
TOWN OF RICHMOND

FINANCIAL STATEMENTS

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2011***

Prepared by: Finance Department

RICHMOND, RHODE ISLAND

**TOWN OF RICHMOND, RHODE ISLAND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTORY SECTION	
<i>LIST OF TOWN OFFICIALS</i>	i
II. FINANCIAL SECTION	
<i>INDEPENDENT AUDITORS' REPORT</i>	1
<i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i>	3
BASIC FINANCIAL STATEMENTS	
<u><i>Government Wide Financial Statements</i></u>	
Statement of Net Assets	12
Statement of Activities	13
<u><i>Fund Financial Statements</i></u>	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances of the Governmental Funds to the Statement of Activities	16
Statement of Net Assets – Proprietary Funds	17
Statement of Revenue, Expenses, and Changes in Fund Net Assets – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Balance Sheet – Fiduciary Funds	20
Statement of Revenues, Expenditures and Changes in Fiduciary Net Assets - Fiduciary Funds	21
<u><i>Notes to the Financial Statements</i></u>	
Required Disclosures and Other Information	22
REQUIRED SUPPLEMENTARY INFORMATION (RSI)	
Budgetary Comparison Schedule – Statement of Revenues, Expenditures and Changes in Unreserved Fund Balance – General Fund	48

Continued

**TOWN OF RICHMOND, RHODE ISLAND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS

Continued

Other Supplementary Information (continued)

Combining Balance Sheet – Non-major Governmental Funds	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	50
Combining Balance Sheet – Restricted Special Revenue Funds Town	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Restricted Special Revenue Funds Town	55
Combining Balance Sheet – Capital Project Funds	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project Funds	61
Combining Balance Sheet – Private Purpose Trust Funds	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Private Purpose Trust Funds	65
Combining Statement of Assets and Liabilities – Agency Funds	67

III. STATISTICAL SECTION

Tax Collectors Annual Report	69
Schedules of Long-term Liabilities – Governmental Activities	70
Computation of Legal Debt Margin	71
Top Ten Taxpayers as of 12/31/10	72
Assessed Valuations	73
Tax Rate, Levy and Collection Record	74
Building Permits	75
Debt Ratios	76
Fund Balance Ratios	77
Assessed Valuations	78

IV. AUDITORS REPORT AS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79
Schedule of Findings and Questioned Cost	81
Schedule of Prior Year Findings and Questions Costs	83

Concluded

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of Town Officials

**TOWN OF RICHMOND
RHODE ISLAND**

**TOWN COUNCIL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Page Left Intentionally Blank

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**

Parmelee Poirier & Associates, LLP

Certified Public Accountants

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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express 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, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2011 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 48 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 section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Carmele Poirier & Associates, LLP
December 1, 2011

Management's Discussion and Analysis

TOWN OF RICHMOND, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(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, 2011.

Financial Highlights

- ❖ At the end of the current fiscal year, the general fund unassigned fund balance was \$2,957,716, or 13.9% 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 Charitho 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 \$764,660, 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 \$23,187,314, a 4.3% increase from the prior year, while revenues were \$21,982,161, a 1.6% increase.
- ❖ The current fiscal year's expenditures and transfers exceeded revenues and transfers by \$560,316. The majority of the deficit resulted from the expenditure of capital bond proceeds and land trust and community development expenses.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,214,380. Included in this amount is the general fund unassigned balance of \$2,957,716, assigned fund balance of \$764,660 and special revenue and capital project fund balances of \$1,492,004, which is earmarked for special revenue and capital project items.
- ❖ The Town's net assets decreased \$1,205,153, or 6.3% 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 component was asset depreciation expense, which amounted to \$1,548,179. 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 \$17,921,306. Net assets of Business-Type Activities increased by \$16,742, or 1.6%, while net assets of Governmental Activities decreased by \$1,221,895 or 6.8%. 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, 2011
(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, 2011
(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 47.

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 48.

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 49 through 68.

TOWN OF RICHMOND, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(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 \$16,856,523 as of June 30, 2011. This is a decrease of (\$1,221,895) from the previous year.

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

Town of Richmond						
Net Assets						
	June 30, 2011			June 30, 2010		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
Current and other assets	\$ 6,512,081	\$ 481,008	\$ 6,993,089	\$ 6,866,008	\$ 480,728	\$ 7,346,736
Capital assets	13,522,388	588,288	14,110,676	13,519,019	579,071	14,098,090
Total assets	<u>20,034,469</u>	<u>1,069,296</u>	<u>21,103,765</u>	<u>20,385,027</u>	<u>1,059,799</u>	<u>21,444,826</u>
Current liabilities	336,741	4,513	341,254	332,588	11,758	344,346
Long-term liabilities	2,841,205	-	2,841,205	1,974,021	-	1,974,021
Total liabilities	<u>3,177,946</u>	<u>4,513</u>	<u>3,182,459</u>	<u>2,306,609</u>	<u>11,758</u>	<u>2,318,367</u>
Net assets:						
Invested in capital						
net of related debt	10,822,388	588,288	11,410,676	11,644,019	579,071	12,223,090
Unrestricted	6,034,135	476,495	6,510,630	6,434,399	468,970	6,903,369
Total net assets	<u>\$ 16,856,523</u>	<u>\$ 1,064,783</u>	<u>\$ 17,921,306</u>	<u>\$ 18,078,418</u>	<u>\$ 1,048,041</u>	<u>\$ 19,126,459</u>

An additional portion of the Town's net assets, \$10,822,388 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, 2011
(Un-audited)

As of June 30, 2011 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, 2011. 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 \$1,221,895 for the current period, accounting for a 6.8% decrease in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$16,742, accounting for 1.6% increase in the business-type growth in net assets. Overall the Town's net assets decrease was \$1,205,153 which is a 6.3% decrease over the prior year.

In the fund financial statements, the Town ended the year with a net increase in the General Funds' fund balance of \$944,094 as shown in the Statement of Revenues, Expenditures and Changes in Fund Balance on page 15. This increased the cumulative General Fund fund balance surplus to \$3,722,376, which is 17.5% of the 2010-2011 General Fund revised budgeted expenditures. Total changes in fund balances for the Town were (\$560,316), decreasing the cumulative Governmental Fund surplus to \$5,214,380.

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 \$1,551,548 for the Statement of Activities, while depreciation expense results in a decrease of \$1,548,179, 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 \$177,890 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, while proceeds from issuance in the amount of \$1,150,000 were recognized as a decrease in net assets and an increase in long-term debt payable. Additionally, there were a few small changes resulting in a decrease of \$657 and 17,181, respectively.

The overall effect was a decrease in the Town's Governmental activities net assets by \$1,221,895. 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, 2011
(Un-audited)

Town of Richmond
Changes in Net Assets

	June 30, 2011			June 30, 2010		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 464,305	\$ 87,050	\$ 551,355	\$ 513,181	\$ 98,823	\$ 612,004
Federal/State grants	1,100,079	-	1,100,079	893,706	-	893,706
General Revenues						
Property taxes	15,022,955	-	15,022,955	14,346,660	-	14,346,660
Interest on late payments	143,588	-	143,588	158,260	-	158,260
Investment earnings	14,260	3,291	17,551	26,392	-	26,392
State aid	5,146,633	-	5,146,633	5,598,059	-	5,598,059
Total revenues	21,891,820	90,341	21,982,161	21,536,258	98,823	21,635,081
Expenses						
General government	1,211,012	-	1,211,012	1,112,240	-	1,112,240
Public safety	1,498,832	-	1,498,832	1,438,854	-	1,438,854
Public works	2,123,184	-	2,123,184	2,296,905	-	2,296,905
General public assistance	726,279	-	726,279	332,833	-	332,833
Recreation and culture	57,159	-	57,159	47,559	-	47,559
Education	17,072,158	-	17,072,158	16,564,107	-	16,564,107
Recycling area	55,128	-	55,128	38,738	-	38,738
Community services	143,870	-	143,870	173,810	-	173,810
Landfill closure	6,401	-	6,401	2,125	-	2,125
Other	136,861	-	136,861	63,103	-	63,103
Interest	82,831	-	82,831	73,311	-	73,311
Water operations	-	73,599	73,599	-	93,202	93,202
Total expenses	23,113,715	73,599	23,187,314	22,143,585	93,202	22,236,787
Change in net assets	(1,221,895)	16,742	(1,205,153)	(607,327)	5,621	(601,706)
Net assets - beginning	18,078,418	1,048,041	19,126,459	18,685,745	1,042,420	19,728,165
Net assets - ending	\$ 16,856,523	\$ 1,064,783	\$ 17,921,306	\$ 18,078,418	\$ 1,048,041	\$ 19,126,459

TOWN OF RICHMOND, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(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 \$5,214,380. Included in this amount is the general fund unassigned balance of \$2,957,716, assigned fund balances of \$764,660 and special revenue and capital project fund balance of \$1,492,004, 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 \$1,064,783

General Fund Budgetary Highlights

Revenues:

General Property Tax – collections were under budget by \$100,867 due to poor economic conditions which caused an unfavorable collection rate for the current year. Management believes this to be a temporary issue and expects recovery as economic conditions improve.

Intergovernmental – revenue was under budget by \$230,691 as a result of a reduction in state aid to education. The Town was able to offset the reduction by a comparable reduction in education expense of \$231,151.

License and Permits – fees were over budget by \$34,539 due to an increase in building permits, planning, recording, and probate fees.

Interest on Investments – interest was under budget by \$20,740 as a result of continued decreases in interest rates.

Other Revenues – were over budget by \$129,358 as a result of unanticipated one time revenues. Emergency Claims reimbursement totaled \$81,986, which is the largest portion of the excess.

Expenses:

General Government – expenses were under budget by \$62,869 as a result of cost control savings. These were instituted to compensate for a decrease in collections due to the poor economy.

Public Safety – expenses were over budget by \$18,494 due primarily to increases in health care plans and overtime.

Debt Service – expenses were over budget by \$13,830 due to unanticipated increased debt issuance fees.

TOWN OF RICHMOND, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Education – expenses were under budget by \$231,151 due to pension saving and federal stimulus funds received by the Charitho School District in lieu of State Aid to Education cuts.

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 \$14,110,676 net of accumulated depreciation at June 30, 2011. 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)

	<u>June 30, 2011</u>		<u>June 30, 2010</u>	
	Govern- mental Activities	Business Type Activities	Govern- mental Activities	Business Type Activities
	Total	Total	Total	Total
Land	\$ 2,203,893	\$ 59,254	\$ 2,263,147	\$ 1,621,580
Construction in progress	-	38,053	38,053	-
Buildings and improvements	874,684	351,264	1,225,948	937,214
Machinery and equipment	580,671	139,717	720,388	371,862
Infrastructure	9,863,140	-	9,863,140	10,588,363
Total	\$ 13,522,388	\$ 588,288	\$ 14,110,676	\$ 13,519,019
			\$ 579,071	\$ 14,098,090

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 \$2,700,000. 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.

Town of Richmond
General Obligation Bonds Payable

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
	Govern- mental Activities	Govern- mental Activities
	Total	Total
General Obligation Bonds	\$ 2,700,000	\$ 2,700,000
Totals	\$ 2,700,000	\$ 2,700,000
	\$ 1,875,000	\$ 1,875,000
	\$ 1,875,000	\$ 1,875,000

TOWN OF RICHMOND, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

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.

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 \$29,340,794 at year-end. The Town's outstanding general obligation debt is \$2,700,000 at year-end, which is \$26,640,794 under the State imposed limitation.

Economic Factors and Next Year's Budgets and Rates

The Town of Richmond's total general fund budget for fiscal year 2012 amounts to \$22,355,455, which reflects a increase of \$997,714 over the fiscal 2011 budget of \$21,357,741. Of the Town's 2012 budget, \$18,098,080, or 80.96% is budgeted for educational purposes and \$4,257,375, or 19.04% is budgeted for all other purposes.

The Town's tax rate for fiscal 2012 is \$18.46/1000 of assessed value while in fiscal 2011 the Town's tax rate was \$14.99. 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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,579,661	\$ -	\$ 5,579,661
Accounts receivable:			
Accounts receivable - net	1,262,309	29,821	1,292,130
Other receivables	58,945	-	58,945
Internal balances	(451,187)	451,187	-
Prepaid expenses	30,350	-	30,350
Other assets - net	32,003	-	32,003
Capital assets:			
Property, plant and equipment - net	13,522,388	588,288	14,110,676
Total capital assets	<u>13,522,388</u>	<u>588,288</u>	<u>14,110,676</u>
TOTAL ASSETS	<u>20,034,469</u>	<u>1,069,296</u>	<u>21,103,765</u>
LIABILITIES			
Accounts payable	263,173	-	263,173
Accrued expenses	73,568	-	73,568
Deferred revenue	-	4,513	4,513
Long-term liabilities			
Due within one year	325,000	-	325,000
Due in more than one year	2,516,205	-	2,516,205
Total liabilities	<u>3,177,946</u>	<u>4,513</u>	<u>3,182,459</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,822,388	588,288	11,410,676
Unrestricted	6,034,135	476,495	6,510,630
Total net assets	<u>\$ 16,856,523</u>	<u>\$ 1,064,783</u>	<u>\$ 17,921,306</u>

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, 2011

Functions/ Programs	Expenses	Program revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 1,211,012	\$ 309,441	\$ 191,334	\$ 81,986	\$ (628,251)		\$ (628,251)
Public safety	1,498,832	72,298	5,987	-	(1,420,547)		(1,420,547)
Public works	2,123,184	-	-	218,000	(1,905,184)		(1,905,184)
Grants expenditures and land acquisition	726,279	27,612	260,880	341,892	(95,895)		(95,895)
Recreation and culture	57,159	12,851	-	-	(44,308)		(44,308)
Education	17,072,158	42,103	5,088,491	-	(11,941,564)		(11,941,564)
Recycling area	55,128	-	-	-	(55,128)		(55,128)
Community services	143,870	-	-	-	(143,870)		(143,870)
Canvassing authority	6,401	-	-	-	(6,401)		(6,401)
Other	136,861	-	-	-	(136,861)		(136,861)
Interest	82,831	-	-	-	(82,831)		(82,831)
Total governmental activities	23,113,715	464,305	5,546,692	641,878	(16,460,840)		(16,460,840)
Business-type activities:							
Water fund	73,599	87,050	-	-	-	13,451	13,451
Total business-type activities	73,599	87,050	-	-	-	13,451	13,451
Total primary government	\$ 23,187,314	\$ 551,355	\$ 5,546,692	\$ 641,878	(16,460,840)	13,451	(16,447,389)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					15,022,955	-	15,022,955
Interest on late payments					143,588	-	143,588
Unrestricted investment earnings					14,260	3,291	17,551
State aid					58,142	-	58,142
Total general revenues					15,238,945	3,291	15,242,236
Change in net assets					(1,221,895)	16,742	(1,205,153)
Net assets - beginning					18,078,418	1,048,041	19,126,459
Net assets - ending					\$ 16,856,523	\$ 1,064,783	\$ 17,921,306

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, 2011

	General Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,579,661	\$ -	\$ 5,579,661
Accounts receivable:			
Accounts receivable net	1,262,309	-	1,262,309
Other receivables	830	58,115	58,945
Internal balances	-	1,520,334	1,520,334
Prepaid expenses	30,350	-	30,350
TOTAL ASSETS	<u>\$ 6,873,150</u>	<u>\$ 1,578,449</u>	<u>\$ 8,451,599</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 49,713	\$ -	\$ 49,713
Accrued expenses	73,568	-	73,568
Internal balances	2,071,384	86,445	2,157,829
Deferred revenue	956,109	-	956,109
Total liabilities	<u>3,150,774</u>	<u>86,445</u>	<u>3,237,219</u>

Fund balances:

Nonspendable fund balances:			
Prepaid items	30,350	-	30,350
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	4,225	-	4,225
Carryforward - stone seal	60,000	-	60,000
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	313,070	-	313,070
Unassigned fund balance	2,957,716	-	2,957,716
Unassigned, reported in non-major:			
Special revenue funds	-	539,986	539,986
Capital projects fund	-	952,018	952,018
Total fund balances	<u>3,722,376</u>	<u>1,492,004</u>	<u>5,214,380</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,873,150</u>	<u>\$ 1,578,449</u>	

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)	13,522,388
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 8)	956,109
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 8)	(2,836,354)
Net assets of governmental activities	<u>\$ 16,856,523</u>

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, 2011

	General Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Property tax revenue	\$ 14,845,065	\$ -	\$ 14,845,065
Interest on late payments	143,588	-	143,588
Intergovernmental and departmental revenue	5,340,391	887,407	6,227,798
License and permits	284,861	-	284,861
Interest on investments	14,260	-	14,260
Other revenues	198,358	-	198,358
Total revenues	<u>20,826,523</u>	<u>887,407</u>	<u>21,713,930</u>
Expenditures			
General government	1,097,331	-	1,097,331
Public safety	1,470,750	-	1,470,750
Public works	674,584	-	674,584
Grants expenditures and land acquisition	58,241	1,250,351	1,308,592
Recreation and culture	57,159	-	57,159
Education	17,072,158	-	17,072,158
Recycling area	55,128	-	55,128
Community services	143,870	-	143,870
Canvassing authority	6,401	-	6,401
Other	-	1,100,244	1,100,244
Debt service:			
Principal	325,000	-	325,000
Interest	82,174	-	82,174
Other	30,855	-	30,855
Total expenditures	<u>21,073,651</u>	<u>2,350,595</u>	<u>23,424,246</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(247,128)</u>	<u>(1,463,188)</u>	<u>(1,710,316)</u>
Other financing sources (uses)			
Proceeds from debt issuance	-	1,150,000	1,150,000
Transfers from (to) other funds	1,191,222	(1,191,222)	-
Total other financing sources (uses)	<u>1,191,222</u>	<u>(41,222)</u>	<u>1,150,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>944,094</u>	<u>(1,504,410)</u>	<u>(560,316)</u>
Fund balances - beginning	<u>2,778,282</u>	<u>2,996,414</u>	<u>5,774,696</u>
Fund balances - ending	<u>\$ 3,722,376</u>	<u>\$ 1,492,004</u>	<u>\$ 5,214,380</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, 2011

Net change in fund balances-total governmental funds	\$ (560,316)
Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:	
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 capital additions \$1,551,548 exceeded depreciation expense of (\$1,548,179) in the current period.	3,369
Increases in deferred revenue that provide current financial resources to governmental funds are not reported as revenues in the statement of activities.	177,890
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.	(657)
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 proceeds of (\$1,150,000) and repayments of \$325,000.	(825,000)
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.	<u>(17,181)</u>
Change in net assets of governmental activities	<u>\$ (1,221,895)</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, 2011

	Water Fund
ASSETS	
Current assets	
Accounts receivable - net:	
Water and sewer user fees	\$ 29,821
Internal balances	451,187
Total current assets	<u>481,008</u>
Non-current assets	
Property, plant and equipment	
Land	59,254
Construction in progress	38,053
Buildings	905,694
Equipment	225,426
Total depreciable assets	<u>1,228,427</u>
Less accumulated depreciation	<u>(640,139)</u>
Total property, plant and equipment, net	<u>588,288</u>
TOTAL ASSETS	<u>1,069,296</u>
LIABILITIES	
Current liabilities	
Deferred revenues	4,513
Total current liabilities	<u>4,513</u>
Total liabilities	<u>4,513</u>
Net assets	
Invested in capital assets, net of related debt	588,288
Unrestricted	476,495
Total net assets	<u>\$ 1,064,783</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, 2011

	<u>Water Fund</u>
Operating revenues	
Assessments and user fees	\$ 87,050
Total operating revenues	<u>87,050</u>
Operating expenses	
Salaries and benefits	15,508
Materials, supplies & operations	29,255
Depreciation and amortization	28,836
Total operating expenses	<u>73,599</u>
Operating income (loss)	<u>13,451</u>
Non-operating revenues (expenses)	
Interest income	3,291
Total non-operating (expenses)	<u>3,291</u>
Change in net assets	16,742
Total net assets - beginning	<u>1,048,041</u>
Total net assets - ending	<u><u>\$ 1,064,783</u></u>

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, 2011

<u>Water Fund</u>	
Cash flows from operating activities	
Cash received from customers	\$ 62,539
Cash payments to suppliers for goods and services	(29,170)
Cash payments to employees for services	(15,508)
Net cash provided by (used for) operating activities	<u>17,861</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(38,053)
Net cash provided (used for) capital and related financing activities	<u>(38,053)</u>
Cash flows from non-capital financing activities	
Interfund transactions	16,901
Net cash provided by (used for) non-capital financing activities	<u>16,901</u>
Cash flows from investing activities	
Interest on investments	3,291
Net cash provided by (used for) investing activities	<u>3,291</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ 13,451
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	28,836
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(17,511)
(Increase) decrease in prepaids	330
Increase (decrease) in accrued expenses	(245)
Increase (decrease) in deferred revenues	(7,000)
Total adjustments	<u>4,410</u>
Net cash provided by operating activities	<u>\$ 17,861</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, 2011

	<u>Private-purpose Trusts</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 100	\$ -
Investments	107,949	-
Internal balances	144,051	42,257
Total receivables	<u>252,100</u>	<u>42,257</u>
Total Assets	<u>252,100</u>	<u>42,257</u>
LIABILITIES		
Deposits held in custody for others	<u>-</u>	<u>42,257</u>
Total liabilities	<u>-</u>	<u>\$ 42,257</u>
NET ASSETS		
Held in trust for other purposes	<u>\$ 252,100</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, 2011

	Private-purpose Trusts
Additions	
Earnings on investments	\$ 6,295
Other revenues	8,663
Total additions	14,958
Deductions	
Administration	93,822
Total deductions	93,822
Change in net assets	(78,864)
Net assets beginning of year July 1, 2010	330,964
Net assets end of year June 30, 2011	\$ 252,100

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, 2011

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 Charho Regional School District. As of October 2009, the District had a total enrollment of 3,609 of which 35.00% were students from Richmond. This number was used for calculating the Town's fiscal year 2010-2011 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

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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:

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011

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

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.

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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.

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011

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.

Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved net assets for proprietary funds represent net assets available for future operations or distribution.

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 94.9% of the total December 31, 2009 levy. The Town's fiscal 2011 property taxes were levied in July of 2010 on assessed valuation as of December 31, 2009. 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.

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Net Assets

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. The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

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).

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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-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.

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 \$29,340,794 based on the December 31, 2009 assessment. As of June 30, 2011 the Town's debt is under the debt limit by \$26,640,794. 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, 2011

NOTE 4 – FUND BALANCES (Continued)

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Fund balances:			
Nonspendable fund balances:	\$ 30,350	\$ -	\$ 30,350
Prepaid items			
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	4,225	-	4,225
Carryforward - stone seal	60,000	-	60,000
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	313,070	-	313,070
Unassigned fund balance	2,957,716	-	2,957,716
Unassigned, reported in non-major:			
Special revenue funds	-	539,986	539,986
Capital projects fund	-	952,018	952,018
Total fund balances	\$ 3,722,376	\$ 1,492,004	\$ 5,214,380

Deficit fund balances existed in the following funds:

DEM Stormwater Management	Special Revenue	5,777	**
Highway Safety	Special Revenue	2,809	**
Community Development Block Grant	Special Revenue	6,237	**
Open Space Recreation Capital	Capital Projects	434	*
Knowles Mill Park Grant	Capital Projects	13,073	**

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

** The deficits will be eliminated by future reimbursements from either the State or the Federal Government.

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, 2011

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 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 circumstance 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 wells 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, 2011, all of the Town’s balance of \$5,579,761 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, 2011. 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, 2011

NOTE 5 – CASH AND INVESTMENTS (Continued)

Cash and investments of the Town consist of the following at June 30, 2011

<i>Cash and Cash Equivalents</i>	
Deposits with financial institutions	\$ 5,579,761
<i>Investments</i>	
Equities & Fixed Income	<u>107,949</u>
Total Investments	<u>107,949</u>
<i>Total Cash and Investments</i>	<u><u>\$ 5,687,710</u></u>

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

<i>Statement of Net Assets</i>	
Cash and cash equivalents	\$ 5,579,661
<i>Fiduciary Funds</i>	
Cash and cash equivalents	100
Investments	<u>107,949</u>
	<u>108,049</u>
<i>Total Cash and Investments</i>	<u><u>\$ 5,687,710</u></u>

The Town maintains reasonably high cash balances for cash flow purposes of funding the Charlho 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.

TOWN OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Primary Government		
	Beginning Balance	Increases	Decreases
			Ending Balance
Governmental activities:			
Capital assets not being depreciated:			
Land and improvements	\$ 1,621,580	\$ 582,313	\$ -
Total capital assets not being depreciated	<u>1,621,580</u>	<u>582,313</u>	<u>2,203,893</u>
Other capital assets:			
Buildings and improvements	2,698,713	-	-
Machinery, equipment and furniture	1,853,996	302,817	87,500
Infrastructure	34,374,514	666,418	-
Total other capital assets at historical cost	<u>38,927,223</u>	<u>969,235</u>	<u>87,500</u>
Less accumulated depreciation for:			
Buildings and improvements	1,761,499	62,530	-
Machinery, equipment and furniture	1,482,134	94,008	87,500
Infrastructure	23,786,151	1,391,641	-
Total accumulated depreciation	<u>27,029,784</u>	<u>1,548,179</u>	<u>87,500</u>
Governmental activities capital assets, net	<u>\$ 13,519,019</u>	<u>\$ 3,369</u>	<u>\$ -</u>
Depreciation expense was charged to functions as follows:			
Governmental activities:			
General government		\$ 71,497	
Public safety		28,082	
Public works		1,448,600	
Total governmental activities depreciation expense		<u>\$ 1,548,179</u>	

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

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 59,254	\$ -	\$ -	\$ 59,254
Construction in progress	-	38,053	-	38,053
Total capital assets not being depreciated	59,254	38,053	-	97,307
Other capital assets:				
Buildings	905,694	-	-	905,694
Equipment and machinery	225,426	-	-	225,426
Total other capital assets at historical cost	1,131,120	-	-	1,131,120
Less accumulated depreciation for:				
Buildings	531,788	22,642	-	554,430
Equipment and machinery	79,515	6,194	-	85,709
Total accumulated depreciation	611,303	28,836	-	640,139
Business-type activities capital assets, net	\$ 579,071	\$ 9,217	\$ -	\$ 588,288

Depreciation expense was charged to functions as follows:

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

TOWN OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

"Total fund balances" of the town's governmental funds of \$5,214,380 differs from "net assets" of governmental activities \$16,856,523 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

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations	Statement Net Assets Totals
Assets				
Cash and cash equivalents	\$ 5,579,661	\$ -	\$ -	\$ 5,579,661
Accounts receivable:				
Accounts receivable net	1,262,309	-	-	1,262,309
Other receivables	58,945	-	-	58,945
Internal balances	1,520,334	-	(2,832,097)	(1,311,763)
Other Assets - net	-	32,003	-	32,003
Capital assets - net	-	13,522,388	-	13,522,388
Prepaid expenses	30,350	-	-	30,350
Total assets	8,451,599	13,554,391	(2,832,097)	19,173,893

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts payable	49,713	27,152	186,308	263,173
Accrued expenses	73,568	-	-	73,568
Internal balances	2,157,829	-	(3,018,405)	(860,576)
Deferred revenue	956,109	(956,109)	-	-
Long-term liabilities				
Due within one year	-	325,000	-	325,000
Due in more than one year	-	2,516,205	-	2,516,205
Total Liabilities	3,237,219	1,912,248	(2,832,097)	2,317,370
Fund Balances/Net Assets				
Total fund balances/net assets	5,214,380	11,642,143	-	16,856,523
Total liabilities and fund balances/net assets	\$ 8,451,599	\$ 13,554,391	\$ (2,832,097)	\$ 19,173,893

(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	\$ 42,012,851
Accumulated depreciation	(28,490,463)
	<u>\$ 13,522,388</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	\$ 956,109
	<u>\$ 956,109</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	\$ 2,700,000
Bond issuance cost	(32,003)
Accrued interest payable	27,152
Accrued compensated absences	141,205
	<u>\$ 2,836,354</u>

TOWN OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

The "net change in the fund balances" for governmental funds of \$560,316 differs from the "change in net assets" for governmental activities \$1,221,895 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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property tax	\$ 14,845,065	\$ 177,890	\$ -	\$ -	\$ 15,022,955
Interest on late payments	143,588	-	-	-	143,588
Intergovernmental and departmental revenues	6,227,798	-	-	-	6,227,798
License, permits and fees	284,861	-	-	-	284,861
Interest on investments	14,260	-	-	-	14,260
Other revenues	198,358	-	-	-	198,358
Total revenues	21,713,930	177,890	-	-	21,891,820
Expenditures					
Current:					
General government	1,097,331	-	71,497	42,184	1,211,012
Public safety	1,470,750	-	28,082	-	1,498,832
Public works	674,584	-	1,448,600	-	2,123,184
Grants expenditures and land acquisition	1,308,592	-	(582,313)	-	726,279
Recreation and culture	57,159	-	-	-	57,159
Education	17,072,158	-	-	-	17,072,158
Recycling area	55,128	-	-	-	55,128
Community services	143,870	-	-	-	143,870
Landfill closure	6,401	-	-	-	6,401
Other	1,100,244	3,889	(969,235)	-	134,898
Debt service:					
Principal	325,000	-	-	(325,000)	-
Interest	82,174	657	-	-	82,831
Other	30,855	(28,892)	-	-	1,963
Total expenditures	23,424,246	(24,346)	(3,369)	(282,816)	23,113,715
Other financing uses/changes in net assets					
Proceeds from bond issuance	1,150,000	-	-	(1,150,000)	-
Net other financing uses	1,150,000	-	-	(1,150,000)	-
Net change for the year	\$ (560,316)	\$ 202,236	\$ 3,369	\$ (867,184)	\$ (1,221,895)

TOWN OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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>\$ 177,890</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	\$ 657
Bond issue costs	(28,892)
Amortization bond cost	3,889
Total expenditure adjustment	<u>\$ (24,346)</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	\$ (1,551,548)
Depreciation expense	1,548,179
Difference	<u>\$ (3,369)</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

Proceeds from bond issuance	\$ 1,150,000
Principal payments made	(325,000)
	<u>\$ 825,000</u>

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.

Net increase in compensated absences	\$ 42,184
	<u>\$ 42,184</u>

TOWN OF RICHMOND, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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, 2011 was as follows:

	Balance July 1, 2010	Additions	Maturities	Balance June 30, 2011	Amounts Due within One Year
Governmental Activities					
Bonds Payable	\$ 1,875,000	\$ 1,150,000	\$ 325,000	\$ 2,700,000	\$ 325,000
Total bonds payable	<u>1,875,000</u>	<u>1,150,000</u>	<u>325,000</u>	<u>2,700,000</u>	<u>325,000</u>
Other liabilities:					
Accrued compensated absences	99,021	42,184	-	141,205	-
Total other liabilities	<u>99,021</u>	<u>42,184</u>	<u>-</u>	<u>141,205</u>	<u>-</u>
Governmental Activities long-term liabilities	<u>\$ 1,974,021</u>	<u>\$ 1,192,184</u>	<u>\$ 325,000</u>	<u>\$ 2,841,205</u>	<u>\$ 325,000</u>

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

Fiscal Year Ended June 30	Principal	Interest	Total
2012	\$ 325,000	\$ 85,348	\$ 410,348
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
TOTALS	<u>\$ 2,700,000</u>	<u>\$ 399,956</u>	<u>\$ 3,099,956</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.

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 2,071,384
Special Revenue Funds	554,809	72,938
Capital Projects Funds	965,525	13,507
Proprietary Fund	451,187	-
Fiduciary Funds	186,308	-
TOTALS	<u><u>\$ 2,157,829</u></u>	<u><u>\$ 2,157,829</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, 2011 are as follows:

Fund / Department	Transfers from (to) other funds
General Fund	\$ 1,191,222
Special Revenue Funds	(842,271)
Capital Project Funds	(348,951)
TOTALS	<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, 2011**

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.

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, 2011

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, 2011 was \$830,035. 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 6.72% for employers on covered payroll paid. The payroll for the Town's police employees covered by the System for the year ended June 30, 2011 was \$612,437. The current contribution rates for active police plan members are 7.0% for employees and 10.50% for employers on covered payroll.

TOWN OF RICHMOND, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 15 - PENSION PLANS (Continued)

The annual required contribution for the Town which equals the annual pension cost for the year ended June 30, 2011 was \$55,778 for general employees. This contribution represents 6.72% of covered payroll. General employees were required to contribute \$47,876. 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, 2011 was \$64,306 for police employees. This contribution represents 10.50% of covered payroll. Police employees were required to contribute \$42,871 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, 2008. Significant actuarial assumptions used on the June 30, 2008 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:

	Annual Pension Cost (APC)	Percentage of APC Contributed
Fiscal Year	Cost (APC)	Contributed
2009	\$49,726	100%
2010	\$53,800	100%
2011	\$55,778	100%

Required contributions for police employees:

	Annual Pension Cost (APC)	Percentage of APC Contributed
Fiscal Year	Cost (APC)	Contributed
2009	\$70,667	100%
2010	\$66,050	100%
2011	\$64,306	100%

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 - PENSION PLANS (Continued)

Schedule of funding progress for general employees:

Fiscal Year	Actuarial Value of Assets (A/V/A)	Actuarial Accrued Liability (AAL)	Unfunded		Funded Ratio	Annual Covered Payroll	U/AAL as a % of Payroll
			Actuarial Accrued Liability (U/AAL)	Actuarial Accrued Liability (U/AAL)			
2008	\$ 1,401,482	\$ 1,504,324	\$	102,842	93.2%	\$ 742,882	13.8%
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%

Schedule of funding progress for police employees:

Fiscal Year	Actuarial Value of Assets (A/V/A)	Actuarial Accrued Liability (AAL)	Unfunded		Funded Ratio	Annual Covered Payroll	U/AAL as a % of Payroll
			Actuarial Accrued Liability (U/AAL)	Actuarial Accrued Liability (U/AAL)			
2008	\$ 558,126	\$ 710,552	\$	152,426	78.5%	\$ 503,488	30.3%
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%

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.

TOWN OF RICHMOND, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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.

There are several lawsuits pending against the Town. 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, 2011.

NOTE 18 – SUBSEQUENT EVENTS

On July 12, 2011, the Town entered into a construction contract in the amount not to exceed \$886,563 to construct a waterline extension. This contract is subject to USDA approval.

Management has evaluated subsequent events through December 1, 2011, 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, 2011 and for the year then ended is presented as follows:

	Water Fund
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

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, 2011

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
Revenues				
Property taxes	\$ 14,945,932	\$ 14,945,932	\$ 14,845,065	\$ (100,867)
Interest on late payments	100,000	100,000	143,588	43,588
Intergovernmental and departmental revenue	5,571,082	5,571,082	5,340,391	(230,691)
License, permits and fees	250,322	250,322	284,861	34,539
Interest on investments	35,000	35,000	14,260	(20,740)
Other revenues	69,000	69,000	198,358	129,358
Total Revenues	20,971,336	20,971,336	20,826,523	(144,813)
Expenditures				
General government	1,239,329	1,160,200	1,097,331	62,869
Public safety	1,391,673	1,452,256	1,470,750	(18,494)
Public works	597,855	667,667	674,584	(6,917)
General public assistance	54,551	54,983	58,241	(3,258)
Recreation and culture	57,758	56,758	57,159	(401)
Education	17,303,309	17,303,309	17,072,158	231,151
Recycling area	51,000	48,000	55,128	(7,128)
Community services	164,077	144,870	143,870	1,000
Canvassing authority	9,588	7,588	6,401	1,187
Debt service				
Principal	325,000	325,000	325,000	-
Interest	83,076	83,076	82,174	902
Other	17,025	17,025	30,855	(13,830)
Total expenditures	21,294,241	21,320,732	21,073,651	247,081
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(322,905)	(349,396)	(247,128)	102,268
Other financing sources (uses)				
Transfers in	386,405	386,405	368,405	(18,000)
Transfers out	(63,500)	(37,009)	822,817	859,826
Total other financing sources (uses)	322,905	349,396	1,191,222	841,826
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ 944,094	\$ 944,094

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, 2011 is not presented below because there were no items for reconciliation in fiscal year ended 2011.

OTHER SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
TOWN OF RICHMOND, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	Special Revenue Restricted Town	Capital Projects Fund	Totals
ASSETS			
Accounts receivable	\$ 58,115	\$ -	\$ 58,115
Internal balances	554,809	965,525	1,520,334
Total assets	<u>\$ 612,924</u>	<u>\$ 965,525</u>	<u>\$ 1,578,449</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Internal balances	\$ 72,938	\$ 13,507	\$ 86,445
Total liabilities	<u>72,938</u>	<u>13,507</u>	<u>86,445</u>
Fund balances (deficits)			
Unreserved	539,986	952,018	1,492,004
Fund balances (deficits)	<u>539,986</u>	<u>952,018</u>	<u>1,492,004</u>
Total liabilities and fund balances	<u>\$ 612,924</u>	<u>\$ 965,525</u>	<u>\$ 1,578,449</u>

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, 2011

	<u>Special Revenue Restricted Town</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Revenues			
Intergovernmental and departmental	\$ 620,619	\$ 266,788	\$ 887,407
Total Revenues	<u>620,619</u>	<u>266,788</u>	<u>887,407</u>
Expenditures			
Capital outlay	-	1,100,244	1,100,244
Program expenses	1,250,351	-	1,250,351
Total expenditures	<u>1,250,351</u>	<u>1,100,244</u>	<u>2,350,595</u>
Excess of revenues over (under) expenditures	(629,732)	(833,456)	(1,463,188)
Other financing sources (uses)			
Proceeds from issuance of debt	-	1,150,000	1,150,000
Transfers from (to) other funds	(842,271)	(348,951)	(1,191,222)
Total other financing sources	<u>(842,271)</u>	<u>801,049</u>	<u>(41,222)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(1,472,003)	(32,407)	(1,504,410)
FUND BALANCE - BEGINNING	2,011,989	984,425	2,996,414
FUND BALANCE - ENDING	<u>\$ 539,986</u>	<u>\$ 952,018</u>	<u>\$ 1,492,004</u>

SUPPLEMENTARY INFORMATION
TOWN OF RICHMOND, RHODE ISLAND
Combining Balance Sheet
Town Special Revenue Restricted Funds
June 30, 2011

	Historical Records Trust	Realty Transfer Stamps	Metals Recycling	Public Works Inspections	Substance Abuse Investigation	Byrne Grant	Healthcare MEDS Grant	BJA Grant
ASSETS								
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	11,225	-	-	-	-	-	9,230	-
TOTAL ASSETS	<u>\$ 11,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,230</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE								
Unreserved	11,225	-	-	-	-	-	9,230	-
TOTAL FUND BALANCE	<u>11,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,230</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,230</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF RICHMOND, RHODE ISLAND
Combining Balance Sheet
Town Special Revenue Restricted Funds
June 30, 2011
(Continued)

	Foster Woods Recreation	Land Trust	Revaluation Escrow	Planning Board	Comprehensive Plan	Motor Vehicle Phase Out Tax	Land Trust Grant	Community Development Block Grant
ASSETS								
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,115
Internal balances	-	78,383	119,390	47,170	4,429	-	528	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 78,383</u>	<u>\$ 119,390</u>	<u>\$ 47,170</u>	<u>\$ 4,429</u>	<u>\$ -</u>	<u>\$ 528</u>	<u>\$ 58,115</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,352
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,352</u>
FUND BALANCE								
Unreserved	-	78,383	119,390	47,170	4,429	-	528	(6,237)
TOTAL FUND BALANCE	<u>-</u>	<u>78,383</u>	<u>119,390</u>	<u>47,170</u>	<u>4,429</u>	<u>-</u>	<u>528</u>	<u>(6,237)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 78,383</u>	<u>\$ 119,390</u>	<u>\$ 47,170</u>	<u>\$ 4,429</u>	<u>\$ -</u>	<u>\$ 528</u>	<u>\$ 58,115</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF RICHMOND, RHODE ISLAND
Combining Balance Sheet
Town Special Revenue Restricted Funds
June 30, 2011
(Continued)

	Impact Fees Education	Impact Fees Recreation	Building Planning Zoning	Landscaping	Public Works	Police	Energy Conservation Block Grant	Building Maintenance
ASSETS								
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	251,179	23,916	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 251,179</u>	<u>\$ 23,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE								
Unreserved	251,179	23,916	-	-	-	-	-	-
TOTAL FUND BALANCE	<u>251,179</u>	<u>23,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 251,179</u>	<u>\$ 23,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF RICHMOND, RHODE ISLAND
Combining Balance Sheet
Town Special Revenue Restricted Funds
June 30, 2011
(Continued)

	<u>Contingency</u>	<u>Emergency Management Grant</u>	<u>DEM Wastewater Management</u>	<u>Highway Safety</u>	<u>Totals</u>
ASSETS					
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ 58,115
Internal balances	-	9,359	-	-	554,809
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 9,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,924</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Internal balances	\$ -	\$ -	\$ 5,777	\$ 2,809	\$ 72,938
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>5,777</u>	<u>2,809</u>	<u>72,938</u>
FUND BALANCE					
Unreserved	-	9,359	(5,777)	(2,809)	539,986
TOTAL FUND BALANCE	<u>-</u>	<u>9,359</u>	<u>(5,777)</u>	<u>(2,809)</u>	<u>539,986</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 9,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,924</u>

(Concluded)

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, 2011

	<u>Historical Records Trust</u>	<u>Realty Transfer Stamps</u>	<u>Metals Recycling</u>	<u>Public Works Inspections</u>	<u>Substance Abuse Investigation</u>	<u>Byrne Grant</u>	<u>Healthcare MEDS Grant</u>	<u>BJA Grant</u>
REVENUES								
Intergovernmental revenue and departmental	\$ 1,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>1,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES	<u>639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,509</u>	<u>-</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	917	-	-	-	-	-	(10,509)	-
OTHER FINANCING SOURCES (USES)								
Transfers from (to) other funds	-	(50,000)	(20,351)	(21,245)	(34,670)	(481)	-	(481)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(50,000)</u>	<u>(20,351)</u>	<u>(21,245)</u>	<u>(34,670)</u>	<u>(481)</u>	<u>-</u>	<u>(481)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	917	(50,000)	(20,351)	(21,245)	(34,670)	(481)	(10,509)	(481)
FUND BALANCE - BEGINNING	<u>10,308</u>	<u>50,000</u>	<u>20,351</u>	<u>21,245</u>	<u>34,670</u>	<u>481</u>	<u>19,739</u>	<u>481</u>
FUND BALANCE - ENDING	<u>\$ 11,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,230</u>	<u>\$ -</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, 2011
(Continued)

	Foster Woods Recreation	Land Trust	Revaluation Escrow	Planning Board	Comprehensive Plan	Motor Vehicle Phase Out Tax	Land Trust Grant	Community Development Block Grant
REVENUES								
Intergovernmental revenue and departmental	\$ -	\$ 326,140	\$ 256	\$ 400	\$ 9,059	\$ -	\$ -	\$ 209,529
TOTAL REVENUES	-	326,140	256	400	9,059	-	-	209,529
EXPENDITURES	-	583,623	129,602	61,894	33,630	-	-	382,923
Excess (deficiency) of Revenues Over (Under)								
Expenditures	-	(257,483)	(129,346)	(61,494)	(24,571)	-	-	(173,394)
OTHER FINANCING SOURCES (USES)								
Transfers from (to) other funds	(12,794)	-	2,509	-	9,000	(413,070)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(12,794)	-	2,509	-	9,000	(413,070)	-	-
Excess (Deficiency) of Revenues and Other Financing Sources								
Over (Under) Expenditures and Other Financing Uses	(12,794)	(257,483)	(126,837)	(61,494)	(15,571)	(413,070)	-	(173,394)
FUND BALANCE - BEGINNING	12,794	335,866	246,227	108,664	20,000	413,070	528	167,157
FUND BALANCE - ENDING	\$ -	\$ 78,383	\$ 119,390	\$ 47,170	\$ 4,429	\$ -	\$ 528	\$ (6,237)

(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, 2011
(Continued)

	Impact Fees Education	Impact Fees Recreation	Building Planning Zoning	Landscaping	Public Works	Police	Energy Conservation Block Grant	Building Maintenance
REVENUES								
Intergovernmental revenue and departmental	\$ 19,200	\$ 6,200	\$ -	\$ -	\$ -	\$ -	\$ 32,173	\$ -
TOTAL REVENUES	19,200	6,200	-	-	-	-	32,173	-
EXPENDITURES	-	-	-	-	-	-	30,268	-
Excess (deficiency) of Revenues Over (Under)								
Expenditures	19,200	6,200	-	-	-	-	1,905	-
OTHER FINANCING SOURCES (USES)								
Transfers from (to) other funds	(268,405)	-	750	(4,225)	(2,671)	(4,811)	-	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	(268,405)	-	750	(4,225)	(2,671)	(4,811)	-	(1,000)
Excess (Deficiency) of Revenues and Other Financing Sources								
Over (Under) Expenditures and Other Financing Uses	(249,205)	6,200	750	(4,225)	(2,671)	(4,811)	1,905	(1,000)
FUND BALANCE - BEGINNING	500,384	17,716	(750)	4,225	2,671	4,811	(1,905)	1,000
FUND BALANCE - ENDING	\$ 251,179	\$ 23,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(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, 2011
(Continued)

	Contingency	Emergency Management Grant	DEM Wastewater Management	NHTSA Highway Safety	Totals
REVENUES					
Intergovernmental revenue and departmental	\$ -	\$ 10,119	\$ -	\$ 5,987	\$ 620,619
TOTAL REVENUES	-	10,119	-	5,987	620,619
EXPENDITURES	-	10,130	1,236	5,897	1,250,351
Excess (deficiency) of Revenues Over (Under)					
Expenditures	-	(11)	(1,236)	90	(629,732)
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	(21,288)	-	-	962	(842,271)
TOTAL OTHER FINANCING SOURCES (USES)	(21,288)	-	-	962	(842,271)
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Uses	(21,288)	(11)	(1,236)	1,052	(1,472,003)
FUND BALANCE - BEGINNING	21,288	9,370	(4,541)	(3,861)	2,011,989
FUND BALANCE - ENDING	\$ -	\$ 9,359	\$ (5,777)	\$ (2,809)	\$ 539,986

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF RICHMOND, RHODE ISLAND
Combining Balance Sheet
Non Major Capital Project Funds
June 30, 2011

	<u>Bond Fund</u>	<u>Capital Expenses Alton Water</u>	<u>Open Space Recreation Capital</u>	<u>Capital Bond Fund</u>	<u>Open Space Recreation Restricted</u>
ASSETS					
Internal balances	\$ -	\$ -	\$ -	\$ 698,949	\$ 266,576
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,949</u>	<u>\$ 266,576</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Internal balances	\$ -	\$ -	\$ 434	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>434</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Fund balance - unreserved	-	-	(434)	698,949	266,576
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>(434)</u>	<u>698,949</u>	<u>266,576</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,949</u>	<u>\$ 266,576</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF RICHMOND, RHODE ISLAND
Combining Balance Sheet
Non Major Capital Project Funds
June 30, 2011
(Continued)

	<u>Stone Seal</u>	<u>Knowles Mill Park Grant</u>	<u>Landfill Cleanup</u>	<u>TOTAL</u>
ASSETS				
Internal balances	\$ -	\$ -	\$ -	\$ 965,525
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 965,525</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Internal balances	\$ -	\$ 13,073	\$ -	\$ 13,507
TOTAL LIABILITIES	<u>-</u>	<u>13,073</u>	<u>-</u>	<u>13,507</u>
FUND BALANCE				
Fund balance - unreserved	-	(13,073)	-	952,018
TOTAL FUND BALANCE	<u>-</u>	<u>(13,073)</u>	<u>-</u>	<u>952,018</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 965,525</u>

(Concluded)

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, 2011

	Bond Fund	Capital Expenses Alton Water	Open Space Recreation Capital	Capital Bond Fund	Open Space Recreation Restricted
REVENUES					
Intergovernmental and departmental	\$ -	\$ -	\$ -	\$ 218,000	\$ 33,036
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,000</u>	<u>33,036</u>
EXPENDITURES					
Capital outlay	-	-	-	1,088,921	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,088,921</u>	<u>-</u>
Excess (deficiency) of Revenues Over (Under)					
Expenditures Before Other Financing Sources (Uses)	-	-	-	(870,921)	33,036
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	-	-	-	1,150,000	-
Transfers from (to) other funds	(245,160)	(19,291)	-	25,500	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(245,160)</u>	<u>(19,291)</u>	<u>-</u>	<u>1,175,500</u>	<u>-</u>
Net change in fund balances	(245,160)	(19,291)	-	304,579	33,036
FUND BALANCE - BEGINNING	<u>245,160</u>	<u>19,291</u>	<u>(434)</u>	<u>394,370</u>	<u>233,540</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (434)</u>	<u>\$ 698,949</u>	<u>\$ 266,576</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, 2011
(Continued)

	<u>Stone Seal</u>	<u>Knowles Mill Park Grant</u>	<u>Landfill Cleanup</u>	<u>TOTAL</u>
REVENUES				
Intergovernmental and departmental	\$ -	\$ 15,752	\$ -	\$ 266,788
TOTAL REVENUES	<u>-</u>	<u>15,752</u>	<u>-</u>	<u>266,788</u>
EXPENDITURES				
Capital outlay	-	11,323	-	1,100,244
TOTAL EXPENDITURES	<u>-</u>	<u>11,323</u>	<u>-</u>	<u>1,100,244</u>
Excess (deficiency) of Revenues Over (Under)				
Expenditures Before Other Financing Sources (Uses)	-	4,429	-	(833,456)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	-	1,150,000
Transfers from (to) other funds	(60,000)	-	(50,000)	(348,951)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(60,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>801,049</u>
Net change in fund balances	(60,000)	4,429	(50,000)	(32,407)
FUND BALANCE - BEGINNING	60,000	(17,502)	50,000	984,425
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ (13,073)</u>	<u>\$ -</u>	<u>\$ 952,018</u>

(Concluded)

**SUPPLEMENTARY INFORMATION
TOWN OF RICHMOND, RHODE ISLAND
Combining Balance Sheet
Private Purpose Trust Funds
June 30, 2011**

	Emily Anthony Funds	Edwin Anthony Funds	Friends Cemetery 2	Cemetery Funds	Wood River Cemetery Funds	Historical Cemetery Fund	White Brook Cemetery Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	107,949
Internal balances	54,260	14,785	-	45,121	8,782	9,467	-
TOTAL ASSETS	<u>\$ 54,260</u>	<u>\$ 14,785</u>	<u>\$ -</u>	<u>\$ 45,121</u>	<u>\$ 8,782</u>	<u>\$ 9,467</u>	<u>\$ 107,949</u>
LIABILITIES							
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Reserved by trust agreement	54,260	14,785	-	45,121	8,782	9,467	107,949
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 54,260</u>	<u>\$ 14,785</u>	<u>\$ -</u>	<u>\$ 45,121</u>	<u>\$ 8,782</u>	<u>\$ 9,467</u>	<u>\$ 107,949</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF RICHMOND, RHODE ISLAND
Combining Balance Sheet
Private Purpose Trust Funds
June 30, 2011
(Continued)

	Town Farm Fund	Link Cemetery Fund	Henry D Hoyle Fund	J Crawford Fenner Fund	Crawley Property	Senior Activities	Total Non-Major Permanent Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 100
Investments	-	-	-	-	-	-	107,949
Internal balances	1,236	819	629	3,523	3,992	1,437	144,051
TOTAL ASSETS	<u>\$ 1,236</u>	<u>\$ 819</u>	<u>\$ 629</u>	<u>\$ 3,523</u>	<u>\$ 3,992</u>	<u>\$ 1,537</u>	<u>\$ 252,100</u>
LIABILITIES							
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Reserved by trust agreement	1,236	819	629	3,523	3,992	1,537	252,100
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,236</u>	<u>\$ 819</u>	<u>\$ 629</u>	<u>\$ 3,523</u>	<u>\$ 3,992</u>	<u>\$ 1,537</u>	<u>\$ 252,100</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, 2011

	Emily Anthony Funds	Edwin Anthony Funds	Friends Cemetery 2	Cemetery Funds	Wood River Cemetery Funds	Historical Cemetery Fund	White Brook Cemetery Fund
Revenues							
Earnings on investments	\$ 117	\$ 32	\$ 71	\$ 43	\$ 19	\$ 21	\$ 5,971
Other revenues	3,156	-	-	-	-	-	-
Total revenues	<u>3,273</u>	<u>32</u>	<u>71</u>	<u>43</u>	<u>19</u>	<u>21</u>	<u>5,971</u>
Expenditures							
Administration	82,793	1,599	2,360	-	49	-	3,531
Total expenditures	<u>82,793</u>	<u>1,599</u>	<u>2,360</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>3,531</u>
Excess (deficiency) of revenues over (under) expenditures	(79,520)	(1,567)	(2,289)	43	(30)	21	2,440
FUND BALANCE - BEGINNING	<u>133,780</u>	<u>16,352</u>	<u>2,289</u>	<u>45,078</u>	<u>8,812</u>	<u>9,446</u>	<u>105,509</u>
FUND BALANCE - ENDING	<u>\$ 54,260</u>	<u>\$ 14,785</u>	<u>\$ -</u>	<u>\$ 45,121</u>	<u>\$ 8,782</u>	<u>\$ 9,467</u>	<u>\$ 107,949</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, 2011
(Continued)

	<u>Town Farm Fund</u>	<u>Link Cemetery Fund</u>	<u>Henry D Hoyle Fund</u>	<u>J Crawford Fenner Fund</u>	<u>Crawley Property</u>	<u>Senior Activities</u>	<u>Total Non-Major Permanent Funds</u>
Revenues							
Earnings on investments	\$ 6	\$ 4	\$ 3	\$ 8	\$ -	\$ -	\$ 6,295
Other revenues	-	-	-	-	500	5,007	8,663
Total revenues	<u>6</u>	<u>4</u>	<u>3</u>	<u>8</u>	<u>500</u>	<u>5,007</u>	<u>14,958</u>
Expenditures							
Administration	-	-	-	20	-	3,470	93,822
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>3,470</u>	<u>93,822</u>
Excess (deficiency) of revenues over (under) expenditures	6	4	3	(12)	500	1,537	(78,864)
FUND BALANCE - BEGINNING	<u>1,230</u>	<u>815</u>	<u>626</u>	<u>3,535</u>	<u>3,492</u>	<u>-</u>	<u>330,964</u>
FUND BALANCE - ENDING	<u>\$ 1,236</u>	<u>\$ 819</u>	<u>\$ 629</u>	<u>\$ 3,523</u>	<u>\$ 3,992</u>	<u>\$ 1,537</u>	<u>\$ 252,100</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, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
LANDSCAPE ESCROWS				
Assets				
Cash and cash equivalents	\$ 10,066	\$ 30	\$ 10,096	\$ -
Internal balances	-	10,096	-	10,096
Total assets	<u>\$ 10,066</u>	<u>\$ 10,126</u>	<u>\$ 10,096</u>	<u>\$ 10,096</u>
Liabilities				
Deposits held in custody for others	\$ 10,066	\$ 10,126	\$ 10,096	\$ 10,096
Total liabilities	<u>\$ 10,066</u>	<u>\$ 10,126</u>	<u>\$ 10,096</u>	<u>\$ 10,096</u>
CURB CUT BONDS				
Assets				
Internal balances	\$ 5,864	\$ 3,500	\$ 4,500	\$ 4,864
Total assets	<u>\$ 5,864</u>	<u>\$ 3,500</u>	<u>\$ 4,500</u>	<u>\$ 4,864</u>
Liabilities				
Deposits held in custody for others	\$ 5,864	\$ 3,500	\$ 4,500	\$ 4,864
Total liabilities	<u>\$ 5,864</u>	<u>\$ 3,500</u>	<u>\$ 4,500</u>	<u>\$ 4,864</u>
FAIRSIDE DRIVE BOND				
Assets				
Internal balances	\$ 17,999	\$ 4,715	\$ -	\$ 22,714
Total assets	<u>\$ 17,999</u>	<u>\$ 4,715</u>	<u>\$ -</u>	<u>\$ 22,714</u>
Liabilities				
Deposits held in custody for others	\$ 17,999	\$ 4,715	\$ -	\$ 22,714
Total liabilities	<u>\$ 17,999</u>	<u>\$ 4,715</u>	<u>\$ -</u>	<u>\$ 22,714</u>
SAFETY MARKINGS				
Assets				
Cash and cash equivalents	\$ 2,181	\$ 10	\$ 2,191	\$ -
Internal balances	-	2,191	-	2,191
Total assets	<u>\$ 2,181</u>	<u>\$ 2,201</u>	<u>\$ 2,191</u>	<u>\$ 2,191</u>
Liabilities				
Deposits held in custody for others	\$ 2,181	\$ 2,201	\$ 2,191	\$ 2,191
Total liabilities	<u>\$ 2,181</u>	<u>\$ 2,201</u>	<u>\$ 2,191</u>	<u>\$ 2,191</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, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
GARDINER ROAD BOND				
Assets				
Internal balances	\$ 2,634	\$ 45,002	\$ 47,636	\$ -
Total assets	<u>\$ 2,634</u>	<u>\$ 45,002</u>	<u>\$ 47,636</u>	<u>\$ -</u>
Liabilities				
Deposits held in custody for others	\$ 2,634	\$ 45,002	\$ 47,636	\$ -
Total liabilities	<u>\$ 2,634</u>	<u>\$ 45,002</u>	<u>\$ 47,636</u>	<u>\$ -</u>

PROBATE COURT				
Assets				
Cash and cash equivalents	\$ 2,384	\$ 8	\$ 2,392	\$ -
Internal balances	-	2,392	-	2,392
Total assets	<u>\$ 2,384</u>	<u>\$ 2,400</u>	<u>\$ 2,392</u>	<u>\$ 2,392</u>
Liabilities				
Deposits held in custody for others	\$ 2,384	\$ 2,400	\$ 2,392	\$ 2,392
Total liabilities	<u>\$ 2,384</u>	<u>\$ 2,400</u>	<u>\$ 2,392</u>	<u>\$ 2,392</u>

TOTAL AGENCY FUNDS				
Assets				
Cash	\$ 14,631	\$ 48	\$ 14,679	\$ -
Internal balances	26,497	67,896	52,136	42,257
Total assets	<u>\$ 41,128</u>	<u>\$ 67,944</u>	<u>\$ 66,815</u>	<u>\$ 42,257</u>
Liabilities				
Deposits held in custody for others	\$ 41,128	\$ 67,944	\$ 66,815	\$ 42,257
Total liabilities	<u>\$ 41,128</u>	<u>\$ 67,944</u>	<u>\$ 66,815</u>	<u>\$ 42,257</u>

STATISTICAL SECTION

**STATISTICAL SECTION
TOWN OF RICHMOND, RHODE ISLAND
SCHEDULE OF TAX COLLECTIONS
For the Fiscal Year Ended June 30, 2011**

Fiscal Year End	Balance July 1, 2010	Current Year Assessment	Refunds	Additions and Adjustments	Abatements	Amount to be Collected	Current Year Collections	Balance June 30, 2011
2011	\$ -	\$ 15,073,977	\$ 12,953	\$ 18,410	\$ 36,109	\$ 15,069,231	\$ 14,306,568	\$ 762,663
2010	581,795	-	2,051	13,287	2,960	594,173	358,894	235,279
2009	200,353	-	1,887	2,115	1,962	202,393	85,621	116,772
2008	81,302	-	760	2,574	66	84,570	38,668	45,902
2007	32,690	-	-	221	-	32,911	6,299	26,612
2006	26,643	-	-	35	-	26,678	490	26,188
2005	19,336	-	-	39	-	19,375	353	19,022
2004	18,100	-	-	-	-	18,100	94	18,006
2003	13,020	-	-	-	23	12,997	1,132	11,865
2002	13,632	-	-	-	12,486	1,146	1,146	-
2001	16,026	-	-	-	15,409	617	617	-
	<u>\$ 1,002,897</u>	<u>\$ 15,073,977</u>	<u>\$ 17,651</u>	<u>\$ 36,681</u>	<u>\$ 69,015</u>	<u>\$ 16,062,191</u>	<u>\$ 14,799,882</u>	<u>\$ 1,262,309</u>

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

DESCRIPTION OF PROPERTY	VALUATIONS	LEVY
Real property	\$ 836,474,450	\$ 12,538,752
Real property - C/M	89,695,800	1,344,540
Motor vehicles	77,155,733	1,746,806
Tangible personal	19,800,400	296,808
TOTAL	<u>1,023,126,383</u>	<u>15,926,906</u>
Less exemptions	<u>45,099,929</u>	<u>852,929</u>
NET ASSESSED VALUE	<u>\$ 978,026,454</u>	<u>\$ 15,073,977</u>

**RECONCILIATION OF CURRENT YEAR
PROPERTY TAX REVENUE**

Current year collections	\$ 14,799,882
Less: Refunds and adjustments	<u>(49,985)</u>
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2011	<u>306,200</u>
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2010	<u>(224,678)</u>
Non property tax & suspense adjustments	<u>13,646</u>
CURRENT YEAR PROPERTY TAX REVENUE	<u>\$ 14,845,065</u>

STATISTICAL SECTION
TOWN OF RICHMOND, RHODE ISLAND
SCHEDULE OF LONG-TERM LIABILITIES - PRIMARY GOVERNMENT
For the Fiscal Year Ended June 30, 2011

<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, 2010</u>	<u>Additions</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2011</u>	<u>Interest Paid</u>	<u>Due within one year</u>
General obligation bonds payable										
2007 Capital improvement bonds	8/15/2007	3.89%	4/1/2027	\$ 1,400,000	\$ 1,175,000	\$ -	\$ 150,000	\$ 1,025,000	\$ 44,888	\$ 150,000
2003 Municipal bonds	8/1/2003	2.00-4.00%	8/1/2013	1,600,000	700,000	-	175,000	525,000	23,188	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	14,098	-
Total general obligation bonds payable				<u>\$ 4,150,000</u>	<u>1,875,000</u>	<u>1,150,000</u>	<u>325,000</u>	<u>2,700,000</u>	<u>82,174</u>	<u>325,000</u>
Other long-term liabilities										
Accrued compensated absences					99,021	42,184	-	141,205	-	-
Total other long-term liabilities					<u>99,021</u>	<u>42,184</u>	<u>-</u>	<u>141,205</u>	<u>-</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES					<u>\$ 1,974,021</u>	<u>\$ 1,192,184</u>	<u>\$ 325,000</u>	<u>\$ 2,841,205</u>	<u>\$ 82,174</u>	<u>\$ 325,000</u>

**STATISTICAL SECTION
TOWN OF RICHMOND, RHODE ISLAND
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2011**

Grossed assessed value	\$ 1,023,126,383
Less: exemptions and adjustments	45,099,929

Total taxable assessed value	<u><u>\$ 978,026,454</u></u>
-------------------------------------	------------------------------

Debt Limit - 3 percent of total assessed value	\$ 29,340,794
Amount of debt applicable to debt limit:	
Total bonded debt	2,700,000

Legal debt margin	<u><u>\$ 26,640,794</u></u>
--------------------------	-----------------------------

**STATISTICAL SECTION
TOWN OF RICHMOND, RHODE ISLAND
TOP TEN TAXPAYERS AS OF 12/31/10
For the Fiscal Year Ended June 30, 2011**

Taxpayer	Type of Business	Assessed Valuation	Tax
1 Kingstown Richmond LP	Realty/Shopping Center	6,100,500	\$ 112,615
2 Narragansett Electric	Utility/Electric & Gas	4,818,760	\$ 88,954
3 Cox Com Inc.	Utility/Cable	4,454,150	\$ 82,224
4 Richmond Country Club	Golf Club	3,405,400	\$ 62,864
5 Cadlerock Properties LLC	Realty/Shopping Center	3,009,900	\$ 55,563
6 New Castle Realty Company	Realty/Building Supplies	2,858,900	\$ 52,775
7 Ocean State Golf Investors LLC	Golf Club	2,839,800	\$ 52,423
8 JAG Enterprises Incorporated	Golf Club	2,725,000	\$ 50,304
9 Rolling Greens Corporation	Golf Club	2,362,900	\$ 43,619
10 Richmond 208 Realty LLC	Gravel Pit	2,308,900	\$ 42,622

Top Ten Total Tax	\$ 643,962
Levy	\$ 15,705,615
% of levy	4.10%

**STATISTICAL SECTION
TOWN OF RICHMOND, RHODE ISLAND
ASSESSED VALUATIONS
For the Fiscal Year Ended June 30, 2011**

The following table indicates assessed valuations of taxable real and personal property as of December 31 for the years 2004—2008.

	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010*
Real Estate	832,376,370	847,293,150	858,779,900	916,329,450	922,899,920	926,170,250	783,077,050
Personal Property	81,790,198	90,760,242	91,022,497	90,980,919	83,355,342	96,956,133	99,373,659
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
Less Exemptions	41,907,706	54,088,850	54,689,138	56,484,676	56,293,676	45,099,929	44,000,360
Net Total	872,258,862	883,964,542	895,113,259	950,825,693	949,961,586	978,026,454	838,450,349

Full Value Ratio of Assessment

*Revaluation

**STATISTICAL SECTION
TOWN OF RICHMOND, RHODE ISLAND
TAX RATE, LEVY AND COLLECTION RECORD
For the Fiscal Year Ended June 30, 2011**

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					
2011	15,073,977	14,306,567	94.91	14,799,888	98.18	1,261,083	14.99	0.33%	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 ⁽¹⁾	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	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 ⁽¹⁾	11,152,646	10,510,429	94.24	10,941,316	98.11	642,217	12.44	-33.94%	843,255	8.18%
2005	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 ⁽²⁾	9,122,395	8,615,789	94.45	9,099,921	99.75	506,605	17.14	-31.79%	626,289	7.37%
2002	8,496,106	8,140,174	95.81	8,288,736	97.56	355,931	25.13	3.97%	440,915	5.47%
2001	8,055,191	7,615,298	94.54	8,268,730	102.65	439,893	24.17	2.37%	365,873	4.76%
2000	7,689,318	7,196,305	93.59	7,908,430	102.85	493,013	23.61			

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

(1)Statistical Revaluation

(2)Revaluation.

**STATISTICAL SECTION
TOWN OF RICHMOND, RHODE ISLAND
BUILDING PERMITS
For the Fiscal Year Ended June 30, 2011**

Schedule of residential Building Permits for the fiscal years ending 1999 through 2010.

Year	Number	Value
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
2002	45	6,660,034
2001	50	7,711,217
2000	56	7,985,565
1999	67	9,438,079

**STATISTICAL SECTION
TOWN OF RICHMOND, RHODE ISLAND
DEBT RATIOS
For the Fiscal Year Ended June 30, 2011**

	2005	2006	2007	2008	2009	2010	2011
Population	7,222	7,222	7,222	7,222	7,222	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
Overlapping Debt							
Direct Debt Per Capita	275.59	232.29	391.05	345.49	303.29	392.45	350.29
Overall Debt(1)	1,990,312	1,677,563	2,824,171	2,495,114	2,190,355	3,025,000	2,700,000
Overall Debt Per Capita	275.59	232.29	391.05	345.49	303.29	392.45	350.29
Estimated Full Market Value	544,001,139	874,048,015	883,964,542	895,113,259	950,825,693	949,961,586	978,026,453
Direct Debt as % of EFMV	0.366%	0.192%	0.319%	0.279%	0.230%	0.318%	0.276%
Overall Debt as % of EFMV	0.366%	0.192%	0.319%	0.279%	0.230%	0.318%	0.276%

**STATISTICAL SECTION
TOWN OF RICHMOND, RHODE ISLAND
FUND BALANCE RATIO
For the Fiscal Year Ended June 30, 2011**

Fiscal Year End	Municipal	Budget School	Total	Fund Balance	Ratio
2012	4,204,840	18,119,415	22,324,255	3,125,201	14.00%
2011	4,054,432	17,303,309	21,357,741	3,270,786	15.31%
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%

**STATISTICAL SECTION
TOWN OF RICHMOND, RHODE ISLAND
ASSESSED VALUATIONS
For the Fiscal Year Ended June 30, 2011**

The following table indicates assessed valuations of taxable real and personal property for the fiscal years 2000—2011:

	Net		Approximate
Fiscal Year	Assessed Values ⁽¹⁾	Ratio	Full Market Value
2011	978,026,453	100	978,026,453
2010	949,961,586	100	949,961,586
2009 ⁽²⁾	950,825,693	100	950,825,693
2008	895,113,259	100	895,113,259
2007	883,964,542	100	883,964,542
2006 ⁽²⁾	874,048,015	100	874,048,015
2005	544,001,139	100	544,001,139
2004	538,274,478	100	538,274,478
2003 ⁽³⁾	525,725,708	100	525,725,708
2002	341,376,613	80	426,720,766
2001	335,650,700	80	419,563,375
2000	327,141,648	80	408,927,060

(1)Net of exemptions.

(2) Statistical Revaluation.

(3)Revaluation.

TOWN OF RICHMOND, RHODE ISLAND

***AUDITOR'S REPORTS AS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS***

Parmelee Poirier & Associates, LLP

Certified Public Accountants

**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, Rhode Island (Town) as of and for the year fiscal ended June 30, 2011, and have issued our report thereon dated December 1, 2011. 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

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 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, 2011.

This report is intended solely for the information and use of management, the Town Council, others within the entity 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.



Darnelee Poirier & Associates, LLP
December 1, 2011

TOWN OF RICHMOND, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors report issued:

Unqualified

Internal control over financial reporting:

Significant deficiency (ies) identified?

_____ yes X_____ no

Significant deficiency (ies) identified that are considered material weaknesses?

_____ yes X_____ none reported

Noncompliance material to financial statements noted?

_____ yes X_____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

_____ yes X_____ none

TOWN OF RICHMOND, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011
(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 Reported

None Reported.

B. Compliance

None Reported.

TOWN OF RICHMOND, RHODE ISLAND
Schedule of Prior Year Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011
(Continued)

A. Prior Year Significant Deficiency in Internal Control Reported

None reported.