

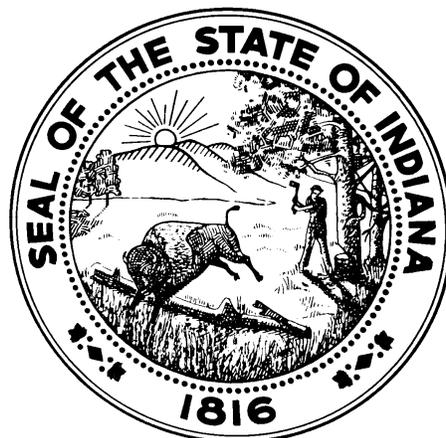
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2008

CITY OF RICHMOND

WAYNE COUNTY, INDIANA



FILED
09/28/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Tammy S. Glenn	01-01-07 to 12-31-09
Mayor	Sarah L. Hutton	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Vicki A. Robinson	01-01-08 to 12-31-09
President of the Common Council	Larry Parker Bruce Wissel	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of Sanitary Commissioners	Richard Bodiker	01-01-08 to 12-31-09



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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richmond (City), as of and for the year ended December 31, 2008, 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, 2008, 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 August 19, 2009, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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, Schedules 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 Management's Discussion and Analysis or Budgetary Comparison Schedules 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

August 19, 2009



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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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 19, 2009. 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.

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.

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)

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.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the Common Council, 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

August 19, 2009

CITY OF RICHMOND
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

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		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 2,825,863	\$ 1,366,888	\$ 99,653	\$ -	\$ (1,359,322)	\$ -	\$ (1,359,322)
Public safety	14,414,338	968,061	1,650	-	(13,444,627)	-	(13,444,627)
Highways and streets	4,464,059	8,700	1,243,900	326,381	(2,885,078)	-	(2,885,078)
Health and welfare	454,555	461,017	-	-	6,462	-	6,462
Economic development	3,422,558	445,013	-	3,287,210	309,665	-	309,665
Culture and recreation	3,078,614	693,689	932	-	(2,383,993)	-	(2,383,993)
Urban redevelopment and housing	730,321	-	121,115	-	(609,206)	-	(609,206)
Principal and interest on indebtedness	735,330	417,045	-	-	(318,285)	-	(318,285)
Total governmental activities	30,125,638	4,360,413	1,467,250	3,613,591	(20,684,384)	-	(20,684,384)
Business-type activities:							
Richmond Sanitary District	16,148,957	9,418,878	-	-	-	(6,730,079)	(6,730,079)
Richmond Power and Light	73,516,242	72,500,549	-	-	-	(1,015,693)	(1,015,693)
Roseview Transit	1,273,489	216,107	982,546	123,037	-	48,201	48,201
Richmond Municipal Airport	452,256	483,243	-	5,340	-	36,327	36,327
Off Street Parking	73,428	33,787	-	-	-	(39,641)	(39,641)
Total business-type activities	91,464,372	82,652,564	982,546	128,377	-	(7,700,885)	(7,700,885)
Total primary government	\$ 121,590,010	\$ 87,012,977	\$ 2,449,796	\$ 3,741,968	(20,684,384)	(7,700,885)	(28,385,269)
General receipts:							
Property taxes					13,643,692	2,909,713	16,553,405
Intergovernmental					5,510,946	1,228,593	6,739,539
Other local sources					800,077	-	800,077
Net proceeds from borrowings					-	4,000,000	4,000,000
Grants and contributions not restricted to specific programs					163,338	-	163,338
Investment earnings					177,005	993,850	1,170,855
Interfund loans					48,201	(48,201)	-
Transfers					1,881,509	(2,101,709)	(220,200)
Total general receipts, interfund loans, and transfers					22,224,768	6,982,246	29,207,014
Change in net assets					1,540,384	(718,639)	821,745
Net assets - beginning					10,065,520	38,805,858	48,871,378
Net assets - ending					\$ 11,605,904	\$ 38,087,219	\$ 49,693,123
Assets							
Cash and investments					\$ 6,837,505	\$ 15,114,654	\$ 21,952,159
Cash with fiscal agent					161,383	1,146,788	1,308,171
Restricted assets:							
Cash and investments					4,607,016	21,825,777	26,432,793
Total assets					\$ 11,605,904	\$ 38,087,219	\$ 49,693,123
Net Assets							
Restricted for:							
General government					\$ 800,715	\$ -	\$ 800,715
Public safety					114,555	-	114,555
Health and welfare					88,775	-	88,775
Economic development					3,442,575	-	3,442,575
Culture and recreation					38,115	-	38,115
Debt service					283,664	1,844,600	2,128,264
Other purposes					-	4,508,205	4,508,205
Utility restricted cash purposes					-	16,619,760	16,619,760
Unrestricted					6,837,505	15,114,654	21,952,159
Total net assets					\$ 11,605,904	\$ 38,087,219	\$ 49,693,123

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, 2008

	General	Motor Vehicle Highway	Parks and Recreation	Tax Increment Financing	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 8,254,324	\$ 1,668,784	\$ 2,149,795	\$ 885,830	\$ 684,959	\$ 13,643,692
Licenses and permits	142,557	5,350	-	-	10,493	158,400
Intergovernmental	4,171,463	1,377,177	171,696	10,102	4,861,349	10,591,787
Charges for services	2,026,466	8,700	103,044	-	987,570	3,125,780
Fines and forfeits	68,588	-	-	-	102,328	170,916
Interfund loans	-	-	-	-	195,659	195,659
Other	75,172	44,302	13,311	84,410	1,380,685	1,597,880
Total receipts	14,738,570	3,104,313	2,437,846	980,342	8,223,043	29,484,114
Disbursements:						
General government	2,301,921	-	-	38,667	276,430	2,617,018
Public safety	13,446,036	-	-	-	581,433	14,027,469
Highways and streets	967,142	2,803,994	-	-	618,732	4,389,868
Health and welfare	-	-	-	-	454,555	454,555
Economic development	-	-	-	588,738	409,565	998,303
Culture and recreation	-	-	2,220,119	-	731,498	2,951,617
Urban redevelopment and housing	607,892	-	-	-	122,429	730,321
Interfund loans	-	-	-	-	147,458	147,458
Debt service:						
Principal	-	-	-	-	615,000	615,000
Interest	-	-	-	-	120,330	120,330
Capital outlay:						
General government	13,074	-	-	-	-	13,074
Public safety	-	-	-	-	386,869	386,869
Highways and streets	-	74,191	-	-	-	74,191
Economic development	-	-	-	904,152	1,520,103	2,424,255
Culture and recreation	-	-	59,296	-	67,701	126,997
Total disbursements	17,336,065	2,878,185	2,279,415	1,531,557	6,052,103	30,077,325
Excess (deficiency) of receipts over disbursements	(2,597,495)	226,128	158,431	(551,215)	2,170,940	(593,211)
Other financing sources (uses):						
Transfers in	2,139,709	-	-	-	12,271	2,151,980
Transfers out	(258,200)	-	(12,271)	-	-	(270,471)
Other receipts	23,463	-	62,102	111,150	10,919	207,634
Total other financing sources (uses)	1,904,972	-	49,831	111,150	23,190	2,089,143
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(692,523)	226,128	208,262	(440,065)	2,194,130	1,495,932
Cash and investment fund balance - beginning	1,217,271	293,330	351,174	3,190,276	4,257,206	9,309,257
Cash and investment fund balance - ending	\$ 524,748	\$ 519,458	\$ 559,436	\$ 2,750,211	\$ 6,451,336	10,805,189
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.						
						800,715
Net assets of governmental activities						<u>\$ 11,605,904</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 524,748	\$ 519,458	\$ 559,436	\$ 2,750,211	\$ 2,483,652	\$ 6,837,505
Cash with fiscal agent	-	-	-	-	161,383	161,383
Restricted assets:						
Cash and investments	-	-	-	-	3,806,301	3,806,301
Total cash and investment assets - ending	\$ 524,748	\$ 519,458	\$ 559,436	\$ 2,750,211	\$ 6,451,336	\$ 10,805,189
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	114,555	\$ 114,555
Health and welfare	-	-	-	-	88,775	88,775
Economic development	-	-	-	-	3,442,575	3,442,575
Culture and recreation	-	-	-	-	38,115	38,115
Debt service	-	-	-	-	283,664	283,664
Unrestricted	524,748	519,458	559,436	2,750,211	2,483,652	6,837,505
Total cash and investment fund balance - ending	\$ 524,748	\$ 519,458	\$ 559,436	\$ 2,750,211	\$ 6,451,336	\$ 10,805,189

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, 2008

	Sanitary District	Electric Utility	Roseview Transit	Municipal Airport	Off Street Parking	Totals	Internal Service Funds
Operating receipts:							
Residential sales	\$ 2,835,669	\$ 14,030,338	\$ -	\$ -	\$ -	\$ 16,866,007	\$ -
Commercial and industrial sales	2,589,886	37,198,832	-	-	-	39,788,718	-
Sales for resale	-	19,135,552	-	-	-	19,135,552	-
Public street and highway lighting	-	1,517,127	-	-	-	1,517,127	-
Customer charges and sales	-	-	180,163	389,731	33,787	603,681	-
Stormwater fees	816,073	-	-	-	-	816,073	-
Penalties	-	423,923	-	-	-	423,923	-
Landfill transfer fees	1,554,789	-	-	-	-	1,554,789	-
Landfill collection tub fees	96,424	-	-	-	-	96,424	-
Landfill scrap sales and other fees	102,464	-	-	-	-	102,464	-
Intergovernmental receipts	757,437	-	-	-	-	757,437	-
City's share contributions	-	-	-	-	-	-	4,599,116
Charges for services	-	-	-	-	-	-	564,619
Other wastewater receipts	541,495	-	-	-	-	541,495	-
Miscellaneous	99,901	191,804	35,944	3,548	-	331,197	91,772
Total operating receipts	9,394,138	72,497,576	216,107	393,279	33,787	82,534,887	5,255,507
Operating disbursements:							
Salaries and wages	3,107,882	-	-	-	-	3,107,882	-
Employee pensions and benefits	1,274,449	2,093,481	-	-	-	3,367,930	-
Sludge removal	368,651	-	-	-	-	368,651	-
Purchased power	724,372	-	-	-	-	724,372	-
Chemicals	156,305	-	-	-	-	156,305	-
Material and supplies	801,922	-	-	-	-	801,922	-
Contractual services	1,979,438	-	-	-	-	1,979,438	-
Rents	9,014	-	-	-	-	9,014	-
Insurance claims and expense	337,946	-	-	-	-	337,946	4,977,876
Fuel	525,567	-	-	-	-	525,567	-
Transmission and distribution	-	2,665,968	-	-	-	2,665,968	-
Customer accounts	-	970,340	-	-	-	970,340	-
Administration and general	-	2,741,647	-	-	-	2,741,647	233,179
Public transportation operations and maintenance	-	-	1,273,489	-	-	1,273,489	-
Municipal airport operations	-	-	-	452,256	-	452,256	-
Off street parking operations	-	-	-	-	73,428	73,428	-
Production and supply	-	51,392,122	-	-	-	51,392,122	-
Equipment and capital improvements	5,161,667	11,478,758	-	-	-	16,640,425	-
Miscellaneous	254,990	1,731,396	-	-	-	1,986,386	-
Total operating disbursements	14,702,203	73,073,712	1,273,489	452,256	73,428	89,575,088	5,211,055
Excess (deficiency) of operating receipts over operating disbursements	(5,308,065)	(576,136)	(1,057,382)	(58,977)	(39,641)	(7,040,201)	44,452
Nonoperating receipts (disbursements):							
Property taxes	2,909,713	-	-	-	-	2,909,713	-
Intergovernmental	1,228,593	-	-	-	-	1,228,593	-
Rent	-	-	-	89,964	-	89,964	-
Investment income	275,537	714,735	-	3,578	-	993,850	-
Interfund loans received	-	-	147,458	-	-	147,458	-
Interfund loans repaid	-	-	(195,659)	-	-	(195,659)	-

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, 2008
(Continued)

	Sanitary District	Electric Utility	Roseview Transit	Municipal Airport	Off Street Parking	Totals	Internal Service Funds
Nonoperating receipts (disbursements) (continued):							
Net proceeds from borrowings	-	4,000,000	-	-	-	4,000,000	-
Capital contributions	-	2,973	-	-	-	2,973	-
Operating grants	-	-	982,546	-	-	982,546	-
Principal received on customer notes	24,740	-	-	-	-	24,740	-
Debt service of principal	(810,575)	(280,000)	-	-	-	(1,090,575)	-
Interest disbursements	(636,179)	(162,530)	-	-	-	(798,709)	-
Total nonoperating receipts (disbursements)	2,991,829	4,275,178	934,345	93,542	-	8,294,894	-
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(2,316,236)	3,699,042	(123,037)	34,565	(39,641)	1,254,693	44,452
Capital contributions	-	-	123,037	5,340	-	128,377	-
Transfers in	-	-	-	-	38,000	38,000	-
Transfers out	-	(2,139,709)	-	-	-	(2,139,709)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(2,316,236)	1,559,333	-	39,905	(1,641)	(718,639)	44,452
Cash and investment fund balance - beginning	15,933,692	22,694,461	40	175,502	2,163	38,805,858	756,263
Cash and investment fund balance - ending	<u>\$ 13,617,456</u>	<u>\$ 24,253,794</u>	<u>\$ 40</u>	<u>\$ 215,407</u>	<u>\$ 522</u>	<u>\$ 38,087,219</u>	<u>\$ 800,715</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 7,264,651	\$ 7,634,034	\$ 40	\$ 215,407	\$ 522	\$ 15,114,654	\$ 148,760
Cash with fiscal agent	1,146,788	-	-	-	-	1,146,788	-
Restricted assets:							
Cash and investments	5,206,017	16,619,760	-	-	-	21,825,777	651,955
Total cash and investment assets - December 31	\$ 13,617,456	\$ 24,253,794	\$ 40	\$ 215,407	\$ 522	\$ 38,087,219	\$ 800,715
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Debt service	\$ 1,844,600	\$ -	\$ -	\$ -	\$ -	\$ 1,844,600	\$ -
Other purposes	4,508,205	-	-	-	-	4,508,205	651,955
Utility restricted cash purposes	-	16,619,760	-	-	-	16,619,760	-
Unrestricted	7,264,651	7,634,034	40	215,407	522	15,114,654	148,760
Total cash and investment fund balance - December 31	\$ 13,617,456	\$ 24,253,794	\$ 40	\$ 215,407	\$ 522	\$ 38,087,219	\$ 800,715

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, 2008

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,241,775	\$ -
State	2,005,078	-
Plan members	1,147	-
Private donations	<u>-</u>	<u>93,663</u>
Total contributions	<u>3,248,000</u>	<u>93,663</u>
Investment earnings:		
Interest	<u>236,288</u>	<u>-</u>
Total additions	<u>3,484,288</u>	<u>93,663</u>
Deductions:		
Benefits	4,222,351	-
Payments in accordance with trust agreements	-	74,890
Administrative and general	<u>2,782</u>	<u>-</u>
Total deductions	<u>4,225,133</u>	<u>74,890</u>
Excess (deficiency) of total additions over total deductions before other financing sources	(740,845)	18,773
Other financing sources:		
Transfers in	<u>220,200</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	(520,645)	18,773
Cash and investment fund balance - beginning	<u>536,206</u>	<u>82,484</u>
Cash and investment fund balance - ending	<u>\$ 15,561</u>	<u>\$ 101,257</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 Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, economic development, general administrative services, electric, wastewater and storm water 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:

Component Unit	Description/Inclusion Criteria	Fund Included In
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 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, 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 parks 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's 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 funds account for health insurance for employees of all City departments and workers' compensation insurance for the City 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.

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were not distributed to the City on or prior to December 31 of the year collected.

3. 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.

4. 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.

5. 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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The 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, 2008, were as follows:

Transfer From	Transfer To	2008
General Fund	Off Street Parking Fund	\$ 38,000
	All others	220,200
Parks and Recreation Fund	Other governmental funds	12,271
Electric Utility	General Fund	2,139,709
Total		\$ 2,410,180

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; 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.

Job Related Illnesses or Injuries to Employees

The City has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees. The risk financing fund is accounted for in the Workers' Compensation 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 \$500,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Subsequent Events

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Indiana Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

C. Conduit Debt Obligation

From time to time, the City has issued economic development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, nor 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, 2008, there were four series of economic development revenue bonds outstanding.

D. Loans Receivable

These loans were made to various businesses for various purposes of economic development. During the year 2008, there were \$360,000 in new loans issued and principal payments received on loans totaled \$577,770. The total balance of loans outstanding at December 31, 2008, was \$1,043,526.

E. Rate Structure – Enterprise Funds

Sanitary District

The current Wastewater Utility rate structure was approved by the Common Council on July 6, 2004.

The current Storm Water Utility rate structure was effective as of January 1, 2008, as approved by the Common Council.

Electric Utility

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

F. 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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

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

b. 1925 Police Officers' Pension Plan

Plan Description

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

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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 (Indiana Code 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	\$ 185,765	\$ 183,664	\$ 1,392,900	\$ 1,793,900	\$ 484,807
Interest on net pension obligation	(5,482)	(3,352)	485,200	207,800	(33,230)
Adjustment to annual required contribution	6,247	3,820	(612,100)	(262,200)	49,554
Annual pension cost	186,530	184,132	1,266,000	1,739,500	501,131
Contributions made	214,158	203,397	1,448,679	1,972,635	633,328
Decrease in net pension obligation	(27,628)	(19,265)	(182,679)	(233,135)	(132,197)
Net pension obligation, beginning of year	(75,609)	(46,237)	8,086,167	3,463,838	(492,302)
Net pension obligation, end of year	<u>\$ (103,237)</u>	<u>\$ (65,502)</u>	<u>\$ 7,903,488</u>	<u>\$ 3,230,703</u>	<u>\$ (624,499)</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	4.75%	6.75%	21%	21%	9.71%
Plan members	3%	3%	6%	6%	3%
Actuarial valuation date	07-01-08	07-01-08	01-01-08	01-01-08	09-01-08
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level	Level	Level	Level	Normal -
	percentage of projected payroll, closed	percentage of projected payroll, closed	percentage of projected payroll, closed	percentage of projected payroll, closed	frozen 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
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	06-30-06	\$ 230,852	74%	\$ (66,087)
	06-30-07	172,633	106%	(75,609)
	06-30-08	186,530	115%	(103,237)
PERF – Sanitary District	06-30-06	211,431	80%	(54,076)
	06-30-07	187,044	96%	(46,237)
	06-30-08	184,132	110%	(65,502)

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1925 Police Officers' Pension Plan	12-31-06	\$ 1,567,800	124%	\$ 8,433,429
	12-31-07	1,471,300	124%	8,086,167
	12-31-08	1,266,000	114%	7,903,488
1937 Firefighters' Pension Plan	12-31-06	2,113,600	128%	3,836,356
	12-31-07	2,085,700	118%	3,463,838
	12-31-08	1,739,500	113%	3,230,703
Electric Utility Pension Plan	08-31-06	584,527	94%	(464,724)
	08-31-07	501,131	105%	(492,302)
	08-31-08	567,482	126%	(624,499)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2008, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	68	91
Current active employees	1	-

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$1,425,222, \$1,374,559, and \$1,318,332, respectively, equal to the required contributions for each year.

CITY OF RICHMOND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund - City

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 6,303,022	\$ 5,363,776	\$ 939,246	118%	\$ 4,208,559	22%
07-01-07	6,789,408	5,859,975	929,433	116%	4,373,639	21%
07-01-08	6,947,878	6,250,363	697,515	111%	4,354,685	16%

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)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 2,839,416	\$ 3,303,229	\$ (463,813)	86%	\$ 2,832,974	16%
07-01-07	3,081,926	3,492,101	(410,175)	88%	2,755,173	15%
07-01-08	3,535,110	3,729,107	(193,997)	95%	2,829,160	7%

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)
01-01-03	\$ 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%)
01-01-07	317,833	21,157,900	(20,840,067)	2%	258,800	(8,053%)
01-01-08	190,929	18,782,500	(18,591,571)	1%	44,400	(41,873%)

1937 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)
01-01-03	\$ 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%)
01-01-07	339,556	28,906,300	(28,566,744)	1%	176,800	(16,158%)
01-01-08	345,277	24,387,200	(24,041,923)	1%	-	No covered payroll

Electric Utility Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
09-01-03	\$ 18,327,234	\$ 17,342,907	\$ 984,327	106%	\$ 6,396,220	15%
09-01-04	20,164,043	19,163,700	1,000,343	105%	6,940,368	14%
09-01-05	21,582,567	21,240,996	341,571	102%	7,331,350	5%
09-01-06	23,155,870	22,395,506	760,364	103%	7,280,811	10%
09-01-07	25,356,539	23,832,967	1,523,572	106%	7,182,171	21%
09-01-08	39,361,410	38,264,551	1,096,859	103%	9,631,460	11%

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
1925 Police Officers' Pension Plan	12-31-03	\$ 2,613,000	N/A	N/A
	12-31-04	2,602,000	9%	36%
	12-31-05	1,639,300	11%	55%
	12-31-06	1,687,500	57%	58%
	12-31-07	1,594,200	37%	77%
	12-31-08	1,392,900	43%	61%
1937 Firefighters' Pension Plan	12-31-03	3,616,500	N/A	N/A
	12-31-04	3,708,600	6%	36%
	12-31-05	2,283,600	18%	55%
	12-31-06	2,173,900	63%	62%
	12-31-07	2,141,600	33%	82%
	12-31-08	1,793,900	46%	64%

N/A - Information not available

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, 2008

	Local Road and Street	Park Nonreverting Operating	City Grants	Law Enforcement Continuing Education	Unsafe Building	Rainy Day	Law Enforcement Aid
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 28,215	\$ -	\$ -
Licenses and permits	-	-	-	9,780	-	-	-
Intergovernmental	326,381	-	1,231,254	-	2,233	92,174	-
Charges for services	-	552,821	-	11,678	-	-	-
Fines and forfeits	-	37,824	-	64,504	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	1,600	97,194	-	1,600	153	7,525	33,839
Total receipts	327,981	687,839	1,231,254	87,562	30,601	99,699	33,839
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	1,650	7,820	3,505	-	63,570
Highways and streets	348,837	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	726,943	932	-	-	-	-
Urban redevelopment and housing	-	-	121,114	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	10,004	-	-	-
Economic development	-	-	1,131,103	-	-	-	-
Culture and recreation	-	5,760	-	-	-	-	-
Total disbursements	348,837	732,703	1,254,799	17,824	3,505	-	63,570
Excess (deficiency) of receipts over disbursements	(20,856)	(44,864)	(23,545)	69,738	27,096	99,699	(29,731)
Other financing sources (uses):							
Transfers in	-	12,271	-	-	-	-	-
Other receipts	-	10,919	-	-	-	-	-
Total other financing sources (uses)	-	23,190	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,856)	(21,674)	(23,545)	69,738	27,096	99,699	(29,731)
Cash and investment fund balance - beginning	50,094	36,136	52,195	53,345	8,881	317,784	72,671
Cash and investment fund balance - ending	\$ 29,238	\$ 14,462	\$ 28,650	\$ 123,083	\$ 35,977	\$ 417,483	\$ 42,940
Cash and Investment Assets - Ending							
Cash and investments	\$ 29,238	\$ 14,462	\$ -	\$ 123,083	\$ 35,977	\$ 417,483	\$ 42,940
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	28,650	-	-	-	-
Total cash and investment assets - ending	\$ 29,238	\$ 14,462	\$ 28,650	\$ 123,083	\$ 35,977	\$ 417,483	\$ 42,940
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ 28,650	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	29,238	14,462	-	123,083	35,977	417,483	42,940
Total cash and investment fund balance - ending	\$ 29,238	\$ 14,462	\$ 28,650	\$ 123,083	\$ 35,977	\$ 417,483	\$ 42,940

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, 2008
 (Continued)

	Build Indiana	Haz-Mat Fund	Criminal Justice	Infrastructure	Business and Industrial	Local Cash
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	58,000	-	-	-
Charges for services	-	6,026	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	35,264	-	438,457	22,246
Total receipts	-	6,026	93,264	-	438,457	22,246
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	32,280	99,840	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	34,801	2,407
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	360,000	29,000
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	32,280	99,840	-	394,801	31,407
Excess (deficiency) of receipts over disbursements	-	(26,254)	(6,576)	-	43,656	(9,161)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(26,254)	(6,576)	-	43,656	(9,161)
Cash and investment fund balance - beginning	38,115	35,861	92,481	5,591	425,907	31,280
Cash and investment fund balance - ending	<u>\$ 38,115</u>	<u>\$ 9,607</u>	<u>\$ 85,905</u>	<u>\$ 5,591</u>	<u>\$ 469,563</u>	<u>\$ 22,119</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 9,607	\$ -	\$ 5,591	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	38,115	-	85,905	-	469,563	22,119
Total cash and investment assets - ending	<u>\$ 38,115</u>	<u>\$ 9,607</u>	<u>\$ 85,905</u>	<u>\$ 5,591</u>	<u>\$ 469,563</u>	<u>\$ 22,119</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ 85,905	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	469,563	22,119
Culture and recreation	38,115	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unrestricted	-	9,607	-	5,591	-	-
Total cash and investment fund balance - ending	<u>\$ 38,115</u>	<u>\$ 9,607</u>	<u>\$ 85,905</u>	<u>\$ 5,591</u>	<u>\$ 469,563</u>	<u>\$ 22,119</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, 2008
 (Continued)

	Program Income	Microenterprise	Birth to Five	Human and Environmental	Animal Control	Park Bond Sinking
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,632
Licenses and permits	-	-	-	-	713	-
Intergovernmental	-	-	-	52,619	-	22,353
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	12,003	1,105	461,653	20,708	-	-
Total receipts	12,003	1,105	461,653	73,327	713	301,985
Disbursements:						
General government	-	-	-	61,221	-	-
Public safety	-	-	-	-	708	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	454,555	-	-	-
Economic development	-	220	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	1,315	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	285,000
Interest	-	-	-	-	-	33,285
Capital outlay:						
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	1,315	220	454,555	61,221	708	318,285
Excess (deficiency) of receipts over disbursements	10,688	885	7,098	12,106	5	(16,300)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,688	885	7,098	12,106	5	(16,300)
Cash and investment fund balance - beginning	17,287	2,880	81,677	7,694	7,665	299,956
Cash and investment fund balance - ending	\$ 27,975	\$ 3,765	\$ 88,775	\$ 19,800	\$ 7,670	\$ 283,656
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ 19,800	\$ 7,670	\$ -
Cash with fiscal agent	-	-	-	-	-	161,375
Restricted assets:						
Cash and investments	27,975	3,765	88,775	-	-	122,281
Total cash and investment assets - ending	\$ 27,975	\$ 3,765	\$ 88,775	\$ 19,800	\$ 7,670	\$ 283,656
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	88,775	-	-	-
Economic development	27,975	3,765	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	283,656
Unrestricted	-	-	-	19,800	7,670	-
Total cash and investment fund balance - ending	\$ 27,975	\$ 3,765	\$ 88,775	\$ 19,800	\$ 7,670	\$ 283,656

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, 2008
 (Continued)

	Cumulative Capital Development	Redevelopment	Midwest Industrial Park	Redevelopment Bond	Park Bond Construction	County Economic Development Income Tax
Receipts:						
Taxes	\$ 377,112	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	30,119	-	-	-	-	736,696
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	195,659
Other	113,145	384	97,138	-	-	26,693
Total receipts	520,376	384	97,138	-	-	959,048
Disbursements:						
General government	-	-	-	-	-	215,209
Public safety	188,793	-	-	-	-	-
Highways and streets	-	-	-	-	-	269,895
Health and welfare	-	-	-	-	-	-
Economic development	-	-	55,416	-	-	316,721
Culture and recreation	3,323	-	-	-	300	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	147,458
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	254,410	-	-	-	-	122,455
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	446,526	-	55,416	-	300	1,071,738
Excess (deficiency) of receipts over disbursements	73,850	384	41,722	-	(300)	(112,690)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	73,850	384	41,722	-	(300)	(112,690)
Cash and investment fund balance - beginning	301,915	19,532	695,144	516	1,666	981,387
Cash and investment fund balance - ending	\$ 375,765	\$ 19,916	\$ 736,866	\$ 516	\$ 1,366	\$ 868,697
Cash and Investment Assets - Ending						
Cash and investments	\$ 375,765	\$ 19,916	\$ -	\$ 516	\$ 1,366	\$ 868,697
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	736,866	-	-	-
Total cash and investment assets - ending	\$ 375,765	\$ 19,916	\$ 736,866	\$ 516	\$ 1,366	\$ 868,697
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-
Economic development	-	-	736,866	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unrestricted	375,765	19,916	-	516	1,366	868,697
Total cash and investment fund balance - ending	\$ 375,765	\$ 19,916	\$ 736,866	\$ 516	\$ 1,366	\$ 868,697

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, 2008
 (Continued)

	Certified Tech Park	Redevelopment Authority Bond and Interest	Cumulative Capital Improvement	Park Nonreverting Capital	Park Capital Improvement	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 684,959
Licenses and permits	-	-	-	-	-	10,493
Intergovernmental	2,182,287	-	127,233	-	-	4,861,349
Charges for services	-	417,045	-	-	-	987,570
Fines and forfeits	-	-	-	-	-	102,328
Interfund loans	-	-	-	-	-	195,659
Other	-	1	4,345	-	5,632	1,380,685
Total receipts	2,182,287	417,046	131,578	-	5,632	8,223,043
Disbursements:						
General government	-	-	-	-	-	276,430
Public safety	-	-	183,267	-	-	581,433
Highways and streets	-	-	-	-	-	618,732
Health and welfare	-	-	-	-	-	454,555
Economic development	-	-	-	-	-	409,565
Culture and recreation	-	-	-	-	-	731,498
Urban redevelopment and housing	-	-	-	-	-	122,429
Interfund loans	-	-	-	-	-	147,458
Debt service:						
Principal	-	330,000	-	-	-	615,000
Interest	-	87,045	-	-	-	120,330
Capital outlay:						
Public safety	-	-	-	-	-	386,869
Economic development	-	-	-	-	-	1,520,103
Culture and recreation	-	-	-	-	61,941	67,701
Total disbursements	-	417,045	183,267	-	61,941	6,052,103
Excess (deficiency) of receipts over disbursements	2,182,287	1	(51,689)	-	(56,309)	2,170,940
Other financing sources (uses):						
Transfers in	-	-	-	-	-	12,271
Other receipts	-	-	-	-	-	10,919
Total other financing sources (uses)	-	-	-	-	-	23,190
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,182,287	1	(51,689)	-	(56,309)	2,194,130
Cash and investment fund balance - beginning	-	7	304,125	2,850	312,564	4,257,206
Cash and investment fund balance - ending	<u>\$ 2,182,287</u>	<u>\$ 8</u>	<u>\$ 252,436</u>	<u>\$ 2,850</u>	<u>\$ 256,255</u>	<u>\$ 6,451,336</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 252,436	\$ 2,850	\$ 256,255	\$ 2,483,652
Cash with fiscal agent	-	8	-	-	-	161,383
Restricted assets:						
Cash and investments	2,182,287	-	-	-	-	3,806,301
Total cash and investment assets - ending	<u>\$ 2,182,287</u>	<u>\$ 8</u>	<u>\$ 252,436</u>	<u>\$ 2,850</u>	<u>\$ 256,255</u>	<u>\$ 6,451,336</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,555
Health and welfare	-	-	-	-	-	88,775
Economic development	2,182,287	-	-	-	-	3,442,575
Culture and recreation	-	-	-	-	-	38,115
Debt service	-	8	-	-	-	283,664
Unrestricted	-	-	252,436	2,850	256,255	2,483,652
Total cash and investment fund balance - ending	<u>\$ 2,182,287</u>	<u>\$ 8</u>	<u>\$ 252,436</u>	<u>\$ 2,850</u>	<u>\$ 256,255</u>	<u>\$ 6,451,336</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As Of And For The Year Ended December 31, 2008

	Health Insurance	Workers' Compensation Insurance	Totals
Operating receipts:			
Charges for services	\$ 564,619	\$ -	\$ 564,619
City's share contributions	4,228,680	370,436	4,599,116
Miscellaneous	91,335	437	91,772
	<u>4,884,634</u>	<u>370,873</u>	<u>5,255,507</u>
Total operating receipts			
Operating disbursements:			
Administration and general	228,862	4,317	233,179
Insurance claims and expense	4,760,080	217,796	4,977,876
	<u>4,988,942</u>	<u>222,113</u>	<u>5,211,055</u>
Total operating disbursements			
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(104,308)	148,760	44,452
Cash and investment fund balance - beginning	<u>756,263</u>	<u>-</u>	<u>756,263</u>
Cash and investment fund balance - ending	<u>\$ 651,955</u>	<u>\$ 148,760</u>	<u>\$ 800,715</u>
<u>Cash and Investment Assets - December 31</u>			
Restricted assets:			
Cash and investments	\$ 651,955	\$ 148,760	\$ 800,715
Total cash and investment assets - December 31	<u>\$ 651,955</u>	<u>\$ 148,760</u>	<u>\$ 800,715</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
General government	\$ 651,955	\$ 148,760	\$ 800,715
Total cash and investment fund balance - December 31	<u>\$ 651,955</u>	<u>\$ 148,760</u>	<u>\$ 800,715</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2008

	Police Pension	Fire Pension	Totals
Additions:			
Contributions:			
Employer	\$ 557,517	\$ 684,258	\$ 1,241,775
Plan members	1,147	-	1,147
State	851,986	1,153,092	2,005,078
Total contributions	1,410,650	1,837,350	3,248,000
Investment receipts:			
Interest	100,284	136,004	236,288
Total investment receipts	100,284	136,004	236,288
Less investment disbursements	-	-	-
Net investment receipts	100,284	136,004	236,288
Total additions	1,510,934	1,973,354	3,484,288
Deductions:			
Benefits	1,769,331	2,453,020	4,222,351
Administrative and general	1,894	888	2,782
Total deductions	1,771,225	2,453,908	4,225,133
Deficiency of total additions over total deductions before other financing sources	(260,291)	(480,554)	(740,845)
Other financing sources:			
Transfers in	76,200	144,000	220,200
Deficiency of total additions over total deductions	(184,091)	(336,554)	(520,645)
Cash and investment fund balance - beginning	190,929	345,277	536,206
Cash and investment fund balance - ending	\$ 6,838	\$ 8,723	\$ 15,561

CITY OF RICHMOND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 2008

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

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,577,455
Infrastructure	35,887,863
Buildings	10,625,131
Improvements other than buildings	392,245
Machinery and equipment	9,936,771
Construction in progress	<u>2,645,224</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 61,064,689</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Richmond Sanitary District:	
Capital assets, not being depreciated:	
Land	\$ 533,061
Infrastructure	4,318,839
Buildings	4,208,170
Improvements other than buildings	78,442,812
Machinery and equipment	<u>18,373,760</u>
 Total Richmond Sanitary District capital assets	 <u>105,876,642</u>
Richmond Electric Utility:	
Capital assets, not being depreciated:	
Land	784,305
Construction in progress	15,140,849
Buildings	6,568,497
Improvements other than buildings	977,563
Machinery and equipment	<u>148,198,433</u>
 Total Richmond Electric Utility capital assets	 <u>171,669,647</u>
Roseview Transit:	
Capital assets, not being depreciated:	
Land	19,950
Buildings	351,675
Machinery and equipment	<u>884,049</u>
 Total Roseview Transit capital assets	 <u>1,255,674</u>
Municipal Airport:	
Capital assets, not being depreciated:	
Land	567,389
Buildings	877,458
Improvements other than buildings	6,092,122
Machinery and equipment	<u>906,628</u>
 Total Municipal Airport capital assets	 <u>8,443,597</u>
Off Street Parking:	
Capital assets, not being depreciated:	
Land	118,366
Buildings	1,334,021
Improvements other than buildings	436,732
Machinery and equipment	<u>79,982</u>
 Total Off Street Parking capital assets	 <u>1,969,101</u>
 Total business-type activities capital assets	 <u>\$ 289,214,661</u>

CITY OF RICHMOND
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 485,546	\$ 209,895
Bonds payable:		
General obligation bonds:		
Park and Recreation	455,000	319,000
Revenue bonds:		
Redevelopment Authority	<u>1,485,000</u>	<u>411,700</u>
Total governmental activities debt	<u>\$ 2,425,546</u>	<u>\$ 940,595</u>
Business-type activities:		
Richmond Sanitary District:		
Revenue bonds:		
SRF bond issue of 2000	\$ 2,645,747	\$ 284,363
SRF bond issue of 2002	1,625,670	151,885
SRF bond issue of 2005	3,621,797	283,606
Chester Blvd. issue of 2005	<u>9,245,000</u>	<u>719,199</u>
Total Richmond Sanitary District	<u>17,138,214</u>	<u>1,439,053</u>
Electric Utility:		
Revenue bonds:		
Construction bonds of 2006	2,760,000	393,081
Construction bonds of 2008	<u>4,000,000</u>	<u>440,140</u>
Total Electric Utility	<u>6,760,000</u>	<u>833,221</u>
Total business-type activities debt	<u>\$ 23,898,214</u>	<u>\$ 2,272,273</u>

CITY OF RICHMOND
AUDIT RESULT AND COMMENT

POLICE AND FIRE PENSION BENEFIT ERRORS

The police pension benefit for a beneficiary was overpaid by \$249.94. According to our calculations, the beneficiary should have been paid \$15,870.53, but was paid \$16,120.44. The Police Pension Secretary, Dean Snapp, informed us the reason for the overpayment was that payment was made to the 17th of September, but the beneficiary passed away on the 13th of September.

The fire pension benefit for a beneficiary was overpaid by \$277.52. According to our calculations, the beneficiary should have been paid \$19,982.94, but was paid \$20,260.46. The Fire Pension Secretary, Brian Benedict, informed us the reason for the overpayment was that notice of the beneficiary's death on the 25th of November was not received until the 12th of December, after the November check had been mailed.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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, 2008. 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1.

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.

The City's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the Common Council, 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

August 19, 2009

CITY OF RICHMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

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>ECONOMIC DEVELOPMENT ADMINISTRATION</u>			
Direct Grant			
Economic Adjustment Assistance	11.307		\$ 1,043,526
<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	121,115
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute			
Community Prosecution and Project Safe Neighborhoods	16.609		8,033
Byrne Formula Memorial Justice Assistance Grant Program	16.738		
Advanced Crime Enforcement - Interdiction			19,731
Total for federal grantor agency			27,764
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205		
Reid Parkway from US 27 to Reservoir		STP-9989(32)	8,206
Hodgin Road Project		STP-R110(004)	1,385
Total for cluster			9,591
Pass-Through Indiana Department of Transportation			
Federal Transit Cluster			
Federal Transit - Formula Grants	20.507		
Operating Assistance		1802611O	476,907
Capital Assistance		1802611C	133,166
Total for cluster			610,073
Pass-Through Indiana Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Operation Pullover			58,000
Big City/Big County Seat Belt Enforcement Program		PT-08-04-01-08	5,700
Total for cluster			63,700
Direct Grant			
Airport Improvement Program	20.106		
Runway 6-24 Rehabilitation		AIP-3-18-0071-10	1,073,228
Total for federal grantor agency			1,756,592

The accompanying notes are 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, 2008
(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 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		21,110
Paratransit 2007-08			21,110
Paratransit 2008-09			<u>21,110</u>
Total for federal grantor agency			<u>42,220</u>
<u>U.S. CORPORATION FOR NATIONAL SERVICE</u>			
Direct Grant			
Retired and Senior Volunteer Program RSVP	94.002		28,430
Total for federal grantor agency			<u>28,430</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant Program Fire Prevention and Safety	97.044	03-GPS-018	62,173
Pass-Through Indiana Department of Homeland Security			
Public Assistance Grant Program Indiana Severe Storms and Flooding	97.036	EMW-2008-FO-06276	220,634
Total for federal grantor agency			<u>282,807</u>
Total federal awards expended			<u><u>\$ 3,302,454</u></u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF RICHMOND
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

II. Loans Outstanding

The City had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2008. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008
Economic Adjustment Assistance	11.307	\$ 1,043,526

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
 Significant deficiencies 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
 Significant deficiencies 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? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
11.307	Economic Adjustment Assistance
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.

CITY OF RICHMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-1, ALLOWABLE/UNALLOWABLE ACTIVITIES

Federal Agency: Economic Development Administration
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307

The City of Richmond's Revolving Loan Fund (RLF) director received an inquiry about financing available to purchase HBR Healthcare. The company's current owner was trying to sell the business. Richmond's Metropolitan Development Department saw the business as an asset to the community and wanted to assist in retaining it in the community. Bank financing and personal funds were available for about 80% of the purchase price. Economic Development Administration (EDA) funds were requested and approved for the balance of the purchase price. The EDA funds and other funds were used to purchase an equity position in HBR Healthcare on May 22, 2008.

Section 307.17 of 13 CFR states in part:

"(a) *General.* RLF Capital shall be used for the purpose of making RLF loans that are consistent with an RLF Plan or such other purposes approved by EDA. To ensure that RLF funds are used as intended, each loan agreement must clearly state the purpose of each loan.

(b) *Restrictions on use of RLF Capital.* RLF Capital shall not be used to:

(1) Acquire an equity position in a private business; . . ."

The EDA loan was not administered properly in this case allowing an individual to acquire an equity position in a private business.

The staff in the Metropolitan Development Department was not aware that the above restriction on these types of loans existed due to the lack of monitoring by the EDA.

We recommended that the staff receive training on all the rules associated with the disbursement of funds from the EDA Loans program.

CITY OF RICHMOND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



CITY OF RICHMOND

DEPARTMENT OF METROPOLITAN DEVELOPMENT
50 NORTH FIFTH STREET - RICHMOND, IN 47374
PHONE (765) 983-7342 - FAX (765) 962-7024
www.ci.richmond.in.us

SALLY L. HUTTON
Mayor

ANTHONY L. FOSTER II
Executive Director

Audit Report
City of Richmond, IN

Corrective Action Plan

Re: Federal Findings
Year Ended 12/31/08

Finding 2008-1 – Allowable/Unallowable Activities

Auditee Contact Person: Tony Foster II
Title of Contact Person: Executive Director, Department of Metropolitan Development
Phone Number: (765) 983-7211
Expected Completion Date: December 31, 2008

Federal Agency: Economic Development Administration
Federal Program: Economic Adjustment Assistance
CFDA Number 11.307

Corrective Action Plan:

The City of Richmond Community and Economic Development Loan Fund (RLF) understands the audit comment regarding allowable/unallowable activities for a loan made in 2008. Specifically, it is understood that the RLF cannot make loans to “acquire an equity position in a private business”.

The City of Richmond’s RLF took action steps to prevent this from happening again before the end the year in 2008. The City’s Executive Director of Metropolitan Development attended a workshop held by the Economic Development Administration (EDA) in Cleveland Ohio in 2008. At that workshop, the City learned many things about the EDA RLF program including this issue. This was the first EDA sponsored training that the City’s RLF Board had been aware of in the past 9 years. In fact, 2008 was the first time an EDA representative had initiated contact with the City with a site visit.

The corrective actions that will take place will require that all future loan requests be carefully screened and compared to the EDA’s RLF guidelines. The City’s RLF Board will be updating the RLF EDA Plan in 2009-2010 to update the plan and confirm that loans, such as acquiring an equity position in a private business, are not allowed.

Tony Foster, Exec. Director, Metropolitan Development

9/21/09
Date

CITY OF RICHMOND
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2009, with Sarah L. Hutton, Mayor; Tammy S. Glenn, Controller; Valerie Fonzer, Deputy Controller; Tony Foster, Director of Metropolitan Development; Diana Pappin, member of the Common Council; Sam Lahanis, Director of Richmond Sanitary District; Richard Bodiker, President of the Board of Sanitary Commissioners; and Walt Chidester, City Attorney. The official response has been made a part of this report and may be found on page 48.



CITY OF RICHMOND

DEPARTMENT OF FINANCE & PURCHASING
50 NORTH FIFTH STREET, RICHMOND, INDIANA 47374
PHONE (765) 983-7200 FAX (765) 983-7212

SALLY HUTTON
Mayor

TAMMY S. GLENN
City Controller

August 27, 2009

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

Re: Official Response – City of Richmond
Audit Results and Comments

PENSION BENEFIT ERRORS

The Administration concurs with this audit comment. The City of Richmond contributes to the 1925 Police Officers' and the 1937 Firefighters' Pension Plans. These plans are each administered by local pension boards as authorized by state statute. These plans provide retirement, disability, and death benefits to plan members and beneficiaries. Upon the death of a member or a beneficiary the pension secretary provides the City finance department with information regarding the final payment to the estate of the deceased. On two occasions there were overpayments made for these final payments. One was an error in math. One was the lateness of the notice of death.

COMMENT

The City finance department will verify calculations of pension secretaries in the future. We will also require an obituary or death certificate to verify date of death. If the City is not notified of the death of a pensioner or a beneficiary in a timely manner and a monthly benefit has been paid that needs adjustment, we will work with the City attorney to follow the necessary steps to receive the portion of the benefit payment that was not owed back from the estate or the surviving spouse or children.

Sincerely,

A handwritten signature in cursive script that reads "Tammy Glenn".

Tammy S. Glenn, City Controller