

B42635

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

ANNUAL FINANCIAL REPORT

2012

CITY OF RICHMOND

WAYNE COUNTY, INDIANA



FILED
09/19/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Tammy S. Glenn	01-01-12 to 12-31-13
Mayor	Sarah L. Hutton	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Vicki A. Robinson	01-01-12 to 12-31-13
President of the Common Council	Phil Quinn Larry Parker	01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the Board of Sanitary Commissioners	Richard Bodiker Suzanne Miller	01-01-12 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying cash and investment basis 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash and investment basis of accounting described in Note 1. This includes determining that the cash and investments basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in cash-basis financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with the basis of accounting described in Note 1.

Report on Supplementary and Other Information

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 Schedules of Funding Progress, Combining Schedules, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Included in the financial statements are the revenues and expenses from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 service fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14 and Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The Schedules of Funding Progress, Combining Schedules, Schedule of Capital Assets, and Schedule of Long-Term Debt, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the cash and investment basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 15, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Bruce Hartman
State Examiner

July 15, 2013



INDEPENDENT AUDITOR'S 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, in accordance with the 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, 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in items 2012-1 and 2012-2 of the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies.

INDEPENDENT AUDITOR'S 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 from 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*.

City's Response to Findings

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. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman
State Examiner

July 15, 2013

CITY OF RICHMOND
STATEMENT OF ACTIVITIES AND NET POSITION - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2012

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Position		
	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	\$ 4,045,084	\$ 930,038	\$ 860,203	\$ -	\$ (2,254,843)	\$ -	\$ (2,254,843)
Public safety	14,689,575	755,676	394,354	675,000	(12,864,545)	-	(12,864,545)
Highways and streets	4,089,962	36,455	1,559,769	-	(2,493,738)	-	(2,493,738)
Economic development	4,774,833	269,826	115,897	-	(4,389,110)	-	(4,389,110)
Culture and recreation	3,155,800	756,471	150,340	-	(2,248,989)	-	(2,248,989)
Urban redevelopment and housing	2,379,389	-	-	2,338,132	(41,257)	-	(41,257)
Emergency medical service	398,084	335,895	-	-	(62,189)	-	(62,189)
Principal and interest on indebtedness	235,221	-	-	-	(235,221)	-	(235,221)
Total governmental activities	33,767,948	3,084,361	3,080,563	3,013,132	(24,589,892)	-	(24,589,892)
Business-type activities:							
Richmond Power & Light	71,363,029	75,835,819	-	-	-	4,472,790	4,472,790
Richmond Sanitary District	15,942,784	9,403,721	-	-	-	(6,539,063)	(6,539,063)
Rose View Transit	1,255,248	208,228	1,047,374	-	-	354	354
Municipal Airport	408,529	431,972	-	-	-	23,443	23,443
Off Street Parking	36,887	36,586	-	-	-	(301)	(301)
Total business-type activities	89,006,477	85,916,326	1,047,374	-	-	(2,042,777)	(2,042,777)
Total primary government	\$ 122,774,425	\$ 89,000,687	\$ 4,127,937	\$ 3,013,132	(24,589,892)	(2,042,777)	(26,632,669)
General receipts:							
Property taxes					15,326,026	2,895,482	18,221,508
Intergovernmental					5,259,757	1,502,926	6,762,683
Other local sources					526,451	-	526,451
Investment earnings					17,406	82,667	100,073
Interfund loans					354	(354)	-
Transfers					2,139,709	(2,139,709)	-
Total general receipts, interfund loans, and transfers					23,269,703	2,341,012	25,610,715
Change in net position					(1,320,189)	298,235	(1,021,954)
Net Position - beginning					18,012,961	40,171,362	58,184,323
Net Position - ending					\$ 16,692,772	\$ 40,469,597	\$ 57,162,369
Assets							
Cash and investments					\$ 6,708,457	\$ 19,911,482	\$ 26,619,939
Restricted assets:							
Cash and investments					9,984,315	20,558,115	30,542,430
Total assets					\$ 16,692,772	\$ 40,469,597	\$ 57,162,369
Net Position							
Restricted for:							
Public safety					\$ 360,208	\$ -	\$ 360,208
Highways and streets					258,691	-	258,691
Economic development					9,866,319	-	9,866,319
Debt service					61,839	2,420,080	2,481,919
Other purposes					5,053,627	18,138,035	23,191,662
Unrestricted					1,092,088	19,911,482	21,003,570
Total net position					\$ 16,692,772	\$ 40,469,597	\$ 57,162,369

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, 2012

	General	Motor Vehicle Highway	Parks and Recreation	Tax Increment Financing	Certified Tech Park	City Grants	Other Governmental Funds	Totals
Receipts:								
Taxes	\$ 9,035,761	\$ 1,478,542	\$ 1,663,489	\$ 2,421,952	\$ -	\$ -	\$ 726,282	\$ 15,326,026
Licenses and permits	130,575	12,525	-	-	-	-	18,200	161,300
Intergovernmental	4,061,611	1,109,717	124,840	115,897	-	3,355,542	2,557,686	11,325,293
Charges for services	1,046,562	8,700	145,258	-	-	-	962,823	2,163,343
Fines and forfeits	64,580	-	-	-	-	-	1,771	66,351
Interfund loans	-	-	-	-	-	-	241,257	241,257
Other	919,352	14,923	43	5,386	9,712	140	315,827	1,265,383
Total receipts	15,258,441	2,624,407	1,933,630	2,543,235	9,712	3,355,682	4,823,846	30,548,953
Disbursements:								
General government	2,906,482	-	-	-	-	854,567	184,887	3,945,936
Public safety	13,293,761	-	-	-	-	-	1,266,239	14,560,000
Highways and streets	1,035,549	2,554,657	-	-	-	260,107	215,459	4,065,772
Economic development	-	-	-	2,448,632	960,556	-	1,365,645	4,774,833
Culture and recreation	-	-	2,152,925	-	-	121,806	860,640	3,135,371
Urban redevelopment and housing	-	-	-	-	-	2,379,389	-	2,379,389
Health and welfare	211,749	-	-	-	-	-	186,335	398,084
Interfund loans	-	-	-	-	-	-	240,903	240,903
Debt service:								
Principal	-	-	-	-	-	-	190,000	190,000
Interest	-	-	-	-	-	-	45,221	45,221
Total disbursements	17,447,541	2,554,657	2,152,925	2,448,632	960,556	3,615,869	4,555,329	33,735,509
Excess (deficiency) of receipts over disbursements	(2,189,100)	69,750	(219,295)	94,603	(950,844)	(260,187)	268,517	(3,186,556)
Other financing sources (uses):								
Transfers in	2,139,709	-	-	-	-	-	-	2,139,709
Total other financing sources (uses)	2,139,709	-	-	-	-	-	-	2,139,709
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,391)	69,750	(219,295)	94,603	(950,844)	(260,187)	268,517	(1,046,847)
Cash and investment fund balance - beginning	1,163,552	720,309	425,903	5,000,077	4,855,553	170,770	5,336,111	17,672,275
Cash and investment fund balance - ending	\$ 1,114,161	\$ 790,059	\$ 206,608	\$ 5,094,680	\$ 3,904,709	\$ (89,417)	\$ 5,604,628	16,625,428
Amounts reported for governmental activities in the Statement of Activities and Net Position - 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 Position - Cash and Investment Basis.								
								67,344
Net position of governmental activities								<u>\$ 16,692,772</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,114,161	\$ 790,059	\$ 206,608	\$ -	\$ -	\$ (89,417)	\$ 4,619,702	\$ 6,641,113
Restricted assets:								
Cash and investments	-	-	-	5,094,680	3,904,709	-	984,926	9,984,315
Total cash and investment assets - ending	\$ 1,114,161	\$ 790,059	\$ 206,608	\$ 5,094,680	\$ 3,904,709	\$ (89,417)	\$ 5,604,628	\$ 16,625,428
Cash and Investment Fund Balance - Ending								
Restricted for:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,208	\$ 360,208
Highways and streets	-	-	-	-	-	-	258,691	258,691
Economic development	-	-	-	5,094,680	3,904,709	-	866,930	9,866,319
Debt service	-	-	-	-	-	-	61,839	61,839
Assigned for:								
General government	-	-	-	-	-	-	980,474	980,474
Public safety	-	-	-	-	-	-	110,590	110,590
Highways and streets	-	790,059	-	-	-	-	15,597	805,656
Economic development	-	-	-	-	-	-	1,068,451	1,068,451
Health and welfare	-	-	-	-	-	-	169,462	169,462
Culture and recreation	-	-	206,608	-	-	-	1,042,067	1,248,675
Capital outlay	-	-	-	-	-	-	670,319	670,319
Unassigned	1,114,161	-	-	-	-	(89,417)	-	1,024,744
Total cash and investment fund balance - ending	\$ 1,114,161	\$ 790,059	\$ 206,608	\$ 5,094,680	\$ 3,904,709	\$ (89,417)	\$ 5,604,628	\$ 16,625,428

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

CITY OF RICHMOND
STATEMENT OF ASSETS AND NET POSITION AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET POSITION - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2012

	Richmond Power and Light	Richmond Sanitary District	Rose View Transit	Municipal Airport	Off Street Parking	Totals	Internal Service Funds
Operating receipts:							
Sales to rate payers	\$ 71,529,957	\$ 5,979,317	\$ -	\$ -	\$ -	\$ 77,509,274	\$ -
Commercial and industrial sales	-	705,665	-	-	-	705,665	-
Stormwater fees	-	1,459,275	-	-	-	1,459,275	-
Customer charges and sales	-	1,094,696	180,300	244,218	-	1,519,214	1,131,018
Fees	-	-	-	-	19,736	19,736	5,888,854
Other operating receipts	4,282,425	164,768	27,928	-	-	4,475,121	-
Interfund loan proceeds	-	-	240,903	-	-	240,903	-
Miscellaneous	-	-	119,150	-	16,850	136,000	751
Total operating receipts	75,812,382	9,403,721	568,281	244,218	36,586	86,065,188	7,020,623
Operating disbursements:							
Salaries and wages	8,943,048	3,019,779	-	-	-	11,962,827	-
Employee pensions and benefits	2,490,301	1,617,699	-	-	-	4,108,000	-
Sludge removal	-	326,336	-	-	-	326,336	-
Utilities	-	738,395	-	-	-	738,395	-
Fuel	-	413,437	-	-	-	413,437	-
Chemicals	-	284,539	-	-	-	284,539	-
Transportation	-	25,634	-	-	-	25,634	-
Materials & supplies	574,244	1,027,169	-	-	-	1,601,413	-
Contractual services	-	1,561,595	-	-	-	1,561,595	-
Permits and fees	-	1,424	-	-	-	1,424	-
Rents	-	12,334	-	-	-	12,334	-
Insurance	-	346,965	-	-	-	346,965	-
Administration and general	1,037,298	-	-	-	-	1,037,298	328,074
Insurance claims and expense	-	-	-	-	-	-	6,965,891
Public transportation operation and maintenance	-	-	1,255,248	-	-	1,255,248	-
Power production	57,340,280	-	-	-	-	57,340,280	-
Equipment and capital improvements	109,243	3,933,032	-	-	-	4,042,275	-
Interfund loans made/repaid	-	-	241,257	-	-	241,257	-
Operation of small enterprise activities	-	-	-	408,529	36,887	445,416	-
Total operating disbursements	70,494,414	13,308,338	1,496,505	408,529	36,887	85,744,673	7,293,965
Excess (deficiency) of operating receipts over operating disbursements	5,317,968	(3,904,617)	(928,224)	(164,311)	(301)	320,515	(273,342)
Nonoperating receipts (disbursements):							
Property taxes	-	2,895,482	-	-	-	2,895,482	-
Intergovernmental	-	1,502,926	-	-	-	1,502,926	-
Rent	-	-	-	187,754	-	187,754	-
Investment receipts	70,981	11,477	-	209	-	82,667	-
Operating grants	-	-	928,224	-	-	928,224	-
Customer deposits received	180,414	-	-	-	-	180,414	-
Customer deposits returned	(156,977)	-	-	-	-	(156,977)	-
Debt service of principal	(710,000)	(1,538,140)	-	-	-	(2,248,140)	-
Interest disbursements	(158,615)	(1,096,306)	-	-	-	(1,254,921)	-
Total nonoperating receipts (disbursements)	(774,197)	1,775,439	928,224	187,963	-	2,117,429	-
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	4,543,771	(2,129,178)	-	23,652	(301)	2,437,944	(273,342)
Transfers in	-	3,177,480	-	-	-	3,177,480	-
Transfers out	(2,139,709)	(3,177,480)	-	-	-	(5,317,189)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	2,404,062	(2,129,178)	-	23,652	(301)	298,235	(273,342)
Cash and investment net position - beginning	22,947,456	17,047,231	-	176,353	322	40,171,362	340,686
Cash and investment net position - ending	\$ 25,351,518	\$ 14,918,053	\$ -	\$ 200,005	\$ 21	\$ 40,469,597	\$ 67,344
Cash and Investment Assets - December 31							
Cash and investments	\$ 6,500,798	\$ 13,210,658	\$ -	\$ 200,005	\$ 21	\$ 19,911,482	\$ 67,344
Restricted assets:							
Cash and investments	18,850,720	1,707,395	-	-	-	20,558,115	-
Total cash and investment assets - December 31	\$ 25,351,518	\$ 14,918,053	\$ -	\$ 200,005	\$ 21	\$ 40,469,597	\$ 67,344
Cash and Investment Net Position - December 31							
Restricted for:							
Debt service	\$ 753,380	\$ 1,666,700	\$ -	\$ -	\$ -	\$ 2,420,080	\$ -
Other purposes	18,097,340	40,695	-	-	-	18,138,035	-
Unrestricted	6,500,798	13,210,658	-	200,005	21	19,911,482	67,344
Total cash and investment net position - December 31	\$ 25,351,518	\$ 14,918,053	\$ -	\$ 200,005	\$ 21	\$ 40,469,597	\$ 67,344

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, 2012

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 685,684	\$ -
State	3,370,119	-
Other	-	<u>86,462</u>
Total contributions	<u>4,055,803</u>	<u>86,462</u>
Investment earnings:		
Interest	<u>65</u>	-
Total additions	<u>4,055,868</u>	<u>86,462</u>
Deductions:		
Benefits	4,172,896	80,995
Administrative and general	<u>11,798</u>	-
Total deductions	<u>4,184,694</u>	<u>80,995</u>
Excess (deficiency) of total additions over total deductions	(128,826)	5,467
Cash and investment net position - beginning	<u>325,510</u>	<u>148,099</u>
Cash and investment net position - ending	<u>\$ 196,684</u>	<u>\$ 153,566</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), emergency medical services, 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

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.	No funds are currently included since there are no outstanding bonds issued by the Authority.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Position – 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 Grants Fund is used to account for most of the city's federal and state grants' cash receipts, disbursements and balance.

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 Rose View 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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

As a general rule, the effect of inter-fund 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 non-operating 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 non-operating 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 percent 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 position and displayed in two components:

- a. Restricted net position - Consists of net position 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 position - All other net positions that do not meet the definition of "restricted."

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

Fund Financial Statements

Fund Balance Disclosure:

In accordance with Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the finance department based on the fund's purpose.

Unassigned includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Fund Balance Disclosure:

The City uses *restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use assigned and lastly unassigned amounts of unrestricted fund balance when disbursements are made.*

The Government *does not have a formal minimum fund balance policy.*

The purpose of each major special revenue fund and receipt source is listed below:

	<u>Major Special Revenue Fund</u>				<u>Receipt Source</u>			Totals
	General Fund	Motor Vehicle Highway Fund	Parks and Recreation Fund	City Grants Fund	Tax Increment Financing Fund	Certified Tech Park Fund	Total Other Governmental Funds	
Fund balances:								
Restricted for:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,208	\$ 360,208
Highways and streets	-	-	-	-	-	-	258,691	258,691
Economic development	-	-	-	-	5,094,680	3,904,709	866,930	9,866,319
Debt service	-	-	-	-	-	-	61,839	61,839
Assigned to:								
General government	-	-	-	-	-	-	980,474	980,474
Public safety	-	-	-	-	-	-	110,590	110,590
Highways and streets	-	790,059	-	-	-	-	15,597	805,656
Economic development	-	-	-	-	-	-	1,068,451	1,068,451
Health and welfare	-	-	-	-	-	-	169,462	169,462
Culture and recreation	-	-	206,608	-	-	-	1,042,067	1,248,675
Capital outlay	-	-	-	-	-	-	670,319	670,319
Unassigned	1,114,161	-	-	(89,417)	-	-	-	1,024,744
Total fund balances	<u>\$ 1,114,161</u>	<u>\$ 790,059</u>	<u>\$ 206,608</u>	<u>\$(89,417)</u>	<u>\$ 5,094,680</u>	<u>\$ 3,904,709</u>	<u>\$ 5,604,628</u>	<u>\$ 16,625,428</u>

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 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 Position - Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

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

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Position - 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 Position – Cash and Investment Basis.

G. Restricted Net Position

1. Governmental Funds

The financial statements report \$10,547,057 of restricted net position all restricted by enabling legislation.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Proprietary Funds

The financial statements report \$20,558,115 of restricted net position with \$2,420,080 restricted by enabling legislation.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

The City has no policy regarding deposit investment risk other than that which is required by state statute.

The City has no policy regarding investment risk other than that which is required by state statute.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2012, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2012</u>
Sewer Utility Operating	Sewer Utility Bond & Interest Fund	\$ 1,759,905
Stormwater Utility Operating Fund	Sewer Utility Bond & Interest Fund	599,601
RSD Sanitary Operating Fund	RSD Landfill Operating Fund	817,974
Richmond Power and Light	General Fund	<u>2,139,709</u>
Total		<u>\$ 5,317,189</u>

The City typically uses transfers for cash flow purposes and making long-term debt payments 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 \$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 inter-fund 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' Comp Insurance Fund (an internal service fund) where assets are set aside for payments for premiums for an insurance policy. The policy covers all city employees and has no deductible. Interfund transfers are paid into

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

the fund by all affected funds and are available to pay premiums and administrative costs of the program. Interfund transfers are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Conduit Debt Obligation

From time to time, the City has issued economic development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, 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, 2012, 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 2012, there were no new loans issued. Principal payments received or deemed uncollectible on loans totaled \$138,483. The total balance of loans outstanding at December 31, 2012, was \$740,217.

D. Rate Structure – Enterprise Funds

Sanitary District

The Sanitary District and City Council approved a two phase wastewater treatment rate increase. The first phase was effective November 1, 2012. The second phase will take effect July 1, 2013. The total increase in wastewater treatment rates after the second phase takes effect will be about 39 percent. The current storm water utility rate structure was effective March 16, 2009, as approved by City Council and the Stormwater Utility Board.

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 and the Richmond Sanitary District contribute 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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
One North Capital Street
Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

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 \$251,318. The total contributions made to PERF by the Richmond Sanitary District during the period were \$221,591.

Annual Pension Cost

The City's and Sanitary District's annual pension costs for the current year and related information, as provided by the Indiana Public Retirement System, is presented later in this note.

b. Richmond Power and Light Pension Plan

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 employees. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. The trustee issues a publically 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 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 and can be amended by the Board of Directors of the Utility. The Utility's annual pension costs for the current year and related information, as provided by the actuary, is presented later in this note.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

c. 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 and can be amended 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

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to 6 percent of the salary of a first class patrolman. The City is required to contribute an amount equal to the funding deficit of the difference between receipts of the fund and the required disbursements of the fund (pay-as-you-go basis); the amount contributed for 2012 is \$1,850,596. The contribution requirements of plan members and City are established by state statute. Of this amount, \$1,354,803 was contributed by the State of Indiana on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits. The City's annual pension costs for the current year and related information, as provided by the Indiana Public Retirement System, is presented later in this note.

d. 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 and can be amended 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

Plan members are required by state statute (IC 36-8-7-8) to contribute an amount equal to 6 percent of the salary of a fully paid first class firefighter. The City is required to contribute an amount equal to the funding deficit of the difference between receipts of the fund and the required disbursements of the fund (pay-as-you-go basis); the amount contributed for 2012 is \$2,205,207. The contribution requirements of plan members and the City are established by state statute. Of this amount, \$2,015,316 is contributed by the State of Indiana on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits. The City's annual pension costs for the current year and related information, as provided by the Indiana Public Retirement System, is presented later in this note.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Richmond City	Richmond Sanitary District	Richmond Power and Light	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 403,149	\$ 313,013	\$ 1,147,850	\$ 1,453,700	\$ 1,958,800
Interest on net pension obligation	10,149	1,913	(15,970)	-	-
Adjustment to annual required contribution	(11,684)	(2,202)	25,568	-	-
Annual pension cost	401,614	312,724	1,157,448	1,453,700	1,958,800
Contributions made	251,318	221,591	602,065	1,850,600	2,205,200
Increase (decrease) in net pension obligation	150,296	91,133	555,383	(396,900)	(246,400)
Net pension obligation, beginning of year	144,988	27,329	(236,598)	17,623,936	23,892,954
Net pension obligation, end of year	<u>\$ 295,284</u>	<u>\$ 118,462</u>	<u>\$ 318,785</u>	<u>\$ 17,227,036</u>	<u>\$ 23,646,554</u>

	Richmond City	Richmond Sanitary District	Richmond Power and Light	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:					
Employer	7.5%	7.5%	8.0%	6.0%	6.0%
Plan members	3.0%	3.0%	3.0%	6.0%	6.0%
Actuarial valuation date	06-30-12	06-30-12	08-31-12	01-01-12	01-01-12
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Normal Cost	Normal Cost	Normal - frozen initial liability equal	Normal Cost	Normal Cost
	Level Dollar, Closed	Level Dollar, Closed	annual installments	Level Dollar, Closed	Level Dollar, Closed
	Amortization Period	Amortization Period	16 years	Amortization Period	Amortization Period
Amortization period	30 years	30 years		30 years	30 years
Amortization period (from date)	07-01-07	07-01-07	07-01-07	12-31-97	12-31-97
Asset valuation method	75% of actuarial plus 25% of market value	75% of actuarial plus 25% of market value	Contract basis	75% of actuarial plus 25% of market value	75% of actuarial plus 25% of market value

	Richmond City	Richmond Sanitary District	Richmond Power and Light	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	6.75%	6.75%	5.75%	6.00%	6.00%
Projected future salary increases:					
Total	3.25%-4.5%	3.25%-4.5%	6.00%	3.25%	3.25%
Cost-of-living adjustments	1.00%	1.00%	2.00%	2.25%-3.25%	2.25%-3.25%

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Richmond City PERF	06-30-10	\$ 289,682	69%	\$ (21,278)
	06-30-11	378,079	56%	144,988
	06-30-12	401,614	63%	295,284
Sanitary District PERF	06-30-10	221,597	92%	(58,268)
	06-30-11	293,989	71%	27,329
	06-30-12	312,724	71%	118,462
Richmond Power & Light	08-31-10	860,128	76%	(516,082)
	08-31-11	939,350	70%	(236,598)
	08-31-12	1,157,448	52%	318,785
1925 Police Officers' Pension	12-31-10	1,958,214	100%	N/A
	12-31-11	1,865,510	100%	N/A
	12-31-12	1,453,700	127%	17,623,936
1937 Firefighters' Pension	12-31-10	2,409,608	100%	N/A
	12-31-11	2,562,447	100%	N/A
	12-31-12	1,958,800	113%	23,892,954

N/A - Information was not available.

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2012, was comprised of the following:

	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Retirees and beneficiaries currently receiving benefits	53	82
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	-	-

Funded Status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2012, for Richmond City PERF and Richmond Sanitary District PERF, and August 31, 2012, for Richmond Power and Light, and the most recent actuarial valuation date of these pension plans are as follows:

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL or (Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL or (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
Richmond City PERF	\$ 3,418,983	\$ 6,413,869	\$ 2,994,886	53.3%	\$ 4,196,504	71.4%
Sanitary District PERF	1,859,352	4,320,769	2,461,417	43.0%	3,104,502	79.3%
Richmond Power & Light	42,271,797	51,158,004	8,886,207	82.6%	7,782,103	114.2%
1925 Police Officers' Pension	118,364	17,742,300	17,623,936	0.7%	45,800	38480.2%
1937 Firefighters' Pension	207,146	24,100,100	23,892,954	0.9%	-	N/A

N/A - Information was not available.

The Schedule of Funding Progress, presented as RSI for the above plans following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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:

Indiana Public Retirement System
One North Capital Street
Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6 percent of the first-class police officers' and 5 percent firefighters' base salary plus longevity and the City is to contribute at an actuarially determined rate. The current rate is 19.7 percent of the first-class police officers' and 20.7 percent 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, 2012, 2011, and 2010, were \$1,269,075, \$1,270,911, and \$1,288,997, 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
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)	(Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-10	\$ 4,898,617	\$ 6,214,981	\$ (1,316,364)	79%	\$ 4,255,082	(31%)
07-01-11	3,950,839	6,393,889	(2,443,050)	62%	4,287,592	(57%)
07-01-12	3,418,983	6,413,869	(2,994,886)	53%	4,196,504	(71%)

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)
07-01-10	\$ 2,474,970	\$ 3,922,455	\$ (1,447,485)	63%	\$ 2,927,473	(49%)
07-01-11	2,079,354	4,050,345	(1,970,991)	51%	2,940,605	(67%)
07-01-12	1,859,352	4,320,769	(2,461,417)	43%	3,104,502	(79%)

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)
01-01-07	\$ 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%)
01-01-09	6,838	21,628,800	(21,621,962)	0%	-	No Covered Payroll
01-01-10	1,775	20,431,300	(20,429,525)	0%	44,400	(46,012%)
01-01-11	92,714	21,157,900	(19,973,986)	0%	46,200	(43,234%)
01-01-12	118,364	17,742,300	(17,623,936)	1%	45,800	(38,480%)

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)
01-01-07	\$ 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
01-01-09	8,723	29,721,800	(29,713,077)	0%	-	No Covered Payroll
01-01-10	55,865	28,303,300	(28,247,435)	0%	-	No Covered Payroll
01-01-11	45,505	28,906,300	(28,860,795)	0%	-	No Covered Payroll
01-01-12	207,146	24,387,200	(24,180,054)	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)
09-01-05	\$ 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%)
09-01-11	40,761,710	44,442,688	(3,680,978)	92%	8,296,845	(44%)
09-01-12	42,271,797	51,158,004	(8,886,207)	83%	7,782,103	(114%)

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, 2012

	Local Road And Street	Park Nonreverting Operating	Animal Control	Law Enforcement Continuing Ed	Unsafe Building	Rainy Day City
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	1,190	17,010	-	-
Intergovernmental	299,143	-	-	-	-	326,835
Charges for services	-	611,213	-	11,149	-	-
Fines and forfeits	-	-	-	1,771	-	-
Interfund loans	-	-	-	-	-	-
Other	288	-	-	34	100	858
Total receipts	299,431	611,213	1,190	29,964	100	327,693
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	55	40,262	24,278	-
Highways and streets	215,459	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	529,686	-	-	-	-
Health and welfare	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	215,459	529,686	55	40,262	24,278	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	83,972	81,527	1,135	(10,298)	(24,178)	327,693
Cash and investment fund balance - beginning	174,719	138,809	10,423	34,785	89,072	652,781
Cash and investment fund balance - ending	<u>\$ 258,691</u>	<u>\$ 220,336</u>	<u>\$ 11,558</u>	<u>\$ 24,487</u>	<u>\$ 64,894</u>	<u>\$ 980,474</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 258,691	\$ 220,336	\$ 11,558	\$ 24,487	\$ 64,894	\$ 980,474
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 258,691</u>	<u>\$ 220,336</u>	<u>\$ 11,558</u>	<u>\$ 24,487</u>	<u>\$ 64,894</u>	<u>\$ 980,474</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	258,691	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Assigned for:						
General government	-	-	-	-	-	980,474
Public safety	-	-	11,558	24,487	64,894	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	220,336	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 258,691</u>	<u>\$ 220,336</u>	<u>\$ 11,558</u>	<u>\$ 24,487</u>	<u>\$ 64,894</u>	<u>\$ 980,474</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, 2012
 (Continued)

	Build Indiana	Haz-Mat	First Response	Criminal Justice	Law Enforcement Aid	Redevelopment
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	36,031	330,164	-
Charges for services	-	4,566	335,895	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	12,791	371	23
Total receipts	-	4,566	335,895	48,822	330,535	23
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	8,045	-	32,695	246,977	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	186,335	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	-	8,045	186,335	32,695	246,977	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,479)	149,560	16,127	83,558	23
Cash and investment fund balance - beginning	109,473	13,130	19,902	40,030	220,493	20,078
Cash and investment fund balance - ending	<u>\$ 109,473</u>	<u>\$ 9,651</u>	<u>\$ 169,462</u>	<u>\$ 56,157</u>	<u>\$ 304,051</u>	<u>\$ 20,101</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 109,473	\$ 9,651	\$ 169,462	\$ -	\$ 304,051	\$ 20,101
Restricted assets:						
Cash and investments	-	-	-	56,157	-	-
Total cash and investment assets - Ending	<u>\$ 109,473</u>	<u>\$ 9,651</u>	<u>\$ 169,462</u>	<u>\$ 56,157</u>	<u>\$ 304,051</u>	<u>\$ 20,101</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ 56,157	\$ 304,051	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Assigned for:						
General government	-	-	-	-	-	-
Public safety	-	9,651	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	20,101
Health and welfare	-	-	169,462	-	-	-
Culture and recreation	109,473	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 109,473</u>	<u>\$ 9,651</u>	<u>\$ 169,462</u>	<u>\$ 56,157</u>	<u>\$ 304,051</u>	<u>\$ 20,101</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, 2012
 (Continued)

	Redevelopment Revenue Bond	Business And Industrial Loan	Revolving Loan Local Cash	Program Income Loan	Microenterprise Loan	Human And Environmental
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	46,407
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	161,152	20,080	20,239	-	11,971
Total receipts	-	161,152	20,080	20,239	-	58,378
Disbursements:						
General government	-	3,742	3,717	2,012	94	57,627
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	41,500	28,112	-	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	-	3,742	45,217	30,124	94	57,627
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	157,410	(25,137)	(9,885)	(94)	751
Cash and investment fund balance - beginning	516	638,466	35,282	28,001	6,017	34,359
Cash and investment fund balance - ending	\$ 516	\$ 795,876	\$ 10,145	\$ 18,116	\$ 5,923	\$ 35,110
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 516	\$ -	\$ -	\$ -	\$ -	\$ 35,110
Restricted assets:						
Cash and investments	-	795,876	10,145	18,116	5,923	-
Total cash and investment assets - Ending	\$ 516	\$ 795,876	\$ 10,145	\$ 18,116	\$ 5,923	\$ 35,110
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	795,876	10,145	18,116	5,923	-
Debt service	-	-	-	-	-	-
Assigned for:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	516	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	35,110
Capital outlay	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 516	\$ 795,876	\$ 10,145	\$ 18,116	\$ 5,923	\$ 35,110

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, 2012
 (Continued)

	Midwest Industrial Park	Center City Loan Program	Park Bond Sinking	Cumulative Capital Development	Cumulative Capital Improvement	County EDIT
Receipts:						
Taxes	\$ -	\$ -	\$ 220,274	\$ 506,008	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	16,532	712,973	97,635	691,966
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	241,257
Other	39,809	25,843	-	4,657	83	1,261
Total receipts	39,809	25,843	236,806	1,223,638	97,718	934,484
Disbursements:						
General government	-	3,717	-	-	113,978	-
Public safety	-	-	-	913,927	-	-
Highways and streets	-	-	-	-	-	-
Economic development	500,000	-	-	-	-	796,033
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	240,903
Debt service:						
Principal	-	-	190,000	-	-	-
Interest	-	-	45,221	-	-	-
Total disbursements	500,000	3,717	235,221	913,927	113,978	1,036,936
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(460,191)	22,126	1,585	309,711	(16,260)	(102,452)
Cash and investment fund balance - beginning	805,720	14,744	60,254	233,813	143,055	804,757
Cash and investment fund balance - ending	<u>\$ 345,529</u>	<u>\$ 36,870</u>	<u>\$ 61,839</u>	<u>\$ 543,524</u>	<u>\$ 126,795</u>	<u>\$ 702,305</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 345,529	\$ -	\$ -	\$ 543,524	\$ 126,795	\$ 702,305
Restricted assets:						
Cash and investments	-	36,870	61,839	-	-	-
Total cash and investment assets - Ending	<u>\$ 345,529</u>	<u>\$ 36,870</u>	<u>\$ 61,839</u>	<u>\$ 543,524</u>	<u>\$ 126,795</u>	<u>\$ 702,305</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Economic development	-	36,870	-	-	-	-
Debt service	-	-	61,839	-	-	-
Assigned for:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	345,529	-	-	-	-	702,305
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	543,524	126,795	-
Total cash and investment fund balance - ending	<u>\$ 345,529</u>	<u>\$ 36,870</u>	<u>\$ 61,839</u>	<u>\$ 543,524</u>	<u>\$ 126,795</u>	<u>\$ 702,305</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, 2012
 (Continued)

	Park Capital Improvements	Infrastructure	Park Bond Construction	Park Nonreverting Capital	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 726,282
Licenses and permits	-	-	-	-	18,200
Intergovernmental	-	-	-	-	2,557,686
Charges for services	-	-	-	-	962,823
Fines and forfeits	-	-	-	-	1,771
Interfund loans	-	-	-	-	241,257
Other	3	15,230	1,034	-	315,827
Total receipts	3	15,230	1,034	-	4,823,846
Disbursements:					
General government	-	-	-	-	184,887
Public safety	-	-	-	-	1,266,239
Highways and streets	-	-	-	-	215,459
Economic development	-	-	-	-	1,365,645
Culture and recreation	23,413	-	307,541	-	860,640
Health and welfare	-	-	-	-	186,335
Interfund loans	-	-	-	-	240,903
Debt service:					
Principal	-	-	-	-	190,000
Interest	-	-	-	-	45,221
Total disbursements	23,413	-	307,541	-	4,555,329
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,410)	15,230	(306,507)	-	268,517
Cash and investment fund balance - beginning	23,418	367	980,798	2,849	5,336,111
Cash and investment fund balance - ending	<u>\$ 8</u>	<u>\$ 15,597</u>	<u>\$ 674,291</u>	<u>\$ 2,849</u>	<u>\$ 5,604,628</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 8	\$ 15,597	\$ 674,291	\$ 2,849	\$ 4,619,702
Restricted assets:					
Cash and investments	-	-	-	-	984,926
Total cash and investment assets - Ending	<u>\$ 8</u>	<u>\$ 15,597</u>	<u>\$ 674,291</u>	<u>\$ 2,849</u>	<u>\$ 5,604,628</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 360,208
Highways and streets	-	-	-	-	258,691
Economic development	-	-	-	-	866,930
Debt service	-	-	-	-	61,839
Assigned for:					
General government	-	-	-	-	980,474
Public safety	-	-	-	-	110,590
Highways and streets	-	15,597	-	-	15,597
Economic development	-	-	-	-	1,068,451
Health and welfare	-	-	-	-	169,462
Culture and recreation	8	-	674,291	2,849	1,042,067
Capital outlay	-	-	-	-	670,319
Total cash and investment fund balance - ending	<u>\$ 8</u>	<u>\$ 15,597</u>	<u>\$ 674,291</u>	<u>\$ 2,849</u>	<u>\$ 5,604,628</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, 2012

	Health Insurance Fund	Workers Comp Insurance Fund	Totals
Operating receipts:			
Charges for services	\$ 1,131,018	\$ -	\$ 1,131,018
City's share contributions	5,553,610	335,244	5,888,854
Miscellaneous	63	688	751
	<u>6,684,691</u>	<u>335,932</u>	<u>7,020,623</u>
Total operating receipts			
Operating disbursements:			
Insurance claims and expense	6,479,771	486,120	6,965,891
Administrative costs	318,657	9,417	328,074
	<u>6,798,428</u>	<u>495,537</u>	<u>7,293,965</u>
Total operating disbursements			
Excess (deficiency) of receipts over disbursements	<u>(113,737)</u>	<u>(159,605)</u>	<u>(273,342)</u>
Cash and investment fund balance - beginning	<u>138,938</u>	<u>201,748</u>	<u>340,686</u>
Cash and investment fund balance - ending	<u>\$ 25,201</u>	<u>\$ 42,143</u>	<u>\$ 67,344</u>
<u>Cash and Investment Assets - December 31</u>			
Total cash and investment assets - December 31	<u>\$ 25,201</u>	<u>\$ 42,143</u>	<u>\$ 67,344</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Unrestricted	<u>\$ 25,201</u>	<u>\$ 42,143</u>	<u>\$ 67,344</u>
Total cash and investment fund balance - December 31	<u>\$ 25,201</u>	<u>\$ 42,143</u>	<u>\$ 67,344</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, 2012

	<u>Police Pension Fund</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 495,793	\$ 189,891	\$ 685,684
State	<u>1,354,803</u>	<u>2,015,316</u>	<u>3,370,119</u>
Total contributions	<u>1,850,596</u>	<u>2,205,207</u>	<u>4,055,803</u>
Investment receipts:			
Interest	<u>25</u>	<u>40</u>	<u>65</u>
Total additions	<u>1,850,621</u>	<u>2,205,247</u>	<u>4,055,868</u>
Deductions:			
Benefits	1,811,850	2,361,046	4,172,896
Administrative and general	<u>5,724</u>	<u>6,074</u>	<u>11,798</u>
Total deductions	<u>1,817,574</u>	<u>2,367,120</u>	<u>4,184,694</u>
Excess (deficiency) of total additions over total deductions	33,047	(161,873)	(128,826)
Cash and investment fund balance - beginning	<u>118,364</u>	<u>207,146</u>	<u>325,510</u>
Cash and investment fund balance - ending	<u>\$ 151,411</u>	<u>\$ 45,273</u>	<u>\$ 196,684</u>

CITY OF RICHMOND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN
 CASH AND INVESTMENT BALANCES - PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2012

	<u>Gifts And Donations</u>
Additions:	
Contributions:	
Other	\$ <u>86,462</u>
Total additions	<u>86,462</u>
Deductions:	
Benefits	<u>80,995</u>
Excess of total additions over total deductions	5,467
Cash and investment fund balance - beginning	<u>148,099</u>
Cash and investment fund balance - ending	<u><u>\$ 153,566</u></u>

CITY OF RICHMOND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land, improvements to land	\$ 1,229,916
Infrastructure	36,779,475
Buildings	11,059,901
Improvements other than buildings	1,785,746
Machinery and equipment	<u>11,513,959</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 62,368,997</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Electric Utility	
Capital assets, not being depreciated:	
Land	\$ 791,231
Construction in progress	3,457,251
Buildings	7,519,156
Improvements other than buildings	994,339
Machinery and equipment	<u>169,625,277</u>
 Total Electric Utility capital assets	 <u>182,387,254</u>

Sanitary District:	
Capital assets, not being depreciated:	
Land	533,061
Infrastructure	44,941,493
Construction in progress	6,990,246
Buildings	4,280,060
Improvements other than buildings	55,225,571
Machinery and equipment	<u>24,718,682</u>
 Total Sanitary District capital assets	 <u>136,689,113</u>

Airport:	
Capital assets, not being depreciated:	
Land	567,389
Buildings	877,458
Improvements other than buildings	7,859,759
Machinery and equipment	<u>941,292</u>
 Total Airport capital assets	 <u>10,245,898</u>

Roseview Transit:	
Capital assets, not being depreciated:	
Land	19,950
Buildings	351,675
Improvements other than buildings	184,525
Machinery and equipment	725,917
Construction in progress	<u>75,310</u>
 Total Roseview Transit capital assets	 <u>1,357,377</u>

Off Street Parking:	
Capital assets, not being depreciated:	
Land	157,153
Buildings	1,334,021
Improvements other than buildings	409,418
Machinery and equipment	<u>56,046</u>
 Total Off Street Parking capital assets	 <u>1,956,638</u>

Total business-type activities capital assets	 <u>\$ 332,636,280</u>
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CITY OF RICHMOND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 Decemeber 31, 2012

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Golf course mowing equipment	\$ 37,821	\$ 39,185
Energy savings project	1,052,979	173,852
Bonds payable:		
General obligation bonds:		
Park and recreation 2009	<u>1,455,000</u>	<u>241,490</u>
Total governmental activities debt	<u>\$ 2,545,800</u>	<u>\$ 454,527</u>
Business-type Activities:		
Electric Utility:		
Revenue bonds:		
Baghouse	\$ 2,620,000	\$ 478,270
New substation	<u>1,500,000</u>	<u>401,758</u>
Total Electric Utility	<u>4,120,000</u>	<u>880,028</u>
Sanitary District:		
Capital leases:		
Energy savings project	2,401,606	274,940
D8 Dozer & High sprocket crawler tractor	253,497	130,608
Revenue bonds:		
SRF bond issue of 1998	1,545,573	284,364
SRF bond issue of 2000	1,070,698	151,885
SRF bond issue of 2004	2,753,000	281,675
SRF bond issue of 2009	1,365,000	107,001
Chester Blvd. issue of 2005	7,300,000	722,974
Sewage works revenue bond of 2009	<u>9,800,000</u>	<u>805,727</u>
Total Sanitary District	<u>26,489,374</u>	<u>2,759,174</u>
Total business-type activities debt	<u>\$ 30,609,374</u>	<u>\$ 3,639,202</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each~ Major Federal Program

We have audited the City of Richmond's (City) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that

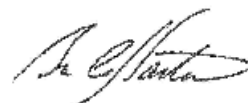
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the Indiana State Board of Accounts and of the office examined.



Bruce Hartman
State Examiner

July 15, 2013

RICHMOND CIVIL CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Child Nutrition Cluster				
Summer Food Service Programs for Children Just Us Kids Outdoors	IN Dept. of Education	10.559	2011	\$ 25,925
Total - Child Nutrition Cluster				<u>25,925</u>
Total - Department of Agriculture				<u>25,925</u>
<u>Department of Commerce</u>				
Economic Development Cluster				
Economic Adjustment Assistance Revolving Loan Program	Direct grant	11.307	06-36-02088	1,099,889
Total - Economic Development Cluster				<u>1,099,889</u>
Total - Department of Commerce				<u>1,099,889</u>
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii NSP1	IHCDA	14.228	NSP1-009-026	1,047,077
Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii NSP3	IHCDA	14.228	NSP3-011-001	1,262,644
Total CDBG - State-Administered CDBG Cluster				<u>2,309,721</u>
Total - Department of Housing and Urban Development				<u>2,309,721</u>
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program PACE	Henry Co. Sheriff	16.738	2012	99,387
ARRA - Recovery Act, Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government JAG		16.804	2012	10,224
Total - JAG Program Cluster				<u>109,611</u>
Equitable Sharing Program				
DEA Forfeitures	Direct grant	16.922	2012	185,378
Total - Department of Justice				<u>294,989</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction Whitewater Trail	INDOT	20.205	600357	17,796
Highway Planning and Construction CSX Railroad	INDOT	20.205	600374	11,697
Highway Planning and Construction 9th Street Bridge Proj.	INDOT	20.205	ESA#249-10-321436	51,984
Traffic Sign Inventory Design		20.205	EDS#8249-11-320619	90,960
Salsbury Road		20.205	DES 0400025	103,768
Starr-Gennett Redevelopment Area		20.205	DES 0810267	104,804
Reid Parkway		20.205	STP-9989	12,130
Total - Highway Planning and Construction				<u>363,646</u>
Total - Highway Planning and Construction Cluster				<u>393,139</u>
Federal Transit Cluster				
Federal Transit - Formula Grants Roseview Transit	INDOT	20.507	3-18-0071-013-2010	520,396
Total - Federal Transit Cluster				<u>520,396</u>

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

RICHMOND CIVIL CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Transportation (continued)</u>				
Highway Safety Cluster				
State and Community Highway Safety Operation Pullover	INDOT	20.600	2012	<u>13,334</u>
Total - Highway Safety Cluster				<u>13,334</u>
Airport Improvement Program	Direct grant			
Taxiway Rehab & Terminal Apron		20.106	3-18-0071-013/3-18-0	238,153
Taxiway Rehab and Terminal Apron Phase II		20.106	3-18-0071-14	<u>86,779</u>
Total - Airport Improvement Program Grant				<u>324,932</u>
ARRA - Formula Grants for Rural Areas	INDOT			
Tier 1		20.509	EDS#A249-09-321054	333,153
Tier 2		20.509	EDS#A249-10-321079	<u>127,662</u>
Total - ARRA - Formula Grants for Rural Areas				<u>460,815</u>
Total - Department of Transportation				<u>1,712,616</u>
<u>Environmental Protection Agency</u>				
Brownfields Assessment & Cleanup Cooperative Agreements Brownfield Cleanup	Direct grant	66.818	BF00E61501	<u>28,852</u>
Capitalization Grants for Clean Water State Revolving Funds ES Interceptor III	IDEM	66.458	WW1308904	<u>33,884</u>
Total - Environmental Protection Agency				<u>62,736</u>
<u>Department of Health and Human Services</u>				
Special Programs for the Aging-Title III, Part B Aging Cluster - Grants for Supportive Services and Senior Centers Title III Grants	Indiana Dept. of Health & Human Services	93.044	2012	<u>45,132</u>
Total - Department of Health and Human Services				<u>45,132</u>
<u>Corporation for National and Community Service</u>				
Retired and Senior Volunteer Program Human and Environmental	Direct grant	94.002	2012	<u>30,307</u>
Total - Corporation for National and Community Service				<u>30,307</u>
<u>Department of Homeland Security</u>				
Assistance to Firefighters Grant Ladder Truck	Direct grant	97.044	EMW-2011-FV-05464	<u>675,000</u>
Total - Department of Homeland Security				<u>675,000</u>
Total federal awards expended				<u>\$ 6,256,315</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, 2012. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012
Economic Adjustment Assistance	11.307	\$ 740,217

CITY OF RICHMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	yes
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.509	CDBG - State-Administered CDBG Cluster Highway Planning and Construction Cluster
97.044	ARRA - Formula Grants for Rural Areas Assistance to Firefighters Grant

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

FINDING 2012-1 - ERRORS TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City did not have adequate internal controls in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have adequate controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without an adequate system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: some NSP 3 grant receipts were recorded as NSP 1 (\$246,602); some Starr-Gennett redevelopment grant funds were recorded in other grants (\$117,756); and a small number of other minor adjustments and reclassifications. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statements.

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

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, page 51-8)

OMB Circular A-133, Subpart C, section. 300 states in part: "The auditee shall . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section.310."

OMB Circular A-133, Subpart C, section. 310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision I the Department of Health and Human Services.
- (2) For Federal awards received as a sub-recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to sub-recipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

FINDING 2012-2 - ERRORS IN DRAFT COPY OF FINANCIAL STATEMENTS

In the City's draft copy of the financial statements presented for audit it was noted that some recent accounting pronouncements such as GASB 62 and GASB 63 were not properly included. This resulted in Net Position being presented as Net Assets, and also resulted in other adjustments to the financial statements and the notes to the financial statements. The City's finance office made all of the required adjustments so that the City's financial statements would be fairly presented in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, 2013 Issue, page 51-8)

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

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

Audit Report
City of Richmond, IN
Corrective Action Plan
Re: Federal Findings
Year Ended 12/31/12

Finding 2012-1 – Errors to Schedule of Expenditures of Federal Awards

Auditee Contact Person: Tammy S. Glenn
Title of Contact Person: City Controller
Phone Number: (765) 983-7215
Expected Completion Date: December 31, 2013

Corrective Action Planned:

When grants are awarded and new funds and accounts are established to record receipt and disbursement activity, there will be more descriptive title and notes associated with all transactions. This will assist the finance staff to identify what transactions are associated with each grant when preparing the annual Schedule of Expenditures of Federal Awards (SEFA).

Further, the finance staff will work more closely with the grants administrator to review and verify all transactions, agencies, and CFDA numbers associated with all grants that are received are reported correctly on the SEFA.

Finding 2012-2 – Errors in Draft Copy of Financial Statements

Auditee Contact Person: Tammy S. Glenn
Title of Contact Person: City Controller
Phone Number: (765) 983-7215
Expected Completion Date: December 31, 2013

Corrective Action Planned:

Prepare both the GASB 34 statements and the regulatory statements annually. The GASB 34 statements will be unaudited. The regulatory statement will be the formal statements provided to the State Board of Accounts for annual audit purposes.

Tammy S. Glenn
City Controller
City of Richmond

CITY OF RICHMOND
EXIT CONFERENCE

The contents of this report were discussed on July 15, 2013, with Sarah L. Hutton, Mayor; Tony Foster, Director of Department of Metropolitan Development; William N. Harris, Director of Richmond Sanitary District; Walt Chidester, City Attorney; Tammy S. Glenn, Controller; Valerie J. Fonzer, Deputy Controller; Larry Parker, President of the Common Council; Don Winget, member of the Common Council; and Phil Quinn, member of the Common Council. Our audit disclosed no material items that warrant comment at this time.