

# **City of Richmond, Michigan**

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**Financial Report  
with Supplemental Information  
June 30, 2009**

# City of Richmond, Michigan

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## Independent Auditor's Report

To the Honorable Mayor and Members  
of the City Council  
City of Richmond, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Richmond, Michigan (the "City") as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedule, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Honorable Mayor and Members  
of the City Council  
City of Richmond, Michigan

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 other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

September 9, 2009

# City of Richmond, Michigan

## Management's Discussion and Analysis

Our discussion and analysis of the City of Richmond, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with City's financial statements which follow.

### Financial Highlights

As discussed in further detail in the management's discussion and analysis, the following represent the most significant financial highlights for the year ended June 30, 2009:

- Tax revenues, the City of Richmond's largest single revenue source, totaled \$2.9 million in the General Fund this year, representing a decrease of 1.3 percent from last fiscal year. This decrease primarily reflects the decline in taxable values. The City's taxable value decreased from \$204 million in 2008 to \$203 million in 2009. The taxable value of the City would have been greater if the Michigan constitutional amendment commonly known as "Proposal A" had not been enacted in 1994, resulting in a loss of potential revenue of more than \$679,000 in the 2008/2009 fiscal year, based upon the City tax levy of 16.6526 mills.
- State-shared revenue, a major source of revenue for the City's General Fund, continued its downward trend of the past several years. The City received \$463,682 in the 2008/2009 fiscal year, a reduction of \$1,183, or 0.3 percent, from last year and a reduction of \$221,025, or more than 32 percent, from 2001/2002 funding levels. This revenue reduction is masked by the increase in tax revenues resulting from a growing tax base. However, the serious impact of decreasing state-shared revenues will become more apparent as tax base growth slows. The City's proactive response to the decline in state-shared revenue is to closely monitor and continually evaluate General Fund revenue trends as well as expenditure trends, especially in the areas of personnel benefit costs and staffing levels and discretionary programming and capital projects, in order to achieve economies of scale, operational efficiencies, cost reductions, and justification for capital expenditures.
- Total long-term liabilities for governmental activities are \$534,493, a reduction of \$429,548, or 44.6 percent, from the previous year. This reduction reflects a continuing effort by the City Council and administration to maintain a "pay-as-you-go" basis for funding General Fund, Streets, and capital projects to minimize the need to incur additional debt. The City now sets aside an amount equal to 2 mills of the general operating tax levy for completion of its 20+ year street improvement program and reviews water and sewer rate structures annually to ensure an acceptable level of working capital is maintained, while providing the funding necessary to complete the utility capital improvement program.
- Total fund balance for the City's governmental funds decreased by \$606,819, primarily as a result of significant infrastructure construction projects in the current year and payments on debt obligations.

# City of Richmond, Michigan

## Management's Discussion and Analysis (Continued)

### Using this Annual Report

This annual report includes a series of financial statements. The statement of net assets and the statement of activities provide information about the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services. The activities are divided between governmental and business-type activities. Governmental activities include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. Business-type activities include the Water and Sewer Funds.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### The City of Richmond as a Whole

The following table shows a condensed format of the net assets (in thousands of dollars) as of June 30, 2009 and 2008:

	Governmental		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current assets	\$ 2,872	\$ 3,589	\$ 3,917	\$ 3,916	\$ 6,789	\$ 7,505
Noncurrent assets - Capital assets	8,154	7,482	16,732	16,862	24,886	24,344
Total assets	11,026	11,071	20,649	20,778	31,675	31,849
<b>Liabilities</b>						
Current liabilities	308	425	113	54	421	479
Long-term liabilities	534	964	2,794	2,936	3,328	3,900
Total liabilities	842	1,389	2,907	2,990	3,749	4,379
<b>Net Assets</b>						
Invested in capital assets - Net of related debt	7,836	6,721	13,981	13,965	21,817	20,686
Restricted	188	562	458	438	646	1,000
Unrestricted	2,160	2,399	3,303	3,385	5,463	5,784
Total net assets	<u>\$ 10,184</u>	<u>\$ 9,682</u>	<u>\$ 17,742</u>	<u>\$ 17,788</u>	<u>\$ 27,926</u>	<u>\$ 27,470</u>

# City of Richmond, Michigan

## Management's Discussion and Analysis (Continued)

The City's combined net assets for both governmental and business-type activities total \$27.9 million for fiscal year 2009. Net assets are further segregated between restricted and unrestricted net assets. The restricted net assets, assets that are restricted for a specific purpose/use and invested in capital assets, total approximately \$22.4 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, total approximately \$5.5 million.

The following table shows the change in net assets for the years ended June 30, 2009 and 2008 (in thousands of dollars):

	Governmental		Business-type		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 1,120	\$ 982	\$ 1,678	\$ 1,788	\$ 2,798	\$ 2,770
Operating grants and contributions	382	404	-	-	382	404
Capital grants and contributions	-	-	152	4	152	4
General revenue:						
Property taxes	3,236	3,287	-	-	3,236	3,287
State-shared revenues	464	465	-	-	464	465
Interest	77	162	45	142	122	304
Franchise fees	75	68	-	-	75	68
Miscellaneous	18	24	-	-	18	24
Loss on disposal of capital assets	-	-	-	-	-	-
Transfers	27	27	(27)	(27)	-	-
Total revenue	5,399	5,419	1,848	1,907	7,247	7,326
<b>Program Expenses</b>						
General government	1,076	957	-	-	1,076	957
Public safety	1,855	1,847	-	-	1,855	1,847
Public works	1,114	1,354	-	-	1,114	1,354
Recreation and culture	770	700	-	-	770	700
Community development	74	127	-	-	74	127
Interest on long-term debt	9	29	-	-	9	29
Water and sewer	-	-	1,894	1,839	1,894	1,839
Total program expenses	4,898	5,014	1,894	1,839	6,792	6,853
<b>Change in Net Assets</b>	<b>\$ 501</b>	<b>\$ 405</b>	<b>\$ (46)</b>	<b>\$ 68</b>	<b>\$ 455</b>	<b>\$ 473</b>

# **City of Richmond, Michigan**

## **Management's Discussion and Analysis (Continued)**

### **Governmental Activities**

Governmental activities are those activities (such as public safety or health and human services) provided to the constituents of the City and supported by financing from property taxes and state-shared revenues.

The cost of providing services for governmental activities was approximately \$4.9 million for fiscal year 2009. Additionally, revenues for governmental activities totaled approximately \$5.4 million, which netted to an increase in net assets for the year of approximately \$501,000. This indicates that the users of today's services paid more than the full costs of operations during the year ended June 30, 2009.

### **Business-type Activities**

Business-type activities are those that are financed primarily by charges for services or user fees. The City's business-type activities consist of the Water and Sewer Funds; these types of operations are most similar to private businesses.

### **The City's Funds**

Our analysis of the City's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. This includes the General Fund, Water Fund, and Sewer Fund. The other nonmajor governmental funds are consolidated and reported under the column with that heading. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages and restricted revenues from grants or fees.

The General Fund pays for most of the City's governmental services. The most significant is the police department, which incurred expenses of approximately \$1,152,000 in 2009. The General Fund is supported primarily by property taxes and state-shared revenue.

### **Budgetary Highlights**

Over the course of the year, the City administration and City Council monitor the budget, and if necessary, amend the budget to take into account unanticipated events that occur during the year. As previously stated, fund balances related to the City's governmental funds decreased by approximately \$607,000. During the year ended June 30, 2009, there were no significant budget amendments in the General Fund.

# **City of Richmond, Michigan**

## **Management's Discussion and Analysis (Continued)**

### **Capital Asset and Debt Administration**

#### **Capital Assets**

At the end of fiscal year 2009, the City had \$24.9 million invested in capital assets (land, buildings, equipment, vehicles, and water and sewer lines). These assets are necessary to carry out the day-to-day operations of the City. See Note 4 for additional details.

#### **Long-term Debt**

The City's total long-term indebtedness as of June 30, 2009 is approximately \$3.1 million. Of this amount, \$2.8 million represents a general obligation bond, \$268,000 represents capital lease obligations, and \$50,000 represents a special assessment bond. See Note 6 for additional details.

### **Economic Factors and Next Year's Budgets and Rates**

The national economy is demonstrating strong indications of recovery during 2008 and 2009. However, Michigan's fiscal crisis is entering its eighth year. State revenues are at their lowest since 1970. A majority of these reductions were self-inflicted. Enacted state tax cuts have eroded the State's ability to generate revenue; the State's fiscal reserves are depleted, and the state economic rebound is lagging behind the national recovery. During fiscal year 2009 and into 2010, the City anticipates level funding in state-shared revenues and grants. To date, these revenue reductions have been masked because of our growth and increased property tax revenues. To ensure sustainability of our operations, the City is closely monitoring reserve balances, revenues, and expenditures.

### **Contacting the City's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the revenue it receives. If you have any questions about this report or need additional information, we invite you to contact the City of Richmond's finance department.

# City of Richmond, Michigan

## Statement of Net Assets June 30, 2009

	Primary Government			Component Unit - Tax Increment Finance Authority
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 2,684,308	\$ 3,026,126	\$ 5,710,434	\$ 3,100,152
Receivables:				
Special assessments	50,228	22,838	73,066	-
Customers	-	404,321	404,321	-
Other governmental units	92,627	-	92,627	232,100
Prepaid items	44,832	5,845	50,677	-
Restricted cash and cash equivalents (Notes 3 and 7)	-	457,879	457,879	-
Capital assets (Note 4):				
Assets not being depreciated	342,915	247,955	590,870	-
Assets being depreciated - Net	7,811,063	16,484,112	24,295,175	2,495,894
Total assets	11,025,973	20,649,076	31,675,049	5,828,146
<b>Liabilities</b>				
Accounts payable	266,093	113,288	379,381	157,723
Accrued and other liabilities	41,576	-	41,576	-
Noncurrent liabilities (Note 6):				
Due within one year	164,768	149,414	314,182	-
Due in more than one year	369,725	2,643,972	3,013,697	-
Total liabilities	842,162	2,906,674	3,748,836	157,723
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	7,835,760	13,981,153	21,816,913	2,495,894
Restricted:				
Library endowments	52,628	-	52,628	-
Streets and highways	-	-	-	-
Debt service	49,505	-	49,505	-
Capital improvements	85,770	457,879	543,649	-
Unrestricted	2,160,148	3,303,370	5,463,518	3,174,529
Total net assets	<u>\$ 10,183,811</u>	<u>\$ 17,742,402</u>	<u>\$ 27,926,213</u>	<u>\$ 5,670,423</u>

# City of Richmond, Michigan

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Governmental activities:				
General government	\$ 1,075,707	\$ 12,540	\$ -	\$ -
Public safety	1,854,711	490,776	-	-
Public works	1,114,190	442,946	343,162	-
Recreation and culture	769,783	145,812	6,492	-
Community development	73,683	27,563	32,436	-
Interest on long-term debt	8,617	-	-	-
Total governmental activities	4,896,691	1,119,637	382,090	-
Business-type activities:				
Water	823,160	693,644	-	146,005
Sewer	1,070,767	984,745	-	5,634
Total business-type activities	1,893,927	1,678,389	-	151,639
Total	<u>\$ 6,790,618</u>	<u>\$ 2,798,026</u>	<u>\$ 382,090</u>	<u>\$ 151,639</u>
Component unit - Tax Increment Finance Authority	<u>\$ 542,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Property taxes  
 State-shared revenues  
 Interest  
 Franchise fees  
 Miscellaneous

Transfers

Total general revenues and transfers

**Change in Net Assets**

**Net Assets** - Beginning of year

**Net Assets** - End of year

**Statement of Activities**  
**Year Ended June 30, 2009**

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	Component Unit - Tax Increment Finance Authority
\$ (1,063,167)	\$ -	\$ (1,063,167)	\$ -
(1,363,935)	-	(1,363,935)	-
(328,082)	-	(328,082)	-
(617,479)	-	(617,479)	-
(13,684)	-	(13,684)	-
(8,617)	-	(8,617)	-
(3,394,964)	-	(3,394,964)	-
-	16,489	16,489	-
-	(80,388)	(80,388)	-
-	(63,899)	(63,899)	-
(3,394,964)	(63,899)	(3,458,863)	-
-	-	-	(542,468)
3,235,789	-	3,235,789	1,117,976
463,682	-	463,682	-
77,211	45,421	122,632	104,221
74,559	-	74,559	-
18,073	-	18,073	-
27,025	(27,025)	-	-
3,896,339	18,396	3,914,735	1,222,197
501,375	(45,503)	455,872	679,729
9,682,436	17,787,905	27,470,341	4,990,694
<b>\$ 10,183,811</b>	<b>\$ 17,742,402</b>	<b>\$ 27,926,213</b>	<b>\$ 5,670,423</b>

# City of Richmond, Michigan

## Governmental Funds Balance Sheet June 30, 2009

	Major Special Revenue Funds			Other	Total
	General Fund	Major Streets	Local Streets	Nonmajor Governmental Funds	Governmental Funds
<b>Assets</b>					
Cash and cash equivalents (Note 3)	\$ 1,055,468	\$ 67,893	\$ 233,642	\$ 1,327,306	\$ 2,684,309
Accounts receivable - Special assessments	18,820	-	-	31,408	50,228
Due from other governmental units	72,408	14,600	5,619	-	92,627
Prepaid expenses and other assets	42,927	-	-	1,905	44,832
Total assets	<u>\$ 1,189,623</u>	<u>\$ 82,493</u>	<u>\$ 239,261</u>	<u>\$ 1,360,619</u>	<u>\$ 2,871,996</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 55,352	\$ 5,692	\$ 164,664	\$ 40,386	\$ 266,094
Accrued and other liabilities	40,195	-	-	-	40,195
Deferred revenue (Note 8)	18,820	-	-	31,408	50,228
Total liabilities	114,367	5,692	164,664	71,794	356,517
<b>Fund Balances</b>					
Reserved - Library endowments	-	-	-	52,628	52,628
Unreserved, reported in:					
General Fund	1,075,256	-	-	-	1,075,256
Special Revenue Funds	-	76,801	74,597	336,984	488,382
Debt Service Funds	-	-	-	19,065	19,065
Capital Projects Funds	-	-	-	880,148	880,148
Total fund balances	<u>1,075,256</u>	<u>76,801</u>	<u>74,597</u>	<u>1,288,825</u>	<u>2,515,479</u>
Total liabilities and fund balances	<u>\$ 1,189,623</u>	<u>\$ 82,493</u>	<u>\$ 239,261</u>	<u>\$ 1,360,619</u>	<u>\$ 2,871,996</u>

# City of Richmond, Michigan

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## Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2009

<b>Total Fund Balances of Governmental Funds</b>	\$ 2,515,479
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	8,153,978
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds and capital leases payable	(318,218)
Accrued interest payable	(1,381)
Compensated absences	(216,275)
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	<u>50,228</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 10,183,811</u></b>

# City of Richmond, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2009

	Major Special Revenue Funds			Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Major Streets	Local Streets		
<b>Revenue</b>					
Property taxes	\$ 2,872,527	\$ -	\$ -	\$ 363,262	\$ 3,235,789
Special assessments	-	-	-	16,286	16,286
Federal sources	-	-	-	26,020	26,020
State sources	480,164	240,509	81,524	-	802,197
Charges for services	654,931	-	-	261,116	916,047
Interest and rent	51,075	621	1,229	26,736	79,661
Fines and forfeitures	57,614	-	-	-	57,614
Donations	2,548	-	-	900	3,448
Licenses and permits	105,328	-	-	-	105,328
Other	41,196	1,190	267	89,072	131,725
<b>Total revenue</b>	<b>4,265,383</b>	<b>242,320</b>	<b>83,020</b>	<b>783,392</b>	<b>5,374,115</b>
<b>Expenditures</b>					
Current:					
General government	647,092	-	-	-	647,092
Highways and streets	-	387,634	411,251	-	798,885
Public service	-	-	-	93,795	93,795
Public safety	1,673,985	-	-	227,244	1,901,229
Public works	1,049,698	-	-	-	1,049,698
Recreation and culture	336,354	-	-	441,403	777,757
Health and welfare	3,114	-	-	-	3,114
Capital outlay	-	-	-	135,572	135,572
Debt service:					
Principal retirement	182,428	-	-	406,020	588,448
Interest and fiscal charges	-	-	-	12,369	12,369
<b>Total expenditures</b>	<b>3,892,671</b>	<b>387,634</b>	<b>411,251</b>	<b>1,316,403</b>	<b>6,007,959</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>372,712</b>	<b>(145,314)</b>	<b>(328,231)</b>	<b>(533,011)</b>	<b>(633,844)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in (Note 5)	27,587	-	238,000	1,028,725	1,294,312
Transfers out (Note 5)	(1,001,700)	-	-	(265,587)	(1,267,287)
<b>Total other financing sources (uses)</b>	<b>(974,113)</b>	<b>-</b>	<b>238,000</b>	<b>763,138</b>	<b>27,025</b>
<b>Net Change in Fund Balances</b>	<b>(601,401)</b>	<b>(145,314)</b>	<b>(90,231)</b>	<b>230,127</b>	<b>(606,819)</b>
<b>Fund Balances - Beginning of year</b>	<b>1,676,657</b>	<b>222,115</b>	<b>164,828</b>	<b>1,058,698</b>	<b>3,122,298</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,075,256</b>	<b>\$ 76,801</b>	<b>\$ 74,597</b>	<b>\$ 1,288,825</b>	<b>\$ 2,515,479</b>

# City of Richmond, Michigan

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## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2009

**Net Change in Fund Balances of Governmental Funds** \$ (606,819)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay expenditures	1,065,593
Depreciation expense	(346,090)
Net book value of assets disposed of	(47,144)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities	442,137
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Interest expense is recorded when incurred in the statement of activities	3,753
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Compensated absence liabilities are recorded when earned in the statement of activities	(12,589)
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Special assessment revenue is not recorded in the funds until received; these revenues are recorded as revenue when the project is substantially completed in the government-wide statements	2,534
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**Change in Net Assets of Governmental Activities** **\$ 501,375**

# City of Richmond, Michigan

## Proprietary Funds Statement of Net Assets June 30, 2009

	Major Enterprise Funds		Total
	Water	Sewer	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 384,214	\$ 2,641,912	\$ 3,026,126
Receivables:			
Special assessments	-	11,419	11,419
Customers	177,501	226,820	404,321
Due from State	-	-	-
Prepaid items	5,845	-	5,845
Total current assets	567,560	2,880,151	3,447,711
Noncurrent assets:			
Special assessments - Long-term portion	-	11,419	11,419
Restricted cash and cash equivalents (Note 7)	-	457,879	457,879
Capital assets (Note 4):			
Capital assets not being depreciated	219,896	28,059	247,955
Capital assets being depreciated - Net	5,389,430	11,094,682	16,484,112
Total noncurrent assets	5,609,326	11,592,039	17,201,365
Total assets	6,176,886	14,472,190	20,649,076
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	35,108	78,180	113,288
Current portion of long-term liabilities (Note 6)	9,006	140,408	149,414
Total current liabilities	44,114	218,588	262,702
Long-term liabilities (Note 6)	16,056	2,627,916	2,643,972
Total liabilities	60,170	2,846,504	2,906,674
<b>Net Assets</b>			
Invested in capital assets	5,609,326	8,371,827	13,981,153
Restricted (Note 7)	-	457,879	457,879
Unrestricted	507,390	2,795,980	3,303,370
Total net assets	<u>\$ 6,116,716</u>	<u>\$ 11,625,686</u>	<u>\$ 17,742,402</u>

# City of Richmond, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2009

	Major Enterprise Funds		Total
	Water	Sewer	
<b>Operating Revenue</b>			
Usage fees	\$ 669,982	\$ 956,891	\$ 1,626,873
Tap-in fees	35	70	105
Penalties	11,085	15,381	26,466
Charges for services	3,691	-	3,691
Miscellaneous	8,851	12,403	21,254
Total operating revenue	693,644	984,745	1,678,389
<b>Operating Expenses</b>			
Administration	110,384	126,808	237,192
Infrastructure maintenance	24,297	-	24,297
Water production	140,661	-	140,661
Water system	391,656	-	391,656
Depreciation	156,162	312,080	468,242
Sewer treatment plant	-	346,932	346,932
Sewer system	-	237,941	237,941
Total operating expenses	823,160	1,023,761	1,846,921
<b>Operating Loss</b>	(129,516)	(39,016)	(168,532)
<b>Nonoperating Revenue (Expense)</b>			
Interest income	10,374	35,047	45,421
Interest expense	-	(47,006)	(47,006)
Total nonoperating revenue (expense)	10,374	(11,959)	(1,585)
<b>Loss - Before operating transfers and capital contributions</b>	(119,142)	(50,975)	(170,117)
<b>Capital Contributions</b>			
Contributed capital	140,785	-	140,785
Connection fees	5,220	5,634	10,854
Total capital contributions	146,005	5,634	151,639
<b>Transfers</b>			
Transfers in (Note 5)	19,740	-	19,740
Transfers out (Note 5)	-	(46,765)	(46,765)
Total transfers	19,740	(46,765)	(27,025)
<b>Net Change in Net Assets</b>	46,603	(92,106)	(45,503)
<b>Net Assets - Beginning of year</b>	6,070,113	11,717,792	17,787,905
<b>Net Assets - End of year</b>	<u>\$ 6,116,716</u>	<u>\$ 11,625,686</u>	<u>\$ 17,742,402</u>

# City of Richmond, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2009

	Major Enterprise Funds		
	Water	Sewer	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and other funds	\$ 703,568	\$ 1,018,464	\$ 1,722,032
Payments to suppliers, employees, and other funds	<u>(653,758)</u>	<u>(662,996)</u>	<u>(1,316,754)</u>
Net cash provided by operating activities	49,810	355,468	405,278
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating transfers in	19,740	-	19,740
Operating transfers out	<u>-</u>	<u>(46,765)</u>	<u>(46,765)</u>
Net cash provided by (used in) noncapital financing activities	19,740	(46,765)	(27,025)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Principal and interest paid on capital debt	-	(192,900)	(192,900)
Collection of customer assessments (principal and interest)	-	11,419	11,419
Purchase of capital assets	(110,054)	(87,668)	(197,722)
Contributed capital from connection fees	<u>5,222</u>	<u>5,634</u>	<u>10,856</u>
Net cash used in capital and related financing activities	(104,832)	(263,515)	(368,347)
<b>Cash Flows from Investing Activities - Interest received on investments</b>			
	<u>10,374</u>	<u>35,047</u>	<u>45,421</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(24,908)	80,235	55,327
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>409,122</u>	<u>3,019,556</u>	<u>3,428,678</u>
<b>Cash and Cash Equivalents - End of year</b>	<b><u>\$ 384,214</u></b>	<b><u>\$ 3,099,791</u></b>	<b><u>\$ 3,484,005</u></b>
<b>Statement of Net Assets Classification of Cash and Cash Equivalents</b>			
Cash and cash equivalents	\$ 384,214	\$ 2,641,912	\$ 3,026,126
Restricted assets	<u>-</u>	<u>457,879</u>	<u>457,879</u>
Total	<b><u>\$ 384,214</u></b>	<b><u>\$ 3,099,791</u></b>	<b><u>\$ 3,484,005</u></b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (129,516)	\$ (39,016)	\$ (168,532)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	156,162	312,080	468,242
Changes in assets and liabilities:			
Customer receivables	9,924	17,700	27,624
Due from state	-	16,019	16,019
Accounts payable	12,671	46,364	59,035
Accrued liabilities	<u>569</u>	<u>2,321</u>	<u>2,890</u>
Net cash provided by operating activities	<b><u>\$ 49,810</u></b>	<b><u>\$ 355,468</u></b>	<b><u>\$ 405,278</u></b>

**Noncash Investing, Capital, and Financing Activities** - During the year ended June 30, 2009, the Water Fund received \$140,785 of donated capital assets.

# City of Richmond, Michigan

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## Fiduciary Funds Statement of Assets and Liabilities June 30, 2009

	<u>Trust and Agency Fund</u>
<b>Assets</b>	
Cash (Note 3)	\$ 13,750
Taxes receivable	<u>482</u>
Total assets	<u><u>\$ 14,232</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 300
Accrued and other liabilities	<u>13,932</u>
Total liabilities	<u><u>\$ 14,232</u></u>

## **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the City of Richmond, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City:

### **Reporting Entity**

The City is governed by an elected seven-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

**Discretely Presented Component Units** - The following component units are reported within the component units column to emphasize that they are legally separate from the City.

- a. The Tax Increment Finance Authority was created to promote capital expansion within the City. The Authority's governing body is selected by the City Council. In addition, the Authority's budget is subject to approval by the City Council. There are no separately issued financial statements for the Tax Increment Finance Authority.
- b. The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The Economic Development Corporation was inactive during 2009 and has no assets or liabilities.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental sources, and interest. All other revenue items are considered available only when the cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to compensated absences are recorded only when payment is due.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major funds:

### **Governmental Funds**

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue, and other sources.
- The Major Streets Special Revenue Fund accounts for the activities related to major street construction.
- The Local Streets Special Revenue Fund accounts for the activities related to local street construction.

### **Business-type Funds**

- The Water Fund accounts for the results of operations that provide water services to citizens and is financed by a user charge for the provision of those services.
- The Sewer Fund accounts for the results of operations that provide sewer services to citizens and is financed by a user charge for the provision of those services.

Additionally, the City reports the following funds:

**Special Revenue Funds** - Special Revenue Funds account for the revenues and expenditures related to fire department, housing and urban development, mausoleum, cemetery, parks and recreation, and parking.

**Debt Service Funds** - Debt Service Funds account for the debt retirement activity of the governmental activities of the City for the general obligations, special assessment, and street improvements projects of the City.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Capital Projects Funds** - Capital Projects Funds account for the development of capital facilities and equipment other than those financed by the operation of a proprietary fund. These projects include vehicle and repairs, equipment replacement, special assessments, street improvements, and storm drain.

**Agency Funds** - Agency Funds are used to account for assets held by the City as an agent for individuals, organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue 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 revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When an expense has been incurred for purposes for which both restricted and unrestricted assets are available, the City's policy is to first apply restricted resources.

### Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of the City's proprietary funds relates to charges to customers for sales and services. The Water and Sewer Funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating revenue and expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### Assets, Liabilities, and Net Assets or Equity

**Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents. Investments are stated at fair value, based on quoted market prices, or estimated fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Property Taxes** - Properties are assessed as of December 31. The related property taxes are billed on July 1 and become a lien on December 1 of the following year. These taxes are due on September 30 with the final collection date of February 28 before they are added to the county tax rolls.

The 2008 taxable valuation of the City totaled \$202.9 million (a portion of which is captured by the TIFA). Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	\$ 16.6526	\$ 2,758,144
Debt	<u>1.7800</u>	<u>360,578</u>
Total	<u>\$ 18.4326</u>	<u>\$ 3,118,722</u>

### Note 1 - Summary of Significant Accounting Policies (Continued)

These amounts are recognized in the respective General and Debt Service Funds financial statements as tax revenue.

**Noncurrent Receivables** - Noncurrent receivables, such as special assessments, are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year end.

**Inventories and Prepaid Items** - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. Normally, expenditures are not divided between years by the recording of prepaid expenses.

**Capital Assets** - Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and storm drains), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	5-50 years
Vehicles and equipment	5-40 years
Utility systems	50 years
Infrastructure - Roads	25 years

**Compensated Absences** - The City allows employees to accumulate earned but unused sick and vacation pay benefits. Under the City's policies, employees earn benefits based on time of service with the City. The government-wide and proprietary statements accrue all vacation and sick pay as it is earned. A liability for these amounts is reported in governmental funds as it comes due for payment, generally when time is taken off or employees terminate.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending June 30, 2010.

Other accounting policies are disclosed in other notes to the financial statements.

## **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The City adopts its budget on a departmental basis, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the first regular board meeting in April, the City manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to the second Monday in June, the budget is legally adopted by the City Council through adoption of the appropriation ordinance.
- The City manager is authorized to transfer budgeted amounts within the budgetary centers (activity); however, any revisions that alter the total expenditure of any budgetary center (activity) must be approved by the City Council.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The City did not have significant expenditure budget variances.

## **Note 3 - Deposits and Investments**

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The City is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the three highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The City has adopted an investment policy in accordance with state law.

The City has designated six banks for the deposit of local unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of the investment options as allowed under the state statutory authority as listed above.

The City's deposits and investment policies are in accordance with statutory authority.

The City's cash and investments are subject to two types of risk, which are examined in more detail below:

### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2009, the City had \$755,734 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City also holds bank deposits on behalf of its component unit. At June 30, 2009, the City had \$667,578 of component unit bank deposits that were uninsured and uncollateralized. The City and its component unit believe that due to the dollar amounts of cash deposits and limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City and its component unit evaluate each financial institution with which they deposit funds and assess the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

### Note 3 - Deposits and Investments (Continued)

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City and its component unit have no investment policy that would further limit their investment choices. As of June 30, 2009, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Bank investment pool	\$ 4,503,524	Not rated	Not rated
Bank investment pool	150,017	Aaa	Moody's
<b>Component Unit</b>			
Bank investment pool	393,098	Not rated	Not rated
Bank investment pool	1,789,476	Not rated	Not rated

### Note 4 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2008	Additions	Disposals	Transfers	Balance June 30, 2009
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 120,000	\$ -	\$ -	\$ -	\$ 120,000
CIP	30,637	222,915	-	(30,637)	222,915
Subtotal	150,637	222,915		(30,637)	342,915
Capital assets being depreciated:					
Buildings and improvements	4,477,565	504,656	-	-	4,982,221
Infrastructure	2,492,030	133,701	-	30,637	2,656,368
Vehicles and equipment	3,606,030	204,321	(405,203)	-	3,405,148
Subtotal	10,575,625	842,678	(405,203)	30,637	11,043,737
Accumulated depreciation:					
Buildings and improvements	1,070,641	69,585	-	-	1,140,226
Infrastructure	188,962	13,255	-	-	202,217
Vehicles and equipment	1,985,040	263,250	(358,059)	-	1,890,231
Subtotal	3,244,643	346,090	(358,059)	-	3,232,674
Net capital assets being depreciated	7,330,982	496,588	(47,144)	30,637	7,811,063
Net capital assets	\$ 7,481,619	\$ 719,503	\$ (47,144)	\$ -	\$ 8,153,978

### Note 4 - Capital Assets (Continued)

Business-type Activities	Balance				Balance June 30, 2009
	July 1, 2008	Additions	Disposals	Transfers	
Capital assets not being depreciated:					
Land	\$ 157,042	\$ -	\$ -	\$ -	\$ 157,042
CIP	141,628	90,913	-	(141,628)	90,913
Subtotal	298,670	90,913	-	(141,628)	247,955
Capital assets being depreciated:					
Buildings	9,482,050	-	-	-	9,482,050
Utility systems	13,649,680	247,594	-	141,628	14,038,902
Vehicles and equipment	687,331	-	-	-	687,331
Subtotal	23,819,061	247,594	-	141,628	24,208,283
Accumulated depreciation:					
Buildings	3,230,688	93,956	-	-	3,324,644
Utility systems	3,670,675	276,990	-	-	3,947,665
Vehicles and equipment	354,566	97,296	-	-	451,862
Subtotal	7,255,929	468,242	-	-	7,724,171
Net capital assets being depreciated	16,563,132	(220,648)	-	141,628	16,484,112
Net capital assets	<u>\$ 16,861,802</u>	<u>\$ (129,735)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,732,067</u>

Capital asset activity of the City's component unit was as follows:

Component Unit Activities	Balance				Balance June 30, 2009
	July 1, 2008	Additions	Disposals	Transfers	
Capital assets not being depreciated -					
Construction in progress	\$ 11,325	\$ -	\$ -	\$ (11,325)	\$ -
Capital assets being depreciated:					
Buildings and improvements	78,158	28,814	-	-	106,972
Infrastructure	1,801,442	-	-	-	1,801,442
Land improvements	158,219	560,160	-	11,325	729,704
Furniture and fixtures	30,451	-	-	-	30,451
Subtotal	2,068,270	588,974	-	11,325	2,668,569
Accumulated depreciation:					
Buildings	36,160	12,210	-	-	48,370
Infrastructure	68,552	31,862	-	-	100,414
Land improvements	2,260	6,379	-	-	8,639
Furniture and fixtures	9,100	6,152	-	-	15,252
Subtotal	116,072	56,603	-	-	172,675
Net capital assets being depreciated	1,952,198	532,371	-	11,325	2,495,894
Net capital assets	<u>\$ 1,963,523</u>	<u>\$ 532,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,495,894</u>

### Note 4 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:		
General government		\$ 251,616
Public safety		67,631
Public works		3,547
Recreation and culture		<u>23,296</u>
Total governmental activities		<u>\$ 346,090</u>
Business-type activities:		
Water lines		\$ 156,162
Sewer lines		<u>312,080</u>
Total business-type activities		<u>\$ 468,242</u>

### Note 5 - Interfund Transfers

Interfund balances represent routine and temporary cash flow assistance.

Fund Transferred From	Fund Transferred To	Amount
<b>Interfund Transfers</b>		
Governmental funds:		
General Fund	Nonmajor governmental funds	\$ 1,001,700
Fire Fund	General Fund	27,587
Street Improvement Fund	Local Streets Fund	<u>238,000</u>
	Total operating transfers out from governmental funds	1,267,287
Business-type fund -		
Sewer Fund	WWTP Equipment Replacement Fund	27,025
	Water Fund	<u>19,740</u>
	Total Sewer Fund	46,765
	Total operating transfers out	<u>\$ 1,314,052</u>

Transfers provided funding for capital projects, capital acquisitions, and program services in accordance with budgetary authorizations.

## **Note 6 - Long-term Debt**

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. City contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the district) are received.

The special assessment bonds represent the financing of public improvements that benefit specific districts; these districts are specially assessed, at least in part, for the cost of the improvements. There is approximately \$30,000 of special assessments receivable in the future reported in the Special Assessment District Fund; the amount of receivables delinquent at June 30, 2009 is not significant. In addition, there is approximately \$10,000 set aside in the Special Assessment District Fund for repayment of these bonds. Under Michigan law, the City is secondarily liable for payment of these bonds.

### Note 6 - Long-term Debt (Continued)

Long-term obligation activity for governmental activities is summarized as follows:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
Bond obligations:						
General obligation bond -						
1995 Road Bond:						
Amount of issue - \$3,065,000						
Maturing through 2009						
	4.75%	\$ 355,000	\$ -	\$ (355,000)	\$ -	\$ -
Special Assessment Bonds -						
2001 Special Assessment Bonds -						
33 Mile Road:						
Amount of issue - \$228,000						
Maturing through 2011						
	4.45%- 4.70%	75,000	-	(25,000)	50,000	25,000
Total bond obligations						
		430,000	-	(380,000)	50,000	25,000
Capital lease obligations:						
Community Center:						
Amount of issue - \$365,405						
Maturing through 2018						
	0%	258,120	-	(26,020)	232,100	26,020
Ford Motor Credit Company:						
Amount of issue - \$108,352						
Maturing through 2010						
	6.10%	72,235	-	(36,117)	36,118	36,118
Total capital lease obligations						
		330,355	-	(62,137)	268,218	62,138
Total bond and lease obligations						
		760,355	-	(442,137)	318,218	87,138
Other long-term obligations - Compensated absences						
		203,686	12,589	-	216,275	77,630
Total governmental activities						
		\$ 964,041	\$ 12,589	\$ (442,137)	\$ 534,493	\$ 164,768

### Note 6 - Long-term Debt (Continued)

Long-term obligation activity for business-type activities is summarized as follows:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>						
General obligation bonds - 2007 Sewage Disposal System Revolving Loan: Amount of issue - \$3,010,914 Maturing through 2027						
	1.625 %	\$ 2,896,806	\$ -	\$ (145,892)	\$ 2,750,914	\$ 135,000
Other long-term obligations - Compensated absences						
		39,582	2,890	-	42,472	14,414
Total business-type activities						
		<u>\$ 2,936,388</u>	<u>\$ 2,890</u>	<u>\$ (145,892)</u>	<u>\$ 2,793,386</u>	<u>\$ 149,414</u>

Long-term obligation activity for the component unit is summarized as follows:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Component Unit Debt</b>						
1995 Development Bond Series A: Amount of issue - \$1,200,000 Maturing through 2009						
	6.30%	\$ 130,000	\$ -	\$ (130,000)	\$ -	\$ -
1995 Development Bond Series B: Amount of issue - \$1,275,000 Maturing through 2009						
	6.30%	150,000	-	(150,000)	-	-
Total component unit debt						
		<u>\$ 280,000</u>	<u>\$ -</u>	<u>\$ (280,000)</u>	<u>\$ -</u>	<u>\$ -</u>

Annual debt service requirements to maturity for bond obligations are as follows:

	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 25,000	\$ 2,325	\$ 27,325	\$ 135,000	\$ 44,702	\$ 179,702
2011	25,000	1,175	26,175	135,000	42,509	177,509
2012	-	-	-	140,000	42,315	182,315
2013	-	-	-	140,000	38,040	178,040
2014	-	-	-	145,000	35,765	180,765
2015-2019	-	-	-	750,000	142,993	892,993
2020-2024	-	-	-	815,000	80,187	895,187
2025-2027	-	-	-	490,914	15,645	506,559
Total	<u>\$ 50,000</u>	<u>\$ 3,500</u>	<u>\$ 53,500</u>	<u>\$ 2,750,914</u>	<u>\$ 442,156</u>	<u>\$ 3,193,070</u>

### Note 6 - Long-term Debt (Continued)

**Interest** - The City incurred approximately \$72,000 of interest for the year ended June 30, 2009.

**Capital Lease** - The City has entered into two lease agreements as the lessee for financing the purchase of a community center and the purchase of vehicles from a credit company. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

Years Ending June 30	Governmental Activities
2010	\$ 64,215
2011	26,020
2012	26,020
2013	26,020
2014	26,020
2015-2019	<u>102,000</u>
Total minimum lease payments	270,295
Less amount representing interest	<u>2,077</u>
Present value	<u>\$ 268,218</u>

### Note 7 - Restricted Assets

Restricted assets at June 30, 2009 consist of cash and cash equivalents that are restricted for future capital needs for the sewer treatment plant as required by the Environmental Protection Agency regulations. Net assets have been restricted for capital improvement related to this requirement.

### Note 8 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the deferred revenue relates to special assessment receivables that are unavailable to liquidate liabilities of the current period.

### Note 9 - Commitments

The City entered into an agreement with Lenox Township for the purchase of land to be paid for by property taxes levied on the assessed value of the land. This agreement was modified during the year ended June 30, 1999. The modified agreement requires annual payments through September 1, 2018 totaling 3.6 mills of the total assessed value of the area purchased. The City paid \$146,311 during the year ended June 30, 2009, when the assessed value of the area was approximately \$40,640,000.

During the year ending June 30, 2010, the City will pay approximately \$144,000, based on an estimated assessed value of \$40,120,000. Future installment payments have been estimated assuming a 3 percent decrease in assessed value in 2011, no increase or decrease in 2012 and inflationary increases of 3 percent thereafter.

The annual payment requirements to service the agreement as of June 30, 2009 are as follows:

2010	\$ 144,425
2011	140,092
2012	140,092
2013	144,295
2014	148,624
2015-2019	<u>812,735</u>
Total	<u>\$ 1,530,263</u>

### Note 10 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for property loss, torts, errors and omissions, and medical benefit claims and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past four fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

## **Note 11 - Defined Contribution Pension Plan**

The City provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by council resolution, the City contributes 10 percent of employees' gross earnings and employees have to contribute at least 5 percent. In accordance with these requirements, the City contributed \$197,553 during the current year, and employees contributed \$115,195.

## **Note 13 - State Construction Code Act**

The City tracks the results of building department operations in the General Fund. In accordance with Michigan Public Act 245 of 1999, the City is required to maintain an accounting system that separately accumulates revenue and expenditures related to the building department function. As required under provision of the Act, the City adopted this accounting treatment effective January 1, 2000. Activity for the year ended June 30, 2009 was as follows:

<b>Accumulated Expenditures Over Revenue - July 1, 2008</b>	<b>\$ (131,565)</b>
2008-2009 building department activity:	
Current year revenue	29,478
Current year expenditures	<u>69,899</u>
Excess of expenditures over revenues	<u>(40,421)</u>
<b>Accumulated Expenditures Over Revenue - June 30, 2009</b>	<b><u><u>\$ (171,986)</u></u></b>

## **Required Supplemental Information**

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# City of Richmond, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance with Budget
<b>Revenue</b>				
<b>Property Taxes</b>				
Real and personal property taxes	\$ 2,857,675	\$ 2,857,675	\$ 2,844,646	\$ (13,029)
Interest, penalties, and other	22,800	22,800	27,881	5,081
Total property taxes	2,880,475	2,880,475	2,872,527	(7,948)
<b>Licenses and Permits</b>				
Building permits	10,000	10,000	14,591	4,591
Electrical and plumbing permits	13,000	13,000	9,312	(3,688)
Cable television franchise fee	56,000	56,000	74,701	18,701
Other	7,880	7,880	6,724	(1,156)
Total licenses and permits	86,880	86,880	105,328	18,448
<b>State Sources</b>				
Revenue-sharing	467,566	467,566	463,682	(3,884)
Library	3,223	3,223	6,492	3,269
State grants	8,200	8,200	6,416	(1,784)
Liquor license fees	3,000	3,000	3,574	574
Total state sources	481,989	481,989	480,164	(1,825)
<b>Charges for Services</b>				
Trash collection	254,922	254,922	258,587	3,665
Fees	10,700	10,700	14,377	3,677
Rentals	316,978	375,899	381,967	6,068
Total charges for services	582,600	641,521	654,931	13,410

# City of Richmond, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance with Budget
<b>Revenue</b> (Continued)				
<b>Fines and Forfeitures</b>				
Traffic fines and penalties	\$ 25,000	\$ 25,000	\$ 28,013	\$ 3,013
Library fines	30,042	30,042	29,601	(441)
Total fines and forfeitures	55,042	55,042	57,614	2,572
<b>Donations</b>	3,500	3,500	2,548	(952)
<b>Interest</b>	50,000	50,000	51,075	1,075
<b>Other Revenue</b>	23,000	25,285	41,196	15,911
Total revenue	4,163,486	4,224,692	4,265,383	40,691
<b>Other Financing Sources - Operating transfers in</b>	27,794	27,794	27,587	(207)
Total revenue and other financing sources	4,191,280	4,252,486	4,292,970	40,484
	Original Budget	Amended Budget	Actual	Variance with Budget

### Expenditures

# City of Richmond, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2009

### General Government

City Council	\$ 36,240	\$ 37,284	\$ 36,950	\$ 334
Cable television	51,496	51,496	41,199	10,297
City manager	119,498	118,454	113,599	4,855
Elections	19,390	19,390	12,176	7,214
Assessor	47,652	47,652	35,566	12,086
Attorney	34,100	34,100	33,469	631
Clerk	100,348	100,348	93,256	7,092
Board of Review	3,210	3,210	2,100	1,110
Zoning Board of Appeals	1,300	1,300	277	1,023
Treasurer	72,995	75,674	74,015	1,659
Building and grounds	70,835	95,273	83,066	12,207
Building and grounds - Police	<u>163,298</u>	<u>122,906</u>	<u>121,419</u>	<u>1,487</u>
Total general government	720,362	707,087	647,092	59,995

### Public Safety

Police	1,156,962	1,164,462	1,151,736	12,726
Civil defense/emergency preparedness	6,000	38,938	33,052	5,886
Traffic and safety	24,817	24,817	22,426	2,391
Communications	275,878	275,878	268,213	7,665
Building code enforcement	99,618	99,618	69,899	29,719
Planning	79,061	79,061	75,987	3,074
Public service director	<u>53,472</u>	<u>53,472</u>	<u>52,672</u>	<u>800</u>
Total public safety	1,695,808	1,736,246	1,673,985	62,261

### Public Works

Department of Public Works	529,689	766,010	717,973	48,037
Street lighting	110,000	110,000	93,192	16,808
Refuse collection and disposal	<u>241,800</u>	<u>241,800</u>	<u>238,533</u>	<u>3,267</u>
Total public works	881,489	1,117,810	1,049,698	68,112

Original Budget	Amended Budget	Actual	Variance with Budget
<hr/>	<hr/>	<hr/>	<hr/>

# City of Richmond, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2009

<b>Health and Welfare - Economic development</b>	\$ 4,650	\$ 4,650	\$ 3,114	\$ 1,536
<b>Recreation and Cultural - Library</b>	390,873	353,479	336,354	17,125
<b>Debt Service - Principal</b>	<u>181,857</u>	<u>182,692</u>	<u>182,428</u>	<u>264</u>
Total expenditures	3,875,039	4,101,964	3,892,671	209,293
<b>Other Uses - Operating transfers out</b>	<u>927,634</u>	<u>1,011,701</u>	<u>1,001,700</u>	<u>10,001</u>
Total expenditures and other uses	<u>4,802,673</u>	<u>5,113,665</u>	<u>4,894,371</u>	<u>219,294</u>
<b>Excess of Expenditures and Other Uses Over Revenue and Other Financing Sources</b>	(611,393)	(861,179)	(601,401)	259,778
<b>Fund Balance - July 1, 2008</b>	<u>1,676,657</u>	<u>1,676,657</u>	<u>1,676,657</u>	<u>-</u>
<b>Fund Balance - June 30, 2009</b>	<u><u>\$ 1,065,264</u></u>	<u><u>\$ 815,478</u></u>	<u><u>\$ 1,075,256</u></u>	<u><u>\$ 259,778</u></u>

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# City of Richmond, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Streets Fund Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance with Budget
<b><u>Revenue</u></b>				
<b>State Sources - State grants</b>	\$ 231,058	\$ 251,495	\$ 240,509	\$ (10,986)
<b>Interest</b>	6,000	635	621	(14)
<b>Other Revenue</b>	-	1,190	1,190	-
Total revenue	237,058	253,320	242,320	(11,000)
<b><u>Expenditures</u></b>				
<b>Highways and Streets</b>				
Capital improvements	-	170,724	160,786	9,938
Routine maintenance	70,045	96,390	86,158	10,232
Traffic services	30,669	36,254	31,322	4,932
Winter maintenance	51,400	96,162	100,193	(4,031)
Administration	9,332	9,332	9,175	157
Total highways and streets	161,446	408,862	387,634	21,228
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	75,612	(155,542)	(145,314)	10,228
<b>Fund Balance - July 1, 2008</b>	222,115	222,115	222,115	-
<b>Fund Balance - June 30, 2009</b>	<b><u>\$ 297,727</u></b>	<b><u>\$ 66,573</u></b>	<b><u>\$ 76,801</u></b>	<b><u>\$ 10,228</u></b>

# City of Richmond, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Local Streets Fund Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance with Budget
<b><u>Revenue</u></b>				
<b>State Sources - State grants</b>	\$ 85,161	\$ 85,789	\$ 81,524	\$ (4,265)
<b>Interest</b>	3,500	1,240	1,229	(11)
<b>Other Revenue</b>	-	267	267	-
Total revenue	88,661	87,296	83,020	(4,276)
<b>Other Financing Sources - Operating transfers in</b>	238,000	238,000	238,000	-
Total revenue and other financing sources	326,661	325,296	321,020	(4,276)
<b><u>Expenditures</u></b>				
<b>Highways and Streets</b>				
Capital improvements	278,879	288,069	302,609	(14,540)
Routine maintenance	48,093	45,277	46,391	(1,114)
Traffic services	12,405	14,005	13,229	776
Winter maintenance	23,106	42,961	42,821	140
Administration	6,288	6,288	6,201	87
Total highways and streets	368,771	396,600	411,251	(14,651)
<b>Excess of Expenditures Over Revenue and Other Financing Sources</b>	(42,110)	(71,304)	(90,231)	(18,927)
<b>Fund Balance - July 1, 2008</b>	164,828	164,828	164,828	-
<b>Fund Balance - June 30, 2009</b>	<b><u>\$ 122,718</u></b>	<b><u>\$ 93,524</u></b>	<b><u>\$ 74,597</u></b>	<b><u>\$ (18,927)</u></b>

## **Other Supplemental Information**

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# City of Richmond, Michigan

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	<u>Nonmajor Special Revenue Funds</u>		
	Fire	Housing and Urban	
	<u>Department</u>	<u>Development</u>	<u>Mausoleum</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 209,503	\$ -	\$ 56,645
Accounts receivable - Special assessments	-	-	-
Prepaid expenses and other assets	-	-	-
Total assets	<u><b>\$ 209,503</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 56,645</b></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 24,941	\$ -	\$ -
Deferred revenue	-	-	-
Total liabilities	24,941	-	-
<b>Fund Balances</b>			
Reserved	-	-	-
Unreserved	184,562	-	56,645
Total fund balances	<u>184,562</u>	<u>-</u>	<u>56,645</u>
Total liabilities and fund balances	<u><b>\$ 209,503</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 56,645</b></u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009**

Nonmajor Special Revenue Funds			Nonmajor Debt Service Funds	
Cemetery	Parks and Recreation	Parking	Street Improvements	Special Assessment
\$ 58,073	\$ 43,827	\$ 583	\$ 9,559	\$ 9,506
-	-	-	-	30,440
-	1,905	-	-	-
<b><u>\$ 58,073</u></b>	<b><u>\$ 45,732</u></b>	<b><u>\$ 583</u></b>	<b><u>\$ 9,559</u></b>	<b><u>\$ 39,946</u></b>
\$ 128	\$ 8,483	\$ -	\$ -	\$ -
-	-	-	-	30,440
128	8,483	-	-	30,440
-	-	-	-	-
57,945	37,249	583	9,559	9,506
57,945	37,249	583	9,559	9,506
<b><u>\$ 58,073</u></b>	<b><u>\$ 45,732</u></b>	<b><u>\$ 583</u></b>	<b><u>\$ 9,559</u></b>	<b><u>\$ 39,946</u></b>

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# City of Richmond, Michigan

	Nonmajor Capital Projects Funds				
	Vehicle and Repairs	WWTP Equipment Replacement	Street Improvement	Storm Drain	Sidewalk Assistance
<b>Assets</b>					
Cash and cash equivalents	\$ 81,254	\$ 548,254	\$ 172,672	\$ 36,801	\$ 48,001
Accounts receivable - Special assessments	-	-	-	-	968
Deferred revenue	-	-	-	-	-
Total assets	<u>\$ 81,254</u>	<u>\$ 548,254</u>	<u>\$ 172,672</u>	<u>\$ 36,801</u>	<u>\$ 48,969</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 6,834	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	968
Total liabilities	6,834	-	-	-	968
<b>Fund Balances</b>					
Reserved	-	-	-	-	-
Unreserved	74,420	548,254	172,672	36,801	48,001
Total fund balances	<u>74,420</u>	<u>548,254</u>	<u>172,672</u>	<u>36,801</u>	<u>48,001</u>
Total liabilities and fund balances	<u>\$ 81,254</u>	<u>\$ 548,254</u>	<u>\$ 172,672</u>	<u>\$ 36,801</u>	<u>\$ 48,969</u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2009**

<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Library Endowment</u>	
\$ 52,628	\$ 1,327,306
-	31,408
-	1,905
<u>\$ 52,628</u>	<u>\$ 1,360,619</u>
\$ -	\$ 40,386
-	31,408
-	71,794
52,628	52,628
-	1,236,197
<u>52,628</u>	<u>1,288,825</u>
<u>\$ 52,628</u>	<u>\$ 1,360,619</u>

# City of Richmond, Michigan

	Major Special Revenue Funds		
	Fire Department	Housing and Urban Development	Mausoleum
<b>Revenue</b>			
Property taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Federal sources	-	26,020	-
Charges for services	127,423	-	1,095
Interest	698	-	486
Donations	-	-	-
Other	82,423	-	-
Total revenue	210,544	26,020	1,581
<b>Expenditures</b>			
Current:			
Public service	-	-	2,325
Public safety	227,244	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	26,020	-
Interest and fiscal charges	-	-	-
Total expenditures	227,244	26,020	2,325
<b>Excess of Revenue Over (Under) Expenditures</b>	(16,700)	-	(744)
<b>Other Financing Sources (Uses)</b>			
Transfers in	172,108	-	-
Transfers out	(27,587)	-	-
Total other financing sources	144,521	-	-
<b>Net Change in Fund Balances</b>	127,821	-	(744)
<b>Fund Balances - Beginning of year</b>	56,741	-	57,389
<b>Fund Balances - End of year</b>	<b>\$ 184,562</b>	<b>\$ -</b>	<b>\$ 56,645</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2009**

Nonmajor Special Revenue Funds			Nonmajor Debt Service Funds	
Cemetery	Parks and Recreation	Parking	Street Improvements	Special Assessment
\$ -	\$ -	\$ -	\$ 363,262	\$ -
-	-	-	-	15,802
-	-	-	-	-
26,322	106,271	5	-	-
4,603	174	-	317	2,495
-	900	-	-	-
-	4,649	-	-	-
<u>30,925</u>	<u>111,994</u>	<u>5</u>	<u>363,579</u>	<u>18,297</u>
91,470	-	-	-	-
-	-	-	-	-
-	441,403	-	-	-
-	-	-	-	-
-	-	-	355,000	25,000
-	-	-	8,631	3,738
<u>91,470</u>	<u>441,403</u>	<u>-</u>	<u>363,631</u>	<u>28,738</u>
(60,545)	(329,409)	5	(52)	(10,441)
59,000	329,674	-	-	-
-	-	-	-	-
<u>59,000</u>	<u>329,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,545)	265	5	(52)	(10,441)
<u>59,490</u>	<u>36,984</u>	<u>578</u>	<u>9,611</u>	<u>19,947</u>
<b><u>\$ 57,945</u></b>	<b><u>\$ 37,249</u></b>	<b><u>\$ 583</u></b>	<b><u>\$ 9,559</u></b>	<b><u>\$ 9,506</u></b>

(Continued on next page)

# City of Richmond, Michigan

## Nonmajor Capital Projects Funds

	Vehicle and Repairs	WWTP Equipment Replacement	Street Improvement	Storm Drain	Sidewalk Assistance
<b>Revenue</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	484
Federal sources	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	1,164	15,647	661	-	491
Donations	-	-	-	-	-
Other	2,000	-	-	-	-
<b>Total revenue</b>	<b>3,164</b>	<b>15,647</b>	<b>661</b>	<b>-</b>	<b>975</b>
<b>Expenditures</b>					
Current:					
Public service	-	-	-	-	-
Public safety	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	122,394	2,904	-	10,274	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>122,394</b>	<b>2,904</b>	<b>-</b>	<b>10,274</b>	<b>-</b>
<b>Excess of Revenue Over (Under)</b>					
<b>Expenditures</b>	<b>(119,230)</b>	<b>12,743</b>	<b>661</b>	<b>(10,274)</b>	<b>975</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	61,203	27,025	332,640	47,075	-
Transfers out	-	-	(238,000)	-	-
<b>Total other financing sources</b>	<b>61,203</b>	<b>27,025</b>	<b>94,640</b>	<b>47,075</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(58,027)</b>	<b>39,768</b>	<b>95,301</b>	<b>36,801</b>	<b>975</b>
<b>Fund Balances - Beginning of year</b>	<b>132,447</b>	<b>508,486</b>	<b>77,371</b>	<b>-</b>	<b>47,026</b>
<b>Fund Balances - End of year</b>	<b>\$ 74,420</b>	<b>\$ 548,254</b>	<b>\$ 172,672</b>	<b>\$ 36,801</b>	<b>\$ 48,001</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds (Continued)**  
**Year Ended June 30, 2009**

Nonmajor Permanent	Library Endowment	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 363,262
-	-	16,286
-	-	26,020
-	-	261,116
-	-	26,736
-	-	900
-	-	89,072
-	-	783,392
-	-	93,795
-	-	227,244
-	-	441,403
-	-	135,572
-	-	406,020
-	-	12,369
-	-	1,316,403
-	-	(533,011)
-	-	1,028,725
-	-	(265,587)
-	-	763,138
-	-	230,127
52,628	-	1,058,698
<b>\$ 52,628</b>	<b>\$ 52,628</b>	<b>\$ 1,288,825</b>