

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2006

CITY OF RICHMOND

WAYNE COUNTY, INDIANA



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	John P. Kenny Tammy S. Glenn	01-01-06 to 12-31-06 01-01-07 to 12-31-07
Mayor	Sarah L. Hutton	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	John P. Kenny Vicki A. Robinson	01-01-06 to 03-02-07 03-03-07 to 12-31-07
President of the Common Council	Karl Sharp Diana Pappin	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the Board of Sanitary Commissioners	Rodney Phenis	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

**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, 2006, 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.

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, 2006, 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 14, 2007, 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.

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.

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

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 required parts 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 14, 2007



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

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, 2006, and have issued our report thereon dated June 14, 2007. 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 June 14, 2007. 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 14, 2007

CITY OF RICHMOND
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,222,231	\$ 4,192,314	\$ -	\$ 174,609	\$ 1,144,692	\$ -	\$ 1,144,692
Public safety	14,267,775	865,717	159,384	-	(13,242,674)	-	(13,242,674)
Highways and streets	4,623,546	8,700	1,572,481	357,834	(2,684,531)	-	(2,684,531)
Economic development	3,567,482	98,171	1,136,158	2,896,057	562,904	-	562,904
Culture and recreation	3,958,902	720,880	199,095	430,923	(2,608,004)	-	(2,608,004)
Interest on long-term debt	173,395	-	-	-	(173,395)	-	(173,395)
Total governmental activities	29,813,331	5,885,782	3,067,118	3,859,423	(17,001,008)	-	(17,001,008)
Business-type activities:							
Sanitary district	10,973,998	7,434,387	1,428,620	-	-	(2,110,991)	(2,110,991)
Electric	83,156,787	85,377,586	-	25,987	-	2,246,786	2,246,786
Roseview transit	1,218,552	208,696	876,179	110,352	-	(23,325)	(23,325)
Airport	370,774	307,159	-	153,948	-	90,333	90,333
Off street parking	92,829	65,941	-	-	-	(26,888)	(26,888)
Total business-type activities	95,812,940	93,393,769	2,304,799	290,287	-	175,915	175,915
Total primary government	\$ 125,626,271	\$ 99,279,551	\$ 5,371,917	\$ 4,149,710	(17,001,008)	175,915	(16,825,093)
General receipts:							
Property taxes					12,992,883	4,324,697	17,317,580
Other local sources					4,350,800	-	4,350,800
Bonds and loans					-	3,300,000	3,300,000
Grants and contributions not restricted to specific programs					187,168	214,645	401,813
Unrestricted investment earnings					392,383	1,383,386	1,775,769
Transfers					518,763	(518,763)	-
Total general receipts and transfers					18,441,997	8,703,965	27,145,962
Change in net assets					1,440,989	8,879,880	10,320,869
Net assets - beginning					8,695,085	26,656,286	35,351,371
Net assets - ending					\$ 10,136,074	\$ 35,536,166	\$ 45,672,240
Assets							
Cash and investments					\$ 8,231,776	\$ 13,342,556	\$ 21,574,332
Cash with fiscal agent					154,824	1,084,713	1,239,537
Restricted assets:							
Cash and investments					1,749,474	21,108,897	22,858,371
Total assets					\$ 10,136,074	\$ 35,536,166	\$ 45,672,240
Net Assets							
Restricted for:							
Law enforcement					\$ 72,779	\$ -	\$ 72,779
Culture and recreation					74,823	-	74,823
Urban redevelopment and housing					1,423,623	-	1,423,623
Debt service					271,138	1,670,098	1,941,236
Construction					-	10,216,170	10,216,170
Health and welfare					61,935	-	61,935
Utility restricted cash purposes					-	10,307,342	10,307,342
Unrestricted					8,231,776	13,342,556	21,574,332
Total net assets					\$ 10,136,074	\$ 35,536,166	\$ 45,672,240

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

CITY OF RICHMOND
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	Park and Recreation	City Grants	Tax Increment Financing	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 7,715,467	\$ 1,354,799	\$ 1,818,844	\$ -	\$ 1,409,039	\$ 694,734	\$ 12,992,883
Licenses and permits	239,865	3,575	-	-	-	6,834	250,274
Intergovernmental	4,350,799	1,572,480	149,428	3,156,642	174,729	1,491,694	10,895,772
Charges for services	1,128,289	8,700	59,932	-	-	629,582	1,826,503
Fines and forfeits	109,756	-	-	-	-	39,764	149,520
Other	2,417,536	28,412	68,803	-	108,068	1,293,050	3,915,869
Total receipts	15,961,712	2,967,966	2,097,007	3,156,642	1,691,836	4,155,658	30,030,821
Disbursements:							
General government	2,058,203	-	-	-	93,678	780,640	2,932,521
Public safety	13,095,447	-	-	42,738	-	204,176	13,342,361
Highways and streets	983,489	2,707,750	-	-	-	445,050	4,136,289
Culture and recreation	-	-	2,257,962	159,000	-	1,007,145	3,424,107
Urban redevelopment and housing	550,633	-	-	1,078,064	-	250,020	1,878,717
Debt service:							
Principal	-	-	-	-	-	550,000	550,000
Interest	-	-	-	-	-	173,395	173,395
Capital outlay:							
Public safety	-	-	-	-	-	925,414	925,414
Highways and streets	-	-	-	-	487,257	-	487,257
Culture and recreation	-	-	-	249,660	30,135	-	279,795
Urban redevelopment and housing	-	-	-	1,373,234	20,531	-	1,393,765
Total disbursements	16,687,772	2,707,750	2,257,962	2,902,696	631,601	4,335,840	29,523,621
Excess (deficiency) of receipts over (under) disbursements	(726,060)	260,216	(160,955)	253,946	1,060,235	(180,182)	507,200
Other financing sources (uses)							
Transfers in	2,139,709	-	-	-	165,785	791,636	3,097,130
Transfers out	(1,524,901)	-	(65,136)	-	(409,425)	(459,160)	(2,458,622)
Total other financing sources (uses)	614,808	-	(65,136)	-	(243,640)	332,476	638,508
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(111,252)	260,216	(226,091)	253,946	816,595	152,294	1,145,708
Cash and investment fund balance - beginning	1,258,073	215,756	369,256	13,466	1,887,039	4,951,495	8,695,085
Cash and investment fund balance - ending	\$ 1,146,821	\$ 475,972	\$ 143,165	\$ 267,412	\$ 2,703,634	\$ 5,103,789	9,840,793
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:							
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							295,281
Net assets of governmental activities							\$ 10,136,074
Cash and Investment Assets - December 31							
Cash and investments	\$ 1,146,821	\$ 475,972	\$ 143,165	\$ -	\$ 2,703,634	\$ 3,466,903	\$ 7,936,495
Cash with fiscal agent	-	-	-	-	-	154,824	154,824
Restricted assets:							
Cash and investments	-	-	-	267,412	-	1,482,062	1,749,474
Total cash and investment assets - December 31	\$ 1,146,821	\$ 475,972	\$ 143,165	\$ 267,412	\$ 2,703,634	\$ 5,103,789	\$ 9,840,793
Cash and Investment Fund Balance - December 31							
Restricted for:							
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,779	\$ 72,779
Culture and recreation	-	-	-	-	-	74,823	74,823
Urban redevelopment and housing	-	-	-	267,412	-	1,156,211	1,423,623
Debt service	-	-	-	-	-	271,138	271,138
Health and welfare	-	-	-	-	-	61,935	61,935
Unrestricted	1,146,821	475,972	143,165	-	2,703,634	3,466,903	7,936,495
Total cash and investment fund balance - December 31	\$ 1,146,821	\$ 475,972	\$ 143,165	\$ 267,412	\$ 2,703,634	\$ 5,103,789	\$ 9,840,793

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

CITY OF RICHMOND
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2006

	Sanitary District	Electric Utility	Roseview Transit	Municipal Airport	Off Street Parking	Total	Internal Service Funds
Operating receipts:							
Residential sales	\$ -	\$ 17,309,715	\$ -	\$ -	\$ -	\$ 17,309,715	\$ -
Commercial and industrial sales	-	47,396,420	-	-	-	47,396,420	-
Public street and highway lighting	-	1,982,952	-	-	-	1,982,952	-
Sales for resale	-	18,127,707	-	-	-	18,127,707	-
Residential, commercial, and industrial user fees	7,374,791	-	-	-	-	7,374,791	-
Customer charges and sales	-	-	176,918	304,287	65,929	547,134	596,206
Penalties	-	481,951	-	-	-	481,951	-
Interfund service provided	-	-	-	-	-	-	4,508,538
Other	59,596	78,841	31,778	2,872	12	173,099	-
Total operating receipts	7,434,387	85,377,586	208,696	307,159	65,941	93,393,769	5,104,744
Operating disbursements:							
Equipment and capital improvements	1,553,539	9,636,550	128,291	-	-	11,318,380	-
Production and supply	-	62,452,477	-	-	-	62,452,477	-
Transmission and distribution	-	2,858,700	-	-	-	2,858,700	-
Customer accounts	-	1,140,354	-	-	-	1,140,354	-
Administration and general	-	3,691,571	-	-	-	3,691,571	190,823
Public transportation operations and maintenance	-	-	1,090,261	-	-	1,090,261	-
Municipal airport operations	-	-	-	370,774	-	370,774	-
Off street parking operations	-	-	-	-	92,829	92,829	-
Insurance claims and premiums	-	-	-	-	-	-	4,607,425
Salaries and wages	2,937,079	-	-	-	-	2,937,079	-
Employee pensions and benefits	1,254,482	1,718,796	-	-	-	2,973,278	-
Purchased power	590,410	-	-	-	-	590,410	-
Sludge removal	253,070	-	-	-	-	253,070	-
Fuel	351,440	-	-	-	-	351,440	-
Chemicals	97,413	-	-	-	-	97,413	-
Material and supplies	752,066	-	-	-	-	752,066	-
Contractual services	1,196,833	-	-	-	-	1,196,833	-
Rents	74,838	-	-	-	-	74,838	-
Insurance disbursements	348,534	-	-	-	-	348,534	-
Miscellaneous disbursements	525,622	1,588,870	-	-	-	2,114,492	-
Total operating disbursements	9,935,326	83,087,318	1,218,552	370,774	92,829	94,704,799	4,798,248
Excess (deficiency) of operating receipts over (under) operating disbursements	(2,500,939)	2,290,268	(1,009,856)	(63,615)	(26,888)	(1,311,030)	306,496
Nonoperating receipts (disbursements):							
Bond proceeds	-	3,300,000	-	-	-	3,300,000	-
Interest and investment receipts	737,290	634,429	-	11,617	50	1,383,386	2,752
Principal received on customer notes	18,233	-	-	-	-	18,233	-
Miscellaneous receipts	-	106,448	-	-	-	106,448	105,778
Property taxes	4,324,697	-	-	-	-	4,324,697	-
Intergovernmental	1,428,620	-	-	-	-	1,428,620	-
Operating grants	-	-	876,179	-	-	876,179	-
Rent	-	-	-	89,964	-	89,964	-
Debt service of principal	(567,364)	-	-	-	-	(567,364)	-
Debt service of interest	(471,308)	-	-	-	-	(471,308)	-
Interest and investment disbursement	-	(69,469)	-	-	-	(69,469)	-
Total nonoperating receipts (disbursements)	5,470,168	3,971,408	876,179	101,581	50	10,419,386	108,530
Excess (deficiency) of receipts over (under) disbursements and nonoperating receipts (disbursements)	2,969,229	6,261,676	(133,677)	37,966	(26,838)	9,108,356	415,026
Capital contributions	-	25,987	110,352	153,948	-	290,287	-
Transfers in	-	1,737,406	139,930	-	26,000	1,903,336	-
Transfers out	-	(2,139,709)	(116,605)	(165,785)	-	(2,422,099)	(119,745)
Excess (deficiency) of receipts, contributions and transfers in over (under) disbursements and transfers out	2,969,229	5,885,360	-	26,129	(838)	8,879,880	295,281
Cash and investment fund balance - beginning	15,019,599	11,467,348	40	167,582	1,717	26,656,286	-
Cash and investment fund balance - ending	\$ 17,988,828	\$ 17,352,708	\$ 40	\$ 193,711	\$ 879	\$ 35,536,166	\$ 295,281
Cash and Investment Assets - December 31							
Cash and investments	\$ 6,102,560	\$ 7,045,366	\$ 40	\$ 193,711	\$ 879	\$ 13,342,556	\$ 295,281
Cash with fiscal agent	1,084,713	-	-	-	-	1,084,713	-
Restricted assets:							
Cash and investments	10,801,555	10,307,342	-	-	-	21,108,897	-
Total cash and investment assets - December 31	\$ 17,988,828	\$ 17,352,708	\$ 40	\$ 193,711	\$ 879	\$ 35,536,166	\$ 295,281
Cash and Investment Fund Balance - December 31							
Restricted for:							
Debt service	\$ 1,670,098	\$ -	\$ -	\$ -	\$ -	\$ 1,670,098	\$ -
Construction	10,216,170	-	-	-	-	10,216,170	-
Utility restricted cash purposes	-	10,307,342	-	-	-	10,307,342	-
Unrestricted	6,102,560	7,045,366	40	193,711	879	13,342,556	295,281
Total	\$ 17,988,828	\$ 17,352,708	\$ 40	\$ 193,711	\$ 879	\$ 35,536,166	\$ 295,281

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

CITY OF RICHMOND
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	Pension Trust Funds	Private-Purpose Trust Fund
Additions:		
Contributions:		
Employer	\$ 4,659,813	\$ -
Plan members	11,557	-
Private donations	-	180,380
	4,671,370	180,380
Total contributions		
Investment earnings:		
Interest	12,243	-
	4,683,613	180,380
Total additions		
Deductions:		
Benefits	4,172,533	-
Administrative and general	31,636	-
Payments in accordance with trust agreements	-	174,650
	4,204,169	174,650
Total deductions		
Excess of total additions over total deductions	479,444	5,730
Cash and investment fund balance - beginning	177,945	66,941
Cash and investment fund balance - ending	\$ 657,389	\$ 72,671

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 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 displays 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 non-exchange 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 operating cash receipts, cash disbursements and cash balances of the street department.

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

The city grants fund is the primary fund used to account for cash receipts, cash disbursements and cash balances of city grants from various agencies.

The tax increment financing fund is the primary fund used to account for all cash receipts, cash disbursements and cash balances for the tax increment financing district, an economic development zone of the City of Richmond.

The City reports the following major proprietary funds:

The electric utility fund accounts for the operation of the electric utility including the sale, generation, wholesale purchase of electricity and distribution of electricity for customers.

The sanitary district fund accounts for the operation of the Richmond Sanitary District including trash collection, municipal landfill, wastewater collection and treatment and stormwater collection and management activities.

The Roseview Transit fund accounts for the operation of the city mass transit system.

The municipal airport fund accounts for the operation of the municipal airport.

The off street parking fund accounts for the operation of the city's parking lots and parking garage.

Additionally, the City reports the following fund types:

The internal service fund accounts for health insurance for employees of all city departments provided 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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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 the 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, or (2) law through constitutional provisions or enabling legislation.
- 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

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

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.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

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 and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

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.

Prior to the first required publication, 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)

III. Detailed Notes on All Funds

A. Deposits and Investments

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. At December 31, 2006, the bank balance held at JPMorgan Chase Bank, in the amount of \$18,032,390 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor - City's name. The remaining bank 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, 2006, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>
General Fund	Electric Utility	\$ 1,498,901
	Off Street Parking	26,000
Electric Utility	General Fund	2,139,709
Municipal Airport	Tax Increment Financing	165,785
Park and Recreation	Other governmental	65,136
Tax Increment Financing	Other governmental	409,425
Roseview Transit	Other governmental	116,605
Other governmental	Electric Utility	238,505
	Roseview Transit	139,930
	Other governmental	80,725
Internal Service	Other governmental	<u>119,745</u>
Total		<u>\$ 5,000,466</u>

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 inter-fund transactions.

B. 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, 2006, there were four series economic development revenue bonds outstanding.

C. 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, 48 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.

D. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the Common Council on July 6, 2004. The rate structure called for an increase in rates to occur in three phases. The third phase of the increase became effective January 1, 2006, which increased wastewater treatment rates by approximately 19%.

Electric Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on February 9, 2005.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

d. Electric Utility Pension

Plan Description

The Utility contributes to the Richmond Power and Light Employee's 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. The 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
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	City PERF	Sanitary District PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Electric Utility Pension
Annual required contribution	\$ 229,587	\$ 210,452	\$ 2,602,000	\$ 3,708,600	\$ 624,214
Interest on net pension obligation	(9,066)	(7,013)	493,500	592,200	(33,994)
Adjustment to annual required contribution	<u>10,331</u>	<u>7,992</u>	<u>(862,200)</u>	<u>(1,034,600)</u>	<u>47,816</u>
Annual pension cost	230,852	211,431	2,233,300	3,266,200	638,036
Contributions made	<u>171,897</u>	<u>168,773</u>	<u>1,178,397</u>	<u>1,562,209</u>	<u>599,150</u>
Increase in net pension obligation	58,955	42,658	1,054,903	1,703,991	38,886
Net pension obligation, beginning of year	<u>(125,042)</u>	<u>(96,734)</u>	<u>7,311,523</u>	<u>8,773,693</u>	<u>(503,610)</u>
Net pension obligation, end of year	<u>\$ (66,087)</u>	<u>\$ (54,076)</u>	<u>\$ 8,366,426</u>	<u>\$ 10,477,684</u>	<u>\$ (464,724)</u>

	City PERF	Sanitary District PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Electric Utility Pension
Contribution rates:					
City	4%	6%	887%	1,271%	5.67%
Plan members	3%	3%	6%	6%	3%
Actuarial valuation date	07-01-06	07-01-06	01-01-05	01-01-05	09-01-06
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level	Level	Level	Level	Normal-frozen
	percentage of projected payroll, closed	percentage of projected payroll, closed	percentage of projected payroll, closed	percentage of projected payroll, closed	initial liability equal annual installments
Amortization period	40 years	40 years	30 years	30 years	19 years
Amortization period (from date)	07-01-97	07-01-97	01-01-05	01-01-05	09-01-04
Asset valuation method	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital	Contract basis

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Actuarial Assumptions</u>	<u>City PERF</u>	<u>Sanitary District PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Electric Utility Pension</u>
Investment rate of return	7.25%	7.25%	6%	6%	6.75%
Projected future salary increases:					
Total	5%	5%	4%	4%	7%
Attributed to inflation	4%	4%	4%	4%	2%
Attributed to merit/seniority	1%	1%	0%	0%	5%
Cost-of-living adjustments	2%	2%	2.75/4%*	2.75/4%*	2%

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF – City	06-30-04	\$ 140,621	105%	\$ (111,560)
	06-30-05	160,694	108%	(125,042)
	06-30-06	230,852	107%	(66,087)
PERF – Sanitary District	06-30-04	129,851	111%	(90,945)
	06-30-05	161,677	104%	(96,734)
	06-30-06	211,431	104%	(54,076)
1925 Police Officers' Pension Plan	12-31-02	2,325,900	82%	6,134,049
	12-31-03	2,336,200	50%	7,311,523
	12-31-04	2,233,300	53%	8,366,426
1937 Firefighters' Pension Plan	12-31-02	3,295,400	79%	7,289,772
	12-31-03	3,287,700	55%	8,773,693
	12-31-04	3,266,200	48%	10,477,684
Electric Utility Pension Plan	08-31-04	483,563	130%	(450,773)
	08-31-05	638,036	110%	(503,610)
	08-31-06	584,527	94%	(464,724)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2006, was comprised of the following:

	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Retires and beneficiaries currently receiving benefits	65	88
Current active employees	6	4

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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, 2006, 2005, and 2004, were \$1,318,332, \$1,299,497, and \$1,257,268, respectively, equal to the required contributions for each year.

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)
07-01-04	\$ 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%)
07-01-06	6,303,022	5,363,776	939,246	118%	4,208,559	22%

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)
07-01-04	\$ 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%)
07-01-06	2,839,416	3,303,229	(463,813)	86%	2,832,974	(16%)

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)
01-01-00	\$ 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%)
01-01-05	650,286	22,009,200	(21,358,914)	3%	293,200	(7,285%)

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)
01-01-00	\$ 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%)
01-01-05	663,091	31,239,500	(30,576,409)	2%	291,900	(10,475%)

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)
09-01-01	\$ 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%
09-01-06	23,155,870	22,395,506	760,364	103%	7,280,811	10%

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

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed		
			City	State	Total
1925 Police Officers' Pension Plan	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%*
	12-31-04	2,602,000	6%	36%	42%
1937 Firefighters' Pension Plan	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			50%*
	12-31-04	3,708,000	9%	36%	42%

* Information from prior years not available to separate the Percentage of ARC Contributed between City and State.

CITY OF RICHMOND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For The Year Ended December 31, 2006

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 7,930,877	\$ 7,930,877	\$ 7,715,467	\$ (215,410)
Licenses and permits	166,000	166,000	239,865	73,865
Intergovernmental	4,355,536	4,355,536	4,350,799	(4,737)
Charges for services	1,058,238	1,058,238	1,128,289	70,051
Fines and forfeits	110,000	110,000	109,756	(244)
Other	836,563	836,563	2,417,536	1,580,973
Total revenues	14,457,214	14,457,214	15,961,712	1,504,498
Expenditures:				
Current:				
General government:				
Personal services disbursements	1,243,534	1,243,534	1,175,569	67,965
Operating disbursements	1,032,765	1,032,765	882,618	150,147
Capital outlay disbursements	6,300	6,300	16	6,284
Total general government	2,282,599	2,282,599	2,058,203	224,396
Public safety:				
Personal services disbursements	12,557,841	12,557,841	12,405,928	151,913
Operating disbursements	800,817	800,817	689,519	111,298
Total public safety	13,358,658	13,358,658	13,095,447	263,211
Highways and streets:				
Personal services disbursements	256,197	256,197	241,163	15,034
Operating disbursements	750,773	750,773	742,326	8,447
Capital outlay disbursements	-	-	-	-
Total highways and streets	1,006,970	1,006,970	983,489	23,481
Urban redevelopment and housing:				
Personal services disbursements	530,141	530,141	511,503	18,638
Operating disbursements	45,416	45,416	38,542	6,874
Capital outlay disbursements	1,500	1,500	588	912
Total urban redevelopment and housing	577,057	577,057	550,633	26,424
Culture and recreation:				
Personal services disbursements	-	-	-	-
Operating disbursements	-	-	-	-
Capital outlay disbursements	-	-	-	-
Total culture and recreation	-	-	-	-
Total expenditures	17,225,284	17,225,284	16,687,772	537,512
Other financing sources (uses):				
Operating transfers in	2,139,709	2,139,709	2,139,709	-
Operating transfers out	(1,524,901)	(1,524,901)	(1,524,901)	-
Total other financing sources (uses)	614,808	614,808	614,808	-
Net change in fund balances	(2,153,262)	(2,153,262)	(111,252)	2,042,010
Fund balances - beginning	1,258,073	1,258,073	1,258,073	-
Fund balances - December 31	\$ (895,189)	\$ (895,189)	\$ 1,146,821	\$ 2,042,010

CITY OF RICHMOND
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 COMBINING SCHEDULE - MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2006

	Motor Vehicle Highway				Park and Recreation				City Grants			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	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			Original	Final			
Revenues:												
Taxes:												
Property	\$ 1,391,911	\$ 1,391,911	\$ 1,354,799	\$ (37,112)	\$ 1,868,668	\$ 1,868,668	\$ 1,818,844	\$ (49,824)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	4,000	4,000	3,575	(425)	-	-	-	-	-	-	-	-
Intergovernmental	1,315,333	1,315,333	1,572,480	257,147	153,447	153,447	149,428	(4,019)	3,156,642	3,156,642	3,156,642	-
Charges for services	8,700	8,700	8,700	-	70,000	70,000	59,932	(10,068)	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-
Other	26,500	26,500	28,412	1,912	27,500	27,500	68,803	41,303	-	-	-	-
Total revenues	2,746,444	2,746,444	2,967,966	221,522	2,119,615	2,119,615	2,097,007	(22,608)	3,156,642	3,156,642	3,156,642	-
Expenditures:												
Current:												
Public safety:												
Personal services disbursements	-	-	-	-	-	-	-	-	43,242	43,242	42,738	504
Capital outlay disbursements	-	-	-	-	-	-	-	-	-	-	-	-
Total public safety	-	-	-	-	-	-	-	-	43,242	43,242	42,738	504
Highways and streets:												
Personal services disbursements	1,416,900	1,416,900	1,347,074	69,826	-	-	-	-	-	-	-	-
Operating disbursements	1,504,002	1,518,969	1,276,604	242,365	-	-	-	-	-	-	-	-
Capital outlay disbursements	107,675	107,675	84,072	23,603	-	-	-	-	-	-	-	-
Total highways and streets	3,028,577	3,043,544	2,707,750	335,794	-	-	-	-	-	-	-	-
Urban redevelopment and housing												
Operating disbursements	-	-	-	-	-	-	-	-	1,078,064	1,078,064	1,078,064	-
Capital outlay disbursements	-	-	-	-	-	-	-	-	1,373,234	1,373,234	1,373,234	-
Total urban redevelopment and housing	-	-	-	-	-	-	-	-	2,451,298	2,451,298	2,451,298	-
Culture and recreation:												
Personal services disbursements	-	-	-	-	1,491,257	1,491,257	1,447,120	44,137	-	-	-	-
Operating disbursements	-	-	-	-	818,213	818,213	681,255	136,958	159,000	159,000	159,000	-
Capital outlay disbursements	-	-	-	-	162,078	162,078	129,587	32,491	273,435	273,435	249,660	23,775
Total culture and recreation	-	-	-	-	2,471,548	2,471,548	2,257,962	213,586	432,435	432,435	408,660	23,775
Total expenditures	3,028,577	3,043,544	2,707,750	335,794	2,471,548	2,471,548	2,257,962	213,586	2,926,975	2,926,975	2,902,696	24,279
Other financing sources (uses):												
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	(65,136)	(65,136)	(65,136)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(65,136)	(65,136)	(65,136)	-	-	-	-	-
Net change in fund balances	(282,133)	(297,100)	260,216	557,316	(417,069)	(417,069)	(226,091)	190,978	229,667	229,667	253,946	24,279
Fund balances - beginning	215,756	215,756	215,756	-	369,256	369,256	369,256	-	13,466	13,466	13,466	-
Fund balances - December 31	\$ (66,377)	\$ (81,344)	\$ 475,972	\$ 557,316	\$ (47,813)	\$ (47,813)	\$ 143,165	\$ 190,978	\$ 243,133	\$ 243,133	\$ 267,412	\$ 24,279

CITY OF RICHMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Local Road and Street	Law Enforcement Continued Education	HAZ-MAT	Criminal Justice	Law Enforcement Aid
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	5,880	-	-	-
Intergovernmental	357,835	-	-	132,754	-
Charges for services	-	1,520	19,640	-	-
Fines and forfeits	-	8,859	-	-	-
Other	11,033	12,539	-	11,645	4,270
Total receipts	368,868	28,798	19,640	144,399	4,270
Disbursements:					
General government	-	-	-	-	-
Public safety	-	15,677	3,416	151,710	13,617
Highways and streets	237,696	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
Public safety	-	-	-	-	-
Total disbursements	237,696	15,677	3,416	151,710	13,617
Excess (deficiency) of receipts over (under) disbursements	131,172	13,121	16,224	(7,311)	(9,347)
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	131,172	13,121	16,224	(7,311)	(9,347)
Cash and investment fund balance - beginning	135,795	24,954	14,448	80,090	72,041
Cash and investment fund balance - ending	<u>\$ 266,967</u>	<u>\$ 38,075</u>	<u>\$ 30,672</u>	<u>\$ 72,779</u>	<u>\$ 62,694</u>
Cash and Investment Assets - December 31					
Cash and investments	\$ 266,967	\$ 38,075	\$ 30,672	\$ -	\$ 62,694
Cash with fiscal agent	-	-	-	-	-
Restricted assets:					
Cash and investments	-	-	-	72,779	-
Total cash and investment assets - December 31	<u>\$ 266,967</u>	<u>\$ 38,075</u>	<u>\$ 30,672</u>	<u>\$ 72,779</u>	<u>\$ 62,694</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Law enforcement	\$ -	\$ -	\$ -	72,779	\$ -
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service	-	-	-	-	-
Health and welfare	-	-	-	-	-
Unrestricted	266,967	38,075	30,672	-	62,694
Total cash and investment fund balance - December 31	<u>\$ 266,967</u>	<u>\$ 38,075</u>	<u>\$ 30,672</u>	<u>\$ 72,779</u>	<u>\$ 62,694</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	<u>Redevelopment</u>	<u>Build Indiana</u>	<u>Redevelopment Revenue Bond</u>	<u>Business and Industrial Loan</u>	<u>Local Cash</u>	<u>Program Income Loan</u>
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	873	-	-	142,129	23,532	26,788
Total receipts	<u>873</u>	<u>-</u>	<u>-</u>	<u>142,129</u>	<u>23,532</u>	<u>26,788</u>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	78,154	-	-	-	-
Urban redevelopment and housing	-	-	-	17,146	28,925	76,315
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>78,154</u>	<u>-</u>	<u>17,146</u>	<u>28,925</u>	<u>76,315</u>
Excess (deficiency) of receipts over (under) disbursements	<u>873</u>	<u>(78,154)</u>	<u>-</u>	<u>124,983</u>	<u>(5,393)</u>	<u>(49,527)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>873</u>	<u>(78,154)</u>	<u>-</u>	<u>124,983</u>	<u>(5,393)</u>	<u>(49,527)</u>
Cash and investment fund balance - beginning	<u>17,824</u>	<u>138,286</u>	<u>516</u>	<u>254,890</u>	<u>59,903</u>	<u>116,081</u>
Cash and investment fund balance - ending	<u>\$ 18,697</u>	<u>\$ 60,132</u>	<u>\$ 516</u>	<u>\$ 379,873</u>	<u>\$ 54,510</u>	<u>\$ 66,554</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 18,697	\$ -	\$ 516	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	60,132	-	379,873	54,510	66,554
Total cash and investment assets - December 31	<u>\$ 18,697</u>	<u>\$ 60,132</u>	<u>\$ 516</u>	<u>\$ 379,873</u>	<u>\$ 54,510</u>	<u>\$ 66,554</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	60,132	-	-	-	-
Urban redevelopment and housing	-	-	-	379,873	54,510	66,554
Debt service	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Unrestricted	<u>18,697</u>	<u>-</u>	<u>516</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 18,697</u>	<u>\$ 60,132</u>	<u>\$ 516</u>	<u>\$ 379,873</u>	<u>\$ 54,510</u>	<u>\$ 66,554</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Microenterprise Loan	Human and Environmental Services	Birth to Five	Unsafe Building	Midwest Industrial Park	Animal Control
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	954
Intergovernmental	-	49,667	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	1,764	21,651	463,851	2,146	127,791	-
Total receipts	1,764	71,318	463,851	2,146	127,791	954
Disbursements:						
General government	-	-	451,680	-	-	-
Public safety	-	-	-	1,941	-	348
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	68,483	-	-	-	-
Urban redevelopment and housing	15,885	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Total disbursements	15,885	68,483	451,680	1,941	-	348
Excess (deficiency) of receipts over (under) disbursements	(14,121)	2,835	12,171	205	127,791	606
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	(14,121)	2,835	12,171	205	127,791	606
Cash and investment fund balance - beginning	15,437	13,119	49,764	44,415	526,167	6,677
Cash and investment fund balance - ending	<u>\$ 1,316</u>	<u>\$ 15,954</u>	<u>\$ 61,935</u>	<u>\$ 44,620</u>	<u>\$ 653,958</u>	<u>\$ 7,283</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ 15,954	\$ -	\$ 44,620	\$ -	\$ 7,283
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	1,316	-	61,935	-	653,958	-
Total cash and investment assets - December 31	<u>\$ 1,316</u>	<u>\$ 15,954</u>	<u>\$ 61,935</u>	<u>\$ 44,620</u>	<u>\$ 653,958</u>	<u>\$ 7,283</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	1,316	-	-	-	653,958	-
Debt service	-	-	-	-	-	-
Health and welfare	-	-	61,935	-	-	-
Unrestricted	-	15,954	-	44,620	-	7,283
Total cash and investment fund balance - December 31	<u>\$ 1,316</u>	<u>\$ 15,954</u>	<u>\$ 61,935</u>	<u>\$ 44,620</u>	<u>\$ 653,958</u>	<u>\$ 7,283</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Park Nonreverting Operating	Rainy Day City	Park Bond Sinking	Redevelopment Authority Bond and Interest	Cumulative Capital Improvement	Cumulative Capital Development
Receipts:						
Taxes	\$ -	\$ -	\$ 270,693	\$ -	\$ -	\$ 424,041
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	22,239	-	139,771	34,838
Charges for services	513,640	-	-	-	-	-
Fines and forfeits	30,905	-	-	-	-	-
Other	74,858	32,959	-	6	11,364	18,197
Total receipts	619,403	32,959	292,932	6	151,135	477,076
Disbursements:						
General government	-	-	-	-	103,144	-
Public safety	-	-	-	-	17,467	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	751,651	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	255,000	295,000	-	-
Interest	-	-	58,970	114,425	-	-
Capital outlay:						
Public safety	-	-	-	-	30,245	895,169
Total disbursements	751,651	-	313,970	409,425	150,856	895,169
Excess (deficiency) of receipts over (under) disbursements	(132,248)	32,959	(21,038)	(409,419)	279	(418,093)
Other financing sources (uses)						
Transfers in	145,861	-	-	409,425	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	145,861	-	-	409,425	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	13,613	32,959	(21,038)	6	279	(418,093)
Cash and investment fund balance - beginning	20,685	698,141	292,169	1	279,723	752,507
Cash and investment fund balance - ending	\$ 34,298	\$ 731,100	\$ 271,131	\$ 7	\$ 280,002	\$ 334,414
Cash and Investment Assets - December 31						
Cash and investments	\$ 19,607	\$ 731,100	\$ -	\$ -	\$ 280,002	\$ 334,414
Cash with fiscal agent	-	-	154,817	7	-	-
Restricted assets:						
Cash and investments	14,691	-	116,314	-	-	-
Total cash and investment assets - December 31	\$ 34,298	\$ 731,100	\$ 271,131	\$ 7	\$ 280,002	\$ 334,414
Cash and Investment Fund Balance - December 31						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	14,691	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	271,131	7	-	-
Health and welfare	-	-	-	-	-	-
Unrestricted	19,607	731,100	-	-	280,002	334,414
Total cash and investment fund balance - December 31	\$ 34,298	\$ 731,100	\$ 271,131	\$ 7	\$ 280,002	\$ 334,414

CITY OF RICHMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	County EDIT	Infrastructure	Park Nonreverting Capital	Park Bond Construction	Park Capital Improvement	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 694,734
Licenses and permits	-	-	-	-	-	6,834
Intergovernmental	754,590	-	-	-	-	1,491,694
Charges for services	-	-	94,782	-	-	629,582
Fines and forfeits	-	-	-	-	-	39,764
Other	280,475	-	2,654	-	22,525	1,293,050
Total receipts	1,035,065	-	97,436	-	22,525	4,155,658
Disbursements:						
General government	225,816	-	-	-	-	780,640
Public safety	-	-	-	-	-	204,176
Highways and streets	207,354	-	-	-	-	445,050
Culture and recreation	36,280	-	71,310	300	967	1,007,145
Urban redevelopment and housing	111,749	-	-	-	-	250,020
Debt service:						
Principal	-	-	-	-	-	550,000
Interest	-	-	-	-	-	173,395
Capital outlay:						
Public safety	-	-	-	-	-	925,414
Total disbursements	581,199	-	71,310	300	967	4,335,840
Excess (deficiency) of receipts over (under) disbursements	453,866	-	26,126	(300)	21,558	(180,182)
Other financing sources (uses)						
Transfers in	236,350	-	-	-	-	791,636
Transfers out	(378,435)	-	(80,725)	-	-	(459,160)
Total other financing sources (uses)	(142,085)	-	(80,725)	-	-	332,476
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	311,781	-	(54,599)	(300)	21,558	152,294
Cash and investment fund balance - beginning	815,121	5,591	54,624	2,266	460,260	4,951,495
Cash and investment fund balance - ending	\$ 1,126,902	\$ 5,591	\$ 25	\$ 1,966	\$ 481,818	\$ 5,103,789
Cash and Investment Assets - December 31						
Cash and investments	\$ 1,126,902	\$ 5,591	\$ 25	\$ 1,966	\$ 481,818	\$ 3,466,903
Cash with fiscal agent	-	-	-	-	-	154,824
Restricted assets:						
Cash and investments	-	-	-	-	-	1,482,062
Total cash and investment assets - December 31	\$ 1,126,902	\$ 5,591	\$ 25	\$ 1,966	\$ 481,818	\$ 5,103,789
Cash and Investment Fund Balance - December 31						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,779
Culture and recreation	-	-	-	-	-	74,823
Urban redevelopment and housing	-	-	-	-	-	1,156,211
Debt service	-	-	-	-	-	271,138
Health and welfare	-	-	-	-	-	61,935
Unrestricted	1,126,902	5,591	25	1,966	481,818	3,466,903
Total cash and investment fund balance - December 31	\$ 1,126,902	\$ 5,591	\$ 25	\$ 1,966	\$ 481,818	\$ 5,103,789

CITY OF RICHMOND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2006

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 1,947,136	\$ 2,712,677	\$ 4,659,813
Plan members	<u>5,245</u>	<u>6,312</u>	<u>11,557</u>
Total contributions	<u>1,952,381</u>	<u>2,718,989</u>	<u>4,671,370</u>
Investment receipts:			
Interest	<u>6,058</u>	<u>6,185</u>	<u>12,243</u>
Total additions	<u>1,958,439</u>	<u>2,725,174</u>	<u>4,683,613</u>
Deductions:			
Benefits	1,728,018	2,444,515	4,172,533
Administrative and general	<u>25,305</u>	<u>6,331</u>	<u>31,636</u>
Total deductions	<u>1,753,323</u>	<u>2,450,846</u>	<u>4,204,169</u>
Excess of total additions over total deductions	205,116	274,328	479,444
Cash and investment fund balance - beginning	<u>112,717</u>	<u>65,228</u>	<u>177,945</u>
Cash and investment fund balance - ending	<u>\$ 317,833</u>	<u>\$ 339,556</u>	<u>\$ 657,389</u>

CITY OF RICHMOND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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	10,542,276
Improvements other than buildings	392,245
Machinery and equipment	10,340,072
Construction in progress	<u>2,940,205</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 60,234,248</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 783,196
Construction in progress	7,905,796
Buildings	6,559,498
Improvements other than buildings	977,563
Machinery and equipment	<u>138,912,411</u>
Total Electric Utility capital assets	<u>155,138,464</u>
Sanitary District:	
Capital assets, not being depreciated:	
Land	497,216
Construction in progress	605,454
Infrastructure	4,022,609
Buildings	4,208,170
Improvements other than buildings	78,294,654
Machinery and equipment	<u>16,393,306</u>
Total Sanitary District capital assets	<u>104,021,409</u>
Roseview Transit:	
Capital assets, not being depreciated:	
Land	19,950
Buildings	351,675
Machinery and equipment	<u>810,933</u>
Total Roseview Transit capital assets	<u>1,182,558</u>
Municipal Airport:	
Capital assets, not being depreciated:	
Land	567,389
Construction in progress	1,542,090
Buildings	872,163
Improvements other than buildings	2,876,762
Machinery and equipment	<u>994,841</u>
Total Municipal Airport capital assets	<u>6,853,245</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>\$ 269,164,777</u>

CITY OF RICHMOND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 137,423	\$ 137,423
Bonds payable:		
General obligation bonds:		
Park and recreation	1,005,000	265,000
Revenue bonds:		
Redevelopment Authority	<u>2,125,000</u>	<u>310,000</u>
Total governmental activities long-term debt	<u>\$ 3,267,423</u>	<u>\$ 712,423</u>
Business-type Activities:		
Sanitary District		
Revenue bonds:		
SRF Bond Issue of 2000	3,043,632	196,099
SRF Bond Issue of 2002	1,826,379	98,920
SRF Bond Issue of 2005	3,930,797	152,000
Chester Blvd. Issue of 2005	<u>9,900,000</u>	<u>305,000</u>
Total Wastewater Utility	<u>18,700,808</u>	<u>752,019</u>
Electric Utility:		
Revenue bonds:		
Construction Bonds of 2006	<u>3,300,000</u>	<u>260,000</u>
Total Electric Utility	<u>3,300,000</u>	<u>260,000</u>
Total business-type activities long-term debt	<u>\$ 22,000,808</u>	<u>\$ 1,012,019</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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, 2006. 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, 2006.

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 14, 2007

CITY OF RICHMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006

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 Housing Finance Authority Community Development Block Grants/State's Program Housing Grant	14.228	HD-005-009	\$ 300,000
Pass-Through Indiana Office of Rural Affairs Community Development Block Grants/State's Program Achieva Resources Grant Brownfield Program	14.228	CF-05-206 BR-03-001	500,000 78,146
Pass-Through Indiana Lieutenant Governor's Office Community Development Block Grants/State's Program Planning Grant Program	14.228	PL-04-022	<u>20,000</u>
Total for federal grantor agency			<u>898,146</u>
<u>U.S. NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR</u>			
Pass-Through Indiana Department of Natural Resources Historic Preservation Fund Grants-In-Aid Wayne County Historical Museum	15.904	300HP1HPF200001	<u>20,000</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance Victim Assistance Victim Assistance	16.575	05-VA-139 06-VA-153	45,017 <u>23,708</u>
Total for federal grantor agency			<u>68,725</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 Industries Road	20.205	STP-9989(31) STP-9989(32) STP-M-R165(4)	13,813 149,639 <u>9,057</u>
Total for cluster			<u>172,509</u>
Federal Transit Cluster Federal Transit - Formula Grants Operating Assistance Capital Assistance	20.507	18A2311O 18O2411C	444,574 <u>98,091</u>
Total for cluster			<u>542,665</u>
Highway Safety Cluster State and Community Highway Safety Operation Pull Over Seat Belt Grant DUI Task Force Grant	20.600		8,860 9,000 <u>28,500</u>
Total for cluster			<u>46,360</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, 2006
(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	150,001
Runway 6-24 Drainage and Lighting		AIP-3-18-0071-07	946,446
Runway 6-24 Rehabilitation		AIP-3-18-0071-08	<u>420,481</u>
Total for program			<u>1,516,928</u>
Total for federal grantor agency			<u>2,278,462</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Brownfields Assessment and Cleanup Cooperative Agreements Whitewater Valley Gorge	66.818	BF-96524101-0	124,599
Pass-Through Indiana Development Finance Authority			
Brownfields Assessment and Cleanup Cooperative Agreements Whitewater Valley Gorge	66.818	63-2005	<u>159,000</u>
Total for program			<u>283,599</u>
Pass-Through Indiana Department of Environmental Management			
Capitalization Grants for Clean Water State Revolving Funds Primary Clarifier Project	66.458	CS182328 01	<u>405,029</u>
Total for federal grantor agency			<u>688,628</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 2005-06			21,359
Paratransit 2006-07			<u>21,110</u>
Total for federal grantor agency			<u>42,469</u>
<u>U.S. CORPORATION FOR NATIONAL SERVICE</u>			
Direct Grant			
Retired and Senior Volunteer Program RSVP	94.002		<u>39,067</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant Fire Prevention	97.044	EMW2005-FP-01265	<u>24,500</u>
Total federal awards expended			<u>\$ 4,059,997</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

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
20.106	Airport Improvement Program
20.507	Federal Transit - Formula Grants
66.818	Brownfields Assessment and Cleanup Cooperative Agreements

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF RICHMOND
EXIT CONFERENCE

The contents of this report were discussed on June 14, 2007, with Sarah L. Hutton, Mayor; Tammy S. Glenn, Controller; Valerie Fonzer, Deputy Controller; Jeff Lohmoeller, Wastewater Treatment Plant and Maintenance Manager; Vicki A. Robinson, President of the Board of Public Works and Safety; Tony Foster, Metropolitan Development Director; Diana Pappin, President of the Common Council; Richard Bodiker, Sanitary Commission Vice President; and Kenyatta P. Cox, Assistant City Attorney. Our audit disclosed no material items that warrant comment at this time.