements)	10,456,178	(2,324,147)	(12,673)	(321,690)	(10,397)	7,787,271	(312,115)
Capital contributions	192,900	14,129	62,677	162,433	-	432,139	-
Transfers in	-	-	116,605	-	-	116,605	119,745
Transfers out	-	(2,139,709)	(166,609)	-	-	(2,306,318)	-
Excess (deficiency) of receipts, contributions and transfers in over (under) disbursements and transfers out	10,649,078	(4,449,727)	-	(159,257)	(10,397)	6,029,697	(192,370)
Cash basis fund balance - beginning	<u>4,370,521</u>	<u>15,917,075</u>	<u>40</u>	<u>326,839</u>	<u>12,114</u>	<u>20,626,589</u>	<u>192,370</u>
Cash basis fund balance - ending	<u>\$ 15,019,599</u>	<u>\$ 11,467,348</u>	<u>\$ 40</u>	<u>\$ 167,582</u>	<u>\$ 1,717</u>	<u>\$ 26,656,286</u>	<u>\$ -</u>
<u>Cash Basis Assets - December 31</u>							
Cash and cash equivalents	\$ 4,643,265	\$ 2,397,999	\$ 40	\$ 167,582	\$ 1,717	\$ 7,210,603	\$ -
Cash with fiscal agent	555,880	-	-	-	-	555,880	-
Restricted assets:							
Cash and cash equivalents	<u>9,820,454</u>	<u>9,069,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,889,803</u>	<u>-</u>
Total cash basis assets - December 31	<u>\$ 15,019,599</u>	<u>\$ 11,467,348</u>	<u>\$ 40</u>	<u>\$ 167,582</u>	<u>\$ 1,717</u>	<u>\$ 26,656,286</u>	<u>\$ -</u>
<u>Cash Basis Fund Balance - December 31</u>							
Restricted for:							
Debt service	\$ 555,880	-	-	-	-	\$ 555,880	-
Construction	9,820,454	-	-	-	-	9,820,454	-
Utility restricted cash purposes	-	9,069,349	-	-	-	9,069,349	-
Unrestricted	<u>4,643,265</u>	<u>2,397,999</u>	<u>40</u>	<u>167,582</u>	<u>1,717</u>	<u>7,210,603</u>	<u>-</u>
Total cash basis fund balance - December 31	<u>\$ 15,019,599</u>	<u>\$ 11,467,348</u>	<u>\$ 40</u>	<u>\$ 167,582</u>	<u>\$ 1,717</u>	<u>\$ 26,656,286</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RICHMOND
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2005

	Pension Trust Funds	Private-Purpose Trust Fund
Additions:		
Contributions:		
Employer	\$ 2,772,198	\$ -
Plan members	17,701	-
Private donations	-	124,370
	2,789,899	124,370
Investment earnings:		
Interest	8,772	-
	2,798,671	124,370
Deductions:		
Benefits	3,899,083	-
Administrative and general	30,288	-
Payments in accordance with trust agreements	-	126,457
	3,929,371	126,457
Deficiency of total additions over total deductions	(1,130,700)	(2,087)
Cash and cash equivalents - beginning	1,308,645	69,028
Cash and cash equivalents - ending	\$ 177,945	\$ 66,941

The notes to the financial statements are an integral part of this statement.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, electric and wastewater utility services, trash collection, recycling and landfill services, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government:	City of Richmond
Blended Component Unit:	Richmond Redevelopment Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Blended Component Units

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City's governing body or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The blended component unit is presented below:

<u>Component Unit</u>	<u>Description/Inclusion Criteria</u>	<u>Fund Included In</u>
Richmond Redevelopment Authority	The primary government appoints a voting majority of the Redevelopment Authority's board and a financial benefit/burden relationship exists between the City and the Authority. Although it is legally separate from the City, the Authority is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.	Redevelopment Authority Bond and Interest

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity 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, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is the primary operating fund of the street department. It accounts for all cash receipts, cash disbursements and cash balances of the street department.

The park and recreation fund is the primary operating fund of the parks department. It accounts for all cash receipts, cash disbursements and cash balances of the parks department.

The City reports the following major proprietary funds:

The electric utility fund accounts for the cash receipts, cash disbursements and cash balances of the electric utility from the sale, generation and wholesale purchase of electricity for customers.

The sanitary district fund accounts for the cash receipts, cash disbursements and cash balances of the Richmond Sanitary District from trash collection, municipal landfill, wastewater collection and treatment and stormwater collection and management activities.

The Roseview Transit fund accounts for the cash receipts, cash disbursements and cash balances of the city transit system.

The municipal airport fund accounts for the cash receipts, cash disbursements and cash balances of the airport.

The off street parking fund accounts for the cash receipts, cash disbursements and cash balances related to paid parking in the city's downtown parking lots and parking garage.

Additionally, the City reports the following fund types:

The internal service fund accounts for the cash receipts, cash disbursements and cash balances of the health insurance fund, which provides services to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the police and fire pension funds, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and other receipts benefit various groups and agencies.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governmental funds and business-type funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments (2) law through constitutional provisions or enabling legislations.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

On or before August 31, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash and Investment Balance Deficits

At December 31, 2005, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and State statute:

Fund	2005
Health Insurance Fund	<u>\$ 119,745</u>

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, were as follows:

Transfer From	Transfer To	2005
Electric Utility	General Fund	\$ 2,139,709
Roseview Transit	General Fund	166,609
Other governmental	Park and Recreation	16,790
Park and Recreation	Other Governmental	100,000
Other Governmental	Roseview Transit	116,605
Other Governmental	Other Governmental	442,837
Other Governmental	Internal Service	<u>119,745</u>
Total		<u>\$ 3,102,295</u>

The City typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Dependents (Excluding Postemployment Benefits)

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the Health Insurance Fund, (an internal service fund,) where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$125,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Subsequent Events

1. Bond Issuance

In February 2006, the Electric Utility issued \$3.3 million in bonds with an interest rate of 3.78%. The bond revenues will be used to build an electric substation and replace two aging transformers.

2. Loan Receivable

In January 2006, the Utility received a payment of \$1,489,500 from the City of Richmond for the loan used to purchase the Carpenter bus manufacturing plant building and property, leaving a balance of \$1,010,500 due from the City.

C. Conduit Debt Obligation

From time to time, the City has issued economic development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2005, there were four series of economic development revenue bonds outstanding.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City on or after attaining age 55 with at least 10 years of service. Currently, 50 retirees meet these eligibility requirements. The City provides these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

d. Electric Utility Pension

Plan Description

The Utility contributes to the Richmond Power and Light Employees' Pension Plan which is a single-employer defined benefit pension plan. With the approval of the Utility's fiscal body, the plan is administered by the Principal Financial Group as authorized by state statute (IC 8-1.5-3-7) for full-time utility employees. The plan provides pensions, life insurance, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplemental information of the plan. The report may be obtained by contacting:

Richmond Power and Light
2000 South US Highway 27
Richmond, Indiana 47374

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the Richmond Power and Light Employees' Pension Plan are established by the Board of Directors of the Utility.

Actuarial Information for the Above Plans

	City PERF	Sanitary District PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Electric Utility Pension
Annual required contribution	\$ 159,565	\$ 160,757	\$ 2,613,000	\$ 3,616,500	\$ 528,147
Interest on net pension obligation	(8,088)	(6,594)	414,000	492,100	(30,427)
Adjustment to annual required contribution	9,217	7,514	(690,800)	(820,900)	41,727
Annual pension cost	160,694	161,677	2,336,200	3,287,700	539,447
Contributions made	174,176	167,466	1,158,726	1,562,209	592,284
Increase (decrease) in net pension obligation	(13,482)	(5,789)	1,177,474	1,725,491	(52,837)
Net pension obligation, beginning of year	(111,560)	(90,945)	6,134,049	7,289,772	(450,773)
Net pension obligation, end of year	<u>\$ (125,042)</u>	<u>\$ (96,734)</u>	<u>\$ 7,311,523</u>	<u>\$ 9,015,263</u>	<u>\$ (503,610)</u>

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

	City	Sanitary District	1925 Police Officers'	1937 Firefighters	Electric Utility
	PERF	PERF	Pension	Pension	Pension
Contribution rates:					
Government	3.75%	5.75%	918%	1,276%	6.49%
Plan members	3%	3%	6%	6%	3%
Actuarial valuation date	07-01-05	07-01-05	01-01-04	01-01-04	09-01-05
Actuarial cost method	Entry age				
Amortization method	Level	Level	Level	Level	Normal-
	percentage of projected payroll, closed	Frozen Initial Liability Equal Annual Installments			
Amortization period	40 years	40 years	40 years	40 years	20 years
Amortization period (from date)	07-01-97	07-01-97	12-31-77	12-31-77	09-01-04
Asset valuation method	4 year smoothed market	Contract basis			

Actuarial Assumptions

Investment rate of return	7.25%	7.25%	7%	7%	6.75%
Projected future salary increases:					
Total	5%	5%	5%	5%	8%
Attributed to inflation	4%	4%	4%	4%	3%
Attributed to merit/seniority	1%	1%	1%	1%	5%
Cost-of-living adjustments	2%	2%	0%	0%	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF – City	06-30-03	\$ 177,204	73%	\$ (104,699)
	06-30-04	140,621	105%	(111,560)
	06-30-05	160,694	124%	(125,042)
PERF – Sanitary District	06-30-03	146,325	84%	(76,266)
	06-30-04	129,851	111%	(90,945)
	06-30-05	161,677	129%	(96,734)
1925 Police Officers' Pension Plan	12-31-01	2,266,500	72%	5,709,137
	12-31-02	2,325,900	82%	6,134,049
	12-31-03	2,336,200	50%	7,311,523

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1937 Firefighters' Pension Plan	12-31-01	\$ 3,246,100	88%	\$ 6,606,672
	12-31-02	3,295,400	79%	7,289,772
	12-31-03	3,287,700	48%	9,015,263
Electric Utility Pension Plan	08-31-03	469,134	116%	(306,330)
	08-31-04	483,563	130%	(450,773)
	08-31-05	638,036	110%	(503,610)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2005, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	66	97
Current active employees	4	3

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2005, 2004, and 2003, were \$1,299,497, \$1,257,268, and \$1,234,358, respectively, equal to the required contributions for each year.

3. Electric Utility Pension

Plan Description

The Utility contributes to the Richmond Power and Light Employees' Pension, which is a single employer defined benefit plan. With the approval of the Utility's fiscal body, the plan is administered by the Principal Financial Group as authorized by state statute (IC 8-1.5-3-7) for full time Utility employees. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by writing:

Richmond Power and Light
2000 South U.S. Highway 27
Richmond, IN 47374.

Funding Policy and Annual Pension Cost

The contribution requirements for plan members for the Richmond Power and Light Employees' Pension Plan are established by the Board of Directors of the Utility. The Utility's annual pension cost for the current year and related information, as provided by the actuary, is presented in this note.

CITY OF RICHMOND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund - City

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (Unfunded) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 5,236,144	\$ 4,601,472	\$ 634,672	114%	\$ 4,025,483	16%
07-01-04	5,216,508	4,650,597	565,911	112%	4,346,643	13%
07-01-05	5,352,462	5,413,590	(61,128)	99%	4,465,189	(1%)

Public Employees' Retirement Fund - Sanitary District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 2,276,519	\$ 2,535,401	\$ (258,882)	90%	\$ 2,421,648	(11%)
07-01-04	2,332,365	2,792,530	(460,165)	84%	2,705,786	(17%)
07-01-05	2,464,929	3,345,919	(880,990)	74%	2,927,636	(30%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	\$ 739,837	\$ 19,843,200	\$ (19,103,363)	4%	\$ 475,700	(4,016%)
01-01-00	651,561	20,264,400	(19,612,839)	3%	380,600	(5,153%)
01-01-01	536,218	23,445,700	(22,909,482)	2%	366,200	(6,256%)
01-01-02	826,480	23,755,400	(22,928,920)	3%	311,700	(7,356%)
01-01-03	1,198,464	23,077,700	(21,879,236)	5%	497,600	(4,397%)
01-01-04	1,223,329	22,171,400	(20,948,071)	6%	284,700	(7,358%)

1925 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	\$ 293,649	\$ 31,777,700	\$ (31,484,051)	1%	\$ 390,700	(8,058%)
01-01-00	277,986	30,707,600	(30,429,614)	1%	390,700	(7,788%)
01-01-01	421,090	33,638,000	(33,216,910)	1%	359,800	(9,232%)
01-01-02	1,239,592	33,265,200	(32,025,608)	4%	375,800	(8,522%)
01-01-03	1,650,963	31,392,500	(29,741,537)	5%	475,400	(6,256%)
01-01-04	901,943	31,807,200	(30,905,257)	3%	283,500	(10,901%)

Electric Utility Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
09-01-00	\$ 14,081,246	\$ 13,715,204	\$ 366,042	103%	\$ 5,914,269	6%
09-01-01	14,103,332	13,949,434	153,898	101%	6,013,332	3%
09-01-02	18,451,814	17,390,368	1,061,446	106%	6,436,400	16%
09-01-03	18,327,234	17,342,907	984,327	106%	6,396,220	15%
09-01-04	20,164,043	19,163,700	1,000,343	105%	6,940,368	14%
09-01-05	21,582,567	21,240,996	341,571	102%	7,331,350	5%

CITY OF RICHMOND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

	<u>Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
1925 Police Officers' Pension Plan	12-31-98	\$ 2,277,100	44%
	12-31-99	1,995,000	42%
	12-31-00	2,067,300	46%
	12-31-01	2,451,800	66%
	12-31-02	2,557,700	74%
	12-31-03	2,613,000	44%
1937 Firefighters' Pension Plan	12-31-98	\$ 3,208,600	50%
	12-31-99	3,101,800	55%
	12-31-00	3,086,700	61%
	12-31-01	3,473,500	82%
	12-31-02	3,563,600	73%
	12-31-03	3,616,500	43%

CITY OF RICHMOND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2005

	General Fund				Motor Vehicle Highway Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Receipts:								
Taxes:								
Property	\$ 8,833,199	\$ 8,833,199	\$ 8,495,886	\$ (337,313)	\$ 1,131,031	\$ 1,131,031	\$ 1,088,672	\$ (42,359)
Licenses and permits	96,000	96,000	161,990	65,990	4,000	4,000	5,325	1,325
Intergovernmental receipts	3,803,288	3,803,288	4,008,528	205,240	1,274,947	1,274,947	1,312,319	37,372
Charges for services receipts	1,060,347	1,060,347	1,054,989	(5,358)	8,700	8,700	8,700	-
Fines and forfeits	113,777	113,777	118,234	4,457	-	-	-	-
Other receipts	786,869	786,869	948,794	161,925	4,650	4,650	56,081	51,431
Total receipts	14,693,480	14,693,480	14,788,421	94,941	2,423,328	2,423,328	2,471,097	47,769
Disbursements:								
Current:								
General government:								
Personal services disbursements	1,247,385	1,201,740	1,170,345	31,395	-	-	-	-
Operating disbursements	1,426,649	1,375,787	1,048,827	326,960	-	-	-	-
Capital outlay disbursements	16,000	14,034	13,761	273	-	-	-	-
Total general government	2,690,034	2,591,561	2,232,933	358,628	-	-	-	-
Public safety:								
Personal services disbursements	12,105,575	12,146,942	12,097,920	49,022	-	-	-	-
Operating disbursements	840,636	852,638	730,940	121,698	-	-	-	-
Capital outlay disbursements	74,480	2,542	2,194	348	-	-	-	-
Total public safety	13,020,691	13,002,122	12,831,054	171,068	-	-	-	-
Highways and streets:								
Personal services disbursements	353,120	296,875	293,439	3,436	1,389,654	1,410,618	1,402,826	7,792
Operating disbursements	718,740	711,586	704,700	6,886	1,407,079	1,474,830	1,396,275	78,555
Capital outlay disbursements	2,411	2,211	332	1,879	125,000	194,950	158,195	36,755
Total highways and streets	1,074,271	1,010,672	998,471	12,201	2,921,733	3,080,398	2,957,296	123,102
Economic development:								
Personal services disbursements	468,984	468,984	448,835	20,149	-	-	-	-
Operating disbursements	50,400	38,053	32,105	5,948	-	-	-	-
Capital outlay disbursements	3,500	2,000	927	1,073	-	-	-	-
Total economic development	522,884	509,037	481,867	27,170	-	-	-	-
Culture and recreation:								
Personal services disbursements	-	-	-	-	-	-	-	-
Operating disbursements	-	-	-	-	-	-	-	-
Capital outlay disbursements	-	-	-	-	-	-	-	-
Total culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	17,307,880	17,113,392	16,544,325	569,067	2,921,733	3,080,398	2,957,296	123,102
Excess (deficiency) of receipts over (under) disbursements	(2,614,400)	(2,419,912)	(1,755,904)	664,008	(498,405)	(657,070)	(486,199)	170,871
Other financing sources (uses) :								
Operating transfers in	2,139,709	2,139,709	2,306,318	166,609	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total financing sources (uses)	2,139,709	2,139,709	2,306,318	166,609	-	-	-	-
Net change in cash balances	(474,691)	(280,203)	550,414	830,617	(498,405)	(657,070)	(486,199)	170,871
Cash balances - beginning	707,659	707,659	707,659	-	701,955	701,955	701,955	-
Cash balances - December 31	\$ 232,968	\$ 427,456	\$ 1,258,073	\$ 830,617	\$ 203,550	\$ 44,885	\$ 215,756	\$ 170,871

CITY OF RICHMOND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2005
(Continued)

	Parks and Recreation Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Taxes:				
Property	\$ 2,145,011	\$ 2,145,011	\$ 2,064,678	\$ (80,333)
Licenses and permits	-	-	-	-
Intergovernmental receipts	183,086	183,086	177,301	(5,785)
Charges for services receipts	112,000	112,000	141,944	29,944
Fines and forfeits	-	-	-	-
Other receipts	<u>32,300</u>	<u>32,300</u>	<u>53,327</u>	<u>21,027</u>
Total receipts	<u>2,472,397</u>	<u>2,472,397</u>	<u>2,437,250</u>	<u>(35,147)</u>
Disbursements:				
Current:				
General government:				
Personal services disbursements	-	-	-	-
Operating disbursements	-	-	-	-
Capital outlay disbursements	-	-	-	-
Total general government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public safety:				
Personal services disbursements	-	-	-	-
Operating disbursements	-	-	-	-
Capital outlay disbursements	-	-	-	-
Total public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Highways and streets:				
Personal services disbursements	-	-	-	-
Operating disbursements	-	-	-	-
Capital outlay disbursements	-	-	-	-
Total highways and streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Economic development:				
Personal services disbursements	-	-	-	-
Operating disbursements	-	-	-	-
Capital outlay disbursements	-	-	-	-
Total economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Culture and recreation:				
Personal services disbursements	1,655,388	1,517,024	1,475,970	41,054
Operating disbursements	740,850	792,015	684,113	107,902
Capital outlay disbursements	<u>168,615</u>	<u>149,667</u>	<u>109,785</u>	<u>39,882</u>
Total culture and recreation	<u>2,564,853</u>	<u>2,458,706</u>	<u>2,269,868</u>	<u>188,838</u>
Total expenditures	<u>2,564,853</u>	<u>2,458,706</u>	<u>2,269,868</u>	<u>188,838</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(92,456)</u>	<u>13,691</u>	<u>167,382</u>	<u>153,691</u>
Other financing sources (uses) :				
Operating transfers in	-	-	16,790	16,790
Operating transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(83,210)</u>	<u>16,790</u>
Net change in cash balances	(192,456)	(86,309)	84,172	170,481
Cash balances - beginning	<u>285,084</u>	<u>285,084</u>	<u>285,084</u>	<u>-</u>
Cash balances - December 31	<u>\$ 92,628</u>	<u>\$ 198,775</u>	<u>\$ 369,256</u>	<u>\$ 170,481</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005

	Local Road and Street	Law Enforcement Continued Education	HAZ-MAT	Criminal Justice	Law Enforcement Aid	Redevelopment	Build Indiana
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	3,260	-	-	-	-	-
Intergovernmental	372,860	-	-	199,331	-	-	100,000
Charges for services	-	2,800	16,365	-	-	-	-
Fines and forfeits	-	7,971	-	-	-	-	-
Other	9,319	9,984	-	4,450	2,299	552	-
Total receipts	382,179	24,015	16,365	203,781	2,299	552	100,000
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	20,132	12,340	198,216	29,672	-	-
Highways and streets	711,208	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	374,035
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Law enforcement	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	711,208	20,132	12,340	198,216	29,672	-	374,035
Excess (deficiency) of revenue over (under) disbursements	(329,029)	3,883	4,025	5,565	(27,373)	552	(274,035)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(329,029)	3,883	4,025	5,565	(27,373)	552	(274,035)
Cash basis fund balance - beginning	464,824	21,071	10,423	74,525	99,414	17,272	412,321
Cash basis fund balance - ending	\$ 135,795	\$ 24,954	\$ 14,448	\$ 80,090	\$ 72,041	\$ 17,824	\$ 138,286
Cash Basis Assets - December 31							
Cash and cash equivalents	\$ 135,795	\$ 24,954	\$ 14,448	\$ -	\$ 72,041	\$ 17,824	\$ 138,286
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	-	-	-	80,090	-	-	-
Total cash basis assets - December 31	\$ 135,795	\$ 24,954	\$ 14,448	\$ 80,090	\$ 72,041	\$ 17,824	\$ 138,286
Cash Basis Fund Balance - December 31							
Restricted for:							
Law enforcement	\$ -	\$ -	\$ -	\$ 80,090	\$ -	\$ -	\$ -
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Unrestricted	135,795	24,954	14,448	-	72,041	17,824	138,286
Total cash basis fund balance - December 31	\$ 135,795	\$ 24,954	\$ 14,448	\$ 80,090	\$ 72,041	\$ 17,824	\$ 138,286

CITY OF RICHMOND
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Redevelopment Revenue Bond	Business and Industrial Loan	Local Cash	Program Income Loan	Microenterprise Loan	Human and Environmental Services
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	25,000	56,347
Charges for services	-	1,075	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	122,216	24,882	29,750	437	16,466
Total receipts	-	123,291	24,882	29,750	25,437	72,813
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	64,725
Urban redevelopment and housing	-	258,308	72,301	41,569	10,000	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Law enforcement	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	258,308	72,301	41,569	10,000	64,725
Excess (deficiency) of revenue over (under) disbursements	-	(135,017)	(47,419)	(11,819)	15,437	8,088
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	(135,017)	(47,419)	(11,819)	15,437	8,088
Cash basis fund balance - beginning	516	389,907	107,322	127,900	-	5,031
Cash basis fund balance - ending	<u>516</u>	<u>254,890</u>	<u>59,903</u>	<u>116,081</u>	<u>15,437</u>	<u>13,119</u>
Cash Basis Assets - December 31						
Cash and cash equivalents	\$ 516	\$ -	\$ -	\$ -	\$ 15,437	\$ 13,119
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	254,890	59,903	116,081	-	-
Total cash basis assets - December 31	<u>\$ 516</u>	<u>\$ 254,890</u>	<u>\$ 59,903</u>	<u>\$ 116,081</u>	<u>\$ 15,437</u>	<u>\$ 13,119</u>
Cash Basis Fund Balance - December 31						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Urban redevelopment and housing	-	254,890	59,903	116,081	-	-
Debt service	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Unrestricted	516	-	-	-	15,437	13,119
Total cash basis fund balance - December 31	<u>\$ 516</u>	<u>\$ 254,890</u>	<u>\$ 59,903</u>	<u>\$ 116,081</u>	<u>\$ 15,437</u>	<u>\$ 13,119</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Birth to Five	Unsafe Building	Midwest Industrial Park	Animal Control	Park Nonreverting Operating	City Grants
Receipts:						
Taxes	\$ -	\$ 26,201	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	697	-	-
Intergovernmental	-	2,250	-	-	-	607,318
Charges for services	-	-	-	-	564,377	-
Fines and forfeits	-	-	-	-	32,818	-
Other	410,323	1,386	16,024	-	109,884	-
Total receipts	410,323	29,837	16,024	697	707,079	607,318
Disbursements:						
General government	398,753	-	-	-	-	-
Public safety	-	49,463	-	441	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	804,629	598,781
Urban redevelopment and housing	-	-	1,852	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Law enforcement	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	398,753	49,463	1,852	441	804,629	598,781
Excess (deficiency) of revenue over (under) disbursements	11,570	(19,626)	14,172	256	(97,550)	8,537
Other financing sources (uses)						
Transfers in	-	-	-	-	131,000	-
Transfers out	-	-	-	-	(16,790)	-
Total other financing sources (uses)	-	-	-	-	114,210	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	11,570	(19,626)	14,172	256	16,660	8,537
Cash basis fund balance - beginning	38,194	64,041	511,995	6,421	4,025	4,929
Cash basis fund balance - ending	<u>\$ 49,764</u>	<u>\$ 44,415</u>	<u>\$ 526,167</u>	<u>\$ 6,677</u>	<u>\$ 20,685</u>	<u>\$ 13,466</u>
Cash Basis Assets - December 31						
Cash and cash equivalents	\$ 49,764	\$ 44,415	\$ -	\$ 6,677	\$ 20,685	\$ 13,466
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	526,167	-	-	-
Total cash basis assets - December 31	<u>\$ 49,764</u>	<u>\$ 44,415</u>	<u>\$ 526,167</u>	<u>\$ 6,677</u>	<u>\$ 20,685</u>	<u>\$ 13,466</u>
Cash Basis Fund Balance - December 31						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Urban redevelopment and housing	-	-	526,167	-	-	-
Debt service	-	-	-	-	-	-
Health and welfare	49,764	-	-	-	-	-
Unrestricted	-	44,415	-	6,677	20,685	13,466
Total cash basis fund balance - December 31	<u>\$ 49,764</u>	<u>\$ 44,415</u>	<u>\$ 526,167</u>	<u>\$ 6,677</u>	<u>\$ 20,685</u>	<u>\$ 13,466</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Rainy Day City	Park Bond Sinking	Redevelop Authority Bond and Interest	Cumulative Capital Improvement	Cumulative Capital Development	County EDIT
Receipts:						
Taxes	\$ -	\$ 398,263	\$ -	\$ -	\$ 416,604	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	34,201	-	120,943	35,775	711,921
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	21,626	-	2	11,880	354,859	79,440
Total receipts	21,626	432,464	2	132,823	807,238	791,361
Disbursements:						
General government	-	-	-	191,479	-	261,261
Public safety	-	-	-	36,769	-	-
Highways and streets	-	-	-	-	-	300,557
Sanitation	-	-	-	-	-	23,634
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	35,069
Debt service:						
Principal	-	240,000	285,000	-	-	-
Interest	-	70,642	127,107	-	-	-
Capital outlay:						
Law enforcement	-	-	-	-	721,893	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	95,912	-	-
Total disbursements	-	310,642	412,107	324,160	721,893	620,521
Excess (deficiency) of revenue over (under) disbursements	21,626	121,822	(412,105)	(191,337)	85,345	170,840
Other financing sources (uses)						
Transfers in	-	-	411,837	-	-	-
Transfers out	-	-	-	-	-	(236,350)
Total other financing sources (uses)	-	-	411,837	-	-	(236,350)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	21,626	121,822	(268)	(191,337)	85,345	(65,510)
Cash basis fund balance - beginning	676,515	170,347	269	471,060	667,162	880,631
Cash basis fund balance - ending	<u>\$ 698,141</u>	<u>\$ 292,169</u>	<u>\$ 1</u>	<u>\$ 279,723</u>	<u>\$ 752,507</u>	<u>\$ 815,121</u>
Cash Basis Assets - December 31						
Cash and cash equivalents	\$ 698,141	\$ -	\$ -	\$ 279,723	\$ 752,507	\$ 815,121
Cash with fiscal agent	-	156,000	1	-	-	-
Restricted assets:						
Cash and cash equivalents	-	136,169	-	-	-	-
Total cash basis assets - December 31	<u>\$ 698,141</u>	<u>\$ 292,169</u>	<u>\$ 1</u>	<u>\$ 279,723</u>	<u>\$ 752,507</u>	<u>\$ 815,121</u>
Cash Basis Fund Balance - December 31						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	292,169	1	-	-	-
Health and welfare	-	-	-	-	-	-
Unrestricted	698,141	-	-	279,723	752,507	815,121
Total cash basis fund balance - December 31	<u>\$ 698,141</u>	<u>\$ 292,169</u>	<u>\$ 1</u>	<u>\$ 279,723</u>	<u>\$ 752,507</u>	<u>\$ 815,121</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Infrastructure	Park Nonreverting Capital	Park Bond Construction	Tax Increment Financing	Park Capital Improvements	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 1,477,931	\$ -	\$ 2,318,999
Licenses and permits	-	-	-	-	-	3,957
Intergovernmental	-	-	-	97,369	-	2,363,315
Charges for services	-	77,367	-	-	-	661,984
Fines and forfeits	-	-	-	-	-	40,789
Other	4,441	19,615	369	60,613	16,576	1,327,393
Total receipts	4,441	96,982	369	1,635,913	16,576	6,716,437
Disbursements:						
General government	-	-	-	11,808	-	863,301
Public safety	-	-	-	-	-	347,033
Highways and streets	-	-	-	-	-	1,011,765
Sanitation	-	-	-	21,499	-	45,133
Culture and recreation	-	89,637	38,757	-	-	1,970,564
Urban redevelopment and housing	-	-	-	609,638	-	1,028,737
Debt service:						
Principal	-	-	-	-	-	525,000
Interest	-	-	-	-	-	197,749
Capital outlay:						
Law enforcement	-	-	-	-	-	721,893
Highways and streets	-	-	-	576,256	-	576,256
Sanitation	-	-	-	180,611	-	180,611
Culture and recreation	-	-	-	300,000	8,983	404,895
Total disbursements	-	89,637	38,757	1,699,812	8,983	7,872,937
Excess (deficiency) of revenue over (under) disbursements	4,441	7,345	(38,388)	(63,899)	7,593	(1,156,500)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	542,837
Transfers out	-	(15,400)	-	(411,837)	(15,600)	(695,977)
Total other financing sources (uses)	-	(15,400)	-	(411,837)	(15,600)	(153,140)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	4,441	(8,055)	(38,388)	(475,736)	(8,007)	(1,309,640)
Cash basis fund balance - beginning	1,150	62,679	40,654	2,362,775	468,267	8,161,640
Cash basis fund balance - ending	<u>\$ 5,591</u>	<u>\$ 54,624</u>	<u>\$ 2,266</u>	<u>\$ 1,887,039</u>	<u>\$ 460,260</u>	<u>\$ 6,852,000</u>
Cash Basis Assets - December 31						
Cash and cash equivalents	\$ 5,591	\$ 54,624	\$ 2,266	\$ 1,887,039	\$ 460,260	\$ 5,522,699
Cash with fiscal agent	-	-	-	-	-	156,001
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	1,173,300
Total cash basis assets - December 31	<u>\$ 5,591</u>	<u>\$ 54,624</u>	<u>\$ 2,266</u>	<u>\$ 1,887,039</u>	<u>\$ 460,260</u>	<u>\$ 6,852,000</u>
Cash Basis Fund Balance - December 31						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,090
Urban redevelopment and housing	-	-	-	-	-	957,041
Debt service	-	-	-	-	-	292,170
Health and welfare	-	-	-	-	-	49,764
Unrestricted	5,591	54,624	2,266	1,887,039	460,260	5,472,935
Total cash basis fund balance - December 31	<u>\$ 5,591</u>	<u>\$ 54,624</u>	<u>\$ 2,266</u>	<u>\$ 1,887,039</u>	<u>\$ 460,260</u>	<u>\$ 6,852,000</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2005

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	1,101,560	1,670,638	2,772,198
Plan members	<u>9,362</u>	<u>8,339</u>	<u>17,701</u>
Total contributions	<u>1,110,922</u>	<u>1,678,977</u>	<u>2,789,899</u>
Investment earnings:			
Interest	<u>5,281</u>	<u>3,491</u>	<u>8,772</u>
Total additions	<u>1,116,203</u>	<u>1,682,468</u>	<u>2,798,671</u>
Deductions:			
Benefits	1,627,488	2,271,595	3,899,083
Administrative and general	<u>23,918</u>	<u>6,370</u>	<u>30,288</u>
Total deductions	<u>1,675,324</u>	<u>2,284,335</u>	<u>3,959,659</u>
Deficiency of total additions under total deductions	(535,203)	(595,497)	(1,130,700)
Cash and cash equivalents - beginning	<u>647,920</u>	<u>660,725</u>	<u>1,308,645</u>
Cash and cash equivalents - ending	<u>\$ 112,717</u>	<u>\$ 65,228</u>	<u>\$ 177,945</u>

CITY OF RICHMOND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 2005

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,577,455
Infrastructure	34,441,995
Buildings	9,568,012
Improvements other than buildings	392,245
Machinery and equipment	9,812,693
Construction in progress	<u>3,477,118</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 59,269,518</u>
Business-type activities:	
Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 783,189
Construction in progress	1,242,283
Buildings	6,545,293
Improvements other than buildings	977,563
Machinery and equipment	<u>136,086,572</u>
Total Electric Utility capital assets	<u>145,634,900</u>
Sanitary District:	
Capital assets, not being depreciated:	
Land	494,216
Construction in progress	7,051,566
Infrastructure	2,406,442
Buildings	4,208,170
Improvements other than buildings	71,335,850
Machinery and equipment	<u>16,226,839</u>
Total Sanitary District capital assets	<u>101,723,083</u>
Roseview Transit:	
Capital assets, not being depreciated:	
Land	19,950
Buildings	351,675
Machinery and equipment	<u>696,165</u>
Total Roseview Transit capital assets	<u>1,067,790</u>
Municipal Airport:	
Capital assets, not being depreciated:	
Land	567,389
Construction in progress	110,129
Buildings	865,048
Improvements other than buildings	2,836,762
Machinery and equipment	<u>1,033,241</u>
Total Municipal Airport capital assets	<u>5,412,569</u>
Off Street Parking:	
Capital assets, not being depreciated:	
Land	118,366
Buildings	1,334,021
Improvements other than buildings	436,732
Machinery and equipment	<u>79,982</u>
Total Off Street Parking capital assets	<u>1,969,101</u>
Total business-type activities capital assets	<u>\$ 255,807,443</u>

CITY OF RICHMOND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2005

	Ending Balance	Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 270,083	\$ 132,660
Bonds payable:		
General obligation bonds:		
Park and recreation	1,260,000	255,000
Revenue bonds:		
Redevelopment authority	2,420,000	295,000
Total governmental activities long-term debt	\$ 3,950,083	\$ 682,660
Business-type activities:		
Sanitary District:		
Revenue bonds:		
SRF Bond Issue of 2000	\$ 3,234,204	\$ 190,572
SRF Bond Issue of 2002	1,922,511	96,132
SRF Bond Issue of 2005	3,352,013	148,000
Chester Blvd. Issue of 2005	9,900,000	-
Total business-type activities:	\$ 18,408,728	\$ 434,704

CITY OF RICHMOND
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCE

The cash balance of the Health Insurance Fund was overdrawn at December 31, 2005, by \$119,745. For reporting purposes, other funds were used to offset the negative cash balance. The Health Insurance Fund negative balance was caused by an increase in medical expenses in the last two months of the year. Due to the timing of the increase in medical expenses, there was not enough time to have an additional appropriation approved by the state by the end of the year for those funds from which health insurance transfers are made.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF RICHMOND, WAYNE COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Richmond (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 26, 2006

CITY OF RICHMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass Through Indiana Office of Rural Affairs Community Development Block Grants/State's Program Brownfield Program	14.228	BR-03-001	\$ 476,678
Pass Through Indiana Economic Development Corporation Community Development Block Grants/State's Program Planning Grant Program Industrial Development Grant Program	14.228	PL-04-022 IDGF-03-630	30,000 8,752
Pass Through Indiana Housing Finance Authority Community Development Block Grants/State's Program Improving Neighborhoods Through Revitalization	14.228	IP-004-009	<u>20,000</u>
Total for federal grantor agency			<u>535,430</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant Public Safety Partnership and Community Policing Grants Cops In Schools	16.710	2002SHWX0038	<u>93,750</u>
Pass Through Indiana Criminal Justice Institute Crime Victim Assistance Victim Assistance Victim Assistance	16.575	04-VA-007 05-VA-139	33,938 <u>9,443</u>
Total for program			<u>43,381</u>
Total for federal grantor agency			<u>137,131</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Main Street Bridge Reid Parkway from US 27 to Reservoir	20.205	STP-9989(31) STP-9989(32)	52,800 <u>33,277</u>
Total for cluster			<u>86,077</u>
Federal Transit Cluster Federal Transit - Formula Grants Operating Assistance Operating Assistance Capital Assistance Capital Assistance	20.507	18A22110 18A23110 1802211C 1802311C	288,829 128,272 30,093 <u>25,620</u>
Total for cluster			<u>472,814</u>
Highway Safety Cluster State and Community Highway Safety Operation Pull Over Seat Belt Grant DUI Task Force Grant	20.600		13,500 10,000 <u>32,500</u>
Total for cluster			<u>56,000</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF RICHMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>			
Direct Grant			
Airport Improvement Program	20.106		
Expand Terminal Apron Phase 1 and Phase 2		AIP 3-18-0071-06	<u>149,999</u>
Total for federal grantor agency			<u>764,890</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Surveys, Studies, Investigations and Special Purpose Grants	66.606		
Primary Clarifiers Rehab		XP-96592301	<u>192,900</u>
Direct Grant			
Brownfield's Assessment and Cleanup Cooperative Agreements	66.818		
Brownfield Assessment		BF-96524101-0	<u>22,592</u>
Pass Through Indiana Department of Environmental Management			
Capitalization Grants for Clean Water State Revolving Funds	66.458		
Primary Clarifiers Automation & Rehab		WW 0502891	1,287,951
Digester Rehab		CS 182111 02	<u>5,128</u>
Total for program			<u>1,293,079</u>
Total for federal grantor agency			<u>1,508,571</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES</u>			
Pass Through Indiana Department of Health			
Special Programs for the Aging - Title III, Part B -			
Grants for Supportive Services and Senior Centers	93.044		
Paratransit 2004-05			24,919
Paratransit 2005-06			<u>21,359</u>
Total for federal grantor agency			<u>46,278</u>
<u>U.S. CORPORATION FOR NATIONAL SERVICE</u>			
Direct Grant			
Retired and Senior Volunteer Program	94.002		
RSVP			<u>38,547</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant	97.044		
Self-Contained Breathing Apparatus		EMW-2004-FG-14112	242,182
Thermal Imaging Equipment		EMW-2003-FG-13474	<u>47,488</u>
Total for program			<u>289,670</u>
Pass Through Indiana Department of Homeland Security			
Disaster Grants - Public Assistance	97.036		
Winter Snow Storm 12-22-04		EM 3197	<u>57,678</u>
Total for federal grantor agency			<u>347,348</u>
Total federal awards expended			<u>\$ 3,378,195</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF RICHMOND
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Richmond (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF RICHMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program
20.507	Federal Transit – Formula Grants
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



CITY OF RICHMOND

DEPARTMENT OF FINANCE & PURCHASING

50 NORTH FIFTH STREET - RICHMOND, IN 47374
PHONE (765) 983-7200 - FAX (765) 983-7212

SALLY L. HUTTON
Mayor

JOHN P. KENNY
City Controller

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Audit Period: 1-1-05 to 12-31-05

Period of Prior Audit Findings: 1-1-04 to 12-31-04

Finding 2004-1 Cash Management

The Cash Management finding regarding timing between grant funds receipt and disbursement has been corrected. The timing issue of the receipt and disbursement were discussed and procedures have been established to assure that this does not occur again.

The project in question was being administered in part by a hired consultant. The City of Richmond has met with the consultant to establish additional procedures that allow for additional city staff persons, aside from the Board of Aviation Commissions, to know when federal funds are being drawn for an airport project. As a result, the City of Richmond will know when to expect grant funds and know that prompt disbursements need to follow.

Community Development monitors the city's grant funds. Finance and Community Development have worked together to fine-tune the process related to the three day turnaround between receipt of federal grant funds and subsequent disbursement. With a weekly check run, the three day turnaround sometimes forced us to prepare a special check outside of our weekly accounts payable cycle. Our solution to a special check run has been to prepare the check for disbursement prior to the receipt of the funds and then to mail the check once the funds are received.

The City of Richmond has a good track record of receiving and administering all types of Federal grant funds. We will continue to review our grant fund receipts and disbursements processes and continue to make improvements as needed in the future.



John P. Kenny, City Controller

6/1/06
Date

CITY OF RICHMOND
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2006, with Sarah L. Hutton, Mayor; Karl Sharp, President of the Common Council; Al Glover, member of the Common Council; Tony Foster, Director, Metropolitan Development; Sharon Palmer, Community Development Specialist; Robert Tyler, Richmond Sanitary District Manager; Walt Chidester, City Attorney; Richard Bodiker, member of the Board of Sanitary Commissioners; John P. Kenny, Controller; and Tammy Glenn, Deputy Controller. The official response has been made a part of this report and may be found on page 46.



CITY OF RICHMOND

DEPARTMENT OF FINANCE & PURCHASING

50 NORTH FIFTH STREET - RICHMOND, IN 47374
PHONE (765) 983-7200 - FAX (765) 983-7212

SALLY L. HUTTON
Mayor

JOHN P. KENNY
City Controller

July 3, 2006

State Board of Accounts
302 West Washington Street, Room E418
Indianapolis, IN 46204-2738

Re: **City of Richmond**
Audit Results and Comments

Overdrawn Cash Balances

The cash balance in the Health Insurance Fund was overdrawn at year end 2005. This was due to extremely high medical claims in the months of November and December 2005 that would have been difficult to anticipate. With the State of Indiana's requirements for additional appropriations, it was not possible to have additional appropriations approved by year end. We are monitoring health insurance costs very closely and the overdrawn balance has decreased thus far in 2006. We will prepare an additional appropriation if the cash balance is not positive towards the end of the year. This additional appropriation will allow for the transfer of funds from the individual funds to the Health Insurance Fund. The amount of the transfers, in total, will provide for a positive cash balance in the Health Insurance Fund as of December 31, 2006.

In addition, our budgeting process for 2007 will take into account the increase in health insurance costs and we believe the amount we budget will be adequate to provide for a positive cash balance in the Health Insurance Fund as of December 31, 2007 as well.

Sincerely,

John P. Kenny, CPA
City Controller