

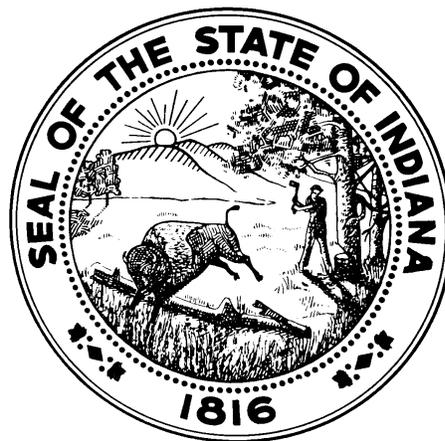
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2007

CITY OF RICHMOND

WAYNE COUNTY, INDIANA



**FILED**  
07/17/2008



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets - Cash and Investment Basis .....	7
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Governmental Funds .....	8
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Proprietary Funds .....	9
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances - Fiduciary Funds .....	10
Notes to Financial Statements .....	11-23
Required Supplementary Information:	
Schedules of Funding Progress .....	24
Schedule of Contributions From the Employer and Other Contributing Entities .....	25
Budgetary Comparison Schedules .....	26-27
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Other Governmental Funds .....	28-32
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances - Pension Trust Funds .....	33
Schedule of Capital Assets .....	34
Schedule of Long-Term Debt .....	35
Supplemental Audit of Federal Awards:	
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 .....	38-39
Schedule of Expenditures of Federal Awards .....	40-41
Note to Schedule of Expenditures of Federal Awards .....	42
Schedule of Findings and Questioned Costs .....	43
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings .....	44
Exit Conference .....	45

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Tammy S. Glenn	01-01-07 to 12-31-08
Mayor	Sarah L. Hutton	01-01-04 to 12-31-11
President of the Board of Public Works and Safety	John P. Kenny Vicki A. Robinson	01-01-07 to 03-02-07 03-03-07 to 12-31-08
President of the Common Council	Diana Pappin Larry Parker	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of Sanitary Commissioners	Rodney Phenis Richard Bodiker	01-01-07 to 12-31-07 01-01-08 to 12-31-08



**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](http://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, 2007, 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, 2007, 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, 2008, 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, 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 a 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 26, 2008



**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](http://www.in.gov/sboa)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the 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, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

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

STATE BOARD OF ACCOUNTS

June 26, 2008

CITY OF RICHMOND  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 3,407,823	\$ 2,935,935	\$ -	\$ 171,339	\$ (300,549)	\$ -	\$ (300,549)
Public safety	14,993,872	844,706	139,014	-	(14,010,152)	-	(14,010,152)
Highways and streets	6,019,572	8,700	1,576,322	354,936	(4,079,614)	-	(4,079,614)
Economic development	3,164,677	31,374	942,850	1,654,860	(535,593)	-	(535,593)
Culture and recreation	4,029,617	628,490	226,605	50,984	(3,123,538)	-	(3,123,538)
Interest on long-term debt	147,615	-	-	-	(147,615)	-	(147,615)
Total governmental activities	31,763,176	4,449,205	2,884,791	2,232,119	(22,197,061)	-	(22,197,061)
Business-type activities:							
Sanitary district	16,384,331	7,752,410	1,394,458	-	-	(7,237,463)	(7,237,463)
Electric	81,483,392	87,599,214	-	13,849	-	6,129,671	6,129,671
Roseview transit	1,265,917	211,702	942,720	55,766	-	(55,729)	(55,729)
Airport	504,211	331,206	-	188,811	-	15,806	15,806
Off street parking	84,515	60,746	-	-	-	(23,769)	(23,769)
Total business-type activities	99,722,366	95,955,278	2,337,178	258,426	-	(1,171,484)	(1,171,484)
Total primary government	\$ 131,485,542	\$ 100,404,483	\$ 5,221,969	\$ 2,490,545	(22,197,061)	(1,171,484)	(23,368,545)
General receipts:							
Property taxes					15,346,414	4,534,490	19,880,904
Other local sources					4,302,096	-	4,302,096
Grants and contributions not restricted to specific programs					183,324	203,085	386,409
Unrestricted investment earnings					340,200	1,658,074	1,998,274
Transfers					1,954,473	(1,954,473)	-
Total general receipts and transfers					22,126,507	4,441,176	26,567,683
Change in net assets					(70,554)	3,269,692	3,199,138
Net assets - beginning					10,136,074	35,536,166	45,672,240
Net assets - ending					\$ 10,065,520	\$ 38,805,858	\$ 48,871,378
<u>Assets</u>							
Cash and investments					\$ 8,328,592	\$ 14,192,916	\$ 22,521,508
Cash with fiscal agent					158,364	1,130,782	1,289,146
Restricted assets:							
Cash and investments					1,578,564	23,482,160	25,060,724
Total assets					\$ 10,065,520	\$ 38,805,858	\$ 48,871,378
<u>Net Assets</u>							
Restricted for:							
Law enforcement					\$ 92,481	\$ -	\$ 92,481
Culture and recreation					38,115	-	38,115
Urban redevelopment and housing					1,224,692	-	1,224,692
Debt service					299,963	1,772,357	2,072,320
Construction					-	6,124,041	6,124,041
Health and welfare					81,677	-	81,677
Utility restricted cash purposes					-	16,716,544	16,716,544
Unrestricted					8,328,592	14,192,916	22,521,508
Total net assets					\$ 10,065,520	\$ 38,805,858	\$ 48,871,378

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, 2007

	General	Motor Vehicle Highway	Park and Recreation	Tax Increment Financing	Other Governmental Funds	Totals
<b>Receipts:</b>						
Taxes	\$ 8,700,829	\$ 1,732,770	\$ 2,235,353	\$ 1,959,293	\$ 718,169	\$ 15,346,414
Licenses and permits	124,657	9,025	-	-	7,552	141,234
Intergovernmental	4,302,096	1,576,322	187,574	103,022	3,029,825	9,198,839
Charges for services	1,078,649	8,700	67,759	-	532,346	1,687,454
Fines and forfeits	108,414	-	-	-	41,307	149,721
Other	1,028,878	35,460	17,163	85,334	1,336,541	2,503,376
<b>Total receipts</b>	<b>15,343,523</b>	<b>3,362,277</b>	<b>2,507,849</b>	<b>2,147,649</b>	<b>5,665,740</b>	<b>29,027,038</b>
<b>Disbursements:</b>						
General government	2,189,417	-	-	206,806	761,471	3,157,694
Public safety	13,625,267	-	-	-	640,453	14,265,720
Highways and streets	952,053	3,544,919	-	-	821,206	5,318,178
Culture and recreation	-	-	2,261,125	-	938,413	3,199,538
Urban redevelopment and housing	621,045	-	-	72,398	790,376	1,483,819
Debt service:						
Principal	-	-	-	-	575,000	575,000
Interest	-	-	-	-	147,615	147,615
Capital outlay:						
Public safety	-	-	-	-	728,152	728,152
Highways and streets	-	-	-	491,394	210,000	701,394
Culture and recreation	-	-	-	344,370	220,709	565,079
Urban redevelopment and housing	-	-	-	267,196	1,103,662	1,370,858
<b>Total disbursements</b>	<b>17,387,782</b>	<b>3,544,919</b>	<b>2,261,125</b>	<b>1,382,164</b>	<b>6,937,057</b>	<b>31,513,047</b>
Excess (deficiency) of receipts over (under) disbursements	(2,044,259)	(182,642)	246,724	765,485	(1,271,317)	(2,486,009)
<b>Other financing sources (uses):</b>						
Transfers in	2,139,709	-	-	132,307	663,310	2,935,326
Transfers out	(25,000)	-	(38,715)	(411,150)	(505,988)	(980,853)
<b>Total other financing sources (uses)</b>	<b>2,114,709</b>	<b>-</b>	<b>(38,715)</b>	<b>(278,843)</b>	<b>157,322</b>	<b>1,954,473</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	70,450	(182,642)	208,009	486,642	(1,113,995)	(531,536)
Cash and investment fund balance - beginning	1,146,821	475,972	143,165	2,703,634	5,371,201	9,840,793
Cash and investment fund balance - ending	\$ 1,217,271	\$ 293,330	\$ 351,174	\$ 3,190,276	\$ 4,257,206	9,309,257
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.						
						756,263
Net assets of governmental activities						<u>\$ 10,065,520</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 1,217,271	\$ 293,330	\$ 351,174	\$ 3,190,276	\$ 2,520,277	\$ 7,572,328
Cash with fiscal agent	-	-	-	-	158,364	158,364
Restricted assets:						
Cash and investments	-	-	-	-	1,578,565	1,578,565
<b>Total cash and investment assets - December 31</b>	<b>\$ 1,217,271</b>	<b>\$ 293,330</b>	<b>\$ 351,174</b>	<b>\$ 3,190,276</b>	<b>\$ 4,257,206</b>	<b>\$ 9,309,257</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	92,481	92,481
Culture and recreation	-	-	-	-	38,115	38,115
Urban redevelopment and housing	-	-	-	-	1,224,693	1,224,693
Debt service	-	-	-	-	299,963	299,963
Health and welfare	-	-	-	-	81,677	81,677
Unrestricted	1,217,271	293,330	351,174	3,190,276	2,520,277	7,572,328
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,217,271</b>	<b>\$ 293,330</b>	<b>\$ 351,174</b>	<b>\$ 3,190,276</b>	<b>\$ 4,257,206</b>	<b>\$ 9,309,257</b>

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, 2007

	Sanitary District	Electric Utility	Roseview Transit	Municipal Airport	Off Street Parking	Totals	Internal Service Funds
<b>Operating receipts:</b>							
Residential sales	\$ -	\$ 17,328,290	\$ -	\$ -	\$ -	\$ 17,328,290	\$ -
Commercial and industrial sales	-	46,219,112	-	-	-	46,219,112	-
Public street and highway lighting	-	1,907,150	-	-	-	1,907,150	-
Sales for resale	-	21,292,385	-	-	-	21,292,385	-
Residential, commercial, and industrial user fees	7,607,455	-	-	-	-	7,607,455	-
Customer charges and sales	-	-	171,968	328,520	60,746	561,234	580,429
Penalties	-	505,801	-	-	-	505,801	-
Other	144,955	346,476	39,734	2,686	-	533,851	-
<b>Total operating receipts</b>	<b>7,752,410</b>	<b>87,599,214</b>	<b>211,702</b>	<b>331,206</b>	<b>60,746</b>	<b>95,955,278</b>	<b>580,429</b>
<b>Operating disbursements:</b>							
Equipment and capital improvements	6,085,030	5,064,685	92,070	35,266	-	11,277,051	-
Production and supply	-	64,676,440	-	-	-	64,676,440	-
Public street and highway lighting	-	2,934,630	-	-	-	2,934,630	-
Customer accounts	-	1,194,026	-	-	-	1,194,026	-
Administration and general	-	3,720,289	-	-	-	3,720,289	188,978
Public transportation operations and maintenance	-	-	1,173,847	-	-	1,173,847	-
Municipal airport operations	-	-	-	468,945	-	468,945	-
Off street parking operations	-	-	-	-	84,515	84,515	-
Insurance claims and premiums	-	-	-	-	-	-	61,152
Salaries and wages	2,967,773	-	-	-	-	2,967,773	-
Employee pensions and benefits	1,373,141	1,969,366	-	-	-	3,342,507	-
Purchased power	649,027	-	-	-	-	649,027	-
Sludge removal	347,623	-	-	-	-	347,623	-
Fuel	390,994	-	-	-	-	390,994	-
Chemicals	127,648	-	-	-	-	127,648	-
Material and supplies	676,237	-	-	-	-	676,237	-
Contractual services	1,332,125	-	-	-	-	1,332,125	-
Rents	80,192	-	-	-	-	80,192	-
Insurance disbursements	364,852	-	-	-	-	364,852	-
Miscellaneous disbursements	304,498	1,543,030	-	-	-	1,847,528	-
<b>Total operating disbursements</b>	<b>14,699,140</b>	<b>81,102,466</b>	<b>1,265,917</b>	<b>504,211</b>	<b>84,515</b>	<b>97,656,249</b>	<b>250,130</b>
<b>Excess (deficiency) of operating receipts over (under) operating disbursements</b>	<b>(6,946,730)</b>	<b>6,496,748</b>	<b>(1,054,215)</b>	<b>(173,005)</b>	<b>(23,769)</b>	<b>(1,700,971)</b>	<b>330,299</b>
<b>Nonoperating receipts (disbursements):</b>							
Interest and investment receipts	636,913	1,012,780	-	8,328	53	1,658,074	35,257
Principal received on customer notes	10,924	-	-	-	-	10,924	-
Miscellaneous receipts	-	102,197	-	-	-	102,197	95,426
Property taxes	4,534,490	-	-	-	-	4,534,490	-
Intergovernmental	1,394,458	-	-	-	-	1,394,458	-
Operating grants	-	-	942,720	-	-	942,720	-
Rent	-	-	-	89,964	-	89,964	-
Debt service of principal	(1,023,437)	(260,000)	-	-	-	(1,283,437)	-
Debt service of interest	(661,754)	-	-	-	-	(661,754)	-
Interest and investment disbursement	-	(120,926)	-	-	-	(120,926)	-
<b>Total nonoperating receipts (disbursements)</b>	<b>4,891,594</b>	<b>734,051</b>	<b>942,720</b>	<b>98,292</b>	<b>53</b>	<b>6,666,710</b>	<b>130,683</b>
<b>Excess (deficiency) of receipts over (under) disbursements and nonoperating receipts (disbursements)</b>	<b>(2,055,136)</b>	<b>7,230,799</b>	<b>(111,495)</b>	<b>(74,713)</b>	<b>(23,716)</b>	<b>4,965,739</b>	<b>460,982</b>
Capital contributions	-	13,849	55,766	188,811	-	258,426	-
Transfers in	-	236,813	195,659	-	25,000	457,472	-
Transfers out	-	(2,139,708)	(139,930)	(132,307)	-	(2,411,945)	-
<b>Excess (deficiency) of receipts, contributions and transfers in over (under) disbursements and transfers out</b>	<b>(2,055,136)</b>	<b>5,341,753</b>	<b>-</b>	<b>(18,209)</b>	<b>1,284</b>	<b>3,269,692</b>	<b>460,982</b>
<b>Cash and investment fund balance - beginning</b>	<b>17,988,828</b>	<b>17,352,708</b>	<b>40</b>	<b>193,711</b>	<b>879</b>	<b>35,536,166</b>	<b>295,281</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 15,933,692</b>	<b>\$ 22,694,461</b>	<b>\$ 40</b>	<b>\$ 175,502</b>	<b>\$ 2,163</b>	<b>\$ 38,805,858</b>	<b>\$ 756,263</b>
<b><u>Cash and Investment Assets - December 31</u></b>							
Cash and investments	\$ 8,037,294	\$ 5,977,917	\$ 40	\$ 175,502	\$ 2,163	\$ 14,192,916	\$ 756,263
Cash with fiscal agent	1,130,782	-	-	-	-	1,130,782	-
Restricted assets:							
Cash and investments	6,765,616	16,716,544	-	-	-	23,482,160	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 15,933,692</b>	<b>\$ 22,694,461</b>	<b>\$ 40</b>	<b>\$ 175,502</b>	<b>\$ 2,163</b>	<b>\$ 38,805,858</b>	<b>\$ 756,263</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>							
Restricted for:							
Debt service	\$ 1,772,357	\$ -	\$ -	\$ -	\$ -	\$ 1,772,357	\$ -
Construction	6,124,041	-	-	-	-	6,124,041	-
Utility restricted cash purposes	-	16,716,544	-	-	-	16,716,544	-
Unrestricted	8,037,294	5,977,917	40	175,502	2,163	14,192,916	756,263
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 15,933,692</b>	<b>\$ 22,694,461</b>	<b>\$ 40</b>	<b>\$ 175,502</b>	<b>\$ 2,163</b>	<b>\$ 38,805,858</b>	<b>\$ 756,263</b>

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, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 4,284,287	\$ -
Plan members	5,685	-
Private donations	<u>-</u>	<u>92,687</u>
Total contributions	<u>4,289,972</u>	<u>92,687</u>
Investment earnings:		
Interest	<u>4,765</u>	<u>-</u>
Total additions	<u>4,294,736</u>	<u>92,687</u>
Deductions:		
Benefits	4,396,116	-
Administrative and general	19,804	-
Payments in accordance with trust agreements	<u>-</u>	<u>82,874</u>
Total deductions	<u>4,415,920</u>	<u>82,874</u>
Excess (deficiency) of total additions over total deductions	(121,183)	9,813
Cash and investment fund balance - beginning	<u>657,389</u>	<u>72,671</u>
Cash and investment fund balance - ending	<u>\$ 536,206</u>	<u>\$ 82,484</u>

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 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 the primary 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 most of the operating cash receipts, cash disbursements and cash balances of the park department.

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. This includes 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 storm water 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.

CITY OF RICHMOND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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 and the similar discretely presented component unit 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.

CITY OF RICHMOND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.
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.

CITY OF RICHMOND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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, 2007, the bank balance held at JP Morgan Chase Bank, N.A., in the amount of \$7,659,974 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, 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007</u>
General Fund	Off Street Parking Fund	\$ 25,000
Electric Utility Fund	General Fund	2,139,709
Municipal Airport Fund	Tax Increment Financing Fund	132,307
Park and Recreation Fund	Other governmental funds	38,715
Tax Increment Financing Fund	Other governmental funds	411,150
Roseview Transit Fund	Other governmental funds	139,930
Other governmental funds	Electric Utility Fund	236,814
Other governmental funds	Roseview Transit Fund	195,659
Other governmental funds	Other governmental funds	<u>73,515</u>
 Total		 <u>\$ 3,392,799</u>

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

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. 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, 2007, there were four series of 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.

CITY OF RICHMOND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the City Council on July 6, 2004.

Electric Utility

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

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.

d. 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

CITY OF RICHMOND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(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.

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	\$ 1,687,500	\$ 2,173,900	\$ 570,527
Interest on net pension obligation	(9,066)	(7,013)	564,700	707,200	(31,369)
Adjustment to annual required contribution	<u>10,331</u>	<u>7,992</u>	<u>(615,600)</u>	<u>(771,000)</u>	<u>45,369</u>
Annual pension cost	230,852	211,431	1,636,600	2,110,100	584,527
Contributions made	<u>171,897</u>	<u>168,773</u>	<u>1,088,893</u>	<u>1,666,879</u>	<u>612,105</u>
Increase in net pension obligation	58,955	42,658	547,707	443,221	(27,578)
Net pension obligation, beginning of year	<u>(125,042)</u>	<u>(96,734)</u>	<u>8,366,426</u>	<u>10,477,684</u>	<u>(464,724)</u>
Net pension obligation, end of year	<u>\$ (66,087)</u>	<u>\$ (54,076)</u>	<u>\$ 8,914,133</u>	<u>\$ 10,920,905</u>	<u>\$ (492,302)</u>

CITY OF RICHMOND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	City PERF	Sanitary District PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Electric Utility Pension
Contribution rates:					
City	4%	6%	6%	6%	4.63%
Plan members	3%	3%	6%	6%	3%
Actuarial valuation date	07-01-07	07-01-07	01-01-05	01-01-05	09-01-07
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	18 years
Amortization period (from date)	07-01-97	07-01-97	01-01-05	01-01-05	09-01-05
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
<hr/>					
Actuarial Assumptions	City PERF	Sanitary District PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Electric Utility Pension
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

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF - City	06-30-04	\$ 140,621	105%	\$ (111,560)
	06-30-05	160,694	108%	(125,042)
	06-30-06	230,852	74%	(66,087)

CITY OF RICHMOND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 – Sanitary District	06-30-04	\$ 129,851	111%	\$ (90,945)
	06-30-05	161,677	104%	(96,734)
	06-30-06	211,431	80%	(54,076)
1925 Police Officers' Pension Plan	12-31-03	\$ 2,336,200	50%	\$ 7,311,523
	12-31-04	2,233,300	53%	8,366,426
	12-31-05	1,636,600	67%	8,914,133
1937 Firefighters' Pension Plan	12-31-03	\$ 3,287,700	55%	\$ 8,773,693
	12-31-04	3,266,200	48%	10,477,684
	12-31-05	2,110,100	79%	10,920,905
Electric Utility Pension Plan	08-31-05	\$ 638,036	110%	\$ (503,610)
	08-31-06	584,527	94%	(464,724)
	08-31-07	501,131	105%	(492,302)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Retirees and beneficiaries currently receiving benefits	68	91
Current active employees	1	0

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.

CITY OF RICHMOND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 2007, 2006, and 2005, were \$1,374,559, \$1,318,332, and \$1,299,497, 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 (Unfunded) AAL (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)
01-01-01	\$ 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%)
01-01-06	112,717	22,393,600	(22,280,883)	1%	300,500	(7,415%)

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)
01-01-01	\$ 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%)
01-01-06	65,228	29,633,000	(29,567,772)	0%	253,900	(11,645%)

Electric Utility Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
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%
09-09-06	23,155,870	22,395,506	760,364	103%	7,280,811	10%
09-09-07	25,356,539	23,832,967	1,523,572	106%	7,182,171	21%

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	Totals
1925 Police Officers' Pension Plan	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	9%	36%	45%
	12-31-05	1,687,500	11%	54%	65%
1937 Firefighters' Pension Plan	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	3,708,600	6%	36%	42%
	12-31-05	2,173,900	19%	58%	77%

\*Information from prior years not available to breakdown the Percentage of ARC Contributed.

CITY OF RICHMOND  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2007

	General Fund				Motor Vehicle Highway			
	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		
Revenues:								
Taxes:								
Property	\$ 8,943,940	\$ 8,943,940	\$ 8,700,829	\$ (243,111)	\$ 1,780,205	\$ 1,780,205	\$ 1,732,770	\$ (47,435)
Licenses and permits	101,000	101,000	124,657	23,657	4,000	4,000	9,025	5,025
Intergovernmental	4,248,817	4,248,817	4,302,096	53,279	1,582,513	1,582,513	1,576,322	(6,191)
Charges for services	1,134,674	1,134,674	1,078,649	(56,025)	8,700	8,700	8,700	-
Fines and forfeits	105,000	105,000	108,414	3,414	-	-	-	-
Other	994,659	994,659	1,028,878	34,219	17,000	17,000	35,460	18,460
Total revenues	15,528,090	15,528,090	15,343,523	(184,567)	3,392,418	3,392,418	3,362,277	(30,141)
Expenditures:								
Current:								
General government:								
Personal services	1,322,510	1,322,510	1,206,239	116,271	-	-	-	-
Supplies	32,551	32,551	24,868	7,683	-	-	-	-
Other services and charges	1,338,085	1,338,086	958,310	379,776	-	-	-	-
Total general government	2,693,146	2,693,147	2,189,417	503,730	-	-	-	-
Public safety:								
Personal services	12,960,289	12,960,289	12,853,800	106,489	-	-	-	-
Supplies	430,961	430,961	390,930	40,031	-	-	-	-
Other services and charges	459,203	459,203	380,537	78,666	-	-	-	-
Total public safety	13,850,453	13,850,453	13,625,267	225,186	-	-	-	-
Highways and streets:								
Personal services	257,037	257,037	215,269	41,768	1,490,152	1,490,152	1,433,632	56,520
Supplies	11,413	11,413	6,729	4,684	469,287	469,287	410,726	58,561
Other services and charges	753,689	753,889	730,055	23,834	1,682,949	1,682,949	1,575,707	107,242
Capital outlay	200	200	-	200	125,500	125,500	124,854	646
Total highways and streets	1,022,339	1,022,539	952,053	70,486	3,767,888	3,767,888	3,544,919	222,969
Urban redevelopment and housing:								
Personal services	597,692	597,692	582,495	15,197	-	-	-	-
Supplies	17,700	17,700	13,642	4,058	-	-	-	-
Other services and charges	32,371	32,371	23,694	8,677	-	-	-	-
Capital outlay	23,000	2,300	1,214	1,086	-	-	-	-
Total urban redevelopment and housing	670,763	650,063	621,045	29,018	-	-	-	-
Culture and recreation:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	18,236,701	18,216,202	17,387,782	828,420	3,767,888	3,767,888	3,544,919	222,969
Other financing sources (uses):								
Operating transfers in	2,139,709	2,139,709	2,139,709	-	-	-	-	-
Operating transfers out	(45,000)	(45,000)	(25,000)	20,000	-	-	-	-
Total other financing sources (uses)	2,094,709	2,094,709	2,114,709	20,000	-	-	-	-
Net change in fund balances	(613,902)	(593,403)	70,450	663,853	(375,470)	(375,470)	(182,642)	192,828
Fund balances - beginning	1,146,821	1,146,821	1,146,821	-	475,972	475,972	475,972	-
Fund balances - December 31	\$ 532,919	\$ 553,418	\$ 1,217,271	\$ 663,853	\$ 100,502	\$ 100,502	\$ 293,330	\$ 192,828

CITY OF RICHMOND  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2007  
(Continued)

	Parks and Recreation			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 2,296,548	\$ 2,296,548	\$ 2,235,353	\$ (61,195)
Licenses and permits	-	-	-	-
Intergovernmental	174,901	174,901	187,574	12,673
Charges for services	28,925	28,925	67,759	38,834
Fines and forfeits	-	-	-	-
Other	19,000	19,000	17,163	(1,837)
Total revenues	<u>2,519,374</u>	<u>2,519,374</u>	<u>2,507,849</u>	<u>(11,525)</u>
Expenditures:				
Current:				
General government:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Total general government	-	-	-	-
Public safety:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Total public safety	-	-	-	-
Highways and streets:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Total highways and streets	-	-	-	-
Urban redevelopment and housing:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Total urban redevelopment and housing	-	-	-	-
Culture and recreation:				
Personal services	1,688,987	1,688,987	1,565,824	123,163
Supplies	268,152	268,152	200,208	67,944
Other services and charges	533,863	533,863	449,062	84,801
Capital outlay	60,399	60,399	46,031	14,368
Total culture and recreation	<u>2,551,401</u>	<u>2,551,401</u>	<u>2,261,125</u>	<u>290,276</u>
Total expenditures	<u>2,551,401</u>	<u>2,551,401</u>	<u>2,261,125</u>	<u>290,276</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(38,715)	(38,715)
Total other financing sources (uses)	-	-	(38,715)	(38,715)
Net change in fund balances	(32,027)	(32,027)	208,009	240,036
Fund balances - beginning	<u>143,165</u>	<u>143,165</u>	<u>143,165</u>	<u>-</u>
Fund balances - December 31	<u>\$ 111,138</u>	<u>\$ 111,138</u>	<u>\$ 351,174</u>	<u>\$ 240,036</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, 2007

	Local Road and Street	Law Enforcement Continued Education	HAZ-MAT	Criminal Justice	Law Enforcement Aid	Redevelopment
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	6,780	-	-	-	-
Intergovernmental	354,936	-	-	137,494	-	-
Charges for services	-	10,511	9,397	-	-	-
Fines and forfeits	-	9,969	-	-	-	-
Other	10,006	7,372	-	2,202	20,507	835
<b>Total receipts</b>	<b>364,942</b>	<b>34,632</b>	<b>9,397</b>	<b>139,696</b>	<b>20,507</b>	<b>835</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	19,362	4,208	119,994	10,530	-
Highways and streets	581,815	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
<b>Total disbursements</b>	<b>581,815</b>	<b>19,362</b>	<b>4,208</b>	<b>119,994</b>	<b>10,530</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(216,873)</b>	<b>15,270</b>	<b>5,189</b>	<b>19,702</b>	<b>9,977</b>	<b>835</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(216,873)</b>	<b>15,270</b>	<b>5,189</b>	<b>19,702</b>	<b>9,977</b>	<b>835</b>
<b>Cash and investment fund balance - beginning</b>	<b>266,967</b>	<b>38,075</b>	<b>30,672</b>	<b>72,779</b>	<b>62,694</b>	<b>18,697</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 50,094</b>	<b>\$ 53,345</b>	<b>\$ 35,861</b>	<b>\$ 92,481</b>	<b>\$ 72,671</b>	<b>\$ 19,532</b>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 50,094	\$ 53,345	\$ 35,861	\$ -	\$ 72,671	\$ 19,532
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	92,481	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 50,094</b>	<b>\$ 53,345</b>	<b>\$ 35,861</b>	<b>\$ 92,481</b>	<b>\$ 72,671</b>	<b>\$ 19,532</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ 92,481	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Health welfare	-	-	-	-	-	-
Unrestricted	50,094	53,345	35,861	-	72,671	19,532
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 50,094</b>	<b>\$ 53,345</b>	<b>\$ 35,861</b>	<b>\$ 92,481</b>	<b>\$ 72,671</b>	<b>\$ 19,532</b>

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, 2007  
 (Continued)

	Build Indiana	Redevelopment Revenue Bond	Business and Industrial Loan	Local Cash	Program Income Loan	Microenterprise Loan
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	202,605	20,614	15,423	1,657
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>202,605</b>	<b>20,614</b>	<b>15,423</b>	<b>1,657</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	22,017	-	-	-	-	-
Urban redevelopment and housing	-	-	156,571	43,844	64,690	93
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Capital outlay:</b>						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
<b>Total disbursements</b>	<b>22,017</b>	<b>-</b>	<b>156,571</b>	<b>43,844</b>	<b>64,690</b>	<b>93</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(22,017)</b>	<b>-</b>	<b>46,034</b>	<b>(23,230)</b>	<b>(49,267)</b>	<b>1,564</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(22,017)</b>	<b>-</b>	<b>46,034</b>	<b>(23,230)</b>	<b>(49,267)</b>	<b>1,564</b>
<b>Cash and investment fund balance - beginning</b>	<b>60,132</b>	<b>516</b>	<b>379,873</b>	<b>54,510</b>	<b>66,554</b>	<b>1,316</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 38,115</b>	<b>\$ 516</b>	<b>\$ 425,907</b>	<b>\$ 31,280</b>	<b>\$ 17,287</b>	<b>\$ 2,880</b>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ 516	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
<b>Restricted assets:</b>						
Cash and investments	38,115	-	425,907	31,280	17,287	2,880
<b>Total cash and investment assets - December 31</b>	<b>\$ 38,115</b>	<b>\$ 516</b>	<b>\$ 425,907</b>	<b>\$ 31,280</b>	<b>\$ 17,287</b>	<b>\$ 2,880</b>
<b>Cash and Investment Fund Balance - December 31</b>						
<b>Restricted for:</b>						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	38,115	-	-	-	-	-
Urban redevelopment and housing	-	-	425,907	31,280	17,287	2,880
Debt service	-	-	-	-	-	-
Health welfare	-	-	-	-	-	-
Unrestricted	-	516	-	-	-	-
<b>Total cash and investment fund balance - Decemb</b>	<b>\$ 38,115</b>	<b>\$ 516</b>	<b>\$ 425,907</b>	<b>\$ 31,280</b>	<b>\$ 17,287</b>	<b>\$ 2,880</b>

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, 2007  
 (Continued)

	Human and Environmental Services	Birth to Five	Unsafe Building	Midwest Industrial Park	Animal Control	Park Nonreverting Operating
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	772	-
Intergovernmental	39,031	-	-	-	-	-
Charges for services	-	-	-	-	-	512,438
Fines and forfeits	-	-	-	-	-	31,338
Other	18,959	526,111	604	62,097	-	101,030
<b>Total receipts</b>	<b>57,990</b>	<b>526,111</b>	<b>604</b>	<b>62,097</b>	<b>772</b>	<b>644,806</b>
Disbursements:						
General government	-	506,369	-	-	-	-
Public safety	-	-	36,343	-	390	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	66,250	-	-	-	-	755,198
Urban redevelopment and housing	-	-	-	20,911	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
<b>Total disbursements</b>	<b>66,250</b>	<b>506,369</b>	<b>36,343</b>	<b>20,911</b>	<b>390</b>	<b>755,198</b>
Excess (deficiency) of receipts over disbursements	(8,260)	19,742	(35,739)	41,186	382	(110,392)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	112,230
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,230</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,260)	19,742	(35,739)	41,186	382	1,838
Cash and investment fund balance - beginning	15,954	61,935	44,620	653,958	7,283	34,298
Cash and investment fund balance - ending	\$ 7,694	\$ 81,677	\$ 8,881	\$ 695,144	\$ 7,665	\$ 36,136
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 7,694	\$ -	\$ 8,881	\$ -	\$ 7,665	\$ 36,136
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	81,677	-	695,144	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 7,694</b>	<b>\$ 81,677</b>	<b>\$ 8,881</b>	<b>\$ 695,144</b>	<b>\$ 7,665</b>	<b>\$ 36,136</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	695,144	-	-
Debt service	-	-	-	-	-	-
Health welfare	-	81,677	-	-	-	-
Unrestricted	7,694	-	8,881	-	7,665	36,136
<b>Total cash and investment fund balance - Decemb</b>	<b>\$ 7,694</b>	<b>\$ 81,677</b>	<b>\$ 8,881</b>	<b>\$ 695,144</b>	<b>\$ 7,665</b>	<b>\$ 36,136</b>

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, 2007  
 (Continued)

	City Grants	Rainy Day City	Park Bond Sinking	Redevelopment Authority Bond and Interest	Cumulative Capital Improvement	Cumulative Capital Development
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ 313,946	\$ -	\$ -	\$ 404,223
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,578,000	-	26,344	-	137,418	33,920
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	31,232	-	-	19,523	19,204
<b>Total receipts</b>	<b>1,578,000</b>	<b>31,232</b>	<b>340,290</b>	<b>-</b>	<b>156,941</b>	<b>457,347</b>
<b>Disbursements:</b>						
General government	-	-	-	-	97,489	-
Public safety	2,024	444,548	-	-	3,054	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	452,891	-	-	-	-	-
Debt service:						
Principal	-	-	265,000	310,000	-	-
Interest	-	-	46,465	101,150	-	-
Capital outlay:						
Public safety	-	-	-	-	32,275	489,846
Highways and streets	210,000	-	-	-	-	-
Culture and recreation	24,640	-	-	-	-	-
Urban redevelopment and housing	1,103,662	-	-	-	-	-
<b>Total disbursements</b>	<b>1,793,217</b>	<b>444,548</b>	<b>311,465</b>	<b>411,150</b>	<b>132,818</b>	<b>489,846</b>
Excess (deficiency) of receipts over disbursements	(215,217)	(413,316)	28,825	(411,150)	24,123	(32,499)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	411,150	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>411,150</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(215,217)	(413,316)	28,825	-	24,123	(32,499)
Cash and investment fund balance - beginning	267,412	731,100	271,131	7	280,002	334,414
Cash and investment fund balance - ending	\$ 52,195	\$ 317,784	\$ 299,956	\$ 7	\$ 304,125	\$ 301,915
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ 317,784	\$ -	\$ -	\$ 304,125	\$ 301,915
Cash with fiscal agent	-	-	158,357	7	-	-
Restricted assets:						
Cash and investments	52,195	-	141,599	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 52,195</b>	<b>\$ 317,784</b>	<b>\$ 299,956</b>	<b>\$ 7</b>	<b>\$ 304,125</b>	<b>\$ 301,915</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	52,195	-	-	-	-	-
Debt service	-	-	299,956	7	-	-
Health welfare	-	-	-	-	-	-
Unrestricted	-	317,784	-	-	304,125	301,915
<b>Total cash and investment fund balance - Decemb</b>	<b>\$ 52,195</b>	<b>\$ 317,784</b>	<b>\$ 299,956</b>	<b>\$ 7</b>	<b>\$ 304,125</b>	<b>\$ 301,915</b>

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, 2007  
 (Continued)

	County EDIT	Infrastructure	Park Nonreverting Capital	Park Bond Construction	Park Capital Improvement	Totals
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 718,169
Licenses and permits	-	-	-	-	-	7,552
Intergovernmental	722,682	-	-	-	-	3,029,825
Charges for services	-	-	-	-	-	532,346
Fines and forfeits	-	-	-	-	-	41,307
Other	167,762	-	89,820	-	18,978	1,336,541
<b>Total receipts</b>	<b>890,444</b>	<b>-</b>	<b>89,820</b>	<b>-</b>	<b>18,978</b>	<b>5,665,740</b>
<b>Disbursements:</b>						
General government	157,613	-	-	-	-	761,471
Public safety	-	-	-	-	-	640,453
Highways and streets	239,391	-	-	-	-	821,206
Culture and recreation	89,005	-	5,643	300	-	938,413
Urban redevelopment and housing	51,376	-	-	-	-	790,376
Debt service:						
Principal	-	-	-	-	-	575,000
Interest	-	-	-	-	-	147,615
Capital outlay:						
Public safety	206,031	-	-	-	-	728,152
Highways and streets	-	-	-	-	-	210,000
Culture and recreation	-	-	7,837	-	188,232	220,709
Urban redevelopment and housing	-	-	-	-	-	1,103,662
<b>Total disbursements</b>	<b>743,416</b>	<b>-</b>	<b>13,480</b>	<b>300</b>	<b>188,232</b>	<b>6,937,057</b>
Excess (deficiency) of receipts over disbursements	147,028	-	76,340	(300)	(169,254)	(1,271,317)
<b>Other financing sources (uses):</b>						
Transfers in	139,930	-	-	-	-	663,310
Transfers out	(432,473)	-	(73,515)	-	-	(505,988)
<b>Total other financing sources (uses)</b>	<b>(292,543)</b>	<b>-</b>	<b>(73,515)</b>	<b>-</b>	<b>-</b>	<b>157,322</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(145,515)	-	2,825	(300)	(169,254)	(1,113,995)
Cash and investment fund balance - beginning	1,126,902	5,591	25	1,966	481,818	5,371,201
Cash and investment fund balance - ending	\$ 981,387	\$ 5,591	\$ 2,850	\$ 1,666	\$ 312,564	\$ 4,257,206
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 981,387	\$ 5,591	\$ 2,850	\$ 1,666	\$ 312,564	\$ 2,520,277
Cash with fiscal agent	-	-	-	-	-	158,364
Restricted assets:						
Cash and investments	-	-	-	-	-	1,578,565
<b>Total cash and investment assets - December 31</b>	<b>\$ 981,387</b>	<b>\$ 5,591</b>	<b>\$ 2,850</b>	<b>\$ 1,666</b>	<b>\$ 312,564</b>	<b>\$ 4,257,206</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,481
Culture and recreation	-	-	-	-	-	38,115
Urban redevelopment and housing	-	-	-	-	-	1,224,693
Debt service	-	-	-	-	-	299,963
Health welfare	-	-	-	-	-	81,677
Unrestricted	981,387	5,591	2,850	1,666	312,564	2,520,277
<b>Total cash and investment fund balance - Decemb</b>	<b>\$ 981,387</b>	<b>\$ 5,591</b>	<b>\$ 2,850</b>	<b>\$ 1,666</b>	<b>\$ 312,564</b>	<b>\$ 4,257,206</b>

CITY OF RICHMOND  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2007

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 1,826,038	\$ 2,458,249	\$ 4,284,287
Plan members	<u>3,408</u>	<u>2,276</u>	<u>5,685</u>
Total contributions	<u>1,829,447</u>	<u>2,460,525</u>	<u>4,289,972</u>
Investment receipts:			
Interest	<u>2,247</u>	<u>2,518</u>	<u>4,765</u>
Total additions	<u>1,831,694</u>	<u>2,463,042</u>	<u>4,294,736</u>
Deductions:			
Benefits	1,950,941	2,445,175	4,396,116
Administrative and general	<u>7,657</u>	<u>12,147</u>	<u>19,804</u>
Total deductions	<u>1,958,598</u>	<u>2,457,322</u>	<u>4,415,920</u>
Excess (deficiency) of total additions over total deductions	(126,904)	5,721	(121,183)
Cash and investment fund balance - beginning	<u>317,833</u>	<u>339,556</u>	<u>657,389</u>
Cash and investment fund balance - ending	<u>\$ 190,929</u>	<u>\$ 345,277</u>	<u>\$ 536,206</u>

CITY OF RICHMOND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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 backtracing (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>
<b>Governmental activities:</b>	
Capital assets, not being depreciated:	
Land	\$ 1,577,455
Infrastructure	34,441,995
Buildings	10,683,651
Improvements other than buildings	392,245
Machinery and equipment	10,065,117
Construction in progress	<u>2,977,131</u>
<b>Total governmental activities, capital assets not being depreciated</b>	<b>\$ <u>60,137,594</u></b>
<u>Primary Government</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>	
Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 783,199
Construction in progress	6,308,356
Buildings	6,559,498
Improvements other than buildings	977,563
Machinery and equipment	<u>145,194,159</u>
<b>Total Electric Utility capital assets</b>	<b><u>159,822,775</u></b>
Sanitary District:	
Capital assets, not being depreciated:	
Land	533,061
Construction in progress	5,665,589
Infrastructure	4,318,839
Buildings	4,208,170
Improvements other than buildings	78,590,883
Machinery and equipment	<u>17,571,455</u>
<b>Total Sanitary District capital assets</b>	<b><u>110,887,997</u></b>
Roseview Transit:	
Capital assets, not being depreciated:	
Land	19,950
Buildings	351,675
Machinery and equipment	<u>791,564</u>
<b>Total Roseview Transit capital assets</b>	<b><u>1,163,189</u></b>
Municipal Airport:	
Capital assets, not being depreciated:	
Land	567,389
Construction in progress	2,937,070
Buildings	886,674
Improvements other than buildings	2,876,762
Machinery and equipment	<u>994,841</u>
<b>Total Municipal Airport capital assets</b>	<b><u>8,262,736</u></b>
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>
<b>Total Off Street Parking capital assets</b>	<b><u>1,969,101</u></b>
 <b>Total business-type activities capital assets</b>	 <b>\$ <u>282,105,798</u></b>

CITY OF RICHMOND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The City of Richmond has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
<b>Governmental Activities:</b>		
Notes and loans payable	\$ 428,007	\$ 147,915
Bonds payable:		
General obligation bonds:		
Park and Recreation	740,000	318,285
Revenue bonds:		
Redevelopment Authority	<u>1,815,000</u>	<u>417,045</u>
<b>Total governmental activities debt</b>	<u>\$ 2,983,007</u>	<u>\$ 883,245</u>
<b>Business-type Activities:</b>		
Wastewater Utility		
Revenue bonds:		
SRF Bond Issue of 2000	\$ 2,847,533	\$ 201,786
SRF Bond Issue of 2002	1,727,459	101,789
SRF Bond Issue of 2005	3,778,797	157,000
Chester Blvd. Issue of 2005	<u>9,595,000</u>	<u>725,124</u>
<b>Total Wastewater Utility</b>	<u>17,948,789</u>	<u>1,185,699</u>
Electric Utility:		
Revenue bonds:		
Construction Bonds of 2006	<u>3,040,000</u>	<u>387,930</u>
<b>Total Electric Utility</b>	<u>3,040,000</u>	<u>387,930</u>
<b>Total business-type activities debt:</b>	<u>\$ 20,988,789</u>	<u>\$ 1,573,629</u>

(This page intentionally left blank.)

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, 2007. 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 of America; 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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, 2008

CITY OF RICHMOND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2007

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-006-013	\$ 178,885
<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	3001HP1HPF200001	2,888
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana State Police Missing Children's Assistance Forensics Grant	16.543		4,749
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance Victim Assistance	16.575	06-VA-153	30,752
Edward Byrne Memorial Justice Assistance Grant Program Advanced Crime Enforcement - Interdiction	16.738		3,840
Total for federal grantor agency			39,341
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Reid Parkway from US 27 to Reservoir Rose City Park Reimb Hodgin Road Project	20.205	STP-9989(32) STP-R110(004)	2,044 84,000 110,785
Total for cluster			196,829
Federal Transit Cluster Federal Transit - Formula Grants Operating Assistance Capital Assistance	20.507	1802511O 1802511C	481,248 74,428
Total for cluster			555,676
Highway Safety Cluster State and Community Highway Safety Operation Pullover	20.600		85,700
Total for cluster			85,700

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, 2007  
(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	180,646
Runway 6-24 Drainage and Lighting		AIP-3-18-0071-07	126,555
Runway 6-24 Rehabilitation		AIP-3-18-0071-08	<u>1,188,422</u>
Total for program			<u>1,495,623</u>
Total for federal grantor agency			<u>2,333,828</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Brownfields Assessment and Cleanup			
Cooperative Agreements	66.818		
Whitewater Valley Gorge		BF-96524101-0	<u>24,641</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES</u>			
Pass-Through Indiana Department of Health			
Aging Cluster			
Special Programs for the Aging - Title III, Part B - Grants			
for Supportive Services and Senior Centers	93.044		
Paratransit		2006-07	21,109
Paratransit		2007-08	<u>21,110</u>
Total for federal grantor agency			<u>42,219</u>
<u>U.S. CORPORATION FOR NATIONAL SERVICE</u>			
Direct Grant			
Retired and Senior Volunteer Program	94.002		
RSVP			<u>28,431</u>
Total for federal grantor agency			<u>28,431</u>
Total federal awards expended			<u>\$ 2,650,233</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
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? yes

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 26, 2008, with Sarah L. Hutton, Mayor; Tammy S. Glenn, Controller; Valerie Fonzer, Deputy Controller; Tony Foster, Director, Department of Metropolitan Development; Larry Parker, President of the City Council; Jeff Lohmiller, Wastewater Treatment Plant Manager; Walt Chidester, City Attorney; and Richard Bodiker, President of Board of Sanitary Commissioners. Our audit disclosed no material items that warrant comment at this time.