

TOWN OF RICHMOND, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2013
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF RICHMOND, VERMONT

JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Richmond, Vermont

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, Vermont as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules 1, 2, 3 and 4 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules 1 through 4 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules 1 through 4 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014 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 on 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* in considering the Town's internal control over financial reporting and compliance.

Montpelier, Vermont
March 21, 2014

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

**TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013. Please read it in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position increased by \$274,830 as a result of this year's operations. Net position of our business-type activities increased by \$93,815, net position of our governmental activities increased by \$181,015.
- In the Town's business-type activities, operating revenues were \$676,384 while operating expenses were \$548,056.
- The cost of all of the Town's programs was \$3,904,731 this year.
- The General Fund reported a deficit this year of \$13,990.
- The unassigned fund balance for the General Fund was a surplus of \$392,963 as of June 30, 2013.
- The nonmajor funds reported a net surplus of \$192,614 this year which increased their aggregate fund balance to \$836,540.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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 position and changes in net position. You can think of the Town's net position - 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 position 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 Position 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 governmental funds 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 21 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 19 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 position increased by \$274,830 from a year ago - increasing from \$8,617,095, to \$8,891,925. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1 - Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 2,072,925	\$ 2,002,308	\$ 458,086	\$ 344,104	\$ 2,531,011	\$ 2,346,412
Capital assets	<u>4,255,104</u>	<u>4,400,606</u>	<u>5,672,542</u>	<u>5,694,680</u>	<u>9,927,646</u>	<u>10,095,286</u>
Total assets	<u>6,328,029</u>	<u>6,402,914</u>	<u>6,130,628</u>	<u>6,038,784</u>	<u>12,458,657</u>	<u>12,441,698</u>
Other liabilities	121,530	253,195	19,419	27,124	140,949	280,319
Long-term liabilities	<u>1,535,024</u>	<u>1,659,259</u>	<u>1,890,759</u>	<u>1,885,025</u>	<u>3,425,783</u>	<u>3,544,284</u>
Total liabilities	<u>1,656,554</u>	<u>1,912,454</u>	<u>1,910,178</u>	<u>1,912,149</u>	<u>3,566,732</u>	<u>3,824,603</u>
Net position:						
Net investment in capital assets	2,734,149	2,757,739	3,788,534	3,816,572	6,522,683	6,574,311
Restricted	847,561	748,496	113,835	-	961,396	748,496
Unrestricted	<u>1,089,765</u>	<u>984,225</u>	<u>318,081</u>	<u>310,063</u>	<u>1,407,846</u>	<u>1,294,288</u>
Total net position	<u>\$ 4,671,475</u>	<u>\$ 4,490,460</u>	<u>\$ 4,220,450</u>	<u>\$ 4,126,635</u>	<u>\$ 8,891,925</u>	<u>\$ 8,617,095</u>

Unrestricted net position of our governmental activities, which is the part of net position 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 \$984,225 surplus at June 30, 2012 to a \$1,089,765 surplus at June 30, 2013 an increase of \$105,540.

The net position of our business-type activities increased to \$4,220,450 compared to \$4,126,635 in fiscal year 2012. The Town generally can only use this net position to finance the continuing operations of the Water and Sewer Fund.

Table 2 - Change in Net Position

	<u>2013</u>			<u>2012</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
REVENUES						
Program revenues:						
Grants and contributions	\$ 469,250	\$ 8,764	\$ 478,014	\$ 402,804	\$ 6,112	\$ 408,916
Charges for services	263,832	676,384	940,216	257,719	653,317	911,036
Other	29,806	-	29,806	136,068	22,814	158,882
General revenues:						
Property taxes	2,718,578	-	2,718,578	2,609,462	-	2,609,462
Interest income	446	-	446	2,468	423	2,891
Insurance proceeds	9,206	495	9,701	-	-	-
Sale of Town property	<u>2,800</u>	<u>-</u>	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3,493,918</u>	<u>685,643</u>	<u>4,179,561</u>	<u>3,408,521</u>	<u>682,666</u>	<u>4,091,187</u>
PROGRAM EXPENSES						
General government	793,887	-	793,887	839,242	-	839,242
Public safety	599,723	-	599,723	527,404	-	527,404
Highways and streets	1,539,055	-	1,539,055	1,431,245	-	1,431,245
Culture and recreation	229,282	-	229,282	196,762	-	196,762
Special appropriations	94,556	-	94,556	80,391	-	80,391
Interest	56,400	43,772	100,172	52,082	31,123	83,205
Water and sewer	-	548,056	548,056	-	671,232	671,232
Total program expenses	<u>3,312,903</u>	<u>591,828</u>	<u>3,904,731</u>	<u>3,127,126</u>	<u>702,355</u>	<u>3,829,481</u>
Increase (decrease) in net position	<u>\$ 181,015</u>	<u>\$ 93,815</u>	<u>\$ 274,830</u>	<u>\$ 281,395</u>	<u>\$ (19,689)</u>	<u>\$ 261,706</u>

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

Governmental Activities

The increase in net position for governmental activities was \$181,015 in 2013 compared to \$281,395 in 2012.

The governmental activities have generally been positive and increased revenues include a number of one-time grants that supplemented operations. Reserve fund growth has been mostly positive, however, these funds will eventually be used for capital needs.

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

	2013		2012	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 793,887	\$ 463,257	\$ 839,242	\$ 400,317
Public safety	599,723	514,829	527,404	444,694
Highways and streets	1,539,055	1,211,188	1,431,245	1,169,904
Culture and recreation	229,282	209,785	196,762	183,147
Appropriations	94,556	94,556	80,391	80,391
Interest	56,400	56,400	52,082	52,082
Totals	<u>\$ 3,312,903</u>	<u>\$ 2,550,015</u>	<u>\$ 3,127,126</u>	<u>\$ 2,330,535</u>

Business-type Activities

The factors driving this year’s results include:

The Town’s business-type activities, the Water and Sewer Fund, improved its position through higher rates implemented at the end of the year. This measure was done to correct long outstanding deficiencies and inequity in the rate structure. The fund has taken on significant debt related to infrastructure improvements and anticipates additional debt for infrastructure projects in the future.

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 \$1,325,330, which is more than last year’s total of \$1,146,706. Included in this year’s total change in fund balance is a current year deficit of \$13,990 in the Town’s General Fund.

General Fund Budgetary Highlights

The General Fund ran a deficit of \$13,990 which will be addressed through surplus revenues in FY14 or a reduction in reserve transfers at the end of FY14, or a combination of both. The General Fund’s budget performance was generally positive, with the exception of legal expenditures and contractual expenditures relating to the hiring of a professional CPA to perform additional functions related to organizing the Town’s finances. Future legal expenditures are expected to remain high and the CPA costs will be high for at least one more year until procedures become routine and staff are properly trained. The Town’s tax base continues to

grow; however, capital needs for infrastructure, equipment and vehicles to support the Town's services continue to outpace growth of the tax base.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2013, the Town had \$9,927,646 invested in a broad range of capital assets, including police and fire equipment, buildings, and water and sewer line. (See Table 4). This amount represents a net decrease (including additions and depreciation) of \$167,640 from the prior year.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 250,000	\$ 250,000	\$ 50,000	\$ 50,000	\$ 300,000	\$ 300,000
Construction in progress	10,209	-	1,235,858	1,143,370	1,246,067	1,143,370
Buildings and improvements	1,623,263	1,594,665	495,728	495,728	2,118,991	2,090,393
Vehicles and equipment	2,510,554	2,406,358	119,227	119,227	2,629,781	2,525,585
Water and sewer system	-	-	1,588,862	1,588,862	1,588,862	1,588,862
Infrastructure	1,984,385	1,984,385	-	-	1,984,385	1,984,385
Phosphorus upgrade	-	-	3,939,064	3,939,064	3,939,064	3,939,064
Accumulated depreciation	(2,123,307)	(1,834,802)	(1,756,197)	(1,641,571)	(3,879,504)	(3,476,373)
Totals	<u>\$4,255,104</u>	<u>\$4,400,606</u>	<u>\$5,672,542</u>	<u>\$5,694,680</u>	<u>\$ 9,927,646</u>	<u>\$10,095,286</u>

This year's additions included:

<i>Governmental Activities</i>	
Depot Street parking lot	\$ 1,750
Jericho Road Improvements	8,459
Town Center carpeting	28,598
Police vehicles	57,916
Highway vehicle	46,280
	<u>\$ 143,003</u>
<i>Business-type Activities</i>	
Water and Sewer Project Upgrade - CIP	<u>\$ 92,488</u>

Debt

At June 30, 2013, the Town had \$3,388,907 in bonds, notes and lines of credit outstanding versus \$3,520,975 on June 30, 2012 - a decrease of \$132,068 - as shown in Table 5.

Table 5 - Outstanding Debt at Year-End

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 1,093,200	\$ 1,218,800	\$ 1,595,598	\$ 1,667,624	\$ 2,688,798	\$ 2,886,424
Notes payable	<u>411,699</u>	<u>424,067</u>	<u>288,410</u>	<u>210,484</u>	<u>700,109</u>	<u>634,551</u>
Totals	<u>\$ 1,504,899</u>	<u>\$ 1,642,867</u>	<u>\$ 1,884,008</u>	<u>\$ 1,878,108</u>	<u>\$ 3,388,907</u>	<u>\$ 3,520,975</u>

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the FY14 budget, tax rates, fees, water and sewer user fees and other items. Some of these factors are the general economy, projected growth of the tax base, and capital needs. Future needs for services are expected to grow slowly; however, maintenance of infrastructure will require investments that outpace growth in the short-term and will require additional tax support.

When adopting the budget for FY14, 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, adjustments to property values due to a stabilizing housing market, inflationary pressure, in particular in the areas of health insurance and highway construction costs.

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 Manager at Town of Richmond, P.O. Box 285, Richmond, Vermont 05477.

TOWN OF RICHMOND, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 752,290	\$ 798,857	\$ 1,551,147
Property taxes receivable	213,038	-	213,038
Interest and penalties receivable	45,211	-	45,211
Accounts receivable	28,069	248,649	276,718
Grants receivable	12,266	-	12,266
Prepaid expenses	23,405	1,884	25,289
Internal balances	591,304	(591,304)	-
Total current assets	<u>1,665,583</u>	<u>458,086</u>	<u>2,123,669</u>
Noncurrent assets -			
Note receivable	407,342	-	407,342
Capital assets	6,378,411	7,428,739	13,807,150
less - accumulated depreciation	<u>(2,123,307)</u>	<u>(1,756,197)</u>	<u>(3,879,504)</u>
Total noncurrent assets	<u>4,662,446</u>	<u>5,672,542</u>	<u>10,334,988</u>
Total assets	<u>6,328,029</u>	<u>6,130,628</u>	<u>12,458,657</u>
LIABILITIES:			
Current liabilities -			
Due to fiduciary funds	13,064	-	13,064
Accounts payable	97,020	17,814	114,834
Accrued wages	10,726	1,605	12,331
Deferred revenue	720	-	720
Current portion of capital lease	6,670	-	6,670
Current portion of long-term debt	<u>232,968</u>	<u>95,127</u>	<u>328,095</u>
Total current liabilities	<u>361,168</u>	<u>114,546</u>	<u>475,714</u>
Noncurrent liabilities -			
Accrued compensated absences	14,069	6,751	20,820
Capital lease	9,386	-	9,386
Long-term debt	<u>1,271,931</u>	<u>1,788,881</u>	<u>3,060,812</u>
Total noncurrent liabilities	<u>1,295,386</u>	<u>1,795,632</u>	<u>3,091,018</u>
Total liabilities	<u>1,656,554</u>	<u>1,910,178</u>	<u>3,566,732</u>
NET POSITION:			
Net investment in capital assets	2,734,149	3,788,534	6,522,683
Restricted	847,561	113,835	961,396
Unrestricted	<u>1,089,765</u>	<u>318,081</u>	<u>1,407,846</u>
Total net position	<u>\$ 4,671,475</u>	<u>\$ 4,220,450</u>	<u>\$ 8,891,925</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, 2013**

FUNCTIONS/PROGRAMS:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
Governmental activities -							
General government	\$ 793,887	\$ 105,007	\$ 201,233	\$ 24,390	\$ (463,257)	\$ -	\$ (463,257)
Public safety	599,723	40,955	43,576	363	(514,829)	-	(514,829)
Highways and streets	1,539,055	320,862	2,248	4,757	(1,211,188)	-	(1,211,188)
Culture and recreation	229,282	2,426	16,775	296	(209,785)	-	(209,785)
Special appropriations	94,556	-	-	-	(94,556)	-	(94,556)
Interest	56,400	-	-	-	(56,400)	-	(56,400)
Total governmental activities	<u>3,312,903</u>	<u>469,250</u>	<u>263,832</u>	<u>29,806</u>	<u>(2,550,015)</u>	<u>-</u>	<u>(2,550,015)</u>
Business-type activities -							
Water and sewer	548,056	8,764	676,384	-	-	137,092	137,092
Interest	43,772	-	-	-	-	(43,772)	(43,772)
Total business-type activities	<u>591,828</u>	<u>8,764</u>	<u>676,384</u>	<u>-</u>	<u>-</u>	<u>93,320</u>	<u>93,320</u>
	<u>\$ 3,904,731</u>	<u>\$ 478,014</u>	<u>\$ 940,216</u>	<u>\$ 29,806</u>	<u>(2,550,015)</u>	<u>93,320</u>	<u>(2,456,695)</u>
GENERAL REVENUES - PROPERTY TAXES					2,718,578	-	2,718,578
- INTEREST INCOME					446	-	446
- INSURANCE PROCEEDS					9,206	495	9,701
- SALE OF TOWN PROPERTY					2,800	-	2,800
					<u>2,731,030</u>	<u>495</u>	<u>2,731,525</u>
CHANGE IN NET POSITION					181,015	93,815	274,830
NET POSITION, July 1, 2012					4,490,460	4,126,635	8,617,095
NET POSITION, June 30, 2013					<u>\$ 4,671,475</u>	<u>\$ 4,220,450</u>	<u>\$ 8,891,925</u>

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

TOWN OF RICHMOND, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013
(Page 1 of 2)

	<u>General</u> <u>Fund</u>	<u>Community</u> <u>Development</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 502,026	\$ -	\$ 250,264	\$ 752,290
Property taxes receivable	213,038	-	-	213,038
Interest and penalties receivable	45,211	-	-	45,211
Accounts receivable	28,069	-	-	28,069
Grants receivable	12,266	-	-	12,266
Prepaid expenditures	10,905	-	12,500	23,405
Note receivable	-	407,342	-	407,342
Due from other funds	<u>-</u>	<u>-</u>	<u>751,568</u>	<u>751,568</u>
Total assets	<u>\$ 811,515</u>	<u>\$ 407,342</u>	<u>\$ 1,014,332</u>	<u>\$ 2,233,189</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES:				
Accounts payable	\$ 85,888	\$ -	\$ 11,132	\$ 97,020
Accrued wages	10,726	-	-	10,726
Deferred revenue	720	407,342	-	408,062
Deferred property taxes	218,723	-	-	218,723
Due to other funds	<u>6,668</u>	<u>-</u>	<u>166,660</u>	<u>173,328</u>
Total liabilities	<u>322,725</u>	<u>407,342</u>	<u>177,792</u>	<u>907,859</u>
FUND EQUITY:				
Fund balances -				
Nonspendable	10,905	-	12,500	23,405
Restricted	-	-	432,469	432,469
Committed	-	-	415,092	415,092
Assigned	84,922	-	-	84,922
Unassigned	<u>392,963</u>	<u>-</u>	<u>(23,521)</u>	<u>369,442</u>
Total fund balances	<u>488,790</u>	<u>-</u>	<u>836,540</u>	<u>1,325,330</u>
Total liabilities and fund equity	<u>\$ 811,515</u>	<u>\$ 407,342</u>	<u>\$ 1,014,332</u>	<u>\$ 2,233,189</u>

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

TOWN OF RICHMOND, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013
(Page 2 of 2)

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

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 1,325,330
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	6,378,411
Accumulated depreciation	(2,123,307)
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	218,723
Deferred note receivable and accrued interest	407,342
Liabilities not due and payable in the year are not reported in the governmental funds.	
Accrued compensated absences	(14,069)
Capital lease	(16,056)
Long-term debt	<u>(1,504,899)</u>
Net Position of Governmental Activities - Government-wide Statement of Net Position	\$ <u>4,671,475</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, 2013

(Page 1 of 2)

	General Fund	Community Development Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:				
Property taxes	\$ 2,702,420	\$ -	\$ -	\$ 2,702,420
Intergovernmental	411,072	-	18,443	429,515
Fees, licenses and permits	32,739	-	123,061	155,800
Charges for goods and services	58,969	-	-	58,969
Culture and recreation	-	-	2,074	2,074
Police revenues	73,707	-	-	73,707
Interest income	35	-	411	446
Other revenues	30,894	-	7,229	38,123
Total revenues	<u>3,309,836</u>	<u>-</u>	<u>151,218</u>	<u>3,461,054</u>
EXPENDITURES:				
General government	747,243	-	39,251	786,494
Public safety	497,914	-	11,279	509,193
Highways and streets	1,356,001	-	5,015	1,361,016
Library	169,569	-	23,157	192,726
Recreation	9,532	-	16,804	26,336
Special appropriations	94,556	-	-	94,556
Capital outlay	57,995	-	85,008	143,003
Debt service - Capital lease principal	-	-	10,866	10,866
- Long-term debt principal	217,968	-	30,000	247,968
- Interest	53,376	-	3,024	56,400
Total expenditures	<u>3,204,154</u>	<u>-</u>	<u>224,404</u>	<u>3,428,558</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>105,682</u>	<u>-</u>	<u>(73,186)</u>	<u>32,496</u>
OTHER FINANCING SOURCES (USES):				
Capital lease proceeds	26,922	-	-	26,922
Loan proceeds	-	-	110,000	110,000
Insurance proceeds	9,206	-	-	9,206
Operating transfers in	-	-	155,800	155,800
Operating transfers out	(155,800)	-	-	(155,800)
Total other financing sources (uses)	<u>(119,672)</u>	<u>-</u>	<u>265,800</u>	<u>146,128</u>
NET CHANGE IN FUND BALANCES	(13,990)	-	192,614	178,624
FUND BALANCES, July 1, 2012	<u>502,780</u>	<u>-</u>	<u>643,926</u>	<u>1,146,706</u>
FUND BALANCES, June 30, 2013	\$ <u>488,790</u>	\$ <u>-</u>	\$ <u>836,540</u>	\$ <u>1,325,330</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, 2013

(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	\$ 178,624
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	143,003
Depreciation	(288,505)
Deferred revenue in governmental funds includes interest revenue related to long-term notes receivable. It also includes deferred 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.	
Increase in deferred interest on note receivable	7,500
Deferred property taxes - Prior year	(202,565)
Deferred property taxes - Current year	218,723
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 position.	
Proceeds from capital lease	(26,922)
Proceeds from long-term debt	(110,000)
Principal payments on capital lease	10,866
Principal payments on long-term debt	247,968
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>2,323</u>
Change in Net Position of Governmental Activities - Government-wide Statement of Activities	<u>\$ 181,015</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, 2013

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	\$ 2,703,096	\$ 2,702,420	\$ (676)
Intergovernmental	161,100	411,072	249,972
Fees, licenses and permits	24,850	32,739	7,889
Charges for goods and services	53,700	58,969	5,269
Police revenues	44,700	73,707	29,007
Interest income	2,000	35	(1,965)
Other revenues	<u>4,000</u>	<u>30,894</u>	<u>26,894</u>
Total revenues	<u>2,993,446</u>	<u>3,309,836</u>	<u>316,390</u>
EXPENDITURES:			
General government	651,025	747,243	(96,218)
Public safety	492,785	497,914	(5,129)
Highways and streets	1,092,180	1,356,001	(263,821)
Library	173,906	169,569	4,337
Recreation	11,300	9,532	1,768
Special appropriations	98,489	94,556	3,933
Capital outlay	36,000	57,995	(21,995)
Debt service - Long-term debt principal	247,050	217,968	29,082
- Interest	<u>37,211</u>	<u>53,376</u>	<u>(16,165)</u>
Total expenditures	<u>2,839,946</u>	<u>3,204,154</u>	<u>(364,208)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>153,500</u>	<u>105,682</u>	<u>(47,818)</u>
OTHER FINANCING SOURCES (USES):			
Capital lease proceeds	-	26,922	26,922
Insurance proceeds	-	9,206	9,206
Operating transfers in	2,300	-	(2,300)
Operating transfers out	<u>(155,800)</u>	<u>(155,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>(153,500)</u>	<u>(119,672)</u>	<u>33,828</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(13,990)</u>	\$ <u>(13,990)</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2013

	<u>Water and Sewer Fund</u>
ASSETS:	
Current assets -	
Cash and cash equivalents	\$ 798,857
Accounts receivable	248,649
Prepaid expenses	<u>1,884</u>
Total current assets	<u>1,049,390</u>
Noncurrent assets -	
Capital assets	7,428,739
less - accumulated depreciation	<u>(1,756,197)</u>
Total noncurrent assets	<u>5,672,542</u>
 Total assets	 <u>6,721,932</u>
 LIABILITIES:	
Current liabilities -	
Accounts payable	17,814
Accrued wages	1,605
Due to other funds	591,304
Current portion of long-term debt	<u>95,127</u>
Total current liabilities	<u>705,850</u>
Noncurrent liabilities -	
Accrued compensated absences	6,751
Long-term debt	<u>1,788,881</u>
Total noncurrent liabilities	<u>1,795,632</u>
 Total liabilities	 <u>2,501,482</u>
 NET POSITION:	
Net investment in capital assets	3,788,534
Restricted	113,835
Unrestricted	<u>318,081</u>
 Total net position	 \$ <u>4,220,450</u>

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Water and Sewer Fund</u>
OPERATING REVENUES:	
Charges for services	\$ <u>676,384</u>
OPERATING EXPENSES:	
Administration	212,772
Pump station	2,638
Wastewater department	185,272
Water department	32,748
Depreciation	<u>114,626</u>
Total operating expenses	<u>548,056</u>
Operating income (loss)	<u>128,328</u>
NONOPERATING REVENUES (EXPENSES):	
Grant revenue	8,764
Insurance reimbursement	495
Debt service - Interest	<u>(43,772)</u>
Total nonoperating revenues (expenses)	<u>(34,513)</u>
CHANGE IN NET POSITION	93,815
NET POSITION, July 1, 2012	<u>4,126,635</u>
NET POSITION, June 30, 2013	\$ <u>4,220,450</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, 2013

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 624,608
Cash paid to suppliers for goods and services	(268,199)
Cash paid to employees for services	<u>(174,986)</u>
Net cash provided (used) by operating activities	<u>181,423</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from grants	27,373
Purchases of capital assets	(92,488)
Proceeds from long-term debt	109,266
Insurance reimbursement	495
Principal paid on bonds payable	(103,366)
Interest paid on bonds payable	<u>(43,772)</u>
Net cash provided (used) by capital and related financing activities	<u>(102,492)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Change in due to/from other funds	<u>235,559</u>
Net cash provided (used) by noncapital financing activities	<u>235,559</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	314,490
CASH AND CASH EQUIVALENTS, July 1, 2012	<u>484,367</u>
CASH AND CASH EQUIVALENTS, June 30, 2013	<u>\$ 798,857</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 128,328
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -	
Depreciation	114,626
(Increase) decrease in trade accounts receivable	(51,776)
(Increase) decrease in prepaid expenses	(1,884)
Increase (decrease) in accounts payable	(8,387)
Increase (decrease) in accrued wages	682
Increase (decrease) in accrued compensated absences	<u>(166)</u>
Net cash provided (used) by operating activities	<u>\$ 181,423</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF NET POSITION -
FIDUCIARY FUNDS
JUNE 30, 2013

	Trust Funds	<u>Agency Funds</u>		Totals Fiduciary Funds
		<u>Impact Fee Fund</u>	<u>Engineering Fee Fund</u>	
ASSETS:				
Cash and cash equivalents	\$ 163,104	\$ 65,682	\$ 12,943	\$ 241,729
Due from other funds	<u>301</u>	<u>12,883</u>	<u>-</u>	<u>13,184</u>
 Total assets	 <u>163,405</u>	 <u>78,565</u>	 <u>12,943</u>	 <u>254,913</u>
 LIABILITIES:				
Impact fees -				
Mount Mansfield Union				
School District #17	-	10,025	-	10,025
Richmond Town School District	-	68,540	-	68,540
Engineering fees	-	-	12,823	12,823
Due to other funds	<u>-</u>	<u>-</u>	<u>120</u>	<u>120</u>
Total liabilities	<u>-</u>	<u>78,565</u>	<u>12,943</u>	<u>91,508</u>
 NET POSITION:				
Held in trust for special purposes	\$ <u>163,405</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>163,405</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2013</u>
Trust Funds:				
Net position held in trust for special purposes -				
Edmunds Trust	\$ 24,035	\$ 48	\$ -	\$ 24,083
Shonyon Athletic	3,073	6	-	3,079
Shonyon Trust	3,324	7	-	3,331
Cemetery - Rocheleau	513	1	-	514
Cemetery - Towne	278	1	-	279
Cemetery - Perpetual Care	5,896	22	-	5,918
Cemetery - Crandall	1,562	1	-	1,563
Cemetery - Operating	<u>127,691</u>	<u>3,733</u>	<u>6,786</u>	<u>124,638</u>
Total net position held in trust for special purposes	\$ <u>166,372</u>	\$ <u>3,819</u>	\$ <u>6,786</u>	\$ <u>163,405</u>

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 accounting principles generally accepted in the United States of America (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 position 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 position, 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, 2013

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 made.

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.

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.

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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of significant accounting policies (continued):

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.

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 position. 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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of significant accounting policies (continued):

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, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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.

N. New accounting standard - The Town has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The impact on these financial statements was to change the term "Net Assets" to "Net Position". In the future, deferred outflows of resources and deferred inflows of resources, if applicable, would be reported in the statement of net position.

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 formal policy for custodial credit risk; however, the Town addresses custodial credit risk for deposits by requiring the institution to provide adequate insurance or collateralization over the FDIC insured amount. As of June 30, 2013, the Town's bank balance of \$1,959,125 was covered by an irrevocable standby letter of credit from the Federal Home Loan Bank of Pittsburgh.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013 was \$407,342.

4. Property taxes:

Property taxes attach as an enforceable lien on property owned as of April 1st. 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 Agency of Education. Taxes were levied as of April 1, 2012 and were due August 15, 2012, November 15, 2012, February 15, 2013, and May 15, 2013.

5. Interfund receivable and payable:

Interfund receivable and payable balances due to the pooling of cash receipts and disbursements as of June 30, 2013 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 6,668
Other Governmental Funds	<u>751,568</u>	<u>166,660</u>
	<u>751,568</u>	<u>173,328</u>
Proprietary funds -		
Water and Sewer Fund	<u>-</u>	<u>591,304</u>
Fiduciary funds -		
Trust Funds	<u>13,184</u>	<u>120</u>
	<u>\$ 764,752</u>	<u>\$ 764,752</u>

6. Interfund transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ -	\$ 155,800
Other Governmental Funds	<u>155,800</u>	<u>-</u>
	<u>\$ 155,800</u>	<u>\$ 155,800</u>

Transfers from the General Fund into the Other Governmental Funds were for budgeted capital reserve increases.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

7. Capital assets:

Changes in capital assets consisted of the following:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 250,000	\$ -	\$ -	\$ 250,000
Construction in progress	<u>-</u>	<u>10,209</u>	<u>-</u>	<u>10,209</u>
Total capital assets, not depreciated	<u>250,000</u>	<u>10,209</u>	<u>-</u>	<u>260,209</u>
Capital assets, depreciated:				
Buildings and improvements	1,594,665	28,598	-	1,623,263
Vehicles and equipment	2,406,358	104,196	-	2,510,554
Infrastructure	<u>1,984,385</u>	<u>-</u>	<u>-</u>	<u>1,984,385</u>
Total capital assets, depreciated	<u>5,985,408</u>	<u>132,794</u>	<u>-</u>	<u>6,118,202</u>
Less accumulated depreciation for:				
Buildings and improvements	469,816	31,836	-	501,652
Vehicles and equipment	1,066,881	184,637	-	1,251,518
Infrastructure	<u>298,105</u>	<u>72,032</u>	<u>-</u>	<u>370,137</u>
Total accumulated depreciation	<u>1,834,802</u>	<u>288,505</u>	<u>-</u>	<u>2,123,307</u>
Total capital assets, depreciated, net	<u>4,150,606</u>	<u>(155,711)</u>	<u>-</u>	<u>3,994,895</u>
Capital assets, net, governmental activities	<u>4,400,606</u>	<u>(145,502)</u>	<u>-</u>	<u>4,255,104</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	50,000	-	-	50,000
Construction in progress	<u>1,143,370</u>	<u>92,488</u>	<u>-</u>	<u>1,235,858</u>
Total capital assets, not depreciated	<u>1,193,370</u>	<u>92,488</u>	<u>-</u>	<u>1,285,858</u>
Capital assets, depreciated:				
Buildings	495,728	-	-	495,728
Water and sewer systems	1,588,862	-	-	1,588,862
Phosphorus upgrade	3,939,064	-	-	3,939,064
Vehicles and equipment	<u>119,227</u>	<u>-</u>	<u>-</u>	<u>119,227</u>
Total capital assets, depreciated	<u>6,142,881</u>	<u>-</u>	<u>-</u>	<u>6,142,881</u>
Less accumulated depreciation for:				
Buildings	401,746	9,914	-	411,660
Water and sewer systems	555,355	18,570	-	573,925
Phosphorus upgrade	619,217	78,781	-	697,998
Vehicles and equipment	<u>65,253</u>	<u>7,361</u>	<u>-</u>	<u>72,614</u>
Total accumulated depreciation	<u>1,641,571</u>	<u>114,626</u>	<u>-</u>	<u>1,756,197</u>
Total capital assets, depreciated, net	<u>4,501,310</u>	<u>(114,626)</u>	<u>-</u>	<u>4,386,684</u>
Capital assets, net, business-type activities	<u>5,694,680</u>	<u>(22,138)</u>	<u>-</u>	<u>5,672,542</u>
Total capital assets, net	\$ <u>10,095,286</u>	\$ <u>(167,640)</u>	\$ <u>-</u>	\$ <u>9,927,646</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

7. Capital assets (continued):

Depreciation expense in the governmental activities totaling \$288,505 was allocated to the following functions: general government \$9,716, public safety \$90,530, highways and streets \$178,039 and culture and recreation \$10,220.

8. Capital lease:

The Town has entered into a lease agreement as lessee for financing the acquisition of a vehicle for the police department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, the cost and depreciation of this asset is included with other capital assets of the Town. The cost of the assets acquired by capital leases is the present value of the future lease payments.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2013 are as follows:

Year ending June 30,		
2014	\$	7,314
2015		<u>9,753</u>
Total minimum lease payments		17,067
Less: amount representing interest		<u>(1,011)</u>
Present value of minimum lease payments	\$	<u>16,056</u>

9. Operating leases:

The Town has entered into a 20-year lease, as lessee, with the U.S. Postal Service (USPS) through September 2013. Subsequent to year end, the lease was renewed through September 2018. Rental income for the year ended June 30, 2013 was \$50,100.

The Town has entered into a three-year lease, as lessee, with the Chittenden East Supervisory Union (CESU) through June 30, 2015. Rental income for the year ended June 30, 2013 was \$42,312.

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

	<u>Total</u>	<u>USPS</u>	<u>CESU</u>
Year ending June 30,			
2014	\$ 124,995	\$ 82,683	\$ 42,312
2015	131,512	89,200	42,312
2016	89,200	89,200	-
2017	89,200	89,200	-
2018	89,200	89,200	-
2019	<u>14,867</u>	<u>14,867</u>	<u>-</u>
	\$ <u>538,974</u>	\$ <u>454,350</u>	\$ <u>84,624</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

10. Long-term debt:

The Town is indebted at June 30, 2013 as follows:

Governmental activities -

Bond payable, Vermont Municipal Bond Bank - 2003 Series 1, various interest rates, currently at 5.666%. Annual principal payment of \$30,000. Matures December 2013.	\$ 30,000
Bond payable, Vermont Municipal Bond Bank - 2005 Series 1, various interest rates, currently at 3.91%. Annual principal payment of \$10,000. Matures December 2025.	130,000
Bond payable, Vermont Municipal Bond Bank - 2007 Series 2, various interest rates, currently at 5.30%. Annual principal payment of \$25,000. Matures December 2017.	110,000
Bond payable, Vermont Municipal Bond Bank - 2011 Series 2, various interest rates, currently at 1.004%. Annual principal payment of \$45,600. Matures December 2031.	823,200
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$77,970. Matures March 2016.	233,910
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$22,438. Matures April 2017.	89,749
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$21,960. Matures July 2017.	<u>88,040</u>
	\$ <u>1,504,899</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.	\$ 252,163
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-101, annual payments of \$12,021 with no interest starting April 2015. Matures April 2024.	120,211
Note payable, State of Vermont Special Environmental Revolving Fund - WPL-170, annual payments of \$46,490 with no interest starting October 2015. Matures October 2019.	232,450
Bond payable, State of Vermont Clean Water State Revolving Fund - AR1-058, annual payments of \$21,139, including a 2.0% administrative fee, starting May 2013. Matures May 2032.	331,424
Bond payable, Vermont Municipal Bond Bank - 2011 Series 2, various interest rates, currently at 1.004%. Annual principal payment of \$49,400. Matures December 2031.	891,800
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$14,040. Matures July 2017.	<u>55,960</u>
	\$ <u>1,884,008</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

10. Long-term debt (continued):

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

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2013</u>	Due Within <u>One Year</u>
Governmental activities -					
Bonds payable -					
2003 Series 1	\$ 60,000	\$ -	\$ 30,000	\$ 30,000	\$ 30,000
1998 Series 2	15,000	-	15,000	-	-
2005 Series 1	140,000	-	10,000	130,000	10,000
2007 Series 2	135,000	-	25,000	110,000	25,000
Portion 2011 Series 2	868,800	-	45,600	823,200	45,600
2012 Note payable	311,880	-	77,970	233,910	77,970
2012 Note payable	112,187	-	22,438	89,749	22,438
2013 Note payable	-	<u>110,000</u>	<u>21,960</u>	<u>88,040</u>	<u>21,960</u>
	<u>1,642,867</u>	<u>110,000</u>	<u>247,968</u>	<u>1,504,899</u>	<u>232,968</u>
Business-type activities -					
RF1-074	269,003	-	16,840	252,163	17,177
RF1-101	102,911	17,300	-	120,211	-
WPL-170	210,484	21,966	-	232,450	-
AR1-058	354,510	-	23,086	331,424	14,510
Portion 2011 Series 2	941,200	-	49,400	891,800	49,400
2013 Note payable	-	<u>70,000</u>	<u>14,040</u>	<u>55,960</u>	<u>14,040</u>
	<u>1,878,108</u>	<u>109,266</u>	<u>103,366</u>	<u>1,884,008</u>	<u>95,127</u>
	\$ <u>3,520,975</u>	\$ <u>219,266</u>	\$ <u>351,334</u>	\$ <u>3,388,907</u>	\$ <u>328,095</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>
2014	\$ 232,968	\$ 46,245	\$ 95,127	\$ 42,334
2015	202,968	40,826	107,782	40,809
2016	195,568	36,323	152,318	39,132
2017	117,795	29,837	152,778	37,300
2018	73,200	26,413	139,610	36,272
2019-2023	266,000	107,288	569,150	144,826
2024-2028	246,000	58,086	402,151	82,632
2029-2032	<u>170,400</u>	<u>15,438</u>	<u>265,092</u>	<u>20,809</u>
	\$ <u>1,504,899</u>	\$ <u>360,456</u>	\$ <u>1,884,008</u>	\$ <u>444,114</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

10. Long-term debt (continued):

In prior years the Vermont Municipal Bond Bank has refunded the 1998 Series 2, 1999 Series 1 and 2007 Series 2 Bonds resulting in interest savings to the Town of \$4,907, \$2,045 and \$15,580, respectively. These savings allocations, to be received between FY14 and FY29, have been reflected as a reduction of interest in the above maturity table. There is no remaining principal balance due on the 1998 Series 2 or 1999 Series 1 Bonds at June 30, 2013.

11. Assigned fund balance:

The General Fund has an assigned fund balance of \$84,922 at June 30, 2013. This balance is to be used for budget stabilization as determined by the Selectboard.

12. Restricted net position:

The Water and Sewer Fund has a restricted net position of \$113,835 at June 30, 2013, comprised of \$15,773 for the sewer department and \$98,062 for the water department.

13. 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 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), 9.25% (Group C) or 11.00% (Group D) of their annual covered salary, and the Town is required to contribute 4% (Group A), 5% (Group B), 6.5% (Group C) or 9.5% (Group D) of the employees' compensation. Defined Contribution Plan members are required to contribute 5% of their annual covered salary and the Town is required to contribute an equal dollar amount. 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, 2013, 2012, and 2011 were \$39,077, \$40,660 and \$38,654, respectively. The amounts contributed were equal to the required contributions for each year.

The July 1, 2012 actuarial valuation of VMERS reports asset market value of \$417,443,451 and actuarial accrued liability of \$488,571,748, leaving an actuarial shortfall of \$71,128,297.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

14. Deficits:

At June 30, 2013 the Police Reserve Fund and the Highway Reserve Fund have deficit fund balances of \$5,435 and \$18,086, respectively. Management intends to recover these deficits through future transfers to the reserves.

15. Subsequent event:

From June 25 through July 9, 2013 the Town endured harsh weather and significant flooding. The Town anticipates financial assistance from the Federal Emergency Management Agency and the State of Vermont for damages incurred. As of the date of this report expenditures are estimated to be \$240,000, and it is anticipated that approximately 90% of these expenditures will be eligible for reimbursement.

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 1
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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Property taxes -			
Current	\$ 2,662,696	\$ 2,639,327	\$ (23,369)
Delinquent penalty and interest	32,000	54,088	22,088
VYCC	8,400	9,005	605
Total property taxes	<u>2,703,096</u>	<u>2,702,420</u>	<u>(676)</u>
Intergovernmental -			
Highway State aid	107,000	113,519	6,519
Highway state paving grant	-	175,000	175,000
Railroad tax	1,400	1,331	(69)
Current use program	51,000	68,143	17,143
Act 60 reappraisal grant	1,700	-	(1,700)
FEMA - State portion	-	5,305	5,305
Special grants	-	47,774	47,774
Total intergovernmental	<u>161,100</u>	<u>411,072</u>	<u>249,972</u>
Fees, Licenses, and Permits -			
Liquor licenses	800	800	-
Dog licenses	5,100	5,226	126
Marriage licenses	200	280	80
Overweight permits	1,000	1,168	168
Access permits	150	1,080	930
Vehicle registration	600	366	(234)
Zoning permits	16,000	23,344	7,344
Field use	1,000	475	(525)
Total fees, licenses, and permits	<u>24,850</u>	<u>32,739</u>	<u>7,889</u>
Charges for goods and services -			
Water and sewer administration	14,000	14,000	-
School district payment	8,500	3,520	(4,980)
Town Clerk's fees	26,000	35,489	9,489
Vault time and copies	4,000	5,086	1,086
Certified copies	1,200	874	(326)
Total charges for goods and services	<u>53,700</u>	<u>58,969</u>	<u>5,269</u>
Police revenues -			
Police grants	-	32,830	32,830
Insurance refund	-	363	363
Local fines	500	2,663	2,163
Police receipts	1,200	2,670	1,470
CESU contribution - SRO	22,000	15,617	(6,383)
Uniform traffic tickets	21,000	19,564	(1,436)
Total police revenues	<u>44,700</u>	<u>73,707</u>	<u>29,007</u>

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 1
Page 2 of 7

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES (CONTINUED):			
Other revenues -			
Interest income	2,000	35	(1,965)
Sale of Town property	2,000	2,800	800
Reimbursements	-	6,441	6,441
Rentals and fees	2,000	9,670	7,670
Miscellaneous	-	11,983	11,983
Total other revenues	<u>6,000</u>	<u>30,929</u>	<u>24,929</u>
Total revenues	<u>2,993,446</u>	<u>3,309,836</u>	<u>316,390</u>
EXPENDITURES:			
General government -			
Salaries	270,700	262,821	7,879
Selectboard	3,750	3,750	-
Listers	8,000	12,411	(4,411)
Payroll taxes	22,000	22,785	(785)
Retirement	9,000	12,687	(3,687)
Health insurance	66,500	60,539	5,961
Long-term disability	5,200	5,048	152
Travel	750	713	37
Training and education	1,500	1,690	(190)
Dues	5,425	5,259	166
Awards	800	525	275
Office supplies	7,000	14,729	(7,729)
Postage	9,000	8,702	298
Telephone	5,400	4,778	622
Office equipment	8,100	6,830	1,270
Heat	5,500	18,871	(13,371)
Electricity	9,000	8,417	583
Water and sewer	3,600	4,274	(674)
Trash removal	1,900	3,676	(1,776)
Building maintenance	11,000	17,248	(6,248)
Landscaping	2,000	-	2,000
Contracted work	14,700	35,540	(20,840)
General insurance	90,000	95,923	(5,923)
Advertising	7,500	9,683	(2,183)
Town reports	5,000	4,575	425
Recording books	3,000	1,887	1,113
Legal	24,000	45,858	(21,858)
Independent auditors	21,200	25,800	(4,600)
Engineering review	3,000	9,954	(6,954)
Tax map maintenance	3,500	150	3,350
Technology	1,000	1,298	(298)
Special grants	-	20,735	(20,735)
County tax	22,000	19,857	2,143

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 1
Page 3 of 7

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
General government (continued) -			
Bank service charges	-	230	(230)
Total general government	<u>651,025</u>	<u>747,243</u>	<u>(96,218)</u>
Police department:			
Salaries	258,000	259,810	(1,810)
Overtime	26,000	23,347	2,653
Payroll taxes	23,000	20,833	2,167
Retirement	11,000	2,605	8,395
Health insurance	57,320	33,061	24,259
Travel	250	29	221
Training and education	4,000	3,202	798
Uniforms	5,500	8,464	(2,964)
Office supplies	2,500	2,644	(144)
Telephone	6,000	6,839	(839)
Computers - Office	7,000	4,152	2,848
Office equipment	1,500	10,829	(9,329)
Equipment repair	2,500	388	2,112
Gas and diesel	16,000	20,717	(4,717)
Cruiser repairs	7,000	9,456	(2,456)
Cruiser tires	4,500	3,095	1,405
Cruiser equipment	1,000	25,183	(24,183)
Supplies	4,000	5,584	(1,584)
Total police department	<u>437,070</u>	<u>440,238</u>	<u>(3,168)</u>
Fire department:			
Salaries	16,000	15,150	850
Payroll taxes	1,400	1,101	299
Training and education	500	475	25
Telephone	2,400	2,575	(175)
Heat	5,500	2,138	3,362
Electricity	1,750	1,750	-
Water and sewer	900	988	(88)
Maintenance	1,500	617	883
Gas, oil, and diesel fuels	3,000	2,564	436
Maintenance - pumps	1,500	6,633	(5,133)
Equipment repairs	1,500	1,697	(197)
Radio dispatch	6,065	3,182	2,883
Radio repair	2,000	2,681	(681)
Supplies	1,500	2,139	(639)
Equipment purchase	9,600	13,986	(4,386)
Travel	400	-	400

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 1
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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Fire department (continued):			
Public relations	200	-	200
Total fire department	<u>55,715</u>	<u>57,676</u>	<u>(1,961)</u>
Total public safety	<u>492,785</u>	<u>497,914</u>	<u>(5,129)</u>
Highways and streets -			
Highway:			
Salaries	223,000	226,182	(3,182)
Overtime	25,000	29,612	(4,612)
Payroll taxes	21,000	19,970	1,030
Retirement	12,500	12,275	225
Health insurance	64,130	57,331	6,799
Travel	-	26	(26)
Training and education	400	335	65
Uniforms	2,600	2,395	205
Office supplies	500	1,318	(818)
Telephone	1,700	1,692	8
Street lights	13,500	12,803	697
Heat	6,500	5,694	806
Electricity	2,400	2,278	122
Water and sewer	750	1,067	(317)
Trash removal	1,200	1,024	176
Maintenance	7,000	6,027	973
Gas and oil	4,000	3,676	324
Diesel fuel	58,000	75,071	(17,071)
Truck repairs	12,000	21,353	(9,353)
Gang mowers	200	-	200
Winter maintenance attachments	300	223	77
Excavator repair	1,500	2,225	(725)
Grader repair	2,000	805	1,195
Loader repair	1,500	2,263	(763)
Pickup repair	500	1,110	(610)
Tires	7,500	7,420	80
Tire chains	1,200	423	777
Tractor	300	143	157
Roadside mower	250	675	(425)
Park mower	800	629	171
Utility vehicle	1,200	94	1,106
Small equipment repair	1,000	1,678	(678)
Radio and repair	1,200	17,682	(16,482)
Total highway	<u>475,630</u>	<u>515,499</u>	<u>(39,869)</u>

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 1
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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Highways and streets (continued) -			
Road maintenance and bridges:			
Centerline paint and shoulder	2,000	1,370	630
Chloride	16,000	12,965	3,035
Culverts	5,500	5,699	(199)
Guardrails	3,000	1,971	1,029
Gravel	190,000	189,417	583
Cutting edges	10,000	8,142	1,858
Small equipment purchases	7,000	9,091	(2,091)
Equipment rental	11,500	11,436	64
Miscellaneous equipment parts	1,000	23	977
Miscellaneous supplies	1,000	4,404	(3,404)
Miscellaneous road expense	-	898	(898)
Patching	2,700	673	2,027
Salt	58,000	65,682	(7,682)
Sand	48,000	45,131	2,869
Sidewalk repairs	300	-	300
Bridge and culvert repair	3,200	-	3,200
Signs	1,000	2,124	(1,124)
Storm drains	1,950	2,298	(348)
Sweeping	3,500	3,600	(100)
Consultants	200	5,428	(5,228)
Welding and cutting supplies	700	749	(49)
Retreatment	250,000	425,822	(175,822)
Flood damage repair	-	43,579	(43,579)
Total road maintenance and bridges	<u>616,550</u>	<u>840,502</u>	<u>(223,952)</u>
Total highways and streets	<u>1,092,180</u>	<u>1,356,001</u>	<u>(263,821)</u>
Library -			
Salaries	111,696	109,056	2,640
Payroll taxes	8,700	8,796	(96)
Retirement	3,500	3,210	290
Health insurance and Opt Out	8,160	7,952	208
Travel	300	212	88
Training and education	300	-	300
Office supplies	2,000	2,198	(198)
Postage	1,200	1,200	-
Telephone	2,500	2,102	398
Computer	2,500	1,848	652
Heat	5,500	4,391	1,109
Electricity	5,500	5,066	434
Water and sewer	600	668	(68)
Maintenance	9,000	11,252	(2,252)

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 1
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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Library (continued) -			
Books	11,750	11,268	482
Programs	700	350	350
Total library	<u>173,906</u>	<u>169,569</u>	<u>4,337</u>
Recreation -			
Salaries	3,800	2,736	1,064
Payroll taxes	300	209	91
Dues	250	-	250
Electricity	700	648	52
Water and sewer	600	664	(64)
Trash removal	650	712	(62)
Maintenance	3,500	4,077	(577)
Recreation path maintenance	1,000	324	676
Special events	500	162	338
Total recreation	<u>11,300</u>	<u>9,532</u>	<u>1,768</u>
Special appropriations -			
Central Vermont Agency on Aging	1,800	1,800	-
Flags	650	519	131
Greater Burlington Industrial Corporation	100	100	-
Howard Center	100	-	100
Regional Planning	5,630	5,630	-
Richmond Community Band	400	-	400
Richmond Rescue	64,100	64,000	100
Hale & Hearty	4,100	4,100	-
Transportation Services - SSTA	2,300	1,858	442
Visiting Nurses Association	9,834	9,834	-
Vermont Center for Independent Living	375	375	-
Front Page Forum	100	100	-
CUSI Domestic Task Force	8,000	5,240	2,760
Lake Iroquois Association	400	400	-
Lake Iroquois District	600	600	-
Total special appropriations	<u>98,489</u>	<u>94,556</u>	<u>3,933</u>
Debt service -			
Principal payments:			
Library building	4,500	4,500	-
Town Center building	10,500	10,500	-
2011 engine	-	8,900	(8,900)
2005 engine	10,000	10,000	-
Project 4a Millet Stormwater	8,000	-	8,000
2007 tandem dump truck	17,860	22,438	(4,578)

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 1
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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Debt service (continued) -			
Principal payments (continued):			
2011 dump truck	18,570	18,570	-
1996 highway garage	25,000	25,000	-
Fire engine 2010 note	50,500	50,500	-
Jericho bond note	83,787	45,600	38,187
Excavator	<u>18,333</u>	<u>21,960</u>	<u>(3,627)</u>
Total principal payments	<u>247,050</u>	<u>217,968</u>	<u>29,082</u>
Interest payments:			
Library building	581	1,073	(492)
Town Center building	1,350	269	1,081
2011 engine	9,000	-	9,000
2005 engine	5,780	5,776	4
2006 tandem dump truck	6,100	7,236	(1,136)
1996 highway garage	7,900	6,549	1,351
Jericho Bond Note	-	27,523	(27,523)
Excavator interest	3,000	2,526	474
Notes payable interest	<u>3,500</u>	<u>2,424</u>	<u>1,076</u>
Total interest payments	<u>37,211</u>	<u>53,376</u>	<u>(16,165)</u>
Total debt service	<u>284,261</u>	<u>271,344</u>	<u>12,917</u>
Capital outlay -			
Highway capital outlay	-	79	(79)
Police cruiser purchase	<u>36,000</u>	<u>57,916</u>	<u>(21,916)</u>
Total capital outlay	<u>36,000</u>	<u>57,995</u>	<u>(21,995)</u>
Total expenditures	<u>2,839,946</u>	<u>3,204,154</u>	<u>(364,208)</u>
EXCESS OF REVENUE OR (EXPENDITURES)	<u>153,500</u>	<u>105,682</u>	<u>(47,818)</u>
OTHER FINANCING SOURCES (USES):			
Capital lease proceeds	-	26,922	26,922
Insurance proceeds	-	9,206	9,206
Transfer from Cemetery Operating Fund	2,300	-	(2,300)
Transfer to Reappraisal Fund	(9,100)	(9,100)	-
Transfer to Library Reserve Fund	(8,000)	(8,000)	-
Transfer to Conservation Fund	(43,500)	(43,500)	-
Transfer to Fire Reserve Fund	(28,500)	(28,500)	-
Transfer to Police Reserve Fund	(2,000)	(2,000)	-
Transfer to Highway Reserve Fund	(27,700)	(27,700)	-
Transfer to Bridge and Culvert Reserve Fund	<u>(37,000)</u>	<u>(37,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(153,500)</u>	<u>(119,672)</u>	<u>33,828</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (13,990)</u>	<u>\$ (13,990)</u>

TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2013

	Jericho Road Improvement	Town Center Debt Service	Conservation	Police Reserve	Library Reserve	Fire Reserve	Fire Impact Fees	Highway Reserve	Bridge & Culvert Reserve	Reappraisal
Cash and cash equivalents	\$ -	\$ 246,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid expenditures	-	12,500	-	-	-	-	-	-	-	-
Due from other funds	<u>72,802</u>	<u>-</u>	<u>204,566</u>	<u>-</u>	<u>29,072</u>	<u>60,644</u>	<u>7,559</u>	<u>-</u>	<u>225,445</u>	<u>97,031</u>
Total assets	<u>\$ 72,802</u>	<u>\$ 258,874</u>	<u>\$ 204,566</u>	<u>\$ -</u>	<u>\$ 29,072</u>	<u>\$ 60,644</u>	<u>\$ 7,559</u>	<u>\$ -</u>	<u>\$ 225,445</u>	<u>\$ 97,031</u>

**LIABILITIES AND
FUND EQUITY**

LIABILITIES:										
Accounts payable	\$ -	\$ 10,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>143,139</u>	<u>-</u>	<u>5,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,086</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>153,512</u>	<u>-</u>	<u>5,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,086</u>	<u>-</u>	<u>-</u>
FUND EQUITY:										
Fund balances -										
Nonspendable	-	12,500	-	-	-	-	-	-	-	97,031
Restricted	72,802	-	204,566	-	-	-	7,559	-	-	-
Committed	-	92,862	-	-	29,072	60,644	-	-	225,445	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,435)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,086)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>72,802</u>	<u>105,362</u>	<u>204,566</u>	<u>(5,435)</u>	<u>29,072</u>	<u>60,644</u>	<u>7,559</u>	<u>(18,086)</u>	<u>225,445</u>	<u>97,031</u>
Total liabilities and fund equity	<u>\$ 72,802</u>	<u>\$ 258,874</u>	<u>\$ 204,566</u>	<u>\$ -</u>	<u>\$ 29,072</u>	<u>\$ 60,644</u>	<u>\$ 7,559</u>	<u>\$ -</u>	<u>\$ 225,445</u>	<u>\$ 97,031</u>

TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2013

<u>ASSETS</u>	Records Restoration	Railroad Street Planning	Adam Muller Flag	Recreation Path	Recreation (Soccer Program)	Tree Replacement	Richmond Fire Department	Richmond Free Library	Lister Education Reserve	Total
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,151	\$ 739	\$ -	\$ 250,264
Prepaid expenditures	-	-	-	-	-	-	-	-	-	12,500
Due from other funds	<u>28,163</u>	<u>7,069</u>	<u>9,488</u>	<u>986</u>	<u>6,108</u>	<u>237</u>	-	-	<u>2,398</u>	<u>751,568</u>
Total assets	<u>\$ 28,163</u>	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ 986</u>	<u>\$ 6,108</u>	<u>\$ 237</u>	<u>\$ 3,151</u>	<u>\$ 739</u>	<u>\$ 2,398</u>	<u>\$ 1,014,332</u>

LIABILITIES AND
FUND EQUITY

LIABILITIES:										
Accounts payable	\$ 759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,132
Due to other funds	-	-	-	-	-	-	-	-	-	166,660
Total liabilities	<u>759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,792</u>
FUND EQUITY:										
Fund balances -										
Nonspendable	-	-	-	-	-	-	-	-	-	12,500
Restricted	27,404	-	9,488	986	6,108	237	3,151	739	2,398	432,469
Committed	-	7,069	-	-	-	-	-	-	-	415,092
Unassigned	-	-	-	-	-	-	-	-	-	(23,521)
Total fund balances	<u>27,404</u>	<u>7,069</u>	<u>9,488</u>	<u>986</u>	<u>6,108</u>	<u>237</u>	<u>3,151</u>	<u>739</u>	<u>2,398</u>	<u>836,540</u>
Total liabilities and fund equity	<u>\$ 28,163</u>	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ 986</u>	<u>\$ 6,108</u>	<u>\$ 237</u>	<u>\$ 3,151</u>	<u>\$ 739</u>	<u>\$ 2,398</u>	<u>\$ 1,014,332</u>

**TOWN OF RICHMOND, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Jericho Road Improvement	Town Center Debt Service	Conservation	Police Reserve	Library Reserve	Fire Reserve	Fire Impact Fees	Highway Reserve	Bridge & Culvert Reserve	Reappraisal
REVENUES:										
Intergovernmental	-	-	-	-	-	-	-	-	-	\$ 16,045
Rents and fees	-	89,223	-	-	-	-	3,061	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Donations - community projects	-	-	-	-	-	-	-	-	-	-
Interest income	-	410	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>89,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,061</u>	<u>-</u>	<u>-</u>	<u>16,045</u>
EXPENDITURES:										
General government	-	18,714	10,000	-	-	-	-	-	-	180
Public safety	-	-	-	-	-	3,199	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	5,015	-	-
Library	-	-	-	-	20,869	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Capital outlay	10,209	28,598	-	-	-	-	-	46,201	-	-
Debt service - Capital lease principal	-	-	-	10,866	-	-	-	-	-	-
- Long-term debt principal	-	30,000	-	-	-	-	-	-	-	-
- Interest	-	1,700	-	1,324	-	-	-	-	-	-
Total expenditures	<u>10,209</u>	<u>79,012</u>	<u>10,000</u>	<u>12,190</u>	<u>20,869</u>	<u>3,199</u>	<u>-</u>	<u>51,216</u>	<u>-</u>	<u>180</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>(10,209)</u>	<u>10,621</u>	<u>(10,000)</u>	<u>(12,190)</u>	<u>(20,869)</u>	<u>(3,199)</u>	<u>3,061</u>	<u>(51,216)</u>	<u>-</u>	<u>15,865</u>
OTHER FINANCING SOURCES (USES):										
Loan proceeds	-	-	-	-	-	-	-	110,000	-	-
Operating transfers in	-	-	43,500	2,000	8,000	28,500	-	27,700	37,000	9,100
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>43,500</u>	<u>2,000</u>	<u>8,000</u>	<u>28,500</u>	<u>-</u>	<u>137,700</u>	<u>37,000</u>	<u>9,100</u>
NET CHANGE IN FUND BALANCES	<u>(10,209)</u>	<u>10,621</u>	<u>33,500</u>	<u>(10,190)</u>	<u>(12,869)</u>	<u>25,301</u>	<u>3,061</u>	<u>86,484</u>	<u>37,000</u>	<u>24,965</u>
FUND BALANCES (DEFICIT), July 1, 2012	<u>83,011</u>	<u>94,741</u>	<u>171,066</u>	<u>4,755</u>	<u>41,941</u>	<u>35,343</u>	<u>4,498</u>	<u>(104,570)</u>	<u>188,445</u>	<u>72,066</u>
FUND BALANCES (DEFICIT), June 30, 2013	<u>\$ 72,802</u>	<u>\$ 105,362</u>	<u>\$ 204,566</u>	<u>\$ (5,435)</u>	<u>\$ 29,072</u>	<u>\$ 60,644</u>	<u>\$ 7,559</u>	<u>\$ (18,086)</u>	<u>\$ 225,445</u>	<u>\$ 97,031</u>

TOWN OF RICHMOND, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Records Restoration	Railroad Street Planning	Adam Muller Flag	Recreation Path	Recreation (Soccer Program)	Tree Replacement	Richmond Fire Department	Richmond Free Library	Lister Education Reserve	Total
REVENUES:										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,398	\$ 18,443
Rents and fees	24,147	-	-	-	6,630	-	-	-	-	123,061
Culture and recreation	-	-	-	-	-	-	-	2,074	-	2,074
Donations - community projects	-	-	-	-	-	103	7,126	-	-	7,229
Interest income	-	-	-	-	-	-	1	-	-	411
Total revenues	<u>24,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,630</u>	<u>103</u>	<u>7,127</u>	<u>2,074</u>	<u>2,398</u>	<u>151,218</u>
EXPENDITURES:										
General government	10,357	-	-	-	-	-	-	-	-	39,251
Public safety	-	-	-	-	-	-	8,080	-	-	11,279
Highways and streets	-	-	-	-	-	-	-	-	-	5,015
Library	-	-	-	-	-	-	-	2,288	-	23,157
Recreation	-	-	-	-	16,804	-	-	-	-	16,804
Capital outlay	-	-	-	-	-	-	-	-	-	85,008
Debt service - Capital lease principal	-	-	-	-	-	-	-	-	-	10,866
- Long-term debt principal	-	-	-	-	-	-	-	-	-	30,000
- Interest	-	-	-	-	-	-	-	-	-	3,024
Total expenditures	<u>10,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,804</u>	<u>-</u>	<u>8,080</u>	<u>2,288</u>	<u>-</u>	<u>224,404</u>
EXCESS OF REVENUES OR (EXPENDITURES)	13,790	-	-	-	(10,174)	103	(953)	(214)	2,398	(73,186)
OTHER FINANCING SOURCES (USES):										
Loan proceeds	-	-	-	-	-	-	-	-	-	110,000
Operating transfers in	-	-	-	-	-	-	-	-	-	155,800
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,800</u>
NET CHANGE IN FUND BALANCES	13,790	-	-	-	(10,174)	103	(953)	(214)	2,398	192,614
FUND BALANCES (DEFICIT), July 1, 2012	<u>13,614</u>	<u>7,069</u>	<u>9,488</u>	<u>986</u>	<u>16,282</u>	<u>134</u>	<u>4,104</u>	<u>953</u>	<u>-</u>	<u>643,926</u>
FUND BALANCES (DEFICIT), June 30, 2013	<u>\$ 27,404</u>	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ 986</u>	<u>\$ 6,108</u>	<u>\$ 237</u>	<u>\$ 3,151</u>	<u>\$ 739</u>	<u>\$ 2,398</u>	<u>\$ 836,540</u>

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 4
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	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
OPERATING REVENUES:			
Charges for services	\$ 661,400	\$ 676,384	\$ 14,984
OPERATING EXPENSES:			
Administration -			
Salaries	135,000	128,656	6,344
Overtime	3,000	577	2,423
Payroll taxes	10,800	9,896	904
Retirement	6,700	6,317	383
Health insurance	33,400	29,092	4,308
Disability insurance	1,100	964	136
Travel	1,500	-	1,500
Training and education	2,500	513	1,987
Dues	500	330	170
Uniforms	1,200	1,150	50
Office supplies	700	697	3
Telephone	3,000	3,007	(7)
Office equipment	500	782	(282)
Administrative expense	14,000	14,000	-
Safety training	300	-	300
General insurance	16,000	15,999	1
Advertising	1,500	792	708
Total administration	<u>231,700</u>	<u>212,772</u>	<u>18,928</u>
Pump station -			
Plant maintenance	1,000	1,745	(745)
Electricity	1,800	893	907
Total pump station	<u>2,800</u>	<u>2,638</u>	<u>162</u>
Wastewater department -			
Heat dewatering	21,000	11,153	9,847
Plant electricity	35,000	31,840	3,160
Trash removal	900	297	603
Permits and licenses	800	417	383
Fleet maintenance	2,000	2,248	(248)
Gas, oil and diesel	900	974	(74)
Contracted - Wastewater	7,500	4,900	2,600
Contracted - Biosolids	3,500	3,480	20
Engineering	500	-	500
Chemicals - Wastewater	6,000	4,628	1,372
Chemicals - Biosolids	35,000	44,281	(9,281)
Collection system repair	3,000	1,855	1,145
Wastewater repair	4,000	7,614	(3,614)
Biosolids repair	4,000	6,469	(2,469)
Supplies	4,500	3,760	740
Personal protective gear	500	743	(243)

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 4
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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING EXPENSES (CONTINUED):			
Wastewater department (continued) -			
Equipment rental	500	106	394
Biosolids disposal	80,000	60,507	19,493
Total wastewater department	<u>209,600</u>	<u>185,272</u>	<u>24,328</u>
Water department -			
Heat	1,500	584	916
Waterhouse electricity	7,000	7,758	(758)
Trash removal	1,000	1,485	(485)
Permits and licenses	1,500	1,798	(298)
Fleet maintenance	1,500	552	948
Gas, oil and diesel	1,000	1,465	(465)
Contracted - Water	5,000	4,279	721
Engineering	500	2,391	(1,891)
Chemicals - Water	1,000	12	988
Water line	20,000	4,935	15,065
Pumps and tanks	5,000	2,165	2,835
Asphalt repair	1,000	-	1,000
Equipment	500	196	304
Supplies	700	1,279	(579)
Meters	2,800	3,436	(636)
Personal protective gear	500	413	87
Equipment rental	500	-	500
Wastewater reserve	15,000	-	15,000
Water capital reserve	49,000	-	49,000
Miscellaneous	300	-	300
Total water department	<u>115,300</u>	<u>32,748</u>	<u>82,552</u>
Depreciation	-	114,626	(114,626)
Total expenses	<u>559,400</u>	<u>548,056</u>	<u>11,344</u>
OPERATING INCOME (LOSS)	<u>102,000</u>	<u>128,328</u>	<u>26,328</u>
NONOPERATING REVENUES (EXPENSES):			
Grant revenue	-	8,764	8,764
Insurance proceeds	-	495	495
Interest income	2,378	-	(2,378)
Debt service - Interest	(104,378)	(43,772)	60,606
Total nonoperating revenues (expenses)	<u>(102,000)</u>	<u>(34,513)</u>	<u>67,487</u>
CHANGE IN NET POSITION	\$ <u>-</u>	\$ <u>93,815</u>	\$ <u>93,815</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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Richmond, Vermont (the Town) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 21, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 13-1 and 13-2 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 13-3 through 13-7 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and

grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town's Response to Findings

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

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

*Mudgett, Jennott &
Krogh-Disher, P.C.*

Montpelier, Vermont
March 21, 2014

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

13-1 General ledger accounting and financial reporting:

Findings in prior years have reported that general ledger accounts required a significant number of adjusting entries during the audit to correct the account balances to be used for preparing the annual financial statements. The Town responded to recommendations to provide additional staffing and training of the accounting function by contracting with a Certified Public Accountant (CPA) to compile its annual financial statements. While not addressed in the contract, the CPA has also acted as a resource to advise the management and the new bookkeeper. However, the CPA was not able to start work for the Town until after the end of fiscal 2013 and had a substantial amount of corrections to make as accounts were reconciled. The audit was postponed to allow the corrections to be made. While the cash accounts were reconciled prior to the audit, and several other corrections had been made, the auditors did identify a significant number of adjustments which were necessary to correct the accounts. Preparation of the annual financial statements was delayed until the accounts were adjusted.

We recommend that the arrangement with the CPA be revised to assign additional duties to the CPA, including monthly maintenance of the general ledger, reconciliation of general ledger accounts, preparation of specific monthly reports, and internal control tasks such as review of general journal entries and other non-standard transactions. The CPA should be in the Town office on a regular basis to assist management and staff with accounting matters. We recommend the Town Manager meet regularly with the CPA and assign additional tasks as deemed necessary. The CPA should complete year end accounting tasks promptly, including compilation of the annual financial statements, and should be assigned the responsibility for coordination with the auditors to allow for efficient completion of the annual audit. The contract should document the CPA's additional duties beyond the annual compilation of financial statements and should include target dates for completion of tasks.

Management's response - The organization of the finance office continues to improve with procedures implemented last year. The scope of work for the CPA has already expanded beyond the compilation agreement. The CPA will review the trial balance on a monthly basis and provide assistance where required, and meet with management and staff on an ongoing basis. Management will supervise the work of the Finance Assistant and the CPA. The CPA will identify a schedule for the close of the fiscal year, pre-audit procedures and work with the Town's audit team to develop an efficient schedule for the completion of the audit.

13-2 General journal entries:

During our audit we noted that journal entries were recorded in the general ledger during the year, but the full description and documentation to support each entry was not retained; that the journal entries lacked identification of the preparer; and that there was no indication that journal entries were reviewed and approved by management. This includes journal entries provided by the CPA to be recorded by the bookkeeper.

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. These entries, including those provided by the CPA, should be sequentially numbered and retained in an orderly manner with supporting documentation including identification of the preparer and evidence of approval by management.

Management's response - General journal entries are now being retained with supporting documentation. A signature from the Finance Assistant and counter signature from the Town Manager are required for all entries and adjustments to the general ledger. Routine adjustments and adjustments proposed by the CPA will be reviewed by the Town Manager. All entries will be retained for inspection.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

13-3 Capital asset accounting:

For many years the Town relied on its auditors to maintain its capital asset listing and calculate annual depreciation expense. The Town responded to recommendations to develop a capitalization policy and implement a system to maintain capital asset balances by contracting with a CPA to compile its annual financial statements. During the 2013 audit, the CPA updated the capital asset listing and calculated depreciation expense. The auditors identified changes to this listing, and proposed adjusting journal entries to the general ledger to correct the recording of capital asset additions, retirements and depreciation.

We recommend that the CPA's assigned tasks include the development of a capital asset policy for management's review and approval. The CPA should also be responsible for ensuring that capital asset activity and balances are recorded and reconciled with supporting documentation. Management should receive and review capital asset reports on a regular basis.

Management's response - The CPA will assist the Town in developing a capital asset policy in the current fiscal year. The CPA will review changes to capital assets on a monthly basis with the Finance Assistant. The capital asset accounts will be updated and closed at the end of the fiscal year.

13-4 Long-term debt and capital lease accounting:

In prior years the accounting for long-term debt was not completed prior to the annual audit. In 2013 the balances of long-term debt, and a new capital lease, were recorded accurately; however, it was noted that capital lease proceeds and debt service expenditures were not properly recorded. The debt service expenditures did not agree to allocations documented on the debt service invoices. The auditors proposed adjusting journal entries to correct activity related to capital lease proceeds and debt payments.

We recommend that the CPA reconcile the recorded activity related to debt proceeds and payments with supporting debt service documentation, and also reconcile the recorded long-term debt balances in the general ledger with the lender's loan schedules.

Management's response - The Town will obtain new debt schedules from lenders on a timely basis. Invoices will be reviewed for proper account coding. The CPA will review long-term debt and capital lease schedules on a monthly basis with the Finance Assistant. The long-term debt accounts will be updated and closed at the end of the fiscal year.

13-5 Segregation of duties:

This condition has not significantly changed from the prior year. We noted that finance staff has full access to record transactions in the general ledger and subsidiary ledgers, has access to record non-cash credits to taxpayer accounts, and is involved in both cash receipts and cash disbursements, including bank transfers. There is no formal, documented review and approval process by management.

If the Town does assign the CPA to provide additional oversight of the Financial Assistant's work, and also assigns the CPA with maintenance of the general ledger, that would mitigate this condition. If that does not happen, then management should increase their supervision of this function.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

13-5 Segregation of duties (continued):

We recommend that management evaluate the current control structure and implement additional controls. We also recommend that management evaluate how to best utilize their relationship with the contracted CPA. The current contract does not fully document the current activity or management's understanding.

Management's response - Over the past year, the finance office has been more segregated than in previous years. While improvements have been made, some weaknesses in internal control still exist. The Town will continue to improve policies and procedures in the finance office and management will review documentation periodically, throughout the year.

13-6 Fuel usage:

This condition has not changed from the prior year. The Town allows Richmond Rescue to use fuel from the highway department with the understanding that Richmond Rescue will be billed for its usage accordingly. However, it has been noted that the Town relies on Richmond Rescue to inform them of their usage. 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 its policy regarding fuel usage by external parties, and develop appropriate controls to track and bill for fuel usage.

Management's response - Fuel usage by other users continues to be a challenge to track. The implementation of the receipt-based policy has been incomplete. The Town will explore, with the assistance of all users, an electronic card-tracking system for the diesel pump.

13-7 Grant administration:

We noted that activity in the Grants Fund (Fund 42) was not reconciled by finance department personnel prior to the audit. We analyzed activity in the fund, proposed adjusting journal entries to the general ledger to reclassify revenue and expenditures, adjusted deferred revenue and recorded additional grant receivables. We also identified and corrected the recording of prior year grant receivables that were collected during the current year.

We recommend that the Town assign a single person to be responsible for grant administration. That person should have central files for all grants. The duties would require that individual to be aware of all grant requirements; know the status of all grant funded programs; insure that grant activity reports are prepared in a timely manner; and determine that grant activity is recorded properly in the general ledger.

Management's response - The Finance Assistant will be responsible for grant administration. All grant awards will be provided to and tracked by the Finance Assistant, including expenditures, revenues, and uncollected balances. The CPA will assist in verifying entries.