

TOWN OF RANDOLPH, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2011
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF RANDOLPH, VERMONT

JUNE 30, 2011

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	2 - 8
Basic Financial Statements:	
Government-wide Financial Statements -	
Statement of Net Assets.....	9
Statement of Activities.....	10
Fund Financial Statements -	
Balance Sheet - Governmental Funds.....	11 - 12
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.....	13 - 15
Statement of Revenue and Expenditures - Budget and Actual - General Fund.....	16 - 17
Statement of Revenue and Expenditures - Budget and Actual - Highway and Police Funds.....	18
Statement of Revenue and Expenditures - Budget and Actual - Library and Cemetery Funds.....	19
Statement of Net Assets - Proprietary Funds.....	20
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds.....	21
Statement of Revenue and Expenses - Budget and Actual - Water and Sewer Funds.....	22
Statement of Cash Flows - Proprietary Funds.....	23 - 24
Statement of Net Assets - Fiduciary Funds.....	25
Statement of Changes in Net Assets - Fiduciary Funds.....	26
Notes to Financial Statements.....	27 - 40
Supplementary Schedules:	
Schedule 1 - Combining Balance Sheet - Other Governmental Funds.....	41 - 42
Schedule 2 - Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Other Governmental Funds.....	43 - 44
Compliance Reports:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	45 - 46
Schedule of Findings.....	47

INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Randolph, Vermont

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 Randolph, Vermont (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Randolph, Vermont as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Highway, Police, Library, Cemetery, Water and Sewer Funds 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 our report dated December 8, 2011 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information contained in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Montpelier, Vermont
December 8, 2011

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

**TOWN OF RANDOLPH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The following is a discussion and analysis of the Town of Randolph's (the Town) financial performance including an overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011. Readers should consider this information in conjunction with the financial statements which are located after this analysis. The Town implemented the new reporting standard, GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* during FY 2006. This discussion and analysis provides comparisons between FY 2011 and FY 2010.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Town's assets exceeded its liabilities at June 30, 2011 by \$7,977,333 compared to \$7,615,449 at June 30, 2010. This represents an increase of \$361,884 or 4.8%. The change in net assets for fiscal year 2011 was \$361,884 compared to \$692,184 for fiscal year 2010. This represents a decrease of \$330,300.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,352,834, a decrease of \$611,611 in comparison with a decrease of \$773,370 for the prior year. Of the total fund balance \$1,165,927 represents amounts restricted, committed or assigned to specific purposes, such as fire equipment, highway equipment and projects, water and sewer improvement, building repairs, and municipal building. \$169,685 is unassigned and \$17,222 is non-spendable.

Long-term Debt

The Town's total debt increased \$15,460 or .15% during the fiscal year and had a total ending balance of \$7,037,981. During FY 2011 the Town issued \$693,104 of new debt to finance the route 66 water project.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Town's financial statements consist of five sections: 1) Independent Auditor's Report, 2) Management's Discussion and Analysis, 3) Basic Financial Statements, 4) Supplementary Schedules and 5) Compliance Reports.

- **Independent Auditor's Report** - This is a description by the auditors of the scope of their work and their official opinion of the financial statements of the Town for the 2011 fiscal year.
- **Management's Discussion and Analysis** - An introduction to the basic financial statements that is intended to be an easily read analysis of the Town's financial activities based on currently known facts, decisions or conditions.
- **Basic Financial Statements** - This section of the report includes government-wide financial statements, fund financial statements, and notes to the financial statements.
- **Supplementary Schedules** - This section of the report is not required by GAAP but is presented as supplementary information. It contains the combining information for individual non major governmental funds.

- **Compliance Reports** - This section includes the auditor's report on the Town's internal controls over financial reporting and on compliance with a description of their findings. Internal controls deal with the Town processes and procedures that ensure our financial statements are accurate and that Town assets are being safeguarded in a reasonable fashion.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Town's financial position, which helps readers determine whether the Town's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary financial activity on the full accrual basis of accounting. This means that all revenue and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30.

- **Statement of Net Assets** - This statement 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 indicate whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities** - This statement presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as 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 future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements have separate columns for governmental activities and business-type activities. The Town's activities are classified as follows:

- **Governmental Activities** - Activities reported here include general government, public safety, highways and streets, and culture and recreation. Property taxes, federal, state and other local revenues finance these activities.
- **Business-type Activities** - Activities reported here include the Water, Sewer and Landfill Funds.

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 the Town's funds are categorized as governmental, proprietary and fiduciary.

- **Governmental Funds** - The basic services provided by the Town are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Town's current needs.

The Town reports 23 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Highway Fund, Police Fund, Capital Construction Fund and Revolving Loan Fund, which are all considered major funds. Data from the other 18 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the supplementary schedules section.

- **Proprietary Funds** - Proprietary Funds report activities that operate more like those of private-sector business and use the full accrual basis of accounting. Proprietary funds are reported as business-type activities on the government-wide financial statements. Since proprietary funds use accrual basis accounting, there are no differences between amounts reported on the government-wide statements and the proprietary fund statements. The Town uses proprietary funds to account for its Landfill, Water and Sewer Funds.
- **Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of other parties. Fiduciary activity is not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town's fiduciary funds consist of the Trustees of Public Funds Fund, Grant Park Fund, Mary Strong Fund, Library Endowment Fund and Gifford Scholarship Fund.

Reconciliation of Government-wide Financial Statements to Fund Financial Statements

The governmental activities of the government-wide financial statements and the governmental funds of the fund financial statements do not use the same accounting basis and measurement focus. Because the focus of governmental funds is more limited 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. This comparison can help readers better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The following indicates some of the reporting differences between the government-wide financial statements and the governmental funds financial statements.

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Long-term liabilities, unless due and payable, are not included in the fund financial statements. These liabilities are only included in the government-wide statements.
- Other assets that are not available to pay current period expenditures are deferred in governmental fund statements, but not deferred on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.
- Bond proceeds provide current financial resources on the fund financial statements, but are recorded as long-term liabilities in the government-wide financial statements.

FINANCIAL ANALYSIS

Government-wide Financial Statements

The Town's combined assets exceeded its liabilities by \$7,977,333 at year end. Net assets increased by \$237,828 or 3.1% over the previous fiscal year.

Net Assets as of June 30, 2010 and 2011

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Current Assets	\$ 3,070,796	\$ 2,397,402	\$ 2,110,773	\$ 1,979,562	\$ 5,181,569	\$ 4,376,964
Capital Assets	<u>7,367,266</u>	<u>7,603,151</u>	<u>3,863,464</u>	<u>4,787,021</u>	<u>11,230,730</u>	<u>12,390,172</u>
Total Assets	<u>10,438,062</u>	<u>10,000,553</u>	<u>5,974,237</u>	<u>6,766,583</u>	<u>16,412,299</u>	<u>16,767,136</u>
Current Liabilities	1,462,643	1,375,374	218,646	438,713	1,681,289	1,814,087
Noncurrent Liabilities	<u>4,875,405</u>	<u>4,377,119</u>	<u>2,116,100</u>	<u>2,598,597</u>	<u>6,991,505</u>	<u>6,975,716</u>
Total Liabilities	<u>6,338,048</u>	<u>5,752,493</u>	<u>2,334,746</u>	<u>3,037,310</u>	<u>8,672,794</u>	<u>8,789,803</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	1,978,143	2,714,377	2,224,755	2,624,298	4,202,898	5,338,675
Restricted	<u>1,393,002</u>	<u>1,123,449</u>	-	-	<u>1,393,002</u>	<u>1,123,449</u>
Unrestricted	<u>728,869</u>	<u>410,234</u>	<u>1,414,736</u>	<u>1,104,975</u>	<u>2,143,605</u>	<u>1,515,209</u>
Total Net Assets	<u>\$ 4,100,014</u>	<u>\$ 4,248,060</u>	<u>\$ 3,639,491</u>	<u>\$ 3,729,273</u>	<u>\$ 7,739,505</u>	<u>\$ 7,977,333</u>

The larger portion of the Town's net assets (66.9%) reflects its investment in capital assets (land, buildings, equipment, construction in progress, and infrastructure) less any related outstanding debt used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The Town uses capital assets to provide services to citizens; therefore, those 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 cannot be used to liquidate these liabilities.

The remaining portion of the Town's net assets represents restricted (1.9%) and unrestricted (31.2%) net assets.

The following condensed financial information was derived from the government-wide statement of activities and provides detail regarding the change in net assets.

Changes in Net Assets for the Fiscal Years Ended June 30, 2010 and 2011

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 177,350	\$ 192,816	\$ 821,145	\$ 784,327	\$ 998,495	\$ 977,143
Grants and Contributions	874,462	1,268,688	25,748	24,276	900,210	1,292,964
Other	<u>229,520</u>	<u>245,385</u>	<u>5,714</u>	<u>1,645</u>	<u>235,234</u>	<u>247,030</u>
	<u>1,281,332</u>	<u>1,706,889</u>	<u>852,607</u>	<u>810,248</u>	<u>2,133,939</u>	<u>2,517,137</u>
General Revenues:						
Property Taxes	3,006,512	3,215,689	-	-	3,006,512	3,215,689
Interest Income	98,549	67,217	134,189	123,527	232,738	190,744
Transfers	253,881	152,528	(241,070)	(141,070)	12,811	11,458
Donation of Land	-	-	-	33,600	-	33,600
	<u>3,358,942</u>	<u>3,435,434</u>	<u>(106,881)</u>	<u>16,057</u>	<u>3,252,061</u>	<u>3,451,491</u>
Total Revenues	<u>4,640,274</u>	<u>5,142,323</u>	<u>745,726</u>	<u>826,305</u>	<u>5,386,000</u>	<u>5,968,628</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Expenses:						
General Government	1,764,189	2,186,366	-	-	1,764,189	2,186,366
Public Safety	574,711	724,105	-	-	574,711	724,105
Highway and Roads	1,476,737	1,789,823	-	-	1,476,737	1,789,823
Interest on Debt	173,464	169,927	64,828	56,304	238,292	226,231
Water	-	-	302,235	329,858	302,235	329,858
Sewer	-	-	332,607	329,772	332,607	329,772
Landfill	-	-	5,045	20,589	5,045	20,589
Total Expenses	<u>3,989,101</u>	<u>4,870,221</u>	<u>704,715</u>	<u>736,523</u>	<u>4,693,816</u>	<u>5,606,744</u>
Increase (Decrease) in Net Assets	651,173	272,102	41,011	89,782	692,184	361,884
Beginning Net Assets, July 1	3,448,841	4,100,014	3,598,480	3,639,491	7,047,321	7,739,505
Restatement of net assets	-	(124,056)	-	-	-	(124,056)
Beginning Net Assets, July 1 (as restated)	<u>3,448,841</u>	<u>3,975,958</u>	<u>3,598,480</u>	<u>3,639,491</u>	<u>7,047,321</u>	<u>7,615,449</u>
Ending Net Assets, June 30	<u>\$ 4,100,014</u>	<u>\$ 4,248,060</u>	<u>\$ 3,639,491</u>	<u>\$ 3,729,273</u>	<u>\$ 7,739,505</u>	<u>\$ 7,977,333</u>

Total governmental activity expenses were \$3,989,101 and \$4,870,221 in fiscal years 2010 and 2011, respectively. The largest expenses were incurred for public safety, public works and debt service. The expenses do not include capital outlays, which are reflected as capital assets in the government-wide financial statements.

Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenue from governmental activities was \$1,281,332 in 2010 and \$1,706,889 in 2011. Government program revenues from charges for services include licenses and permits, planning fees, forfeitures, sale of supplies and several other revenues. Program revenues in the grants and contributions category include federal, state and local grants, and local contributions that are restricted for program use.

General revenues are all other revenues not categorized as program revenue and include property taxes and investment earnings. Total general revenues from governmental activities were \$3,358,942 in fiscal 2010 and \$3,435,434 in fiscal 2011. Approximately 89.5% of the Town's total general revenue from governmental activities came from taxes in FY 2010 in comparison to 93.6% in 2011.

Fund Financial Statements

- **Governmental Funds** - The combined fund balance of the governmental funds was \$1,964,445 at June 30, 2010 and \$1,352,834 at June 30, 2011. \$1,183,149 of the FY 2011 fund balance is nonspendable, restricted, committed or assigned. The fund balance for the General Fund decreased from \$257,087 in FY 2010 to \$201,253 in FY 2011. The combined decrease for governmental funds amounted to \$611,611 for the fiscal year ended June 30, 2011.

Revenue and expenditures in the General Fund, Highway Fund, Police Fund, Library Fund, and Cemetery Fund vary from their operating budgets, as shown on the Statement of Revenue and Expenditures - Budget and Actual - General Fund, Statement of Revenue and Expenditures - Budget and Actual - Highway and Police Funds, and Statement of Revenue and Expenditures - Budget and Actual - Library and Cemetery Funds. Management has reviewed these variances and finds them to be acceptable.

- **Proprietary Funds** - The Town's proprietary funds provide the same type of information found in the government-wide financial statements. Total net assets of the Town's proprietary funds were \$3,729,273, an increase of \$89,782 or 2.5% over the previous fiscal year.

Revenue and expenditures in the Water and Sewer Funds vary from their operating budgets, as shown on the Statement of Revenue and Expenses - Budget and Actual - Water and Sewer Funds. Management has reviewed these variances and finds them to be acceptable.

- **Fiduciary Funds** - Total net assets of the Town's fiduciary funds was \$999,661, an increase of \$35,522 over the previous fiscal year.

Capital Assets

The following is a schedule of capital assets as of June 30, 2010 and 2011.

Capital Assets June 30, 2010 and 2011

	<u>2010</u>	<u>2011</u>
Governmental Activities -		
Land	\$ 654,155	\$ 654,155
Construction in Progress	-	200,000
Buildings	3,276,768	3,276,768
Infrastructure (Roads and Bridges)	3,733,139	3,733,139
Equipment	<u>2,371,827</u>	<u>2,621,904</u>
Total Capital Assets	10,035,889	10,485,966
Less Accumulated Depreciation	<u>2,668,623</u>	<u>2,882,815</u>
Capital Assets, Net	<u>\$ 7,367,266</u>	<u>\$ 7,603,151</u>
Business-type Activities -		
Land	\$ 485,089	\$ 518,689
Construction in Progress	53,887	1,084,395
Water	4,074,600	4,074,600
Sewer	2,124,751	2,124,751
Landfill	<u>101,500</u>	<u>101,500</u>
Total Capital Assets	6,839,827	7,903,935
Less Accumulated Depreciation	<u>2,976,363</u>	<u>3,116,914</u>
Capital Assets, Net	<u>\$ 3,863,464</u>	<u>\$ 4,787,021</u>

The Town had \$11,230,730 and \$12,390,172 invested in capital assets, net of depreciation, on June 30, 2010 and June 30, 2011, respectively. Net increase (including additions and deductions) between the two periods amounted to \$1,159,442.

Debt

At the end of the fiscal year, the Town had \$4,875,258 in long-term debt outstanding in governmental activities compared to \$5,383,812 in the prior year, an approximate decrease of 9.4%. For the business-type activities, long-term debt increased from \$1,638,709 to \$2,162,723. Total long-term debt for the Town increased by \$15,460. A list of outstanding long-term debt is as follows:

Long-term Debt at June 30, 2010 and 2011

	<u>2010</u>	<u>2011</u>
Governmental Activities		
1995 series 1	\$ 400,000	\$ 385,000
2001 series 1	161,500	80,750
2003 series 2	378,250	280,350
2005 series 1	1,310,000	1,225,000
2007 series 1	450,000	425,000
2009 series 1	750,000	710,000
RF1-013	595,265	550,265
RF1-091	1,115,184	1,055,354
GMAC	5,312	4,189
RNB Parking Lot	74,289	63,534
Citizens Roadside Mower	12,100	6,050
MSB Highway Truck	53,912	27,366
MSB Grader	78,000	62,400
Total Long-term Debt	<u>\$ 5,383,812</u>	<u>\$ 4,875,258</u>
 Business-type Activities		
2001 series 1	\$ 8,500	\$ 4,250
2003 series 1	750,000	650,000
2003 series 2	46,750	34,650
RF3-018	182,588	168,285
RF3-056	591,700	558,398
WPL-142	54,036	54,036
MSB Water/Sewer Truck	5,135	-
RF3-241	-	693,104
Total Long-term Debt	<u>\$ 1,638,709</u>	<u>\$ 2,162,723</u>

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers and creditors. Questions concerning any of the information provided in the report should be addressed to the Town of Randolph, VT at 7 Summer Street, Drawer B, Randolph, VT 05060.

TOWN OF RANDOLPH, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 895,418	\$ -	\$ 895,418
Investments	2,394,242	-	2,394,242
Delinquent taxes receivable	255,246	-	255,246
Accounts receivable	101,024	207,364	308,388
Notes receivable	450,000	-	450,000
Interest receivable	49,543	-	49,543
Prepaid expenses	17,222	-	17,222
Inventory	-	6,905	6,905
Due from (to) other activities	<u>(1,765,293)</u>	<u>1,765,293</u>	<u>-</u>
Total current assets	<u>2,397,402</u>	<u>1,979,562</u>	<u>4,376,964</u>
Noncurrent assets -			
Capital assets	10,485,966	7,903,935	18,389,901
less - accumulated depreciation	<u>(2,882,815)</u>	<u>(3,116,914)</u>	<u>(5,999,729)</u>
Total noncurrent assets	<u>7,603,151</u>	<u>4,787,021</u>	<u>12,390,172</u>
Total assets	<u>10,000,553</u>	<u>6,766,583</u>	<u>16,767,136</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	176,861	218,164	395,025
Payroll liabilities	102,855	9,942	112,797
Due to fiduciary funds	81,764	-	81,764
Deferred revenue	502,239	-	502,239
Capital leases payable	5,113	-	5,113
Current portion of accrued postclosure liability	-	38,630	38,630
Current portion of long-term debt	<u>506,542</u>	<u>171,977</u>	<u>678,519</u>
Total current liabilities	<u>1,375,374</u>	<u>438,713</u>	<u>1,814,087</u>
Noncurrent liabilities -			
Capital leases payable	8,403	-	8,403
Accrued postclosure liability	-	607,851	607,851
Long-term debt	<u>4,368,716</u>	<u>1,990,746</u>	<u>6,359,462</u>
Total noncurrent liabilities	<u>4,377,119</u>	<u>2,598,597</u>	<u>6,975,716</u>
Total liabilities	<u>5,752,493</u>	<u>3,037,310</u>	<u>8,789,803</u>
NET ASSETS:			
Invested in capital assets, net of related debt	2,714,377	2,624,298	5,338,675
Restricted	1,123,449	-	1,123,449
Unrestricted	<u>410,234</u>	<u>1,104,975</u>	<u>1,515,209</u>
Total net assets	<u>\$ 4,248,060</u>	<u>\$ 3,729,273</u>	<u>\$ 7,977,333</u>

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

**TOWN OF RANDOLPH, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
FUNCTIONS/PROGRAMS:							
Governmental activities -							
General government	\$ 2,186,366	\$ 955,546	\$ 75,002	\$ 141,225	\$ (1,014,593)	\$ -	\$ (1,014,593)
Public safety	724,105	118,623	16,594	68,797	(520,091)	-	(520,091)
Highway	1,789,823	194,519	101,220	35,363	(1,458,721)	-	(1,458,721)
Interest	169,927	-	-	-	(169,927)	-	(169,927)
Total governmental activities	<u>4,870,221</u>	<u>1,268,688</u>	<u>192,816</u>	<u>245,385</u>	<u>(3,163,332)</u>	<u>-</u>	<u>(3,163,332)</u>
Business-type activities -							
Landfill	20,589	-	-	-	-	(20,589)	(20,589)
Water	329,858	24,276	426,260	1,645	-	122,323	122,323
Sewer	329,772	-	358,067	33,600	-	61,895	61,895
Interest	56,304	-	-	-	-	(56,304)	(56,304)
Total business-type activities	<u>736,523</u>	<u>24,276</u>	<u>784,327</u>	<u>35,245</u>	<u>-</u>	<u>107,325</u>	<u>107,325</u>
	<u>\$ 5,606,744</u>	<u>\$ 1,292,964</u>	<u>\$ 977,143</u>	<u>\$ 280,630</u>	<u>(3,163,332)</u>	<u>107,325</u>	<u>(3,056,007)</u>
GENERAL REVENUES - PROPERTY TAXES							
- INTEREST INCOME					3,215,689	-	3,215,689
- TRANSFERS					67,217	123,527	190,744
					<u>152,528</u>	<u>(141,070)</u>	<u>11,458</u>
					<u>3,435,434</u>	<u>(17,543)</u>	<u>3,417,891</u>
CHANGE IN NET ASSETS					272,102	89,782	361,884
NET ASSETS, July 1, 2010, as restated					<u>3,975,958</u>	<u>3,639,491</u>	<u>7,615,449</u>
NET ASSETS, June 30, 2011					<u>\$ 4,248,060</u>	<u>\$ 3,729,273</u>	<u>\$ 7,977,333</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011
(Page 1 of 2)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Police Fund</u>	<u>Capital Construction Fund</u>	<u>Revolving Loan Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 895,268	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ 895,418
Investments	2,394,242	-	-	-	-	-	2,394,242
Delinquent taxes receivable	255,246	-	-	-	-	-	255,246
Accounts receivable	22,660	27,487	594	-	-	50,283	101,024
Note receivable	-	-	-	-	450,000	-	450,000
Interest receivable	-	-	-	-	49,543	-	49,543
Prepaid expenses	17,222	-	-	-	-	-	17,222
Due from other funds	-	113,763	79,946	333,019	-	745,167	1,271,895
Total assets	<u>\$ 3,584,638</u>	<u>\$ 141,250</u>	<u>\$ 80,690</u>	<u>\$ 333,019</u>	<u>\$ 499,543</u>	<u>\$ 795,450</u>	<u>\$ 5,434,590</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:							
Accounts payable	\$ 41,495	\$ 49,296	\$ 9,326	\$ 29,904	\$ -	\$ 46,840	\$ 176,861
Accrued expenses	65,813	19,839	12,918	-	-	4,285	102,855
Deferred revenue	180,849	-	-	-	499,543	2,696	683,088
Due to other funds	3,095,228	-	-	-	-	23,724	3,118,952
Total liabilities	<u>3,383,385</u>	<u>69,135</u>	<u>22,244</u>	<u>29,904</u>	<u>499,543</u>	<u>77,545</u>	<u>4,081,756</u>
FUND BALANCES:							
Nonspendable	17,222	-	-	-	-	-	17,222
Restricted	-	-	-	-	-	152,559	152,559
Committed	-	72,115	58,446	261,726	-	578,603	970,890
Assigned	-	-	-	41,389	-	1,089	42,478
Unassigned	184,031	-	-	-	-	(14,346)	169,685
Total fund balances	<u>201,253</u>	<u>72,115</u>	<u>58,446</u>	<u>303,115</u>	<u>-</u>	<u>717,905</u>	<u>1,352,834</u>
Total liabilities and fund equity	<u>\$ 3,584,638</u>	<u>\$ 141,250</u>	<u>\$ 80,690</u>	<u>\$ 333,019</u>	<u>\$ 499,543</u>	<u>\$ 795,450</u>	<u>\$ 5,434,590</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011
 (Page 2 of 2)

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

Amount reported on Balance Sheet - Governmental Funds - total fund equity	\$ 1,352,834
Amounts reported for governmental activities in the Government-wide Statement of Net Assets are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	10,485,966
Accumulated depreciation	(2,882,815)
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	180,849
Liabilities not due and payable are not reported in governmental funds.	
Long-term debt	(4,875,258)
Capital leases payable	<u>(13,516)</u>
Net Assets of Governmental Activities - Government-wide Statement of Net Assets	\$ <u>4,248,060</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(Page 1 of 3)

	General Fund	Highway Fund	Police Fund	Capital Construction Fund	Revolving Loan Fund	Other Governmental Funds	Totals Governmental Funds
REVENUE:							
Property taxes	\$ 1,528,252	\$ 987,363	\$ 437,002	\$ -	\$ -	\$ 239,649	\$ 3,192,266
Intergovernmental	522,495	191,250	207	18,710	-	510,725	1,243,387
Investment income	44,276	154	82	-	-	22,705	67,217
Departmental revenue	155,412	137,342	18,722	-	-	-	311,476
Other	65,739	-	-	3,656	-	82,627	152,022
Total revenue	<u>2,316,174</u>	<u>1,316,109</u>	<u>456,013</u>	<u>22,366</u>	<u>-</u>	<u>855,706</u>	<u>4,966,368</u>
EXPENDITURES:							
Current -							
General government	815,681	-	-	-	-	286,399	1,102,080
Public safety	151,053	-	446,924	-	-	107,449	705,426
Highways and streets	-	1,340,908	-	268,339	-	-	1,609,247
Culture and recreation	164,753	-	-	-	-	-	164,753
Water operations	-	-	-	-	-	13,389	13,389
Sewer operations	-	-	-	-	-	103,957	103,957
Community development	356,680	-	-	-	-	372,850	729,530
Capital outlay	-	-	-	443,756	-	64,037	507,793
Debt service -							
Principal on long-term debt	437,408	-	-	71,146	-	-	508,554
Interest on long-term debt	150,674	2,427	-	16,475	-	-	169,576
Principal on capital leases	-	-	-	-	-	10,423	10,423
Interest on capital leases	-	-	-	-	-	351	351
Total expenditures	<u>2,076,249</u>	<u>1,343,335</u>	<u>446,924</u>	<u>799,716</u>	<u>-</u>	<u>958,855</u>	<u>5,625,079</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(Page 2 of 3)

	General Fund	Highway Fund	Police Fund	Capital Construction Fund	Revolving Loan Fund	Other Governmental Funds	Totals Governmental Funds
EXCESS OF REVENUE OR (EXPENDITURES)	<u>239,925</u>	<u>(27,226)</u>	<u>9,089</u>	<u>(777,350)</u>	-	<u>(103,149)</u>	<u>(658,711)</u>
OTHER FINANCING SOURCES (USES):							
Proceeds of capital leases	-	-	-	-	-	18,628	18,628
Transfers in (out), net	<u>(295,759)</u>	<u>(17,444)</u>	-	<u>398,329</u>	-	<u>67,402</u>	<u>152,528</u>
Total other financing sources (uses)	<u>(295,759)</u>	<u>(17,444)</u>	-	<u>398,329</u>	-	<u>86,030</u>	<u>171,156</u>
NET CHANGE IN FUND BALANCES	<u>(55,834)</u>	<u>(44,670)</u>	<u>9,089</u>	<u>(379,021)</u>	-	<u>(17,119)</u>	<u>(487,555)</u>
FUND BALANCES, July 1, 2010, as restated	<u>257,087</u>	<u>116,785</u>	<u>49,357</u>	<u>682,136</u>	-	<u>735,024</u>	<u>1,840,389</u>
FUND BALANCES, June 30, 2011	<u>\$ 201,253</u>	<u>\$ 72,115</u>	<u>\$ 58,446</u>	<u>\$ 303,115</u>	<u>\$ -</u>	<u>\$ 717,905</u>	<u>\$ 1,352,834</u>

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

**TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

(Page 3 of 3)

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:**

Net change in fund balance - total Governmental Funds \$ (487,555)

Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Additions to capital assets, net of dispositions
Depreciation

535,093
(299,208)

Property tax revenue in governmental funds includes deferred revenue of the prior year but excludes deferred revenue of the current year as taxes uncollected within 60 days are unavailable at year end.

Prior year
Current year

(157,426)
180,849

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.

Proceeds from borrowing
Debt service - principal paid on capital leases
Debt service - principal paid on long-term debt

(18,628)
10,423
508,554

Change in Net Assets of Governmental Activities - Government-wide Statement of Activities

\$ 272,102

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUE AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

(Page 1 of 2)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUE:			
Taxes	\$ 1,545,245	\$ 1,528,252	\$ (16,993)
Intergovernmental	481,477	522,495	41,018
Fire Department	56,200	57,619	1,419
Recreation	100	-	(100)
Planning and Zoning	6,320	4,651	(1,669)
Lister's Office	20,050	20,217	167
Town Clerk	77,270	72,925	(4,345)
Interest	32,200	44,276	12,076
Other	68,041	65,739	(2,302)
Total revenue	<u>2,286,903</u>	<u>2,316,174</u>	<u>29,271</u>
EXPENDITURES:			
General administration	238,709	238,215	494
Executive	310,851	321,171	(10,320)
Selectboard	22,536	22,637	(101)
Fire Departments administration	33,700	32,843	857
Randolph Village Fire Department	58,933	53,639	5,294
East Randolph Fire Department	29,950	33,042	(3,092)
Randolph Center Fire Department	41,445	31,529	9,916
Recreation	158,694	164,753	(6,059)
Planning and Zoning	34,797	30,236	4,561
Listers Office	92,804	88,024	4,780
Clerk-Treasurer	122,923	115,398	7,525
Debt service	588,082	588,082	-
Appropriations -			
White River Valley Ambulance	281,050	280,110	940
Randolph Area Food Shelf	2,500	2,500	-
Clara Martin Center	7,000	7,000	-
Central Vermont Community Action Council	1,000	1,000	-
Visiting Nurses Association	16,220	16,220	-
Orange County Court Diversion Program	600	600	-
Stagecoach	5,000	5,000	-
Interfaith Caregiver	2,500	2,500	-
Randolph Senior Citizens	12,000	12,000	-
Boys and Girls Club	3,500	3,500	-
Safeline	2,500	2,500	-

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUE AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

(Page 2 of 2)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Appropriations (continued) -			
Central Vermont Council on Aging	1,000	1,000	-
Vermont Association for the Blind	1,000	1,000	-
Kids Place	2,500	2,500	-
White River Partners	750	750	-
White River Craft Center	5,000	5,000	-
Randolph Chamber of Commerce	2,500	2,500	-
CV Adult Basic Education	6,000	6,000	-
Randolph Area Community Development Corp.	5,000	5,000	-
Total expenditures	<u>2,091,044</u>	<u>2,076,249</u>	<u>14,795</u>
EXCESS OF REVENUE OR (EXPENDITURES)	<u>195,859</u>	<u>239,925</u>	<u>44,066</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	141,070	41,070	(100,000)
Transfers (out)	<u>(336,929)</u>	<u>(336,829)</u>	<u>100</u>
Total other financing sources (uses)	<u>(195,859)</u>	<u>(295,759)</u>	<u>(99,900)</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(55,834)</u>	\$ <u>(55,834)</u>

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

**TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUE AND EXPENDITURES -
BUDGET AND ACTUAL - HIGHWAY AND POLICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
HIGHWAY FUND			
REVENUE:			
Taxes	\$ 987,363	\$ 987,363	\$ -
Intergovernmental	163,710	191,250	27,540
Interest	5,000	154	(4,846)
Other	<u>126,412</u>	<u>137,342</u>	<u>10,930</u>
Total revenue	<u>1,282,485</u>	<u>1,316,109</u>	<u>33,624</u>
EXPENDITURES:			
Bridges and highways administration	568,743	560,306	8,437
Bridges and highways operating	595,860	662,479	(66,619)
Bridges and highways maintenance	73,957	64,315	9,642
Operating expenses	<u>43,925</u>	<u>56,235</u>	<u>(12,310)</u>
Total expenditures	<u>1,282,485</u>	<u>1,343,335</u>	<u>(60,850)</u>
EXCESS OF REVENUE OVER EXPENDITURES	-	(27,226)	(27,226)
Transfers in (out), net	<u>-</u>	<u>(17,444)</u>	<u>(17,444)</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(44,670)</u>	\$ <u>(44,670)</u>
POLICE FUND			
REVENUE:			
Taxes	\$ 437,002	\$ 437,002	\$ -
Intergovernmental	3,900	207	(3,693)
Investment income	2,000	82	(1,918)
Other	<u>22,685</u>	<u>18,722</u>	<u>(3,963)</u>
Total revenue	<u>465,587</u>	<u>456,013</u>	<u>(9,574)</u>
EXPENDITURES:			
Police administration	410,187	372,400	37,787
Operating expenses	<u>55,400</u>	<u>74,524</u>	<u>(19,124)</u>
Total expenditures	<u>465,587</u>	<u>446,924</u>	<u>18,663</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>9,089</u>	\$ <u>9,089</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUE AND EXPENDITURES -
BUDGET AND ACTUAL - LIBRARY AND CEMETERY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
LIBRARY FUND			
REVENUE:			
Taxes	\$ 164,279	\$ 164,279	\$ -
Intergovernmental	6,500	6,500	-
Other	<u>33,950</u>	<u>34,533</u>	<u>583</u>
Total revenue	<u>204,729</u>	<u>205,312</u>	<u>583</u>
EXPENDITURES:			
Library administration	147,566	142,178	5,388
Operating expenses	<u>63,603</u>	<u>59,399</u>	<u>4,204</u>
Total expenditures	<u>211,169</u>	<u>201,577</u>	<u>9,592</u>
EXCESS OF REVENUE OVER EXPENDITURES	(6,440)	3,735	10,175
Transfers in (out), net	<u>7,500</u>	<u>2,624</u>	<u>(4,876)</u>
NET CHANGE IN FUND BALANCE	\$ <u>1,060</u>	\$ <u>6,359</u>	\$ <u>5,299</u>
CEMETERY FUND			
REVENUE:			
Taxes	\$ 75,370	\$ 75,370	\$ -
Other	<u>14,600</u>	<u>15,097</u>	<u>497</u>
Total revenue	<u>89,970</u>	<u>90,467</u>	<u>497</u>
EXPENDITURES:			
Cemetery administration	86,170	73,100	13,070
Operating expenses	<u>17,800</u>	<u>7,727</u>	<u>10,073</u>
Total expenditures	<u>103,970</u>	<u>80,827</u>	<u>23,143</u>
EXCESS OF REVENUE OVER EXPENDITURES	(14,000)	9,640	23,640
Transfers in (out), net	<u>14,000</u>	<u>6,834</u>	<u>(7,166)</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>16,474</u>	\$ <u>16,474</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
ASSETS:				
Current assets -				
Receivables	\$ -	\$ 110,924	\$ 96,440	\$ 207,364
Inventory	-	791	6,114	6,905
Due from other funds	<u>1,519,040</u>	<u>-</u>	<u>362,523</u>	<u>1,881,563</u>
Total current assets	<u>1,519,040</u>	<u>111,715</u>	<u>465,077</u>	<u>2,095,832</u>
Noncurrent assets -				
Capital assets	286,508	5,442,076	2,175,351	7,903,935
less - accumulated depreciation	<u>(62,930)</u>	<u>(2,144,920)</u>	<u>(909,064)</u>	<u>(3,116,914)</u>
Total noncurrent assets	<u>223,578</u>	<u>3,297,156</u>	<u>1,266,287</u>	<u>4,787,021</u>
Total assets	<u>1,742,618</u>	<u>3,408,871</u>	<u>1,731,364</u>	<u>6,882,853</u>
LIABILITIES:				
Current liabilities -				
Accounts payable	590	202,957	14,617	218,164
Payroll liabilities	-	4,971	4,971	9,942
Due to other funds	-	116,270	-	116,270
Current portion of accrued postclosure liability	38,630	-	-	38,630
Current portion of long-term debt	<u>-</u>	<u>167,727</u>	<u>4,250</u>	<u>171,977</u>
Total current liabilities	<u>39,220</u>	<u>491,925</u>	<u>23,838</u>	<u>554,983</u>
Noncurrent liabilities -				
Accrued postclosure liability	607,851	-	-	607,851
Long-term debt	<u>-</u>	<u>1,990,746</u>	<u>-</u>	<u>1,990,746</u>
Total noncurrent liabilities	<u>607,851</u>	<u>1,990,746</u>	<u>-</u>	<u>2,598,597</u>
Total liabilities	<u>647,071</u>	<u>2,482,671</u>	<u>23,838</u>	<u>3,153,580</u>
NET ASSETS:				
Invested in capital assets, net of related debt	223,578	1,138,683	1,262,037	2,624,298
Unrestricted (deficit)	<u>871,969</u>	<u>(212,483)</u>	<u>445,489</u>	<u>1,104,975</u>
Total net assets	\$ <u>1,095,547</u>	\$ <u>926,200</u>	\$ <u>1,707,526</u>	\$ <u>3,729,273</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
OPERATING REVENUE:				
Charges for services	\$ -	\$ 426,260	\$ 358,067	\$ 784,327
Miscellaneous	<u>-</u>	<u>1,645</u>	<u>-</u>	<u>1,645</u>
Total operating revenue	<u>-</u>	<u>427,905</u>	<u>358,067</u>	<u>785,972</u>
OPERATING EXPENSES:				
Postclosure monitoring	18,559	-	-	18,559
Depreciation	2,030	89,754	48,767	140,551
Operations	<u>-</u>	<u>240,104</u>	<u>281,005</u>	<u>521,109</u>
Total operating expenses	<u>20,589</u>	<u>329,858</u>	<u>329,772</u>	<u>680,219</u>
Operating income (loss)	<u>(20,589)</u>	<u>98,047</u>	<u>28,295</u>	<u>105,753</u>
NONOPERATING REVENUE (EXPENSES):				
Grant income	-	24,276	-	24,276
Investment income	123,290	-	237	123,527
Donation of land	-	-	33,600	33,600
Interest expense	<u>-</u>	<u>(55,941)</u>	<u>(363)</u>	<u>(56,304)</u>
Total nonoperating revenue (expenses)	<u>123,290</u>	<u>(31,665)</u>	<u>33,474</u>	<u>125,099</u>
Net income (loss) before transfers	102,701	66,382	61,769	230,852
Operating transfers	<u>(100,000)</u>	<u>-</u>	<u>(41,070)</u>	<u>(141,070)</u>
CHANGE IN NET ASSETS	2,701	66,382	20,699	89,782
NET ASSETS, July 1, 2010	<u>1,092,846</u>	<u>859,818</u>	<u>1,686,827</u>	<u>3,639,491</u>
NET ASSETS, June 30, 2011	\$ <u>1,095,547</u>	\$ <u>926,200</u>	\$ <u>1,707,526</u>	\$ <u>3,729,273</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUE AND EXPENSES -
BUDGET AND ACTUAL - WATER AND SEWER FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
WATER FUND			
REVENUE:			
Charges for services	\$ 457,284	\$ 426,260	\$ (31,024)
Intergovernmental	32,100	24,276	(7,824)
Other	<u>3,932</u>	<u>1,645</u>	<u>(2,287)</u>
Total revenue	<u>493,316</u>	<u>452,181</u>	<u>(41,135)</u>
EXPENSES:			
Water administration	145,086	124,768	20,318
Collection and distribution	45,950	78,588	(32,638)
Wells and reservoirs	35,350	36,748	(1,398)
Depreciation	90,000	89,754	246
Debt service	<u>55,860</u>	<u>55,941</u>	<u>(81)</u>
Total expenses	<u>372,246</u>	<u>385,799</u>	<u>(13,553)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	121,070	66,382	(54,688)
Operating transfers out	<u>121,070</u>	<u>-</u>	<u>121,070</u>
NET INCOME (LOSS)	\$ <u>-</u>	\$ <u>66,382</u>	\$ <u>66,382</u>
SEWER FUND			
REVENUE:			
Charges for services	\$ 417,656	\$ 358,067	\$ (59,589)
Interest income	4,500	237	(4,263)
Other	<u>-</u>	<u>33,600</u>	<u>33,600</u>
Total revenue	<u>422,156</u>	<u>391,904</u>	<u>(30,252)</u>
EXPENSES:			
Administration	86,565	83,231	3,334
Treatment and disposal	201,150	196,260	4,890
Collection system	1,350	1,514	(164)
Depreciation	49,720	48,767	953
Debt service	<u>283</u>	<u>363</u>	<u>(80)</u>
Total expenses	<u>339,068</u>	<u>330,135</u>	<u>8,933</u>
NET INCOME (LOSS) BEFORE TRANSFERS	83,088	61,769	(21,319)
Operating transfers out	<u>83,088</u>	<u>41,070</u>	<u>42,018</u>
NET INCOME (LOSS)	\$ <u>-</u>	\$ <u>20,699</u>	\$ <u>20,699</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(Page 1 of 2)

	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ -	\$ 439,344	\$ 361,264	\$ 800,608
Cash payments for goods and services	<u>(56,794)</u>	<u>(37,653)</u>	<u>(268,526)</u>	<u>(362,973)</u>
Net cash provided (used) by operating activities	<u>(56,794)</u>	<u>401,691</u>	<u>92,738</u>	<u>437,635</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from grants	-	24,276	-	24,276
Payments on notes receivable	12,618	-	-	12,618
Proceeds from long-term debt	-	693,104	-	693,104
Principal paid on bonds payable	-	(162,272)	(6,818)	(169,090)
Interest paid on bonds payable	-	(55,941)	(363)	(56,304)
Additions to capital assets	<u>-</u>	<u>(1,030,508)</u>	<u>-</u>	<u>(1,030,508)</u>
Net cash provided (used) by capital and related financing activities	<u>12,618</u>	<u>(531,341)</u>	<u>(7,181)</u>	<u>(525,904)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Increase (decrease) in amounts due to/from other funds	20,886	129,650	(44,724)	105,812
Transfers to other funds	<u>(100,000)</u>	<u>-</u>	<u>(41,070)</u>	<u>(141,070)</u>
Net cash provided (used) by noncapital financing activities	<u>(79,114)</u>	<u>129,650</u>	<u>(85,794)</u>	<u>(35,258)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	<u>123,290</u>	<u>-</u>	<u>237</u>	<u>123,527</u>
Net cash provided (used) by investing activities	<u>123,290</u>	<u>-</u>	<u>237</u>	<u>123,527</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, June 30, 2011	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(Page 2 of 2)

	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (20,589)	\$ 98,047	\$ 28,295	\$ 105,753
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation	2,030	89,754	48,767	140,551
Change in the following assets/liabilities:				
Accounts receivable	-	11,439	3,197	14,636
Inventory	-	757	(2,612)	(1,855)
Accounts payable	590	201,220	14,617	216,427
Accrued expenses	-	474	474	948
Postclosure care liability	<u>(38,825)</u>	<u>-</u>	<u>-</u>	<u>(38,825)</u>
Net cash provided (used) by operating activities	\$ <u>(56,794)</u>	\$ <u>401,691</u>	\$ <u>92,738</u>	\$ <u>437,635</u>

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Capital asset donations received	\$ <u>-</u>	\$ <u>-</u>	\$ <u>33,600</u>	\$ <u>33,600</u>
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The notes to financial statements are an integral part of this statement.

TOWN OF RANDOLPH, VERMONT
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2011

	Trustees of Public Funds <u>Fund</u>	Grant Park <u>Fund</u>	Mary Strong <u>Fund</u>	Library Endowment <u>Fund</u>	Gifford Scholarship <u>Fund</u>	Totals Fiduciary <u>Funds</u>
ASSETS:						
Cash and cash equivalents	\$ 27,756	\$ -	\$ 1,727	\$ 3,208	\$ 1	\$ 32,692
Investments	646,248	-	-	239,052	-	885,300
Due from other funds	<u>-</u>	<u>85,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,084</u>
Total assets	<u>674,004</u>	<u>85,084</u>	<u>1,727</u>	<u>242,260</u>	<u>1</u>	<u>1,003,076</u>
LIABILITIES:						
Accounts payable	-	95	-	-	-	95
Due to other funds	<u>3,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,320</u>
Total liabilities	<u>3,320</u>	<u>95</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,415</u>
NET ASSETS:						
Restricted	<u>670,684</u>	<u>84,989</u>	<u>1,727</u>	<u>242,260</u>	<u>1</u>	<u>999,661</u>
Total net assets	\$ <u>670,684</u>	\$ <u>84,989</u>	\$ <u>1,727</u>	\$ <u>242,260</u>	\$ <u>1</u>	\$ <u>999,661</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF CHANGES IN NET ASSETS -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Trustees of Public Funds <u>Fund</u>	Grant Park <u>Fund</u>	Mary Strong <u>Fund</u>	Library Endowment <u>Fund</u>	Gifford Scholarship <u>Fund</u>	Totals Fiduciary <u>Funds</u>
ADDITIONS:						
Investment income	\$ 37,779	\$ 13,751	\$ 2	\$ 36,063	\$ 1	\$ 87,596
Donations	-	-	-	42,649	2,656	45,305
Miscellaneous	<u>10,017</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,028</u>
Total additions	<u>47,796</u>	<u>13,762</u>	<u>2</u>	<u>78,712</u>	<u>2,657</u>	<u>142,929</u>
DEDUCTIONS:						
Miscellaneous	844	3,090	-	89,359	2,656	95,949
Transfers, net	<u>11,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,458</u>
Total deductions	<u>12,302</u>	<u>3,090</u>	<u>-</u>	<u>89,359</u>	<u>2,656</u>	<u>107,407</u>
CHANGE IN NET ASSETS	35,494	10,672	2	(10,647)	1	35,522
NET ASSETS, July 1, 2010	<u>635,190</u>	<u>74,317</u>	<u>1,725</u>	<u>252,907</u>	<u>-</u>	<u>964,139</u>
NET ASSETS, June 30, 2011	\$ <u>670,684</u>	\$ <u>84,989</u>	\$ <u>1,727</u>	\$ <u>242,260</u>	\$ <u>1</u>	\$ <u>999,661</u>

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

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of significant accounting policies:

The Town of Randolph, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a five-member Selectboard and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, water, sewer and general administrative services.

- A. Reporting entity - The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. Based on these criteria, there are no other entities which are component units of the Town.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The Town has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which requires new classification of fund balances in governmental funds.

- B. Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the government-wide statement of net assets, the financial position of the Town is consolidated and incorporates capital assets as well as all long-term debt and obligations. The government-wide statement of activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

- C. Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of significant accounting policies (continued):

C. Basis of presentation (continued) - The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Highway Fund - This fund is used to account for the Highway department of the Town.

Police Fund - This fund is used to account for the Police department of the Town.

Capital Construction Fund - This fund is used to account for the financial resources to be used for the acquisition or construction of major capital assets or facilities.

Revolving Loan Fund - This fund is used to account for the remaining note receivable issued from the Town's community development loan program.

The Town reports the following major proprietary funds:

Landfill Fund - This Fund is used to account for the activities of the Town's closed Landfill.

Water Fund - This Fund is used to account for the activities of the Town's Water system.

Sewer Fund - This Fund is used to account for the activities of the Town's Sewer system.

The Town also reports fiduciary funds which are used to account for resources held for the benefit of parties outside the Town. The Town's fiduciary funds are the Trustees of Public Funds Fund, Grant Park Fund, Mary Strong Fund, Library Endowment Fund, and Gifford Scholarship Fund.

D. Measurement focus and basis of accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported on a current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when the fund liability is incurred, if measurable, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. Material encumbrances at year end are excluded from current year expenditures and reported as reservations of fund equity.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings and certain intergovernmental grants are recorded as earned.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of significant accounting policies (continued):

D. Measurement focus and basis of accounting (continued) -

Private-sector standards of accounting and financial reporting issued prior to December 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with guidance of the GASB. The Town has not elected the option of following private-sector guidance issued subsequent to 1989.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Budgets - Operating budgets for the General, Highway, Police, Library, Cemetery, Water and Sewer Funds are presented, discussed, and voted on at the March Town Meeting. The Selectboard sets the tax rate based on the education and municipal grand lists and the approved operating budgets. The accounting method used for budget presentation is the same method used for the historical financials.

F. Cash and investments - The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. Investments of the Town are reported at fair market value. Unrealized gains and losses are reflected in the individual fund and government-wide operations.

G. Inventory - The inventory in the Water and Sewer Funds consists of supplies used in those various functions. Inventory is valued at cost using the first in/first out method.

H. Capital assets - Capital assets, which include property, plant, equipment, vehicles and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide statements and in the proprietary fund financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Town does not retroactively report infrastructure assets. The Town began capitalizing newly acquired or constructed general infrastructure assets as of July 1, 2005. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects during the construction period. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 - office equipment; \$15,000 - vehicles; \$10,000 - capital improvements; \$50,000 - infrastructure; and any structures or land. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Vehicles and equipment	5 - 25 years
Buildings and improvements	10 - 50 years
Infrastructure and utilities systems	40 - 50 years

I. Deferred revenue - The Town has recorded deferred revenue from property taxes which have not been collected within 60 days following year end and are not considered available for current year operations. Certain unexpended grant receipts are also reported as deferred revenue.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of significant accounting policies (continued):

- J. Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.
- K. Compensated absences - Employees are entitled to accumulate certain compensated absences such as sick, personal, and comp time based on length of employment per the Town's personnel policy. These compensated absences are accrued when incurred and reported as a fund liability.
- L. Long-term obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net assets. In the fund financial statements, governmental fund types recognize the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.
- M. Risk management - The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees and others, and environmental liability. The Town manages these risks through participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There have been no claims resulting from these risks in any of the past three fiscal years.
- N. Fund equity - With the implementation of GASB Statement No. 54, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Town Meetings.

Assigned fund balance includes amounts that are intended to be used by the Town for specific purposes as authorized by the Selectboard.

Unassigned fund balance is the residual classification for the government's General Fund and includes all spendable amounts not contained in another classification.

The Town's policy is to apply expenditures to fund balance in the order of unassigned, assigned, committed, and restricted unless the Selectboard specifies otherwise.

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

2. Cash and investments:

Custodial credit risk - deposits - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011, all of the Town's bank balance of \$1,512,173 was insured or collateralized.

Investments - The classification and fair value of investments held at June 30, 2011 are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment</u>	<u>Fair Value</u>
Certificates of deposit	\$ 406,727	Mutual funds:	
Money market and accrued interest	487,139	Worldwide allocation	122,007
U.S. Government obligations and agencies	964,908	Bond funds	400,633
Corporate bonds	38,980	Balanced funds	631,967
International bonds	42,759	Equity funds	99,443
Corporate stock	<u>84,979</u>		<u>1,254,050</u>
	<u>2,025,492</u>		<u>\$ 3,279,542</u>

Interest rate risk - Changes in market interest rates will affect the fair value of an interest-earning investment over time. The Town does not have a policy regarding interest rate risk. Maturities of interest-earning investments at June 30, 2011 are as follows:

	<u>Fair Value</u>	<u>Investment Maturity</u>			
		<u>Less than One Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>11 to 15 Years</u>
U.S. Government obligations and agencies	\$ 964,908	\$ 192,223	\$ 353,273	\$ 419,412	\$ -
Corporate bonds	38,980	-	-	-	38,980
International bonds	<u>42,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,759</u>
	<u>\$ 1,046,647</u>	<u>\$ 192,223</u>	<u>\$ 353,273</u>	<u>\$ 419,412</u>	<u>\$ 81,739</u>

Credit risk - The Town's investments in corporate and international bonds are subject to credit risk. Credit risk is the risk that the bond issuer will not fulfill its obligations. The Town does not have an investment policy regarding credit risk. The credit quality of the Town's bond investments as rated by Standard & Poor's at year end was as follows:

<u>Bond Rating</u>	<u>Fair Value</u>
AA+	\$ 42,759
AA-	<u>38,980</u>
	<u>\$ 81,739</u>

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

2. Cash and investments (continued):

Foreign currency risk - The Town's investments in international bonds are subject to foreign currency risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of June 30, 2011, \$42,759 of the Town's total investments of \$3,279,542 was invested in international bonds. The Town does not have an investment policy regarding foreign currency risk.

3. Note receivable:

Note receivable in the Revolving Loan Fund consisted of:

Branchwood Housing Partnership, interest at 1.5%, due February 2034, secured by mortgage on property	\$ <u>499,543</u>
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4. Interfund receivable and payable balances:

Interfund receivable and payable balances are due to the pooling of cash for operations. Balances as of June 30, 2011 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities -		
General Fund	\$ -	\$ 3,095,228
Highway Fund	113,763	-
Police Fund	79,946	-
Capital Construction Fund	333,019	-
Other Governmental Funds	<u>745,167</u>	<u>23,724</u>
	<u>1,271,895</u>	<u>3,118,952</u>
Business-type activities -		
Landfill Fund	1,519,040	-
Water Fund	-	116,270
Sewer Fund	<u>362,523</u>	-
	<u>1,881,563</u>	<u>116,270</u>
Fiduciary Funds	<u>85,084</u>	<u>3,320</u>
	<u>\$ 3,238,542</u>	<u>\$ 3,238,542</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

5. Operating transfers:

Operating transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Operating transfers during the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities -		
General Fund	\$ 41,070	\$ 336,829
Highway Fund	-	17,444
Capital Construction Fund	398,329	-
Other Governmental Funds	<u>69,402</u>	<u>2,000</u>
	<u>508,801</u>	<u>356,273</u>
Business-type activities -		
Landfill Fund	-	100,000
Sewer Fund	<u>-</u>	<u>41,070</u>
	<u>-</u>	<u>141,070</u>
Fiduciary Funds	<u>-</u>	<u>11,458</u>
	<u>\$ 508,801</u>	<u>\$ 508,801</u>

Transfers from the Landfill Fund to the Capital Construction Fund were to fund current capital projects and debt payments. Transfers from the Sewer Fund to the General Fund were to partially reimburse the General Fund for debt service. Transfers from the Fiduciary Funds to Other Governmental Funds, specifically the Cemetery Fund and the Library Fund, were for investment revenue allocated to those funds. Transfers from the General Fund to the Capital Construction Fund and Other Governmental Funds, specifically the Reappraisal Fund and Fire Air Packs Reserve Fund, were to fund reserves and capital projects as approved by the budget. Transfers between Other Governmental Funds, specifically from the Cemetery Fund to the Cemetery Reserve Fund, were to fund reserves as approved by the budget. Transfers from the Highway Fund to Other Governmental Funds, specifically the FEMA Fund, were to reimburse the Town's share of expenses and close out the FEMA Fund.

6. Capital leases:

During the year, the Town had two lease agreements as lessee for financing the acquisition of vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, the cost and depreciation of these assets are included with other capital assets of the Town. The cost of assets acquired by capital leases is the present value of the future lease payments. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 are as follows:

Year ending June 30,	
2012	\$ 5,113
2013	5,113
2014	<u>5,112</u>
	15,338
Less: amount representing interest	<u>(1,822)</u>
Present value of minimum lease payments	<u>\$ 13,516</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

7. Capital assets:

Changes in capital assets consisted of the following:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 654,155	\$ -	\$ -	\$ 654,155
Construction in progress	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total capital assets, not depreciated	<u>654,155</u>	<u>200,000</u>	<u>-</u>	<u>854,155</u>
Capital assets, depreciated:				
Buildings	3,276,768	-	-	3,276,768
General and fire equipment	724,275	17,219	-	741,494
Police department equipment	56,909	46,818	21,282	82,445
Highway department equipment	1,590,643	271,056	63,734	1,797,965
Infrastructure	<u>3,733,139</u>	<u>-</u>	<u>-</u>	<u>3,733,139</u>
Total capital assets, depreciated	<u>9,381,734</u>	<u>335,093</u>	<u>85,016</u>	<u>9,631,811</u>
Less accumulated depreciation for:				
Buildings	777,824	69,028	-	846,852
General and fire equipment	369,960	30,925	-	400,885
Police department equipment	30,501	18,680	21,282	27,899
Highway department equipment	1,095,495	93,751	63,734	1,125,512
Infrastructure	<u>394,843</u>	<u>86,824</u>	<u>-</u>	<u>481,667</u>
Total accumulated depreciation	<u>2,668,623</u>	<u>299,208</u>	<u>85,016</u>	<u>2,882,815</u>
Total capital assets depreciated, net	<u>6,713,111</u>	<u>35,885</u>	<u>-</u>	<u>6,748,996</u>
Capital assets, net	<u>\$ 7,367,266</u>	<u>\$ 235,885</u>	<u>\$ -</u>	<u>\$ 7,603,151</u>

Depreciation expense in the governmental activities totaling \$299,208 was allocated to the following functions: General government and fire \$99,953; Police \$18,680; Highway \$180,575.

During the 2011 fiscal year, the Town entered into an agreement with Kovatch Mobile Equipment Corporation, for the purchase of a custom pumper for the Fire Department in the amount of \$400,437. As of June 30, 2011, total payments on the agreement were \$200,000. The remainder of the agreement amount will be paid in September 2011.

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

7. Capital assets (continued):

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2011</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	\$ 485,089	\$ 33,600	\$ -	\$ 518,689
Construction in progress	<u>53,887</u>	<u>1,030,508</u>	<u>-</u>	<u>1,084,395</u>
Total capital assets, not depreciated	<u>538,976</u>	<u>1,064,108</u>	<u>-</u>	<u>1,603,084</u>
Capital assets, depreciated:				
Water	4,074,600	-	-	4,074,600
Sewer	2,124,751	-	-	2,124,751
Landfill	<u>101,500</u>	<u>-</u>	<u>-</u>	<u>101,500</u>
Total capital assets, depreciated	<u>6,300,851</u>	<u>-</u>	<u>-</u>	<u>6,300,851</u>
Less accumulated depreciation for:				
Water	2,055,166	89,754	-	2,144,920
Sewer	860,297	48,767	-	909,064
Landfill	<u>60,900</u>	<u>2,030</u>	<u>-</u>	<u>62,930</u>
Total accumulated depreciation	<u>2,976,363</u>	<u>140,551</u>	<u>-</u>	<u>3,116,914</u>
Total capital assets depreciated, net	<u>3,324,488</u>	<u>(140,551)</u>	<u>-</u>	<u>3,183,937</u>
Capital assets, net	\$ <u>3,863,464</u>	\$ <u>923,557</u>	\$ <u>-</u>	\$ <u>4,787,021</u>

Depreciation expense in the business-type activities totaling \$140,551 was allocated to the following functions: Water \$89,754; Sewer \$48,767; Landfill \$2,030.

During the 2011 fiscal year, the Town began the Route 66 Water Project. As of June 30, 2011, the project was approximately 88% complete. The Town entered into a contract with Engineer's Construction, Inc. for the construction portion of this project in the amount of \$994,759. As of June 30, 2011, total payments on the contract were \$889,252. The Town entered into a contract with Forcier, Aldrich & Associates, Inc. for construction management of this project in the amount of \$180,800. As of June 30, 2011, total payments on the contract were \$140,756. The project is expected to be completed during the 2012 fiscal year.

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

8. Debt:

Long-term - The Town is indebted at June 30, 2011 as follows:

Governmental activities -

Bond payable, Vermont Municipal Bond Bank - 1995 Series 1 (refunded by 2004 Series 2), various interest rates, currently at 5.85%. Annual principal payment ranging from \$5,000 to \$40,000. Matures December 2025.	\$ 385,000
Bond payable, Vermont Municipal Bond Bank - 2001 Series 1 (refunded by 2010 Series 4), various interest rates, currently at 4.47%. Annual principal payment ranging from \$80,750 to \$85,500. Matures December 2011.	80,750
Bond payable, Vermont Municipal Bond Bank - 2003 Series 2, various interest rates, currently at 3.39%. Annual principal payment ranging from \$93,450 to \$97,900. Matures December 2013.	280,350
Bond payable, Vermont Municipal Bond Bank - 2005 Series 1, various interest rates, currently at 3.7%. Annual principal payment ranging from \$80,000 to \$85,000. Matures December 2025.	1,225,000
Bond payable, Vermont Municipal Bond Bank - 2007 Series 1, various interest rates, currently at 4.065%. Annual principal payment of \$25,000. Matures December 2027.	425,000
Bond payable, Vermont Municipal Bond Bank - 2009 Series 1, various interest rates, currently at 1.691%. Annual principal payment ranging from \$35,000 to \$40,000. Matures November 2029.	710,000
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-013, 0% interest. Annual payment ranging from \$4,500 to \$45,000 with a \$247,500 balloon payment due December 2018.	550,265
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-091, interest at 2%. Annual payments of \$82,133, due May 2026.	1,055,354
Note payable, GMAC Commercial Mortgage Corporation - Randolph Center Fire Department Building, interest at 5%. Annual principal and interest payments of \$1,166. Due June 2015.	4,189
Note payable, Randolph National Bank - parking lot improvements, interest at 4.9%. Monthly principal and interest payments of \$685, with a balloon payment of \$87,849 due September 2016. The Town is making additional monthly principal payments to eliminate the balloon payment.	63,534
Note payable, Citizens Bank - roadside mower, interest at 4.18%. Annual principal payment of \$6,050. Matures August 2011.	6,050
Note payable, Mascoma Savings Bank - truck, interest at 2.95%. Annual payment of \$28,154. Matures July 2011.	27,366
Note payable, Mascoma Savings Bank - grader, interest at 3.12%. Annual payment of ranging from \$15,600 to \$16,087. Matures September 2014.	62,400
Total governmental activities	\$ <u>4,875,258</u>

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

8. Debt (continued):

Business-type activities -

Bond payable, Vermont Municipal Bond Bank - 2001 Series 1 (refunded by 2010 Series 4), various interest rates, currently at 4.47%. Annual principal payment ranging from \$4,250 to \$4,500. Matures December 2011.	\$ 4,250
Bond payable, Vermont Municipal Bond Bank - 2003 Series 1, various interest rates, currently at 7.777%. Annual principal payment ranging from \$60,000 to \$150,000. Matures December 2015.	650,000
Bond payable, Vermont Municipal Bond Bank - 2003 Series 2, various interest rates, currently at 3.39%. Annual principal payment ranging from \$11,550 to \$12,100. Matures December 2013.	34,650
Bond payable, State of Vermont Special Environmental Revolving Fund - RF3-018, interest at -3%. Annual payment of \$7,778. Matures October 2029.	168,285
Bond payable, State of Vermont Special Environmental Revolving Fund - RF3-056, interest at -3%. Annual payment of \$15,551. Matures February 2035.	558,398
Bond payable, State of Vermont Local Assistance State Revolving Fund - WPL-142, interest at 0%. Annual payment of \$11,880 beginning April 2014. Matures April 2018.	54,036
Bond payable, State of Vermont Drinking Water State Revolving Fund - RF3-241, interest at -3%. Annual payment of \$32,054 beginning June 2013. Matures June 2042.	<u>693,104</u>
Total business-type activities	\$ <u>2,162,723</u>

The following is a summary of changes in long-term debt including maturity dates for bonds.

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities -					
Bonds payable:					
1995 Series 1 (December 2025)	\$ 400,000	\$ -	\$ 15,000	\$ 385,000	\$ 15,000
2001 Series 1 (December 2011)	161,500	-	80,750	80,750	80,750
2003 Series 2 (December 2013)	378,250	-	97,900	280,350	93,450
2005 Series 1 (December 2025)	1,310,000	-	85,000	1,225,000	85,000
2007 Series 1 (December 2027)	450,000	-	25,000	425,000	25,000
2009 Series 1 (November 2029)	750,000	-	40,000	710,000	40,000
RF1-013 (December 2018)	595,265	-	45,000	550,265	45,000
RF1-091 (May 2026)	1,115,184	-	59,830	1,055,354	61,026
Notes payable:					
GMAC, fire department building	5,312	-	1,123	4,189	947
RNB, parking lot improvements	74,289	-	10,755	63,534	11,353
Citizens Bank, roadside mower	12,100	-	6,050	6,050	6,050
MSB, truck	53,912	-	26,546	27,366	27,366
MSB, grader	78,000	-	15,600	62,400	15,600
Total governmental activities	\$ <u>5,383,812</u>	\$ <u>-</u>	\$ <u>508,554</u>	\$ <u>4,875,258</u>	\$ <u>506,542</u>

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

8. Debt (continued):

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities -					
Bonds payable:					
2001 Series 1 (December 2011)	\$ 8,500	\$ -	\$ 4,250	\$ 4,250	\$ 4,250
2003 Series 1 (December 2015)	750,000	-	100,000	650,000	110,000
2003 Series 2 (December 2013)	46,750	-	12,100	34,650	11,550
RF3-018 (October 2029)	182,588	-	14,303	168,285	13,874
RF3-056 (February 2035)	591,700	-	33,302	558,398	32,303
WPL-142 (April 2018)	54,036	-	-	54,036	-
RF3-241 (June 2042)	-	693,104	-	693,104	-
Note payable:					
MSB, W&S truck	<u>5,135</u>	<u>-</u>	<u>5,135</u>	<u>-</u>	<u>-</u>
Total business-type activities	\$ <u>1,638,709</u>	\$ <u>693,104</u>	\$ <u>169,090</u>	\$ <u>2,162,723</u>	\$ <u>171,977</u>

The estimated annual requirements to amortize all bonds and notes outstanding as of June 30, 2011, including interest payments, are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 506,542	\$ 154,162	\$ 171,977	\$ 24,556
2013	394,213	139,928	229,189	(4,293)
2014	401,105	128,007	248,140	(11,504)
2015	309,712	117,283	243,749	(19,376)
2016	294,862	107,979	250,992	(27,896)
2017-2021	1,521,691	393,360	425,427	(130,956)
2022-2026	1,257,133	175,449	348,209	(71,567)
2027-2031	190,000	16,061	177,874	(22,854)
2032-2036	<u>-</u>	<u>-</u>	<u>67,166</u>	<u>(4,961)</u>
	\$ <u>4,875,258</u>	\$ <u>1,232,229</u>	\$ <u>2,162,723</u>	\$ <u>(268,851)</u>

The allocation of long-term debt between governmental and business-type activities is based on budgeted debt service for future payments. This allocation may not be the same as the original use of the debt proceeds.

During the year, the Vermont Municipal Bond Bank refunded the 2001 Series 1 Bond held by the Town with a 2010 Series 4 Bond. This bond refunding has an associated savings allocation of \$16,845. This savings allocation, to be received between FY 2017 and FY 2021, has been reflected as a reduction of interest in the calculation of the annual debt service requirements to maturity shown above.

During the year the Selectboard approved a \$30,100 note with zero interest for preliminary engineering for wastewater treatment and pump station upgrades. The Town has not yet borrowed on this note.

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

8. Debt (continued):

Subsequent to year end, the Town obtained an \$837,937 tax anticipation note with interest at 1.48% from Randolph National Bank.

Subsequent to year end, the Town obtained a \$1,000,000 line of credit with interest at 1.0% from Mascoma Savings Bank.

9. Landfill closure and postclosure care costs:

The Town landfill ceased operation in 1997. State and Federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure and to report monitoring results to the State regulatory agency. An estimated liability of \$646,481 has been recognized in long-term debt for the future postclosure care costs. The Town is required to annually appropriate funds to finance postclosure care of the facility.

The estimate is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2011. However, the actual cost of postclosure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations.

10. Pension plan:

Vermont State Employees' Retirement System -

Plan description: The Town contributes to the Vermont State Employees' Retirement System (VSRS), a public employee defined benefit retirement system, administered by the State of Vermont. VSRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State statutory provisions, found in Title 3, V.S.A. Chapter 16, govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the proper operation of VSRS is vested in the Board of Trustees consisting of eight members. VSRS issues annual financial information which is available and may be reviewed at the VSRS office, 109 State Street, Montpelier, Vermont 05609-6901 or by calling (802) 828-2305.

Funding policy: Members are required to contribute 5.1% (Group F) of their annual covered salary and the Town contributes the balance of an actuarially determined rate. The current rate is 8.99% of annual covered payroll, net of a credit for excess contributions of prior periods, as described below. The Town's contribution to VSRS for the years ended June 30, 2011, June 30, 2010, and June 30, 2009 were \$64,344, \$42,603, and \$71,411 respectively, which were equal to the required contributions for each year. The members also contributed \$61,882. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees.

The Town made excess contributions to the system for twenty-eight years. The Town and State Retirement Board agreed that the Town would receive a \$44,738 credit annually on its retirement contributions until 2018 as repayment for the excess contributions of \$431,435 with interest at 8.5%.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

11. Property taxes:

Property taxes attach as an enforceable lien on property owned as of April 1st. Elected listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Department of Education. Taxes are levied as of April 1st and are due October 29th and March 31st.

12. Fund balances of Capital Construction Fund:

The Capital Construction Fund has committed fund balances at June 30, 2011 as follows:

Fire equipment	\$ 89,152
Water improvement	26,256
Sewer improvement	17,942
Building repair	125,814
Municipal Building	<u>2,562</u>
	\$ <u>261,726</u>

The Capital Construction Fund has an assigned fund balance of \$41,389 at June 30, 2011. This balance is to be used for capital construction as determined by the Selectboard.

13. Fund balance - deficits:

The Police Equipment Fund has a deficit of \$13,726 at year end. Management plans to eliminate this deficit with future transfers from the Police Fund. The Grants Fund has a deficit of \$620 at year end. Management plans to eliminate this deficit through future grant revenues and local share contributions from the General Fund.

14. Restatement of fund equity and net assets due to change in accounting policy:

Subsequent to year end the Selectboard approved a resolution to no longer record inventory in the Highway Fund beginning with FY2011. As a result, the Town restated the June 30, 2010 fund balance of the Highway Fund from \$240,841 to \$116,785 to remove inventory due to this change in accounting policy. Net assets at June 30, 2010 for governmental activities on the government-wide statement of activities was also restated from \$4,100,014 to \$3,975,958 to reflect this change.

15. Commitments, contingencies, and subsequent events:

In August 2011, the Town endured the harsh weather environment imposed by tropical storm Irene. As of the date of this report, an estimate of the financial impact of damage incurred by Irene was not yet known. The Town anticipates financial assistance from the Federal Emergency Management Agency and the State of Vermont for recovery efforts.

TOWN OF RANDOLPH, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2011

Schedule 1
Page 1 of 2

	Debt Service Fund	Library Fund	Cemetery Fund	Cemetery Reserve Fund	Grants Fund	Conservation Commission Fund	Recreation Reserve Fund	Playground Reserve Fund	Ice Risk Reserve Fund
Due from other funds	\$ 363,849	\$ 10,794	\$ 21,848	\$ 8,927	\$ -	\$ 23,204	\$ 2,235	\$ 29,827	\$ 236
Receivables	-	-	-	-	43,916	-	-	-	-
Total assets	<u>\$ 363,849</u>	<u>\$ 10,794</u>	<u>\$ 21,848</u>	<u>\$ 8,927</u>	<u>\$ 43,916</u>	<u>\$ 23,204</u>	<u>\$ 2,235</u>	<u>\$ 29,827</u>	<u>\$ 236</u>

**LIABILITIES AND
FUND EQUITY**

Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 10,757	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	3,159	434	-	31,083	216	-	-	-
Accrued expenses	-	3,963	322	-	-	-	-	-	-
Deferred revenue	-	-	-	-	2,696	-	-	-	-
Total liabilities	-	<u>7,122</u>	<u>756</u>	-	<u>44,536</u>	<u>216</u>	-	-	-

FUND EQUITY:

Restricted	-	-	-	-	-	-	2,235	29,827	236
Committed	363,849	3,672	21,092	8,927	-	22,988	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(620)	-	-	-	-
Total fund balances	<u>363,849</u>	<u>3,672</u>	<u>21,092</u>	<u>8,927</u>	<u>(620)</u>	<u>22,988</u>	<u>2,235</u>	<u>29,827</u>	<u>236</u>
Total liabilities and fund equity	<u>\$ 363,849</u>	<u>\$ 10,794</u>	<u>\$ 21,848</u>	<u>\$ 8,927</u>	<u>\$ 43,916</u>	<u>\$ 23,204</u>	<u>\$ 2,235</u>	<u>\$ 29,827</u>	<u>\$ 236</u>

TOWN OF RANDOLPH, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2011

	Town Clerk Reserve Fund	Reappraisal Reserve Fund	Lister Reserve Fund	General Capital Construction Fund	Sewer Capital Improvement Fund	Water Capital Improvement Fund	Fire Air Packs Reserve Fund	Police Equipment Fund	FEMA Fund	Total
Due from other funds	\$ 21,498	\$ 118,891	\$ 1,370	\$ 23,277	\$ 27,256	\$ 90,866	\$ 1,089	\$ -	\$ -	\$ 745,167
Receivables	-	-	-	-	4,230	2,137	-	-	-	50,283
Total assets	\$ 21,498	\$ 118,891	\$ 1,370	\$ 23,277	\$ 31,486	\$ 93,003	\$ 1,089	\$ -	\$ -	\$ 795,450

LIABILITIES AND FUND EQUITY

Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,967	\$ -	\$ 23,724
Accounts payable	-	-	-	-	11,189	-	-	759	-	46,840
Accrued expenses	-	-	-	-	-	-	-	-	-	4,285
Deferred revenue	-	-	-	-	-	-	-	-	-	2,696
Total liabilities	-	-	-	-	11,189	-	-	13,726	-	77,545

FUND EQUITY:

Restricted	-	118,891	1,370	-	-	-	-	-	-	152,559
Committed	21,498	-	-	23,277	20,297	93,003	-	-	-	578,603
Assigned	-	-	-	-	-	-	1,089	-	-	1,089
Unassigned	-	-	-	-	-	-	-	(13,726)	-	(14,346)
Total fund balances	21,498	118,891	1,370	23,277	20,297	93,003	1,089	(13,726)	-	717,905

Total liabilities and fund equity

Total liabilities and fund equity	\$ 21,498	\$ 118,891	\$ 1,370	\$ 23,277	\$ 31,486	\$ 93,003	\$ 1,089	\$ -	\$ -	\$ 795,450
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TOWN OF RANDOLPH, VERMONT
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Debt Service Fund	Library Fund	Cemetery Fund	Cemetery Reserve Fund	Grants Fund	Conservation Commission Fund	Recreation Reserve Fund	Playground Reserve Fund	Ice Rink Reserve Fund
REVENUE:									
Property taxes	\$ -	\$ 164,279	\$ 75,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	6,500	-	-	504,225	-	-	-	-
Investment income	20,126	-	-	-	-	108	2	2,271	-
Other	-	34,533	15,097	-	-	233	-	-	-
Total revenue	<u>20,126</u>	<u>205,312</u>	<u>90,467</u>	<u>-</u>	<u>504,225</u>	<u>341</u>	<u>2</u>	<u>2,271</u>	<u>-</u>
EXPENDITURES:									
Water operations	-	-	-	-	-	-	-	-	-
Sewer operations	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	372,850	-	-	-	-
Public safety	-	-	-	-	95,253	-	-	-	-
General government	-	201,577	80,827	-	-	1,266	-	-	-
Capital outlay	-	-	-	-	28,190	-	-	-	-
Debt service - capital leases	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>201,577</u>	<u>80,827</u>	<u>-</u>	<u>496,293</u>	<u>1,266</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OR (EXPENDITURES)	<u>20,126</u>	<u>3,735</u>	<u>9,640</u>	<u>-</u>	<u>7,932</u>	<u>(925)</u>	<u>2</u>	<u>2,271</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):									
Proceeds from capital lease	-	-	-	-	-	-	-	-	-
Operating transfers (net)	-	2,624	6,834	2,000	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,624</u>	<u>6,834</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	20,126	6,359	16,474	2,000	7,932	(925)	2	2,271	-
FUND BALANCES (DEFICIT), July 1, 2010	<u>343,723</u>	<u>(2,687)</u>	<u>4,618</u>	<u>6,927</u>	<u>(8,552)</u>	<u>23,913</u>	<u>2,233</u>	<u>27,556</u>	<u>236</u>
FUND BALANCES (DEFICIT), June 30, 2011	<u>\$ 363,849</u>	<u>\$ 3,672</u>	<u>\$ 21,092</u>	<u>\$ 8,927</u>	<u>\$ (620)</u>	<u>\$ 22,988</u>	<u>\$ 2,235</u>	<u>\$ 29,827</u>	<u>\$ 236</u>

TOWN OF RANDOLPH, VERMONT
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Town Clerk Reserve <u>Fund</u>	Reappraisal Reserve <u>Fund</u>	Lister Reserve <u>Fund</u>	General Capital Construction <u>Fund</u>	Sewer Capital Improvement <u>Fund</u>	Water Capital Improvement <u>Fund</u>	Fire Air Packs Reserve <u>Fund</u>	Police Equipment <u>Fund</u>	FEMA <u>Fund</u>	<u>Total</u>
REVENUE:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,649
Intergovernmental	-	-	-	-	-	-	-	-	-	510,725
Investment income	26	142	1	28	-	-	1	-	-	22,705
Other	<u>7,153</u>	<u>-</u>	<u>403</u>	<u>-</u>	<u>3,880</u>	<u>13,328</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>82,627</u>
Total revenue	<u>7,179</u>	<u>142</u>	<u>404</u>	<u>28</u>	<u>3,880</u>	<u>13,328</u>	<u>1</u>	<u>8,000</u>	<u>-</u>	<u>855,706</u>
EXPENDITURES:										
Water operations	-	-	-	-	-	13,389	-	-	-	13,389
Sewer operations	-	-	-	-	103,957	-	-	-	-	103,957
Community development	-	-	-	-	-	-	-	-	-	372,850
Public safety	-	-	-	-	-	-	4,483	7,713	-	107,449
General government	2,626	-	20	-	-	-	-	-	83	286,399
Capital outlay	-	-	-	-	-	-	17,219	18,628	-	64,037
Debt service - capital leases	-	-	-	-	-	-	-	10,774	-	10,774
Total expenditures	<u>2,626</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>103,957</u>	<u>13,389</u>	<u>21,702</u>	<u>37,115</u>	<u>83</u>	<u>958,855</u>
EXCESS OF REVENUE OR (EXPENDITURES)	<u>4,553</u>	<u>142</u>	<u>384</u>	<u>28</u>	<u>(100,077)</u>	<u>(61)</u>	<u>(21,701)</u>	<u>(29,115)</u>	<u>(83)</u>	<u>(103,149)</u>
OTHER FINANCING SOURCES (USES):										
Proceeds from capital lease	-	-	-	-	-	-	-	18,628	-	18,628
Operating transfers (net)	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,500</u>	<u>-</u>	<u>17,444</u>	<u>67,402</u>
Total other financing sources (uses)	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,500</u>	<u>18,628</u>	<u>17,444</u>	<u>86,030</u>
NET CHANGE IN FUND BALANCES	4,553	15,142	384	28	(100,077)	(61)	1,799	(10,487)	17,361	(17,119)
FUND BALANCES (DEFICIT), July 1, 2010	<u>16,945</u>	<u>103,749</u>	<u>986</u>	<u>23,249</u>	<u>120,374</u>	<u>93,064</u>	<u>(710)</u>	<u>(3,239)</u>	<u>(17,361)</u>	<u>735,024</u>
FUND BALANCES (DEFICIT), June 30, 2011	<u>\$ 21,498</u>	<u>\$ 118,891</u>	<u>\$ 1,370</u>	<u>\$ 23,277</u>	<u>\$ 20,297</u>	<u>\$ 93,003</u>	<u>\$ 1,089</u>	<u>\$ (13,726)</u>	<u>\$ -</u>	<u>\$ 717,905</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Selectboard
Town of Randolph, Vermont

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Randolph, Vermont (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 11-1 to be 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*.

Management's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Selectboard and management of the Town 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.

*Mudgett, Jennette &
Krogh-Wisner, P.C.*

Montpelier, Vermont
December 8, 2011

**TOWN OF RANDOLPH, VERMONT
SCHEDULE OF FINDINGS
AS OF JUNE 30, 2011**

11-1 Capital asset and long-term debt accounting

The accounting for capital assets and long-term debt for governmental activities was not completed prior to our audit and was not recorded in the general ledger. During our audit, we proposed adjusting journal entries to record activity related to loan proceeds and payments, capital asset additions and retirements and depreciation expense for the current year. The presentation of governmental capital assets, long-term debt and related activity is required for complete financial reporting. We recommend that the Town record capital asset and long-term debt activity in the general ledger throughout the year.

Management's response - Management intends to implement procedures during FY 2012 that will ensure that capital asset listings will be maintained and updated throughout the year. Management will also reconcile capital asset and long-term debt activity at year end to ensure that all transactions are properly reported.