

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

ANNUAL FINANCIAL REPORT

2010

CITY OF RICHMOND

WAYNE COUNTY, INDIANA



FILED
07/12/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Tammy S. Glenn	01-01-10 to 12-31-11
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 12-31-11
President of the Common Council	Clay Miller Diana Pappin	01-01-10 to 12-31-10 01-01-11 to 12-31-11
President of the Board of Sanitary Commissioners	Richard Bodiker	01-01-10 to 12-31-11



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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, 2010, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2011, 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, 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

May 31, 2011



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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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 20, 2011. 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.

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

May 31, 2011

RICHMOND CIVIL CITY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2010

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	\$ 3,146,317	\$ 1,358,760	\$ 90,365	\$ -	\$ (1,697,192)	\$ -	\$ (1,697,192)
Public safety	13,891,091	910,293	900	-	(12,979,898)	-	(12,979,898)
Highways and streets	4,714,874	8,700	1,045,296	494,397	(3,166,481)	-	(3,166,481)
Economic development	4,182,281	-	-	1,498,501	(2,683,780)	-	(2,683,780)
Culture and recreation	3,412,663	641,646	-	108,229	(2,662,788)	-	(2,662,788)
Urban redevelopment and housing	398,469	-	-	398,469	-	-	-
Principal and interest on indebtedness	371,706	-	-	-	(371,706)	-	(371,706)
Total governmental activities	30,117,401	2,919,399	1,136,561	2,499,596	(23,561,845)	-	(23,561,845)
Business-type activities:							
Richmond Power & Light	70,430,304	75,618,807	-	17,872	-	5,206,375	5,206,375
Richmond Sanitary District	22,671,976	10,300,671	-	-	-	(12,371,305)	(12,371,305)
Rose View Transit	1,182,835	201,410	907,659	-	-	(73,766)	(73,766)
Municipal Airport	357,502	381,169	-	-	-	23,667	23,667
Off Street Parking	39,114	37,470	-	-	-	(1,644)	(1,644)
Total business-type activities	94,681,731	86,539,527	907,659	17,872	-	(7,216,673)	(7,216,673)
Total primary government	\$ 124,799,132	\$ 89,458,926	\$ 2,044,220	\$ 2,517,468	(23,561,845)	(7,216,673)	(30,778,518)
General receipts:							
Property taxes					15,105,176	4,965,268	20,070,444
Intergovernmental					7,123,795	2,108,533	9,232,328
Other local sources					892,434	56,614	949,048
Net proceeds from borrowings					-	862,325	862,325
Grants and contributions not restricted to specific programs					14,442	-	14,442
Investment earnings					40,364	79,079	119,443
Interfund loans					(73,766)	73,766	-
Transfers					2,137,709	(2,137,709)	-
Total general receipts, special items, and transfers					25,240,154	6,007,876	31,248,030
Change in net assets					1,678,309	(1,208,797)	469,512
Net assets - beginning					18,593,146	42,995,449	61,588,595
Net assets - ending					\$ 20,271,455	\$ 41,786,652	\$ 62,058,107
Assets							
Cash and investments					\$ 7,058,128	\$ 19,740,189	\$ 26,798,317
Restricted assets:							
Cash and investments					13,213,327	22,046,463	35,259,790
Total assets					\$ 20,271,455	\$ 41,786,652	\$ 62,058,107
Net Assets							
Restricted for:							
Public safety					\$ 175,699	\$ -	\$ 175,699
Economic development					11,541,705	-	11,541,705
Culture and recreation					1,379,044	-	1,379,044
Debt service					116,879	2,417,176	2,534,055
Other purposes					-	19,629,287	19,629,287
Unrestricted					7,058,128	19,740,189	26,798,317
Total net assets					\$ 20,271,455	\$ 41,786,652	\$ 62,058,107

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

RICHMOND CIVIL CITY
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, 2010

	General	Motor Vehicle Highway	Parks and Recreation	Tax Increment Financing	Certified Tech Park	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 7,856,378	\$ 1,638,689	\$ 1,695,157	\$ 3,037,290	\$ -	\$ 877,662	\$ 15,105,176
Licenses and permits	108,632	8,400	-	-	-	12,540	129,572
Intergovernmental	4,309,657	1,174,621	133,782	-	1,242,173	3,899,719	10,759,952
Charges for services	1,748,607	8,700	107,751	-	-	552,330	2,417,388
Fines and forfeits	38,258	-	-	-	-	1,716	39,974
Interfund loans	-	-	-	-	-	185,386	185,386
Other	203,254	3,103	63,488	23,167	9,436	644,792	947,240
Total receipts	14,264,786	2,833,513	2,000,178	3,060,457	1,251,609	6,174,145	29,584,688
Disbursements:							
General government	2,930,402	-	-	-	-	153,352	3,083,754
Public safety	12,837,429	-	-	-	-	133,152	12,970,581
Highways and streets	250,254	2,771,443	-	-	-	437,005	3,458,702
Economic development	582,783	-	-	1,201,791	-	1,842,393	3,626,967
Culture and recreation	-	-	2,156,237	-	-	1,180,176	3,336,413
Urban redevelopment and housing	1,000	-	-	-	-	397,469	398,469
Interfund loans	-	-	-	-	-	259,152	259,152
Debt service:							
Principal	-	-	-	-	-	315,000	315,000
Interest	-	-	-	-	-	56,706	56,706
Capital outlay:							
General government	62,563	-	-	-	-	-	62,563
Public safety	-	-	-	-	-	920,510	920,510
Highways and streets	-	71,068	-	1,085,104	-	100,000	1,256,172
Economic development	-	-	-	-	-	555,314	555,314
Culture and recreation	-	-	9,795	-	-	66,455	76,250
Total disbursements	16,664,431	2,842,511	2,166,032	2,286,895	-	6,416,684	30,376,553
Excess (deficiency) of receipts over disbursements	(2,399,645)	(8,998)	(165,854)	773,562	1,251,609	(242,539)	(791,865)
Other financing sources (uses):							
Transfers in	2,139,709	-	-	-	-	-	2,139,709
Transfers out	(2,000)	-	-	-	-	-	(2,000)
Total other financing sources (uses)	2,137,709	-	-	-	-	-	2,137,709
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(261,936)	(8,998)	(165,854)	773,562	1,251,609	(242,539)	1,345,844
Cash and investment fund balance - beginning	2,094,870	449,550	764,501	4,249,713	3,688,343	6,138,948	17,385,925
Cash and investment fund balance - ending	\$ 1,832,934	\$ 440,552	\$ 598,647	\$ 5,023,275	\$ 4,939,952	\$ 5,896,409	18,731,769
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.							
							1,539,686
Net assets of governmental activities							\$ 20,271,455
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,832,934	\$ 440,552	\$ 598,647	\$ -	\$ -	\$ 2,646,309	\$ 5,518,442
Restricted assets:							
Cash and investments	-	-	-	5,023,275	4,939,952	3,250,100	13,213,327
Total cash and investment assets - Ending	\$ 1,832,934	\$ 440,552	\$ 598,647	\$ 5,023,275	\$ 4,939,952	\$ 5,896,409	\$ 18,731,769
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,699	\$ 175,699
Economic development	-	-	-	5,023,275	4,939,952	1,578,478	11,541,705
Culture and recreation	-	-	-	-	-	1,379,044	1,379,044
Debt service	-	-	-	-	-	116,879	116,879
Unrestricted	1,832,934	440,552	598,647	-	-	2,646,309	5,518,442
Total cash and investment fund balance - Ending	\$ 1,832,934	\$ 440,552	\$ 598,647	\$ 5,023,275	\$ 4,939,952	\$ 5,896,409	\$ 18,731,769

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

RICHMOND CIVIL CITY
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, 2010

	Richmond Power and Light	Richmond Sanitary District	Rose View Transit	Municipal Airport	Off Street Parking	Totals
Operating receipts:						
Residential sales	\$ 16,420,794	\$ 3,411,338	\$ -	\$ -	\$ -	\$ 19,832,132
Commercial and industrial sales	43,481,607	2,552,447	-	-	-	46,034,054
Sales for resale	14,054,872	-	-	-	-	14,054,872
Stormwater fees	-	1,512,220	-	-	-	1,512,220
Public street and highway lighting	1,020,513	-	-	-	-	1,020,513
Customer charges and sales	-	-	181,892	180,842	-	362,734
Fees	-	-	-	-	37,470	37,470
Penalties	424,410	-	-	-	-	424,410
Other operating receipts	216,611	1,929,692	-	-	-	2,146,303
Interfund loan proceeds	-	-	259,152	-	-	259,152
Miscellaneous	-	894,974	19,518	-	-	914,492
Total operating receipts	75,618,807	10,300,671	460,562	180,842	37,470	86,598,352
Operating disbursements:						
Salaries and wages	-	3,044,512	-	-	-	3,044,512
Employee pensions and benefits	522,769	1,444,086	-	-	-	1,966,855
Sludge removal	-	193,724	-	-	-	193,724
Purchased power	-	734,614	-	-	-	734,614
Chemicals	-	294,432	-	-	-	294,432
Material and supplies	-	515,110	-	-	-	515,110
Contractual services	-	2,334,014	-	-	-	2,334,014
Rents	-	7,084	-	-	-	7,084
Transportation	-	356,635	-	-	-	356,635
Insurance claims and expense	-	368,244	-	-	-	368,244
Transmission and distribution	2,832,265	-	-	-	-	2,832,265
Customer accounts	1,192,661	-	-	-	-	1,192,661
Administration and general	5,526,539	-	-	-	-	5,526,539
Public transportation operation and maintenance	-	-	1,182,835	-	-	1,182,835
Power production	55,604,856	-	-	-	-	55,604,856
Equipment and capital improvements	3,014,692	10,940,117	-	-	-	13,954,809
Interfund loans made/repaid	-	-	185,386	-	-	185,386
Miscellaneous	865,615	-	-	357,502	39,114	1,262,231
Total operating disbursements	69,559,397	20,232,572	1,368,221	357,502	39,114	91,556,806
Excess (deficiency) of operating receipts over operating disbursements	6,059,410	(9,931,901)	(907,659)	(176,660)	(1,644)	(4,958,454)
Nonoperating receipts (disbursements):						
Property taxes	-	4,965,268	-	-	-	4,965,268
Intergovernmental	-	2,108,533	-	-	-	2,108,533
Rent	-	-	-	200,327	-	200,327
Investment income	33,637	45,071	-	371	-	79,079
Net proceeds from borrowings	-	862,325	-	-	-	862,325
Operating grants	-	-	907,659	-	-	907,659
Principal received on customer notes	-	5,595	-	-	-	5,595
Customer deposits received	188,877	-	-	-	-	188,877
Customer deposits returned	(137,858)	-	-	-	-	(137,858)
Debt service of principal	(655,000)	(1,319,759)	-	-	-	(1,974,759)
Interest disbursements	(215,907)	(1,119,645)	-	-	-	(1,335,552)
Total nonoperating receipts (disbursements)	(786,251)	5,547,388	907,659	200,698	-	5,869,494
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	5,273,159	(4,384,513)	-	24,038	(1,644)	911,040
Capital contributions	17,872	-	-	-	-	17,872
Transfers in	2,803,733	2,544,423	-	-	2,000	5,350,156
Transfers out	(4,943,442)	(2,544,423)	-	-	-	(7,487,865)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	3,151,322	(4,384,513)	-	24,038	356	(1,208,797)
Cash and investment fund balance - beginning	17,960,844	24,902,277	40	132,180	108	42,995,449
Cash and investment fund balance - ending	<u>\$ 21,112,166</u>	<u>\$ 20,517,764</u>	<u>\$ 40</u>	<u>\$ 156,218</u>	<u>\$ 464</u>	<u>\$ 41,786,652</u>

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

RICHMOND CIVIL CITY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS - PROPRIETARY FUNDS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2010
(Continued)

	Richmond Power and Light	Richmond Sanitary District	Rose View Transit	Municipal Airport	Off Street Parking	Totals
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 6,481,847	\$ 13,101,620	\$ 40	\$ 156,218	\$ 464	\$ 19,740,189
Restricted assets:						
Cash and investments	<u>14,630,319</u>	<u>7,416,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,046,463</u>
Total cash and investment assets - December 31	<u>\$ 21,112,166</u>	<u>\$ 20,517,764</u>	<u>\$ 40</u>	<u>\$ 156,218</u>	<u>\$ 464</u>	<u>\$ 41,786,652</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ 750,476	\$ 1,666,700	\$ -	\$ -	\$ -	\$ 2,417,176
Other purposes	13,879,843	5,749,444	-	-	-	19,629,287
Unrestricted	<u>6,481,847</u>	<u>13,101,620</u>	<u>40</u>	<u>156,218</u>	<u>464</u>	<u>19,740,189</u>
Total cash and investment fund balance - December 31	<u>\$ 21,112,166</u>	<u>\$ 20,517,764</u>	<u>\$ 40</u>	<u>\$ 156,218</u>	<u>\$ 464</u>	<u>\$ 41,786,652</u>

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

RICHMOND CIVIL CITY
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND
 INVESTMENT BALANCES - FIDUCIARY FUNDS
 For The Year Ended December 31, 2010

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 884,748	\$ -
State	3,483,114	-
Other	-	78,020
Total contributions	4,367,862	78,020
Investment earnings:		
Interest	286	-
Total additions	4,368,148	78,020
Deductions:		
Benefits	4,279,934	67,310
Administrative and general	7,634	-
Total deductions	4,287,568	67,310
Excess of total additions over total deductions	80,580	10,710
Cash and investment fund balance - beginning	57,639	114,621
Cash and investment fund balance - ending	\$ 138,219	\$ 125,331

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, public mass transportation, airport service, off street parking, and urban redevelopment and housing.

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

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

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

Blended Component Units

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

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

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

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

The certified tech park fund is used to account for all cash receipts, disbursements and cash balances to establish a certified technology park in accordance with Indiana state law.

The City reports the following major proprietary funds:

The Richmond Power and Light fund is used to account for the operation of the municipally-owned electric utility. This includes the sale, generation, wholesale purchase of electricity and distribution of electricity for customers.

The Richmond 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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. 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 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 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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

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 are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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 and Investments

1. 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 bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2010, were as follows:

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	2010
General Fund	Off Street Parking Fund	\$ 2,000
Sewer Utility Operating	Sewer Utility Bond & Interest Fund	1,764,778
Landfill Fund	Sewer Utility Operating Fund	180,784
Sanitary District Operating Fund	Sewer Utility Bond & Interest Fund	598,861
Electric Utility	General Fund	2,139,709
Total		<u>\$ 4,686,132</u>

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

IV. Other Information

A. Risk Management

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

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

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

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

Job-related Illnesses or Injuries to Employees Benefits

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 \$150,000 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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Conduit Debt Obligation

From time to time, the City has issued economic development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, 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, 2010, there were four series of economic development revenue bonds outstanding.

C. Loans Receivable

These loans were made to various businesses for various purposes of economic development. During the year 2010 there was one new loan issued for \$75,000. Principal payments received on loans totaled \$154,725. The total balance of loans outstanding at December 31, 2010, was \$823,195.

D. Rate Structure – Enterprise Funds

Sanitary District

The current wastewater utility rate structure was approved by the City Council on July 6, 2004. The current storm water utility rate structure was effective January 1, 2008 as approved by City Council.

Electric Utility

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

E. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$675,792.

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

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The contributions made by the City during the period were \$549,064.

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

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The contributions made by the City during the period were \$335,684.

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and 5% firefighters' base salary plus longevity 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 19.5% of the first-class police officers' and 20.5% firefighters' base salary plus longevity. 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, 2010, 2009 and 2008 were \$1,288,997, \$1,390,860, and \$1,425,222, respectively, equal to the required contributions for each year.

V. Contingent Liability

The City of Richmond's Electric Utility, Richmond Power and Light, is attempting to resolve a "Notice of Violation and Finding of Violation" received from the United States Environmental Protection Agency (EPA) in connection with certain provisions of the Clean Air Act. The amount of liability, if any, is unknown at this time.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

VI. Waste From Energy Project

Richmond Power & Light (RP&L), the City of Richmond's municipally-owned electric utility, is pursuing a project that would transform the Whitewater Valley coal fired electric generation plant to a municipal solid waste (MSW) gasification electric generation plant. The process will replace coal with municipal solid waste as the fuel used in the process of generating electricity. The new process will lower emissions to levels below EPA requirements, allow RP&L to generate renewable electricity on a continuous basis and help RP&L keep the generation station open, preserving 33 jobs and potentially adding 10-15 more.

The process of constructing the new plant requires the formation of a private/public partnership between RP&L and a private investor. The new for-profit entity will be formed to process the MSW, sell the electricity and share the profits with RP&L. The existing generation assets of RP&L, including Unit 2 turbine (66 MW), baghouse, cooling towers and all associated support equipment, will be transferred to the new entity. The value of these assets will be determined by three independent appraisers. The new plant will be fully financed by the private investor, constructed by a contractor chosen by the investor, but operated by RP&L employees.

The cost of the project will be an estimated \$125 million. It will be financed by a combination of debt equity, tax exempt grants and renewable energy loans; all obtained by the financial partner. In turn, a lease agreement between RP&L and the financial partner will be defined to split the after cost profits. The RP&L employees who will operate the plant will be contracted to the new entity, thus shifting all labor and overhead expense of these employees to the new entity. All risk will be assumed by the financial partner, with RP&L retaining all existing assets if the project fails. It is anticipated that an initial 20 year term will be defined by the lease agreement.

The proposed schedule will allow the lease agreement to be executed 2nd quarter 2011, construction to begin late 4th quarter 2011, completed in 2012. The existing RP&L operations will continue through 2012, with the asset transfer being completed early 2013. Full operation of the new generation station is anticipated 2nd quarter 2013.

RP&L is anticipating a financial shift of its net income from being dependent on the volatility of the energy market to constant revenue based on a Purchase Power Agreement (PPA) with a new entity who needs renewable energy to meet its renewable energy portfolio. The new MSW process will eliminate the cost of fuel and transfer labor costs from RP&L. The new entity will get paid for fuel and will assume the cost of operating the new facility. Projected revenue for RP&L is still dependent on the PPA and fuel revenues, but indications provide a positive revenue stream for RP&L.

CITY OF RICHMOND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund - City

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 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%
07-01-09	5,757,559	6,033,630	(276,071)	95%	4,581,701	(6)%

Public Employees' Retirement Fund - Sanitary District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
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%
07-01-09	3,126,923	3,766,394	(639,471)	83%	3,115,556	21%

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	(4397)%
01-01-04	1,223,329	22,171,400	(20,948,071)	6%	284,700	(7358)%
01-01-05	650,286	22,009,200	(21,358,914)	3%	293,200	(7285)%
01-01-06	112,717	22,393,600	(22,280,883)	1%	300,500	(7415)%
01-01-07	317,833	21,157,900	(20,840,067)	2%	258,800	(8053)%
01-01-08	190,929	18,782,500	(18,591,571)	1%	44,400	(41873)%

1925 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 1,650,963	\$ 31,392,500	\$ (29,741,537)	5%	\$ 475,400	(6256)%
01-01-04	901,943	31,807,200	(30,905,257)	3%	283,500	(10901)%
01-01-05	663,091	31,239,500	(30,576,409)	2%	291,900	(10475)%
01-01-06	65,228	29,633,000	(29,567,772)	0%	253,900	(11645)%
01-01-07	339,556	28,906,300	(28,566,744)	1%	176,800	(16158)%
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 (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) 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%
09-01-09	39,477,633	40,776,537	(1,298,904)	97%	8,255,070	(16)%
09-01-10	39,913,129	42,071,610	(2,158,481)	95%	7,959,201	(27)%

RICHMOND CIVIL CITY
 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, 2010

	Local Road And Street	Park Nonreverting Operating	Animal Control	Law Enforcement Continuing Ed	Unsafe Building	Rainy Day City
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 28,788	\$ -
Licenses and permits	-	-	1,080	11,460	-	-
Intergovernmental	311,463	-	-	-	2,272	311,165
Charges for services	-	533,895	-	9,262	-	-
Fines and forfeits	-	-	-	1,716	-	-
Interfund loans	-	-	-	-	-	-
Other	229	10,829	-	16,599	6,473	1,596
Total receipts	311,692	544,724	1,080	39,037	37,533	312,761
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	63	51,090	19,465	-
Highways and streets	265,888	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	462,688	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	48,740	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	265,888	462,688	63	99,830	19,465	-
Excess (deficiency) of receipts over disbursements	45,804	82,036	1,017	(60,793)	18,068	312,761
Cash and investment fund balance - beginning	36,564	98,846	8,270	105,238	43,892	337,951
Cash and investment fund balance - ending	<u>\$ 82,368</u>	<u>\$ 180,882</u>	<u>\$ 9,287</u>	<u>\$ 44,445</u>	<u>\$ 61,960</u>	<u>\$ 650,712</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 82,368	\$ 180,882	\$ 9,287	\$ 44,445	\$ 61,960	\$ 650,712
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - Ending	<u>\$ 82,368</u>	<u>\$ 180,882</u>	<u>\$ 9,287</u>	<u>\$ 44,445</u>	<u>\$ 61,960</u>	<u>\$ 650,712</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unrestricted	82,368	180,882	9,287	44,445	61,960	650,712
Total cash and investment fund balance - Ending	<u>\$ 82,368</u>	<u>\$ 180,882</u>	<u>\$ 9,287</u>	<u>\$ 44,445</u>	<u>\$ 61,960</u>	<u>\$ 650,712</u>

RICHMOND CIVIL CITY
 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, 2010
 (Continued)

	Build Indiana	Haz-Mat	First Response	Criminal Justice	Law Enforcement Aid	Redevel- opment
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	7,886	1,287	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	7,305	207,317	49
Total receipts	-	7,886	1,287	7,305	207,317	49
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	7,491	-	8,028	46,125	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	106,598	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	7,491	-	8,028	152,723	-
Excess (deficiency) of receipts over disbursements	-	395	1,287	(723)	54,594	49
Cash and investment fund balance - beginning	109,473	12,272	-	38,928	71,885	19,965
Cash and investment fund balance - ending	<u>\$ 109,473</u>	<u>\$ 12,667</u>	<u>\$ 1,287</u>	<u>\$ 38,205</u>	<u>\$ 126,479</u>	<u>\$ 20,014</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 12,667	\$ 1,287	\$ -	\$ 126,479	\$ 20,014
Restricted assets:						
Cash and investments	109,473	-	-	38,205	-	-
Total cash and investment assets - Ending	<u>\$ 109,473</u>	<u>\$ 12,667</u>	<u>\$ 1,287</u>	<u>\$ 38,205</u>	<u>\$ 126,479</u>	<u>\$ 20,014</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ 38,205	\$ -	\$ -
Economic development	-	-	-	-	-	-
Culture and recreation	109,473	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unrestricted	-	12,667	1,287	-	126,479	20,014
Total cash and investment fund balance - Ending	<u>\$ 109,473</u>	<u>\$ 12,667</u>	<u>\$ 1,287</u>	<u>\$ 38,205</u>	<u>\$ 126,479</u>	<u>\$ 20,014</u>

RICHMOND CIVIL CITY
 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, 2010
 (Continued)

	Redevelop- ment Revenue Bond	Business And Industrial Loan	Revolving Loan Local Cash	Program Income Loan	Micro- enterprise Loan	Human And Environ- mental	Birth To Five
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	53,136	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	172,091	22,746	14,181	1,381	14,442	-
Total receipts	-	172,091	22,746	14,181	1,381	67,578	-
Disbursements:							
General government	-	-	-	-	-	64,661	2,831
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	79,803	58,497	34,036	284	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	79,803	58,497	34,036	284	64,661	2,831
Excess (deficiency) of receipts over disbursements	-	92,288	(35,751)	(19,855)	1,097	2,917	(2,831)
Cash and investment fund balance - beginning	516	621,663	56,038	51,114	4,559	29,374	2,831
Cash and investment fund balance - ending	<u>\$ 516</u>	<u>\$ 713,951</u>	<u>\$ 20,287</u>	<u>\$ 31,259</u>	<u>\$ 5,656</u>	<u>\$ 32,291</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 516	\$ -	\$ -	\$ -	\$ -	\$ 32,291	\$ -
Restricted assets:							
Cash and investments	-	713,951	20,287	31,259	5,656	-	-
Total cash and investment assets - Ending	\$ 516	\$ 713,951	\$ 20,287	\$ 31,259	\$ 5,656	\$ 32,291	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	-	713,951	20,287	31,259	5,656	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	516	-	-	-	-	32,291	-
Total cash and investment fund balance - Ending	\$ 516	\$ 713,951	\$ 20,287	\$ 31,259	\$ 5,656	\$ 32,291	\$ -

RICHMOND CIVIL CITY
 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, 2010
 (Continued)

	Midwest Industrial Park	City Grants	Center City Loan Program	Park Bond Sinking	Cumulative Capital Develop- ment	Park Nonreverting Capital	Cumulative Capital Improve- ment
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ 309,657	\$ 539,217	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	2,239,862	50,000	20,053	42,556	-	114,553
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	44,671	-	26,823	-	74,694	-	272
Total receipts	44,671	2,239,862	76,823	329,710	656,467	-	114,825
Disbursements:							
General government	-	55,385	-	-	-	-	30,467
Public safety	-	890	-	-	-	-	-
Highways and streets	-	171,117	-	-	-	-	-
Economic development	3,600	1,500,116	141,148	-	-	-	-
Culture and recreation	-	132,832	-	-	-	-	-
Urban redevelopment and housing	-	397,469	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	315,000	-	-	-
Interest	-	-	-	56,706	-	-	-
Capital outlay:							
Public safety	-	-	-	-	653,876	-	111,296
Highways and streets	-	-	-	-	100,000	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	3,600	2,257,809	141,148	371,706	753,876	-	141,763
Excess (deficiency) of receipts over disbursements	41,071	(17,947)	(64,325)	(41,996)	(97,409)	-	(26,938)
Cash and investment fund balance - beginning	740,148	155,441	90,431	158,875	472,416	2,849	173,166
Cash and investment fund balance - ending	\$ 781,219	\$ 137,494	\$ 26,106	\$ 116,879	\$ 375,007	\$ 2,849	\$ 146,228
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 375,007	\$ 2,849	\$ 146,228
Restricted assets:							
Cash and investments	781,219	137,494	26,106	116,879	-	-	-
Total cash and investment assets - Ending	\$ 781,219	\$ 137,494	\$ 26,106	\$ 116,879	\$ 375,007	\$ 2,849	\$ 146,228
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Public safety	\$ -	\$ 137,494	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	781,219	-	26,106	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	116,879	-	-	-
Unrestricted	-	-	-	-	375,007	2,849	146,228
Total cash and investment fund balance - Ending	\$ 781,219	\$ 137,494	\$ 26,106	\$ 116,879	\$ 375,007	\$ 2,849	\$ 146,228

RICHMOND CIVIL CITY
 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, 2010
 (Continued)

	Redevelop- ment Authority Bond and Interest	County Edit	Park Capital Improvements	Infrastructure	Park Bond Construction	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 877,662
Licenses and permits	-	-	-	-	-	12,540
Intergovernmental	-	754,659	-	-	-	3,899,719
Charges for services	-	-	-	-	-	552,330
Fines and forfeits	-	-	-	-	-	1,716
Interfund loans	-	185,386	-	-	-	185,386
Other	-	9,587	88	8,966	4,453	644,792
Total receipts	-	949,632	88	8,966	4,453	6,174,145
Disbursements:						
General government	8	-	-	-	-	153,352
Public safety	-	-	-	-	-	133,152
Highways and streets	-	-	-	-	-	437,005
Economic development	-	24,909	-	-	-	1,842,393
Culture and recreation	-	-	2,277	-	582,379	1,180,176
Urban redevelopment and housing	-	-	-	-	-	397,469
Interfund loans	-	259,152	-	-	-	259,152
Debt service:						
Principal	-	-	-	-	-	315,000
Interest	-	-	-	-	-	56,706
Capital outlay:						
Public safety	-	-	-	-	-	920,510
Highways and streets	-	-	-	-	-	100,000
Economic development	-	555,314	-	-	-	555,314
Culture and recreation	-	-	-	-	66,455	66,455
Total disbursements	8	839,375	2,277	-	648,834	6,416,684
Excess (deficiency) of receipts over disbursements	(8)	110,257	(2,189)	8,966	(644,381)	(242,539)
Cash and investment fund balance - beginning	8	730,170	36,962	15,151	1,913,952	6,138,948
Cash and investment fund balance - ending	\$ -	\$ 840,427	\$ 34,773	\$ 24,117	\$ 1,269,571	\$ 5,896,409
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 840,427	\$ 34,773	\$ 24,117	\$ -	\$ 2,646,309
Restricted assets:						
Cash and investments	-	-	-	-	1,269,571	3,250,100
Total cash and investment assets - Ending	\$ -	\$ 840,427	\$ 34,773	\$ 24,117	\$ 1,269,571	\$ 5,896,409
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,699
Economic development	-	-	-	-	-	1,578,478
Culture and recreation	-	-	-	-	1,269,571	1,379,044
Debt service	-	-	-	-	-	116,879
Unrestricted	-	840,427	34,773	24,117	-	2,646,309
Total cash and investment fund balance - Ending	\$ -	\$ 840,427	\$ 34,773	\$ 24,117	\$ 1,269,571	\$ 5,896,409

RICHMOND CIVIL CITY
 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, 2010

	Health Insurance Fund	Workers Comp Insurance Fund	Totals
Operating receipts:			
Charges for services	\$ 5,984,492	\$ 419,564	\$ 6,404,056
Miscellaneous	165,111	671	165,782
Total operating receipts	6,149,603	420,235	6,569,838
Operating disbursements:			
Insurance claims and expense	5,783,283	400,377	6,183,660
Administrative costs	53,713	-	53,713
Total operating disbursements	5,836,996	400,377	6,237,373
Excess of receipts over disbursement:	312,607	19,858	332,465
Cash and investment fund balance - beginning	1,038,874	168,347	1,207,221
Cash and investment fund balance - ending	\$ 1,351,481	\$ 188,205	\$ 1,539,686
<u>Cash and Investment Assets - December 31</u>			
Total cash and investment assets - December 31	\$ 1,351,481	\$ 188,205	\$ 1,539,686
<u>Cash and Investment Fund Balance - December 31</u>			
Unrestricted	\$ 1,351,481	\$ 188,205	\$ 1,539,686
Total cash and investment fund balance - December 31	\$ 1,351,481	\$ 188,205	\$ 1,539,686

RICHMOND CIVIL CITY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2010

	Police Pension Fund	Fire Pension	Totals
Additions:			
Contributions:			
Employer	\$ 549,064	\$ 335,684	\$ 884,748
State	1,409,150	2,073,964	3,483,114
Total contributions	1,958,214	2,409,648	4,367,862
Investment receipts:			
Interest	116	170	286
Total additions	1,958,330	2,409,818	4,368,148
Deductions:			
Benefits	1,865,827	2,414,107	4,279,934
Administrative and general	1,563	6,071	7,634
Total deductions	1,867,390	2,420,178	4,287,568
Excess (deficiency) of total additions over total deductions	90,940	(10,360)	80,580
Cash and investment fund balance - beginning	1,774	55,865	57,639
Cash and investment fund balance - ending	\$ 92,714	\$ 45,505	\$ 138,219

CITY OF RICHMOND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2010

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	36,363,872
Buildings	10,567,951
Improvements other than buildings	1,785,746
Machinery and equipment	9,905,568
Construction in progress	<u>2,645,224</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 62,845,816</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Richmond Sanitary District:	
Capital assets, not being depreciated:	
Land	\$ 533,061
Construction in progress	3,276,908
Infrastructure	4,318,839
Buildings	52,349,434
Improvements other than buildings	47,065,959
Machinery and equipment	<u>20,836,543</u>
 Total Richmond Sanitary District capital assets	 <u>128,380,744</u>
Richmond Electric Utility:	
Capital assets, not being depreciated:	
Land	788,510
Construction in progress	5,365,142
Buildings	6,621,498
Improvements other than buildings	980,592
Machinery and equipment	<u>163,259,854</u>
 Total Richmond Electric Utility capital assets	 <u>177,015,596</u>
Roseview Transit:	
Capital assets, not being depreciated:	
Land	19,950
Buildings	351,675
Machinery and equipment	<u>915,245</u>
 Total Roseview Transit capital assets	 <u>1,286,870</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>913,229</u>
 Total Municipal Airport capital assets	 <u>8,450,198</u>
Off Street Parking:	
Capital assets, not being depreciated:	
Land	118,366
Buildings	1,334,021
Improvements other than buildings	409,418
Machinery and equipment	<u>56,046</u>
 Total Off Street Parking capital assets	 <u>1,917,851</u>
 Total business-type activities capital assets	 <u>\$ 317,051,259</u>

CITY OF RICHMOND
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2010

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	\$ 1,509,179	\$ 264,128
Bonds payable:		
General obligation bonds:		
Park and Recreation 2009	<u>1,835,000</u>	<u>213,858</u>
Total governmental activities debt	<u>\$ 3,344,179</u>	<u>\$ 477,986</u>
Business-type activities:		
Richmond Sanitary District:		
Notes and loans payable	\$ 2,735,440	\$ 412,410
Revenue bonds:		
SRF bond issue of 1998	2,224,451	284,364
SRF bond issue of 2000	1,413,151	151,885
SRF bond issue of 2004	3,290,797	283,495
SRF bond issue of 2009	1,305,342	99,382
Chester Blvd. issue of 2005	8,505,000	724,555
Sewage works revenue bond of 2009	<u>10,570,000</u>	<u>812,678</u>
Total Wastewater Utility	<u>30,044,181</u>	<u>2,768,769</u>
Electric Utility:		
Revenue bonds:		
Construction bonds of 2006	2,155,000	396,290
Construction bonds of 2008	<u>3,355,000</u>	<u>475,570</u>
Total Electric Utility	<u>5,510,000</u>	<u>871,860</u>
Total business-type activities debt	<u>\$ 35,554,181</u>	<u>\$ 3,640,629</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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, 2010. 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, 2010.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

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

May 31, 2011

CITY OF RICHMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

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		
Revolving Loan Program		06-39-02088	\$ 1,101,392
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Housing Finance Authority			
Community Development Block Grants/State's Program	14.228		
Richmond NSP Project		NSP1-009-026	398,469
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana State Police			
Missing Children's Assistance	16.543		
Forensics grant		2008-MC-CX-K006	10,676
Pass-Through Henry County Government			
Edward Byrne Memorial Justice Assistance Grant	16.738		
Pro-active criminal enforcement		2009-DJ-BX-0049	32,802
Pass-Through Wayne County Government			
ARRA-Edward Byrne Memorial Justice Assistance Grant	16.804		
Police radio equipment grant		2009-F5038-IN-SB	61,730
Total for grantor agency			105,208
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster	20.205		
Highway Planning and Construction			
Scenic Byway Grant - Gorge		A-249-8-320372	31,635
TE Grant for CSX		600374	51,509
Total for cluster			83,144
Pass-Through Indiana Department of Transportation			
Federal Transit Cluster	20.507		
Federal Transit - Formula Grants			
Operating Assistance		18028110	491,212
Total for cluster			491,212
Direct grant			
Airport Improvement Program	20.106		
Rehab taxiway A & Terminal apron Phase I		AIP3-18-0071-13	1,257,185
Runway 6-24 rehab - Phase 3 & 4		AIP3-18-0071-10	5,420
Total for program			1,262,605
Pass-Through Indiana Department of Transportation			
ARRA-Formula Grants for Other Than Urbanized Areas	20.509		
Tier 1 - Buses, shelters, office equipment		EDS# A249-09-231054	219,922
Tier 2 - Building		EDS# A249-10-321079	2,530
Total for program			222,452
Total for federal grantor agency			2,059,413

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, 2010
(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. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct grant			
Brownfields Assessment and Cleanup Cooperative Agreements Gorge Parking Lot	66.818	BF00E34301	<u>68,594</u>
Pass-Through Indiana Department of Environmental Management			
ARRA - Capitalization Grants for Clean Water State Revolving Funds Tertiary Building Modifications and Improvements	66.458	WW.09.142 89 02 (ARRA)	746,224
Capitalization Grants for Clean Water State Revolving Funds Tertiary Building Modifications and Improvements	66.458	WW.09.142 89 02	<u>342,026</u>
Total for program			<u>1,088,250</u>
Total for federal grantor agency			<u>1,156,844</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct grant			
ARRA-Energy Efficiency and Conservation Block Grant Program Transportation Study and LED Traffic Lights	81.128	DE-FOA-0000013	<u>131,425</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health			
Aging Cluster			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		
Paratransit 2008-09		PO 620729 Year 2009-11	21,109
Paratransit 2009-10		PO 620729 Year 2009-11	<u>21,110</u>
Total for federal grantor agency			<u>42,219</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
Direct grant			
Retired and Senior Volunteer Program	94.002	2010	<u>39,536</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct grant			
Assistance to Firefighters Grant Exhaust System	97.044	2009	<u>1,776</u>
Total federal awards expended			<u>\$ 5,036,282</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, 2010. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2010</u>
Economic Adjustment Assistance	11.307	\$ 823,195

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?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
11.307	Economic Adjustment Assistance
14.228	CDBG-State-Administered Small Cities Program Cluster
20.106	Airport Improvement Program
20.507	Federal Transit- Formula Grants
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF RICHMOND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF RICHMOND
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2011, with Sarah L. Hutton, Mayor; Walt Chidester, City Attorney; Tony Foster, Metropolitan Development Director; Tammy S. Glenn, Controller; Valerie Fonzer, Deputy City Controller; William Harris, Sanitary District Director; Richard Bodiker, Sanitary District Board member; Vicki A. Robinson, President of the Board of Public Works and Safety; Jeff Lohmoeller, WWTP/Maintenance Manager; and Diana Pappin, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.