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***TOWN OF RICHMOND***

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***FINANCIAL STATEMENTS***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009***

***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, 2009**

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*Concluded*

## **INTRODUCTORY SECTION**

This Section Contains the Following Subsections:

List of Town Officials

**TOWN OF RICHMOND  
RHODE ISLAND**

**TOWN COUNCIL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

B. Joe Reddish, III, Town Council President  
Henry R. Oppenheimer, Town Council Vice President  
James E. Thayer  
Gerard P. Curran  
Richard L. Osborne

**TOWN CLERK**

Tracy Hay

**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, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Richmond, Rhode Island (the Town) as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

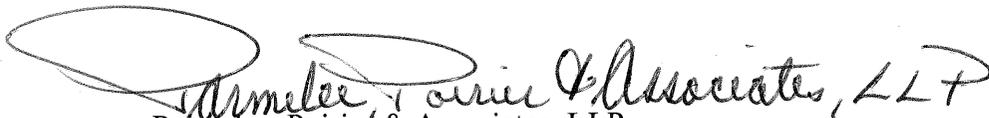
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Town of Richmond, Rhode Island as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 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  
December 21, 2009

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

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2009**  
**(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, 2009.

**Financial Highlights**

- ❖ The Town's net assets decreased \$2,009,929 as a result of this year's operation. For a more detailed explanation on the changes in net assets, see the reconciliation on page 16. 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 \$19,728,165. Net assets of Business-Type Activities increased by \$28,796, or 2.7% before any prior period adjustments, while net assets of Governmental Activities decreased by \$2,038,725 or 27.3% before any prior period adjustment.
- ❖ The Town adopted the requirements of GASB Statement 34 infrastructure reporting which resulted in a prior period adjustment in the amount of \$13,304,667, which increased the Town's net assets, while a prior period adjustment in the amount of \$53,025 for receivables written off decreased the Town's net assets. A prior period adjustment in the amount of \$47,963 for Business-Type Activities was recorded decreasing net assets. For a more detailed explanation on the prior period adjustments, please see Note 19 of the financial statements on page 47.
- ❖ The Town's Government-wide (Governmental and Business-Type Activities) operating expenses were \$23,239,451, an 8.9% increase from the prior year, while revenues were \$21,229,522 a .7% decrease.
- ❖ At the end of the current fiscal year, the general fund unreserved fund balance was \$2,524,045, or 11.6% of the total general fund budgeted expenditures and transfers out for the fiscal year. The current fiscal year's revenues and transfers exceeded expenditures and transfers by \$178,010. (See General Fund Budgetary Highlights on page 9.)
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,300,639. Included in this amount is the general fund unreserved balance of \$2,524,045 and special revenue and capital project fund balance of \$2,776,594, which is earmarked for special revenue and capital project items.

**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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2009**  
**(Un-audited)**

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

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

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

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

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

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

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

**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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2009**  
**(Un-audited)**

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

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

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

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

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

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

**Notes to Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 22 through 47.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on page 48.

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

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2009**  
**(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 \$18,685,745 as of June 30, 2009. This is a decrease of (\$2,038,725) from the previous year before prior period adjustment increases in the amount of \$13,251,642.

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

	June 30, 2009			June 30, 2008		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
Current and other assets	\$ 6,310,176	\$ 455,253	\$ 6,765,429	\$ 7,361,977	\$ 431,232	\$ 7,793,209
Capital assets	14,994,099	607,907	15,602,006	2,985,732	636,742	3,622,474
Total assets	21,304,275	1,063,160	22,367,435	10,347,709	1,067,974	11,415,683
Other liabilities	324,732	20,740	345,472	569,767	6,387	576,154
Long-term liabilities	2,293,798	-	2,293,798	2,305,114	-	2,305,114
Total liabilities	2,618,530	20,740	2,639,270	2,874,881	6,387	2,881,268
Net assets:						
Invested in capital						
net of related debt	12,700,301	607,907	13,308,208	680,618	636,742	1,317,360
Unrestricted	5,985,444	434,513	6,419,957	6,792,210	424,845	7,217,055
Total net assets	\$ 18,685,745	\$ 1,042,420	\$ 19,728,165	\$ 7,472,828	\$ 1,061,587	\$ 8,534,415

An additional portion of the Town's net assets, \$12,700,301 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2009**  
**(Un-audited)**

As of June 30, 2009 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, 2009. 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 \$2,038,725 for the current period, accounting for a 27.3 % decrease in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$28,796, accounting for 2.7% increase in the business-type growth in net assets. Overall the Town's net assets decrease was \$2,009,929 which is a 23.6% 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 \$178,010 as shown in the Statement of Revenues, Expenditures and Changes in Fund Balance on page 15. This increased the cumulative fund balance surplus to \$2,524,045, which is 11.6% of the 2008-2009 General Fund budget. In the statement of activities, expenditures for capital items and depreciation are not recorded as expenses but shown in the balance sheet, which would result in a decrease of \$1,296,300; also revenues from the reduction of deferred revenues are not recorded as revenues but shown in the balance sheet which would result in increases of \$30,689. Bond principal payments and adjustments of \$304,759 and \$190,000 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 \$28,183. The overall effect was a decrease in the Town's net assets by \$2,038,725 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, 2009**  
**(Un-audited)**

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

	<u>June 30, 2009</u>			<u>June 30, 2008</u>		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 312,160	\$ 98,904	\$ 411,064	\$ 581,563	\$ 84,870	\$ 666,433
Federal/State grants	622,113	-	622,113	6,303,066	-	6,303,066
<b>General Revenues</b>						
Property taxes	13,954,319	-	13,954,319	13,104,382	-	13,104,382
Investment earnings	79,520	4,367	83,887	207,304	950	208,254
State aid	6,158,139	-	6,158,139	993,406	-	993,406
Miscellaneous	-	-	-	103,825	\$ -	103,825
Total revenues	<u>21,126,251</u>	<u>103,271</u>	<u>21,229,522</u>	<u>21,293,546</u>	<u>85,820</u>	<u>21,379,366</u>
<b>Expenses</b>						
General government	1,381,725	-	1,381,725	1,285,864	-	1,285,864
Public safety	1,359,604	-	1,359,604	1,255,025	-	1,255,025
Public works	2,069,878	-	2,069,878	524,205	-	524,205
General public assistance	426,905	-	426,905	320,111	-	320,111
Recreation and culture	83,777	-	83,777	82,319	-	82,319
Education	17,187,604	-	17,187,604	17,333,510	-	17,333,510
Recycling area	39,822	-	39,822	40,341	-	40,341
Community services	176,777	-	176,777	177,827	-	177,827
Landfill closure	9,146	-	9,146	5,213	-	5,213
Other	304,729	-	304,729	242,173	-	242,173
Interest	125,009	-	125,009	77,294	-	77,294
	-	74,475	74,475	-	102,991	102,991
Total expenses	<u>23,164,976</u>	<u>74,475</u>	<u>23,239,451</u>	<u>21,343,882</u>	<u>102,991</u>	<u>21,446,873</u>
Change in net assets	(2,038,725)	28,796	(2,009,929)	(50,336)	(17,171)	(67,507)
Prior period adjustments	13,251,642	(47,963)	13,203,679	39,774	33,233	73,007
Net assets June 30, 2008	7,472,828	1,061,587	8,534,415	7,483,390	1,045,525	8,528,915
Net assets June 30, 2009	<u>\$ 18,685,745</u>	<u>\$ 1,042,420</u>	<u>\$ 19,728,165</u>	<u>\$ 7,472,828</u>	<u>\$ 1,061,587</u>	<u>\$ 8,534,415</u>

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2009**  
**(Un-audited)**

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

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,300,639. Included in this amount is the general fund unreserved balance of \$2,524,045 and special revenue and capital project fund balance of \$2,776,594, which is earmarked for special revenue and capital project items.

**Proprietary Funds** - The Town of Richmond's proprietary fund statements provide the same type of information as presented in the government-wide financial statements, but in more detail.

Total net assets of the respective proprietary funds are \$1,042,420

**General Fund Budgetary Highlights**

**Revenues:**

General Property Tax – collections were under budget by \$31,052.

Intergovernmental – revenue was under budget by \$547,531 as a result of a reduction in state aid to the Town from the Governor's 2009 Supplemental Budget Bill.

License and Permits – fees were under budget by \$24,780.

Interest on Investments – interest was under budget by \$50,480 as a result of decrease in interest rates.

Other Revenues – were over budget by \$72,551 as a result of unanticipated one time revenues.

**Expenses:**

General Government – expenses were under budget by \$166,888 as a result of cost control savings.

Public Safety – expenses were under budget by \$12,053.

Public Works – expenses over budget by \$67,289 due to excessive snow removal expenses.

Education – expenses were under budget by \$636,388 due to pension saving and federal stimulus finds received by the Chariho School District.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2009**  
**(Un-audited)**

**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 \$15,602,006 net of accumulated depreciation at June 30, 2009. 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**  
**Capital Assets (Net of Accumulated Depreciation)**

	<u>June 30, 2009</u>			<u>June 30, 2008</u>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Land	\$ 1,621,580	\$ 59,254	\$ 1,680,834	\$ 1,621,580	\$ 59,254	\$ 1,680,834
Buildings and improvements	999,745	396,548	1,396,293	1,062,275	419,190	1,481,465
Machinery and equipment	409,430	152,105	561,535	301,877	158,298	460,175
Infrastructure	11,963,344	-	11,963,344	-	-	-
Total	<u>\$ 14,994,099</u>	<u>\$ 607,907</u>	<u>\$ 15,602,006</u>	<u>\$ 2,985,732</u>	<u>\$ 636,742</u>	<u>\$ 3,622,474</u>

**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 \$2,190,355. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

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

	<u>June 30, 2009</u>		<u>June 30, 2008</u>	
	Govern- mental Activities	Total	Govern- mental Activities	Total
General Obligation Bonds	\$ 2,190,355	\$ 2,190,355	\$ 2,305,114	\$ 2,305,114
Totals	<u>\$ 2,190,355</u>	<u>\$ 2,190,355</u>	<u>\$ 2,305,114</u>	<u>\$ 2,305,114</u>

**TOWN OF RICHMOND, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2009**  
**(Un-audited)**

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

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2006 is A2. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of Richmond's limit is \$28,524,771 at year-end. The Town's outstanding general obligation debt is \$2,190,355 at year-end, which is \$26,334,416 under the State imposed limitation.

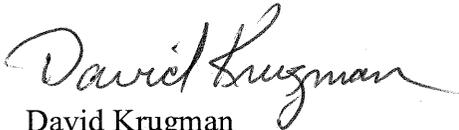
**Economic Factors and Next Year's Budgets and Rates**

The Town of Richmond's total general fund budget for fiscal year 2010 amounts to \$21,633,623, which reflects a decrease of \$193,250 under the fiscal 2009 budget of \$21,826,873. Of the Town's 2010 budget, \$17,443,098, or 80.63% is budgeted for educational purposes and \$4,190,425, or 19.37% is budgeted for all other purposes.

The Town's tax rate for fiscal 2010 is \$14.94 while in fiscal 2009 the Town's tax rate was \$14.31. The Town performed a statistical update in the fiscal year 2008.

**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, 2009**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,476,384	\$ -	\$ 5,476,384
<b>Accounts receivable:</b>			
Accounts receivable - net	1,077,973	15,114	1,093,087
Other receivables	125,035	-	125,035
Internal balances	(440,139)	440,139	-
Prepaid expenses	61,923	-	61,923
Other assets - net	9,000	-	9,000
<b>Capital assets:</b>			
Property, plant and equipment - net	14,994,099	607,907	15,602,006
<b>Total capital assets</b>	14,994,099	607,907	15,602,006
<b>TOTAL ASSETS</b>	21,304,275	1,063,160	22,367,435
<b>LIABILITIES</b>			
Accounts payable	251,797	-	251,797
Accrued expenses	61,229	2,227	63,456
Deferred revenue	11,706	18,513	30,219
<b>Long-term liabilities</b>			
Due within one year	315,355	-	315,355
Due in more than one year	1,978,443	-	1,978,443
<b>Total liabilities</b>	2,618,530	20,740	2,639,270
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	12,700,301	607,907	13,308,208
Unrestricted	5,985,444	434,513	6,419,957
<b>Total net assets</b>	\$ 18,685,745	\$ 1,042,420	\$ 19,728,165

*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, 2009**

Functions/ Programs	Program revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
<b>Primary government</b>						
Governmental activities:						
General government	\$ 1,381,725	\$ 236,515	\$ 265,979	\$ (879,231)		\$ (879,231)
Public safety	1,359,604	67,013	56,618	(1,235,973)		(1,235,973)
Public works	2,069,878	-	59,060	(2,010,818)		(2,010,818)
General public assistance	426,905	-	-	(426,905)		(426,905)
Recreation and culture	83,777	8,632	6,200	(68,945)		(68,945)
Education	17,187,604	-	21,602	(17,166,002)		(17,166,002)
Recycling area	39,822	-	-	(39,822)		(39,822)
Community services	176,777	-	-	(176,777)		(176,777)
Landfill closure	9,146	-	-	(9,146)		(9,146)
Other	304,729	-	212,654	(92,075)		(92,075)
Interest	125,009	-	-	(125,009)		(125,009)
<b>Total governmental activities</b>	<b>23,164,976</b>	<b>312,160</b>	<b>622,113</b>	<b>(22,230,703)</b>		<b>(22,230,703)</b>
Business-type activities:						
Water fund	74,475	98,904	-	-	24,429	24,429
<b>Total business-type activities</b>	<b>74,475</b>	<b>98,904</b>	<b>-</b>	<b>-</b>	<b>24,429</b>	<b>24,429</b>
<b>Total primary government</b>	<b>\$ 23,239,451</b>	<b>\$ 411,064</b>	<b>\$ 622,113</b>	<b>(22,230,703)</b>	<b>24,429</b>	<b>(22,206,274)</b>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes				13,954,319	-	13,954,319
Unrestricted investment earnings				79,520	4,367	83,887
State aid				6,158,139	-	6,158,139
Total general revenues				20,191,978	4,367	20,196,345
<b>Change in net assets</b>				<b>(2,038,725)</b>	<b>28,796</b>	<b>(2,009,929)</b>
Net assets - beginning				7,472,828	1,061,587	8,534,415
Prior period adjustment (see Note 19)				13,251,642	(47,963)	13,203,679
Net assets - ending				\$ 18,685,745	\$ 1,042,420	\$ 19,728,165

*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, 2009**

	<b>General Fund</b>	<b>Other Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,476,384	\$ -	\$ 5,476,384
<b>Accounts receivable:</b>			
Accounts receivable net	1,077,973	-	1,077,973
Other receivables	22,603	102,432	125,035
Internal balances	-	2,851,023	2,851,023
Prepaid expenses	61,923	-	61,923
<b>TOTAL ASSETS</b>	<b>\$ 6,638,883</b>	<b>\$ 2,953,455</b>	<b>\$ 9,592,338</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 58,395	\$ -	\$ 58,395
Accrued expenses	61,229	-	61,229
Internal balances	3,286,456	165,155	3,451,611
Deferred revenue	708,758	11,706	720,464
<b>Total liabilities</b>	<b>4,114,838</b>	<b>176,861</b>	<b>4,291,699</b>
 <b>Fund balances:</b>			
Unreserved	2,524,045	-	2,524,045
Unreserved , reported in non-major:			
Special revenue funds	-	1,765,404	1,765,404
Capital projects fund	-	1,011,190	1,011,190
Total unreserved fund balance	2,524,045	2,776,594	5,300,639
<b>Total fund balances</b>	<b>2,524,045</b>	<b>2,776,594</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,638,883</b>	<b>\$ 2,953,455</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)	14,994,099
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 8)	708,758
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 8)	(2,317,751)
<b>Net assets of governmental activities</b>	<b>\$ 18,685,745</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, 2009**

	<u>General Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property tax	\$ 13,923,630	\$ -	\$ 13,923,630
Intergovernmental and departmental revenue	6,291,516	456,226	6,747,742
License and permits	256,401	-	256,401
Interest on investments	79,520	-	79,520
Other revenues	88,269	-	88,269
<b>Total revenues</b>	<u>20,639,336</u>	<u>456,226</u>	<u>21,095,562</u>
<b>Expenditures</b>			
General government	1,154,554	-	1,154,554
Public safety	1,329,750	-	1,329,750
Public works	614,233	-	614,233
General public assistance	56,385	370,520	426,905
Recreation and culture	83,777	-	83,777
Education	17,187,604	-	17,187,604
Recycling area	39,822	-	39,822
Community services	176,777	-	176,777
Landfill closure	9,146	-	9,146
Other	-	535,344	535,344
<b>Debt service:</b>			
Principal	304,759	-	304,759
Interest	92,056	-	92,056
Other	525	-	525
<b>Total expenditures</b>	<u>21,049,388</u>	<u>905,864</u>	<u>21,955,252</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>(410,052)</u>	<u>(449,638)</u>	<u>(859,690)</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds	606,245	107,983	714,228
Transfers to other funds	(18,183)	(696,045)	(714,228)
<b>Total other financing sources (uses)</b>	<u>588,062</u>	<u>(588,062)</u>	<u>-</u>
<b>Excess of revenues and other sources over(under) expenditures and other uses</b>	<u>178,010</u>	<u>(1,037,700)</u>	<u>(859,690)</u>
<b>Fund balances - beginning</b>	<u>2,399,060</u>	<u>3,814,294</u>	<u>6,213,354</u>
<b>Prior period adjustment see Note 19</b>	<u>(53,025)</u>	<u>-</u>	<u>(53,025)</u>
<b>Fund balances - ending</b>	<u>\$ 2,524,045</u>	<u>\$ 2,776,594</u>	<u>\$ 5,300,639</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, 2009**

Net change in fund balances-total governmental funds	\$	(859,690)
<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 capital additions \$231,640 exceeded depreciation (\$1,527,940) in the current period.</p>		(1,296,300)
<p>Increases in deferred revenue that provide current financial resources to governmental funds are not reported as revenues in the statement of activities.</p>		30,689
<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>		(32,953)
<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	304,759
	Bond adjustments	(190,000)
<p>Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities.</p>		<u>4,770</u>
Change in net assets of governmental activities	<u>\$</u>	<u>(2,038,725)</u>

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

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

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

	<b>Water Fund</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Accounts receivable - net:	
Water and sewer user fees	\$ 15,114
Internal balances	440,139
<b>Total current assets</b>	<b>455,253</b>
<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	(582,467)
Total property, plant and equipment, net	607,907
 <b>TOTAL ASSETS</b>	 <b>1,063,160</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accrued expenses	2,227
Deferred revenues	18,513
<b>Total current liabilities</b>	<b>20,740</b>
<b>Total liabilities</b>	<b>20,740</b>
<b>Net assets</b>	
Invested in capital assets, net of related debt	607,907
Unrestricted	434,513
<b>Total net assets</b>	<b>\$ 1,042,420</b>

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

**TOWN OF RICHMOND, RHODE ISLAND**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Water Fund</b>
<b>Operating revenues</b>	
Assessments and user fees	\$ 98,904
<b>Total operating revenues</b>	98,904
<b>Operating expenses</b>	
Salaries and benefits	18,121
Materials and supplies	27,519
Depreciation and amortization	28,835
<b>Total operating expenses</b>	74,475
<b>Operating income (loss)</b>	24,429
<b>Non-operating revenues (expenses)</b>	
Interest income	4,367
<b>Total non-operating (expenses)</b>	4,367
<b>Change in net assets</b>	28,796
<b>Total net assets - beginning</b>	1,061,587
<b>Prior period adjustment see Note 19</b>	(47,963)
<b>Total net assets - ending</b>	\$ 1,042,420

*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, 2009**

	<b>Water Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 124,622
Cash payments to suppliers for goods and services	(31,679)
Cash payments to employees for services	(18,121)
<b>Net cash provided by (used for) operating activities</b>	<b>74,822</b>
<b>Cash flows from non-capital financing activities</b>	
Interfund transactions	(74,071)
Prior period adjustments	(47,963)
<b>Net cash provided by (used for) non-capital financing activities</b>	<b>(122,034)</b>
<b>Cash flows from investing activities</b>	
Interest on investments	4,367
<b>Net cash provided by (used for) investing activities</b>	<b>4,367</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(42,845)
<b>Cash and cash equivalents at beginning of year</b>	42,845
<b>Cash and cash equivalents at end of year</b>	<b>\$ -</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
<b>Operating income (loss)</b>	\$ 24,429
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation	28,835
<b>Changes in assets and liabilities:</b>	
(Increase) decrease in accounts receivable	7,205
Increase (decrease) in accrued expenses	(4,160)
Increase (decrease) in deferred revenues	18,513
<b>Total adjustments</b>	<b>50,393</b>
<b>Net cash provided by operating activities</b>	<b>\$ 74,822</b>

*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, 2009**

	<b>Private-purpose Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash	\$ 12,059	\$ 14,592
Investments	172,280	-
Internal balances	134,729	27,500
Total receivables	319,068	42,092
<b>Total Assets</b>	319,068	42,092
<b>LIABILITIES</b>		
Internal balances	1,780	-
Deposits held in custody for others	-	42,092
Total liabilities	1,780	\$ 42,092
<b>NET ASSETS</b>		
Held in trust for other purposes	\$ 317,288	

*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, 2009**

	<b>Private-purpose Trusts</b>
<b>Additions</b>	
Earnings on investments	\$ 20
Other revenues	7,559
<b>Total additions</b>	<b>7,579</b>
 <b>Deductions</b>	
Administration	35,686
<b>Total deductions</b>	<b>35,686</b>
Change in net assets	(28,107)
Net assets beginning of year July 1, 2008	345,395
<b>Net assets end of year June 30, 2009</b>	<b>\$ 317,288</b>

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

## **Notes to Financial Statements**

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

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

**Reporting Entity**

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

The Town provides the following services: Public Safety (police, traffic safety, inspections, zoning and building), Public Works (recreation, highways and streets, engineering and building maintenance), Social Services, and General Administrative Services. The Town of Richmond is part of the Chariho Regional School District. As of October 2007, the District had a total enrollment of 3,773 of which 36.03% were students from Richmond. This number was used for calculating the Town's fiscal year 2008-09 expense to the District.

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

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

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

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

**Test 1-** the primary government appoints the voting majority of the board of the potential component unit and

- \* Is able to impose its will on the potential component unit and/or
- \* Is in a relationship of financial benefit or burden with the potential component unit;

**Test 2-** the potential component unit is fiscally dependent upon the primary government; or

**Test 3 -** the financial statements would be misleading if data from the potential component unit was not included.

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

**BASIS OF PRESENTATION**

***Government-Wide Financial Statements***

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

***Fund Financial Statements***

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

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

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

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

**GOVERNMENTAL FUND TYPES**

*Major Governmental Funds*

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

*Non-major Governmental Funds*

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

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

**PROPRIETARY FUND TYPE**

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

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

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

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.

***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

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

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.

***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

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

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. 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.

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**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.

**Capital Assets**

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

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

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

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

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

**Bond Premiums and Debt Issuance Cost**

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

(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 95.0% of the total December 31, 2007 levy. The Town's fiscal 2009 property taxes were

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

levied in July of 2008 on assessed valuation as of December 31, 2007.

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.

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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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 \$28,524,771 based on the December 31, 2007 assessment. As of June 30, 2009 the Town's debt is under the debt limit by \$26,334,416. 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.

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

Deficit fund balances existed in the following funds:

Community Development Block Grant	Special Revenue	\$	45,073	**
Building, Planning & Zoning	Special Revenue		750	*
DEM Stormwater Management	Special Revenue		7,629	**
Vision for Rt. 138 Study	Special Revenue		2,800	*
Highway Safety	Special Revenue		23,453	**
Open Space Recreation Capital	Capital Projects		434	*

- \* The deficit balance will require a future administration plan to fund this deficit.
- \*\* The deficits will be eliminated by future reimbursements from either the State or the Federal Government.

**NOTE 5 – CASH AND INVESTMENTS**

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

***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, 2009, all of the Town's balance of \$5,503,035 was either insured or collateralized.

(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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, 2009

<b><i>Cash and Cash Equivalents</i></b>	
Deposits with financial institutions	\$ 5,503,035
 <b><i>Investments</i></b>	
Equities & Fixed Income	172,280
Total Investments	<u>172,280</u>
<b><i>Total Cash and Investments</i></b>	<u><u>\$ 5,675,315</u></u>

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

<b><i>Statement of Net Assets</i></b>	
Cash and cash equivalents	\$ 5,476,384
 <b><i>Fiduciary Funds</i></b>	
Cash and cash equivalents	26,651
Investments	172,280
	<u>198,931</u>
<b><i>Total Cash and Investments</i></b>	<u><u>\$ 5,675,315</u></u>

*Interest Rate Risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any investments that are subject to interest rate risk for the fiscal year ended June 30, 2009. If applicable, information about the exposure of the Town's debt type investments to this risk is reported using the segment time distribution model.

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

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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***NOTE 6 – PROPERTY TAXES***

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

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

***NOTE 7 – INFORMATION ABOUT CAPITAL ASSETS***

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

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(Continued)

**TOWN OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	Beginning Balance	Primary Government			Ending Balance
		Increases	Decreases	Adjustments	
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land and improvements	\$ 1,621,580	\$ -	\$ -	\$ -	\$ 1,621,580
Total capital assets not being depreciated	<u>1,621,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,621,580</u>
Other capital assets:					
Buildings and improvements	2,698,713	-	-	-	2,698,713
Machinery, equipment and furniture	1,745,272	197,982	85,000	-	1,858,254
Infrastructure	-	33,658	-	34,340,856	34,374,514
Total other capital assets at historical cost	<u>4,443,985</u>	<u>231,640</u>	<u>85,000</u>	<u>34,340,856</u>	<u>38,931,481</u>
Less accumulated depreciation for:					
Buildings and improvements	1,636,438	62,530	-	-	1,698,968
Machinery, equipment and furniture	1,443,395	90,429	85,000	-	1,448,824
Infrastructure	-	1,374,981	-	21,036,189	22,411,170
Total accumulated depreciation	<u>3,079,833</u>	<u>1,527,940</u>	<u>85,000</u>	<u>21,036,189</u>	<u>25,558,962</u>
Governmental activities capital assets, net	<u>\$ 2,985,732</u>	<u>\$ (1,296,300)</u>	<u>\$ -</u>	<u>\$ 13,304,667</u>	<u>\$ 14,994,099</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 42,441
Public safety	29,854
Public works	1,455,645
Total governmental activities depreciation expense	<u>\$ 1,527,940</u>

**TOWN OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	Beginning Balance	Primary Government			Ending 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	486,504	22,642	-	-	509,146
Equipment and machinery	67,128	6,193	-	-	73,321
Total accumulated depreciation	553,632	28,835	-	-	582,467
Business-type activities capital assets, net	\$ 636,742	\$ (28,835)	\$ -	\$ -	\$ 607,907

Depreciation expense was charged to functions as follows:

Business-type activities:	
Water Fund	\$ 28,835
Total business-type activities depreciation expense	\$ 28,835

**TOWN OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

"Total fund balances" of the town's governmental funds \$5,300,639 differs from "net assets" of governmental activities \$18,685,745 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.

	<b>Balance Sheet/Statement of Net Assets</b>			
	<b>Total Governmental Funds</b>	<b>Long-term Assets/ Liabilities (1)</b>	<b>Reclassifications and Eliminations</b>	<b>Statement Net Assets Totals</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 5,476,384	\$ -	\$ -	\$ 5,476,384
<b>Accounts receivable:</b>				
Accounts receivable net	1,077,973	-	-	1,077,973
Other receivables	125,035	-	-	125,035
Internal balances	2,851,023	-	(3,291,162)	(440,139)
Other Assets - net	-	9,000	-	9,000
Capital assets - net	-	14,994,099	-	14,994,099
Prepaid expenses	61,923	-	-	61,923
<b>Total assets</b>	<u>9,592,338</u>	<u>15,003,099</u>	<u>(3,291,162)</u>	<u>21,304,275</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	58,395	32,953	160,449	251,797
Accrued expenses	61,229	-	-	61,229
Internal balances	3,451,611	-	(3,451,611)	-
Deferred revenue	720,464	(708,758)	-	11,706
Long-term liabilities				
Due within one year	-	315,355	-	315,355
Due in more than one year	-	1,978,443	-	1,978,443
<b>Total liabilities</b>	<u>4,291,699</u>	<u>1,617,993</u>	<u>(3,291,162)</u>	<u>2,618,530</u>
<b>Fund Balances/Net Assets</b>				
Total fund balances/net assets	5,300,639	13,385,106	-	18,685,745
Total liabilities and fund balances/net assets	<u>\$ 9,592,338</u>	<u>\$ 15,003,099</u>	<u>\$ (3,291,162)</u>	<u>\$ 21,304,275</u>

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

Cost of capital assets	\$ 40,553,061
Accumulated depreciation	(25,558,962)
	<u>\$ 14,994,099</u>

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

Adjustment of deferred revenue	\$ 708,758
	<u>\$ 708,758</u>

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

Bonds payable	\$ 2,190,355
Bond issuance cost	(9,000)
Accrued interest payable	32,953
Accrued compensated absences	103,443
	<u>\$ 2,317,751</u>

**TOWN OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

The "net change in the fund balances" for governmental funds (\$859,690) differs from the "change in net assets" for governmental activities \$(2,038,725) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
<b>Revenues</b>					
General property tax	\$ 13,923,630	\$ 30,689	\$ -	\$ -	\$ 13,954,319
Intergovernmental and departmental revenues	6,747,742	-	-	-	6,747,742
License, permits and fees	256,401	-	-	-	256,401
Interest on investments	79,520	-	-	-	79,520
Other revenues	88,269	-	-	-	88,269
<b>Total revenues</b>	<u>21,095,562</u>	<u>30,689</u>	<u>-</u>	<u>-</u>	<u>21,126,251</u>
<b>Expenditures</b>					
Current:					
General government	1,154,554	-	42,441	184,730	1,381,725
Public safety	1,329,750	-	29,854	-	1,359,604
Public works	614,233	-	1,455,645	-	2,069,878
General public assistance	426,905	-	-	-	426,905
Recreation and culture	83,777	-	-	-	83,777
Education	17,187,604	-	-	-	17,187,604
Recycling area	39,822	-	-	-	39,822
Community services	176,777	-	-	-	176,777
Landfill closure	9,146	-	-	-	9,146
Other	535,344	500	(231,640)	-	304,204
<b>Debt service:</b>					
Principal	304,759	-	-	(304,759)	-
Interest	92,056	32,953	-	-	125,009
Other	525	-	-	-	525
<b>Total expenditures</b>	<u>21,955,252</u>	<u>33,453</u>	<u>1,296,300</u>	<u>(120,029)</u>	<u>23,164,976</u>
Net change for the year	<u>\$ (859,690)</u>	<u>\$ (2,764)</u>	<u>\$ (1,296,300)</u>	<u>\$ 120,029</u>	<u>\$ (2,038,725)</u>

**TOWN OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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	\$ 30,689
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Interest expense in the statement of activities differs from the amount reported in the governmental funds for two reasons. Accrued interest and bond premiums are added to the bonds payable, and bond issuance costs are reported as expenditures in governmental funds while in the government-wide financial statements they are capitalized and amortized over the life of the bond.

Accrued interest	\$ 32,953
Amortization bond cost	500
Total expenditure adjustment	\$ 33,453

(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	\$ (231,640)
Depreciation expense	1,527,940
Difference	\$ 1,296,300

(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

Adjustment of bond principal	\$ 190,000
Principal payments made	(304,759)
	\$ (114,759)

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 decrease in compensated absences	\$ (5,270)
	\$ (5,270)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 10 - LONG-TERM LIABILITIES**

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

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

Long-term liability activity for the fiscal year ended June 30, 2009 was as follows:

	<u>Balance July 1, 2008</u>	<u>Adjustments</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable	\$ 2,305,114	\$ 190,000	\$ 304,759	\$ 2,190,355	\$ 315,355
Total bonds payable	<u>2,305,114</u>	<u>190,000</u>	<u>304,759</u>	<u>2,190,355</u>	<u>315,355</u>
Other liabilities:					
Accrued compensated absences	108,713	-	5,270	103,443	-
Total other liabilities	<u>108,713</u>	<u>-</u>	<u>5,270</u>	<u>103,443</u>	<u>-</u>
Governmental Activities long-term liabilities	<u>\$ 2,413,827</u>	<u>\$ 190,000</u>	<u>\$ 310,029</u>	<u>\$ 2,293,798</u>	<u>\$ 315,355</u>

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 10 - LONG-TERM LIABILITIES (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>
2010	315,355	85,405	400,760
2011	325,000	68,076	393,076
2012	325,000	55,668	380,668
2013	325,000	42,938	367,938
2014	320,000	29,962	349,962
2015	145,000	20,663	165,663
2016	145,000	14,862	159,862
2017	145,000	8,972	153,972
2018	145,000	2,991	147,991
<b>TOTALS</b>	<b>\$ 2,190,355</b>	<b>\$ 329,537</b>	<b>\$ 2,519,892</b>

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

**NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES**

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

Interfund receivable and payable balances at June 30, 2009 are as follows:

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
General Fund	-	3,286,456
Special Revenue Funds	\$ 1,839,399	\$ 164,721
Capital Projects Funds	1,011,624	434
Proprietary Fund	440,139	-
Fiduciary Funds	162,229	1,780
<b>TOTALS</b>	<b>\$ 3,453,391</b>	<b>\$ 3,453,391</b>

(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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.

Transfers between funds as of June 30, 2009 are as follows:

<u>Fund / Department</u>	<u>Transfers from other funds</u>	<u>Tranfers to other funds</u>
General Fund	\$ 606,245	\$ 18,183
Special Revenue Funds	-	601,445
Capital Project Funds	107,983	94,600
Totals	<u>\$ 714,228</u>	<u>\$ 714,228</u>

**NOTE 12 – SOLID WASTE LANDFILL**

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

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

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

**Litigation**

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

(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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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 and GASB Statement 45.

***NOTE 15 - PENSION PLANS***

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

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

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

**Plan Description**

The 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.

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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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.

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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, 2009 was \$780,390. The Municipal Employees Retirement System (MERS) maintains authority to establish contribution rates for its plan members. The current required contribution rates for active general plan members is, 6.0% for employees and 6.37% for employers on covered payroll paid.

The current contribution rates for active police plan members are, 7.0% for employees and 12.98% 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, 2009 was \$49,726 for general employees. This contribution represents 6.37% of covered payroll. General employees were required to contribute \$46,823. 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, 2009 was \$70,667 for police employees. This contribution represents 12.98% of covered payroll. Police employees were required to contribute \$38,276 which represents 7% of covered payroll.

**Required contributions for general employees:**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
2007	N/A	100%
2008	\$54,402	100%
2009	\$49,726	100%

(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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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>
2007	N/A	100%
2008	\$46,875	100%
2009	\$70,667	100%

**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, 2009.

**NOTE 18 - SUBSEQUENT EVENTS**

There were no significant subsequent events.

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(Continued)

**TOWN OF RICHMOND, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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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

GASB 34 Infrastructure reporting additions	\$ 13,304,667
Restatement of General Fund receivables	<u>(53,025)</u>
Total Increase in Net Assets	<u>\$ 13,251,642</u>

Propriety Fund –Water Fund

Revenue reclassified from deferred revenue in prior year	<u>(\$ 47,963)</u>
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**NOTE 20 - SEGMENT INFORMATION FOR THE ENTERPRISE FUND**

Segment information for the Water Fund at June 30, 2009 and for the year then ended is presented as follows:

	Water Fund
Operating Revenues	\$ 98,904
Depreciation	28,835
Operating Income (loss)	24,429
Change in Net Assets	28,796
Net Working Capital	434,513
Total Assets	1,063,160
Total Net Assets	1,042,420

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(Concluded)

**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, 2009**

	<b>GENERAL FUND</b>			
	<b>ORIGINAL BUDGET</b>	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES</b>				
Property taxes	\$ 13,954,682	\$ 13,954,682	\$ 13,923,630	\$ (31,052)
Intergovernmental and departmental revenue	6,839,047	6,839,047	6,291,516	(547,531)
License, permits and fees	281,181	281,181	256,401	(24,780)
Interest on investments	130,000	130,000	79,520	(50,480)
Other revenues	15,718	15,718	88,269	72,551
<b>TOTAL REVENUES</b>	<u>21,220,628</u>	<u>21,220,628</u>	<u>20,639,336</u>	<u>(581,292)</u>
<b>EXPENDITURES</b>				
General government	1,321,442	1,321,442	1,154,554	166,888
Public safety	1,341,803	1,341,803	1,329,750	12,053
Public works	546,944	546,944	614,233	(67,289)
General public assistance	52,460	52,460	56,385	(3,925)
Recreation and culture	90,742	90,742	83,777	6,965
Education	17,823,992	17,823,992	17,187,604	636,388
Recycling area	60,000	60,000	39,822	20,178
Community services	176,777	176,777	176,777	-
Landfill closure	11,688	11,688	9,146	2,542
<b>Debt service</b>				
Principal	289,760	289,760	304,759	(14,999)
Interest	92,057	92,057	92,056	1
Other	1,025	1,025	525	500
	<u>21,808,690</u>	<u>21,808,690</u>	<u>21,049,388</u>	<u>759,302</u>
<i>Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</i>	<u>(588,062)</u>	<u>(588,062)</u>	<u>(410,052)</u>	<u>178,010</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers in	606,245	606,245	606,245	-
Operating Transfers out	(18,183)	(18,183)	(18,183)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>588,062</u>	<u>588,062</u>	<u>588,062</u>	<u>-</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,010</u>	<u>\$ 178,010</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**June 30, 2009**

	Special Revenue Restricted Town	Capital Projects Fund	Totals
<b>ASSETS</b>			
Accounts receivable	\$ 102,432	-	\$ 102,432
Internal balances	1,839,399	1,011,624	2,851,023
<b>Total assets</b>	<b>\$ 1,941,831</b>	<b>\$ 1,011,624</b>	<b>\$ 2,953,455</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Internal balances	\$ 164,721	434	\$ 165,155
Deferred revenues	11,706	-	11,706
<b>Total liabilities</b>	<b>176,427</b>	<b>434</b>	<b>176,861</b>
<b>Fund balances (deficits)</b>			
Unreserved	1,765,404	1,011,190	2,776,594
<b>Fund balances (deficits)</b>	<b>1,765,404</b>	<b>1,011,190</b>	<b>2,776,594</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,941,831</b>	<b>\$ 1,011,624</b>	<b>\$ 2,953,455</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, 2009**

	<b>Special Revenue Restricted Town</b>	<b>Capital Projects Fund</b>	<b>Totals</b>
<b>Revenues</b>			
Intergovernmental and departmental	\$ 397,166	\$ 59,060	\$ 456,226
<b>Total Revenues</b>	<u>397,166</u>	<u>59,060</u>	<u>456,226</u>
<b>Expenditures</b>			
Capital outlay	-	535,344	535,344
Program expenses	370,520	-	370,520
<b>Total expenditures</b>	<u>370,520</u>	<u>535,344</u>	<u>905,864</u>
<b>Excess of revenues over (under) Expenditures</b>	26,646	(476,284)	(449,638)
<b>Other Financing Sources (uses)</b>			
Transfers from other funds	-	107,983	107,983
Transfers (to) other funds	(601,445)	(94,600)	(696,045)
<b>Total other financing sources</b>	<u>(601,445)</u>	<u>13,383</u>	<u>(588,062)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(574,799)	(462,901)	(1,037,700)
<b>FUND BALANCE - BEGINNING</b>	2,340,203	1,474,091	3,814,294
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,765,404</u>	<u>\$ 1,011,190</u>	<u>\$ 2,776,594</u>

SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
SPECIAL REVENUE RESTRICTED FUNDS - TOWN  
COMBINING BALANCE SHEET  
JUNE 30, 2009

	Historical Records Trust	Realty Transfer Stamps	Metals Recycling	Public Works Inspections	Substance Abuse Investigation	Byrne Grant	BJA Grant
ASSETS							
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ 5,815	\$ -	\$ -
Internal balances	10,368	50,000	20,351	21,245	34,670	481	481
TOTAL ASSETS	\$ 10,368	\$ 50,000	\$ 20,351	\$ 21,245	\$ 40,485	\$ 481	\$ 481
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCE							
Unreserved	10,368	50,000	20,351	21,245	40,485	481	481
TOTAL FUND BALANCE	\$ 10,368	\$ 50,000	\$ 20,351	\$ 21,245	\$ 40,485	\$ 481	\$ 481
TOTAL LIABILITIES AND FUND BALANCE	\$ 10,368	\$ 50,000	\$ 20,351	\$ 21,245	\$ 40,485	\$ 481	\$ 481

(continued)

SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
SPECIAL REVENUE RESTRICTED FUNDS - TOWN  
COMBINING BALANCE SHEET  
JUNE 30, 2009

	Foster Woods Recreation	Land Trust	Revaluation Escrow	Planning Board	Comprehensive Plan	Motor Vehicle Phase Out Tax	Community Development Block Grant
ASSETS							
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ 11,601	\$ -	\$ 85,016
Internal balances	12,794	348,316	217,227	77,355	105	413,070	-
TOTAL ASSETS	<u>\$ 12,794</u>	<u>\$ 348,316</u>	<u>\$ 217,227</u>	<u>\$ 77,355</u>	<u>\$ 11,706</u>	<u>\$ 413,070</u>	<u>\$ 85,016</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Internal balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,089
Deferred revenue	-	-	-	-	11,706	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,706</u>	<u>-</u>	<u>130,089</u>
FUND BALANCE							
Unreserved	12,794	348,316	217,227	77,355	-	413,070	(45,073)
TOTAL FUND BALANCE	<u>12,794</u>	<u>348,316</u>	<u>217,227</u>	<u>77,355</u>	<u>-</u>	<u>413,070</u>	<u>(45,073)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 12,794</u>	<u>\$ 348,316</u>	<u>\$ 217,227</u>	<u>\$ 77,355</u>	<u>\$ 11,706</u>	<u>\$ 413,070</u>	<u>\$ 85,016</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**SPECIAL REVENUE RESTRICTED FUNDS - TOWN**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2009**

	Impact Fees Education	Impact Fees Recreation	Building Planning Zoning	Landscaping	Public Works	Police	Building Maintenance
<b>ASSETS</b>							
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	560,191	25,716	-	4,225	2,671	4,811	1,000
<b>TOTAL ASSETS</b>	<u>\$ 560,191</u>	<u>\$ 25,716</u>	<u>\$ -</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	\$ -	\$ -	\$ 750	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE</b>							
Unreserved	560,191	25,716	(750)	4,225	2,671	4,811	1,000
<b>TOTAL FUND BALANCE</b>	<u>560,191</u>	<u>25,716</u>	<u>(750)</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>\$ 560,191</u>	<u>\$ 25,716</u>	<u>\$ -</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, 2009

	Contingency	Emergency Management Grant	DEM Stormwater Management	Vision for Rt. 138 Study	Homeland Security Grant	Highway Safety	Totals
<b>ASSETS</b>							
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,432
Internal balances	21,288	9,370	-	-	3,664	-	1,839,399
<b>TOTAL ASSETS</b>	<u>\$ 21,288</u>	<u>\$ 9,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,664</u>	<u>\$ -</u>	<u>\$ 1,941,831</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Internal balances	\$ -	\$ -	\$ 7,629	\$ 2,800	\$ -	\$ 23,453	\$ 164,721
Deferred revenue	-	-	-	-	-	-	11,706
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>7,629</u>	<u>2,800</u>	<u>-</u>	<u>23,453</u>	<u>176,427</u>
<b>FUND BALANCE</b>							
Unreserved	21,288	9,370	(7,629)	(2,800)	3,664	(23,453)	1,765,404
<b>TOTAL FUND BALANCE</b>	<u>21,288</u>	<u>9,370</u>	<u>(7,629)</u>	<u>(2,800)</u>	<u>3,664</u>	<u>(23,453)</u>	<u>1,765,404</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 21,288</u>	<u>\$ 9,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,664</u>	<u>\$ -</u>	<u>\$ 1,941,831</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, 2009**

	Historical Records Trust	Realty Transfer Stamps	Metals Recycling	Public Works Inspections	Substance Abuse Investigation	Byrne Grant	BJA Grant
REVENUES							
Intergovernmental and departmental revenue	\$ 1,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earning of investments	-	-	-	-	-	-	-
TOTAL REVENUES	<u>1,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
	<u>2,167</u>						
Excess (deficiency) of Revenues Over (Under) Expenditures	(233)						
OTHER FINANCING SOURCES (USES)							
Transfers (to) other funds	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<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	(233)						
FUND BALANCE - BEGINNING	<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>
FUND BALANCE - ENDING	<u>\$ 10,368</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, 2009**

	Foster Woods Recreation	Land Trust	Revaluation Escrow	Planning Board	Comprehensive Plan	Motor Vehicle Phase Out Tax	Community Development Block Grant
REVENUES							
Intergovernmental revenue and departmental	\$ -	\$ 1,000	\$ 61,420	\$ 35,738	\$ -	\$ -	\$ 212,654
Earning of investments	-	-	-	-	-	-	-
TOTAL REVENUES	-	1,000	61,420	35,738	-	-	212,654
EXPENDITURES							
	-	3,692	7,125	22,352	-	-	265,423
Excess (deficiency) of Revenues Over (Under)	-	(2,692)	54,295	13,386	-	-	(52,769)
Expenditures							
OTHER FINANCING SOURCES (USES)							
Transfers (to) other funds	-	-	-	-	-	(462,896)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	(462,896)	-
Excess (Deficiency) of Revenues and Other Financing Sources	-	(2,692)	54,295	13,386	-	(462,896)	(52,769)
Over (Under) Expenditures and Other Financing Uses							
FUND BALANCE - BEGINNING	12,794	351,008	162,932	63,969	-	875,966	7,696
FUND BALANCE - ENDING	\$ 12,794	\$ 348,316	\$ 217,227	\$ 77,355	\$ -	\$ 413,070	\$ (45,073)

(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, 2009**

	Impact Fees Education	Impact Fees Recreation	Building Planning Zoning	Landscaping	Public Works	Police	Building Maintenance
<b>REVENUES</b>							
Intergovernmental revenue and departmental	\$ 21,602	\$ 6,200	\$ -	\$ -	\$ -	\$ -	\$ -
Earning of investments	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>21,602</u>	<u>6,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>							
Excess (deficiency) of Revenues Over (Under) Expenditures	21,602	6,200	(5,250)	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers (to) other funds	(113,549)	(10,000)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(113,549)</u>	<u>(10,000)</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	(91,947)	(3,800)	(5,250)	-	-	-	-
<b>FUND BALANCE - BEGINNING</b>	652,138	29,516	4,500	4,225	2,671	4,811	1,000
<b>FUND BALANCE - ENDING</b>	<u>\$ 560,191</u>	<u>\$ 25,716</u>	<u>\$ (750)</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, 2009**

	Contingency	Emergency Management Grant	DEM Stormwater Management	Vision for Rt. 138 Study	Homeland Security Grant	Highway Safety	Totals
REVENUES							
Intergovernmental revenue and departmental	\$ -	\$ 27,805	\$ 16,789	\$ -	\$ 12,024	\$ -	\$ 397,166
Earning of investments	-	-	-	-	-	-	-
TOTAL REVENUES	-	27,805	16,789	-	12,024	-	397,166
EXPENDITURES							
	-	27,805	7,565	-	5,688	23,453	370,520
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	9,224	-	6,336	(23,453)	26,646
OTHER FINANCING SOURCES (USES)							
Transfers (to) other funds	(15,000)	-	-	-	-	-	(601,445)
TOTAL OTHER FINANCING SOURCES (USES)	(15,000)	-	-	-	-	-	(601,445)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(15,000)	-	9,224	-	6,336	(23,453)	(574,799)
FUND BALANCE - BEGINNING	36,288	9,370	(16,853)	(2,800)	(2,672)	-	2,340,203
FUND BALANCE - ENDING	21,288	9,370	(7,629)	(2,800)	3,664	(23,453)	1,765,404

(concluded)

SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND  
NON-MAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
June 30, 2009

	Bond Fund	Capital Expenses	Capital Expenses Alton Water	Open Space Recreation Capital	Chariho School Construction	Open Space Recreation Restricted
ASSETS						
Internal balances	\$ 245,160	\$ -	\$ 19,291	\$ -	\$ 1	\$ 206,726
TOTAL ASSETS	\$ 245,160	\$ -	\$ 19,291	\$ -	\$ 1	\$ 206,726
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Internal balances	\$ -	\$ -	\$ -	\$ 434	\$ -	\$ -
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ 434	\$ -	\$ -
FUND BALANCE						
Fund balance - unreserved	245,160	-	19,291	(434)	1	206,726
TOTAL FUND BALANCE	245,160	-	19,291	(434)	1	206,726
TOTAL LIABILITIES AND FUND BALANCE	\$ 245,160	\$ -	\$ 19,291	\$ -	\$ 1	\$ 206,726

(Continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**NON-MAJOR CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2009**

	Stone Seal	Tractor/ Mower	Equipment Restricted	Landfill Cleanup	Bond Fund	TOTAL
<b>ASSETS</b>						
Internal balances	\$ 60,000	-	\$ -	\$ 50,000	\$ 430,446	\$ 1,011,624
<b>TOTAL ASSETS</b>	<u>\$ 60,000</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 430,446</u>	<u>\$ 1,011,624</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Internal balances	\$ -	-	\$ -	-	-	\$ 434
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ 434</u>
<b>FUND BALANCE</b>						
Fund balance - unreserved	60,000	-	-	50,000	430,446	1,011,190
<b>TOTAL FUND BALANCE</b>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>430,446</u>	<u>1,011,190</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 60,000</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 430,446</u>	<u>\$ 1,011,624</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, 2009**

	Bond Fund	Capital Expenses	Capital Expenses Alton Water	Open Space Recreation Capital	Charlho School Construction	Open Space Recreation Restricted
<b>REVENUES</b>						
Intergovernmental and departmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,583
Interest income	-	-	-	-	-	-
<b>TOTAL REVENUES</b>						<u>33,583</u>
<b>EXPENDITURES</b>						
Capital outlay	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>						<u>-</u>
Excess (deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	-	-	-	-	-	33,583
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	-	(4,800)	(4,800)	-	-	-
Transfers (to) other funds	-	(4,800)	(4,800)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>						<u>-</u>
Net change in fund balances	-	(4,800)	(4,800)	-	-	33,583
<b>FUND BALANCE - BEGINNING</b>	245,160	4,800	24,091	(434)	1	173,143
<b>FUND BALANCE - ENDING</b>	<u>\$ 245,160</u>	<u>\$ -</u>	<u>\$ 19,291</u>	<u>\$ (434)</u>	<u>\$ 1</u>	<u>\$ 206,726</u>

(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, 2009**  
 (Continued)

	Stone Seal	Tractor/ Mower	Equipment Restricted	Landfill Cleanup	Bond Fund	TOTAL
<b>REVENUES</b>						
Intergovernmental and departmental	\$ -	\$ -	\$ -	\$ -	\$ 25,477	\$ 59,060
Interest income	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-	25,477	59,060
<b>EXPENDITURES</b>						
Capital outlay	-	-	-	-	535,344	535,344
<b>TOTAL EXPENDITURES</b>	-	-	-	-	535,344	535,344
Excess (deficiency) of Revenues Over (Under)	-	-	-	-	(509,867)	(476,284)
Expenditures Before Other Financing Sources (Uses)						
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	-	(75,000)	(10,000)	-	107,983	107,983
Transfers (to) other funds	-	(75,000)	(10,000)	-	107,983	(94,600)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	(75,000)	(10,000)	-	107,983	13,383
Net change in fund balances	-	(75,000)	(10,000)	-	(401,884)	(462,901)
<b>FUND BALANCE - BEGINNING</b>	60,000	75,000	10,000	50,000	832,330	1,474,091
<b>FUND BALANCE - ENDING</b>	\$ 60,000	\$ -	\$ -	\$ 50,000	\$ 430,446	\$ 1,011,190

(Concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**

Combining Balance Sheet  
Private Purpose Trust Funds  
June 30, 2009

	Emily Anthony Funds	Edwin Anthony Funds	Friends Cemetery 2	Cemetery Funds	Wood River Cemetery Funds	Historical Cemetery Fund	White Brook Cemetery Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 5,858	\$ -	\$ -	\$ -	\$ -
Investments	74,748	-	-	-	-	-	97,532
Internal balances	50,962	17,437	-	45,078	8,797	9,446	-
<b>Total assets</b>	<b>\$ 125,710</b>	<b>\$ 17,437</b>	<b>\$ 5,858</b>	<b>\$ 45,078</b>	<b>\$ 8,797</b>	<b>\$ 9,446</b>	<b>\$ 97,532</b>
<b>LIABILITIES</b>							
Internal balances	\$ -	\$ -	\$ 1,774	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficits)</b>							
Reserved by trust agreement	125,710	17,437	4,084	45,078	8,797	9,446	97,532
<b>Total liabilities and fund balance</b>	<b>\$ 125,710</b>	<b>\$ 17,437</b>	<b>\$ 5,858</b>	<b>\$ 45,078</b>	<b>\$ 8,797</b>	<b>\$ 9,446</b>	<b>\$ 97,532</b>

(Continued)

**SUPPLEMENTARY INFORMATION  
TOWN OF RICHMOND, RHODE ISLAND**

Combining Balance Sheet  
Private Purpose Trust Funds  
June 30, 2009

	Town Farm Fund	Link Cemetery Fund	Henry D Hoyle Fund	J Crawford Fenner Fund	Crawley Property	Total Non-Major Permanent Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,229	\$ 814	\$ 626	\$ 3,532	\$ -	\$ 12,059
Investments	-	-	-	-	-	172,280
Internal balances	-	-	-	-	3,009	134,729
<b>Total assets</b>	<u>\$ 1,229</u>	<u>\$ 814</u>	<u>\$ 626</u>	<u>\$ 3,532</u>	<u>\$ 3,009</u>	<u>\$ 319,068</u>
<b>LIABILITIES</b>						
Internal balances	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ 1,780
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 1,780</u>
<b>Fund balances (deficits)</b>						
Reserved by trust agreement	1,229	814	626	3,526	3,009	317,288
<b>Total liabilities and fund balance</b>	<u>\$ 1,229</u>	<u>\$ 814</u>	<u>\$ 626</u>	<u>\$ 3,532</u>	<u>\$ 3,009</u>	<u>\$ 319,068</u>

(Concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Private Purpose Trust Funds**  
**For the Fiscal Year Ended June 30, 2009**

	Emily Anthony Funds	Edwin Anthony Funds	Friends Cemetery 2	Cemetery Funds	Wood River Cemetery Funds	Historical Cemetery Fund	White Brook Cemetery Fund
<b>Revenues</b>							
Earnings on investments	\$ -	\$ -	10	\$ -	\$ -	\$ -	\$ -
Other revenues	2,043	-	2,407	-	-	-	-
<b>Total revenues</b>	<u>2,043</u>	<u>-</u>	<u>2,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>							
<b>Current:</b>							
Administration	25,067	4,958	1,750	125	15	-	3,665
<b>Total expenditures</b>	<u>25,067</u>	<u>4,958</u>	<u>1,750</u>	<u>125</u>	<u>15</u>	<u>-</u>	<u>3,665</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(23,024)</u>	<u>(4,958)</u>	<u>667</u>	<u>(125)</u>	<u>(15)</u>	<u>-</u>	<u>(3,665)</u>
<b>FUND BALANCE - beginning</b>	148,734	22,395	3,417	45,203	8,812	9,446	101,197
<b>FUND BALANCE - ending</b>	<u>\$ 125,710</u>	<u>\$ 17,437</u>	<u>\$ 4,084</u>	<u>\$ 45,078</u>	<u>\$ 8,797</u>	<u>\$ 9,446</u>	<u>\$ 97,532</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, 2009**

	Town Farm Fund	Link Cemetery Fund	Henry D Hoyle Fund	J Crawford Fenner Fund	Crawley Property	Total Non-Major Permanent Funds
<b>Revenues</b>						
Earnings on investments	\$ 2	\$ 1	\$ 1	\$ 6	\$ -	\$ 20
Other revenues	-	-	-	-	3,109	7,559
<b>Total revenues</b>	<u>2</u>	<u>1</u>	<u>1</u>	<u>6</u>	<u>3,109</u>	<u>7,579</u>
<b>Expenditures</b>						
<b>Current:</b>						
Administration	-	-	-	6	100	35,686
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>100</u>	<u>35,686</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	2	1	1	-	3,009	(28,107)
<b>FUND BALANCE - beginning</b>	<u>1,227</u>	<u>813</u>	<u>625</u>	<u>3,526</u>	<u>-</u>	<u>345,395</u>
<b>FUND BALANCE - ending</b>	<u>\$ 1,229</u>	<u>\$ 814</u>	<u>\$ 626</u>	<u>\$ 3,526</u>	<u>\$ 3,009</u>	<u>\$ 317,288</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND RHODE ISLAND**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>LANDSCAPE ESCROWS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 10,026	\$ 6	\$ -	\$ 10,032
<b>Total assets</b>	<u>\$ 10,026</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 10,032</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 10,026	\$ 6	\$ -	\$ 10,032
<b>Total liabilities</b>	<u>\$ 10,026</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 10,032</u>
<b>CURB CUT BONDS</b>				
<b>Assets</b>				
Internal balances	\$ 12,854	\$ 2,500	\$ 10,500	\$ 4,854
<b>Total assets</b>	<u>\$ 12,854</u>	<u>\$ 2,500</u>	<u>\$ 10,500</u>	<u>\$ 4,854</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 12,854	\$ 2,500	\$ 10,500	\$ 4,854
<b>Total liabilities</b>	<u>\$ 12,854</u>	<u>\$ 2,500</u>	<u>\$ 10,500</u>	<u>\$ 4,854</u>
<b>FAIRSIDE DRIVE BOND</b>				
<b>Assets</b>				
Internal balances	\$ 21,133	\$ -	\$ 3,134	\$ 17,999
<b>Total assets</b>	<u>\$ 21,133</u>	<u>\$ -</u>	<u>\$ 3,134</u>	<u>\$ 17,999</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 21,133	\$ -	\$ 3,134	\$ 17,999
<b>Total liabilities</b>	<u>\$ 21,133</u>	<u>\$ -</u>	<u>\$ 3,134</u>	<u>\$ 17,999</u>
<b>CASTLE RIDGE BOND</b>				
<b>Assets</b>				
Internal balances	\$ 15,899	\$ -	\$ 13,886	\$ 2,013
<b>Total assets</b>	<u>\$ 15,899</u>	<u>\$ -</u>	<u>\$ 13,886</u>	<u>\$ 2,013</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 15,899	\$ -	\$ 13,886	\$ 2,013
<b>Total liabilities</b>	<u>\$ 15,899</u>	<u>\$ -</u>	<u>\$ 13,886</u>	<u>\$ 2,013</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF RICHMOND RHODE ISLAND**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>SAFETY MARKINGS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 2,175	\$ 4	\$ -	\$ 2,179
<b>Total assets</b>	<u>\$ 2,175</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 2,179</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 2,175	\$ 4	\$ -	\$ 2,179
<b>Total liabilities</b>	<u>\$ 2,175</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 2,179</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 and cash equivalents	\$ 3,517	\$ 5	\$ 1,141	\$ 2,381
<b>Total assets</b>	<u>\$ 3,517</u>	<u>\$ 5</u>	<u>\$ 1,141</u>	<u>\$ 2,381</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 3,517	\$ 5	\$ 1,141	\$ 2,381
<b>Total liabilities</b>	<u>\$ 3,517</u>	<u>\$ 5</u>	<u>\$ 1,141</u>	<u>\$ 2,381</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 15,718	\$ 15	\$ 1,141	\$ 14,592
Internal balances	52,520	2,500	27,520	27,500
<b>Total assets</b>	<u>\$ 68,238</u>	<u>\$ 2,515</u>	<u>\$ 28,661</u>	<u>\$ 42,092</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 68,238	\$ 2,515	\$ 28,661	\$ 42,092
<b>Total liabilities</b>	<u>\$ 68,238</u>	<u>\$ 2,515</u>	<u>\$ 28,661</u>	<u>\$ 42,092</u>

## **STATISTICAL SECTION**

**TOWN OF RICHMOND, RHODE ISLAND**  
**SCHEDULE OF TAX COLLECTIONS**  
**For the Fiscal Year Ended June 30, 2009**

FISCAL YEAR END	BALANCE July 1, 2008	CURRENT YEAR ASSESSMENT	REFUNDS	ADDITIONS AND ADJUSTMENTS	ABATEMENTS	AMOUNT TO BE COLLECTED	CURRENT YEAR COLLECTIONS	BALANCE June 30, 2009
2009	\$ -	\$ 13,852,385	\$ 7,864	\$ 9,431	\$ 24,943	\$ 13,844,737	\$ 13,150,891	\$ 693,846
2008	570,530	-	7,459	15,183	1,149	592,023	386,153	205,870
2007	97,996	-	102	2,613	1,138	99,573	58,529	41,044
2006	33,770	-	88	256	177	33,937	5,877	28,060
2005	21,324	-	88	(1)	88	21,323	179	21,144
2004	19,095	-	85	76	85	19,171	169	19,002
2003	13,959	-	-	(8)	-	13,951	241	13,710
2002	14,259	-	-	(1)	-	14,258	214	14,044
2001	18,500	-	-	289	1,903	16,886	132	16,754
2000	15,468	-	-	9,031	-	24,499	-	24,499
1999	21,119	-	-	(21,119)	-	-	-	-
1998	14,000	-	-	(14,000)	-	-	-	-
	<u>\$ 840,020</u>	<u>\$ 13,852,385</u>	<u>\$ 15,686</u>	<u>\$ 1,750</u>	<u>\$ 29,483</u>	<u>\$ 14,680,358</u>	<u>\$ 13,602,385</u>	<u>\$ 1,077,973</u>

SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY VALUE BY CATEGORY		RECONCILIATION OF CURRENT YEAR PROPERTY TAX REVENUE	
DESCRIPTION OF PROPERTY	VALUATIONS	LEVY	
Real property	\$ 916,329,450	\$ 13,112,674	\$ 13,602,385
Motor vehicles	71,672,259	1,622,660	
Tangible personal	19,308,660	276,307	
TOTAL	<u>1,007,310,369</u>	<u>15,011,641</u>	<u>369,214</u>
Less exemptions	<u>56,484,676</u>	<u>1,159,256</u>	
NET ASSESSED VALUE	<u>\$ 950,825,693</u>	<u>\$ 13,852,385</u>	<u>(161,950)</u>
			<u>131,417</u>
			<u>\$ 13,923,630</u>



**TOWN OF RICHMOND, RHODE ISLAND  
COMPUTATION OF LEGAL DEBT MARGIN  
June 30, 2009**

Grossed assessed value	\$ 1,007,310,369
Less: exemptions and adjustments	56,484,676
<b>Total taxable assessed value</b>	<u><u>\$ 950,825,693</u></u>
Debt Limit - 3 percent of total assessed value	\$ 28,524,771
Amount of debt applicable to debt limit:	
Total bonded debt	2,190,355
<b>Legal debt margin</b>	<u><u>\$ 26,334,416</u></u>

***TOWN OF RICHMOND, RHODE ISLAND***

***AUDITOR'S REPORTS 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, 2009, which collectively comprise the Town of Richmond, Rhode Island's basic financial statements and have issued our report thereon dated December 21, 2009. 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 deficiency described in the accompanying schedule of findings and questioned costs to be significant deficiency in internal control over financial reporting. 2009-1

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 December 21, 2009.

The Town of Richmond's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Richmond's response and, accordingly, we express no opinion on it.

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  
December 21, 2009

**TOWN OF RICHMOND, RHODE ISLAND**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2009**

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

***Financial Statements***

Type of Auditors report issued: Unqualified

Internal control over financial reporting:

Significant deficiency (ies) identified?  X  yes      no

Significant deficiency (ies) identified that are considered material weaknesses?  X  yes      none reported

Noncompliance material to financial statements noted?      yes  X  no

***SECTION II - FINANCIAL STATEMENT FINDINGS***

X  yes      none

**TOWN OF RICHMOND, RHODE ISLAND**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2009**  
**(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 2009-1 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 for Federal & State grant funds 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 controls over grant fund revenues and expenditures.

**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.

**TOWN OF RICHMOND, RHODE ISLAND**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2009**  
**(Continued)**

**A. Significant Deficiency in Internal Control Reported (Continued)**

**Finding 2009-1 Financial Reporting (Continued)**

**Managements Response**

The Finance Office is charged with recording transactions properly and consistently and to maintain controls over grant revenues and expenditures.

All Town Departments and/or Boards and Commissions must maintain copies of all grant documents for Federal and State grants in the Finance Office. This is to include all of the following:

- o Grant application and all supporting documents submitted to the funding source.
- o Executed grant agreement, including the grant budget as approved by the funding source.
- o Grant budget in a format that reflects how it will be processed through the accounting system.
- o Reimbursement application and all supporting documentation filed with the funding source.
- o Audit and project closeout documentation

All grant applications are to be authorized by the Town Council.

**B. Compliance**

None Reported