

**TOWN OF RICHMOND, VERMONT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**TOWN OF RICHMOND, VERMONT**

**JUNE 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

The Selectboard  
Town of Richmond, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Richmond, Vermont (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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, each major fund, and the aggregate remaining fund information of the Town of Richmond as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2012 on our consideration of the Town'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information contained in schedules 1 through 4 and the schedule of expenditures of federal awards as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Mudgett, Jewett &  
Krogh-Wisner, P.C.*

Montpelier, Vermont  
March 8, 2012

**TOWN OF RICHMOND, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

Our discussion and analysis of the Town of Richmond, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements.

**Financial Highlights**

- The Town's net assets increased by \$754,497 as a result of this year's operations. While net assets of our business-type activities increased by \$253,246, net assets of our governmental activities increased by \$501,251.
- In the Town's business-type activities, operating revenues were \$605,147 while operating expenses were \$713,097.
- The cost of all of the Town's programs was \$3,387,414 this year, with no new programs added.
- The General Fund reported a surplus this year of \$224,686.
- The unassigned fund balance for the General Fund was a surplus of \$205,732 as of June 30, 2011.
- The nonmajor funds reported a net loss of \$32,629 this year which decreased their aggregate fund balance to \$482,780.

**Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Governmental and proprietary fund financial statements report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The fiduciary fund statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government.

*Reporting the Town as a Whole*

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets - the difference between assets and liabilities - as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two types of services or activities:

- Governmental activities - Most of the Town's basic services are reported here, including public safety, highway and streets, culture and recreation, community services, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system facilities are reported here.

#### *Reporting the Town's Most Significant Funds*

The fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Selectboard establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). All of the Town's funds are categorized as governmental, proprietary and fiduciary.

- Governmental funds - The basic services provided by the Town are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Town's current needs.

The Town reports 24 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund and Community Development Fund, which are considered major funds. Data from the other 22 governmental funds are aggregated into a single column on the fund financial statements. Individual fund data for these nonmajor governmental funds is provided in the supplementary schedules section.

- Proprietary funds - Proprietary Funds report activities that operate more like those of private-sector business and use the full accrual basis of accounting. Proprietary funds are reported as business-type activities on the government-wide financial statements. Since proprietary funds use accrual basis accounting, there are no differences between amounts reported on the government-wide statements and the proprietary fund statements. The Town uses a proprietary fund to account for its Water and Sewer Fund.
- Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of other parties. Fiduciary activity is not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town reports eight trust funds and two agency funds.

#### **The Town as a Whole**

The Town's combined net assets increased by \$754,497 from a year ago - increasing from \$7,596,857, as restated, to \$8,351,354. Looking at the net assets and net expenses of governmental and business-type activities separately, however, two very different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

Table 1 - Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 1,561,657	\$ 1,477,759	\$ 194,059	\$ 516,136	\$ 1,755,716	\$ 1,993,895
Capital assets	3,624,516	3,196,364	4,813,085	4,307,706	8,437,601	7,504,070
Total assets	<u>5,186,173</u>	<u>4,674,123</u>	<u>5,007,144</u>	<u>4,823,842</u>	<u>10,193,317</u>	<u>9,497,965</u>
Other liabilities	112,293	94,742	21,980	161,303	134,273	256,045
Long-term liabilities	868,850	722,213	838,840	769,461	1,707,690	1,491,674
Total liabilities	<u>981,143</u>	<u>816,955</u>	<u>860,820</u>	<u>930,764</u>	<u>1,841,963</u>	<u>1,747,719</u>
Net assets:						
Invested in capital assets, net of debt	2,771,825	2,493,264	3,981,463	3,544,007	6,753,288	6,037,271
Restricted	545,784	701,148	-	-	545,784	701,148
Unrestricted	887,421	662,756	164,861	349,071	1,052,282	1,011,827
Total net assets	4,205,030	3,857,168	4,146,324	3,893,078	8,351,354	7,750,246
Restatement	-	(153,389)	-	-	-	(153,389)
Total Net Assets, as restated	<u>\$ 4,205,030</u>	<u>\$ 3,703,779</u>	<u>\$ 4,146,324</u>	<u>\$ 3,893,078</u>	<u>\$ 8,351,354</u>	<u>\$ 7,596,857</u>

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from a \$662,756 surplus at June 30, 2010 to an \$887,421 surplus at June 30, 2011, an increase of \$224,665.

The net assets of our business-type activities increased to \$4,146,324 compared to \$3,893,078 in fiscal year 2010. The Town generally can only use these net assets to finance the continuing operations of the water and sewer operations.

Table 2 - Change in Net Assets

	<u>2011</u>			<u>2010</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
REVENUES						
Program revenues:						
Grants and contributions	\$ 452,115	\$ 336,983	\$ 789,098	\$ 245,161	\$ -	\$ 245,161
Charges for services	216,103	605,147	821,250	240,511	521,028	761,539
Other	30,244	36,406	66,650	27,398	-	27,398
General revenues:						
Property taxes	2,460,019	-	2,460,019	2,449,047	-	2,449,047
Earnings from investments	4,356	538	4,894	3,731	560	4,291
Gain on sale of capital assets	-	-	-	2,635	-	2,635
Total revenues	<u>3,162,837</u>	<u>979,074</u>	<u>4,141,911</u>	<u>2,968,483</u>	<u>521,588</u>	<u>3,490,071</u>
PROGRAM EXPENSES						
General government	678,870	-	678,870	732,266	-	732,266
Public safety	504,082	-	504,082	516,727	-	516,727
Highways and streets	1,206,146	-	1,206,146	765,161	-	765,161
Culture and recreation	174,350	-	174,350	178,158	-	178,158
Appropriations	70,421	-	70,421	79,820	-	79,820
Interest	27,717	12,731	40,448	27,559	-	27,559
Water and sewer	-	713,097	713,097	-	605,628	605,628
Total program expenses	<u>2,661,586</u>	<u>725,828</u>	<u>3,387,414</u>	<u>2,299,691</u>	<u>605,628</u>	<u>2,905,319</u>
Increase (decrease) in net assets	<u>\$ 501,251</u>	<u>\$ 253,246</u>	<u>\$ 754,497</u>	<u>\$ 668,792</u>	<u>\$ (84,040)</u>	<u>\$ 584,752</u>

Our analysis below separately considers the operations of governmental and business-type activities.

*Governmental Activities*

The increase in net assets for governmental activities was \$501,251 in 2011 compared to \$668,792 in 2010.

Table 3 presents the cost of each of the Town’s five functions - general government, public safety, highways and streets, culture and recreation, and appropriations - as well as each program’s net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

Table 3 - Governmental Activities

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 678,870	\$ 405,266	\$ 732,266	\$ 382,313
Public safety	504,082	483,627	516,727	475,831
Highways and streets	1,206,146	808,875	765,161	651,793
Culture and recreation	174,350	167,218	178,158	169,305
Appropriations	70,421	70,421	79,820	79,820
Interest	27,717	27,717	27,559	27,559
Totals	<u>\$ 2,661,586</u>	<u>\$ 1,963,124</u>	<u>\$ 2,299,691</u>	<u>\$ 1,786,621</u>

*Business-type Activities*

The factors driving this year’s results include:

Water and sewer revenues increased in FY11 due in part to higher septage volume. The Town anticipates that expenses and long-term debt will continue to increase due to inflation and related capital improvements. User revenue will increase only slightly due to rate increases in FY12 and the addition of few user accounts each year, and septage revenue may increase by 5% per year in the near future as the plant’s septage operation stabilizes.

**The Town’s Funds**

As the Town completed the year, its governmental funds (as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances) reported a combined fund balance of \$889,102, which is more than last year’s total of \$697,045, as restated. Included in this year’s total change in fund balance is a current year surplus of \$224,686 in the Town’s General Fund.

*General Fund Budgetary Highlights*

The Town’s budget performance was close to the anticipated revenue and expenditure targets. The Town excelled in collecting more intergovernmental grant revenue than anticipated by \$242,854; however, current tax billings were less than anticipated by \$47,883 and Police revenues were less than anticipated primarily due to late billing for services (\$26,445). The Town purchased two large capital assets by using loan proceeds to procure a new Fire Truck (\$272,467) and Highway Dump Truck (\$128,224). Anticipated reserve funding was also fulfilled in the amount of \$156,918. The Highway Department under spent retreatment and gravel expenditures due to weather conditions, and these funds were transferred to the budget stabilization assigned fund balance for use in subsequent fiscal years. Other departments were close to anticipated expenditures but it appears that the Town was over budget in debt service expenditures by \$46,499.



## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2011, the Town had \$8,437,601 invested in a broad range of capital assets, including police and fire equipment, buildings, and water and sewer line, net of accumulated depreciation. (See Table 4) This amount represents a net increase (including additions and depreciation) of \$933,531 from the prior year.

Table 4 - Capital Assets, Net of Accumulated Depreciation, at Year-End

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 250,000	\$ 250,000	\$ 50,000	\$ 50,000	\$ 300,000	\$ 300,000
Construction in progress	100,443	-	1,039,464	424,444	1,139,907	424,444
Buildings & improvements	1,498,228	1,498,228	495,728	495,728	1,993,956	1,993,956
Vehicles and equipment	2,676,235	2,087,663	119,227	164,227	2,795,462	2,251,890
Water and sewer system	-	-	694,057	694,057	694,057	694,057
Infrastructure	1,198,597	1,198,597	-	-	1,198,597	1,198,597
Phosphorus upgrade	-	-	3,939,064	3,939,064	3,939,064	3,939,064
Accumulated depreciation	<u>(2,098,987)</u>	<u>(1,838,124)</u>	<u>(1,524,455)</u>	<u>(1,459,814)</u>	<u>(3,623,442)</u>	<u>(3,297,938)</u>
Totals	<u>\$3,624,516</u>	<u>\$3,196,364</u>	<u>\$4,813,085</u>	<u>\$4,307,706</u>	<u>\$ 8,437,601</u>	<u>\$7,504,070</u>

This year's additions included:

#### Governmental Activities

Town Center Portico - CIP	\$ 44,278
Jericho Road Improvements - CIP	56,165
Police Cruiser	30,266
Fire Truck	363,882
Highway Truck	127,924
Highway Mower	66,500
	<u>\$ 689,015</u>

#### Business-type Activities

Water and Sewer Project Upgrade - CIP	<u>\$ 615,020</u>
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### Debt

At June 30, 2011, the Town had \$1,684,313 in bonds, notes and lines of credit outstanding versus \$1,466,799 on June 30, 2010 - an increase of \$217,514 - as shown in Table 5.

Table 5 - Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$450,000	\$550,000	\$831,622	\$313,699	\$1,281,622	\$ 863,699
Notes payable	<u>402,691</u>	<u>153,100</u>	<u>-</u>	<u>450,000</u>	<u>402,691</u>	<u>603,100</u>
Totals	<u>\$852,691</u>	<u>\$703,100</u>	<u>\$831,622</u>	<u>\$763,699</u>	<u>\$1,684,313</u>	<u>\$1,466,799</u>

New debt resulted from the continued American Restoration and Recovery Act projects to improve stormwater and sewer work in the village and the refinancing of highway equipment notes payable.

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

The Town's elected and appointed officials considered many factors when setting the fiscal year 2012 budget, tax rates, and fees that will be charged for the business-type activities. Some of those factors are the economy, wages and unemployment in the region and the fees charged in other municipalities as well as capital improvements authorized by voters or the approved Capital Spending Plan.

When adopting the budget for the 2011-2012 year, the Selectboard took into account these indicators, specifically the Consumer Price Index for All Urban Consumers (CPI-U), as well as the rate of new home construction and adjustments to property values due to a stabilizing housing market, inflationary pressures, in particular in the areas of health insurance and highway construction costs both projected to continue to increase at between 10% and 20% annually.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Administrator at Town of Richmond, P.O. Box 285, Richmond, Vermont 05477.

**TOWN OF RICHMOND, VERMONT**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
<b>ASSETS:</b>			
Current assets -			
Cash and cash equivalents	\$ 557,003	\$ 269,117	\$ 826,120
Property taxes receivable	183,913	-	183,913
Interest receivable	32,964	-	32,964
Accounts receivable	4,225	221,394	225,619
Grants receivable	64,907	18,609	83,516
Prepaid expenses	11,242	-	11,242
Internal balances	315,061	(315,061)	-
Total current assets	<u>1,169,315</u>	<u>194,059</u>	<u>1,363,374</u>
Noncurrent assets -			
Note receivable, net	392,342	-	392,342
Capital assets	5,723,503	6,337,540	12,061,043
less - accumulated depreciation	<u>(2,098,987)</u>	<u>(1,524,455)</u>	<u>(3,623,442)</u>
Total noncurrent assets	<u>4,016,858</u>	<u>4,813,085</u>	<u>8,829,943</u>
Total assets	<u>5,186,173</u>	<u>5,007,144</u>	<u>10,193,317</u>
<b>LIABILITIES:</b>			
Current liabilities -			
Accounts payable	66,612	15,448	82,060
Due to State of Vermont	2,425	-	2,425
Accrued wages	37,260	6,532	43,792
Deferred revenue	5,996	-	5,996
Current portion of long-term debt	190,811	16,510	207,321
Total current liabilities	<u>303,104</u>	<u>38,490</u>	<u>341,594</u>
Noncurrent liabilities -			
Accrued compensated absences	16,159	7,218	23,377
Long-term debt	661,880	815,112	1,476,992
Total noncurrent liabilities	<u>678,039</u>	<u>822,330</u>	<u>1,500,369</u>
Total liabilities	<u>981,143</u>	<u>860,820</u>	<u>1,841,963</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	2,771,825	3,981,463	6,753,288
Restricted	545,784	-	545,784
Unrestricted	887,421	164,861	1,052,282
Total net assets	<u>\$ 4,205,030</u>	<u>\$ 4,146,324</u>	<u>\$ 8,351,354</u>

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

**TOWN OF RICHMOND, VERMONT  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

FUNCTIONS/PROGRAMS:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
		-	-	-	-	-	-
Governmental activities -							
General government	\$ 678,870	\$ 78,500	\$ 189,895	\$ 5,209	\$ (405,266)	\$ -	\$ (405,266)
Public safety	504,082	1,022	19,433	-	(483,627)	-	(483,627)
Highways and streets	1,206,146	370,801	1,435	25,035	(808,875)	-	(808,875)
Culture and recreation	174,350	1,792	5,340	-	(167,218)	-	(167,218)
Appropriations	70,421	-	-	-	(70,421)	-	(70,421)
Interest	27,717	-	-	-	(27,717)	-	(27,717)
Total governmental activities	<u>2,661,586</u>	<u>452,115</u>	<u>216,103</u>	<u>30,244</u>	<u>(1,963,124)</u>	<u>-</u>	<u>(1,963,124)</u>
Business-type activities -							
Water and sewer	713,097	336,983	605,147	36,406	-	265,439	265,439
Interest	12,731	-	-	-	-	(12,731)	(12,731)
Total business-type activities	<u>725,828</u>	<u>336,983</u>	<u>605,147</u>	<u>36,406</u>	<u>-</u>	<u>252,708</u>	<u>252,708</u>
	<u>\$ 3,387,414</u>	<u>\$ 789,098</u>	<u>\$ 821,250</u>	<u>\$ 66,650</u>	<u>(1,963,124)</u>	<u>252,708</u>	<u>(1,710,416)</u>
	<b>GENERAL REVENUES - PROPERTY TAXES</b>						
					2,460,019	-	2,460,019
					<u>4,356</u>	<u>538</u>	<u>4,894</u>
					<u>2,464,375</u>	<u>538</u>	<u>2,464,913</u>
	<b>CHANGE IN NET ASSETS</b>						
					501,251	253,246	754,497
	<b>NET ASSETS, July 1, 2010, as restated</b>						
					<u>3,703,779</u>	<u>3,893,078</u>	<u>7,596,857</u>
	<b>NET ASSETS, June 30, 2011</b>						
					<u>\$ 4,205,030</u>	<u>\$ 4,146,324</u>	<u>\$ 8,351,354</u>

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

**TOWN OF RICHMOND, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**  
(Page 1 of 2)

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 444,152	\$ -	\$ 112,851	\$ 557,003
Property taxes receivable	183,913	-	-	183,913
Interest and penalties receivable	32,964	-	-	32,964
Accounts receivable	4,225	-	-	4,225
Grants receivable	64,907	-	-	64,907
Prepaid expenditures	11,242	-	-	11,242
Note receivable	-	392,342	-	392,342
Due from other funds	<u>-</u>	<u>-</u>	<u>474,731</u>	<u>474,731</u>
Total assets	<u>\$ 741,403</u>	<u>\$ 392,342</u>	<u>\$ 587,582</u>	<u>\$ 1,721,327</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 10,447	\$ -	\$ 56,165	\$ 66,612
Due to State of Vermont	2,425	-	-	2,425
Accrued wages	37,260	-	-	37,260
Deferred revenue	5,996	392,342	-	398,338
Deferred tax revenue	167,920	-	-	167,920
Due to other funds	<u>111,033</u>	<u>-</u>	<u>48,637</u>	<u>159,670</u>
Total liabilities	<u>335,081</u>	<u>392,342</u>	<u>104,802</u>	<u>832,225</u>
<b>FUND EQUITY:</b>				
Fund balances -				
Nonspendable	11,242	-	-	11,242
Restricted	-	-	246,134	246,134
Committed	-	-	299,650	299,650
Assigned	189,348	-	-	189,348
Unassigned	<u>205,732</u>	<u>-</u>	<u>(63,004)</u>	<u>142,728</u>
Total fund balances	<u>406,322</u>	<u>-</u>	<u>482,780</u>	<u>889,102</u>
Total liabilities and fund equity	<u>\$ 741,403</u>	<u>\$ 392,342</u>	<u>\$ 587,582</u>	<u>\$ 1,721,327</u>

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

**TOWN OF RICHMOND, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**  
(Page 2 of 2)

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS:**

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$	889,102
Amounts reported for governmental activities in the Government-wide Statement of Net Assets are different because -		
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.		
Capital assets		5,723,503
Accumulated depreciation		(2,098,987)
Deferred revenues are reported in the governmental funds to offset uncollected taxes and long-term notes receivable which are not available financial resources.		
Deferred tax revenue		167,920
Deferred note receivable		392,342
Liabilities not due and payable in the year are not reported in the governmental funds.		
Accrued compensated absences		(16,159)
Long-term debt		<u>(852,691)</u>
Net Assets of Governmental Activities - Government-wide Statement of Net Assets	\$	<u>4,205,030</u>

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

**TOWN OF RICHMOND, VERMONT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

(Page 1 of 2)

	General <u>Fund</u>	Community Development <u>Fund</u>	Other Governmental <u>Funds</u>	Totals Governmental <u>Funds</u>
<b>REVENUES:</b>				
Property taxes	\$ 2,401,467	\$ -	\$ -	\$ 2,401,467
Delinquent tax penalties and interest	28,193	-	-	28,193
Intergovernmental	433,274	-	16,027	449,301
Fees, licenses and permits	28,292	-	116,508	144,800
Charges for goods and services	51,870	-	-	51,870
Culture and recreation	-	-	1,792	1,792
Police revenues	20,455	-	-	20,455
Interest income	3,150	-	1,206	4,356
Miscellaneous	<u>32,923</u>	<u>-</u>	<u>-</u>	<u>32,923</u>
Total revenues	<u>2,999,624</u>	<u>-</u>	<u>135,533</u>	<u>3,135,157</u>
<b>EXPENDITURES:</b>				
General government	616,649	-	57,529	674,178
Public safety	442,157	-	-	442,157
Highways and streets	1,045,005	-	-	1,045,005
Library	157,532	-	-	157,532
Recreation	6,598	-	-	6,598
Appropriations	70,421	-	-	70,421
Capital outlay	430,656	-	238,427	669,083
Debt service - Principal	201,100	-	30,000	231,100
- Interest	<u>21,768</u>	<u>-</u>	<u>5,949</u>	<u>27,717</u>
Total expenditures	<u>2,991,886</u>	<u>-</u>	<u>331,905</u>	<u>3,323,791</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>	<u>7,738</u>	<u>-</u>	<u>(196,372)</u>	<u>(188,634)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	380,691	-	-	380,691
Operating transfers in	-	-	163,743	163,743
Operating transfers out	<u>(163,743)</u>	<u>-</u>	<u>-</u>	<u>(163,743)</u>
Total other financing sources (uses)	<u>216,948</u>	<u>-</u>	<u>163,743</u>	<u>380,691</u>
<b>NET CHANGE IN FUND BALANCES</b>	224,686	-	(32,629)	192,057
FUND BALANCES, July 1, 2010, as restated	<u>181,636</u>	<u>-</u>	<u>515,409</u>	<u>697,045</u>
FUND BALANCES, June 30, 2011	\$ <u>406,322</u>	\$ <u>-</u>	\$ <u>482,780</u>	\$ <u>889,102</u>

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

**TOWN OF RICHMOND, VERMONT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

(Page 2 of 2)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:

Net change in fund balances - total Governmental Funds	\$ 192,057
Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Additions to capital assets, net of dispositions	689,015
Depreciation	(260,863)
Deferred revenue in governmental funds includes interest revenue related to long-term notes receivable. It also includes tax revenue of the prior year but excludes deferred tax revenue of the current year as taxes uncollected within 60 days are unavailable at year end.	
Decrease in deferred interest revenue	(2,680)
Prior year - Deferred property taxes	(137,561)
Current year - Deferred property taxes	167,920
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.	
Proceeds from the issuance of long-term debt	(380,691)
Debt service - Principal	231,100
Changes in accrued compensated absences accumulated by employees will increase or decrease the liability reported in the government-wide statements, but are only recorded as an expenditure when paid in the governmental funds.	
Decrease in accrued compensated absences	<u>2,954</u>
Change in Net Assets of Governmental Activities - Government-wide Statement of Activities	\$ <u>501,251</u>

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



**TOWN OF RICHMOND, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES:</b>			
Property taxes	\$ 2,449,350	\$ 2,401,467	\$ (47,883)
Delinquent tax penalties and interest	27,000	28,193	1,193
Intergovernmental	190,420	433,274	242,854
Fees, licenses and permits	22,300	28,292	5,992
Charges for goods and services	55,000	51,870	(3,130)
Police revenues	46,900	20,455	(26,445)
Interest income	2,000	3,150	1,150
Miscellaneous	<u>2,000</u>	<u>32,923</u>	<u>30,923</u>
Total revenues	<u>2,794,970</u>	<u>2,999,624</u>	<u>204,654</u>
<b>EXPENDITURES:</b>			
General government	622,972	616,649	6,323
Public safety	450,450	442,156	8,294
Highways and streets	1,022,500	1,044,705	(22,205)
Library	158,500	157,532	968
Recreation	11,550	6,598	4,952
Appropriations	79,013	70,421	8,592
Capital outlay	26,000	430,957	(404,957)
Debt service - Principal	234,800	201,100	33,700
- Interest	<u>34,567</u>	<u>21,768</u>	<u>12,799</u>
Total expenditures	<u>2,640,352</u>	<u>2,991,886</u>	<u>(351,534)</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>	<u>154,618</u>	<u>7,738</u>	<u>(146,880)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan proceeds	-	380,691	380,691
Operating transfers in	2,300	-	(2,300)
Operating transfers out	<u>(156,918)</u>	<u>(163,743)</u>	<u>(6,825)</u>
Total other financing sources (uses)	<u>(154,618)</u>	<u>216,948</u>	<u>371,566</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 224,686</u>	<u>\$ 224,686</u>

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

**TOWN OF RICHMOND, VERMONT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND**  
**JUNE 30, 2011**

	<u>Water and Sewer Fund</u>
<b>ASSETS:</b>	
Current assets -	
Cash and cash equivalents	\$ 269,117
Accounts receivable	221,394
Grants receivable	<u>18,609</u>
Total current assets	<u>509,120</u>
Noncurrent assets -	
Capital assets	6,337,540
less - accumulated depreciation	<u>(1,524,455)</u>
Total noncurrent assets	<u>4,813,085</u>
 Total assets	 <u>5,322,205</u>
 <b>LIABILITIES:</b>	
Current liabilities -	
Accounts payable	15,448
Accrued wages	6,532
Due to other funds	315,061
Current portion of long-term debt	<u>16,510</u>
Total current liabilities	<u>353,551</u>
Noncurrent liabilities -	
Accrued compensated absences	7,218
Long-term debt	<u>815,112</u>
Total noncurrent liabilities	<u>822,330</u>
 Total liabilities	 <u>1,175,881</u>
 <b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	3,981,463
Unrestricted	<u>164,861</u>
 Total net assets	 \$ <u>4,146,324</u>

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

**TOWN OF RICHMOND, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Water and Sewer Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 605,147
Total operating revenues	<u>605,147</u>
<b>OPERATING EXPENSES:</b>	
Administration	230,055
Pump station	2,787
Wastewater department	203,736
Water department	166,878
Depreciation	<u>109,641</u>
Total operating expenses	<u>713,097</u>
Operating income (loss)	<u>(107,950)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Grant revenue	336,983
Insurance reimbursement	36,406
Interest income	538
Interest expense	<u>(12,731)</u>
Total nonoperating revenues (expenses)	<u>361,196</u>
CHANGE IN NET ASSETS	253,246
NET ASSETS, July 1, 2010	<u>3,893,078</u>
NET ASSETS, June 30, 2011	\$ <u>4,146,324</u>

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

**TOWN OF RICHMOND, VERMONT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Water and Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 527,180
Cash paid to suppliers for goods and services	(541,050)
Cash paid to employees for services	(200,273)
Net cash provided (used) by operating activities	<u>(214,143)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds from grants	336,983
Purchases of capital assets	(615,020)
Proceeds from long-term debt	546,109
Insurance reimbursement	36,406
Principal paid on bonds payable	(478,186)
Interest paid on bonds payable	<u>(12,731)</u>
Net cash provided (used) by capital and related financing activities	<u>(186,439)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Increase (decrease) in due to (from) other funds	<u>317,461</u>
Net cash provided (used) by noncapital financing activities	<u>317,461</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest income	<u>538</u>
Net cash provided (used) by investing activities	<u>538</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(82,583)</b>
<b>CASH AND CASH EQUIVALENTS, July 1, 2010</b>	<b><u>351,700</u></b>
<b>CASH AND CASH EQUIVALENTS, June 30, 2011</b>	<b>\$ <u>269,117</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ (107,950)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -	
Depreciation	109,641
(Increase) decrease in trade accounts receivable	(77,967)
Increase (decrease) in accounts payable	(139,821)
Increase (decrease) in accrued wages	498
Increase (decrease) in accrued compensated absences	<u>1,456</u>
Net cash provided (used) by operating activities	<b>\$ <u>(214,143)</u></b>

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

**TOWN OF RICHMOND, VERMONT**  
**STATEMENT OF NET ASSETS -**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2011**

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total Fiduciary Funds</u>
		<u>Impact Fee Fund</u>	<u>Engineering Fee Fund</u>	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ <u>158,028</u>	\$ <u>70,888</u>	\$ <u>10,496</u>	\$ <u>239,412</u>
Total assets	<u>158,028</u>	<u>70,888</u>	<u>10,496</u>	<u>239,412</u>
<b>LIABILITIES:</b>				
Impact fees -				
Richmond Town School District	-	70,888	-	70,888
Engineering fees	<u>-</u>	<u>-</u>	<u>10,496</u>	<u>10,496</u>
Total liabilities	<u>-</u>	<u>70,888</u>	<u>10,496</u>	<u>81,384</u>
<b>NET ASSETS:</b>				
Held in trust for special purposes	\$ <u>158,028</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>158,028</u>

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

**TOWN OF RICHMOND, VERMONT**  
**STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Balance July 1, <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2011</u>
Trust Funds:				
Net assets held in trust for special purposes -				
Edmunds Trust	\$ 23,874	\$ 104	\$ -	\$ 23,978
Shonyon Athletic	3,053	13	-	3,066
Shonyon Trust	3,302	14	-	3,316
Cemetery - Rocheleau	511	2	-	513
Cemetery - Towne	277	1	-	278
Cemetery - Crandall	5,155	740	-	5,895
Cemetery - Perpetual Care	595	3	-	598
Cemetery - Operating	<u>116,622</u>	<u>3,912</u>	<u>150</u>	<u>120,384</u>
Total net assets held in trust for special purposes	\$ <u>153,389</u>	\$ <u>4,789</u>	\$ <u>150</u>	\$ <u>158,028</u>

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

**TOWN OF RICHMOND, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. Summary of significant accounting policies:**

The Town of Richmond, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a five-member Selectboard. The Town provides various services as authorized and funded by State government or Town voters.

- A. Reporting entity - The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. Based on these criteria, there are no other entities which are component units of the Town.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

- B. Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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.

In the government-wide statement of net assets, the financial position of the Town is consolidated and incorporates capital assets as well as long-term debt and obligations. The government-wide statement of activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular segment. 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.

- C. Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

**TOWN OF RICHMOND, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. Summary of significant accounting policies (continued):**

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Community Development Fund - This fund accounts for the Town's community development grant loan program.

The Town reports the following major proprietary fund:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations.

The Town also reports fiduciary funds which are used to account for resources held for the benefit of parties outside the Town. The Town reports eight trust funds and two agency funds.

D. 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported on a current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when the fund liability is incurred, if measurable, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings and certain intergovernmental grants are recorded as earned.

Private-sector standards of accounting and financial reporting issued prior to December 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with guidance of the GASB. The Town has not elected the option of following private-sector guidance issued subsequent to 1989.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**TOWN OF RICHMOND, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. Summary of significant accounting policies (continued):**

- E. Budgets and budgetary accounting - The Town approves a budget for the General Fund at an annual Town Meeting. The tax rate is determined by the Selectboard based on the education and municipal grand lists and the approved operating budget. The accounting method used for budget presentation is the same method used for the historical financials. Formal budgetary integration is employed as a management control during the year for the General Fund. The Town does not legally adopt budgets for other governmental funds.
- F. Cash and cash equivalents - The Town's cash and cash equivalents are considered to be cash on hand and demand deposits.
- G. Capital assets - Capital assets, which include property, plant, equipment, vehicles, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide and in the proprietary fund financial statements. Capital assets are defined by the Town 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. The Town does not retroactively report infrastructure assets. The Town began capitalizing newly acquired or constructed general infrastructure assets as of July 1, 2003. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets of the Town are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Water and sewer systems	30 - 50 years
Vehicles and equipment	4 - 20 years
Infrastructure	20 - 30 years

- H. Deferred revenue - The Town has recorded, in the General Fund, deferred revenue from property taxes and related penalties and interest which have not been collected within 60 days following year end and are not considered available for current-year operations. Certain unexpended grant receipts are also reported as deferred revenue. The Town has recorded, in the Community Development Fund, deferred revenue from a note receivable due to the nature and length of the note.
- I. Estimates - The preparation of financial statements 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 revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.
- J. Compensated absences - It is the Town's policy to permit employees to accumulate earned but unused vacation pay benefits based upon their length of employment (subject to certain carryover limitations and time restrictions). Upon retirement, termination or death, employees are compensated for these accrued benefits at their current rates of pay. Compensated absences are reported in the government-wide financial statements. Governmental funds report compensated absences as an expenditure when the benefit is paid. Unused sick days may be accumulated to be used in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

**TOWN OF RICHMOND, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. Summary of significant accounting policies (continued):**

- K. Long-term obligations - In the government-wide financial statements and proprietary 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 funds statement of net assets. In the fund financial statements, governmental fund types recognize the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.
- L. Risk management - The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees and others; and environmental liability. The Town manages these risks through commercial insurance packages and participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.
- M. Fund equity - With the implementation of GASB Statement No. 54, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Town Meetings.

Assigned fund balance includes amounts that are intended to be used by the Town for specific purposes as authorized by the Selectboard.

Unassigned fund balance is the residual classification for the government's General Fund and includes all spendable amounts not contained in another classification.

The Town's policy is to apply expenditures to fund balance in the order of restricted, committed, assigned, and unassigned unless the Selectboard specifies otherwise.

**2. Cash and cash equivalents:**

Custodial credit risk - deposits - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011, all of the Town's bank balance of \$1,204,401 was insured or collateralized.

**TOWN OF RICHMOND, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**3. Note receivable:**

Note receivable in the Community Development Fund consisted of a \$300,000 mortgage loan made to Richmond Village Housing Limited Partnership on March 9, 1999. The proceeds originated from a Grant Agreement dated January 9, 1998 between the Town of Richmond and the Vermont Agency of Commerce and Community Development. The note bears interest of 2.5% with principal and interest payments deferred until March 31, 2014. Monthly payments of principal and accrued interest of \$2,625 will begin April 30, 2014 and continue through March 31, 2029. The loan is secured by a mortgage deed on the real property. The note receivable balance with accrued interest at June 30, 2011 was \$392,342.

**4. Interfund receivable and payable:**

Interfund receivable and payable balances due to the pooling of cash receipts and disbursements as of June 30, 2011 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities -		
General Fund	\$ -	\$ 111,033
Other Governmental Funds	<u>474,731</u>	<u>48,637</u>
	<u>474,731</u>	<u>159,670</u>
Business-type activities -		
Water & Sewer Fund	<u>-</u>	<u>315,061</u>
	<u>\$ 474,731</u>	<u>\$ 474,731</u>

**5. Interfund transfers:**

Interfund transfers for the year ended June 30, 2011, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities -		
General Fund	\$ -	\$ 163,743
Other Governmental Funds	<u>163,743</u>	<u>-</u>
	<u>\$ 163,743</u>	<u>\$ 163,743</u>

Transfers from the General Fund into the Other Governmental Funds were for budgeted capital reserve increases and to eliminate deficit fund balances.

**TOWN OF RICHMOND, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**6. Operating leases:**

The Town has entered into a 20-year lease agreement to rent a portion of the Town Center Building to the U.S. Postal Service through June 30, 2012. Rental income to the Town for the year ended June 30, 2011 was \$50,100.

The Town has entered into a five-year lease agreement to rent a portion of the Town Center Building to the Chittenden East Supervisory Union through June 30, 2012. Rental income to the Town for the year ended June 30, 2011 was \$41,858.

Minimum future rental income over the remaining terms of these leases is as follows:

	<u>Total</u>	<u>USPS</u>	<u>CESU</u>
2012	\$ <u>92,418</u>	\$ <u>50,100</u>	\$ <u>42,318</u>

**7. Capital assets:**

Changes in capital assets in the governmental funds consisted of the following:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 250,000	\$ -	\$ -	\$ 250,000
Construction in progress	-	100,443	-	100,443
Total capital assets, not depreciated	<u>250,000</u>	<u>100,443</u>	<u>-</u>	<u>350,443</u>
Capital assets, depreciated:				
Buildings and improvements	1,498,228	-	-	1,498,228
Vehicles and equipment	2,087,663	588,572	-	2,676,235
Infrastructure	1,198,597	-	-	1,198,597
Total capital assets depreciated	<u>4,784,488</u>	<u>588,572</u>	<u>-</u>	<u>5,373,060</u>
Less accumulated depreciation for:				
Buildings and improvements	408,359	29,764	-	438,123
Vehicles and equipment	1,256,080	178,711	-	1,434,791
Infrastructure	173,685	52,388	-	226,073
Total accumulated depreciation	<u>1,838,124</u>	<u>260,863</u>	<u>-</u>	<u>2,098,987</u>
Total capital assets depreciated, net	<u>2,946,364</u>	<u>327,709</u>	<u>-</u>	<u>3,274,073</u>
Capital assets, net, governmental activities	\$ <u>3,196,364</u>	\$ <u>428,152</u>	\$ <u>-</u>	\$ <u>3,624,516</u>

Depreciation expense in the governmental activities totaling \$260,863 was allocated to the following functions: general government \$7,645, public safety \$81,857, highways and streets \$161,141 and culture and recreation \$10,220.

**TOWN OF RICHMOND, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**7. Capital assets (continued):**

Changes in capital assets in the proprietary funds consisted of the following:

	<u>Balance</u> July 1, 2010	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> June 30, 2011
Business-type activities -				
Capital assets, not depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	<u>424,444</u>	<u>615,020</u>	<u>-</u>	<u>1,039,464</u>
Total capital assets, not depreciated	<u>474,444</u>	<u>615,020</u>	<u>-</u>	<u>1,089,464</u>
Capital assets, depreciated:				
Buildings	495,728	-	-	495,728
Water and sewer systems	694,057	-	-	694,057
Phosphorus upgrade	3,939,064	-	-	3,939,064
Vehicles and equipment	<u>164,227</u>	<u>-</u>	<u>45,000</u>	<u>119,227</u>
Total capital assets depreciated	<u>5,293,076</u>	<u>-</u>	<u>45,000</u>	<u>5,248,076</u>
Less accumulated depreciation for:				
Buildings	381,917	9,915	-	391,832
Water and sewer systems	535,106	7,882	-	542,988
Phosphorus upgrade	454,524	78,781	-	533,305
Vehicles and equipment	<u>88,267</u>	<u>13,063</u>	<u>45,000</u>	<u>56,330</u>
Total accumulated depreciation	<u>1,459,814</u>	<u>109,641</u>	<u>45,000</u>	<u>1,524,455</u>
Total capital assets depreciated, net	<u>3,833,262</u>	<u>(109,641)</u>	<u>-</u>	<u>3,723,621</u>
Capital assets, net, business-type activities	\$ <u>4,307,706</u>	\$ <u>505,379</u>	\$ <u>-</u>	\$ <u>4,813,085</u>

**8. Property taxes:**

Property taxes attach as an enforceable lien on property owned as of April 1<sup>st</sup>. Elected listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Department of Education. Taxes were levied as of April 1, 2010 and were due August 16, 2010, November 15, 2010, February 15, 2011, and May 16, 2011.

**TOWN OF RICHMOND, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**9. Long-term debt:**

The Town is indebted at June 30, 2011 as follows:

Governmental activities -

Bond payable, Vermont Municipal Bond Bank - 1995 Series 2 (refunded with 2003 Series 1), various interest rates, currently at 5.666%. Annual principal payment of \$30,000. Matures December 2013.	\$ 90,000
Bond payable, Vermont Municipal Bond Bank - 1998 Series 2 (refunded with 2009 Series 2), various interest rates, currently at 6.559%. Annual principal payment of \$15,000. Matures December 2012.	30,000
Bond payable, Vermont Municipal Bond Bank - 2001 Series 1, various interest rates, currently at 4.470%. Annual principal payment of \$20,000. Matures December 2011.	20,000
Bond payable, Vermont Municipal Bond Bank - 2005 Series 1, various interest rates, currently at 3.70%. Annual principal payment of \$10,000. Matures December 2025.	150,000
Bond payable, Vermont Municipal Bond Bank - 2007 Series 2, various interest rates, currently at 5.20%. Annual principal payment of \$25,000. Matures December 2017.	160,000
Note payable, State of Vermont - secured with a John Deere grader, interest at 2.0%. Annual principal payment of \$22,000. Matures December 2011.	22,000
Note payable, Merchants Bank, NA - unsecured, with interest at 1.65%. Payment due in full on March 31, 2012 with planned renewal.	<u>380,691</u>
	<u>\$ 852,691</u>

Business-type activities -

Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-074, annual payments of \$22,220, including a 2.0% administrative fee. Matures March 2026.	\$ 285,513
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-101, annual payments of \$7,636 with no interest starting April 2015. Matures April 2024.	76,356
Note payable, State of Vermont Special Environmental Revolving Fund - WPL-170, annual payments of \$26,554 with no interest starting October 2012. Matures October 2019.	132,770
Bond payable, State of Vermont Clean Water State Revolving Fund - AR1-058, annual payments of \$20,609, including a 2.0% administrative fee, starting October 2012. Matures October 2031.	<u>336,983</u>
	<u>\$ 831,622</u>

**TOWN OF RICHMOND, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**9. Long-term debt (continued):**

The following is a summary of changes in long-term debt:

	<u>Balance</u> July 1, 2010	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> June 30, 2011	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities -</b>					
Bonds payable -					
1995 Series 2	\$ 120,000	\$ -	\$ 30,000	\$ 90,000	\$ 30,000
1998 Series 2	45,000	-	15,000	30,000	15,000
2001 Series 1	40,000	-	20,000	20,000	20,000
2005 Series 1	160,000	-	10,000	150,000	10,000
2007 Series 2	185,000	-	25,000	160,000	25,000
Note payable - State of Vermont	44,000	-	22,000	22,000	22,000
2008 Note payable	84,100	-	84,100	-	-
2009 Note payable	25,000	-	25,000	-	-
2011 Note payable	-	<u>380,691</u>	-	<u>380,691</u>	<u>68,811</u>
	<u>703,100</u>	<u>380,691</u>	<u>231,100</u>	<u>852,691</u>	<u>190,811</u>
<b>Business-type activities -</b>					
Grant anticipation note	450,000	-	450,000	-	-
WPL-023	12,000	-	12,000	-	-
RF1-074	301,699	-	16,186	285,513	16,510
RF1-101	-	76,356	-	76,356	-
WPL-170	-	132,770	-	132,770	-
AR1-058	-	<u>336,983</u>	-	<u>336,983</u>	-
	<u>763,699</u>	<u>546,109</u>	<u>478,186</u>	<u>831,622</u>	<u>16,510</u>
	<u>\$ 1,466,799</u>	<u>\$ 926,800</u>	<u>\$ 709,286</u>	<u>\$ 1,684,313</u>	<u>\$ 207,321</u>

Annual maturities of the long-term debt are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 190,811	\$ 26,578	\$ 16,510	\$ 5,710
2013	148,811	19,712	30,709	12,120
2014	133,811	13,282	31,323	11,506
2015	103,811	10,415	39,585	10,879
2016	98,811	8,257	66,779	10,240
2017-2021	126,636	14,710	317,380	41,159
2022-2026	50,000	423	213,897	23,154
2027-2031	-	(1,954)	95,234	7,810
2032-2036	-	-	<u>20,205</u>	<u>404</u>
	<u>\$ 852,691</u>	<u>\$ 91,423</u>	<u>\$ 831,622</u>	<u>\$ 122,982</u>

**TOWN OF RICHMOND, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**9. Long-term debt (continued):**

During FY10 the Vermont Municipal Bond Bank refunded the 1998 Series 2 and 1999 Series 1 Bonds resulting in interest savings to the Town of \$4,907 and \$2,045, respectively. These savings allocations, to be received between FY13 and FY19, have been reflected as a reduction of interest in the above maturity table.

Subsequent to year end, the Town obtained a 2011 Series 2 bond in the amount of \$1,810,000 with variable interest ranging from .804% to 4.664% from the Vermont Municipal Bond Bank related to Jericho Road improvements.

**10. Pension plans:**

Vermont Municipal Employees' Retirement System -

Plan Description: The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS) a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contribution plans, administered by the State of Vermont. VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State statutory provisions, found in Section 5062 of Title 24, Chapter 125, of the V.S.A., govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the proper operation of VMERS is vested in the Board of Trustees consisting of five members. VMERS issues annual financial information which is available and may be reviewed at the VMERS' office, 109 State Street, Montpelier, Vermont, 05609-6901 or by calling (802) 828-2305.

Funding Policy: Defined Benefit Plan members are required to contribute 2.5% (Group A), 4.5% (Group B) or 9.25% (Group C) of their annual covered salary, and the Town is required to contribute 4% (Group A), 5% (Group B) or 6.5% (Group C) of the employees' compensation. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees. The Town's contributions to VMERS for the years ended June 30, 2011, 2010 and 2009 were \$38,654, \$36,346 and \$35,481, respectively. The amounts contributed were equal to the required contributions for each year.

The July 1, 2010 actuarial valuation of VMERS reports asset market value of \$376,152,881 and actuarial accrued liability of \$409,022,335, leaving an actuarial shortfall of \$32,869,454.

**11. Deficits:**

At June 30, 2011 the Highway Reserve Fund has a deficit fund balance of \$6,839. Management intends to recover this deficit through future transfers to the reserve.

At June 30 2011 the Jericho Road Improvement Fund has a deficit fund balance of \$56,165. Management intends to recover this deficit through loan proceeds in the subsequent year.



**TOWN OF RICHMOND, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**12. Restatements:**

Implementation of GASB Statement No. 54 resulted in the following restatements:

The Town restated beginning net assets of the governmental activities on the government-wide financial statements from \$3,857,168 to \$3,703,779, due to the reclassification of the Edmunds Trust, Shonyon Athletic, Shonyon Trust, Cemetery Rocheleau, Cemetery Towne, Cemetery Perpetual Care, Cemetery Crandall, and Cemetery Operating Funds from governmental funds to fiduciary funds.

The Town restated beginning fund balance of the General Fund from \$149,286 to \$181,636 to include the Budget Stabilization Reserve Fund as this fund does not meet the criteria under GASB Statement No. 54 to be classified as its own fund for financial statement purposes.

**13. Assigned fund balances:**

The General Fund has an assigned fund balance of \$189,348 at June 30, 2011. This balance is to be used for budget stabilization as determined by the Selectboard.

**14. Subsequent event:**

In August 2011, the Town endured the harsh weather environment imposed by tropical storm Irene. As of the date of this report, an estimate of the financial impact of damage incurred by Irene is approximately \$350,000. The Town anticipates receiving financial assistance from the Federal Emergency Management Agency, State of Vermont, and the Town's insurance carrier totaling 90% of the claims.

**TOWN OF RICHMOND, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES:</b>			
Property taxes -			
Current	\$ 2,449,350	\$ 2,401,467	\$ (47,883)
Delinquent penalty and interest	<u>27,000</u>	<u>28,193</u>	<u>1,193</u>
Total property taxes	<u>2,476,350</u>	<u>2,429,660</u>	<u>(46,690)</u>
Intergovernmental -			
Highway State aid	107,000	122,871	15,871
Railroad tax	1,100	1,464	364
Fish and Game	400	48	(352)
Current use program	56,000	57,103	1,103
Act 60 reappraisal grant	1,700	-	(1,700)
FEMA - Federal portion	-	52,442	52,442
- State portion	-	10,488	10,488
State highway grants	-	185,000	185,000
Special grants	<u>24,220</u>	<u>3,858</u>	<u>(20,362)</u>
Total intergovernmental	<u>190,420</u>	<u>433,274</u>	<u>242,854</u>
Fees, Licenses, and Permits -			
Liquor licenses	800	900	100
Dog licenses	5,300	5,069	(231)
Marriage licenses	200	370	170
Overweight permits	1,000	1,065	65
Access permits	300	370	70
Vehicle registration	600	661	61
Zoning permits	13,000	18,768	5,768
Field use	<u>1,100</u>	<u>1,089</u>	<u>(11)</u>
Total fees, licenses, and permits	<u>22,300</u>	<u>28,292</u>	<u>5,992</u>
Charges for goods and services -			
Water and sewer administration	14,000	14,000	-
School district payment	9,500	-	(9,500)
Town Clerk's fees	26,000	32,480	6,480
Vault time and copies	4,000	4,366	366
Certified copies	<u>1,500</u>	<u>1,024</u>	<u>(476)</u>
Total charges for goods and services	<u>55,000</u>	<u>51,870</u>	<u>(3,130)</u>
Police revenues -			
Police grants	-	1,022	1,022
Local fines	500	916	416
Police receipts	400	890	490
CESU contribution - SRO	25,000	-	(25,000)
Uniform traffic tickets	<u>21,000</u>	<u>17,627</u>	<u>(3,373)</u>
Total police revenues	<u>46,900</u>	<u>20,455</u>	<u>(26,445)</u>

**TOWN OF RICHMOND, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES (CONTINUED):</b>			
Other revenues -			
Interest income	2,000	3,150	1,150
Miscellaneous	<u>2,000</u>	<u>32,923</u>	<u>30,923</u>
Total other revenues	<u>4,000</u>	<u>36,073</u>	<u>32,073</u>
Total revenues	<u>2,794,970</u>	<u>2,999,624</u>	<u>204,654</u>
<b>EXPENDITURES:</b>			
General Government -			
Salaries	251,400	247,183	4,217
Selectboard	3,750	3,000	750
Listers	8,000	3,720	4,280
Payroll taxes	20,200	20,159	41
Retirement	8,100	8,336	(236)
Health insurance	46,500	54,856	(8,356)
Long-term disability	5,200	3,352	1,848
Travel	750	481	269
Training and education	1,500	1,396	104
Dues	5,052	5,149	(97)
Awards	1,000	595	405
Office supplies	8,000	7,966	34
Postage	7,500	8,839	(1,339)
Telephone	5,000	5,317	(317)
Office equipment	5,000	7,114	(2,114)
Heat	5,500	19,572	(14,072)
Electricity	9,000	8,149	851
Water and sewer	3,700	1,144	2,556
Rubbish removal	1,900	2,540	(640)
Building maintenance	11,000	6,093	4,907
Landscaping	4,000	649	3,351
Contracted work	16,000	11,330	4,670
General insurance	81,000	85,746	(4,746)
Advertising	7,500	11,424	(3,924)
Town reports	5,000	2,891	2,109
Recording books	3,000	1,648	1,352
Legal	24,000	21,678	2,322
Independent auditors	18,000	18,630	(630)
Engineering review	3,000	2,860	140
Technology	8,000	6,771	1,229
Special grants	24,220	3,858	20,362
County tax	21,200	12,398	8,802
Miscellaneous	<u>-</u>	<u>21,805</u>	<u>(21,805)</u>
Total general government	<u>622,972</u>	<u>616,649</u>	<u>6,323</u>

**TOWN OF RICHMOND, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Public Safety -			
Police department:			
Salaries	241,300	231,689	9,611
Overtime	22,000	24,066	(2,066)
Payroll taxes	21,400	21,934	(534)
Retirement	9,300	7,027	2,273
Health insurance	49,800	43,930	5,870
Travel	250	225	25
Training and education	2,500	3,784	(1,284)
Uniforms	3,500	5,372	(1,872)
Office supplies	2,500	2,754	(254)
Telephone	5,000	5,217	(217)
Computers - Office	6,000	3,885	2,115
Office equipment	1,500	1,897	(397)
Equipment repair	2,500	911	1,589
Gas and diesel	14,500	17,781	(3,281)
Cruiser repairs	4,500	8,407	(3,907)
Cruiser tires	4,000	3,389	611
Cruiser equipment	500	812	(312)
Supplies	2,300	3,995	(1,695)
Total police department	393,350	387,075	6,275
Fire department:			
Salaries	16,000	14,763	1,237
Payroll taxes	1,200	1,091	109
Training and education	500	328	172
Telephone	2,200	2,183	17
Medical	100	-	100
Heat	3,000	5,513	(2,513)
Electricity	1,400	1,626	(226)
Water and sewer	500	417	83
Maintenance	2,000	2,757	(757)
Gas, oil, and diesel fuels	2,000	3,216	(1,216)
Maintenance - pumpers	8,000	5,025	2,975
Equipment repairs	1,700	1,164	536
Radio rental	5,600	3,943	1,657
Radio repair	1,500	2,200	(700)
Supplies	1,200	851	349
Equipment purchase	9,600	10,004	(404)
Travel	400	-	400
Public relations	200	-	200
Total fire department	57,100	55,081	2,019
Total public safety	450,450	442,156	8,294

**TOWN OF RICHMOND, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Highways and streets -			
Highway:			
Salaries	213,300	206,260	7,040
Overtime	25,000	25,834	(834)
Payroll taxes	19,400	18,528	872
Retirement	10,000	10,864	(864)
Health insurance	65,500	60,155	5,345
Travel	-	18	(18)
Training and education	400	280	120
Uniforms	2,400	2,903	(503)
Office supplies	200	225	(25)
Telephone	2,100	1,459	641
Street lights	13,500	13,217	283
Heat	6,000	7,928	(1,928)
Electricity	2,400	2,068	332
Water and sewer	650	897	(247)
Rubbish removal	1,300	806	494
Maintenance	3,000	25,974	(22,974)
Gas and oil	3,500	4,924	(1,424)
Diesel fuel	58,000	58,602	(602)
Truck repairs	12,000	11,780	220
Gang mowers	200	200	-
Winter maintenance attachments	300	225	75
Excavator repair	3,000	3,199	(199)
Grader repair	1,500	1,686	(186)
Loader repair	1,500	1,619	(119)
Pickup repair	400	596	(196)
Tires	7,500	6,967	533
Tire chains	1,200	-	1,200
Tractor	300	300	-
Roadside mower	400	400	-
Park mower	300	800	(500)
Utility vehicle	1,000	1,405	(405)
Small equipment repair	1,000	1,090	(90)
Radio and repair	1,200	185	1,015
Total highway	458,450	471,394	(12,944)
Road maintenance and bridges:			
Centerline paint and shoulder	2,000	1,835	165
Chloride	16,000	14,909	1,091
Culverts	5,500	5,507	(7)
Guardrails	3,000	27,000	(24,000)

**TOWN OF RICHMOND, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
Highways and streets (continued) -			
Road maintenance and bridges (continued):			
Gravel	166,000	66,787	99,213
Cutting edges	9,500	10,343	(843)
Small equipment purchases	9,000	7,326	1,674
Equipment rental	10,500	735	9,765
Miscellaneous equipment parts	1,000	576	424
Miscellaneous supplies	1,000	929	71
Patching	2,700	3,657	(957)
Salt	57,000	67,167	(10,167)
Sand	48,000	24,042	23,958
Sidewalk repairs	300	361	(61)
Bridge and culvert repair	3,200	1,838	1,362
Signs	1,000	151	849
Storm drains	1,950	1,688	262
Sweeping	3,500	3,400	100
Consultants	200	-	200
Welding and cutting supplies	700	379	321
Sidewalk study	2,000	2,754	(754)
Retreatment	220,000	331,927	(111,927)
Total road maintenance and bridges	<u>564,050</u>	<u>573,311</u>	<u>(9,261)</u>
Total highways and streets	<u>1,022,500</u>	<u>1,044,705</u>	<u>(22,205)</u>
Library -			
Salaries	100,000	99,779	221
Payroll taxes	8,300	8,113	187
Retirement	3,300	3,184	116
Health insurance	8,900	8,737	163
Travel	300	281	19
Training and education	300	365	(65)
Office supplies	2,000	2,110	(110)
Postage	1,000	485	515
Telephone	2,500	1,741	759
Computer	2,600	1,526	1,074
Heat	4,000	5,411	(1,411)
Electricity	5,700	4,971	729
Water and sewer	1,000	437	563
Maintenance	6,600	9,759	(3,159)
Books	11,300	10,549	751
Programs	700	84	616
Total library	<u>158,500</u>	<u>157,532</u>	<u>968</u>

**TOWN OF RICHMOND, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Schedule 1  
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	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Recreation -			
Salaries	2,800	2,340	460
Payroll taxes	300	175	125
Dues	100	243	(143)
Electricity	700	715	(15)
Water and sewer	600	384	216
Rubbish removal	650	438	212
Maintenance	4,500	1,994	2,506
Recreation path maintenance	1,000	309	691
Concert series	900	-	900
Total recreation	<u>11,550</u>	<u>6,598</u>	<u>4,952</u>
Special Appropriations -			
Central Vermont Agency on Aging	1,800	1,800	-
Flags	650	877	(227)
Greater Burlington Industrial Corporation	100	100	-
Howard Center	100	100	-
Metropolitan Planning Organization	2,643	2,643	-
Northern Vermont Resource Conservation	50	-	50
Regional Planning	2,800	556	2,244
Richmond Community Band	400	400	-
Richmond Rescue	48,100	48,672	(572)
Hale & Hearty	4,100	4,100	-
Transportation Services - SSTA	2,300	1,803	497
Visiting Nurses Association	9,270	9,270	-
Vermont Center for Independent Living	100	100	-
Front Page Forum	100	-	100
CUSI Domestic Task Force	6,500	-	6,500
Total special appropriations	<u>79,013</u>	<u>70,421</u>	<u>8,592</u>
Debt Service -			
Principal payments:			
Library building	4,500	4,500	-
Town Center building	10,500	10,500	-
Stormwater improvement bond	14,000	-	14,000
2001 engine	20,000	20,000	-
2005 engine	10,000	10,000	-
2006 tandem dump truck	19,800	19,800	-
2006 grader	32,000	32,300	(300)
2007 tandem dump truck	24,000	24,000	-
2008 tractor with snow blower	12,500	12,500	-
2009 pickup	17,500	17,500	-

**TOWN OF RICHMOND, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Debt Service (continued) -			
Principal payments (continued):			
1996 highway garage	25,000	25,000	-
Depot Street	25,000	25,000	-
Equipment purchase - Fire engine	20,000	-	20,000
Total principal payments	<u>234,800</u>	<u>201,100</u>	<u>33,700</u>
Interest payments:			
Library building	1,722	443	1,279
Town Center building	1,500	2,017	(517)
2001 engine	1,330	1,330	-
2005 engine	6,515	6,515	-
2006 grader	9,300	1,590	7,710
1996 highway garage	9,200	8,820	380
Depot Street	2,000	1,053	947
Notes payable interest	3,000	-	3,000
Total interest payments	<u>34,567</u>	<u>21,768</u>	<u>12,799</u>
Total debt service	<u>269,367</u>	<u>222,868</u>	<u>46,499</u>
Capital Outlay -			
2011 Dump Truck #4	-	128,224	(128,224)
Equipment purchase - Fire engine	-	272,467	(272,467)
Police cruiser purchase	26,000	30,266	(4,266)
Total capital outlay	<u>26,000</u>	<u>430,957</u>	<u>(404,957)</u>
Total expenditures	<u>2,640,352</u>	<u>2,991,886</u>	<u>(351,534)</u>
<b>EXCESS OF REVENUE OR (EXPENDITURES)</b>	<u>154,618</u>	<u>7,738</u>	<u>(146,880)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan proceeds	-	380,691	380,691
Transfer from cemetery fund	2,300	-	(2,300)
Transfer to other governmental funds	-	(6,825)	(6,825)
Transfer to reappraisal reserve	(9,100)	(9,100)	-
Transfer to library reserve	(8,000)	(8,000)	-
Transfer to conservation fund	(43,118)	(43,118)	-
Transfer to fire capital reserve	(30,000)	(30,000)	-
Transfer to police capital reserve	(2,000)	(2,000)	-
Transfer to highway capital reserve	(27,700)	(27,700)	-
Transfer to bridge and culvert reserve	(37,000)	(37,000)	-
Total other financing sources (uses)	<u>(154,618)</u>	<u>216,948</u>	<u>371,566</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 224,686</u>	<u>\$ 224,686</u>



**TOWN OF RICHMOND, VERMONT**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<u>Town Center</u>	<u>Conservation</u>	<u>Police</u>	<u>Library</u>	<u>Fire</u>	<u>Fire</u>	<u>Highway</u>	<u>Bridge &amp;</u>
	<u>Debt</u>		<u>Reserve</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Impact</u>	<u>Reserve</u>	<u>Culvert</u>
	<u>Service</u>		<u>Reserve</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Fees</u>	<u>Reserve</u>	<u>Reserve</u>
Cash and cash equivalents	\$ 111,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>-</u>	<u>162,950</u>	<u>9,308</u>	<u>46,698</u>	<u>5,343</u>	<u>3,842</u>	<u>-</u>	<u>161,345</u>
Total assets	<u>\$ 111,685</u>	<u>\$ 162,950</u>	<u>\$ 9,308</u>	<u>\$ 46,698</u>	<u>\$ 5,343</u>	<u>\$ 3,842</u>	<u>\$ -</u>	<u>\$ 161,345</u>
 <u>LIABILITIES AND</u>								
<u>FUND EQUITY</u>								
 <u>LIABILITIES:</u>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>41,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,839</u>	<u>-</u>
Total liabilities	<u>41,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,839</u>	<u>-</u>
 <u>FUND EQUITY:</u>								
Fund balances -								
Restricted	-	162,950	-	-	-	3,842	-	-
Committed	69,887	-	9,308	46,698	5,343	-	-	161,345
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,839)</u>	<u>-</u>
Total fund balances	<u>69,887</u>	<u>162,950</u>	<u>9,308</u>	<u>46,698</u>	<u>5,343</u>	<u>3,842</u>	<u>(6,839)</u>	<u>161,345</u>
Total liabilities and fund equity	<u>\$ 111,685</u>	<u>\$ 162,950</u>	<u>\$ 9,308</u>	<u>\$ 46,698</u>	<u>\$ 5,343</u>	<u>\$ 3,842</u>	<u>\$ -</u>	<u>\$ 161,345</u>

**TOWN OF RICHMOND, VERMONT**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<u>Reappraisal</u>	<u>Records Restoration</u>	<u>Railroad Street Planning</u>	<u>Adam Muller Flag</u>	<u>Farr Road Orphan Storm</u>	<u>Mary Drive Orphan Storm</u>	<u>Southview Orphan Storm</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>46,930</u>	<u>6,311</u>	<u>7,069</u>	<u>9,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 46,930</u>	<u>\$ 6,311</u>	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>LIABILITIES:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY:</b>							
Fund balances -							
Restricted	46,930	6,311	-	9,488	-	-	-
Committed	<u>-</u>	<u>-</u>	<u>7,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>46,930</u>	<u>6,311</u>	<u>7,069</u>	<u>9,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 46,930</u>	<u>\$ 6,311</u>	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF RICHMOND, VERMONT**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<u>Wester Engineering</u>	<u>TAG Grant</u>	<u>Recreation Path</u>	<u>Recreation (Soccer Program)</u>	<u>Tree Replacement</u>	<u>Richmond Free Library</u>	<u>Jericho Road Improvement Fund</u>	<u>Total</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,166	\$ -	\$ 112,851
Due from other funds	<u>-</u>	<u>-</u>	<u>986</u>	<u>14,327</u>	<u>134</u>	<u>-</u>	<u>-</u>	<u>474,731</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986</u>	<u>\$ 14,327</u>	<u>\$ 134</u>	<u>\$ 1,166</u>	<u>\$ -</u>	<u>\$ 587,582</u>
<b>LIABILITIES AND FUND EQUITY</b>								
<b>LIABILITIES:</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,165	\$ 56,165
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,637</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,165</u>	<u>104,802</u>
<b>FUND EQUITY:</b>								
Fund balances -								
Restricted	-	-	986	14,327	134	1,166	-	246,134
Committed	-	-	-	-	-	-	-	299,650
Unassigned	-	-	-	-	-	-	(56,165)	(63,004)
Total fund balances	<u>-</u>	<u>-</u>	<u>986</u>	<u>14,327</u>	<u>134</u>	<u>1,166</u>	<u>(56,165)</u>	<u>482,780</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986</u>	<u>\$ 14,327</u>	<u>\$ 134</u>	<u>\$ 1,166</u>	<u>\$ -</u>	<u>\$ 587,582</u>

**TOWN OF RICHMOND, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Town Center Debt Service	Conservation	Police Reserve	Library Reserve	Fire Reserve	Fire Impact Fees	Highway Reserve	Bridge & Culvert Reserve
<b>REVENUE:</b>								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rents and fees	88,895	-	-	-	736	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Interest income	218	266	18	86	90	22	80	277
Total revenue	<u>89,113</u>	<u>266</u>	<u>18</u>	<u>86</u>	<u>90</u>	<u>758</u>	<u>80</u>	<u>277</u>
<b>EXPENDITURES:</b>								
General government	4,884	-	529	-	-	-	23,407	-
Capital outlay	44,279	-	-	-	65,423	6,060	66,500	-
Debt service - Principal	30,000	-	-	-	-	-	-	-
- Interest	5,949	-	-	-	-	-	-	-
Total expenditures	<u>85,112</u>	<u>-</u>	<u>529</u>	<u>-</u>	<u>65,423</u>	<u>6,060</u>	<u>89,907</u>	<u>-</u>
<b>EXCESS OF REVENUE OR (EXPENDITURES)</b>	4,001	266	(511)	86	(65,333)	(5,302)	(89,827)	277
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating transfers, net	-	43,118	2,000	8,000	30,000	-	27,700	37,000
<b>NET CHANGE IN FUND BALANCES</b>	4,001	43,384	1,489	8,086	(35,333)	(5,302)	(62,127)	37,277
<b>FUND BALANCES (DEFICIT), July 1, 2010</b>	<u>65,886</u>	<u>119,566</u>	<u>7,819</u>	<u>38,612</u>	<u>40,676</u>	<u>9,144</u>	<u>55,288</u>	<u>124,068</u>
<b>FUND BALANCES (DEFICIT), June 30, 2011</b>	<u>\$ 69,887</u>	<u>\$ 162,950</u>	<u>\$ 9,308</u>	<u>\$ 46,698</u>	<u>\$ 5,343</u>	<u>\$ 3,842</u>	<u>\$ (6,839)</u>	<u>\$ 161,345</u>

**TOWN OF RICHMOND, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Reappraisal	Records Restoration	Railroad Street Planning	Adam Muller Flag	Farr Road Orphan Storm	Mary Drive Orphan Storm	Southview Orphan Storm
REVENUE:							
Intergovernmental revenue	\$ 16,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rents and fees	-	21,537	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Interest income	48	29	16	21	-	-	-
Total revenue	<u>16,075</u>	<u>21,566</u>	<u>16</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:							
General government	-	24,248	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service - Principal	-	-	-	-	-	-	-
- Interest	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>24,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OR (EXPENDITURES)	16,075	(2,682)	16	21	-	-	-
OTHER FINANCING SOURCES (USES):							
Operating transfers, net	<u>9,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188</u>	<u>46</u>	<u>46</u>
NET CHANGE IN FUND BALANCES	25,175	(2,682)	16	21	188	46	46
FUND BALANCES (DEFICIT), July 1, 2010	<u>21,755</u>	<u>8,993</u>	<u>7,053</u>	<u>9,467</u>	<u>(188)</u>	<u>(46)</u>	<u>(46)</u>
FUND BALANCES (DEFICIT), June 30, 2011	<u>\$ 46,930</u>	<u>\$ 6,311</u>	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF RICHMOND, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Wester Engineering	TAG Grant	Recreation Path	Recreation (Soccer Program)	Tree Replacement	Richmond Free Library	Jericho Road Improvement Fund	Total
<b>REVENUE:</b>								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,027
Rents and fees	-	-	-	5,340	-	-	-	116,508
Culture and recreation	-	-	-	-	-	1,792	-	1,792
Interest income	-	-	1	34	-	-	-	1,206
Total revenue	-	-	1	5,374	-	1,792	-	135,533
<b>EXPENDITURES:</b>								
General government	-	-	-	3,290	-	1,171	-	57,529
Capital outlay	-	-	-	-	-	-	56,165	238,427
Debt service - Principal	-	-	-	-	-	-	-	30,000
- Interest	-	-	-	-	-	-	-	5,949
Total expenditures	-	-	-	3,290	-	1,171	56,165	331,905
<b>EXCESS OF REVENUE OR (EXPENDITURES)</b>	-	-	1	2,084	-	621	(56,165)	(196,372)
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating transfers, net	525	6,020	-	-	-	-	-	163,743
<b>NET CHANGE IN FUND BALANCES</b>	525	6,020	1	2,084	-	621	(56,165)	(32,629)
<b>FUND BALANCES (DEFICIT), July 1, 2010</b>	(525)	(6,020)	985	12,243	134	545	-	515,409
<b>FUND BALANCES (DEFICIT), June 30, 2011</b>	\$ -	\$ -	\$ 986	\$ 14,327	\$ 134	\$ 1,166	\$ (56,165)	\$ 482,780

**TOWN OF RICHMOND, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL - WATER AND SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 587,350	\$ 605,147	\$ 17,797
<b>OPERATING EXPENSES:</b>			
Administration -			
Salaries	133,000	133,919	(919)
Overtime	3,000	5,942	(2,942)
Payroll taxes	10,450	10,336	114
Retirement	6,100	6,287	(187)
Health insurance	48,800	44,730	4,070
Disability insurance	1,000	1,013	(13)
Travel	1,500	482	1,018
Training and education	2,500	745	1,755
Dues	400	488	(88)
Uniforms	1,200	1,329	(129)
Office supplies	700	778	(78)
Telephone	3,000	2,134	866
Office equipment	500	726	(226)
Administrative expense	13,500	14,000	(500)
Safety training	300	-	300
General insurance	15,000	7,146	7,854
Advertising	300	-	300
Total administration	<u>241,250</u>	<u>230,055</u>	<u>11,195</u>
Pump station -			
Plant maintenance	1,000	1,337	(337)
Electricity	1,800	1,450	350
Total pump station	<u>2,800</u>	<u>2,787</u>	<u>13</u>
Wastewater department -			
Heat	21,000	19,276	1,724
Plant electricity	37,000	32,069	4,931
Rubbish removal	1,000	1,060	(60)
Permits and licenses	500	595	(95)
Maintenance	2,000	1,190	810
Gas, oil and diesel	1,300	1,231	69
Contracted - Wastewater	7,500	5,173	2,327
Contracted - Biosolids	3,500	690	2,810
Engineering	100	-	100
Chemicals - Wastewater	5,000	6,402	(1,402)
Chemicals - Biosolids	30,000	51,337	(21,337)
Collection system repair	3,000	2,513	487
Wastewater repair	4,000	5,166	(1,166)
Biosolids repair	3,000	4,462	(1,462)

**TOWN OF RICHMOND, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL - WATER AND SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Schedule 4  
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	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>OPERATING EXPENSES (CONTINUED):</b>			
Wastewater department (continued) -			
Supplies	4,500	3,392	1,108
Personal protective gear	500	591	(91)
Equipment rental	500	208	292
Biosolids disposal	85,000	65,129	19,871
Miscellaneous	-	3,252	(3,252)
Total wastewater department	<u>209,400</u>	<u>203,736</u>	<u>5,664</u>
Water department -			
Heat	600	5,691	(5,091)
Plant electricity	7,000	7,857	(857)
Rubbish removal	600	750	(150)
Permits and licenses	1,500	559	941
Maintenance	1,500	-	1,500
Gas, oil and diesel	1,000	766	234
Contracted - Water	5,000	8,590	(3,590)
Engineering	500	1,372	(872)
Chemicals - Water	1,000	522	478
Water line	20,000	84,336	(64,336)
Pumps and tanks	5,000	457	4,543
Water system repair	64,000	54,024	9,976
Asphalt repair	1,000	-	1,000
Equipment	500	241	259
Supplies	700	1,065	(365)
Meters	2,800	120	2,680
Personal protective gear	500	300	200
Equipment rental	500	106	394
Other	300	122	178
Total water department	<u>114,000</u>	<u>166,878</u>	<u>(52,878)</u>
Depreciation	-	109,641	(109,641)
Total expenses	<u>567,450</u>	<u>713,097</u>	<u>(145,647)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>19,900</u>	<u>(107,950)</u>	<u>(127,850)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Grant revenue	-	336,983	336,983
Insurance proceeds	-	36,406	36,406
Interest income	2,400	538	(1,862)
Debt service - Interest	(22,300)	(12,731)	9,569
Total nonoperating revenues (expenses)	<u>(19,900)</u>	<u>361,196</u>	<u>381,096</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ -</u>	<u>\$ 253,246</u>	<u>\$ 253,246</u>



**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**

The Selectboard  
Town of Richmond, Vermont

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Richmond, Vermont (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 11-1 through 11-7 to be material weaknesses.

A significant deficiency is a deficiency, or a 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 11-8 through 11-12 to be significant deficiencies.

## Compliance and Other Matters

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

We noted certain matters, items 11-13 through 11-15, which are not considered material weaknesses or significant deficiencies.

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit management's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Selectboard and management of the Town, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Mudgett, Jennett &  
Krogh-Wisner, P.C.*

Montpelier, Vermont  
March 8, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Selectboard  
Town of Richmond, Vermont

**Compliance**

We have audited the Town of Richmond, Vermont's (the Town) compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (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 June 30, 2011. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town of Richmond complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Town'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Selectboard and management of the Town, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Mudgett, Jennett &  
Krogh-Winner, P.C.*

Montpelier, Vermont  
March 8, 2012

**TOWN OF RICHMOND, VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Federal Grant Number</u>	<u>Program Award Amount</u>	<u>Expenditures</u>
<b>U.S. Environmental Protection Agency:</b>				
Passed through the Vermont-Environmental Protection Agency -				
Capitalization Grants for Clean Water State Revolving Funds:				
Water and Sewer Improvement Loan	66.458	RF1-101	\$ 100,273	\$ 39,133
Water and Sewer Improvement Loan, Recovery Act	66.458	AR1-058	690,000	<u>359,747</u>
				398,880
Capitalization Grants for Drinking Water State Revolving Funds:				
Water Planning Loan	66.468	WPL-170	100,000	<u>88,432</u>
				<u>487,312</u>
<b>U.S. Department of Homeland Security:</b>				
Passed through the Vermont Agency of Transportation -				
Disaster Grants - Public Assistance - (Presidentially Declared Disasters)				
	97.036	FEMA-1995-DR-VT	52,442	<u>52,442</u>
<b>U.S. Department of Transportation - Federal Highway Administration:</b>				
Passed through Northern Vermont RC&D - Highway Planning and Construction				
Better Backroads	20.205	N/A	10,000	10,000
<b>National Highway Traffic Safety Administration:</b>				
Passed through the Vermont Department of Public Safety -				
State and Community Highway Safety:				
Governor's Highway Safety Program - Annual Highway Safety Grant FFY-2011				
	20.600	02140-1111-2124	1,000	<u>334</u>
				<u>10,334</u>
				\$ <u>550,088</u>

**TOWN OF RICHMOND, VERMONT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of significant accounting policies:**

The Town of Richmond, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a five-member Selectboard. The Town provides various services as authorized and funded by State government or Town voters.

- A. Single Audit reporting entity - For purposes of complying with the Single Audit Act of 1984, as amended, the Town includes all funds and programs that are considered part of the primary governmental unit, as described in the basic financial statements as of and for the year ended June 30, 2011.
- B. Basis of presentation - The information in the accompanying schedule is presented in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.
1. Federal award - Pursuant to the Single Audit Act and OMB Circular A-133, federal award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. The Town received federal awards which were primarily passed through agencies of the State of Vermont.
  2. Federal financial assistance - In the Single Audit Act and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Federal financial assistance does not include direct federal cash payments to individuals.
  3. Major and nonmajor programs - OMB Circular A-133 establishes risk-based criteria for determining major programs, which include the identification of Type A and Type B federal programs expended by the Town. The 2011 major (Type A) program is as follows:

U.S. Environmental Protection Agency Capitalization Grants for Clean Water State Revolving Funds (CFDA No. 66.458).
- C. Basis of accounting - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**TOWN OF RICHMOND, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
AS OF JUNE 30, 2011**

**A. Summary of Auditor's Results:**

OMB Circular A-133 requires the following summary of audit results to be included in the schedule of findings and responses.

1. The independent auditor's report on the financial statements expressed an unqualified opinion.
2. There were seven material weaknesses in internal control over financial reporting described in Part B below as items 11-1 through 11-7.
3. There were five significant deficiencies identified that are not considered to be material weaknesses in the internal control over financial reporting described in Part B below as items 11-8 through 11-12.
4. The audit did not disclose instances of noncompliance which are material to the financial statements.
5. No material weaknesses in major federal program internal controls were reported.
6. No significant deficiencies in major federal program internal controls were reported.
7. The independent auditor's report on compliance with requirements applicable to major federal programs expressed an unqualified opinion.
8. There were no audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
9. The major federal program was the U.S. Environmental Protection Agency Capitalization Grants for Clean Water State Revolving Funds (CFDA No. 66.458) which was passed through the State of Vermont.
10. For the determination of major federal programs in accordance with guidance provided in OMB Circular A-133, the dollar threshold used to distinguish between Type A (larger) and Type B (smaller) programs was \$300,000.
11. For auditing purposes under guidance provided in OMB Circular A-133, the Town of Richmond was not classified as a low-risk auditee.

**B. Audit findings - financial statements:**

**11-1 Financial reporting**

The Town relies on its auditors to prepare the year-end financial statements. Auditing Standards state that management is responsible for the financial reporting function, including the accounting that is the basis for the annual financial statements as well as the form and content of the financial statements and related notes. This responsibility includes developing and maintaining an internal control structure which addresses all aspects of the accounting and financial reporting function.

Our 2011 audit has resulted in a significant number of proposed journal entries to correct the recording of financial activity. We concluded that the Town did not have adequate internal controls over accounting and financial reporting. The following findings and recommendations are intended to help management address and correct deficiencies in controls over the current accounting and reporting system.

**TOWN OF RICHMOND, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
AS OF JUNE 30, 2011**

**B. Audit findings - financial statements (continued):**

**11-1 Financial reporting (continued)**

We recommend that management review the current system, with reference to our proposed journal entries and audit findings, and adopt such changes as deemed necessary to insure that accounting and financial reporting is maintained in an accurate and timely manner.

Management's response - A number of improvements have been made over the past year including staff development and reporting protocols. The Town continues to move forward on becoming capable of producing its own financial statements and improving internal controls.

**11-2 Staffing and training for accounting and financial reporting**

We recognize that many of the reported deficiencies for 2011 are related to a year when there was a transition to a new Financial Director. The Town hired a person for the position that did not have the training and experience to perform all duties of the position. We understand that it was expected that she would learn the duties on the job. We noted that the new Financial Director has put forth significant effort to learn the accounting duties and improve the internal controls over financial reporting.

While a complete understanding of governmental accounting and financial reporting does not need to be a requirement of the position, the Town needs to provide such training and support as is needed to fully understand the operation of the accounting system and have a basic understanding of governmental reporting requirements.

We recommend that the Town provide financial resources for (1) training in basic governmental accounting and reporting and (2) support from their accounting software providers (NEMRC).

Management's response - The Town has made resources available to provide for the training of the Financial Director. The learning curve was understandably steep for this position, however progress is evident and the Town expects continued improvement from the Financial Director.

**11-3 General ledger structure and control**

The Town's financial statements report operations of twenty-four governmental funds, eight trust funds and two agency funds, but the Town combines these funds into five funds when accounting for them in the general ledger. The five funds are titled 30 - Nonmajor governmental funds, 40 - Reserve accounts, 41 - Restricted governmental funds, 43 - Cemetery funds, and 44 - Richmond Free Library fund.

While it is possible to use subfunds for accounting within a fund, it is a complex structure and requires a complete set of accounts for each subfund. Each fund to be reported should be maintained in a separate fund (or subfund) in the general ledger. We recommend that each fund the Town reports in the financial statements be supported by a separate and complete fund (or subfund) in the general ledger.

The Town does not record all transactions for these governmental funds and trust funds appropriately in the general ledger. The funds do not include revenue and expenditure accounts and transactions were posted directly to multiple equity accounts within these five funds. This results in understatements of revenue and expenditures until they are separated for reporting. We recommend revenue and expenditures be recorded directly in the appropriate general ledger accounts.



**TOWN OF RICHMOND, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
AS OF JUNE 30, 2011**

**B. Audit findings - financial statements (continued):**

**11-3 General ledger structure and control (continued)**

In addition, supporting documentation maintained by management to allocate interest for pooled funds was not completed when balances were provided for the audit. We recommend interest be allocated as received so individual balances are current and complete.

Management's response - The Town will expand its use of the NEMRC accounting system and strives to establish proper funds for accurate accounting. This has been a gradual process, however, it will be accelerated for the upcoming fiscal year. Interest will be allocated when earned and recorded.

**11-4 Journal entries**

During our audit we noted that supporting documentation for journal entries is not retained. Journal entries are also not reviewed and approved by anyone other than the preparer.

We recommend that journal entries and supporting documentation be reviewed by someone other than the preparer to ensure that they are appropriate and recorded accurately. The entries, with the supporting documentation, should be sequentially numbered and retained in an orderly manner. The reviewer should evidence their approval of each journal entry by initialing and dating the journal entries.

Management's response - The Town has established a procedure to print a paper copy of each journal entry made by the Financial Director, with signature approvals from the Town Administrator and Town Treasurer.

**11-5 Bank Reconciliations**

During our testing of the Town's cash balances, we noted that accurate bank reconciliations for the General Fund checking, Water and Sewer Fund checking, and General Fund money market accounts had not been performed for several months. As a result of our testing, we proposed fifty-seven adjustments to correct cash balances.

Monthly bank reconciliations for November 2010 through June 2011 were prepared by Town management in June 2011. These bank reconciliations identified many of the necessary adjustments to correct cash for each month, but the adjustments were not recorded in the general ledger. Timely bank reconciliations, and recording any adjustments identified, are necessary to ensure that all cash activity is properly recorded in the general ledger and that the cash balance is accurate.

We recommend that the Town personnel receive training on the proper use of the NEMRC bank reconciliation function to ensure that timely and accurate bank reconciliations are performed and that any necessary adjustments are promptly recorded in the general ledger. We also recommend that the bank reconciliations be reviewed by someone other than the preparer and that the reviewer and the preparer initial and date each monthly bank reconciliation.

Management's response - Bank reconciliations will be completed on a timely basis in the coming year.

**TOWN OF RICHMOND, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
AS OF JUNE 30, 2011**

**B. Audit findings - financial statements (continued):**

**11-6 Capital asset accounting**

During our audit, we noted that the Town has no system in place to record and track its capital assets and related accumulated depreciation. Historically, the Town has relied on its auditors to update its capital asset listing and to calculate depreciation expense. During our audit, we proposed adjusting journal entries to record capital assets and accumulated depreciation, as well as activity related to capital asset additions and retirements and depreciation expense for the current year.

We recommend that the Town develop and implement a system to maintain capital asset balances. This system should include a formal capitalization policy, including a capitalization threshold, depreciation methods and useful lives to be used for each type of capital asset. The policy should be communicated to the appropriate personnel to ensure that all capital asset additions and retirements are identified and recorded correctly within the general ledger. The system should ensure that supporting documentation is maintained for each capital asset until the asset's retirement. The system should also include an annual inventory and reconciliation to the general ledger.

Management's response - The Town is working towards accurate capital asset accounting and reporting. This will include a capital asset policy and consolidated record keeping for capital assets.

**11-7 Long-term debt accounting**

The accounting for long-term debt was not completed prior to our audit. During our audit, we proposed adjusting journal entries to correct long-term debt, as well as activity related to loan proceeds and payments. The presentation of governmental long-term debt and related activity is required for complete financial reporting.

We recommend that the Town maintain governmental long-term debt balances in the general ledger, record activity throughout the year, and reconcile balances at year end.

Management's response - The long-term debt activity will be recorded and adjusted when payments are made to accurately reflect changes in the Town's obligations.

**11-8 Segregation of duties**

We noted that the Financial Director prepares bank deposits and has full access to record transactions in the general ledger and subsidiary ledgers. The Financial Director also has access to record non-cash credits to taxpayer accounts. There is no formal review and approval process of the Financial Director's work.

We consider complete accounting access to the general ledger and assignment of treasury functions to be incompatible duties. We recommend that all general journal entries, and any changes posted to taxpayer accounts be reviewed and approved by the appropriate level of management, and supporting documentation of approval be retained. We also recommend that bank deposits be prepared by someone without access to the general ledger.

**TOWN OF RICHMOND, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
AS OF JUNE 30, 2011**

**B. Audit findings - financial statements (continued):**

**11-8 Segregation of duties (continued)**

Management's response - Due to personnel limitations it is difficult to significantly alter the job duties of our sole finance position. The Town has implemented a review process where all journal entries will be reviewed and approved and kept available for inspection. The Town will explore ways to limit access to the general ledger and identify personnel that might be able to prepare bank deposits.

**11-9 Revenue recognition**

We noted that the Town does not maintain copies of utility bills when they are generated. Without this documentation management cannot adequately reconcile billings to revenue and to accounts receivable at year end.

We recommend that the Town maintain documentation to support utility revenue and receivable balances, such as billing calculations or copies of actual bills.

Management's response - The Town will maintain paper copies of utility billing and receivable balances for inspection.

**11-10 Controls over expenditures**

We noted five instances where the Town made duplicate payments to vendors and were required to request reimbursement. The overpayments were primarily caused by payment of vendor invoices and also payment of subsequent statements or duplicate invoices. We recommend that controls be established to match invoices with statements and require review of prior vendor payments during the payment process.

The Town does not have a formal policy in place requiring review and approval of expenditures at the department level. We noted that many invoices are not initialed or signed indicating department level approval for payment. Departmental level approvals help to ensure that goods and services are received prior to payment of invoices, and can also prevent duplicate payments. We recommend that a formal departmental approval process be implemented for all expenditures.

Management's response - The Town will improve how department heads authorize expenditures. The Town has implemented a deadline for getting supporting documentation to the Financial Director so that payment preparation is not rushed and vendor history can be researched before current bills are provided to the Selectboard for approval.

**11-11 Fuel Usage**

We noted that the Town allows Richmond Rescue to use fuel from the highway department with the understanding that they will be billed for their usage accordingly. However, it was noted that the Town relies on Richmond Rescue to inform them of their usage, via email. The Town has no other controls in place to ensure that usage by this outside party is tracked appropriately and billed accordingly.

We recommend that the Town evaluate their policy regarding fuel usage by external parties, and develop appropriate controls to track and bill usage within the Town.

**TOWN OF RICHMOND, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
AS OF JUNE 30, 2011**

**B. Audit findings - financial statements (continued):**

**11-11 Fuel Usage (continued)**

Management's response - The Town will develop a fuel reporting policy where fuel consumption is reported at the time of tank filling. The Town will explore improvements to equipment where gallons can be tracked on a meter and meter readings can be reported at the time of fill-up and independently checked.

**11-12 Grant administration**

We noted that Fund 42 included grants with accrued revenue from FY2009 which had not been collected by the end of FY2011. Certain grants also had deferred revenue from FY2009 that had not been recognized or returned in FY2011. We determined that the administration of certain grants was not addressed by finance department personnel.

We recommend that the Town assign a single person to be responsible for grant administration and establish controls to ensure that grant files are properly maintained and projects are tracked in a timely manner.

Management's response - The Financial Director is in a better position to review balances and identify uncollected grant revenue. The Financial Director will notify the department head of other personnel responsible for the grant administration to initiate collection efforts, and the Financial Director will assist when necessary.

**11-13 Board Meeting Minutes**

Upon review of the board meeting minutes throughout the year, we noted a lack of details. State statutes mandate that minutes should be taken for all meetings and the minutes shall cover all topics and motions that arise at the meeting and give a true indication of the business of the meeting. We noted one meeting when minutes were not taken to document the existence of an executive session; where no actions were taken. During the year several motions were not detailed enough for the reader to determine what was being approved. Motions which include details such as dollar amounts, vendors, purchase order details, authorized tax rates, pay rates, and other specific terms would add meaning to the action being documented.

We recommend that the minutes be recorded in sufficient detail to allow a person who did not attend the meeting to know what transpired.

Management's response - The Selectboard held one special executive session to interview candidates for the Chief of Police position. Afterwards the Selectboard decided this was not the best way to conduct this type of business and would no longer hold meetings in this fashion. A record of this meeting will be added to the Town's minutes. Minutes are kept as general as possible while still reflecting necessary details for someone to understand actions taken by the Selectboard, including approval of purchase orders and personnel actions, among others. All motions requiring a vote will be recorded in the minutes, to include relevant dollar amounts or other necessary identifying information.

**TOWN OF RICHMOND, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
AS OF JUNE 30, 2011**

**B. Audit findings - financial statements (continued):**

**11-14 Gas Cards**

We noted that the Town utilizes gas cards, issued to specific vehicles, for use within the highway and police departments. It was noted that when the cards are used, employees are not required to submit receipts to the finance department to be agreed with the monthly statement. It was also noted that the Town does not use the odometer tracking feature available with these cards.

We recommend that the Town adopt a formal policy regarding the use of gas cards, and develop stronger safeguards to prevent misuse. The Town should track usage, utilizing the odometer tracking feature, and establish stronger oversight with analysis of individual gas card usage.

Management's response - The Town agrees that there is significant opportunity for abuse under the current system. The Town will identify a new policy on recording gas card usage that will provide an additional record of when, where and how much gasoline was purchased, and by whom, possibly by receipt at time of fill-up.

**11-15 Cafeteria Plan**

We noted that the Town offered a pre-tax benefit to their employees for health insurance premiums for approximately five months prior to the Board's formal adoption of the Internal Revenue Code Section 125 plan that is the necessary authorization for the benefit. The Town may have violated federal tax regulations and may need to take corrective actions.

We recommend that the Town investigate this matter and, if necessary, obtain legal advice concerning any corrective actions to be taken.

Management's response - It is the belief of management, based on verbal accounts from prior officials, that several years ago, when the Town first offered a high-deductible healthcare plan with a health savings account, a Section 125 authorization was approved by the Selectboard, however there are no records to substantiate this. Once this omission was identified, a Section 125 plan document was approved. The Town will seek legal advice on possible actions that may be necessary.

**C. Audit Findings - federal awards:**

There were no audit findings reported for federal awards for the year ended June 30, 2011.

**TOWN OF RICHMOND, VERMONT  
STATUS OF PRIOR AUDIT FINDINGS  
JUNE 30, 2011**

The prior audit findings 10-1, 10-2, 10-4, 10-5, 10-6, and 10-7 are repeated in the current year as findings 11-1, 11-3, 11-8, 11-9, 11-10, and 11-12, respectively. Finding 10-3 is repeated in the current year as findings 11-6 and 11-7. The prior audit finding 10-8, listed below, is considered to be resolved.

**10-8 Personnel records**

We noted that the Town maintains personnel files in various places within the Town and some files are incomplete, or have not been updated for many years. We recommend the Town develop a centralized personnel filing system to ensure that the Town has adequate documentation to support pay rates, withholding authorizations, and other matters involved in the Town's payroll.

**Current status** - Personnel records are once again housed in the Town Administrator's office and will be properly restricted and maintained in that location. We consider this finding to be resolved.