

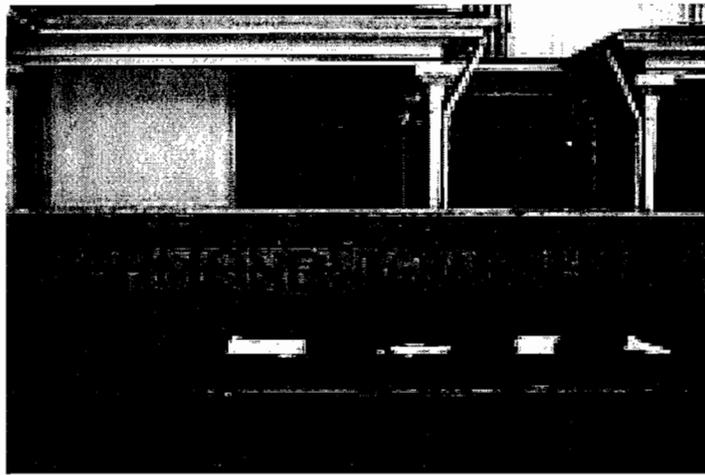
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***TOWN OF RICHMOND***

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***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012***



***Prepared by: Finance Department***

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***RICHMOND, RHODE ISLAND***

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**TOWN OF RICHMOND, RHODE ISLAND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
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*Concluded*

## **INTRODUCTORY SECTION**

This Section Contains the Following Subsections:

Letter of Transmittal  
Organizational Chart  
List of Town Officials



# Town of Richmond, Rhode Island

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## **FINANCE OFFICE**

Richmond Town Hall  
5 Richmond Townhouse Rd  
Wyoming, RI 02898  
401-539-9000 EXT. 8  
treasurer@richmondri.com

December 1, 2012

To: Citizens of Richmond, Rhode Island  
Richmond Town Council  
Richmond Town Administrator

The comprehensive annual financial report of the Town of Richmond, Rhode Island for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the various funds of the Town of Richmond. The reader should see the following Managements Discussion & Analysis section of this report in order to gain a broader understanding of the Town and its activities.

The independent audit of the financial statements of the Town of Richmond, Rhode Island included in section IV was part of broader, federal and state "Single Audits" designed to meet the special needs of the federal and state grantor agencies. The standards governing the Federal and State Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards.

## **THE TOWN OF RICHMOND**

In May 2007 Richmond voters approved a referendum to create a Home Rule Charter Commission. The Charter Commission subsequently created a Richmond Home Rule Charter, and the Town Council unanimously approved its placement on the November 2008 ballot. Richmond voters approved the Charter by a 70%-30% margin. The Rhode Island General Assembly gave their approval on May 20, 2009, and the Charter took effect on May 28, 2009.

The Charter retains many features of the prior government: the 5-member town council headed by a council president; an elected town clerk; and a Finance Board and an annual Financial Town Meeting. The major changes included the creation of a Town Administrator who reports directly to the town council

The Town of Richmond's municipal government provides a full range of services including education, police, planning, zoning, construction and maintenance of highways, streets, and infrastructure, social services, parks and recreational activities and cultural activities. Approximately 56 full-time municipal employees provide services to a community of 40.8 square miles and 7,708 residents.

The town of Richmond was originally part of the territory of Westerly, Rhode Island (1669 to 1747), which remained in dispute for several years between the British colonies of Rhode Island, Connecticut, and Massachusetts.

In 1665 Charles II, the King of England, dissolved the different charters of the three colonies in dispute, assumed governance, and renamed the area King's County. In May 1669, the General Assembly of Rhode Island and Providence Plantations organized King's County into the town of Westerly. After this the town of Westerly organized itself into four separate areas: Westerly, Charlestown, Richmond, and Hopkinton.

Richmond was incorporated as a separate and distinct town in 1747. It is bounded on the north by the town of Exeter, on the west by the Wood River, on the east by the towns of Exeter and South Kingstown, and on the south by the Pawcatuck River. Richmond is some 35 miles south of the state's capital, Providence, Rhode Island. Richmond is mostly forested. It is the site of the Washington County Fair. According to the United States Census Bureau, the town has a total area of 40.8 square miles, of which 40.6 square miles is land and 0.2 square miles is water.

Richmond is a rural area. In fact, a large portion of the town (about 60 percent) is undeveloped woodland. Points of interest in Richmond include Arcadia, a quaint village popular for Arcadia State Park, the state-operated Fish Cultural Station in Arcadia where the primary focus has been to introduce such species as Northern Pike and Atlantic Shad to New England waters, and Shannock Falls. A major exit from I-95 is located in town providing easy access.

## ***Economic Conditions***

### ***State Trends***

Economic conditions in the State and region are likely to impact economic development activities in Richmond. During the past decade, the State's economy fluctuated. According to the Rhode Island Department of Labor and Training (RIDLT) (2010)(1), from December 2001 through January 2007, Rhode Island experienced an economic upswing when private sector jobs grew 5.4%, outpacing all other New England states; however that momentum shifted later in 2007. The state budget crisis, increased energy costs, and the housing market and credit collapse pushed Rhode Island into a recession nearly one year before the rest of the nation. The state's unemployment rate reached its highest in 30 years in December 2009 at 12.7% and for three months it held steady. Nationally, unemployment reached its peak of 10.1% in October 2009 and then slowly dropped. Rhode Island's rate dropped to 11.5% in September 2010; however it is still the highest unemployment rate in New England and fifth nationally. Job losses occurred in nearly all economic sectors with the largest declines in manufacturing, construction, profession and business services, financial activities, accommodation and food services, and government.

The National Bureau of Economic Research declared that the recession ended in June 2009, but in the years that followed, national job losses continued. In Rhode Island, employment bottomed out almost a year later in April 2010. This loss was exacerbated by the record-breaking rainfall in March 2010. The flooding that resulted affected both residents and businesses. RIDLT reports that in Rhode Island, 240 businesses with nearly 4,900 workers were impacted by significant flooding.

RIDLT projects modest job growth statewide at all education and skill levels. Between 2008 and 2018, employment is projected to increase by nearly 40,000 jobs. This projected growth will be driven primarily by the increased demand for products and services of the health care and social assistance; professional, scientific, and technical services; educational services; retail trade; and accommodation and food services sectors. The RIDLT reports that the largest gains continue to occur in the health care and social assistance sector and project an increase of 13,000 jobs by 2018 in this sector. This growth is being led by our aging population along with medical advances and new technologies promoted by the Knowledge Economy.

### ***Local Trends***

A majority of the businesses in Richmond are small and employ less than 50 people. According to RIEDC, the number of private businesses in Richmond over the past five years has been between 138 and 148, with most in

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<sup>1</sup> *Rhode Island Employment Trends 2010*. A publication by the RIDLT Labor Market Information Unit. October 2010.

the Construction, Retail, and Other Services (except Public Administration) industries (Table). Business growth is in Professional and Technical Services as well as Other Services (except public administration). Statewide, RIDLT anticipates future employment in the Health Care and Social Assistance; Professional, Scientific, and Technical Services; Educational Services; Retail Trade; and Accommodation and Food Services sectors. Some of these businesses are located in town, and local policies may want to be drafted that will target those businesses and identify ways to support growth to increase jobs.

**Table: Number of Establishments in Richmond, 2005-2009 (RIEDC)**

	2005	2006	2007	2008	2009
Total Private & Government	146	156	155	156	148
Total Private Only	138	148	147	148	140
Agriculture, Forestry, Fishing & Hunting	5	5	5	5	6
Construction	22	25	24	22	22
Manufacturing	6	6	6	6	*
Wholesale Trade	10	9	7	8	7
Retail Trade	25	25	24	23	21
Information	3	3	*	*	*
Finance & Insurance	5	5	5	*	4
Professional & Technical Services	6	7	9	10	10
Management of Companies & Enterprises	0	0	0	0	-
Administrative Support & Waste Management	8	10	10	10	10
Educational Services	*	*	3	*	3
Health Care & Social Assistance	9	9	10	10	9
Arts, Entertainment, & Recreation	6	9	8	8	7
Accommodation & Food Services	15	16	16	14	13
Other services (except Public Administration)	15	17	17	18	20
Unclassified Establishments	1	-	1	*	-
Government	9	9	8	8	8

\* Data not available

Sources: Employment & Establishments: RI Department of Labor & Training, QCEW surveys

On average in 2009, businesses in Richmond employ approximately 1,800 people, a majority of were employed in Public Administration, Retail Trade, Accommodation and Food Service, and Arts, Entertainment and Recreation sectors. The trend over the past five years shows most business in Town losing employees, either by way of closing or downsizing. Most peaked employment between 2005 and 2007, before the economic downturn. Overall, there has been no real employment gain.

**Table ED-1: Average Employment for Richmond Businesses, 2005-2009 (RIEDC)**

Year	2005	2006	2007	2008	2009
Total Private & Government	1,889	1,890	1,838	1,921	1,810
Total Private Only	1,244	1,236	1,182	1,216	1,129
Agriculture, Forestry, Fishing & Hunting	40	43	24	17	22
Construction	72	82	81	82	83
Manufacturing	100	110	104	97	*
Wholesale Trade	51	50	31	33	32
Retail Trade	342	346	334	305	309
Information	5	5	*	*	*
Finance & Insurance	50	47	41	*	43
Professional & Technical Services	29	28	39	44	43
Management of Companies & Enterprises	0	0	0	0	-
Administrative Support & Waste Management	51	55	59	74	53

Educational Services	*	*	2	*	5
Health Care & Social Assistance	80	81	86	79	76
Arts, Entertainment, & Recreation	89	55	53	134	121
Accommodation & Food Services	237	239	243	228	197
Other services (except Public Administration)	47	51	50	50	48
Public Administration	645	654	656	705	681

\* Data not available

Source: RIEDC (Population: US Census Bureau, Census 2000; *Population Estimates Program* for later years  
Employment & Establishments: RI Department of Labor & Training, QCEW surveys)

With 300 employees, Kenyon Industries is the largest employer in Richmond (RIEDC 2011), followed by Foxwoods Golf and Country Club and Stop and Shop. Excluding local government, Table ED- 2 lists businesses with more than 25 employees.

**Table ED- 2: Businesses with more than 25 employees (2011)**

Company Name	Line of Business	Employment
Kenyon Industries, Inc.	Finishing plants, manmade	300
The Stop & Shop Supermarket Company LLC	Grocery store	140
Wendy's	Restaurant	85
Vibco, Inc.	Construction machinery	75
Ocean Community YMCA	Civic and social associations	50
State Police, Rhode Island	Police protection	35
CVS Pharmacy	Drug stores and proprietary stores	30
Coastal Plastics, Inc	Plastics materials or resins	30
Richmond Country Club Inc	Golf club, non-membership	30
Bridges, Inc.	Intermediate care facilities	30
Rite Aid Corporation	Drug store and proprietary store	25
Meadow Brook Country Club	Golf Course	25

Source: RIEDC, communication August 29, 2011; supplemented with calls to local businesses.

### **Richmond Labor Force**

The RIDLT(2) reports the Town's labor force is an estimated 4,300. The Town's unemployment rate for May 2011 was 7.4%, an improvement over the 2010 annual average of 8.7%. Compared to the State's rate of 11% (May 2011), the Town's labor force appears to be getting back to work.

US Census statistics show that Richmond's labor force is an educated one. According to the ACS (2009), nearly 63% of residents 25 years and older had either take some college courses without achieving a degree or completed a higher education degree. One third had a bachelor's degree or higher. Table ED-3 lists the industries of employment for residents 16 years and older. Nearly one quarter are employed in education services, and health care and social assistance businesses, all of which require advanced training or degree. Another sector that is growing and requires specialized training or advanced degrees is professional, scientific, and management, and administrative and waste management industries. Residents working in this sector also grew. But residents are not working in town. The number of Richmond businesses in these sectors is declining (Table). If the Town wants to provide employment opportunities for residents in Town, it should look to retain existing businesses and help them grow.

**Table ED-3: Industries of Employment for Richmond residents 16 Years and Older**

Industry	2000	2009
Agriculture, forestry, fishing and hunting, and mining	0.1%	0.3%
Construction	5.3%	4.8%
Manufacturing	13.2%	8.6%

<sup>2</sup> RIDLT, Labor Market Information Unit "Richmond Labor Force Statistics (not seasonally adjusted) 1990-Present," 2011 (<http://www.dlt.ri.gov/lmi/laus/town/laus11.htm>, obtained 4/25/2011)

Wholesale trade	3.8%	2.8%
Retail trade	13.3%	14.3%
Transportation and warehousing, and utilities	4.5%	4.6%
Information	2.0%	1.8%
Finance and insurance, and real estate and rental and leasing	8.1%	8.5%
Professional, scientific, and management, and administrative and waste management services	7.9%	9.3%
Educational services, and health care and social assistance	21.9%	24.7%
Arts, entertainment, and recreation, and accommodation and food services	8.7%	9.9%
Other services, except public administration	5.8%	5.0%
Public administration	5.6%	5.2%

Source: ACS 5-Year Estimates (2009); 2000 US Census

It is important to note that while agriculture, forestry, fishing and hunting businesses employ the smallest percentage of residents this sector did see a small increase. Based on public opinion, support of this sector should continue. There are approximately 20 working farms in Richmond and many offer seasonal activities that support their operations. These would include corn mazes, hay rides, educational programs, and farm stands.

Statistically, the ACS reports that a majority of residents (87.5%) commuted to work by car and drive alone, a small decrease from 89.3% in 2000. The average commute is 29 minutes. However, it appears that a more are taking public transportation. The ACS reports 0.7% took public transportation, a small increase from 2000 (0.3%). Fewer are carpooling and there was little change in those that worked at home.

### ***Economic Development Issues***

- While Richmond experienced significant demographic and economic changes from 1980 to 2000 (nearly 80% increase in population), the 2010 US Census reports a 7% population increase from 2000 to 2010. Washington County is one of the few areas in Rhode Island that showed growth during this passed Decennial Census, where the state's overall growth was flat.
- Along with the increase in size, the composition of the population has shifted with a proportional growth of older segments resulting in increases in the median age from 28.0 years in 1980 and 41.2 years in 2010.
- The percentage of families living below the poverty level was estimated to be 1% in 2009 (ACS Five-Year Estimates), down from 2% reported in the 2000 US Census. Individuals living below the poverty level were estimated to be 3% in 2009, no change from 2000.
- The 2009 ACS reported that the estimated average commute for Richmond residents was 29 minutes.
- The State has been plagued with a struggling economy since 2007. By July 2011, the state's unemployment rate remained one of the highest in the country at 10.8%, higher than the national rate of 9.1% (US Bureau of Labor Statistics). In Richmond, it was 7.7%.

- Employment growth in Richmond, like the rest of the state, has been slow. Since 2007, new jobs in town has slowly declined or remained flat.

## ECONOMIC CHARACTERISTICS

### Population

Ranked 33<sup>rd</sup> in population among the thirty-nine cities and towns in State, the Town's 2010 population was 7,708, according to the U.S. census of that year.

	Town Population	% Change	State Population	% Change
<b>2010</b>	7,708	6.73%	1,052,567	0.41%
<b>2000</b>	7,222	34.97%	1,048,319	4.47%
<b>1990</b>	5,351	33.18%	1,003,464	5.95%
<b>1980</b>	4,018	53.07%	947,154	-0.27%
<b>1970</b>	2,625	32.18%	949,723	10.50%
<b>1960</b>	1,986	12.08%	859,488	8.54%
<b>1950</b>	1,772	8.78%	791,896	11.01%
<b>1940</b>	1,629	6.12%	713,346	3.76%
<b>1930</b>	1,535	17.99%	687,497	13.75%
<b>1920</b>	1,301	-20.33%	604,397	11.39%
<b>1910</b>	1,633	8.43%	542,610	26.61%

Source: U.S. Bureau of the Census, 2011.

### Income Levels

#### RI City & Town Income from American Community Survey 5-Year Estimates 2006 - 2010

City/Town	Median Household Income <sup>1</sup>	Median Family Income <sup>1</sup>	Per Capita Income <sup>2</sup>
<b>Statewide</b>	<b>\$54,902</b>	<b>\$70,663</b>	<b>\$28,707</b>
Richmond	\$72,819	\$79,762	\$31,731

1: Median Income in the Past 12 Months (2010 Inflation-Adjusted Dollars)

2: Per Capita Personal Income in the Past 12 Months (2010 Inflation-Adjusted Dollars)

## Unemployment

### Rhode Island Local Area Unemployment Statistics\*

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>RHODE ISLAND</b>										
LABOR FORCE	553,791	563,580	555,096	561,439	573,000	574,246	571,470	565,462	570,301	563,413
EMPLOYMENT	525,721	533,265	526,046	532,961	543,973	544,437	527,304	503,806	503,576	500,014
UNEMPLOYMENT	28,070	30,315	29,050	28,478	29,027	29,809	44,166	61,656	66,725	63,399
UNEMPLOYMENT RATE	5.1	5.4	5.2	5.1	5.1	5.2	7.7	10.9	11.7	11.3
<b>RICHMOND</b>										
LABOR FORCE	4,204	4,287	4,255	4,334	4,459	4,440	4,384	4,324	4,416	4,332
EMPLOYMENT	4,064	4,146	4,112	4,201	4,306	4,305	4,162	3,990	4,033	4,005
UNEMPLOYMENT	140	141	143	133	153	135	222	334	383	327
UNEMPLOYMENT RATE	3.3	3.3	3.4	3.1	3.4	3.0	5.1	7.7	8.7	7.5

\*Pending approval by the Bureau of Labor Statistics

Source: RI Department of Labor and Training.

## Employment

Through the 12 months ended December 31, 2010, the Town had 154 private business and industrial firms subject to the payment of employment security taxes. During that period, the average number of persons employed was 1,861. The following is a listing of the various types of industry in the Town covered by the Rhode Island Economic Development Corporation for the 12 months ended December 31, 2010

Population	7,708	
Average Employment	No. of Units	No. of Employees
Total Private & Government	154	1,861
Total Private Only	147	1,184
Agriculture, Forestry, Fishing & Hunting	8	27
Mining	1	-
Utilities	-	-
Construction	25	89
Manufacturing	6	83
Wholesale Trade	7	-
Retail Trade	22	308
Transportation & Warehousing	2	-
Information	1	-
Finance & Insurance	4	41
Real Estate & Rental & Leasing	1	-
Professional & Technical Services	10	47
Management of Companies & Enterprises	-	-
Administrative Support & Waste Mngmnt.	13	62
Educational Services	3	-
Health Care & Social Assistance	9	80
Arts, Entertainment, & Recreation	7	128

Accommodation & Food Services	16	211
Other services (except Public Administration)	17	46
Unclassified Establishments	-	
Public Administration	8	

## Housing

Recent housing supply trends show a deficit of affordable housing units in Richmond and throughout the State. According to RIH, prior to the recent economic recession, Rhode Island housing stock has a shortage of 13,000 affordable housing units.

Because Washington County has experienced significant population growth since 1990 and housing supply failed to meet new demands, the cost of homes in Rhode Island increased dramatically and at a much faster pace than the rate of inflation. As a result, from 1990 to 2000, Richmond's total number of dwelling units increased by nearly 40%.

**Table: Housing Supply: Total Number of Dwelling Units, 1970-2000**

	1970	1980	1990	2000	2010	Change 2000-2010
Richmond	803	1,384	1,874	2,620	2,952	12.7%
Charlestown	1,971	3,064	4,256	4,797	5,142	7.2%
Exeter	795	1,390	1,919	2,196	2,511	14.3%
Hopkinton	1,693	2,264	2,662	3,112	3,458	11.1%
South Kingstown	6,020	8,138	9,806	11,219	13,218	17.8%

Sources: BC Stewart & Associates, 2004. Planning Staff, Town of Richmond  
US Census, 2000, 2010

Since Richmond is a residential community, the number of single family home building permits issued accurately measures population growth. The table above clearly shows the dramatic increase in housing units, particularly in the decade of the 1990's. Richmond's percentage of single-family owner-occupancy is the highest in Washington County.

## Internal Controls

In developing and evaluating the Town's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization, procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently is designed to provide reasonable assurance that:

Transactions are executed in accordance with management's general or specific authorization.

Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance – related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability of assets.

Access to assets is permitted only in accordance with management's authorization.

The recorded accountability of assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control presumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

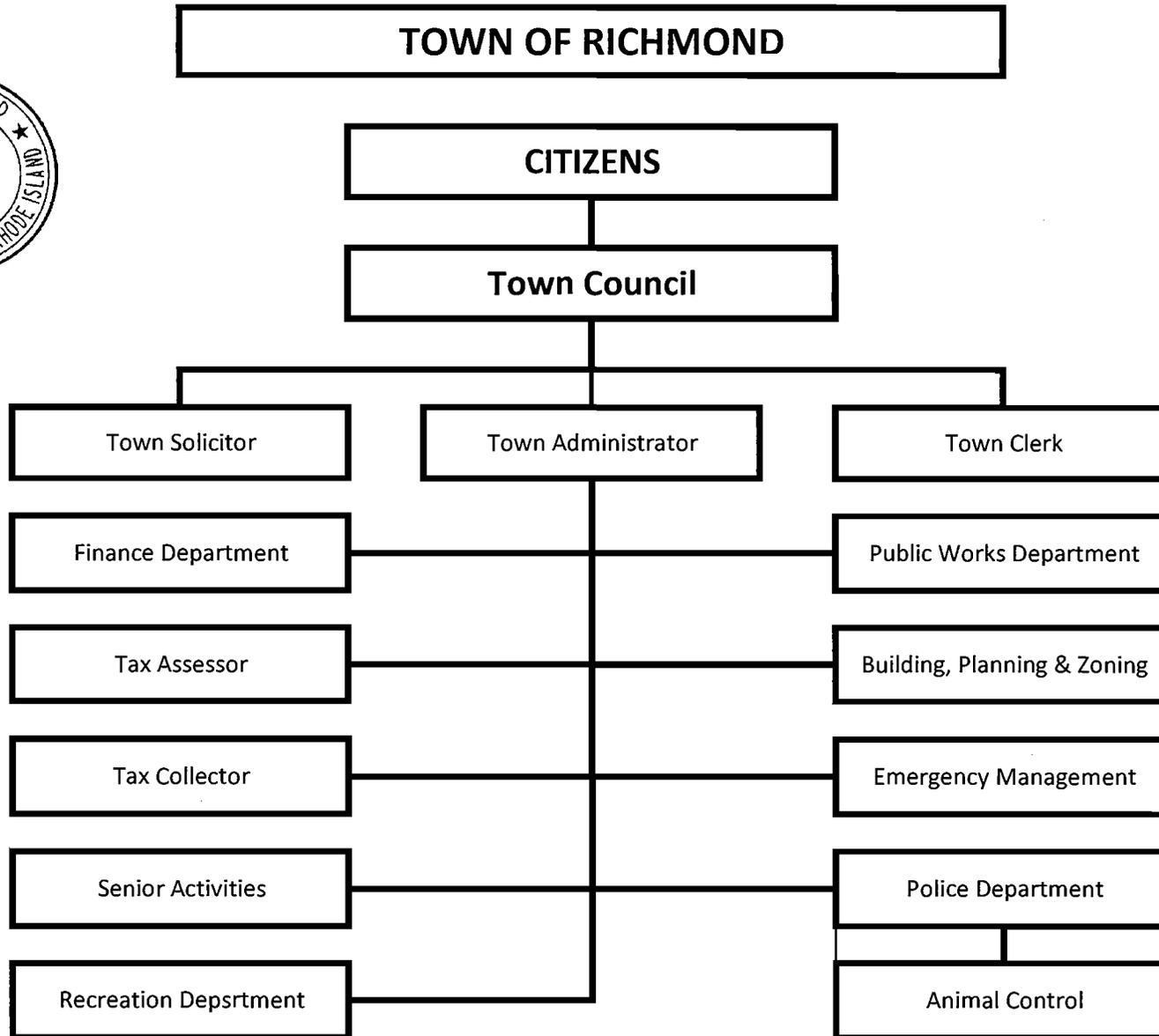
All internal control evaluations occur within the above framework. We believe that the Town's internal accounting control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

#### Acknowledgments

The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. I also appreciate the assistance and dedication of the audit team from Parmelee, Poirier & Associates, LLP. Finally I would like to thank the Town Administrator and the members of the Town Council for their professionalism and dedication to the Town of Richmond.

Respectfully Submitted,

Dave Krugman  
Finance Director



**TOWN OF RICHMOND  
RHODE ISLAND**

**TOWN COUNCIL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

B. Joe Reddish, III, Town Council President  
Henry R. Oppenheimer, Town Council Vice President  
Erick A. Davis  
Paul H. Michaud  
Peter J. Fangiullo

**TOWN CLERK**

Tracy Hay

**FINANCE DIRECTOR**

David Krugman

**TOWN ADMINISTRATOR**

Steven Sette

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## **FINANCIAL SECTION**

This Section Contains the Following Subsections:

Independent Auditor's Report  
Management's Discussion and Analysis  
Basic Financial Statements  
Required Supplementary Information  
Supplementary Information

## ***INDEPENDENT AUDITORS' REPORT***

The Honorable President and  
Members of the Town Council  
Town of Richmond  
Richmond, Rhode Island

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, Rhode Island (the Town) as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

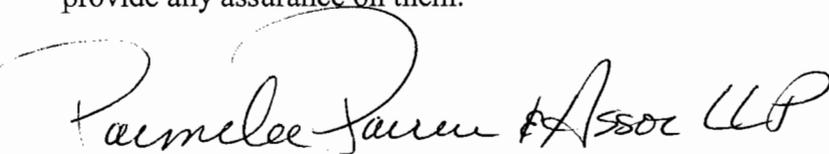
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2012 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 49 respectively, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Parmelee, Poirier & Associates, LLP  
December 1, 2012

## **Management's Discussion and Analysis**

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

The Town of Richmond's Management Discussion and Analysis (MDA) is designed to assist the reader in focusing on significant issues in the audit report. The financial statements appear in two categories, Government - Wide Financial Statements and Fund Financial Statements. This format focuses on the Town's Finances as a whole including other business activities as well as its government-wide funds.

Our discussion and analysis of the Town of Richmond, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2012.

**Financial Highlights**

- ❖ At the end of the current fiscal year, the general fund unassigned fund balance was \$3,177,627, or 14.2% of the total general fund budgeted expenditures and transfers out for the fiscal year. An unassigned fund balance is available for use or may be specifically set aside for some future action. It is essential for maintaining the Town's cash flow for the first two months of the fiscal year without issuing tax anticipation notes because new taxes are not received until September, and approximately 15% of the Town's budget is expended to the Chariho Regional School District in that time. The Town's unreserved fund balance can be deemed adequate based on the size of the Town budget, as a healthy fund balance is usually around 10% of General Fund budgeted expenditures. Additionally, the assigned fund balance amounted to \$573,807, which is comprised of amounts assigned to be spent on specific purposes in future years.
- ❖ The Town's Government-wide (Governmental and Business-Type Activities) operating expenses were \$24,365,268, a 5.1% increase from the prior year, while revenues were \$23,865,231, a 8.6% increase.
- ❖ The current fiscal year's expenditures and transfers exceeded revenues and transfers by \$500,037. The majority of the deficit resulted from the expenditure of capital bond proceeds and community development expenses.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,823,358. Included in this amount is the general fund unassigned balance of \$3,177,627, assigned fund balance of \$573,807 and special revenue and capital project fund balances of \$1,071,924, which is earmarked for special revenue and capital project items.
- ❖ The Town's net assets decreased \$500,037, or 2.8% as a result of this year's operations. The general revenues and other changes in net assets are totaled and added to the net (expense) revenue totals to produce the total change in net assets. The major components were asset depreciation expense, which amounted to \$1,599,929, and Federal Grant funding for the Water Project in the amount of \$625,725. On a Government-wide basis the assets of the Town of Richmond exceeded its liabilities at the close of the most recent fiscal year by \$17,508,025. Net assets of Business-Type Activities increased by \$663,111, or 62.3%, while net assets of Governmental Activities decreased by \$1,163,148 or 6.9%. For a more detailed explanation on the changes in net assets, see the reconciliation on page 16.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements consist of three components:

- Government – wide financial statements
- Fund financial statements
- Notes to financial statements

In addition to the basic financial statements, this report also contains other supplementary information.

The Town's basic financial statements and other supplementary financial information provide information about all of the Town's activities. They provide both a short-term and a long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

**Government-wide financial statements** - are designed to provide readers with a broad overview of the Town's finances in a manner, which is similar to a private-sector business. They are presented on the accrual basis of accounting where revenues and expenditures are recognized on the date they occurred rather than on the date they were collected or paid.

The *Statement of Net Assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information which shows how the Town's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Examples are uncollected taxes and earned but unused compensated absences.

Both government-wide financial statements distinguish functions of the Town, which are supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-Type Activities). The Town's Governmental Activities include general government and administration, public safety, development services, cultural and recreational services. The Town's Business-Type Activities include the Water Fund.

The government-wide financial statements are reported on pages 12 through 13.

**Fund financial statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories - governmental funds and proprietary funds.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund which is considered to be a major fund. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds** - The Town's proprietary funds are used to report the same functions presented as Business-Type Activities in the government-wide financial statements. The Town has one enterprise fund. The Water Fund is considered to be a major fund for financial statement purposes.

The basic proprietary fund financial statements are presented on pages 17 through 19.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 20 and 21.

**Notes to Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 22 through 48.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on page 49.

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 50 through 65.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

**Government-wide Financial Analysis**

**Analysis of the Town of Richmond's Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position, and an important determinant of its ability to finance services in the future. The Town of Richmond, Governmental Activities assets exceeded liabilities by \$15,780,131 as of June 30, 2012. This is a decrease of (\$1,163,148) from the previous year.

Listed below is a comparison of the current and prior fiscal years.

	Town of Richmond Net Assets					
	June 30, 2012			June 30, 2011		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
Current and other assets	\$ 6,395,072	\$ 539,653	\$ 6,934,725	\$ 6,512,081	\$ 481,008	\$ 6,993,089
Capital assets, net	12,492,906	2,016,096	14,509,002	13,522,388	588,288	14,110,676
Total assets	<u>18,887,978</u>	<u>2,555,749</u>	<u>21,443,727</u>	<u>20,034,469</u>	<u>1,069,296</u>	<u>21,103,765</u>
Current liabilities	575,503	2,855	578,358	336,741	4,513	341,254
Long-term liabilities	2,532,344	825,000	3,357,344	2,841,205	-	2,841,205
Total liabilities	<u>3,107,847</u>	<u>827,855</u>	<u>3,935,702</u>	<u>3,177,946</u>	<u>4,513</u>	<u>3,182,459</u>
Net assets:						
Invested in capital net of related debt	10,117,906	1,191,096	11,309,002	10,822,388	588,288	11,410,676
Unrestricted	5,662,225	536,798	6,199,023	6,034,135	476,495	6,510,630
Total net assets	<u>\$ 15,780,131</u>	<u>\$ 1,727,894</u>	<u>\$ 17,508,025</u>	<u>\$ 16,856,523</u>	<u>\$ 1,064,783</u>	<u>\$ 17,921,306</u>

An additional portion of the Town's net assets, \$10,117,906 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

As of June 30, 2012 the Town of Richmond reports positive balances in both categories of net assets for the government as a whole.

**Analysis of the Town of Richmond's Operations**

The following analysis provides a summary of the Town's operations for the year ended June 30, 2012. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year ended June 30, 2004. Therefore, comparative data is both available and presented in the following schedules. Governmental activities decreased the Town's net assets by \$1,163,148 for the current period, accounting for a 6.9% decrease in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$663,111, accounting for 62.3% increase in the business-type growth in net assets. Overall the Town's net assets decrease was \$500,037 which is a 2.8% decrease over the prior year.

In the fund financial statements, the Town ended the year with a net decrease in the General Funds' fund balance of \$57,698 as shown in the Statement of Revenues, Expenditures and Changes in Fund Balance on page 15. This decreased the cumulative General Fund fund balance surplus to \$3,751,434, which is 16.8% of the 2011-2012 General Fund revised budgeted expenditures and transfers. Total changes in fund balances for the Town were (\$477,778), decreasing the cumulative Governmental Fund surplus to \$4,823,358.

In the Statement of Activities, expenditures for capital items are not recorded as expenses but instead are shown in the balance sheet, which would result in an increase of \$570,447 for the Statement of Activities, while depreciation expense results in a decrease of \$1,599,929, respectively; also the reduction of deferred revenues is not recorded as revenue in the fund financial statements, but are shown in the balance sheet, which would result in increases of \$39,608 for the statement of activities. Bond principal payments of \$325,000 were recognized as an increase in net assets and a reduction in long-term debt in the Statement of Net Assets. Additionally, there were a few small changes resulting in a decrease of \$4,357 and \$16,139, respectively.

The overall effect was a decrease in the Town's Governmental activities net assets by \$1,163,148. For a more detailed explanation of the reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities please see page 16 of this report, and Note 9 of the Notes to the Financial Statements on pages 39 and 40.

The following page presents the Changes in Net Assets for the current year's activity.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

**Town of Richmond**  
**Changes in Net Assets**

	June 30, 2012			June 30, 2011		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 518,345	\$ 117,031	\$ 635,376	\$ 464,305	\$ 87,050	\$ 551,355
Federal/State grants	1,003,705	625,725	1,629,430	1,100,079	-	1,100,079
<b>General Revenues</b>						
Property taxes	15,696,290	-	15,696,290	15,022,955	-	15,022,955
Interest on late payments	185,525	-	185,525	143,588	-	143,588
Investment earnings	6,328	-	6,328	14,260	3,291	17,551
State aid	5,712,282	-	5,712,282	5,146,633	-	5,146,633
Total revenues	23,122,475	742,756	23,865,231	21,891,820	90,341	21,982,161
<b>Expenses</b>						
General government	1,202,400	-	1,202,400	1,211,012	-	1,211,012
Public safety	1,672,730	-	1,672,730	1,498,832	-	1,498,832
Public works	2,180,519	-	2,180,519	2,123,184	-	2,123,184
General public assistanc	769,187	-	769,187	726,279	-	726,279
Recreation and culture	52,129	-	52,129	57,159	-	57,159
Education	18,098,080	-	18,098,080	17,072,158	-	17,072,158
Recycling area	55,875	-	55,875	55,128	-	55,128
Community services	153,049	-	153,049	143,870	-	143,870
Landfill closure	10,073	-	10,073	6,401	-	6,401
Other	5,764	-	5,764	136,861	-	136,861
Interest	85,817	-	85,817	82,831	-	82,831
Water operations	-	79,645	79,645	-	73,599	73,599
Total expenses	24,285,623	79,645	24,365,268	23,113,715	73,599	23,187,314
Change in net assets	(1,163,148)	663,111	(500,037)	(1,221,895)	16,742	(1,205,153)
Prior period adjustments	86,756	-	86,756	-	-	-
<b>Net assets - beginning</b>	16,856,523	1,064,783	17,921,306	18,078,418	1,048,041	19,126,459
<b>Net assets - ending</b>	\$15,780,131	\$1,727,894	\$17,508,025	\$16,856,523	\$1,064,783	\$17,921,306

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

**Financial Analysis of the Town of Richmond's Funds**

**Governmental Funds** - The focus of the Town of Richmond's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,823,358. Included in this amount is the general fund unassigned balance of \$3,177,627, assigned fund balances of \$573,807 and special revenue and capital project fund balance of \$1,071,924, which is earmarked for special revenue and capital project items.

**Proprietary Funds** - The Town of Richmond's proprietary fund statements provide the same type of information as presented in the government-wide financial statements, but in more detail. Total net assets of the respective proprietary funds are \$1,727,894

**General Fund Budgetary Highlights**

**Revenues:**

General Property Tax and Interest on Late Payments – collections were over budget by \$13,743 and \$60,525 respectively, due to a more aggressive stance by the Town on collection of Property Tax Revenue, as well as Tax Sale and increased payments of interest on unpaid balances.

Intergovernmental and Departmental – revenue was over budget by \$32,923 as a result of a conservative approach to budgeting revenue by the Town for the current fiscal year. Real estate revenues received through the Town Clerk's office have increased for the current year as well.

Interest on Investments – interest was under budget by \$23,893 as a result of continued decreases in interest rates.

Other Revenues – were over budget by \$55,977 as a result of unanticipated one time revenues. Emergency Claims reimbursement for Hurricane Irene totaled \$63,734, which is the largest portion of the excess.

**Expenses:**

General Government – expenses were under budget by \$107,595 as a result of cost control savings and non-expenditure of the Town Contingency budgeted expenditures.

Public Safety – expenses were over budget by \$79,636 due primarily to overtime for dispatch employees. Weekend dispatch shifts were not being staffed by fill ins, and in lieu of no dispatcher, the Police Department employee's themselves were called in to perform work at a much higher rate of pay.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

Public Works – expenses were over budget by \$61,203 due to unanticipated Hurricane Irene costs. This is more than offset by the above mentioned ‘Other Revenues’ which were collected for unanticipated Hurricane costs.

Recycling – expenses were over budget by \$15,875 due to an increase in hauling fees for the current year.

**The Town of Richmond's Capital Assets**

The Town of Richmond's investment in capital assets for its governmental and business-type activities amounts to \$14,509,002 net of accumulated depreciation at June 30, 2012. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure.

Additional information on the Town of Richmond's capital assets is located in Note 7 of the Notes to the Financial Statements on pages 36 and 37.

**Town of Richmond**  
**Capital Assets (Net of Accumulated Depreciation)**

	June 30, 2012			June 30, 2011		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Land	\$ 2,203,893	\$ 59,254	\$ 2,263,147	\$ 2,203,893	\$ 59,254	\$ 2,263,147
Construction in progress	365,174	1,494,697	1,859,871	-	38,053	38,053
Buildings and improvemen	812,154	328,622	1,140,776	874,684	351,264	1,225,948
Machinery and equipment	501,158	133,523	634,681	580,671	139,717	720,388
Infrastructure	8,610,527	-	8,610,527	9,863,140	-	9,863,140
<b>Total</b>	<b>\$12,492,906</b>	<b>\$2,016,096</b>	<b>\$14,509,002</b>	<b>\$13,522,388</b>	<b>\$588,288</b>	<b>\$14,110,676</b>

**The Town of Richmond's Debt Administration**

At the end of the current fiscal year, the Town of Richmond's Governmental Activities had a total bonded debt of \$2,375,000 and Business-Type Activities debt amounted to \$825,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2006 is A2. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of Richmond's limit is \$25,153,510 at year-end. The Town's outstanding general obligation debt is \$2,375,000 at year-end, which is \$22,778,510 under the State imposed limitation.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

**Town of Richmond**  
**General Obligation Bonds Payable**

	<u>June 30, 2012</u>			<u>June 30, 2011</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
General Obligation Bonds	\$2,375,000	\$825,000	\$3,200,000	\$2,700,000	\$ -	\$2,700,000
Totals	<u>\$2,375,000</u>	<u>\$825,000</u>	<u>\$3,200,000</u>	<u>\$2,700,000</u>	<u>\$ -</u>	<u>\$2,700,000</u>

For the current fiscal year, the Town issued \$825,000 in GOB bonds for the Water Project.

Additional information on the Town's long-term debt can be found in Note 10 of the Notes to the Financial Statements on page 41.

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

The Town of Richmond's total general fund budget for fiscal year 2013 amounts to \$22,865,274, which reflects a increase of \$509,819 over the fiscal 2012 budget of \$22,355,455. Of the Town's 2013 budget, \$18,086,820, or 79.10% is budgeted for educational purposes and \$4,778,454, or 20.90% is budgeted for all other purposes.

The Town's tax rate for fiscal 2013 is \$19.02/1000 of assessed value while in fiscal 2012 the Town's tax rate was \$18.46. The Town performed a full revaluation in the year ending December 31,2010 which reduced the total assessed value for property in the Town

**Request for Information**

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have questions about this report or need additional financial information, contact the Treasurer's Office, Town of Richmond, 5 Richmond Townhouse Road, Richmond RI 02898.

David Krugman  
Finance Director

## **BASIC FINANCIAL STATEMENTS**

# **Government Wide Financial Statements**

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Net Assets**  
**June 30, 2012**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,390,040	\$ -	\$ 5,390,040
<b>Accounts receivable:</b>			
Accounts receivable - net	1,286,327	37,267	1,323,594
Other receivables	180,314	-	180,314
Internal balances	(492,386)	492,386	-
Prepaid expenses	2,663	-	2,663
Other assets - net	28,114	10,000	38,114
<b>Capital assets:</b>			
Property, plant and equipment - net	12,492,906	2,016,096	14,509,002
<b>Total capital assets</b>	12,492,906	2,016,096	14,509,002
<b>TOTAL ASSETS</b>	18,887,978	2,555,749	21,443,727
<b>LIABILITIES</b>			
Accounts payable	488,109	-	488,109
Accrued expenses	87,394	2,855	90,249
<b>Long-term liabilities</b>			
Due within one year	335,000	10,948	345,948
Due in more than one year	2,197,344	814,052	3,011,396
<b>Total liabilities</b>	3,107,847	827,855	3,935,702
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,117,906	1,191,096	11,309,002
Unrestricted	5,662,225	536,798	6,199,023
<b>Total net assets</b>	\$ 15,780,131	\$ 1,727,894	\$ 17,508,025

*See auditor's report and accompanying notes to these financial statements*

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

Functions/ Programs	Program revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating		Governmental Activities	Primary Government	
		Charges for Services	Grants and Contributions		Capital Grants and Contributions	Business-type Activities
<b>Primary government</b>						
Governmental activities:						
General government	\$ 1,202,400	\$ 270,050	\$ 214,318	\$ 63,734	\$ (654,298)	\$ (654,298)
Public safety	1,672,730	86,792	14,020	-	(1,571,918)	(1,571,918)
Public works	2,180,519	-	9,307	9,556	(2,161,656)	(2,161,656)
Grants expenditures and land acquisition	769,187	111,365	207,023	485,747	34,948	34,948
Recreation and culture	52,129	-	-	-	(52,129)	(52,129)
Education	18,098,080	50,138	5,654,861	-	(12,393,081)	(12,393,081)
Recycling area	55,875	-	-	-	(55,875)	(55,875)
Community services	153,049	-	-	-	(153,049)	(153,049)
Canvassing authority	10,073	-	-	-	(10,073)	(10,073)
Other	5,764	-	-	-	(5,764)	(5,764)
Interest	85,817	-	-	-	(85,817)	(85,817)
<b>Total governmental activities</b>	<b>24,285,623</b>	<b>518,345</b>	<b>6,099,529</b>	<b>559,037</b>	<b>(17,108,712)</b>	<b>(17,108,712)</b>
Business-type activities:						
Water fund	79,645	117,031	-	625,725	-	663,111
<b>Total business-type activities</b>	<b>79,645</b>	<b>117,031</b>	<b>-</b>	<b>625,725</b>	<b>-</b>	<b>663,111</b>
<b>Total primary government</b>	<b>\$ 24,365,268</b>	<b>\$ 635,376</b>	<b>\$ 6,099,529</b>	<b>\$ 1,184,762</b>	<b>(17,108,712)</b>	<b>(16,445,601)</b>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes					15,696,290	15,696,290
Interest on late payments					185,525	185,525
Unrestricted investment earnings					6,328	6,328
State aid					57,421	57,421
Total general revenues					15,945,564	15,945,564
<b>Change in net assets</b>					<b>(1,163,148)</b>	<b>(500,037)</b>
Net assets - beginning					16,856,523	17,921,306
Prior period adjustment (see Note 20)					86,756	86,756
Net assets - ending					\$ 15,780,131	\$ 17,508,025

*See auditor's report and accompanying notes to these financial statements*

## **Fund Financial Statements**

**TOWN OF RICHMOND, RHODE ISLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<b>General Fund</b>	<b>Other Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,390,040	\$ -	\$ 5,390,040
<b>Accounts receivable:</b>			
Accounts receivable net	1,286,327	-	1,286,327
Other receivables	10,418	169,896	180,314
Internal balances	-	1,098,849	1,098,849
Prepaid expenses	2,663	-	2,663
<b>TOTAL ASSETS</b>	<b>\$ 6,689,448</b>	<b>\$ 1,268,745</b>	<b>\$ 7,958,193</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 277,820	\$ -	\$ 277,820
Accrued expenses	87,394	-	87,394
Internal balances	1,577,083	196,821	1,773,904
Deferred revenue	995,717	-	995,717
<b>Total liabilities</b>	<b>2,938,014</b>	<b>196,821</b>	<b>3,134,835</b>
 <b>Fund balances:</b>			
Nonspendable fund balances:			
Prepaid items	2,663	-	2,663
Restricted, reported in non-major:			
Special revenue funds	-	382,779	382,779
Capital projects fund	-	689,145	689,145
Assigned fund balances:			
Capital expenditures	245,160	-	245,160
Capital expenditures - Alton Water	19,291	-	19,291
Capital expenditures - Foster Woods Recreation	12,794	-	12,794
Carryforward - landscaping	675	-	675
Carryforward - landfill	50,000	-	50,000
Carryforward - public works	2,671	-	2,671
Carryforward - police	4,811	-	4,811
Carryforward - building maintenance	1,000	-	1,000
Carryforward - contingency	21,288	-	21,288
Future state aid funding shortfalls	213,454	-	213,454
Unassigned fund balance	3,177,627	-	3,177,627
<b>Total fund balances</b>	<b>3,751,434</b>	<b>1,071,924</b>	<b>4,823,358</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,689,448</b>	<b>\$ 1,268,745</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 8)	12,492,906
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 8)	995,717
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 8)	(2,531,850)
<b>Net assets of governmental activities</b>	<b>\$ 15,780,131</b>

*See auditor's report and accompanying notes to these financial statements*

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>General Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property tax revenue	\$ 15,656,682	\$ -	\$ 15,656,682
Interest on late payments	185,525	-	185,525
Intergovernmental and departmental revenue	5,920,890	850,538	6,771,428
License and permits	265,661	-	265,661
Interest on investments	6,107	221	6,328
Other revenues	197,243	-	197,243
<b>Total revenues</b>	<u>22,232,108</u>	<u>850,759</u>	<u>23,082,867</u>
<b>Expenditures</b>			
General government	1,114,763	-	1,114,763
Public safety	1,621,378	-	1,621,378
Public works	703,440	-	703,440
Grants expenditures and land acquisition	67,399	701,788	769,187
Recreation and culture	52,129	-	52,129
Education	18,098,080	-	18,098,080
Recycling area	55,875	-	55,875
Community services	153,049	-	153,049
Canvassing authority	10,073	-	10,073
Capital outlay	-	570,447	570,447
<b>Debt service:</b>			
Principal	325,000	-	325,000
Interest	85,349	-	85,349
Other	1,875	-	1,875
<b>Total expenditures</b>	<u>22,288,410</u>	<u>1,272,235</u>	<u>23,560,645</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>(56,302)</u>	<u>(421,476)</u>	<u>(477,778)</u>
<b>Other financing sources (uses)</b>			
Transfers from (to) other funds	(1,396)	1,396	-
<b>Total other financing sources (uses)</b>	<u>(1,396)</u>	<u>1,396</u>	<u>-</u>
<b>Excess of revenues and other sources over(under) expenditures and other uses</b>	<u>(57,698)</u>	<u>(420,080)</u>	<u>(477,778)</u>
<b>Fund balances - beginning</b>	<u>3,722,376</u>	<u>1,492,004</u>	<u>5,214,380</u>
<b>Prior period adjustments - Note 20</b>	<u>86,756</u>	<u>-</u>	<u>86,756</u>
<b>Fund balances - ending</b>	<u>\$ 3,751,434</u>	<u>\$ 1,071,924</u>	<u>\$ 4,823,358</u>

*See auditor's report and accompanying notes to these financial statements*

**TOWN OF RICHMOND, RHODE ISLAND**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

Net change in fund balances-total governmental funds	\$	(477,778)
<p>Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:</p>		
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation \$1,599,929 exceeded capital additions of (\$570,447) in the current period.</p>		(1,029,482)
<p>Increases in deferred revenue that provide current financial resources to governmental funds are not reported as revenues in the statement of activities.</p>		39,608
<p>Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities. This is the net effect of those activities.</p>		(468)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which principal was adjusted for repayments of \$325,000.</p>		325,000
<p>Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities.</p>		<u>(20,028)</u>
Change in net assets of governmental activities	\$	<u><u>(1,163,148)</u></u>

*Please see Note 9 for a more detailed explanation of the differences between the Government-wide Financial Statements and the Fund Financial Statements*

*See auditor's report and accompanying notes to these financial statements*

**TOWN OF RICHMOND, RHODE ISLAND**

**Statement of Net Assets**

**Proprietary Funds**

**June 30, 2012**

	<u><b>Water Fund</b></u>
<b>ASSETS</b>	
<b>Current assets</b>	
Accounts receivable - net:	
Water and sewer user fees	\$ 37,267
Internal balances	492,386
<b>Total current assets</b>	<u>529,653</u>
<b>Non-current assets</b>	
Property, plant and equipment	
Land	59,254
Construction in progress	1,494,697
Buildings	905,694
Equipment	225,426
Total depreciable assets	<u>2,685,071</u>
Less accumulated depreciation	<u>(668,975)</u>
Total property, plant and equipment, net	<u>2,016,096</u>
<b>Other assets</b>	
Bond issue costs - net	<u>10,000</u>
<b>TOTAL ASSETS</b>	<u>2,555,749</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accrued expenses	<u>2,855</u>
<b>Total current liabilities</b>	<u>2,855</u>
<b>Long-term liabilities</b>	
Bonds payable	<u>825,000</u>
<b>Total long-term liabilities</b>	<u>825,000</u>
<b>Total liabilities</b>	<u>827,855</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	1,191,096
Unrestricted	536,798
<b>Total net assets</b>	<u>\$ 1,727,894</u>

*See auditor's report and accompanying notes to these financial statements*

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Water Fund</b>
<b>Operating revenues</b>	
Assessments and user fees	\$ 117,031
<b>Total operating revenues</b>	117,031
<b>Operating expenses</b>	
Salaries and benefits	18,452
Materials, supplies & operations	32,357
Depreciation and amortization	28,836
<b>Total operating expenses</b>	79,645
<b>Operating income (loss)</b>	37,386
<b>Non-operating income</b>	
Federal grants	625,725
<b>Total non-operating income</b>	625,725
<b>Change in net assets</b>	663,111
<b>Total net assets - beginning</b>	1,064,783
<b>Total net assets - ending</b>	\$ 1,727,894

*See auditor's report and accompanying notes to these financial statements*

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Water Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 105,072
Cash payments to suppliers for goods and services	(29,502)
Cash payments to employees for services	(18,452)
<b>Net cash provided by (used for) operating activities</b>	<u>57,118</u>
 <b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(1,456,644)
Proceeds from federal grant funding	625,725
Proceeds from issuance of debt transferred from General Fund	825,000
Debt issuance costs	(10,000)
<b>Net cash provided (used for) capital and related financing activities</b>	<u>(15,919)</u>
 <b>Cash flows from non-capital financing activities</b>	
Interfund transactions	(41,199)
<b>Net cash provided by (used for) non-capital financing activities</b>	<u>(41,199)</u>
 <b>Cash flows from investing activities</b>	
Interest on investments	-
<b>Net cash provided by (used for) investing activities</b>	<u>-</u>
 <b>Net increase (decrease) in cash and cash equivalents</b>	-
<b>Cash and cash equivalents at beginning of year</b>	-
<b>Cash and cash equivalents at end of year</b>	<u>\$ -</u>
 <b>Reconciliation of operating income to net cash provided by operating activities</b>	
<b>Operating income (loss)</b>	\$ 37,386
 <b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation	28,836
<b>Changes in assets and liabilities:</b>	
(Increase) decrease in accounts receivable	(7,446)
Increase (decrease) in accrued expenses	2,855
Increase (decrease) in deferred revenues	(4,513)
<b>Total adjustments</b>	<u>19,732</u>
<b>Net cash provided by operating activities</b>	<u>\$ 57,118</u>

*See auditor's report and accompanying notes to these financial statements*

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Private-purpose Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash	\$ 189	\$ -
Investments	112,069	-
Internal balances	141,843	40,826
Total receivables	254,101	40,826
<b>Total Assets</b>	254,101	40,826
<b>LIABILITIES</b>		
Deposits held in custody for others	-	40,826
Total liabilities	-	\$ 40,826
<b>NET ASSETS</b>		
Held in trust for other purposes	\$ 254,101	

*See auditor's report and accompanying notes to these financial statements*

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Private-purpose Trusts</b>
<b>Additions</b>	
Earnings on investments	\$ 4,570
Other revenues	1,585
<b>Total additions</b>	<b>6,155</b>
<b>Deductions</b>	
Administration	4,154
<b>Total deductions</b>	<b>4,154</b>
Change in net assets	2,001
Net assets beginning of year July 1, 2011	252,100
<b>Net assets end of year June 30, 2012</b>	<b>\$ 254,101</b>

*See auditor's report and accompanying notes to these financial statements*

## **Notes to Financial Statements**

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements of the Town of Richmond, Rhode Island, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below.

**Reporting Entity**

The Town of Richmond, originally part of the Town of Charlestown, was incorporated August 18, 1747. Located in Washington County, Richmond is approximately twenty-eight miles southwest of Providence, Rhode Island. Bounded on the north by the Town of Exeter, on the east by the Towns of Exeter and South Kingstown, on the south by the Town of Charlestown and on the west by the Town of Hopkinton, the Town encompasses an area of 40.6 square miles, including 0.2 square miles of inland water. The Town operates under a Home Rule Charter adopted by the citizens in 2008 with an elected Town Council and appointed Town Administrator form of government. All powers of the Town, except those vested in the Financial Town Meeting is vested in a five member council headed by the council President. The Town Council is responsible for establishing policies, enacting ordinances, and appointing a Town Administrator. The Town Administrator supervises the operation of the municipal government under the authority and direction of the Town Council. The Finance Board of the Town is comprised of 5 residents of the Town who are appointed by the Town Council. All proposed budget requests from town department heads, board chairpersons, and community service representatives for the Town's ensuing fiscal year are to be submitted to the Finance Board by December 31 of the prior calendar year. The annual financial Town Meeting is held on or before June 15th each year to adopt the budget.

The Town provides the following services: Public Safety (police, traffic safety, inspections, zoning and building), Public Works (recreation, highways and streets, engineering and building maintenance), Social Services, and General Administrative Services. The Town of Richmond is part of the Chariho Regional School District. As of October 2010, the District had a total enrollment of 3,577 of which 35.84% were students from Richmond. This number was used for calculating the Town's fiscal year 2011-2012 expense to the District.

This report includes all of the funds of the Town of Richmond. The reporting entity for the town consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

was made by applying the criteria set forth in GASB Statement No. 14. Under GASB Statement No. 14, the financial reporting entity includes both the primary government, which is the Town of Richmond and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

- Test 1-** the primary government appoints the voting majority of the board of the potential component unit and
  - \* is able to impose its will on the potential component unit and/or
  - \* is in a relationship of financial benefit or burden with the potential component unit;
- Test 2-** the potential component unit is fiscally dependent upon the primary government; or
- Test 3 -** the financial statements would be misleading if data from the potential component unit was not included.

There were no entities that met the criteria of the tests listed above and as such the financial data of all entities have been included as Special Revenue Funds within the Town's financial statements.

**BASIS OF PRESENTATION**

***Government-Wide Financial Statements***

The statement of net assets and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for *fiduciary funds* (the activity of these funds are reported in the statements of fiduciary net assets and changes in fiduciary net assets). The government-wide financial statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds, each of which, is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- (a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- (b) Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

**GOVERNMENTAL FUND TYPES**

***Major Governmental Funds***

**General Fund** - is used to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenues used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

***Non-major Governmental Funds***

**Special Revenue Funds** - are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

**Capital Projects Funds** - are used to account for financial resources that will be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust funds).

**PROPRIETARY FUND TYPE**

This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category is as follows:

**Enterprise Funds** - are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy management control, accountability, or other purposes.

***Major Enterprise Funds*** – The Water Fund is used to account for the sale of water to residents and businesses of the Town, and the fees and the expenses associated with maintaining the water supply system.

**FIDUCIARY FUND TYPES (Not included in the government-wide financial statements)**

These funds account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

**Agency Funds** - are used to account for funds that are to be used for educational and welfare expenditures and for funds held in escrow for other parties.

**Private-Purpose Trust Funds** – are used to account for funds that are held by the town under various trust arrangements for the benefit of certain individuals.

**BASIS OF ACCOUNTING**

***Measurement Focus – Government Wide Financial Statements***

In the Government-Wide Financial Statements the Statement of Net Assets and Statement of Activities, the governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between fiduciary fund types. These charges have been reclassified as other receivables or other liabilities.

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services, fines, or privileges provided, and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

***Measurement Focus – Fund Financial Statements***

The accounting and financial reporting treatment applied to the *fund financial statements* is determined by its measurement focus. All Governmental Fund Types accounted for using a “current financial resources” measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Fund Types and Fiduciary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. Proprietary Fund Type operating statements present increases (i.e., revenues) and decreases (i.e. expenses) in net assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. Operating expenses for enterprise funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

All Governmental Fund Types are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Licenses and permits, charges for services, fines, forfeits, and miscellaneous revenue are recorded as revenues when received in cash. Those revenues susceptible to accrual are property taxes and investment earnings. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service and other long-term obligations, which are recognized when paid.

Non-current portions of long-term receivables of Governmental Fund Types are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate however, that they should not be considered “available expendable resources” since they do not represent net current assets. Recognition of Governmental Fund Type revenues represented by non-current receivables is deferred until they become current receivables. Because of their spending measurement focus, expenditure

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

recognition for Governmental Fund Types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Fund Type expenditures or fund liabilities. They are instead reported as Long-term Liabilities – Governmental Activities.

In applying the “susceptible to accrual” concept to intergovernmental revenues the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of such revenues. For one type, amounts must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore revenues are recognized based upon the expenditures recorded.

For the other type, revenues are virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with the prescribed requirements, such as a Community Development Block Grant. These resources are reflected as revenues at the time of receipt or earlier if they meet the “available” criteria.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

In accordance with Government Accounting Standards Board Statement No. 20, the Town of Richmond has elected to apply to all Proprietary Fund Types and Similar Trust Funds all applicable GASB Pronouncements, as well as the following pronouncements issued on or before November 30, 1989; FASB Statements and Interpretations, APB opinions and ARBs unless these pronouncements conflict with or contradict GASB pronouncements.

**Cash Equivalents**

For the purpose of the Statement of Cash Flows, the Propriety Fund Types consider all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

**Investments**

Investments are Government Securities, Commercial Paper and various types of corporate stocks and bonds held in the Governmental and Fiduciary Fund types, which are recorded at fair value. Fair value is determined wherever possible, by use of published quoted amounts, where quotes are not available, formal valuations are obtained.

When discounts or premiums are present, the Town will capitalize and amortize the amount over the period of the related investment.

**Receivables**

Accounts receivable are recorded in the General, Special Revenue and Enterprise funds. The Town uses the direct write off method to account for bad debt.

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Capital assets in Governmental Fund type operations are accounted for using the “current financial resources” measurement focus. Capital assets, which include property, plant and equipment, and infrastructure (e.g. road, curbs and gutters, streets and sidewalks, and drainage systems), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1960). Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to January 1, 1979) is included as part of the governmental capital assets reported in the government-wide statements. Donated assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are recorded as expenditures as incurred. The Town capitalizes certain interest costs in accordance with GASB Code Section 1400 as part of constructed assets. Interest is capitalized throughout the construction period in the Capital projects fund prior to the assets being transferred to the governmental fund and placed in service.

Property, plant and equipment for Proprietary Fund Types are valued at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (years)</u>
Autos and information processing equipment	5
Trucks	5
Equipment, furniture and fixtures	5
Heavy equipment	5
Buildings, infrastructure and water lines	25-40
Water mains	75-100

**Bond Premiums and Debt Issuance Cost**

In the Governmental Fund Financial Statements, bond premiums and debt issuance costs are treated as period costs in the year of issuance. Debt issuance costs are shown as an “expenditure” and bond premiums are reflected as an “other financing source”.

In the Government-Wide Statements, bond premiums and debt issuance costs are deferred and amortized over the term of the related debt. Bond premiums are presented as an addition to the face amount of the bonds payable whereas debt issuance costs are recorded as other assets.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

**Deferred Revenues**

Deferred revenues represent funds received in advance of being owed or receivables, which will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues relate to property tax receivables, which were received prior to June 30th, plus delinquent balances less amounts due as of the balance sheet date and received sixty days thereafter.

**Inter-fund Transactions**

Inter-fund transactions except advances are accounted for as transfers. Nonrecurring or non-routine transfers of equity between funds are considered equity transfers. All other inter-fund transactions are treated as operating transfers.

**Revenues, Expenditures and Expenses**

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues and expenses of proprietary fund types are recognized using the full accrual basis of accounting. Revenue is recognized when earned and expenses as incurred.

**Program Revenues and Expenses**

In the statement of activities specific revenues are allocated to program expenses due to their direct relationships. Collections for licenses, fees, tickets and fines are among some of the revenue sources that are program revenues. Indirect expenses are not allocated to functions in the statement of activities.

**Property Taxes**

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 95.1% of the total December 31, 2010 levy. The Town's fiscal 2012 property taxes were levied in July of 2011 on assessed valuation as of December 31, 2010. Upon levy, taxes are billed quarterly and are due on September 7, December 7, March 7, and June 7. Failure to mail payments by due dates will result in lien on taxpayer's property. Assessed values are established by Tax Assessor's Office and are currently calculated at 100% of assessed value for real estate and 100% of market value for motor vehicles.

**Vacation, Sick Leave, and Other Compensated Absences**

Town employees are granted vacation and sick leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused vacation (subject to certain limitations) at their current rates of pay. The amount recorded is that unused days earned at the current rate of pay. For governmental activities the general fund is used to satisfy this liability as it becomes due.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

**Vacation, Sick Leave, and Other Compensated Absences (Continued)**

Town employees are entitled to vacation based on length of service. Employees may carry over from one year to the next year, vacation time accrued and credited in that year, but vacation time may not be carried over beyond the second year. Full-time employees are entitled to 1 sick day per month worked. Sick leave may be accumulated up to a maximum of 60 days.

Police employees are entitled to vacation based on length of service. Vacation may carry over from one year to the next year, but no further, vacation time accrued and credited in that year. Police are entitled to 1 days of sick leave for each month except in the month of July not to exceed 11 days a year. Sick leave may be accumulated to a maximum of 75 days.

**Equity Classifications**

**Government-Wide Statements**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets are recorded as unrestricted when they do not meet the definition of 'restricted' or 'invested in capital assets, net of related debt.' The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Fund Financial Statements**

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Town ordinances). Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party-

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements (Continued)**

such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

- Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Town Council. Those committed amounts cannot be used for any other purpose unless Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council.
- Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Application of Funds**

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Minimum Fund Balance**

The Town will maintain a minimum unassigned fund balance in its General Fund of 15% of the subsequent year's budgeted expenditures and outgoing transfers.

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE***

The Town Council presents an annual budget for the General Fund to the Citizens of Richmond for adoption at the annual Financial Town meeting based on recommendations from the Finance Board. The Town Council with some restrictions can transfer budgeted amounts within and among departments and to authorize emergency expenditures. Any revisions that alter total expenditures must be approved by the taxpayers by a vote at the Financial Town Meeting. Management cannot make any transfers without prior Council approval. There were no supplemental budgetary appropriations during the fiscal year. The annual operating budgets' appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The General Fund's annual operating budget is prepared on the budgetary basis of accounting which is not in conformity with Generally Accepted Accounting Principles. The budget to actual presentation in required supplementary information is reflected on the budgetary basis.

The Town does not budget for the combined Special Revenue Funds or the Capital Project Funds, since budgetary control is maintained on an individual basis. Since grant periods may differ from the Town's fiscal year, a comparison of budgetary information may not be meaningful and has not been presented in the accompanying financial statements.

***NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY***

**Legal Debt Margin**

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value, which approximates \$25,153,510 based on the December 31, 2010 assessment. As of June 30, 2012 the Town's debt is under the debt limit by \$22,778,510. In addition to the bonding authority granted under §45-12-2 of the RI General Laws, the Town of Richmond can authorize bond issues pursuant to a special act of the RI General Assembly. Bond issues authorized by a special act of the General Assembly are normally not subject to any legal debt limit, but are subject to financial constraints such as the Town's ability and willingness to service the bonded debt. See page 71 in the statistical section for computation of the legal debt margin.

***NOTE 4 – FUND BALANCES***

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds can be found in Note 1 of these financial statements. A breakdown of Fund balances for the Town is as follows:

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 4 – FUND BALANCES (Continued)**

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Fund balances:			
Nonspendable fund balances:			
Prepaid items	\$ 2,663	\$ -	\$ 2,663
Restricted, reported in non-major:			
Special revenue funds	-	382,779	382,779
Capital projects fund	-	689,145	689,145
Assigned fund balances:			
Capital expenditures	245,160	-	245,160
Capital expenditures - Alton Water	19,291	-	19,291
Capital expenditures - Foster Woods Recreation	12,794	-	12,794
Carryforward - landscaping	675	-	675
Carryforward - landfill	50,000	-	50,000
Carryforward - public works	2,671	-	2,671
Carryforward - police	4,811	-	4,811
Carryforward - building maintenance	1,000	-	1,000
Carryforward - contingency	21,288	-	21,288
Future state aid funding shortfalls	213,454	-	213,454
Unassigned fund balance	3,177,627	-	3,177,627
<b>Total fund balances</b>	<b>\$ 3,751,434</b>	<b>\$ 1,071,924</b>	<b>\$ 4,823,358</b>

Deficit fund balances existed in the following funds:

Highway Safety	Special Revenue	8,264 **
Housing Preservation Grants	Special Revenue	40,591 **

\* The deficit balance will require a future administration plan to fund this deficit.

**NOTE 5 – CASH AND INVESTMENTS**

Deposits: The Town maintains deposits in various financial institutions that are carried at cost except for those amounts which are carried as petty cash. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and Cash Equivalents".

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 5 – CASH AND INVESTMENTS (Continued)***

*Investments:* The Town has an Investment Policy for all idle funds to ensure that capital losses are avoided. The investment of funds are to be federally insured or collateralized in an amount at least 102% in market value to the amount of the deposit. All investments are to meet the “prudent investor” rule which states “Investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering probable safety of capital as well as probable income to be derived,” which simply means that under varying economic conditions the portfolio will be adjusted to ensure safety of principal.

*Interest Rate Risk:* The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools.

*Concentrations:* The Town policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

**Custodial Credit Risk**

*Deposits:* This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2012, all of the Town’s balance of \$5,390,229 was either insured or collateralized.

*Investment Risk:* This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

*Interest Rate Risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any investments that are subject to interest rate risk for the fiscal year ended June 30, 2012. If applicable, information about the exposure of the Town’s debt type investments to this risk is reported using the segment time distribution model.

*Credit Risk:* Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Town did not have any debt type investments that were exposed to credit risk as defined by GASB 40.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 5 – CASH AND INVESTMENTS (Continued)**

Cash and investments of the Town consist of the following at June 30, 2012

<b><i>Cash and Cash Equivalents</i></b>	
Deposits with financial institutions	\$5,390,229
<b><i>Investments</i></b>	
Equities & Fixed Income	112,069
Total Investments	<u>112,069</u>
<b><i>Total Cash and Investments</i></b>	<b><u><u>\$5,502,298</u></u></b>

Cash and investments are classified in the accompanying financial statements as follows:

<b><i>Statement of Net Assets</i></b>	
Cash and cash equivalents	\$5,390,040
<b><i>Fiduciary Funds</i></b>	
Cash and cash equivalents	189
Investments	112,069
	<u>112,258</u>
<b><i>Total Cash and Investments</i></b>	<b><u><u>\$5,502,298</u></u></b>

The Town maintains reasonably high cash balances for cash flow purposes of funding the Chariho Regional School District. About 19% of the Towns budget is paid out within the first 3 months of the year, which is prior to the first quarterly due date of Town taxpayers.

**NOTE 6 – PROPERTY TAXES**

The Town is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation.

All property taxes for fund statement purposes are recognized in compliance with NCGA Interpretation-3 (Revenue Recognition - Property Taxes), which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. The Town does not use an allowance method for bad debts. It directly writes off receivables as they become un-collectible as per state law.

**NOTE 7 – INFORMATION ABOUT CAPITAL ASSETS**

Assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1960). The following schedule list prior year balances and current year activity for all Governmental Fund capital asset transactions.

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(Continued)

**TOWN OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (Continued)**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 2,203,893	\$ -	\$ -	\$ 2,203,893
Construction in progress	-	365,174	-	365,174
Total capital assets not being depreciated	<u>2,203,893</u>	<u>365,174</u>	<u>-</u>	<u>2,569,067</u>
Other capital assets:				
Buildings and improvements	2,698,713	-	-	2,698,713
Machinery, equipment and furniture	2,069,313	62,680	60,261	2,071,732
Infrastructure	35,040,932	142,593	-	35,183,525
Total other capital assets at historical cost	<u>39,808,958</u>	<u>205,273</u>	<u>60,261</u>	<u>39,953,970</u>
Less accumulated depreciation for:				
Buildings and improvements	1,824,029	62,530	-	1,886,559
Machinery, equipment and furniture	1,488,642	142,193	60,261	1,570,574
Infrastructure	25,177,792	1,395,206	-	26,572,998
Total accumulated depreciation	<u>28,490,463</u>	<u>1,599,929</u>	<u>60,261</u>	<u>30,030,131</u>
Governmental activities capital assets, net	<u>\$ 13,522,388</u>	<u>\$ (1,029,482)</u>	<u>\$ -</u>	<u>\$ 12,492,906</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 71,498
Public safety	51,352
Public works	1,477,079
Total governmental activities depreciation expense	<u>\$ 1,599,929</u>

**TOWN OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (Continued)**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 59,254	\$ -	\$ -	\$ 59,254
Construction in progress	38,053	1,456,644	-	1,494,697
Total capital assets not being depreciated	<u>97,307</u>	<u>1,456,644</u>	<u>-</u>	<u>1,553,951</u>
Other capital assets:				
Buildings	905,694	-	-	905,694
Equipment and machinery	225,426	-	-	225,426
Total other capital assets at historical cost	<u>1,131,120</u>	<u>-</u>	<u>-</u>	<u>1,131,120</u>
Less accumulated depreciation for:				
Buildings	554,430	22,642	-	577,072
Equipment and machinery	85,709	6,194	-	91,903
Total accumulated depreciation	<u>640,139</u>	<u>28,836</u>	<u>-</u>	<u>668,975</u>
Business-type activities capital assets, net	<u>\$ 588,288</u>	<u>\$ 1,427,808</u>	<u>\$ -</u>	<u>\$ 2,016,096</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Water Fund	\$ 28,836
Total business-type activities depreciation expense	<u>\$ 28,836</u>

**TOWN OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 8 - DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS**

"Total fund balances" of the town's governmental funds of \$4,823,358 differs from "net assets" of governmental activities \$15,780,131 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

**Balance Sheet/Statement of Net Assets**

	<b>Total Governmental Funds</b>	<b>Long-term Assets/ Liabilities (1)</b>	<b>Reclassifications and Eliminations</b>	<b>Statement Net Assets Totals</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 5,390,040	\$ -	\$ -	\$ 5,390,040
<b>Accounts receivable:</b>				
Accounts receivable net	1,286,327	-	-	1,286,327
Other receivables	180,314	-	-	180,314
Internal balances	1,098,849	-	(1,591,235)	(492,386)
Other Assets - net	-	28,114	-	28,114
Capital assets - net	-	12,492,906	-	12,492,906
Prepaid expenses	2,663	-	-	2,663
<b>Total assets</b>	<u>7,958,193</u>	<u>12,521,020</u>	<u>(1,591,235)</u>	<u>18,887,978</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	277,820	27,620	182,669	488,109
Accrued expenses	87,394	-	-	87,394
Internal balances	1,773,904	-	(1,773,904)	-
Deferred revenue	995,717	(995,717)	-	-
<b>Long-term liabilities</b>				
Due within one year	-	335,000	-	335,000
Due in more than one year	-	2,197,344	-	2,197,344
<b>Total liabilities</b>	<u>3,134,835</u>	<u>1,564,247</u>	<u>(1,591,235)</u>	<u>3,107,847</u>
<b>Fund Balances/Net Assets</b>				
Total fund balances/net assets	4,823,358	10,956,773	-	15,780,131
Total liabilities and fund balances/net assets	<u>\$ 7,958,193</u>	<u>\$ 12,521,020</u>	<u>\$ (1,591,235)</u>	<u>\$ 18,887,978</u>

(1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the town as a whole.

Cost of capital assets	\$ 42,523,037
Accumulated depreciation	(30,030,131)
	<u>\$ 12,492,906</u>

Because the focus of governmental funds is on short term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.

Adjustment of deferred revenue	\$ 995,717
	<u>\$ 995,717</u>

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net assets.

Bonds payable	\$ 2,375,000
Bond issuance cost	(28,114)
Accrued interest payable	27,620
Accrued compensated absences	157,344
	<u>\$ 2,531,850</u>

**TOWN OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 9 - DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES**

The "net change in the fund balances" for governmental funds of (\$477,778) differs from the "change in net assets" for governmental activities (\$1,163,148) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities**

	<b>Total Governmental Funds</b>	<b>Long-term Revenues/ Expenses (1)</b>	<b>Capital- related Items (2)</b>	<b>Long-term Debt Transactions (3)</b>	<b>Statement of Activities Totals</b>
<b>Revenues</b>					
General property tax	\$ 15,656,682	\$ 39,608	\$ -	\$ -	\$ 15,696,290
Interest on late payments	185,525	-	-	-	185,525
Intergovernmental and departmental revenues	6,771,428	-	-	-	6,771,428
License, permits and fees	265,661	-	-	-	265,661
Interest on investments	6,328	-	-	-	6,328
Other revenues	197,243	-	-	-	197,243
<b>Total revenues</b>	<b>23,082,867</b>	<b>39,608</b>	<b>-</b>	<b>-</b>	<b>23,122,475</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government	1,114,763	-	71,498	16,139	1,202,400
Public safety	1,621,378	-	51,352	-	1,672,730
Public works	703,440	-	1,477,079	-	2,180,519
Grants expenditures and land acquisition	769,187	-	-	-	769,187
Recreation and culture	52,129	-	-	-	52,129
Education	18,098,080	-	-	-	18,098,080
Recycling area	55,875	-	-	-	55,875
Community services	153,049	-	-	-	153,049
Landfill closure	10,073	-	-	-	10,073
Capital outlay	570,447	-	(570,447)	-	-
<b>Debt service:</b>					
Principal	325,000	-	-	(325,000)	-
Interest	85,349	468	-	-	85,817
Other	1,875	3,889	-	-	5,764
<b>Total expenditures</b>	<b>23,560,645</b>	<b>4,357</b>	<b>1,029,482</b>	<b>(308,861)</b>	<b>24,285,623</b>
<b>Net change for the year</b>	<b>\$ (477,778)</b>	<b>\$ 35,251</b>	<b>\$ (1,029,482)</b>	<b>\$ 308,861</b>	<b>\$ (1,163,148)</b>

**TOWN OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 9 - DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES (Continued)**

- (1) Because some property taxes will not be collected for several months after the Town's fiscal year ends, they are not considered as "available" revenues in the governmental funds.

Property taxes	<u>\$ 39,608</u>
----------------	------------------

Interest expense in the statement of activities differs from the amount reported in the governmental funds for two reasons. Accrued interest and bond premiums are added to the bonds payable, and bond issuance costs are reported as expenditures in governmental funds while in the government-wide financial statements they are capitalized and amortized over the life of the bond.

Accrued interest	\$ 468
Amortization bond cost	<u>3,889</u>
Total expenditure adjustment	<u>\$ 4,357</u>

- (2) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ (570,447)
Depreciation expense	<u>1,599,929</u>
Difference	<u>\$ 1,029,482</u>

- (3) Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the Town as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. Cost associated with the refinancing of debt are expensed in the fund financials but are long-term assets and liabilities in the statement of activities

Principal payments made	\$ (325,000)
	<u>\$ (325,000)</u>

Certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the in statement of activities these accrued expenses are recognized and charged to current activities.

Net increase in compensated absences	\$ 16,139
	<u>\$ 16,139</u>

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 10 - LONG-TERM LIABILITIES**

Governmental long-term liabilities do not appear in the fund financial statements but rather are a reconciling item in the presentation of the government-wide financial statements and are included in the statement of net assets. Long-Term liabilities directly related to and intended to be paid from the Proprietary Fund Types are included in the accounts of such fund.

The Town reports a long-term liability of the primary government in either governmental type activities or business type activities.

Long-term liability activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Maturities</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Bonds Payable	\$ 2,700,000	\$ -	\$ 325,000	\$ 2,375,000	\$ 335,000
Total bonds payable	<u>2,700,000</u>	<u>-</u>	<u>325,000</u>	<u>2,375,000</u>	<u>335,000</u>
<b>Other liabilities:</b>					
Accrued compensated absences	141,205	16,139	-	157,344	-
Total other liabilities	<u>141,205</u>	<u>16,139</u>	<u>-</u>	<u>157,344</u>	<u>-</u>
Governmental Activities long-term liabilities	<u>\$ 2,841,205</u>	<u>\$ 16,139</u>	<u>\$ 325,000</u>	<u>\$ 2,532,344</u>	<u>\$ 335,000</u>
<b>Business-Type Activities</b>					
Bonds Payable	\$ -	\$ 825,000	\$ -	\$ 825,000	\$ 10,948
Total bonds payable	<u>\$ -</u>	<u>\$ 825,000</u>	<u>\$ -</u>	<u>\$ 825,000</u>	<u>\$ 10,948</u>

Payments on all long-term debt and other long-term liabilities that pertain to the Town's governmental activities are made by the General Fund. The General Fund typically has been used in prior years to liquidate the liability for compensated absences.

(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

The debt service through maturity for the Governmental bonds are as follows:

Fiscal Year Ended	Principal	Interest	Total
<u>June 30</u>			
2013	\$ 335,000	\$ 72,487	\$ 407,487
2014	340,000	59,265	399,265
2015	220,000	48,819	268,819
2016	225,000	41,187	266,187
2017	235,000	33,597	268,597
2018	245,000	25,528	270,528
2019	250,000	18,225	268,225
2020	260,000	11,525	271,525
2021	265,000	3,975	268,975
Thereafter	-	-	-
<b>TOTALS</b>	<u>\$ 2,375,000</u>	<u>\$ 314,608</u>	<u>\$ 2,689,608</u>

The debt service through maturity for the Business-Type bonds are as follows:

Fiscal Year Ended	Principal	Interest	Total
<u>June 30</u>			
2013	\$ 10,948	\$ 24,750	\$ 35,698
2014	11,276	24,422	35,698
2015	11,615	24,083	35,698
2016	11,963	23,735	35,698
2017	12,322	23,376	35,698
2018	12,692	23,006	35,698
2019	13,072	22,626	35,698
2020	13,465	22,233	35,698
2021	13,868	21,829	35,697
Thereafter	713,779	392,367	1,106,146
<b>TOTALS</b>	<u>\$ 825,000</u>	<u>\$ 602,427</u>	<u>\$ 1,427,427</u>

**Accrued Compensated Absences** - Town employees receive vested rights to paid vacation, sick time and compensatory time at the end of their first year of full-time employment with no pro rata payment if employment is terminated before the completion of a full year of service. An expenditure/expense is recognized each month as benefits are used, consistent with the standards established by GASB 16.

(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES**

Inter-fund receivables represent loans to various funds for use in operations. These amounts are expected to be repaid at certain future dates.

Interfund receivable and payable balances at June 30, 2012 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 1,577,083
Special Revenue Funds	410,599	123,659
Capital Projects Funds	688,250	73,162
Proprietary Fund	492,386	-
Fiduciary Funds	182,669	-
<b>TOTALS</b>	<u><u>\$ 1,773,904</u></u>	<u><u>\$ 1,773,904</u></u>

Transfers are made to provide revenue for annual expenditures of various funds. Transfers are not expected to be repaid to the originating (source) fund.

Transfers between funds as of June 30, 2012 are as follows:

<u>Fund / Department</u>	<u>Transfers from (to) other funds</u>
General Fund	\$ (1,396)
Special Revenue Funds	(171,883)
Capital Project Funds	173,279
<b>TOTALS</b>	<u><u>\$ -</u></u>

**NOTE 12 – SOLID WASTE LANDFILL**

GASBS 49 — Accounting and Financial Reporting for Pollution Remediation Obligations, addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The Richmond landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 12 – SOLID WASTE LANDFILL(Continued)***

Federal and state laws require that certain post-closure care be met. The Town estimates that on an annual basis, some cost will be incurred for post-closure care, although this is not deemed to have a significant impact or cost to the Town. These amounts will be paid through the operating budget.

***NOTE 13 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES***

**Litigation**

During the ordinary course of its operations, the Town is a party to various claims, other legal actions and complaints. These various legal actions include disputes in property valuations and torts for which the Town has been named as a defendant. In the opinion of the Town's management and legal counsel, other than the matter stated above they do not anticipated any of them to have a material financial impact or at this time their legal counsel has been unable to assess liability, if any, on the part of the Town.

***NOTE 14 - POST RETIREMENT BENEFITS***

Currently, the Town does not provided retired employees with healthcare, life insurance benefits or any other post-employment benefit programs required to be disclosed in accordance with GASB Statement 12 and GASB Statement 45.

***NOTE 15 - PENSION PLANS***

**A. Municipal Employees' Retirement System (Town Plan)**

The Town of Richmond participates in the Municipal Employees' Retirement System of the State of Rhode Island (MERS), an agent multiple employer defined benefit plan administered by the State of Rhode Island. All full-time Town general employees and police employees participate in the System.

The Municipal Employee's Retirement System of the State of Rhode Island (MERS) issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, Rhode Island, 02903, or by accessing the Retirement Board's website at [www.ersri.org](http://www.ersri.org).

**Plan Description**

The plan generally provides retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 15 - PENSION PLANS (Continued)**

**Plan Description (Continued)**

estimated social security benefit payable at age sixty-two (62). Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age.

Rhode Island General Law §§ 45-21.2-6.3 contains special provisions that apply to employees of Richmond Police. The Town adopted these provisions on April 3, 2008, effective July 1, 2008. Under these special provisions, members are eligible to retire after attaining 22 years of service. The retirement benefit for a member with 22 or more years of service was improved to 50.00% x Final Average Compensation (FAC), plus 2.2727% x FAC x Years of Service in Excess of 22, with a maximum benefit equal to 75% of FAC.

**Funding Policy**

The funding policies, as set forth in Rhode Island General Law, Section 36-10-2 and 4521-42 provide for actuarially determined periodic contributions to the plans. The actuarial valuation uses the Entry Age Normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial liability. The valuation is prepared on the projected benefit basis, under which the present value, at the assumed rate of return (currently 8.25 percent), of each participant's expected benefit payable at retirement or death is determined, based on age, service, gender and compensation.

The employer contributions required to support the benefits of the Plan are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution. The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the average uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new participant during the entire period of his anticipated covered service, would be required in addition to the contributions of the participant to meet the cost of all benefits payable on his behalf. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over a period not to exceed 30 years from June 30, 1999.

The payroll for the Town's general employees covered by the System for the year ended June 30, 2012 was \$841,607. The Municipal Employees Retirement System (MERS) maintains authority to establish contribution rates for its plan members. The current required contribution rates for active general plan members is, 6.0% for employees and 7.74% for employers on covered payroll paid. The payroll for the Town's police employees covered by the System for the year ended June 30, 2012 was \$642,999. The current contribution rates for active police plan members are 7.0% for employees and 10.22% for employers on covered payroll.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 15 - PENSION PLANS (Continued)**

The annual required contribution for the Town which equals the annual pension cost for the year ended June 30, 2012 was \$65,140 for general employees. This contribution represents 7.74% of covered payroll. General employees were required to contribute \$50,496. This contribution represents 6.0% of covered payroll.

The annual required contribution for the Town which equals the annual pension cost for the year ended June 30, 2012 was \$65,714 for police employees. This contribution represents 10.22% of covered payroll. Police employees were required to contribute \$45,010 which represents 7% of covered payroll.

The annual required contribution amounts and percentage of contributions, which equals annual pension cost, for the Town was determined as described above and was based on an actuarial valuation as of June 30, 2009. Significant actuarial assumptions used on the June 30, 2009 valuation include the following:

- Investment return - 8.25% compounded annually
- Inflation rate - 3.00%
- Net real rate of return - 5.25%
- Projected salary increases – 4.50%-8.50% for general – 4.75%-14.75% for police
- Actuarial value of assets - market value with a five-year phase-in of actual investment return in excess of (less than) expected investment income

**Required contributions for general employees:**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
2010	\$53,800	100%
2011	\$55,778	100%
2012	\$65,140	100%

**Required contributions for police employees:**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
2010	\$66,050	100%
2011	\$64,306	100%
2012	\$65,714	100%

(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 15 - PENSION PLANS (Continued)**

**Schedule of funding progress for general employees:**

Fiscal Year	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
2009	\$ 1,470,905	\$ 1,664,550	\$ 193,645	88.4%	\$ 757,557	25.6%
2010	\$ 1,528,957	\$ 2,013,174	\$ 484,217	75.9%	\$ 803,454	60.3%
2011	\$ 1,584,851	\$ 1,909,571	\$ 324,720	83.0%	\$ 812,177	40.0%

**Schedule of funding progress for police employees:**

Fiscal Year	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
2009	\$ 666,743	\$ 818,067	\$ 151,324	81.5%	\$ 544,497	27.8%
2010	\$ 773,378	\$ 1,094,161	\$ 320,783	70.7%	\$ 588,577	54.5%
2011	\$ 895,401	\$ 1,114,967	\$ 219,566	80.3%	\$ 611,267	35.9%

**Contributions and Reserves**

Contribution requirements for plan members and employers are established pursuant to Rhode General Laws. Employers are required to contribute at an actuarially determined rate. Plan member contributions are fixed by statute.

**Concentrations**

There is no single issuer exposure within the System's portfolio that comprises 5% of the overall portfolio and, therefore, there is no concentration of credit risk.

**NOTE 16 - RISK MANAGEMENT**

The Town of Richmond is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Town uses commercial policies to insure its risk of loss. This has proven to be cost effective for the Town. As a result, the Town engages a local insurance agency that provides coverage for property/liability claims, professional insurance, police accident and injury, and workers' compensation claims.

(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 16 - RISK MANAGEMENT (Continued)***

There are several lawsuits pending against the Town for which the insurance carrier is contesting. The Town Solicitor estimates that judgment against the Town from such other litigation not covered by insurance would not be material in relation to the Town's financial position.

***NOTE 17 - RELATED PARTIES***

The Town reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2012.

***NOTE 18 - SUBSEQUENT EVENTS***

Management has evaluated subsequent events through December 7, 2012, the date the financial statements were available to be issued. As a result of this review no material subsequent events were noted.

***NOTE 19 - SEGMENT INFORMATION FOR THE ENTERPRISE FUND***

Segment information for the Water Fund at June 30, 2012 and for the year then ended is presented as follows:

	<u>Water Fund</u>
Operating Revenues	\$ 87,050
Depreciation	\$ 28,836
Operating Income (loss)	\$ 13,451
Change in Net Assets	\$ 16,742
Net Working Capital	\$ 476,495
Total Assets	\$ 1,069,296
Total Net Assets	\$ 1,064,783

***NOTE 20 - PRIOR PERIOD ADJUSTMENTS***

For the current fiscal year, the Town of Richmond has changed its method of reporting Corporation Tax State aid. In the past these amounts were recognized on a cash basis instead of a full accrual basis. The adjustment amounted to \$86,756, which is reflected in both the Governmental Funds statement and the Statement of Net Assets for Governmental Activities.

**REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Budgetary Comparison Schedule - General Fund**  
**Schedule of Revenues and Expenditures (Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2012**

<b>GENERAL FUND</b>				
	<b>ORIGINAL BUDGET</b>	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>Revenues</b>				
Property taxes	\$ 15,642,939	\$ 15,642,939	\$ 15,656,682	\$ 13,743
Interest on late payments	125,000	125,000	185,525	60,525
Intergovernmental and departmental revenue	5,887,967	5,887,967	5,920,890	32,923
License, permits and fees	258,810	258,810	265,661	6,851
Interest on investments	30,000	30,000	6,107	(23,893)
Other revenues	141,266	141,266	197,243	55,977
<b>Total Revenues</b>	<b>22,085,982</b>	<b>22,085,982</b>	<b>22,232,108</b>	<b>146,126</b>
<b>Expenditures</b>				
General government	1,222,358	1,222,358	1,114,763	107,595
Public safety	1,541,742	1,541,742	1,621,378	(79,636)
Public works	642,237	642,237	703,440	(61,203)
General public assistance	56,156	56,156	67,399	(11,243)
Recreation and culture	56,663	56,663	52,129	4,534
Education	18,098,080	18,098,080	18,098,080	-
Recycling area	40,000	40,000	55,875	(15,875)
Community services	150,377	150,377	153,049	(2,672)
Canvassing authority	14,833	14,833	10,073	4,760
<b>Debt service</b>				
Principal	335,000	335,000	325,000	10,000
Interest	85,219	85,219	85,349	(130)
Other	1,975	1,975	1,875	100
<b>Total expenditures</b>	<b>22,244,640</b>	<b>22,244,640</b>	<b>22,288,410</b>	<b>(43,770)</b>
<b>Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</b>	<b>(158,658)</b>	<b>(158,658)</b>	<b>(56,302)</b>	<b>102,356</b>
<b>Other financing sources (uses)</b>				
Proceeds from bond issuance	-	-	-	-
Budgeted use of fund balance	99,619	99,619	99,619	-
Transfers in	169,854	169,854	169,854	-
Transfers out	(110,815)	(110,815)	(171,250)	(60,435)
<b>Total other financing sources (uses)</b>	<b>158,658</b>	<b>158,658</b>	<b>98,223</b>	<b>(60,435)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,921</b>	<b>\$ 41,921</b>

**BUDGETARY – GAAP REPORTING RECONCILIATION**

The accompanying Required Supplementary Information Statements of Revenues, Expenditures/Expenses (GAAP or Non-GAAP Basis) presents comparisons of the legally adopted budget (more fully described in Note 2) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, entity and timing differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures/expenses and other uses of financial resources for the year ended June 30, 2012 is presented below.

Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (Non-GAAP basis)	General Fund
	\$ 41,921
<i>Adjustments:</i>	(99,619)
Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (GAAP basis)	<u>\$ (57,698)</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2012**

	<b>Special Revenue Restricted Town</b>	<b>Capital Projects Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
Accounts receivable	\$ 95,839	\$ 74,057	\$ 169,896
Internal balances	410,599	688,250	1,098,849
<b>Total assets</b>	<b>\$ 506,438</b>	<b>\$ 762,307</b>	<b>\$ 1,268,745</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Internal balances	\$ 123,659	\$ 73,162	\$ 196,821
<b>Total liabilities</b>	<b>123,659</b>	<b>73,162</b>	<b>196,821</b>
<b>Fund balances (deficits)</b>			
Unreserved	382,779	689,145	1,071,924
<b>Fund balances (deficits)</b>	<b>382,779</b>	<b>689,145</b>	<b>1,071,924</b>
<b>Total liabilities and fund balances</b>	<b>\$ 506,438</b>	<b>\$ 762,307</b>	<b>\$ 1,268,745</b>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Special Revenue Restricted Town</b>	<b>Capital Projects Fund</b>	<b>Totals</b>
<b>Revenues</b>			
Intergovernmental and departmental	\$ 403,667	\$ 446,871	\$ 850,538
Interest income	221	-	221
<b>Total Revenues</b>	<u>403,888</u>	<u>446,871</u>	<u>850,759</u>
<b>Expenditures</b>			
Program expenses	389,212	312,576	701,788
Capital outlay	-	570,447	570,447
<b>Total expenditures</b>	<u>389,212</u>	<u>883,023</u>	<u>1,272,235</u>
<b>Excess of revenues over (under) expenditures</b>	14,676	(436,152)	(421,476)
<b>Other financing sources (uses)</b>			
Transfers from (to) other funds	(171,883)	173,279	1,396
<b>Total other financing sources</b>	<u>(171,883)</u>	<u>173,279</u>	<u>1,396</u>
Excess of revenues and other sources over (under) expenditures and other uses	(157,207)	(262,873)	(420,080)
<b>FUND BALANCE - BEGINNING</b>	539,986	952,018	1,492,004
<b>FUND BALANCE - ENDING</b>	<u>\$ 382,779</u>	<u>\$ 689,145</u>	<u>\$ 1,071,924</u>

**SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
Combining Balance Sheet  
Town Special Revenue Restricted Funds  
June 30, 2012**

	<u>Historical Records Trust</u>	<u>Highway Safety</u>	<u>Legislative Grant</u>	<u>Land Trust Grant</u>	<u>Land Trust</u>	<u>Revaluation Escrow</u>
<b>ASSETS</b>						
Accounts receivable	\$ -	\$ 6,292	\$ -	\$ -	\$ -	\$ -
Internal balances	10,489	-	2,637	528	77,496	119,611
<b>TOTAL ASSETS</b>	<u>\$ 10,489</u>	<u>\$ 6,292</u>	<u>\$ 2,637</u>	<u>\$ 528</u>	<u>\$ 77,496</u>	<u>\$ 119,611</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Internal balances	\$ -	\$ 14,556	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>14,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>						
Unreserved	10,489	(8,264)	2,637	528	77,496	119,611
<b>TOTAL FUND BALANCE</b>	<u>10,489</u>	<u>(8,264)</u>	<u>2,637</u>	<u>528</u>	<u>77,496</u>	<u>119,611</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 6,292</u>	<u>\$ 2,637</u>	<u>\$ 528</u>	<u>\$ 77,496</u>	<u>\$ 119,611</u>

(Continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Balance Sheet**  
**Town Special Revenue Restricted Funds**  
**June 30, 2012**  
(Continued)

	<u>Planning Board</u>	<u>Comprehensive Plan</u>	<u>Emergency Management Grant</u>	<u>DEM Wastewater Management</u>	<u>Community Development Block Grant</u>	<u>Community Development Program Income</u>
<b>ASSETS</b>						
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ 67,976	\$ -
Internal balances	49,110	6,398	8,494	-	-	12,055
<b>TOTAL ASSETS</b>	<u>\$ 49,110</u>	<u>\$ 6,398</u>	<u>\$ 8,494</u>	<u>\$ -</u>	<u>\$ 67,976</u>	<u>\$ 12,055</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ 46,941	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,941</u>	<u>-</u>
<b>FUND BALANCE</b>						
Unreserved	49,110	6,398	8,494	-	21,035	12,055
<b>TOTAL FUND BALANCE</b>	<u>49,110</u>	<u>6,398</u>	<u>8,494</u>	<u>-</u>	<u>21,035</u>	<u>12,055</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 49,110</u>	<u>\$ 6,398</u>	<u>\$ 8,494</u>	<u>\$ -</u>	<u>\$ 67,976</u>	<u>\$ 12,055</u>

(Continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Balance Sheet**  
**Town Special Revenue Restricted Funds**  
**June 30, 2012**  
(Continued)

	<u>Housing Preservation Grants</u>	<u>Impact Fees Education</u>	<u>Impact Fees Recreation</u>	<u>Healthcare MEDS Grant</u>	<u>Energy Conservation Block Grant</u>	<u>Totals</u>
<b>ASSETS</b>						
Accounts receivable	\$ 21,571	\$ -	\$ -	\$ -	\$ -	\$ 95,839
Internal balances	-	106,241	8,500	9,040	-	410,599
<b>TOTAL ASSETS</b>	<u>\$ 21,571</u>	<u>\$ 106,241</u>	<u>\$ 8,500</u>	<u>\$ 9,040</u>	<u>\$ -</u>	<u>\$ 506,438</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Internal balances	\$ 62,162	\$ -	\$ -	\$ -	\$ -	\$ 123,659
<b>TOTAL LIABILITIES</b>	<u>62,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,659</u>
<b>FUND BALANCE</b>						
Unreserved	(40,591)	106,241	8,500	9,040	-	382,779
<b>TOTAL FUND BALANCE</b>	<u>(40,591)</u>	<u>106,241</u>	<u>8,500</u>	<u>9,040</u>	<u>-</u>	<u>382,779</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 21,571</u>	<u>\$ 106,241</u>	<u>\$ 8,500</u>	<u>\$ 9,040</u>	<u>\$ -</u>	<u>\$ 506,438</u>

(Continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Town Special Revenue Restricted Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Historical Records Trust</u>	<u>Highway Safety</u>	<u>Legislative Grant</u>	<u>Land Trust Grant</u>	<u>Land Trust</u>	<u>Revaluation Escrow</u>
<b>REVENUES</b>						
Intergovernmental revenue and departmental	\$ 1,559	\$ 14,020	\$ 5,710	\$ -	\$ 505	\$ -
Interest income	-	-	-	-	-	221
<b>TOTAL REVENUES</b>	<u>1,559</u>	<u>14,020</u>	<u>5,710</u>	<u>-</u>	<u>505</u>	<u>221</u>
<b>EXPENDITURES</b>						
	<u>2,295</u>	<u>19,475</u>	<u>3,073</u>	<u>-</u>	<u>1,392</u>	<u>-</u>
Excess (deficiency) of Revenues Over (Under)						
Expenditures	(736)	(5,455)	2,637	-	(887)	221
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from (to) other funds	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources						
Over (Under) Expenditures and Other Financing Uses	(736)	(5,455)	2,637	-	(887)	221
<b>FUND BALANCE - BEGINNING</b>	<u>11,225</u>	<u>(2,809)</u>	<u>-</u>	<u>528</u>	<u>78,383</u>	<u>119,390</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 10,489</u>	<u>\$ (8,264)</u>	<u>\$ 2,637</u>	<u>\$ 528</u>	<u>\$ 77,496</u>	<u>\$ 119,611</u>

(Continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Town Special Revenue Restricted Funds**  
**For the Fiscal Year Ended June 30, 2012**  
(Continued)

	<u>Planning Board</u>	<u>Comprehensive Plan</u>	<u>Emergency Management Grant</u>	<u>DEM Wastewater Management</u>	<u>Community Development Block Grant</u>	<u>Community Development Program Income</u>
<b>REVENUES</b>						
Intergovernmental revenue and departmental	\$ 14,837	\$ -	\$ -	\$ 9,307	\$ 318,023	\$ 20,650
Interest income	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>14,837</u>	<u>-</u>	<u>-</u>	<u>9,307</u>	<u>318,023</u>	<u>20,650</u>
<b>EXPENDITURES</b>	<u>12,897</u>	<u>396</u>	<u>-</u>	<u>-</u>	<u>319,267</u>	<u>8,595</u>
Excess (deficiency) of Revenues Over (Under)						
Expenditures	1,940	(396)	-	9,307	(1,244)	12,055
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from (to) other funds	-	2,365	(865)	(3,530)	8,846	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>2,365</u>	<u>(865)</u>	<u>(3,530)</u>	<u>8,846</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources						
Over (Under) Expenditures and Other Financing Uses	1,940	1,969	(865)	5,777	7,602	12,055
<b>FUND BALANCE - BEGINNING</b>	<u>47,170</u>	<u>4,429</u>	<u>9,359</u>	<u>(5,777)</u>	<u>13,433</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 49,110</u>	<u>\$ 6,398</u>	<u>\$ 8,494</u>	<u>\$ -</u>	<u>\$ 21,035</u>	<u>\$ 12,055</u>

(Continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Town Special Revenue Restricted Funds**  
**For the Fiscal Year Ended June 30, 2012**  
(Continued)

	<u>Housing Preservation Grants</u>	<u>Impact Fees Education</u>	<u>Impact Fees Recreation</u>	<u>Healthcare MEDS Grant</u>	<u>Energy Conservation Block Grant</u>	<u>Totals</u>
<b>REVENUES</b>						
Intergovernmental revenue and departmental	\$ -	\$ 7,200	\$ 2,300	\$ -	\$ 9,556	\$ 403,667
Interest income	-	-	-	-	-	221
<b>TOTAL REVENUES</b>	<u>-</u>	<u>7,200</u>	<u>2,300</u>	<u>-</u>	<u>9,556</u>	<u>403,888</u>
<b>EXPENDITURES</b>	<u>12,075</u>	<u>-</u>	<u>-</u>	<u>190</u>	<u>9,557</u>	<u>389,212</u>
Excess (deficiency) of Revenues Over (Under)						
Expenditures	(12,075)	7,200	2,300	(190)	(1)	14,676
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from (to) other funds	(8,846)	(152,138)	(17,716)	-	1	(171,883)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(8,846)</u>	<u>(152,138)</u>	<u>(17,716)</u>	<u>-</u>	<u>1</u>	<u>(171,883)</u>
Excess (Deficiency) of Revenues and Other Financing Sources						
Over (Under) Expenditures and Other Financing Uses	(20,921)	(144,938)	(15,416)	(190)	-	(157,207)
<b>FUND BALANCE - BEGINNING</b>	(19,670)	251,179	23,916	9,230	-	539,986
<b>FUND BALANCE - ENDING</b>	<u>\$ (40,591)</u>	<u>\$ 106,241</u>	<u>\$ 8,500</u>	<u>\$ 9,040</u>	<u>\$ -</u>	<u>\$ 382,779</u>

(Continued)

**SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
Combining Balance Sheet  
Non Major Capital Project Funds  
June 30, 2012**

	<u>Knowles Mill Park Grant</u>	<u>Open Space Recreation Restricted</u>	<u>Open Space Recreation Capital</u>	<u>Capital Bond Fund</u>	<u>Totals</u>
<b>ASSETS</b>					
Accounts receivable	\$ 74,057	\$ -	\$ -	\$ -	\$ 74,057
Internal balances	-	330,890	-	357,360	688,250
<b>TOTAL ASSETS</b>	<u>\$ 74,057</u>	<u>\$ 330,890</u>	<u>\$ -</u>	<u>\$357,360</u>	<u>\$762,307</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Internal balances	\$ 73,162	\$ -	\$ -	\$ -	\$ 73,162
<b>TOTAL LIABILITIES</b>	<u>73,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,162</u>
<b>FUND BALANCE</b>					
Fund balance - unreserved	895	330,890	-	357,360	689,145
<b>TOTAL FUND BALANCE</b>	<u>895</u>	<u>330,890</u>	<u>-</u>	<u>357,360</u>	<u>689,145</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 74,057</u>	<u>\$ 330,890</u>	<u>\$ -</u>	<u>\$357,360</u>	<u>\$762,307</u>

(Continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Non Major Capital Project Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Knowles Mill Park Grant</u>	<u>Open Space Recreation Restricted</u>	<u>Open Space Recreation Capital</u>	<u>Capital Bond Fund</u>	<u>Totals</u>
<b>REVENUES</b>					
Intergovernmental and departmental	\$ 374,747	\$ 64,314	\$ -	\$ 7,810	\$446,871
<b>TOTAL REVENUES</b>	<u>374,747</u>	<u>64,314</u>	<u>-</u>	<u>7,810</u>	<u>446,871</u>
<b>EXPENDITURES</b>					
Program expenses	-	-	-	312,576	312,576
Capital outlay	365,174	-	-	205,273	570,447
<b>TOTAL EXPENDITURES</b>	<u>365,174</u>	<u>-</u>	<u>-</u>	<u>517,849</u>	<u>883,023</u>
Excess (deficiency) of Revenues Over (Under)					
Expenditures Before Other Financing Sources (Uses)	9,573	64,314	-	(510,039)	(436,152)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from (to) other funds	4,395	-	434	168,450	173,279
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>4,395</u>	<u>-</u>	<u>434</u>	<u>168,450</u>	<u>173,279</u>
Net change in fund balances	13,968	64,314	434	(341,589)	(262,873)
<b>FUND BALANCE - BEGINNING</b>	<u>(13,073)</u>	<u>266,576</u>	<u>(434)</u>	<u>698,949</u>	<u>952,018</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 895</u>	<u>\$ 330,890</u>	<u>\$ -</u>	<u>\$357,360</u>	<u>\$689,145</u>

(Continued)

**SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
Combining Balance Sheet  
Private Purpose Trust Funds  
June 30, 2012**

	<u>Emily Anthony Funds</u>	<u>Edwin Anthony Funds</u>	<u>Crawley Property</u>	<u>Senior Activities</u>	<u>Cemetery Funds</u>	<u>Wood River Cemetery Funds</u>	<u>Historical Cemetery Fund</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Internal balances	55,041	14,612	4,000	108	43,582	8,799	9,484
<b>TOTAL ASSETS</b>	<u>\$ 55,041</u>	<u>\$ 14,612</u>	<u>\$ 4,000</u>	<u>\$ 108</u>	<u>\$ 43,582</u>	<u>\$ 8,799</u>	<u>\$ 9,484</u>
<b>LIABILITIES</b>							
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>							
Reserved by trust agreement	55,041	14,612	4,000	108	43,582	8,799	9,484
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 55,041</u>	<u>\$ 14,612</u>	<u>\$ 4,000</u>	<u>\$ 108</u>	<u>\$ 43,582</u>	<u>\$ 8,799</u>	<u>\$ 9,484</u>

(Continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Balance Sheet**  
**Private Purpose Trust Funds**  
**June 30, 2012**  
(Continued)

	<u>White Brook Cemetery Fund</u>	<u>Town Farm Fund</u>	<u>Link Cemetery Fund</u>	<u>Henry D Hoyle Fund</u>	<u>J Crawford Fenner Fund</u>	<u>Total Non-Major Permanent Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 189	\$ -	\$ -	\$ -	\$ -	\$ 189
Investments	112,069	-	-	-	-	112,069
Internal balances	-	1,238	820	630	3,529	141,843
<b>TOTAL ASSETS</b>	<u>\$ 112,258</u>	<u>\$ 1,238</u>	<u>\$ 820</u>	<u>\$ 630</u>	<u>\$ 3,529</u>	<u>\$ 254,101</u>
<b>LIABILITIES</b>						
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>						
Reserved by trust agreement	112,258	1,238	820	630	3,529	254,101
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 112,258</u>	<u>\$ 1,238</u>	<u>\$ 820</u>	<u>\$ 630</u>	<u>\$ 3,529</u>	<u>\$ 254,101</u>

(Concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Private Purpose Trust Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Emily Anthony Funds</u>	<u>Edwin Anthony Funds</u>	<u>Crawley Property</u>	<u>Senior Activities</u>	<u>Cemetery Funds</u>	<u>Wood River Cemetery Funds</u>	<u>Historical Cemetery Fund</u>
<b>Revenues</b>							
Earnings on investments	\$ 101	\$ 27	\$ 8	\$ -	\$ 81	\$ 17	\$ 17
Other revenues	985	-	-	-	600	-	-
<b>Total revenues</b>	<u>1,086</u>	<u>27</u>	<u>8</u>	<u>-</u>	<u>681</u>	<u>17</u>	<u>17</u>
<b>Expenditures</b>							
Administration	305	200	-	1,429	2,220	-	-
<b>Total expenditures</b>	<u>305</u>	<u>200</u>	<u>-</u>	<u>1,429</u>	<u>2,220</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	781	(173)	8	(1,429)	(1,539)	17	17
<b>FUND BALANCE - BEGINNING</b>	<u>54,260</u>	<u>14,785</u>	<u>3,992</u>	<u>1,537</u>	<u>45,121</u>	<u>8,782</u>	<u>9,467</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 55,041</u>	<u>\$ 14,612</u>	<u>\$ 4,000</u>	<u>\$ 108</u>	<u>\$ 43,582</u>	<u>\$ 8,799</u>	<u>\$ 9,484</u>

(Continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Private Purpose Trust Funds**  
**For the Fiscal Year Ended June 30, 2012**  
(Continued)

	<u>White Brook Cemetery Fund</u>	<u>Town Farm Fund</u>	<u>Link Cemetery Fund</u>	<u>Henry D Hoyle Fund</u>	<u>J Crawford Fenner Fund</u>	<u>Total Non-Major Permanent Funds</u>
<b>Revenues</b>						
Earnings on investments	\$ 4,309	\$ 2	\$ 1	\$ 1	\$ 6	\$ 4,570
Other revenues	-	-	-	-	-	1,585
<b>Total revenues</b>	<u>4,309</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>6</u>	<u>6,155</u>
<b>Expenditures</b>						
Administration	-	-	-	-	-	4,154
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,154</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	4,309	2	1	1	6	2,001
<b>FUND BALANCE - BEGINNING</b>	<u>107,949</u>	<u>1,236</u>	<u>819</u>	<u>629</u>	<u>3,523</u>	<u>252,100</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 112,258</u>	<u>\$ 1,238</u>	<u>\$ 820</u>	<u>\$ 630</u>	<u>\$ 3,529</u>	<u>\$ 254,101</u>

(Concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND RHODE ISLAND**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>LANDSCAPE ESCROWS</b>				
<b>Assets</b>				
Internal balances	\$ 10,096	\$ 19	\$ -	\$ 10,115
<b>Total assets</b>	<u>\$ 10,096</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 10,115</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 10,096	\$ 19	\$ -	\$ 10,115
<b>Total liabilities</b>	<u>\$ 10,096</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 10,115</u>
<b>CURB CUT BONDS</b>				
<b>Assets</b>				
Internal balances	\$ 4,864	\$ 2,000	\$ 3,500	\$ 3,364
<b>Total assets</b>	<u>\$ 4,864</u>	<u>\$ 2,000</u>	<u>\$ 3,500</u>	<u>\$ 3,364</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 4,864	\$ 2,000	\$ 3,500	\$ 3,364
<b>Total liabilities</b>	<u>\$ 4,864</u>	<u>\$ 2,000</u>	<u>\$ 3,500</u>	<u>\$ 3,364</u>
<b>FAIRSIDE DRIVE BOND</b>				
<b>Assets</b>				
Internal balances	\$ 22,714	\$ 42	\$ -	\$ 22,756
<b>Total assets</b>	<u>\$ 22,714</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 22,756</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 22,714	\$ 42	\$ -	\$ 22,756
<b>Total liabilities</b>	<u>\$ 22,714</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 22,756</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND RHODE ISLAND**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>SAFETY MARKINGS</b>				
<b>Assets</b>				
Internal balances	\$ 2,191	\$ 4	\$ -	\$ 2,195
<b>Total assets</b>	<u>\$ 2,191</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 2,195</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 2,191	\$ 4	\$ -	\$ 2,195
<b>Total liabilities</b>	<u>\$ 2,191</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 2,195</u>
<b>PROBATE COURT</b>				
<b>Assets</b>				
Internal balances	\$ 2,392	\$ 4	\$ -	\$ 2,396
<b>Total assets</b>	<u>\$ 2,392</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 2,396</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 2,392	\$ 4	\$ -	\$ 2,396
<b>Total liabilities</b>	<u>\$ 2,392</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 2,396</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Internal balances	\$ 42,257	\$ 2,069	\$ 3,500	\$ 40,826
<b>Total assets</b>	<u>\$ 42,257</u>	<u>\$ 2,069</u>	<u>\$ 3,500</u>	<u>\$ 40,826</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 42,257	\$ 2,069	\$ 3,500	\$ 40,826
<b>Total liabilities</b>	<u>\$ 42,257</u>	<u>\$ 2,069</u>	<u>\$ 3,500</u>	<u>\$ 40,826</u>

## **STATISTICAL SECTION**

**STATISTICAL SECTION  
TOWN OF RICHMOND, RHODE ISLAND  
SCHEDULE OF TAX COLLECTIONS  
For the Fiscal Year Ended June 30, 2012**

Fiscal Year End	Balance July 1, 2011	Current Year Assessment	Refunds	Additions and Adjustments	Abatements	Amount to be Collected	Current Year Collections	Balance June 30, 2012
2012	\$ -	\$ 15,705,615	\$ 21,140	\$ (24,217)	\$ 24,397	\$ 15,678,141	\$ 14,916,850	\$ 761,291
2011	762,663	-	5,339	18,349	1,303	785,048	548,284	236,764
2010	235,279	-	13,693	(670)	581	247,721	147,043	100,678
2009	116,772	-	5,231	1,930	250	123,683	58,221	65,462
2008	45,902	-	81	2,168	85	48,066	11,711	36,355
2007	26,612	-	1,045	229	81	27,805	1,038	26,767
2006	26,188	-	-	(78)	-	26,110	1,782	24,328
2005	19,022	-	-	(223)	-	18,799	1,696	17,103
2004	18,006	-	-	(308)	-	17,698	119	17,579
2003	11,865	-	-	(11,740)	125	-	-	-
	<u>\$ 1,262,309</u>	<u>\$ 15,705,615</u>	<u>\$ 46,529</u>	<u>\$ (14,560)</u>	<u>\$ 26,822</u>	<u>\$ 16,973,071</u>	<u>\$ 15,686,744</u>	<u>\$ 1,286,327</u>

**SCHEDULE OF MOST RECENT NET  
ASSESSED PROPERTY VALUE BY CATEGORY**

DESCRIPTION OF PROPERTY	VALUATIONS	LEVY
Real property	\$ 699,650,750	\$ 12,915,553
Real property - C/M	83,426,300	1,540,049
Motor vehicles	78,391,069	1,774,774
Tangible personal	20,982,590	387,339
TOTAL	<u>882,450,709</u>	<u>16,617,715</u>
Less exemptions	44,000,360	912,100
NET ASSESSED VALUE	<u>\$ 838,450,349</u>	<u>\$ 15,705,615</u>

**RECONCILIATION OF CURRENT YEAR  
PROPERTY TAX REVENUE**

Current year collections	\$ 15,686,744
Less: Refunds and adjustments	<u>(58,791)</u>
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2012	<u>290,611</u>
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2011	<u>(306,200)</u>
Non property tax & suspense adjustments	<u>44,318</u>
CURRENT YEAR PROPERTY TAX REVENUE	<u>\$ 15,656,682</u>

STATISTICAL SECTION  
TOWN OF RICHMOND, RHODE ISLAND  
SCHEDULE OF LONG-TERM LIABILITIES - PRIMARY GOVERNMENT  
For the Fiscal Year Ended June 30, 2012

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding July 1, 2011</u>	<u>Additions</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2012</u>	<u>Interest Paid</u>	<u>Due within one year</u>
<b>General obligation bonds payable</b>										
2007 Capital improvement bonds	8/15/2007	3.89%	4/1/2027	\$1,400,000	\$1,025,000	\$ -	\$ 150,000	\$ 875,000	\$38,606	\$150,000
2003 Municipal bonds	8/1/2003	2.00-4.00%	8/1/2013	1,600,000	525,000	-	175,000	350,000	17,063	175,000
2010 Capital improvement bonds	8/15/2010	1.15-3.00%	8/15/2020	1,150,000	1,150,000	-	-	1,150,000	29,680	10,000
<b>Total general obligation bonds payable</b>				<u>\$4,150,000</u>	<u>2,700,000</u>	<u>-</u>	<u>325,000</u>	<u>2,375,000</u>	<u>85,349</u>	<u>335,000</u>
<b>Other long-term liabilities</b>										
Accrued compensated absences					141,205	16,139	-	157,344	-	-
<b>Total other long-term liabilities</b>					<u>141,205</u>	<u>16,139</u>	<u>-</u>	<u>157,344</u>	<u>-</u>	<u>-</u>
<b>TOTAL LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES</b>					<u>\$2,841,205</u>	<u>\$ 16,139</u>	<u>\$ 325,000</u>	<u>\$ 2,532,344</u>	<u>\$85,349</u>	<u>\$335,000</u>
 <u>BUSINESS-TYPE ACTIVITIES</u>										
<b>Enterprise funds bonds payable</b>										
2012 Water capital improvements	2/28/2012	3.00%	2/28/2052	\$ 825,000	\$ -	\$825,000	\$ -	\$ 825,000	\$ -	\$ 10,948
<b>Total enterprise funds bonds payable</b>				<u>\$ 825,000</u>	<u>-</u>	<u>825,000</u>	<u>-</u>	<u>825,000</u>	<u>-</u>	<u>10,948</u>
<b>TOTAL LONG-TERM LIABILITIES - BUSINESS-TYPE ACTIVITIES</b>					<u>\$ -</u>	<u>\$825,000</u>	<u>\$ -</u>	<u>\$ 825,000</u>	<u>\$ -</u>	<u>\$ 10,948</u>

**TOWN OF RICHMOND, RHODE ISLAND  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
TO MATURITY - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2012**

**Governmental Funds**

<u>Fiscal Year Ended June 30,</u>	<u>Percentage of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	14.11%	\$ 335,000	\$ 72,487	\$ 407,487
2014	28.42%	340,000	59,265	399,265
2015	37.68%	220,000	48,819	268,819
2016	47.16%	225,000	41,187	266,187
2017	57.05%	235,000	33,597	268,597
2018	67.37%	245,000	25,528	270,528
2019	77.89%	250,000	18,225	268,225
2020	88.84%	260,000	11,525	271,525
2021	100.00%	265,000	3,975	268,975
Thereafter	100.00%	-	-	-
		<u>\$ 2,375,000</u>	<u>\$ 314,608</u>	<u>\$ 2,689,608</u>

**Enterprise Funds**

<u>Fiscal Year Ended June 30,</u>	<u>Percentage of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	200.46%	\$ 10,948	\$ 24,750	\$ 35,698
2014	200.94%	11,276	24,422	35,698
2015	201.42%	11,615	24,083	35,698
2016	201.93%	11,963	23,735	35,698
2017	202.45%	12,322	23,376	35,698
2018	202.98%	12,692	23,006	35,698
2019	203.53%	13,072	22,626	35,698
2020	204.10%	13,465	22,233	35,698
2021	204.68%	13,868	21,829	35,697
Thereafter	234.74%	713,779	392,367	1,106,146
		<u>\$ 825,000</u>	<u>\$ 602,427</u>	<u>\$ 1,427,427</u>
Total All Debt		<u>\$ 3,200,000</u>	<u>\$ 917,035</u>	<u>\$ 4,117,035</u>

**TOWN OF RICHMOND  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

**Exhibit 1**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ 10,117,906	\$ 10,822,388	\$ 11,644,019	\$ 12,700,301	\$ 2,054,119	\$ 680,618	\$ 1,664,014	\$ 1,442,231	\$ 1,209,630	
Restricted	-	-	-	-	-	-	3,507,745	3,975,530	4,419,213	
Unrestricted	5,662,225	6,034,135	6,434,399	5,985,444	5,429,271	6,792,210	2,710,314	3,079,229	2,811,588	
<b>Total governmental activities net assets</b>	<u>\$ 15,780,131</u>	<u>\$ 16,856,523</u>	<u>\$ 18,078,418</u>	<u>\$ 18,685,745</u>	<u>\$ 7,483,390</u>	<u>\$ 7,472,828</u>	<u>\$ 7,882,073</u>	<u>\$ 8,496,990</u>	<u>\$ 8,440,431</u>	
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 1,191,096	\$ 588,288	\$ 579,071	\$ 607,907	\$ 665,579	\$ 636,742	\$ 694,414	\$ 723,249	\$ 752,085	
Unrestricted	536,798	476,495	468,970	434,513	379,946	424,845	313,798	278,393	184,948	
<b>Total business-type activities net assets</b>	<u>\$ 1,727,894</u>	<u>\$ 1,064,783</u>	<u>\$ 1,048,041</u>	<u>\$ 1,042,420</u>	<u>\$ 1,045,525</u>	<u>\$ 1,061,587</u>	<u>\$ 1,008,212</u>	<u>\$ 1,001,642</u>	<u>\$ 937,033</u>	
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 11,309,002	\$ 11,410,676	\$ 12,223,090	\$ 13,308,208	\$ 2,719,698	\$ 1,317,360	\$ 2,358,428	\$ 2,165,480	\$ 1,961,715	
Restricted	-	-	-	-	-	-	3,507,745	3,975,530	4,419,213	
Unrestricted	6,199,023	6,510,630	6,903,369	6,419,957	5,809,217	7,217,055	3,024,112	3,357,622	2,996,536	
<b>Total primary government net assets</b>	<u>\$ 17,508,025</u>	<u>\$ 17,921,306</u>	<u>\$ 19,126,459</u>	<u>\$ 19,728,165</u>	<u>\$ 8,528,915</u>	<u>\$ 8,534,415</u>	<u>\$ 8,890,285</u>	<u>\$ 9,498,632</u>	<u>\$ 9,377,464</u>	

**Note:** Prior to implementation of GASB 34 in 2003, this information was not compiled and is unavailable.

**TOWN OF RICHMOND  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

Exhibit 2

	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>									
<b>Governmental activities:</b>									
General government	\$ 1,202,400	\$ 1,211,012	\$ 1,112,240	\$ 1,381,725	\$ 1,285,864	\$ 1,050,620	\$ 1,201,615	\$ 1,079,622	\$ 1,026,734
Public safety	1,672,730	1,498,832	1,438,854	1,359,604	1,255,025	1,212,587	1,102,273	862,348	742,464
Public works	2,180,519	2,123,184	2,296,905	2,069,878	524,205	570,471	681,350	576,889	570,545
General public assistance	769,187	726,279	332,833	426,905	320,111	50,591	48,940	48,384	49,277
Recreation and culture	52,129	57,159	47,559	83,777	82,319	62,150	100,571	73,868	91,707
Education	18,098,080	17,072,158	16,564,107	17,187,604	17,333,510	16,902,823	15,680,611	14,878,050	13,748,062
Community services	153,049	143,870	173,810	176,777	177,827	166,327	162,105	137,350	100,902
Other	71,712	198,390	103,966	353,697	287,727	782,864	993,166	370,137	192,531
Interest	85,817	82,831	73,311	125,009	77,294	57,965	18,482	78,515	91,537
<b>Total governmental activities expenses</b>	<b>24,285,623</b>	<b>23,113,715</b>	<b>22,143,585</b>	<b>23,164,976</b>	<b>21,343,882</b>	<b>20,856,398</b>	<b>19,989,113</b>	<b>18,105,163</b>	<b>16,613,759</b>
<b>Business-type activities:</b>									
Water Supply Board	79,645	73,599	93,202	74,475	102,991	66,572	66,091	57,042	70,046
<b>Total business-type activities expenses</b>	<b>79,645</b>	<b>73,599</b>	<b>93,202</b>	<b>74,475</b>	<b>102,991</b>	<b>66,572</b>	<b>66,091</b>	<b>57,042</b>	<b>70,046</b>
<b>Total primary government expenses</b>	<b>\$ 24,365,268</b>	<b>\$ 23,187,314</b>	<b>\$ 22,236,787</b>	<b>\$ 23,239,451</b>	<b>\$ 21,446,873</b>	<b>\$ 20,922,970</b>	<b>\$ 20,055,204</b>	<b>\$ 18,162,205</b>	<b>\$ 16,683,805</b>
<b>Program revenues</b>									
<b>Governmental activities:</b>									
<b>Charges for services:</b>									
General government	\$ 270,050	\$ 309,441	\$ 338,242	\$ 236,515	\$ 504,495	\$ 181,052	\$ 654,515	\$ 608,584	\$ 154,107
Public safety	86,792	5,987	87,349	67,013	64,418	58,126	47,125	11,710	190,526
Public works	-	-	-	-	-	81,812	1,700	27,588	47,214
Education	50,138	42,103	71,232	-	-	-	-	-	-
Other activities	111,365	106,774	16,358	8,632	12,650	1,177,555	1,124,466	779,519	670,379
Operating grants and contributions	6,099,529	5,546,692	5,495,190	622,113	6,303,066	6,028,634	5,785,334	5,525,031	5,488,266
Capital grants and contributions	559,037	641,878	283,430	-	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>7,176,911</b>	<b>6,652,875</b>	<b>6,291,801</b>	<b>934,273</b>	<b>6,884,629</b>	<b>7,527,179</b>	<b>7,613,140</b>	<b>6,952,432</b>	<b>6,550,492</b>
<b>Business-type activities:</b>									
<b>Charges for services:</b>									
Water Supply Board	117,031	87,050	98,823	98,904	84,870	85,140	74,536	119,304	42,548
Operating grants and contributions	625,725	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>742,756</b>	<b>87,050</b>	<b>98,823</b>	<b>98,904</b>	<b>84,870</b>	<b>85,140</b>	<b>74,536</b>	<b>119,304</b>	<b>42,548</b>
<b>Total primary government program revenues</b>	<b>\$ 7,919,667</b>	<b>\$ 6,739,925</b>	<b>\$ 6,390,624</b>	<b>\$ 1,033,177</b>	<b>\$ 6,969,499</b>	<b>\$ 7,612,319</b>	<b>\$ 7,687,676</b>	<b>\$ 7,071,736</b>	<b>\$ 6,593,040</b>
<b>Net (Expense)/Revenue</b>									
<b>Governmental activities</b>	<b>\$ (17,108,712)</b>	<b>\$ (16,460,840)</b>	<b>\$ (15,851,784)</b>	<b>\$ (22,230,703)</b>	<b>\$ (14,459,253)</b>	<b>\$ (13,329,219)</b>	<b>\$ (12,375,973)</b>	<b>\$ (11,152,731)</b>	<b>\$ (10,063,267)</b>
<b>Business-type activities</b>	<b>663,111</b>	<b>13,451</b>	<b>5,621</b>	<b>24,429</b>	<b>(18,121)</b>	<b>18,568</b>	<b>8,445</b>	<b>62,262</b>	<b>(27,498)</b>
<b>Total primary government net expenses</b>	<b>\$ (16,445,601)</b>	<b>\$ (16,447,389)</b>	<b>\$ (15,846,163)</b>	<b>\$ (22,206,274)</b>	<b>\$ (14,477,374)</b>	<b>\$ (13,310,651)</b>	<b>\$ (12,367,528)</b>	<b>\$ (11,090,469)</b>	<b>\$ (10,090,765)</b>
<b>General Revenues and Other Changes in Net Assets</b>									
<b>Governmental activities:</b>									
Property taxes and other	\$ 15,696,290	\$ 15,022,955	\$ 14,346,660	\$ 13,954,319	\$ 13,104,382	\$ 11,999,417	\$ 11,113,712	\$ 10,302,445	\$ 9,749,550
Interest on late payments	185,525	143,588	158,260	79,520	208,254	277,204	218,117	188,512	126,154
Unrestricted investment earnings	6,328	14,260	26,392	-	-	-	-	-	-
State aid	57,421	58,142	713,145	6,158,139	993,406	-	-	-	-
Other revenues	-	-	-	-	103,825	248,346	425,679	720,765	240,997
<b>Total general revenues</b>	<b>15,945,564</b>	<b>15,238,945</b>	<b>15,244,457</b>	<b>20,191,978</b>	<b>14,409,867</b>	<b>12,524,967</b>	<b>11,757,508</b>	<b>11,211,722</b>	<b>10,116,701</b>
<b>Business-type activities:</b>									
Unrestricted investment earnings	-	3,291	-	4,367	-	-	-	-	-
<b>Total business-type activities</b>	<b>-</b>	<b>3,291</b>	<b>-</b>	<b>4,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 15,945,564</b>	<b>\$ 15,242,236</b>	<b>\$ 15,244,457</b>	<b>\$ 20,196,345</b>	<b>\$ 14,409,867</b>	<b>\$ 12,524,967</b>	<b>\$ 11,757,508</b>	<b>\$ 11,211,722</b>	<b>\$ 10,116,701</b>
<b>Change in Net Assets</b>									
<b>Governmental activities</b>	<b>\$ (1,163,148)</b>	<b>\$ (1,221,895)</b>	<b>\$ (607,327)</b>	<b>\$ (2,038,725)</b>	<b>\$ (49,386)</b>	<b>\$ (804,252)</b>	<b>\$ (618,465)</b>	<b>\$ 58,991</b>	<b>\$ 53,434</b>
<b>Business-type activities</b>	<b>663,111</b>	<b>16,742</b>	<b>5,621</b>	<b>28,796</b>	<b>(18,121)</b>	<b>18,568</b>	<b>8,445</b>	<b>62,262</b>	<b>(27,498)</b>
<b>Total primary governmental</b>	<b>\$ (500,037)</b>	<b>\$ (1,205,153)</b>	<b>\$ (601,706)</b>	<b>\$ (2,009,929)</b>	<b>\$ (67,507)</b>	<b>\$ (785,684)</b>	<b>\$ (610,020)</b>	<b>\$ 121,253</b>	<b>\$ 25,936</b>

Note: Prior to implementation of GASB 34 in 2003, this information was not compiled and is unavailable.

**TOWN OF RICHMOND  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**Exhibit 3**

	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Fund</b>									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	2,778,282	2,524,045	2,399,060	2,273,372	2,900,303	3,215,975	2,934,232
Nonspendable fund balances	2,663	30,350	-	-	-	-	-	-	-
Assigned fund balances	571,144	734,310	-	-	-	-	-	-	-
Unassigned fund balances	3,178,062	2,957,716	-	-	-	-	-	-	-
<b>Total general fund</b>	<u>3,751,869</u>	<u>3,722,376</u>	<u>2,778,282</u>	<u>2,524,045</u>	<u>2,399,060</u>	<u>2,273,372</u>	<u>2,900,303</u>	<u>3,215,975</u>	<u>2,934,232</u>
<b>All Other Governmental Funds</b>									
Reserved, reported in:									
Special Revenue Funds	382,778	539,986	2,011,989	1,765,404	2,340,203	3,213,368	3,507,745	3,975,530	4,419,213
Capital Projects Funds	688,711	952,018	984,425	1,011,190	1,474,091	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>1,071,489</u>	<u>1,492,004</u>	<u>2,996,414</u>	<u>2,776,594</u>	<u>3,814,294</u>	<u>3,213,368</u>	<u>3,507,745</u>	<u>3,975,530</u>	<u>4,419,213</u>
<b>Total governmental funds</b>	<u>\$ 4,823,358</u>	<u>\$ 5,214,380</u>	<u>\$ 5,774,696</u>	<u>\$ 5,300,639</u>	<u>\$ 6,213,354</u>	<u>\$ 5,486,740</u>	<u>\$ 6,408,048</u>	<u>\$ 7,191,505</u>	<u>\$ 7,353,445</u>

**Note:** Prior to implementation of GASB 34 in 2003, this information was not compiled and is unavailable.

**Note:** For 2011, the Town implemented GASB 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.

**TOWN OF RICHMOND**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

**Exhibit 4**

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Revenues</b>					
Property tax revenue	\$ 15,656,682	\$ 14,845,065	\$ 14,277,199	\$ 13,923,630	\$ 12,836,071
Interest on late payments	185,525	143,588	158,260	-	-
Intergovernmental and department revenue	6,771,428	6,227,798	6,314,625	6,747,742	7,351,551
Licenses, fees, and permits	265,661	284,861	312,605	256,401	557,022
Investment income	6,328	14,260	26,392	79,520	218,274
Other revenues	197,243	198,358	377,716	88,269	62,317
<b>Total revenues</b>	<u>23,082,867</u>	<u>21,713,930</u>	<u>21,466,797</u>	<u>21,095,562</u>	<u>21,025,235</u>
<b>Expenditures</b>					
General government	1,114,763	1,097,331	1,111,867	1,154,554	1,219,531
Public safety	1,621,378	1,470,750	1,412,216	1,329,750	1,237,818
Public works	703,440	674,584	853,258	614,233	515,637
Grants expenditures and land acquisition	769,187	1,308,592	332,833	426,905	320,111
Recreation and culture	52,129	57,159	47,559	83,777	82,319
Education	18,098,080	17,072,158	16,564,107	17,187,604	17,333,510
Recycling area	55,875	55,128	38,738	39,822	40,341
Community services	153,049	143,870	173,810	176,777	177,827
Canvassing authority	10,073	6,401	2,125	-	-
Landfill closure	-	-	-	9,146	5,213
Capital outlay	570,447	1,100,244	60,578	535,344	226,763
Debt Service - principal	325,000	325,000	315,355	304,759	329,056
Debt Service - interest	85,349	82,174	79,769	92,056	77,294
Debt Service - other	1,875	30,855	525	525	14,910
<b>Total expenditures</b>	<u>23,560,645</u>	<u>23,424,246</u>	<u>20,992,740</u>	<u>21,955,252</u>	<u>21,580,330</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>(477,778)</u>	<u>(1,710,316)</u>	<u>474,057</u>	<u>(859,690)</u>	<u>(555,095)</u>
<b>Other financing sources (uses)</b>					
Proceeds from debt issuance	-	1,150,000	-	-	1,400,000
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>1,150,000</u>	<u>-</u>	<u>-</u>	<u>1,400,000</u>
<b>Net change in fund balances</b>	<u>\$ (477,778)</u>	<u>\$ (560,316)</u>	<u>\$ 474,057</u>	<u>\$ (859,690)</u>	<u>\$ 844,905</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>1.83%</u>	<u>2.00%</u>	<u>1.93%</u>	<u>1.89%</u>	<u>2.01%</u>

**Note:** This schedule includes expenditures of the General Fund, Special Revenue Funds and Capital Project Funds

**Note:** Capital additions come from many functions, not just capital outlay. See page 16 for a more detailed explanation of capital expenses.

**TOWN OF RICHMOND**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

**Exhibit 4 (Continued)**

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Revenues</b>					
Property tax revenue	\$ 11,999,417	\$ 11,113,712	\$ 10,302,445	\$ 9,749,550	\$ 8,865,490
Interest on late payments	258,459	208,552	186,080	124,779	145,886
Intergovernmental and department revenue	6,028,634	5,785,334	5,782,255	5,634,054	5,689,236
Licenses, fees, and permits	320,990	718,640	390,658	338,553	205,595
Investment income	-	-	-	-	-
Other revenues	1,425,901	1,547,958	1,500,284	1,303,223	1,195,411
<b>Total revenues</b>	<u>20,033,401</u>	<u>19,374,196</u>	<u>18,161,722</u>	<u>17,150,159</u>	<u>16,101,618</u>
<b>Expenditures</b>					
General government	1,116,437	1,080,676	997,435	948,284	700,671
Public safety	1,181,807	1,062,315	827,705	753,143	713,900
Public works	478,435	588,834	469,770	462,303	649,225
Grants expenditures and land acquisition	50,591	48,940	48,384	49,277	-
Recreation and culture	62,150	100,571	73,868	91,707	67,523
Education	16,902,823	15,680,611	14,878,050	13,748,062	12,530,577
Recycling area	34,410	24,485	18,204	15,883	11,625
Community services	166,327	162,105	137,350	100,902	125,500
Landfill closure	8,107	17,150	43,207	6,365	15,967
Capital outlay	135,896	110,389	129,455	590,323	1,244,295
Program expenditures	740,347	951,531	308,726	170,283	226,876
Debt Service - principal	304,237	311,564	312,993	296,559	286,014
Debt Service - interest	57,965	18,482	78,515	91,537	56,126
<b>Total expenditures</b>	<u>21,239,532</u>	<u>20,157,653</u>	<u>18,323,662</u>	<u>17,324,628</u>	<u>16,628,299</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>(1,206,131)</u>	<u>(783,457)</u>	<u>(161,940)</u>	<u>(174,469)</u>	<u>(526,681)</u>
<b>Other financing sources (uses)</b>					
Note payment	-	-	-	(800,000)	800,000
Proceeds from debt issuance	-	-	-	1,600,000	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>800,000</u>
<b>Net change in fund balances</b>	<u>\$ (1,206,131)</u>	<u>\$ (783,457)</u>	<u>\$ (161,940)</u>	<u>\$ 625,531</u>	<u>\$ 273,319</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>1.81%</u>	<u>1.76%</u>	<u>2.24%</u>	<u>2.40%</u>	<u>2.31%</u>

**Note:** This schedule includes expenditures of the General Fund, Special Revenue Funds and Capital Project Funds

**Note:** Capital additions come from many functions, not just capital outlay. See page 16 for a more detailed explanation of capital expenses.

**TOWN OF RICHMOND  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 UNAUDITED  
 LAST EIGHT FISCAL YEARS**

**Exhibit 5**

The following table indicates assessed valuations of taxable real and personal property as of December 31 for the years 2004—2011.

	<b>12/31/2004**</b>	<b>12/31/2005</b>	<b>12/31/2006</b>	<b>12/31/2007**</b>	<b>12/31/2008</b>	<b>12/31/2009</b>	<b>12/31/2010*</b>	<b>12/31/2011</b>
Real Estate	\$ 832,376,370	\$ 847,293,150	\$ 858,779,900	\$ 916,329,450	\$ 922,899,920	\$ 926,170,250	\$ 783,077,050	\$ 784,211,050
Personal Property	81,790,198	90,760,242	91,022,497	90,980,919	83,355,342	96,956,133	99,373,659	102,586,930
Total	914,166,568	938,053,392	949,802,397	1,007,310,369	1,006,255,262	1,023,126,383	882,450,709	886,797,980
Less Exemptions	41,907,706	54,088,850	54,689,138	56,484,676	56,293,676	45,099,929	44,000,360	46,258,219
Net Total	<u>\$ 872,258,862</u>	<u>\$ 883,964,542</u>	<u>\$ 895,113,259</u>	<u>\$ 950,825,693</u>	<u>\$ 949,961,586</u>	<u>\$ 978,026,454</u>	<u>\$ 838,450,349</u>	<u>\$ 840,539,761</u>

Full Value Ratio of Assessment

\* Revaluation

\*\* Statistical Revaluation

**TOWN OF RICHMOND  
PROPERTY TAX RATES  
UNAUDITED  
LAST TEN FISCAL YEARS**

**Exhibit 6**

**Tax Rate, Levy and Collection Record**

Fiscal Year June 30,	Current Tax Levy	Current Tax Collections	% of Levy Collected	Current and Total		Uncollected Taxes	Tax Rate	% Rate Increase	\$ Levy Increase	% Levy Increase
				Delinquent Collections	Collections % of Levy					
2012	15,705,615	15,662,363	99.72	15,792,314	100.55	1,286,328	19.02	3.03%	631,638	4.19%
2011 <sup>(1)</sup>	15,073,977	14,306,567	94.91	14,799,888	98.18	1,261,083	18.46	23.56%	697,174	4.85%
2010	14,376,803	13,753,597	95.67	14,058,031	97.78	1,141,296	14.94	4.40%	524,420	3.79%
2009	13,852,383	13,149,523	94.93	13,711,122	98.98	1,077,973	14.31	1.42%	1,030,292	8.04%
2008 <sup>(1)</sup>	12,822,091	12,245,003	95.50	12,924,576	100.80	679,573	14.11	4.21%	631,725	5.18%
2007	12,190,366	11,704,160	96.01	12,324,356	101.10	486,206	13.54	8.84%	1,037,720	9.30%
2006	11,152,646	10,510,429	94.24	10,941,316	98.11	642,217	12.44	-33.94%	843,255	8.18%
2005 <sup>(2)</sup>	10,309,391	9,969,046	96.70	10,456,579	101.43	340,345	18.83	5.20%	576,748	5.93%
2004	9,732,643	9,359,776	96.17	9,855,168	101.26	372,867	17.90	4.43%	610,248	6.69%
2003	9,122,395	8,615,789	94.45	9,099,921	99.75	506,605	17.14	-31.79%	626,289	7.37%

Outstanding delinquent taxes represent total delinquent current levy and prior year. There is a 12% late payment charge on all delinquent  
(1)Revaluation.  
(2)Revaluation.

**TOWN OF RICHMOND  
PRINCIPAL TAXPAYERS  
UNAUDITED  
JUNE 30, 2012**

**Exhibit 7**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Tax</u>
1	Kingstown Richmond LP	Realty/Shopping Center	6,100,500	\$ 116,031.51
2	Narragansett Electric	Utility/Electric & Gas	4,731,760	\$ 89,998.08
3	Cox Com Inc.	Utility/Cable	3,735,500	\$ 71,049.21
4	Richmond Country Club	Golf Club	3,405,440	\$ 64,770.71
5	Cadlerock Properties LLC	Realty/Shopping Center	3,009,900	\$ 57,248.30
6	New Castle Realty Company	Realty/Building Supplies	2,858,900	\$ 54,376.28
7	Ocean State Golf Investors LLC	Golf Club	2,839,800	\$ 54,013.00
8	JAG Enterprises Incorporated	Golf Club	2,725,000	\$ 51,829.50
9	Stop & Shop Supermarket	Supermarket	2,426,010	\$ 46,142.71
10	Rolling Greens Corporation	Golf Club	2,362,900	\$ 44,942.36
			Top Ten Total Tax	650,402
			Levy	15,705,615
			% of levy	4.14%

**TOWN OF RICHMOND  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST EIGHT FISCAL YEARS**

**Exhibit 8**

	<b>Debt Ratios</b>							
	2005	2006	2007	2008	2009	2010	2011	2012
Population	7,222	7,222	7,222	7,222	7,222	7,708	7,708	7,708
Direct Debt	1,990,312	1,677,563	2,824,171	2,495,114	2,190,355	3,025,000	2,700,000	3,200,000
Overlapping Debt								
Direct Debt Per Capita	276	232	391	345	303	392	350	415
Overall Debt(1)	1,990,312	1,677,563	2,824,171	2,495,114	2,190,355	3,025,000	2,700,000	3,200,000
Overall Debt Per Capita	276	232	391	345	303	392	350	415
Estimated Full Market Value	544,001,139	874,048,015	883,964,542	895,113,259	950,825,693	949,961,586	838,450,349	840,539,761
Direct Debt as % of EFMV	0.366%	0.192%	0.319%	0.279%	0.230%	0.318%	0.322%	0.381%
Overall Debt as % of EFMV	0.366%	0.192%	0.319%	0.279%	0.230%	0.318%	0.322%	0.381%

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.  
Debt Service is paid through the General Fund, the Town does not maintain a debt service fund.  
The Town of Richmond is not subject to any overlapping debt.

**TOWN OF RICHMOND  
BUILDING PERMITS  
LAST TEN FISCAL YEARS**

**Exhibit 9**

**Building Permits**

Schedule of residential Building Permits for the fiscal years ending 2003 through 2012.

	<b>Number</b>	<b>Value</b>
2012	6	1,241,325
2011	8	1,619,877
2010	8	1,352,830
2009	10	1,452,784
2008	23	4,106,292
2007	9	1,446,739
2006	33	5,118,467
2005	43	8,117,669
2004	48	12,230,830
2003	40	7,427,591

**TOWN OF RICHMOND  
ANALYSIS OF TAXABLE PROPERTY  
JUNE 30, 2012**

**Exhibit 10**

**Analysis of Taxable Property  
Percent of Total Real Estate and Tangible Property Assessment**

<u><b>Class</b></u>	<u><b>Town 2008</b></u>	<u><b>State Average 2008</b></u>
Residential	83.89	80.75
Commercial	9.88	10.79
Industrial	0.90	2.22
Utility	0.00	1.20
Motor Vehicles	5.04	4.68
Other	0.29	0.36
	<hr/> 100.00	<hr/> 100.00

Source: State of R. I. Department of Administration Annual State Report on Local Government Finances and Tax Equalization.

**TOWN OF RICHMOND  
FUND BALANCE RATIOS  
JUNE 30, 2012**

**Exhibit 11**

Fiscal Year End	Budget			Fund Balance	Ratio
	Municipal	School	Total		
2012	4,257,375	18,098,080	22,355,455	3,751,869	16.78%
2011	4,054,432	17,303,309	21,357,741	3,722,376	17.43%
2010	4,190,525	17,443,098	21,633,623	2,778,282	12.84%
2009	4,002,881	17,823,992	21,826,873	2,524,045	11.56%
2008	3,879,886	17,333,510	21,213,396	2,399,060	11.31%
2007	3,701,899	16,902,823	20,604,722	2,273,372	11.03%
2006	3,585,404	15,680,612	19,266,016	2,900,303	15.05%
2005	3,268,229	14,878,030	18,146,259	3,215,975	17.72%
2004	3,042,729	13,748,062	16,790,791	2,934,232	17.48%
2003	3,125,523	12,530,588	15,656,111	2,851,407	18.21%
2002	2,816,971	11,911,607	14,728,607	4,741,299	32.19%

**Note** FY2011 includes new reporting for Fund Balane

**TOWN OF RICHMOND  
ASSESSED VALUATIONS  
LAST TEN FISCAL YEARS**

**Exhibit 12**

**Assessed Valuations**

The following table indicates assessed valuations of taxable real and personal property for the fiscal years 2000—2012:

<u>Fiscal Year</u>	<u>Net Assessed Values<sup>(1)</sup></u>	<u>Ratio</u>	<u>Approximate Full Market Value</u>
2012	840,539,761	100	840,539,761
2011 <sup>(3)</sup>	838,450,349	100	838,450,349
2010	949,961,586	100	949,961,586
2009	950,825,693	100	950,825,693
2008 <sup>(2)</sup>	895,113,259	100	895,113,259
2007	883,964,542	100	883,964,542
2006	874,048,015	100	874,048,015
2005 <sup>(2)</sup>	544,001,139	100	544,001,139
2004	538,274,478	100	538,274,478
2003	525,725,708	100	525,725,708

(1) Net of exemptions.

(2) Statistical Revaluation.

(3) Revaluation.

**TOWN OF RICHMOND  
MISCELLANEOUS STATISTICS  
UNAUDITED  
JUNE 30, 2012**

**Exhibit 13**

Founded:	1669	Police Protection	
Town Incorporation:	1747	Buildings:	1
		Employees:	
Type of Government:	Council / appointed Town Adinir	Law Enforcement	12
		Civilian	
Fiscal Year begins:	July 1	Full Time	4
		Part Time	7
Population:		Animal Control	
	<u>Official US Census</u>	Full Time	1
	1950    1,772	Part Time	3
	1960    1,986		
	1970    2,625	Municipal	
	1980    4,018	Town Hall	16
	1990    5,351	Public Works	9
	2000    7,222	Parks & Recreation	0
	2010    7,708	Part Time Director	1
		Seasonal Staff	20
Area of Town:	40.8 square miles		
Land Area:	40.6 square miles	Municipal Buildings	
		Town Hall	
Miles of Streets		Public Works	
Local Paved	69	Police Station/Community Center	
Local Un-Paved	7		
Fire Protection			
# Fire Stations:	5		
The Town is served by two independent fire districts			
Richmond-Carolina Fire District			
Hope Valley-Wyoming Fire District			
Library			
The Town is served by an independent library			
Clark Memorial Library			

***TOWN OF RICHMOND***

***SINGLE AUDIT SECTION***

**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 Honorable President and  
Members of the Town Council  
Town of Richmond  
Richmond, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Richmond (Town), as of and for the year fiscal ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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 Town's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Compliance and Other Matter**

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

We noted certain other matters that we reported to management of the Town in a separate letter dated December 1, 2012.

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



Parmelee, Poirier & Associates, LLP  
December 1, 2012

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

The Honorable President and  
Members of the Town Council  
Town of Richmond  
Richmond, Rhode Island

**Compliance**

We have audited the Town of Richmond's (Town), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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

In our opinion, the Town, complied, in all material respects, with the compliance requirements referred to above that have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**Internal Control Over Compliance**

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

to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

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



Parmelee, Poirier & Associates, LLP  
December 1, 2012

**TOWN OF RICHMOND, RHODE ISLAND**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2012**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture:</b>			
Water and Waste Disposal Systems for Rural Communities	10.760	45-005	\$ 1,450,725
<b>Total U.S. Department of Agriculture</b>			<u>\$ 1,450,725</u>
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Pass-Through State of Rhode Island Division of Planning, Office of Housing and Community Development</i>			
Community Development Block Grant/State Program	14.228	Various	\$ 319,267
<b>Total U.S. Department of Housing and Urban Development</b>			<u>\$ 319,267</u>
<b>U.S. Department of Justice:</b>			
<i>Justice Assistance Cluster</i>			
Equitable Sharing Program	16.922	SOLEMN	\$ 545
<b>Total U.S. Department of Justice</b>			<u>\$ 545</u>
<b>U.S. Department of Transportation:</b>			
<i>Pass-Through State of Rhode Island Department of Transportation, Governor's Office on Highway Safety</i>			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	N/A	\$ 3,619
Safety Belt Performance Grants	20.609	N/A	2,333
Child Safety and Child Booster Seat Incentive Grants	20.613	N/A	316
NHTSA Discretionary Safety Grants	20.614	N/A	3,437
<b>Total U.S. Department of Transportation</b>			<u>\$ 9,705</u>
<b>Environmental Protection Agency:</b>			
<i>Pass-Through State of Rhode Island Environmental Protection Agency</i>			
State and Tribal Response Program Grants	66.817	RP-96135801-0	\$ 90,000
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	200,000
<b>Total Environmental Protection Agency</b>			<u>\$ 290,000</u>
<b>U.S. Department of Energy:</b>			
<i>Direct Program:</i>			
Energy Efficiency And Conservation Block Grant Program	81.128	GF-8725	\$ 9,557
<b>Total U.S. Department of Energy</b>			<u>\$ 9,557</u>
<b>U.S. Department of Homeland Security:</b>			
<i>Pass-through State of Rhode Island Emergency Management Agency:</i>			
State and Homeland Security National Training Program	97.005	29-106-FY2011	\$ 884
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	63,734
<b>Total U.S. Department of Homeland Security</b>			<u>\$ 64,618</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,144,417</u>

**TOWN OF RICHMOND**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2012**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified?      yes   X   no

Significant deficiency (ies) identified that are not considered to be material weaknesses?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards**

Internal control over major programs:

Material weakness (es) identified?      yes   X   no

Significant deficiency (ies) identified that are not considered to be material weakness (es)?      yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133?      yes   X   no

**Identification of major programs:**

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
10.760	Water and Waste Disposal Systems for Rural Communities

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

Auditee qualified as low risk auditee?      yes   X   no

**TOWN OF RICHMOND**  
***Schedule of Findings and Questioned Costs***  
***For The Fiscal Year Ended June 30, 2012***  
***(continued)***

**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT  
AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**A. Significant Deficiency in Internal Control**

None Reported

**B. Compliance**

None Reported

**SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS**

**A. Findings**

None Reported

**B. Questioned Costs**

None Reported

***TOWN OF RICHMOND***  
***Schedule of Prior Year Findings and Questioned Costs***  
***Year Ended June 30, 2012***

**PRIOR YEAR FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS**

**A. Findings**

None Reported

**B. Questioned Costs**

None Reported

**TOWN OF RICHMOND**  
*Notes to Schedule of Expenditures of Federal Awards*  
*June 30, 2012*

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Town of Richmond, Rhode Island.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the Town of Richmond. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2012, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

*CFDA Number(s)*  
10.760

*Name of Federal Program or Cluster*  
Water and Waste Disposal Systems for Rural Communities