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***TOWN OF RICHMOND***

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***FINANCIAL STATEMENTS***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008***

***Prepared by: Finance Department***

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***RICHMOND, RHODE ISLAND***

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**TOWN OF RICHMOND, RHODE ISLAND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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## **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, 2008**

B. Joe Reddish, III, Town Council President  
Erick A. Davis, Town Council Vice President  
Henry R. Oppenheimer  
Kevin R. Gosper

**TOWN CLERK**

Mary E. Morgan

**TREASURER**

David Krugman

## **FINANCIAL SECTION**

This Section Contains the Following Subsections:

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

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

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

We have audited the accompanying financial statements of the governmental activities, 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, 2008, 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. 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.

The Town has not adopted the reporting requirements issued by the Governmental Accounting Standards Board Statement No. 34 – Basic Financial Statements and Managements' Discussion and Analysis for State and Local Governments. This statement required the Town to start retroactively reporting all major general infrastructure assets as of June 30, 2007. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, (that are not already being reported in propriety funds) and street lighting systems. The absence of these assets will materially affect the Towns' financial statements.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Town as of June 30, 2008, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities, each major fund and the aggregate remaining fund information of the Town of Richmond, Rhode Island as of June 30, 2008, 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 February 9, 2009 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.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 11 and 48 respectively, are not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major funds statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
Parmelee, Poirier & Associates, LLP  
February 9, 2009

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

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2008**  
**(Un-audited)**

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, 2008.

**Financial Highlights**

- ❖ The Town's net assets decreased \$67,507 as a result of this year's operation. 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 \$8,534,415. Net assets of business activities decreased by \$17,171, or 1.6% before any prior period adjustments, while net assets of Governmental Activities decreased by \$50,336 or .67% before any prior period adjustment.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$21,446,873 a 2.8% increase from the prior year, while revenues were \$21,379,366 a 6.2% increase. This increase was mainly due to an increase in the property tax base and higher investment earnings in the fiscal year ended June 30, 2008.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,213,354. This entire amount is unreserved and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the general fund unreserved fund balance was \$2,399,060, or 11.4% of the total general fund expenditures and transfers out for the fiscal year. The current fiscal year's expenditures and transfers exceeded revenues and transfers by \$243,937.

**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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2008**  
**(Un-audited)**

**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 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.

**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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2008**  
**(Un-audited)**

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 major funds 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, proprietary funds and internal service funds are presented on pages 49 through 68.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2008**  
**(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 \$7,472,828 as of June 30, 2008. This is a decrease of \$50,336 from the previous year before prior period adjustments.

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

	<i>Town of Richmond</i>			<i>Net Assets</i>		
	<i>June 30, 2007</i>			<i>June 30, 2008</i>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Current and Other Assets	\$ 6,178,805	\$ 420,106	\$ 6,598,911	\$ 7,361,977	\$ 431,232	\$ 7,793,209
Capital assets	3,288,289	665,579	3,953,868	2,985,732	636,742	3,622,474
Total Assets	9,467,094	1,085,685	10,552,779	10,347,709	1,067,974	11,415,683
Other Liabilities	1,021,121	40,160	1,061,281	569,767	6,387	576,154
Long-Term Liabilities	962,583	-	962,583	2,305,114	-	2,305,114
Total Liabilities	1,983,704	40,160	2,023,864	2,874,881	6,387	2,881,268
Net Assets:						
Invested in Capital						
Net of Related Debt	2,054,119	665,579	2,719,698	680,618	636,742	1,317,360
Unrestricted	5,429,271	379,946	5,809,217	6,792,210	424,845	7,217,055
Total Net Assets	\$ 7,483,390	\$ 1,045,525	\$ 8,528,915	\$ 7,472,828	\$ 1,061,587	\$ 8,534,415

The balance of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

An additional portion of the Town's net assets, \$3,622,474 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

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2008**  
**(Un-audited)**

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.

As of June 30, 2008 the Town of Richmond reports positive balances in both of the 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, 2008. 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 June 30, 2004. Therefore, comparative data is both available and presented in the following schedules. Governmental activities decreased the Town's net assets by \$50,336 for the current period, accounting for a .67 % decrease in the Town's governmental net assets, while business-type activities decreased the Town's net assets by \$17,171, accounting for 1.6% decrease in the business-type growth in net assets. Overall the Town's net assets decrease was \$67,507 which is a 0.79% decrease over the prior year before prior period adjustments.

In the fund statements the Town ended the year with a net increase in the General Funds' fund balance of \$243,937 as shown in the Statement of Revenues, Expenditures and Changes in Fund Balance on page 15. This increased the cumulative fund balance surplus to \$2,399,060, which is 11.3% of the 2007-2008 General Fund budget. In the statement of activities, expenditures for capital items are not recorded as expenses but shown in the balance sheet, which would result in a decrease of \$50,864; also revenues from the reduction of deferred revenues and from bond proceeds are not recorded as revenues but shown in the balance sheet which would result in increases of \$268,311 and decrease of \$1,400,000, respectively. Bond principal payments of \$329,056 were recognized as an increase in net assets and a reduction in long-term debt. There were a few small changes resulting in a decrease of \$41,744. The overall effect was a decrease in the Town's net assets by \$50,336 before prior period adjustments.

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, 2008**  
**(Un-audited)**

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

	June 30, 2007			June 30, 2008		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,498,545	\$ 85,140	\$ 1,583,685	\$ 581,563	\$ 84,870	\$ 666,433
Federal/State grants	6,028,634	-	6,028,634	6,303,066	-	6,303,066
<b>General Revenues</b>						
Property taxes	11,999,417	-	11,999,417	13,104,382	-	13,104,382
Investment earnings	258,459	18,745	277,204	207,304	950	208,254
State aid	-	-	-	993,406	-	993,406
Miscellaneous	248,346	\$ -	248,346	103,825	-	103,825
Total revenues	<u>20,033,401</u>	<u>103,885</u>	<u>20,137,286</u>	<u>21,293,546</u>	<u>85,820</u>	<u>21,379,366</u>
<b>Expenses</b>						
General Government	1,050,620	-	1,050,620	1,285,864	-	1,285,864
Public Safety	1,212,587	-	1,212,587	1,255,025	-	1,255,025
Public Works	570,471	-	570,471	524,205	-	524,205
General Public Assistance	50,591	-	50,591	320,111	-	320,111
Recreation and culture	34,410	-	34,410	82,319	-	82,319
Education	166,327	-	166,327	17,333,510	-	17,333,510
Recycling area	8,107	-	8,107	40,341	-	40,341
Community services	62,150	-	62,150	177,827	-	177,827
Landfill closure	16,902,823	-	16,902,823	5,213	-	5,213
Other	57,965	-	57,965	242,173	-	242,173
Interest	740,347	-	740,347	77,294	-	77,294
Water Fund	-	66,572	66,572	-	102,991	102,991
Total expenses	<u>20,856,398</u>	<u>66,572</u>	<u>20,922,970</u>	<u>21,343,882</u>	<u>102,991</u>	<u>21,446,873</u>
Change in net assets	(822,997)	37,313	(785,684)	(50,336)	(17,171)	(67,507)
Prior period adjustments	424,314	-	424,314	39,774	33,233	73,007
Net assets June 30, 2007	7,882,073	1,008,212	9,314,599	7,483,390	1,045,525	8,528,915
Net assets June 30, 2008	<u>\$ 7,483,390</u>	<u>\$ 1,045,525</u>	<u>\$ 8,528,915</u>	<u>\$ 7,472,828</u>	<u>\$ 1,061,587</u>	<u>\$ 8,534,415</u>

**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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2008**  
**(Un-audited)**

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,213,354. The entire total amount constituted unreserved fund balances.

**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 \$1,061,587

**General Fund Budgetary Highlights**

**Revenues:**

General Property Tax – collections were over budget by \$309,050.

Intergovernmental – revenue was under budget by \$274,262 as a result of a reduction in state aid to the Town from the Governor's 2008 Supplemental Budget Bill.

License and Permits – fees were over budget by \$130,902.

Interest on Investments – interest was over budget by \$77,304.

**Expenses:**

General Government – expenses were under budget by \$37,103 as a result of cost control savings

Public Safety – expenses were under budget by \$50,235.

**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 \$3,622,474 net of accumulated depreciation at June 30, 2008. 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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2008**  
**(Un-audited)**

*Town of Richmond*  
*Capital Assets (Net of Accumulated Depreciation) (000's)*

	June 30, 2007			June 30, 2008		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Land	\$ 1,484	\$ 59	\$ 1,543	\$ 1,622	\$ 59	\$ 1,681
Buildings and improvements	1,274	442	1,716	1,062	420	1,481
Machinery and equipment	530	164	694	302	158	461
Total	\$ 3,288	\$ 665	\$ 3,953	\$ 2,986	\$ 637	\$ 3,623

**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 \$2,305,114. 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*  
*Outstanding Debt*  
*General Obligation and Notes Payable (000's)*

	June 30, 2007		June 30, 2008	
	Govern- mental Activities	Total	Govern- mental Activities	Total
General Obligation Bonds	\$1,234,170	\$1,234,170	\$2,305,114	\$2,305,114
Totals	\$1,234,170	\$1,234,170	\$2,305,114	\$2,305,114

Additional information on the Town's long-term debt can be found in Note 10 of the Notes to the Financial Statements on pages 40 and 41.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2008**  
**(Un-audited)**

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 \$26,853,398 at year-end. The Town's outstanding general obligation debt is \$2,305,115 at year-end, which is \$24,548,284 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 2009 amounts to \$21,826,873, which reflects an increase of \$1,510,421 over the fiscal 2008 budget of \$20,316,452. Of the Town's 2009 budget, \$17,823,992, or 81.7% is budgeted for educational purposes and \$4,002,881, or 18.3% is budgeted for other purposes.

The Town's tax rate for fiscal 2009 is \$14.31 while in fiscal 2008 the Town's tax rate was \$14.11. The Town performed a statistical update in the fiscal year 2008, which had an effect on the increase in the tax rate.

**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  
Town Treasurer

## **BASIC FINANCIAL STATEMENTS**

## **Government Wide Financial Statements**

**TOWN OF RICHMOND, RHODE ISLAND**

**Statement of Net Assets**

**June 30, 2008**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,703,377	\$ 42,845	\$ 6,746,222
<b>Accounts receivable:</b>			
Accounts receivable - net	840,020	22,319	862,339
Other receivables	92,059	-	92,059
Internal balances	(366,068)	366,068	-
Prepaid expenses	83,089	-	83,089
Other Assets - net	9,500	-	9,500
<b>Capital assets:</b>			
Property, plant and equipment - net	2,985,732	636,742	3,622,474
<b>Total capital assets</b>	<b>2,985,732</b>	<b>636,742</b>	<b>3,622,474</b>
<b>TOTAL ASSETS</b>	<b>10,347,709</b>	<b>1,067,974</b>	<b>11,415,683</b>
<b>LIABILITIES</b>			
Accounts payable	194,204	-	194,204
Accrued expenses	255,144	6,387	261,531
Deferred revenue	11,706	-	11,706
<b>Long-term liabilities</b>			
Due within one year	294,759	-	294,759
Due in more than one year	2,119,068	-	2,119,068
<b>Total liabilities</b>	<b>2,874,881</b>	<b>6,387</b>	<b>2,881,268</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	680,618	636,742	1,317,360
Unrestricted	6,792,210	424,845	7,217,055
<b>Total net assets</b>	<b>\$ 7,472,828</b>	<b>\$ 1,061,587</b>	<b>\$ 8,534,415</b>

*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, 2008**

Functions/ Programs	Program revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government	
					Business-type Activities	Total
<b>Primary government</b>						
Governmental activities:						
General government	\$ 1,285,864	\$ 504,495	\$ 307,089	\$ (474,280)		\$ (474,280)
Public safety	1,255,025	64,418	26,252	(1,164,355)		(1,164,355)
Public works	524,205	-	-	(524,205)		(524,205)
General public assistance	320,111	-	-	(320,111)		(320,111)
Recreation and culture	82,319	12,650	15,400	(54,269)		(54,269)
Education	17,333,510	-	5,807,927	(11,525,583)		(11,525,583)
Recycling area	40,341	-	-	(40,341)		(40,341)
Community services	177,827	-	146,398	(31,429)		(31,429)
Landfill closure	5,213	-	-	(5,213)		(5,213)
Other	242,173	-	-	(242,173)		(242,173)
Interest	77,294	-	-	(77,294)		(77,294)
<b>Total governmental activities</b>	<b>21,343,882</b>	<b>581,563</b>	<b>6,303,066</b>	<b>(14,459,253)</b>		<b>(14,459,253)</b>
Business type activities:						
Water fund	102,991	84,870	-	-	(18,121)	(18,121)
<b>Total business-type activities</b>	<b>102,991</b>	<b>84,870</b>	<b>-</b>	<b>-</b>	<b>(18,121)</b>	<b>(18,121)</b>
<b>Total primary government</b>	<b>\$ 21,446,873</b>	<b>\$ 666,433</b>	<b>\$ 6,303,066</b>	<b>(14,459,253)</b>		<b>(14,477,374)</b>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes				13,104,382	-	13,104,382
Unrestricted investment earnings				207,304	950	208,254
State aid				993,406	-	993,406
Miscellaneous				103,825	-	103,825
<b>Total general revenues</b>				<b>14,408,917</b>	<b>950</b>	<b>14,409,867</b>
<b>Change in net assets</b>				<b>(50,336)</b>	<b>(17,171)</b>	<b>(67,507)</b>
Net assets-beginning				7,483,390	1,045,525	8,528,915
Prior period adjustment (see note 17)				39,774	33,233	73,007
Net assets-ending				\$ 7,472,828	\$ 1,061,587	\$ 8,534,415

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, 2008**

	<b>General Fund</b>	<b>Other Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,528,828	\$ 174,549	\$ 6,703,377
<b>Accounts receivable:</b>			
Accounts receivable net	840,020	-	840,020
Other receivables	72,212	17,416	89,628
Internal balances	-	3,756,577	3,756,577
Prepaid expenses	83,089	-	83,089
<b>TOTAL ASSETS</b>	<b>\$ 7,524,149</b>	<b>\$ 3,948,542</b>	<b>\$ 11,472,691</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 106,038	\$ 88,166	\$ 194,204
Accrued expenses	67,849	-	67,849
Internal balances	4,273,133	34,376	4,307,509
Deferred revenue	678,069	11,706	689,775
<b>Total liabilities</b>	<b>5,125,089</b>	<b>134,248</b>	<b>5,259,337</b>
 <b>Fund balances:</b>			
Unreserved	2,399,060	-	2,399,060
Unreserved, reported in non-major:			
Special revenue funds	-	2,340,203	2,340,203
Capital projects fund	-	1,474,091	1,474,091
Total unreserved fund balance	2,399,060	3,814,294	6,213,354
<b>Total fund balances</b>	<b>2,399,060</b>	<b>3,814,294</b>	<b>6,213,354</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,524,149</b>	<b>\$ 3,948,542</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 8)	2,985,732
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 8)	678,069
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 8)	(2,404,327)
<b>Net assets of governmental activities</b>	<b>\$ 7,472,828</b>

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

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**

	<u>General Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property tax	\$ 12,836,071	\$ -	\$ 12,836,071
Intergovernmental and departmental revenue	6,932,749	418,802	7,351,551
License and permits	557,022	-	557,022
Interest on investments	207,304	10,970	218,274
Other revenues	62,317	-	62,317
<b>Total revenues</b>	<u>20,595,463</u>	<u>429,772</u>	<u>21,025,235</u>
<b>Expenditures</b>			
General government	1,219,531	-	1,219,531
Public safety	1,237,818	-	1,237,818
Public works	515,637	-	515,637
General public assistance	50,704	269,407	320,111
Recreation and culture	82,319	-	82,319
Education	17,333,510	-	17,333,510
Recycling area	40,341	-	40,341
Community services	177,827	-	177,827
Landfill closure	5,213	-	5,213
Other	-	226,763	226,763
<b>Debt service:</b>			
Principal	329,056	-	329,056
Interest	77,294	-	77,294
Other	14,910	-	14,910
<b>Total expenditures</b>	<u>21,084,160</u>	<u>496,170</u>	<u>21,580,330</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>(488,697)</u>	<u>(66,398)</u>	<u>(555,095)</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds	739,606	356,972	1,096,578
Transfers to other funds	(6,972)	(1,089,606)	(1,096,578)
Issuance of debt	-	1,400,000	1,400,000
<b>Total other financing sources (uses)</b>	<u>732,634</u>	<u>667,366</u>	<u>1,400,000</u>
<b>Excess of revenues and other sources over(under) expenditures and other uses</b>	<u>243,937</u>	<u>600,968</u>	<u>844,905</u>
<b>Fund balances - beginning</b>	<u>2,273,372</u>	<u>3,213,326</u>	<u>5,486,698</u>
<b>Prior period adjustment see note 17</b>	<u>(118,249)</u>	<u>-</u>	<u>(118,249)</u>
<b>Fund balances - ending</b>	<u>\$ 2,399,060</u>	<u>\$ 3,814,294</u>	<u>\$ 6,213,354</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, 2008**

Net change in fund balances-total governmental funds	\$	844,905
<p>Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:</p>		
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$199,943) exceeded capital additions (\$149,079) in the current period.</p>		(50,864)
<p>Increases in deferred revenue that provide current financial resources to governmental funds are not reported as revenues in the statement of activities.</p>		268,311
<p>Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities. This is the net effect of those activities.</p>		10,000
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which principal and proceeds were adjusted.</p>	Principal	329,056
	Bond proceeds	(1,400,000)
<p>Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities.</p>		(51,744)
Change in net assets of governmental activities	\$	(50,336)

*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, 2008**

	<b>Water Fund</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 42,845
<b>Accounts receivable - net:</b>	
Water and sewer user fees	22,319
Due from general fund	366,068
<b>Total current assets</b>	431,232
<b>Non-current assets</b>	
Property, plant and equipment	
Land	59,254
Buildings	905,694
Equipment	225,426
Total depreciable assets	1,190,374
Less accumulated depreciation	(553,632)
Total property, plant and equipment	636,742
 <b>TOTAL ASSETS</b>	 1,067,974
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accrued expenses	6,387
<b>Total current liabilities</b>	6,387
<b>Total liabilities</b>	6,387
<b>Net Assets</b>	
Invested in Capital assets, net of related debt	636,742
Unrestricted	424,845
<b>Total Net Assets</b>	\$ 1,061,587

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

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2008**

	<b>Water Fund</b>
<b>Operating revenues</b>	
Assessments and user fees	\$ 84,870
<b>Total operating revenues</b>	84,870
<b>Operating expenses</b>	
Salaries and benefits	16,260
Materials and supplies	57,895
Depreciation and amortization	28,836
<b>Total operating expenses</b>	102,991
<b>Operating income (loss)</b>	(18,121)
<b>Non-operating revenues (expenses)</b>	
Interest income	950
<b>Total non-operating (expenses)</b>	950
<b>Change in Net Assets</b>	(17,171)
<b>Total Net Assets - beginning</b>	1,045,525
<b>Prior period adjustment see note 17</b>	33,233
<b>Total Net Assets - ending</b>	\$ 1,061,587

*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, 2008**

	<b>Water Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 85,202
Cash payments to suppliers for goods and services	(52,155)
Cash payments to employees for services	(16,260)
<b>Net cash provided by (used for) operating activities</b>	16,787
<b>Cash flows from non-capital financing activities</b>	
Interfund transactions	(4,906)
Prior period adjustments	(6,279)
<b>Net cash provided by (used for) non-capital financing activities</b>	(11,185)
<b>Cash flows from investing activities</b>	
Interest on investments	950
<b>Net cash provided by (used for) investing activities</b>	950
<b>Net increase (decrease) in cash and cash equivalents</b>	6,552
<b>Cash and cash equivalents at beginning of year</b>	36,293
<b>Cash, (cash overdrafts recorded as payables) and cash equivalents at end of year</b>	\$ 42,845
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
<b>Operating income (Loss)</b>	\$ (18,121)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation	28,836
<b>Changes in assets and liabilities:</b>	
(Increase) decrease in accounts receivable	332
Increase (decrease) in accounts payable	(647)
Increase (decrease) in accrued expenses	6,387
<b>Total adjustments</b>	34,908
<b>Net cash provided by operating activities</b>	\$ 16,787

*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, 2008**

	<b>Private-purpose Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash	\$ 12,039	\$ 15,718
Investments	201,012	-
Internal balances	134,775	52,520
Total receivables	347,826	68,238
<b>Total Assets</b>	347,826	68,238
<b>LIABILITIES</b>		
Internal balances	2,431	-
Deposits held in custody for others	-	68,238
Total liabilities	2,431	\$ 68,238
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	\$ 345,395	

*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, 2008**

	<u>Private-purpose Trusts</u>
<b>Additions</b>	
Earnings on investments	\$ 40
Other revenues	1,476
<b>Total additions</b>	<u>1,516</u>
<b>Deductions</b>	
Administration	<u>23,368</u>
Total deductions	<u>23,368</u>
Change in net assets	(21,852)
Net assets beginning of year July 1, 2007	367,247
<b>Net assets end of year June 30, 2008</b>	<u><u>\$ 345,395</u></u>

*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, 2008**

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

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

**Reporting Entity**

The Town of Richmond, originally part of the Town of Charlestown, was incorporated August 18, 1747. Located in Washington County, Richmond is approximately twenty-eight miles southwest of Providence, Rhode Island. Bounded on the north by the Town of Exeter, on the east by the Towns of Exeter and South Kingstown, on the south by the Town of Charlestown and on the west by the Town of Hopkinton, the Town encompasses an area of 40.6 square miles, including 0.2 square miles of inland water. The Town operates under an elected Town Council form of government. A five member council is headed by the council President. 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 15<sup>th</sup> each year to adopt the budget.

The Town provides the following services: Public Safety (police, traffic safety, inspections, zoning and building), Public Works (recreation, highways and streets, engineering and building maintenance), Social Services, and General Administrative Services. The Town of Richmond is part of the Chariho Regional School District. As of October 2006, the District had a total enrollment of 3,762 of which 35.91% were students from Richmond. This number was used for calculating the Town's fiscal year 2007-08 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 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:

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**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:

- (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

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**BASIS OF PRESENTATION (continued)**

- (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 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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**BASIS OF PRESENTATION (continued)**

**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.

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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**BASIS OF ACCOUNTING (continued)**

***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 recognition for Governmental Fund Types excludes amounts represented by non-current liabilities.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**BASIS OF ACCOUNTING (continued)**

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 and Pension Trust 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, 2008**

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**BASIS OF ACCOUNTING (continued)**

accounts receivable.

**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	30-40
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”.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**BASIS OF ACCOUNTING (continued)**

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.

**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.

**Designated Fund Balances**

Designated fund balances represent amounts, which the Town intends to use in future years to pay for non-contracted expenditures at year-end.

**Reserved Fund Balances**

Reserved fund balances represent amounts, which the Town is contractually obligated to pay but has not as of the balance sheet date received the goods or services.

**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.

**Revenues, Expenditures and Expenses**

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

**Program Revenues and Expenses**

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

**Property Taxes**

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 95.6% of the total December 31, 2006 levy. The Town's fiscal 2008 property

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**BASIS OF ACCOUNTING (continued)**

taxes were levied in July of 2007 on assessed valuation as of December 31, 2006.

Upon levy, taxes are billed quarterly and are due on September 7, December 7, March 7, and June 7. Failure to mail payments by due dates will result in lien on taxpayer's property. Assessed values are established by Tax Assessor's Office and are currently calculated at 100% of assessed value for real estate and 100% of market value for motor vehicles.

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

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

Town 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.

**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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

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

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

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

**Legal Debt Margin**

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value, which approximates \$26,853,398 based on the December 31, 2006 assessment. As of June 30, 2008 the Town's debt is under the debt limit by \$24,548,284. 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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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***NOTE 4 - DEFICIT FUND BALANCE OR RETAINED EARNINGS OF INDIVIDUAL FUNDS***

Deficit fund balances existed in the following funds:

DEM Stormwater Management	Special Revenue	\$	16,853
Vision for Rt 138 Study	Special Revenue		2,800
Homeland Security Grant	Special Revenue		2,672
Open Space Recreation Capital	Capital Projects		434

As of the audit date, the Town is discussing the best way to fund these deficits.

***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".

Investments: Investment of all idle funds is made through national banks or trust companies, providing that the financial conditions and integrity of these institution or institution's are verifiable and can be monitored. The investment of funds are in direct obligations of the United States Government and "money market instruments" rated "A" or better. Investments in any one institution can not exceed five (5) percent of that institutions capital and surplus as set forth in the institutions most recent audited financial statements. All investments are made as would be done by prudent men of discretion and intelligence in such matters who are seeking a reasonable income and preservation of their capital.

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, 2008, \$65,916 of the Town's balance of \$6,773,979 was uninsured and uncollateralized.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

*Investments:* 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.

Cash and investments of the Town consist of the following at June 30, 2008

<b><i>Cash and Cash Equivalents</i></b>	
Deposits with financial institutions	\$ 6,773,979
 <b><i>Investments</i></b>	
Equities & Fixed Income	201,012
Total Investments	<u>201,012</u>
<b><i>Total Cash and Investments</i></b>	<b><u>\$ 6,974,991</u></b>

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

<b><i>Statement of Net Assets</i></b>	
Cash and cash equivalents	\$ 6,746,222
<b><i>Fiduciary Funds</i></b>	
Cash and cash equivalents	27,757
Investments	<u>201,012</u>
	<u>228,769</u>
<b><i>Total Cash and Investments</i></b>	<b><u>\$ 6,974,991</u></b>

*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. Information about the exposure of the town's debt type investments to this risk using the segment time distribution model is as follows:

Type of Investment	Investment Maturities (in Years)				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S Government Securities	\$ 2,103,104	2,103,104	\$ -	\$ -	\$ -
Certificates of Deposit	802,009	802,009			
Total	<u>\$ 2,905,113</u>	<u>\$ 2,905,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

*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.

***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 – PROPERTY, PLANT & EQUIPMENT***

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, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 7 – PROPERTY, PLANT & EQUIPMENT (continued)**

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land and improvements	\$ 1,483,586	\$ 500	\$ -	\$ 137,494	\$ 1,621,580
Total capital assets not being depreciated	<u>1,483,586</u>	<u>500</u>	<u>-</u>	<u>137,494</u>	<u>1,621,580</u>
Other capital assets:					
Buildings and improvements	2,848,406	-	-	(149,693)	2,698,713
Machinery, equipment and furniture	1,596,693	148,579	-	-	1,745,272
Total other capital assets at historical cost	<u>4,445,099</u>	<u>148,579</u>	<u>-</u>	<u>(149,693)</u>	<u>4,443,985</u>
Less accumulated depreciation for:					
Buildings and improvements	1,573,908	62,530	-	-	1,636,438
Machinery, equipment and furniture	1,066,488	137,413	-	239,494	1,443,395
Total accumulated depreciation	<u>2,640,396</u>	<u>199,943</u>	<u>-</u>	<u>239,494</u>	<u>3,079,833</u>
Governmental activities capital assets, net	<u>\$ 3,288,289</u>	<u>\$ (50,864)</u>	<u>\$ -</u>	<u>\$ (251,693)</u>	<u>\$ 2,985,732</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 64,706
Public safety	22,854
Public works	112,383
Total governmental activities depreciation expense	<u>\$ 199,943</u>

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 7 – PROPERTY, PLANT & EQUIPMENT (continued)**

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land	\$ 59,254	\$ -	\$ -	\$ -	\$ 59,254
Total capital assets not being depreciated	59,254	-	-	-	59,254
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	463,861	22,643	-	-	486,504
Equipment and machinery	60,935	6,193	-	-	67,128
Total accumulated depreciation	524,796	28,836	-	-	553,632
Business-type activities capital assets, net	\$ 665,578	\$ (28,836)	\$ -	\$ -	\$ 636,742

Depreciation expense was charged to functions as follows:

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

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

"Total fund balances" of the town's governmental funds \$6,213,354 differs from "net assets" of governmental activities \$7,472,828 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

**Balance Sheet/Statement of Net Assets**

	<b>Total Governmental Funds</b>	<b>Long-term Assets/ Liabilities (1)</b>	<b>Reclassifications and Eliminations</b>	<b>Statement Net Assets Totals</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 6,703,377	\$ -	\$ -	\$ 6,703,377
<b>Accounts receivable:</b>				
Accounts receivable net	840,020	-	-	840,020
Other receivables	89,628	-	2,431	92,059
Internal balances	3,756,577	-	(3,756,577)	-
Other Assets - net	-	9,500	-	9,500
Capital assets - net	-	2,985,732	-	2,985,732
Prepaid expenses	83,089	-	-	83,089
<b>Total assets</b>	<b>11,472,691</b>	<b>2,995,232</b>	<b>(3,754,146)</b>	<b>10,713,777</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	194,204	-	-	194,204
Accrued expenses	67,849	-	187,295	255,144
Internal balances	4,307,509	-	(3,941,441)	366,068
Deferred revenue	689,775	(678,069)	-	11,706
<b>Long-term liabilities</b>				
Due within one year	-	294,759	-	294,759
Due in more than one year	-	2,119,068	-	2,119,068
<b>Total liabilities</b>	<b>5,259,337</b>	<b>1,735,758</b>	<b>(3,754,146)</b>	<b>3,240,949</b>
<b>Fund Balances/Net Assets</b>				
Total fund balances/net assets	6,213,354	1,259,474	-	7,472,828
<b>Total liabilities and fund balances/net assets</b>	<b>\$ 11,472,691</b>	<b>\$ 2,995,232</b>	<b>\$ (3,754,146)</b>	<b>\$ 10,713,777</b>

(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	\$ 6,065,565
	Accumulated depreciation	(3,079,833)
		\$ 2,985,732

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	\$ 678,069
		\$ 678,069

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	\$ 2,305,114
	Bond issuance cost	(9,500)
	Accrued compensated absences	108,713
		\$ 2,404,327

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

The "net change in the fund balances" for governmental funds \$726,656 differs from the "change in net assets" for governmental activities \$(10,562) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	<b>Total Governmental Funds</b>	<b>Long-term Revenues/ Expenses (1)</b>	<b>Capital- related Items (2)</b>	<b>Long-term Debt Transactions (3)</b>	<b>Statement of Activities Totals</b>
<b>Revenues</b>					
General property tax	\$ 12,836,071	\$ 268,311	\$ -	\$ -	\$ 13,104,382
Intergovernmental and departmental revenues	7,351,551	-	-	-	7,351,551
License, permits and fees	557,022	-	-	-	557,022
Interest on investments	218,274	-	-	-	218,274
Other revenues	62,317	-	-	-	62,317
<b>Total revenues</b>	<b>21,025,235</b>	<b>268,311</b>	<b>-</b>	<b>-</b>	<b>21,293,546</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government	1,219,531	-	25,089	41,244	1,285,864
Public safety	1,237,818	-	17,207	-	1,255,025
Public works	515,637	-	8,568	-	524,205
General public assistance	320,111	-	-	-	320,111
Recreation and culture	82,319	-	-	-	82,319
Education	17,333,510	-	-	-	17,333,510
Recycling area	40,341	-	-	-	40,341
Community services	177,827	-	-	-	177,827
Landfill closure	5,213	-	-	-	5,213
Other	226,763	-	-	500	227,263
<b>Debt service:</b>					
Principal	329,056	-	-	(329,056)	-
Interest	77,294	-	-	-	77,294
Other	14,910	-	-	-	14,910
<b>Total expenditures</b>	<b>21,580,330</b>	<b>-</b>	<b>50,864</b>	<b>(287,312)</b>	<b>21,343,882</b>
<b>Other financing uses/changes in net assets</b>					
Bond Proceeds	1,400,000	-	-	(1,400,000)	-
Prior period adjustment see note 17	(118,249)	409,716	(251,693)	-	39,774
<b>Net change for the year</b>	<b>\$ 726,656</b>	<b>\$ 678,027</b>	<b>\$ (302,557)</b>	<b>\$ (1,112,688)</b>	<b>\$ (10,562)</b>

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 9 – (continued)**

**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>268,311</u>
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(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	\$ 149,079
Depreciation expense	(199,943)
Difference	\$ <u>(50,864)</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

Bond issuance cost	\$ 10,000
Amortization bond cost	(500)
Bond and note proceeds	(1,400,000)
Principal payments made	329,056
	\$ <u>(1,061,444)</u>

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

Net increase in compensated absences	\$ (51,244)
	\$ <u>(51,244)</u>

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 10 - LONG-TERM DEBT**

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.

Long-term liability activity for the fiscal year ended June 30, 2008 was as follows:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Bonds Payable	\$ 1,234,170	\$ 1,400,000	\$ 329,056	\$ 2,305,114	\$ 294,759
Total bonds payable	<u>1,234,170</u>	<u>1,400,000</u>	<u>329,056</u>	<u>2,305,114</u>	<u>294,759</u>
<b>Other liabilities:</b>					
Accrued compensated absences	57,469	51,244	-	108,713	-
Total other liabilities	<u>57,469</u>	<u>51,244</u>	<u>-</u>	<u>108,713</u>	<u>-</u>
Governmental Activities long-term liabilities	<u>\$ 1,291,639</u>	<u>\$ 1,451,244</u>	<u>\$ 329,056</u>	<u>\$ 2,413,827</u>	<u>\$ 294,759</u>

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 10 - LONG-TERM DEBT (continued)**

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

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 294,759	\$ 92,056	\$ 386,815
2010	315,355	85,404	400,759
2011	325,000	68,076	393,076
2012	325,000	55,668	380,668
2013	320,000	42,938	362,938
2014	145,000	29,962	174,962
2015	145,000	20,662	165,662
2016	145,000	14,862	159,862
2017	145,000	8,972	153,972
Thereafter	145,000	2,991	147,991
<b>TOTALS</b>	<b>\$ 2,305,114</b>	<b>\$ 421,591</b>	<b>\$ 2,726,705</b>

**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. Below are balances at June 30, 2008.

Interfund receivable and payable balances at June 30, 2008 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	-	4,273,133
Special Revenue Funds	\$ 2,193,886	\$ 33,942
Capital Projects Funds	1,562,691	434
Proprietary Fund	366,068	-
Fiduciary Funds	187,295	2,431
<b>TOTALS</b>	<b>\$ 4,309,940</b>	<b>\$ 4,309,940</b>

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES** *(continued)*

Transfers are made to provide revenue for annual expenditures of various funds. Transfers are not expected to be repaid to the originating (source) fund. Listed below is the transfer activity for fiscal year ended June 30, 2008.

Transfers between funds as of June 30, 2008 are as follows:

Fund / Department	Transfers from other funds	Tranfers to other funds
General Fund	\$ 739,606	\$ 6,972
Special Revenue Funds	-	292,086
Capital Project Funds	356,972	797,520
Totals	\$ 1,096,578	\$ 1,096,578

**NOTE 12 - SOLID WASTE LANDFILL**

The Richmond landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero.

Federal and state laws require that certain postclosure care be met. The Town estimates that on an annual basis, some cost will be incurred for postclosure care. This amount 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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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***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.

***NOTE 15 - PENSION PLANS***

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

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

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

**Plan Description**

The MERS was established under section one of chapter 2784 of the Rhode Island Public Laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. The plan generally provides retirement benefits equal to 2.0% 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 benefit thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases minus the member's 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. Police personnel may retire at age 55 if they have 10 years of service or after 22 years of service at any age.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**Basis of Accounting**

The financial statements of the System are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions withheld from payroll. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Dividend income is recorded on the ex-dividend date. Investment transactions are recorded on a trade date basis. The gains or losses on foreign currency exchange contracts are included in income in the period in which the exchange rates change. Gains and losses on contracts which hedge specific foreign currency denominated commitments are deferred and recognized in the period in which the transaction is completed. The Governmental Accounting Standards Board (GASB) has the responsibility for establishing generally accepted accounting principles for fiduciary type activities.

**Method Used to Value Investments**

Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller – that is, other than a forced liquidation sale. The fair value of fixed income and domestic and international stocks are generally based on published market prices and quotations from national security exchanges and securities pricing services. Commingled funds consist of institutional domestic and international equity index funds and a short duration fixed income fund. The fair value of the commingled funds is based on the reported share value of the respective fund. Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded. Other investments that are not traded on a national security exchange (primarily private equity and real estate investments) are generally valued based on audited December 31 net asset values adjusted for cash flows for the period January 1 to June 30 (which principally include additional investments and partnership distributions).

**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, 2008**

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

**Funding Policy**

The payroll for the Town's general employees covered by the System for the year ended June 30, 2008 was \$775,441. The Municipal Employees Retirement System (MERS) maintains authority to establish contribution rates for its plan members. The current required contribution rates for active general plan members is, 6.0% for employees and 7.01% for employers on covered payroll paid.

The current contribution rates for active police plan members are, 7.0% for employees and 9.64% for employers on covered payroll.

The annual required contribution amount, which equals annual pension cost, for the Town was determined as described above and was based on an actuarial valuation as of June 30, 2006. Significant actuarial assumptions used on the June 30, 2006 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% - 14.75%
- Cost of living adjustment - 3%, non-compounded
- Actuarial value of assets - market value

The annual required contribution for the Town which equals the annual pension cost for the year ended June 30, 2008 was \$54,402 for general employees. This contribution represents 7.01% of covered payroll. General employees were required to contribute \$46,526. 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, 2008 was \$46,875 for police employees. This contribution represents 9.64% of covered payroll. Police employees were required to contribute \$33,605 which represents 7% of covered payroll.

**Required contributions for general employees:**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
2006	N/A	100%
2007	N/A	100%
2008	\$54,402	100%

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**Required contributions for police employees:**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	N/A	100%	\$0
2007	N/A	100%	\$0
2008	\$46,875	100%	\$0

**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, 2008.

**NOTE 18 - SUBSEQUENT EVENTS**

There were no significant subsequent events.

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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**NOTE 19 – PRIOR PERIOD ADJUSTMENTS**

The Town was required to record various prior period adjustments to balance sheet accounts that were recorded incorrectly or were required to be reclassified.

Governmental Activities

Correction to fixed asset an accumulated depreciation accounts	\$(251,693)
Deferred revenue not recognized in prior year	409,758
Carry forward accounts	(118,249)
Transfer net assets to agency account	<u>(42)</u>
Total increase	<u>\$39,774</u>

Propriety Fund –Water Fund

Revenue deferred in prior year	<u>\$33,233</u>
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**NOTE 20 - SEGMENT INFORMATION FOR THE ENTERPRISE FUND**

Segment information for the Water Fund at June 30, 2008 and for the year then ended is presented as follows:

	<u>Water Fund</u>
Operating Revenues	\$ 84,870
Depreciation	28,836
Operating Income (loss)	(18,121)
Change in Net Assets	(17,171)
Net Working Capital	424,845
Total Assets	1,067,974
Total Net Assets	1,061,587

**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 30,2008**

	<b>GENERAL FUND</b>			
	<b>ORIGINAL BUDGET</b>	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES</b>				
Property taxes	\$12,527,021	\$12,527,021	\$ 12,836,071	\$ 309,050
Intergovernmental and departmental revenue	7,207,011	7,207,011	6,932,749	(274,262)
License, permits and fees	426,120	426,120	557,022	130,902
Interest on investments	130,000	130,000	207,304	77,304
Other revenues	26,300	26,300	62,317	36,017
<b>TOTAL REVENUES</b>	<u>20,316,452</u>	<u>20,316,452</u>	<u>20,595,463</u>	<u>279,011</u>
<b>EXPENDITURES</b>				
General government	1,245,026	1,256,634	1,219,531	37,103
Public safety	1,315,928	1,288,053	1,237,818	50,235
Public works	502,571	510,366	515,637	(5,271)
General public assistance	55,551	55,551	50,704	4,847
Recreation and culture	98,892	100,392	82,319	18,073
Education	17,333,510	17,333,510	17,333,510	-
Recycling area	50,000	50,000	40,341	9,659
Community services	177,827	177,827	177,827	-
Landfill closure	7,108	7,108	5,213	1,895
<b>Debt service</b>				-
Principal	329,056	329,056	329,056	-
Interest	82,927	82,927	77,294	5,633
Other	15,000	15,000	14,910	90
<b>TOTAL EXPENDITURES</b>	<u>21,213,396</u>	<u>21,206,424</u>	<u>21,084,160</u>	<u>122,264</u>
Excess of Revenues Over (Under) Expenditures				
Before Other Financing Sources (Uses)	<u>(896,944)</u>	<u>(889,972)</u>	<u>(488,697)</u>	<u>401,275</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers in	896,944	896,944	739,606	(157,338)
Operating Transfers out	-	(6,972)	(6,972)	-
<b>TOTAL OTHER FINANCING USES</b>	<u>896,944</u>	<u>889,972</u>	<u>732,634</u>	<u>(157,338)</u>
Excess of Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,937</u>	<u>\$ 243,937</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**June 30, 2008**

	<b>Special Revenue Restricted Town</b>	<b>Capital Projects Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash	\$ 174,549	-	\$ 174,549
Accounts receivable	17,416	-	17,416
Internal balances	2,193,886	1,562,691	3,756,577
<b>Total assets</b>	<b>\$ 2,385,851</b>	<b>\$ 1,562,691</b>	<b>\$ 3,948,542</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	-	88,166	\$ 88,166
Internal balances	33,942	434	34,376
Deferred revenues	11,706	-	11,706
<b>Total liabilities</b>	<b>45,648</b>	<b>88,600</b>	<b>134,248</b>
<b>Fund balances (deficits)</b>			
Unreserved	2,340,203	1,474,091	3,814,294
<b>Fund balances (deficits)</b>	<b>2,340,203</b>	<b>1,474,091</b>	<b>3,814,294</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,385,851</b>	<b>\$ 1,562,691</b>	<b>\$ 3,948,542</b>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**

	Special Revenue Restricted Town	Capital Projects Fund	Totals
<b>Revenues</b>			
Intergovernmental	\$ 363,723	\$ 55,079	\$ 418,802
Earning of investments	8,849	2,121	10,970
<b>Total Revenues</b>	<u>372,572</u>	<u>57,200</u>	<u>429,772</u>
<b>Expenditures</b>			
Capital outlay	-	226,763	226,763
Program expenses	269,407	-	269,407
<b>Total expenditures</b>	<u>269,407</u>	<u>226,763</u>	<u>496,170</u>
<b>Excess of revenues over (under) Expenditures</b>	103,165	(169,563)	(66,398)
<b>Other Financing Sources (uses)</b>			
Transfers from other funds	-	356,972	356,972
Transfers (to) other funds	(292,086)	(797,520)	(1,089,606)
Bond proceeds	-	1,400,000	1,400,000
<b>Total other financing sources</b>	<u>(292,086)</u>	<u>959,452</u>	<u>667,366</u>
Excess of revenues and other sources over (under) expenditures and other uses	(188,921)	789,889	600,968
<b>FUND BALANCE - BEGINNING</b>	2,529,124	684,202	3,213,326
<b>FUND BALANCE - ENDING</b>	<u>\$ 2,340,203</u>	<u>\$ 1,474,091</u>	<u>\$ 3,814,294</u>

SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
SPECIAL REVENUE RESTRICTED FUNDS - TOWN  
COMBINING BALANCE SHEET  
JUNE 30, 2008

	Historical Records Trust	Realty Transfer Stamps	Metals Recycling	Public Works Inspections	Substance Abuse Investigation	Byrne Grant	BJA Grant
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	5,815	-	-
Internal balances	10,601	50,000	20,351	21,245	34,670	481	481
<b>TOTAL ASSETS</b>	<u>\$ 10,601</u>	<u>\$ 50,000</u>	<u>\$ 20,351</u>	<u>\$ 21,245</u>	<u>\$ 40,485</u>	<u>\$ 481</u>	<u>\$ 481</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>							
Unreserved	10,601	50,000	20,351	21,245	40,485	481	481
<b>TOTAL FUND BALANCE</b>	<u>10,601</u>	<u>50,000</u>	<u>20,351</u>	<u>21,245</u>	<u>40,485</u>	<u>481</u>	<u>481</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 10,601</u>	<u>\$ 50,000</u>	<u>\$ 20,351</u>	<u>\$ 21,245</u>	<u>\$ 40,485</u>	<u>\$ 481</u>	<u>\$ 481</u>

(continued)

SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
SPECIAL REVENUE RESTRICTED FUNDS - TOWN  
COMBINING BALANCE SHEET  
JUNE 30, 2008

	Foster Woods Recreation	Land Trust	Revaluation Escrow	Planning Board	Comprehensive Plan	Motor Vehicle Phase Out Tax	Community Development Block Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 174,549	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	11,601	-	-
Internal balances	12,794	351,008	-	63,969	105	875,966	7,696
TOTAL ASSETS	\$ 12,794	\$ 351,008	\$ 174,549	\$ 63,969	\$ 11,706	\$ 875,966	\$ 7,696
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Internal balances	\$ -	\$ -	\$ 11,617	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	11,706	-	-
TOTAL LIABILITIES	-	-	11,617	-	11,706	-	-
FUND BALANCE							
Unreserved	12,794	351,008	162,932	63,969	-	875,966	7,696
TOTAL FUND BALANCE	\$ 12,794	\$ 351,008	\$ 162,932	\$ 63,969	\$ -	\$ 875,966	\$ 7,696
TOTAL LIABILITIES AND FUND BALANCE	\$ 12,794	\$ 351,008	\$ 174,549	\$ 63,969	\$ 11,706	\$ 875,966	\$ 7,696

(continued)

SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
SPECIAL REVENUE RESTRICTED FUNDS - TOWN  
COMBINING BALANCE SHEET  
JUNE 30, 2008

	Impact Fees Education	Impact Fees Recreation	Building Planning Zoning	Landscaping	Public Works	Police	Building Maintenance
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Internal balances	652,138	29,516	4,500	4,225	2,671	4,811	1,000
<b>TOTAL ASSETS</b>	<u>\$ 652,138</u>	<u>\$ 29,516</u>	<u>\$ 4,500</u>	<u>\$ 4,225</u>	<u>\$ 2,671</u>	<u>\$ 4,811</u>	<u>\$ 1,000</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE</b>							
Unreserved	652,138	29,516	4,500	4,225	2,671	4,811	1,000
<b>TOTAL FUND BALANCE</b>	<u>652,138</u>	<u>29,516</u>	<u>4,500</u>	<u>4,225</u>	<u>2,671</u>	<u>4,811</u>	<u>1,000</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 652,138</u>	<u>\$ 29,516</u>	<u>\$ 4,500</u>	<u>\$ 4,225</u>	<u>\$ 2,671</u>	<u>\$ 4,811</u>	<u>\$ 1,000</u>

(continued)

SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
SPECIAL REVENUE RESTRICTED FUNDS - TOWN  
COMBINING BALANCE SHEET  
JUNE 30, 2008

	Contingency	Emergency Management Grant	DEM Stormwater Management	Vision for Rt. 138 Study	Homeland Security Grant	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,549
Accounts receivable	-	-	-	-	-	17,416
Internal balances	36,288	9,370	-	-	-	2,193,886
<b>TOTAL ASSETS</b>	<u>\$ 36,288</u>	<u>\$ 9,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,385,851</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Internal balances	\$ -	\$ -	\$ 16,853	\$ 2,800	\$ 2,672	\$ 33,942
Deferred revenue	-	-	-	-	-	11,706
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>16,853</u>	<u>2,800</u>	<u>2,672</u>	<u>45,648</u>
<b>FUND BALANCE</b>						
Unreserved	36,288	9,370	(16,853)	(2,800)	(2,672)	2,340,203
<b>TOTAL FUND BALANCE</b>	<u>36,288</u>	<u>9,370</u>	<u>(16,853)</u>	<u>(2,800)</u>	<u>-</u>	<u>2,340,203</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 36,288</u>	<u>\$ 9,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,672</u>	<u>\$ 2,385,851</u>

(concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**SPECIAL REVENUE RESTRICTED FUNDS - TOWN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN UNRESERVED FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Historical Records Trust	Realty Transfer Stamps	Metals Recycling	Public Works Inspections	Substance Abuse Investigation	Byrne Grant	BJA Grant
<b>REVENUES</b>							
Intergovernmental and departmental revenue	\$ 3,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earning of investments	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>3,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>							
Excess (deficiency) of Revenues Over (Under) Expenditures	894	-	-	-	28	-	-
	2,201	-	-	-	(28)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers (to) other funds	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,201	-	-	-	(28)	-	-
<b>FUND BALANCE - BEGINNING</b>	8,400	50,000	20,351	21,245	40,513	481	481
<b>FUND BALANCE - ENDING</b>	<u>\$ 10,601</u>	<u>\$ 50,000</u>	<u>\$ 20,351</u>	<u>\$ 21,245</u>	<u>\$ 40,485</u>	<u>\$ 481</u>	<u>\$ 481</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**SPECIAL REVENUE RESTRICTED FUNDS - TOWN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN UNRESERVED FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Foster Woods Recreation	Land Trust	Revaluation Escrow	Planning Board	Comprehensive Plan	Motor Vehicle Phase Out Tax	Community Development Block Grant
<b>REVENUES</b>							
Intergovernmental revenue and departmental	\$ -	\$ 7,359	\$ 52,558	\$ 62,460	\$ -	\$ -	\$ 146,398
Earning of investments	-	-	8,849	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>7,359</u>	<u>61,407</u>	<u>62,460</u>	<u>-</u>	<u>-</u>	<u>146,398</u>
<b>EXPENDITURES</b>							
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	64,175	72,691	-	-	55,040
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers (to) other funds	-	7,359	(2,768)	(10,231)	-	-	91,358
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(141,185)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	7,359	(2,768)	(10,231)	-	(141,185)	91,358
<b>FUND BALANCE - BEGINNING</b>	12,794	343,649	165,700	74,200	-	1,017,151	(83,662)
<b>FUND BALANCE - ENDING</b>	<u>\$ 12,794</u>	<u>\$ 351,008</u>	<u>\$ 162,932</u>	<u>\$ 63,969</u>	<u>\$ -</u>	<u>\$ 875,966</u>	<u>\$ 7,696</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**SPECIAL REVENUE RESTRICTED FUNDS - TOWN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN UNRESERVED FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Impact Fees Education	Impact Fees Recreation	Building Planning Zoning	Landscaping	Public Works	Police	Building Maintenance
<b>REVENUES</b>							
Intergovernmental revenue and departmental Earning of investments	\$ 48,001	\$ 15,400	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	<u>48,001</u>	<u>15,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>							
Excess (deficiency) of Revenues Over (Under) Expenditures	48,001	15,400	(10,500)	-	(24,672)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers (to) other funds	(110,901)	(40,000)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(110,901)</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(62,900)	(24,600)	(10,500)	-	(24,672)	-	-
<b>FUND BALANCE - BEGINNING</b>	715,038	54,116	15,000	4,225	27,343	4,811	1,000
<b>FUND BALANCE - ENDING</b>	<u>\$ 652,138</u>	<u>\$ 29,516</u>	<u>\$ 4,500</u>	<u>\$ 4,225</u>	<u>\$ 2,671</u>	<u>\$ 4,811</u>	<u>\$ 1,000</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**SPECIAL REVENUE RESTRICTED FUNDS - TOWN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN UNRESERVED FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Contingency	Emergency Management Grant	DEM Stormwater Management	Vision for Rt. 138 Study	Homeland Security Grant	Totals
<b>REVENUES</b>						
Intergovernmental revenue and departmental Earning of investments	\$ -	\$ 9,370	\$ 16,882	\$ 2,200	\$ -	\$ 363,723
<b>TOTAL REVENUES</b>	-	9,370	16,882	2,200	-	8,849
						372,572
<b>EXPENDITURES</b>						
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	33,735	5,000	2,672	269,407
Excess (deficiency) of Revenues Over (Under) Expenditures	-	9,370	(16,853)	(2,800)	(2,672)	103,165
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (to) other funds	-	-	-	-	-	(292,086)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-	-	(292,086)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	9,370	(16,853)	(2,800)	(2,672)	(188,921)
<b>FUND BALANCE - BEGINNING</b>	36,288	-	-	-	-	2,529,124
<b>FUND BALANCE - ENDING</b>	\$ 36,288	\$ 9,370	\$ (16,853)	\$ (2,800)	\$ (2,672)	\$ 2,340,203

(concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**NON-MAJOR CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2008**

	Bond Fund	Capital Expenses	Capital Expenses Alton Water	Open Space Recreation Capital	Chariho School Construction	Open Space Recreation Restricted
ASSETS						
Internal balances	\$ 245,160	\$ 4,800	\$ 24,091	\$ -	\$ 1	\$ 173,143
TOTAL ASSETS	\$ 245,160	\$ 4,800	\$ 24,091	\$ -	\$ 1	\$ 173,143
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Internal balances	\$ -	\$ -	\$ -	\$ 434	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	434	-	-
FUND BALANCE						
Fund balance - unreserved	245,160	4,800	24,091	(434)	1	173,143
TOTAL FUND BALANCE	245,160	4,800	24,091	(434)	1	173,143
TOTAL LIABILITIES AND FUND BALANCE	\$ 245,160	\$ 4,800	\$ 24,091	\$ -	\$ 1	\$ 173,143

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**NON-MAJOR CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2008**

	Stone Seal	Tractor/ Mower	Equipment Restricted	Landfill Cleanup	Bond Fund	TOTAL
<b>ASSETS</b>						
Internal balances	\$ 60,000	\$ 75,000	\$ 10,000	\$ 50,000	\$ 920,496	\$ 1,562,691
<b>TOTAL ASSETS</b>	<u>\$ 60,000</u>	<u>\$ 75,000</u>	<u>\$ 10,000</u>	<u>\$ 50,000</u>	<u>\$ 920,496</u>	<u>\$ 1,562,691</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 434
Accounts payable	-	-	-	-	88,166	88,166
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,166</u>	<u>88,600</u>
<b>FUND BALANCE</b>						
Fund balance - unreserved	60,000	75,000	10,000	50,000	832,330	1,474,091
<b>TOTAL FUND BALANCE</b>	<u>60,000</u>	<u>75,000</u>	<u>10,000</u>	<u>50,000</u>	<u>832,330</u>	<u>1,474,091</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 60,000</u>	<u>\$ 75,000</u>	<u>\$ 10,000</u>	<u>\$ 50,000</u>	<u>\$ 920,496</u>	<u>\$ 1,562,691</u>

(concluded)

SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
NON-MAJOR CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN UNRESERVED FUND BALANCES  
For the Fiscal Year Ended June 30, 2008

	Bond Fund	Capital Expenses	Capital Expenses Alton Water	Open Space Recreation Capital	Charlho School Construction	Open Space Recreation Restricted
REVENUES						
Intergovernmental and departmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,079
Interest income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	55,079
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
Excess (deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	-	-	-	-	-	55,079
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	-	-	-	-	350,000
Transfers (to) other funds	-	(93,500)	-	-	(354,020)	-
Bond proceeds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(93,500)	-	-	(354,020)	350,000
Net change in fund balances	-	(93,500)	-	-	(354,020)	405,079
FUND BALANCE - BEGINNING	245,160	98,300	24,091	(434)	354,021	(231,936)
FUND BALANCE - ENDING	\$ 245,160	\$ 4,800	\$ 24,091	\$ (434)	\$ 1	\$ 173,143

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**NON-MAJOR CAPITAL PROJECT FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN UNRESERVED FUND BALANCES**  
 For the Fiscal Year Ended June 30, 2008

	Stone Seal	Tractor/Mower	Equipment Restricted	Landfill Cleanup	Bond Fund	TOTAL
<b>REVENUES</b>						
Intergovernmental and departmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,079
Interest income	-	-	-	-	2,121	2,121
<b>TOTAL REVENUES</b>	-	-	-	-	2,121	57,200
<b>EXPENDITURES</b>						
Capital outlay	-	-	-	-	226,763	226,763
<b>TOTAL EXPENDITURES</b>	-	-	-	-	226,763	226,763
Excess (deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	-	-	-	-	(224,642)	(169,563)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	-	-	-	-	6,972	356,972
Transfers (to) other funds	-	-	-	-	(350,000)	(797,520)
Bond proceeds	-	-	-	-	1,400,000	1,400,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-	1,056,972	959,452
Net change in fund balances	-	-	-	-	832,330	789,889
<b>FUND BALANCE - BEGINNING</b>	60,000	75,000	10,000	50,000	-	684,202
<b>FUND BALANCE - ENDING</b>	<u>\$ 60,000</u>	<u>\$ 75,000</u>	<u>\$ 10,000</u>	<u>\$ 50,000</u>	<u># 832,330</u>	<u>\$ 1,474,091</u>

(concluded)

Supplementary Information  
**TOWN OF RICHMOND, RHODE ISLAND**  
 Combining Balance Sheet - Private Purpose Trust Funds  
 June 30, 2008

	Emily Anthony Funds	Edwin Anthony Funds	Friends Cemetery 2	Cemetery Funds	Wood River Cemetery Funds	Historical Cemetery Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 5,848	\$ -	\$ -	\$ -
Investments	99,815	-	-	-	-	-
Internal balances	48,919	22,395	-	45,203	8,812	9,446
<b>Total assets</b>	<u>\$ 148,734</u>	<u>\$ 22,395</u>	<u>\$ 5,848</u>	<u>\$ 45,203</u>	<u>\$ 8,812</u>	<u>\$ 9,446</u>
<b>LIABILITIES</b>						
Internal balances	\$ -	\$ -	\$ 2,431	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances (deficits)</b>						
Reserved by trust agreement	148,734	22,395	3,417	45,203	8,812	9,446
<b>Total liabilities and fund balance</b>	<u>\$ 148,734</u>	<u>\$ 22,395</u>	<u>\$ 5,848</u>	<u>\$ 45,203</u>	<u>\$ 8,812</u>	<u>\$ 9,446</u>

Supplementary Information  
**TOWN OF RICHMOND, RHODE ISLAND**  
 Combining Balance Sheet - Private Purpose Trust Funds  
 June 30, 2008

	White Brook Cemetery Fund	Town Farm Fund	Link Cemetery Fund	Henry D Hoyle Fund	J Crawford Fenner Fund	Total Non-Major Permanent Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 1,227	\$ 813	\$ 625	\$ 3,526	\$ 12,039
Investments	101,197	-	-	-	-	201,012
Internal balances	-	-	-	-	-	134,775
<b>Total assets</b>	<u>\$ 101,197</u>	<u>\$ 1,227</u>	<u>\$ 813</u>	<u>\$ 625</u>	<u>\$ 3,526</u>	<u>\$ 347,826</u>
<b>LIABILITIES</b>						
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,431
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,431</u>
<b>Fund balances (deficits)</b>						
Reserved by trust agreement	101,197	1,227	813	625	3,526	345,395
<b>Total liabilities and fund balance</b>	<u>\$ 101,197</u>	<u>\$ 1,227</u>	<u>\$ 813</u>	<u>\$ 625</u>	<u>\$ 3,526</u>	<u>\$ 347,826</u>

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, 2008

	Emily Anthony Funds	Edwin Anthony Funds	Friends Cemetery 2	Cemetery Funds	Wood River Cemetery Funds	Historical Cemetery Fund
<b>Revenues</b>						
Earnings on investments	\$ -	\$ -	19	\$ -	\$ -	\$ -
Other revenues	1,282	-	194	-	-	-
<b>Total revenues</b>	<u>1,282</u>	<u>-</u>	<u>213</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>						
Current:						
Administration	11,330	2,774	1,330	125	-	-
<b>Total expenditures</b>	<u>11,330</u>	<u>2,774</u>	<u>1,330</u>	<u>125</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(10,048)</u>	<u>(2,774)</u>	<u>(1,117)</u>	<u>(125)</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - beginning</b>	<u>158,782</u>	<u>25,169</u>	<u>4,534</u>	<u>45,328</u>	<u>8,812</u>	<u>9,446</u>
<b>FUND BALANCE - ending</b>	<u>\$ 148,734</u>	<u>\$ 22,395</u>	<u>\$ 3,417</u>	<u>\$ 45,203</u>	<u>\$ 8,812</u>	<u>\$ 9,446</u>

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, 2008

	White Brook Cemetery Fund	Town Farm Fund	Link Cemetery Fund	Henry D Hoyle Fund	J Crawford Fenner Fund	Total Non-Major Permanent Funds
<b>Revenues</b>						
Earnings on investments	\$ -	\$ 4	\$ 3	\$ 2	\$ 12	\$ 40
Other revenues	-	-	-	-	-	1,476
<b>Total revenues</b>	-	4	3	2	12	1,516
<b>Expenditures</b>						
<b>Current:</b>						
Administration	7,809	-	-	-	-	23,368
<b>Total expenditures</b>	7,809	-	-	-	-	23,368
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(7,809)	4	3	2	12	(21,852)
<b>FUND BALANCE - beginning</b>	109,006	1,223	810	623	3,514	367,247
<b>FUND BALANCE - ending</b>	\$ 101,197	\$ 1,227	\$ 813	\$ 625	\$ 3,526	\$ 345,395

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND RHODE ISLAND**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>LANDSCAPE ESCROWS</b>				
<b>Assets</b>				
Cash	\$ 10,018	\$ 8	\$ -	\$ 10,026
<b>Total assets</b>	<u>\$ 10,018</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 10,026</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 10,018	\$ 8	\$ -	\$ 10,026
<b>Total liabilities</b>	<u>\$ 10,018</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 10,026</u>
<b>CURB CUT BONDS</b>				
<b>Assets</b>				
Internal balances	\$ 9,104	\$ 4,250	\$ 500	\$ 12,854
<b>Total assets</b>	<u>\$ 9,104</u>	<u>\$ 4,250</u>	<u>\$ 500</u>	<u>\$ 12,854</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 9,104	\$ 4,250	\$ 500	\$ 12,854
<b>Total liabilities</b>	<u>\$ 9,104</u>	<u>\$ 4,250</u>	<u>\$ 500</u>	<u>\$ 12,854</u>
<b>FAIRSIDE DRIVE BOND</b>				
<b>Assets</b>				
Internal balances	\$ 33,133	\$ -	\$ 12,000	\$ 21,133
<b>Total assets</b>	<u>\$ 33,133</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 21,133</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 33,133	\$ -	\$ 12,000	\$ 21,133
<b>Total liabilities</b>	<u>\$ 33,133</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 21,133</u>
<b>CASTLE RIDGE BOND</b>				
<b>Assets</b>				
Internal balances	\$ 15,899	\$ -	\$ -	\$ 15,899
<b>Total assets</b>	<u>\$ 15,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,899</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 15,899	\$ -	\$ -	\$ 15,899
<b>Total liabilities</b>	<u>\$ 15,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,899</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND RHODE ISLAND**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>CAMPANELLI BOND</b>				
<b>Assets</b>				
Internal balances	\$ 10,196	\$ -	\$ 10,196	\$ -
<b>Total assets</b>	<u>\$ 10,196</u>	<u>\$ -</u>	<u>\$ 10,196</u>	<u>\$ -</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 10,196	\$ -	\$ 10,196	\$ -
<b>Total liabilities</b>	<u>\$ 10,196</u>	<u>\$ -</u>	<u>\$ 10,196</u>	<u>\$ -</u>
<b>SAFETY MARKINGS</b>				
<b>Assets</b>				
Cash	\$ 2,168	\$ 7	\$ -	\$ 2,175
<b>Total assets</b>	<u>\$ 2,168</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 2,175</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 2,168	\$ 7	\$ -	\$ 2,175
<b>Total liabilities</b>	<u>\$ 2,168</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 2,175</u>
<b>GARDINER ROAD BOND</b>				
<b>Assets</b>				
Internal balances	\$ 2,634	\$ -	\$ -	\$ 2,634
<b>Total assets</b>	<u>\$ 2,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,634</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 2,634	\$ -	\$ -	\$ 2,634
<b>Total liabilities</b>	<u>\$ 2,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,634</u>
<b>PROBATE COURT</b>				
<b>Assets</b>				
Cash	\$ 3,505	\$ 12	\$ -	\$ 3,517
<b>Total assets</b>	<u>\$ 3,505</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 3,517</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 3,505	\$ 12	\$ -	\$ 3,517
<b>Total liabilities</b>	<u>\$ 3,505</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 3,517</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 15,691	\$ 27	\$ -	\$ 15,718
Internal balances	70,966	4,250	22,696	52,520
<b>Total assets</b>	<u>\$ 86,657</u>	<u>\$ 4,277</u>	<u>\$ 22,696</u>	<u>\$ 68,238</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 86,657	\$ 4,277	\$ 22,696	\$ 68,238
<b>Total liabilities</b>	<u>\$ 86,657</u>	<u>\$ 4,277</u>	<u>\$ 22,696</u>	<u>\$ 68,238</u>

## **STATISTICAL SECTION**

**TOWN OF RICHMOND, RHODE ISLAND**  
**SCHEDULE OF TAX COLLECTIONS**  
For the Fiscal Year Ended June 30, 2008

FISCAL YEAR END	BALANCE July 1, 2007	CURRENT YEAR ASSESSMENT	REFUNDS	ADDITIONS AND ADJUSTMENTS	ABATEMENTS	AMOUNT TO BE COLLECTED	CURRENT YEAR COLLECTIONS	BALANCE June 30, 2008
2008	\$ -	\$ 12,822,091	\$ 3,488	\$ 5,047	\$ 15,093	\$ 12,815,533	\$ 12,245,003	\$ 570,530
2007	570,675	-	8,639	8,755	3,046	585,023	487,027	97,996
2006	147,241	-	221	778	909	147,331	113,561	33,770
2005	40,334	-	-	(1,388)	-	38,946	17,622	21,324
2004	33,325	-	-	(385)	-	32,940	13,845	19,095
2003	32,373	-	-	(1,063)	5,587	25,723	11,764	13,959
2002	25,721	-	-	(677)	73	24,971	10,712	14,259
2001	33,257	-	-	2,125	3,852	31,530	13,030	18,500
2000	33,014	-	-	(8,988)	-	24,026	8,558	15,468
1999	24,382	-	-	-	-	24,382	3,263	21,119
1998	14,689	-	-	-	498	14,191	191	14,000
	<u>\$ 955,011</u>	<u>\$ 12,822,091</u>	<u>\$ 12,348</u>	<u>\$ 4,204</u>	<u>\$ 29,058</u>	<u>\$ 13,764,596</u>	<u>\$ 12,924,576</u>	<u>\$ 840,020</u>

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

DESCRIPTION OF PROPERTY	VALUATIONS	LEVY
Real property	\$ 858,779,900	\$ 12,117,384
Motor vehicles	68,347,887	1,547,396
Tangible personal	19,166,240	270,436
Inventory	3,508,370	7,964
TOTAL	<u>949,802,397</u>	<u>13,943,180</u>
Less exemptions	<u>54,689,138</u>	<u>1,121,089</u>
NET ASSESSED VALUE	<u>\$ 895,113,259</u>	<u>\$ 12,822,091</u>

**RECONCILIATION OF CURRENT YEAR PROPERTY TAX REVENUE**

Current year collections	\$ 12,924,576
Less: Refunds and adjustments	(16,552)
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2008	161,950
Prior year adjustments	(233,903)
<b>CURRENT YEAR PROPERTY TAX REVENUE</b>	<u>\$ 12,836,071</u>

**TOWN OF RICHMOND, RHODE ISLAND**  
**SCHEDULE OF LONG-TERM DEBT - GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2008**

PURPOSE	DATE OF ISSUANCE	INTEREST RATE	DATE OF MATURITY	AUTHORIZED AND ISSUED	OUTSTANDING June 30, 2007	ADDITIONS	MATURITIES DURING YEAR	OUTSTANDING June 30, 2008
<b>GENERAL OBLIGATION BONDS PAYABLE</b>								
2007 Capital	8/15/2007	3.89%	4/1/2027	\$ 1,400,000	\$ -	\$ 1,400,000	\$ -	\$ 1,400,000
2003 Municipal	8/1/2003	2.00-4.00%	8/1/2013	1,600,000	1,065,000	-	190,000	875,000
1980 School	6/27/1980	5.000%	6/30/2010	250,000	44,170	-	14,056	30,114
1998 Town Hall	6/15/1998	5.250%	6/30/2008	1,000,000	125,000	-	125,000	-
				<u>\$ 4,250,000</u>	<u>\$ 1,234,170</u>	<u>\$ 1,400,000</u>	<u>\$ 329,056</u>	<u>\$ 2,305,114</u>
<b>TOTAL GENERAL OBLIGATION BONDS PAYABLE</b>								
<b>OTHER LONG-TERM LIABILITIES</b>								
Accrued Compensated Absences					57,469	51,244	-	108,713
					<u>57,469</u>	<u>51,244</u>	<u>-</u>	<u>108,713</u>
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>								
					1,291,639	1,451,244	329,056	2,413,827
<b>TOTAL LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES</b>								

**TOWN OF RICHMOND, RHODE ISLAND**  
**Computation of Legal Debt Margin**  
**June 30, 2008**

Grossed assessed value	\$ 949,802,397
Less: exemptions and adjustments	54,689,138
<b>Total taxable assessed value</b>	<u><u>\$ 895,113,259</u></u>
Debt Limit - 3 percent of total assessed value	\$ 26,853,398
Amount of debt applicable to debt limit:	
Total bonded debt	2,305,114
<b>Legal debt margin</b>	<u><u>\$ 24,548,284</u></u>

**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 *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 as of and for the year fiscal ended June 30, 2008, which collectively comprise the Town of Richmond, Rhode Island's basic financial statements and have issued our report thereon dated February 9, 2009. The Town was issued an adverse opinion on their Governmental Activities due to a departure from accounting principles generally accepted in the United States of America. Please see the opinion on the financial statements. 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 of Richmond'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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. 2008-1

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Town, in a separate letter dated February 9, 2009.

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.



Parmelee, Poirier & Associates, LLP  
Parmelee, Poirier & Associates, LLP  
February 9, 2009



**TOWN OF RICHMOND, RHODE ISLAND**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2008**  
*(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**

**Finding 2008-1 Financial Reporting**

**Criteria**

Accounting systems are designed and dependent upon compliance with established policies and procedures for authorizing and recording transactions properly and consistently in accordance with generally accepted accounting principles.

**Condition**

During our audit it was noted that some Town trial balances required material audit adjustments to reclassify financial activity or to record original financial activity. These entries included:

- 1) Reclassification or recording of revenue activity.
- 2) Reclassification or recording of expenditures or liabilities such as accounts payable and accrued payroll.
- 3) Reclassifications to reconcile account balances at year-end.

**Cause**

An accounting system is dependent upon compliance with established policies and procedures for authorizing and recording transactions properly and consistently. We observed that the town currently does not have a system in place to maintain this control.

**Effect**

The financial statements could be materially misstated.

**Recommendation**

We recommend that the Town review its' accounting and internal control procedures to ensure proper methods and review procedures are used and the financial statements are presented in conformity with generally accepted accounting principles.

**B. Compliance**

None Reported