

TOWN OF RANDOLPH, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2012
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF RANDOLPH, VERMONT

JUNE 30, 2012

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report.....	1 - 2
Management's Discussion and Analysis.....	3 - 9
Basic Financial Statements:	
Government-wide Financial Statements -	
Statement of Net Assets	10
Statement of Activities.....	11
Fund Financial Statements -	
Balance Sheet - Governmental Funds.....	12 - 13
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.....	14 - 16
Statement of Revenue and Expenditures - Budget and Actual - General Fund.....	17 - 18
Statement of Revenue and Expenditures - Budget and Actual - Highway and Police Funds.....	19
Statement of Revenue and Expenditures - Budget and Actual - Library and Cemetery Funds.....	20
Statement of Net Assets - Proprietary Funds.....	21
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds.....	22
Statement of Revenue and Expenses - Budget and Actual - Water and Sewer Funds.....	23
Statement of Cash Flows - Proprietary Funds.....	24 - 25
Statement of Net Assets - Fiduciary Funds.....	26
Statement of Changes in Net Assets - Fiduciary Funds.....	27
Notes to Financial Statements	28 - 41
Supplementary Schedules:	
Schedule 1 - Combining Balance Sheet - Other Governmental Funds	42 - 43
Schedule 2 - Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Other Governmental Funds	44 - 45
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	46 - 47
Schedule of Findings	48

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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express 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, 2012, 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 January 3, 2013 on our consideration of the Town's internal control over financial reporting and on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules 1 and 2 are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Montpelier, Vermont
January 3, 2013

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

**TOWN OF RANDOLPH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012. Readers should consider this information in conjunction with the financial statements which are located after this analysis. The Town implemented 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 2012 and FY 2011.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Town's assets exceeded its liabilities at June 30, 2012 by \$8,462,817 compared to \$7,977,333 at June 30, 2011. This represents an increase of \$485,484 or 6.1%. The change in net assets for fiscal year 2012 was \$485,484 compared to \$361,884 for fiscal year 2011. This represents a decrease of \$123,600.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,311,825, a decrease of \$41,009 in comparison with a decrease of \$487,555 for the prior year. Of the total fund balance, \$1,221,915 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. \$69,709 is unassigned and \$20,201 is nonspendable.

Long-term Debt

The Town's total debt decreased \$153,639 or 2.2% during the fiscal year and had a total ending balance of \$6,884,342. During FY 2012 the Town issued \$492,435 of new debt to finance the route 66 water project and \$30,091 of new debt to finance the new waste water treatment facility.

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 2012 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 nonmajor 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's 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 and federal, state and 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 or 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 Governmental 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 \$8,462,817 at year end. Net assets increased by \$485,484 or 6.1% over the previous fiscal year.

Net Assets as of June 30, 2011 and 2012

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Current Assets	\$ 2,397,402	\$ 2,412,528	\$ 1,979,562	\$ 2,148,224	\$ 4,376,964	\$ 4,560,752
Capital Assets	<u>7,603,151</u>	<u>7,504,122</u>	<u>4,787,021</u>	<u>4,812,742</u>	<u>12,390,172</u>	<u>12,316,864</u>
Total Assets	<u>10,000,553</u>	<u>9,916,650</u>	<u>6,766,583</u>	<u>6,960,966</u>	<u>16,767,136</u>	<u>16,877,616</u>
Current Liabilities	1,375,374	1,292,560	438,713	232,544	1,814,087	1,525,104
Noncurrent Liabilities	<u>4,377,119</u>	<u>3,978,656</u>	<u>2,598,597</u>	<u>2,911,039</u>	<u>6,975,716</u>	<u>6,889,695</u>
Total Liabilities	<u>5,752,493</u>	<u>5,271,216</u>	<u>3,037,310</u>	<u>3,143,583</u>	<u>8,789,803</u>	<u>8,414,799</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	2,714,377	3,126,140	2,624,298	2,297,087	5,338,675	5,423,227
Restricted	<u>1,123,449</u>	<u>1,211,061</u>	-	-	<u>1,123,449</u>	<u>1,211,061</u>
Unrestricted	<u>410,234</u>	<u>308,233</u>	<u>1,104,975</u>	<u>1,520,296</u>	<u>1,515,209</u>	<u>1,828,529</u>
Total Net Assets	<u>\$ 4,248,060</u>	<u>\$ 4,645,434</u>	<u>\$ 3,729,273</u>	<u>\$ 3,817,383</u>	<u>\$ 7,977,333</u>	<u>\$ 8,462,817</u>

The larger portion of the Town's net assets (64.1%) 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 (14.3%) and unrestricted (21.6%) 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, 2011 and 2012

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 192,816	\$ 276,482	\$ 784,327	\$ 845,748	\$ 977,143	\$ 1,122,230
Grants and Contributions	1,268,688	1,955,967	24,276	21,800	1,292,964	1,977,767
Other	<u>245,385</u>	<u>336,860</u>	<u>1,645</u>	<u>138,549</u>	<u>247,030</u>	<u>475,409</u>
	<u>1,706,889</u>	<u>2,569,309</u>	<u>810,248</u>	<u>1,006,097</u>	<u>2,517,137</u>	<u>3,575,406</u>
General Revenues:						
Property Taxes	3,215,689	3,269,131	-	-	3,215,689	3,269,131
Interest Income	67,217	64,254	123,527	62,011	190,744	126,265
Transfers in (out)	152,528	143,897	(141,070)	(135,025)	11,458	8,872
Donation of Land	-	-	<u>33,600</u>	-	<u>33,600</u>	-
	<u>3,435,434</u>	<u>3,477,282</u>	<u>16,057</u>	<u>(73,014)</u>	<u>3,451,491</u>	<u>3,404,268</u>
Total Revenues	<u>5,142,323</u>	<u>6,046,591</u>	<u>826,305</u>	<u>933,083</u>	<u>5,968,628</u>	<u>6,979,674</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Expenses:						
General Government	2,186,366	2,573,632	-	-	2,186,366	2,573,632
Public Safety	724,105	1,029,178	-	-	724,105	1,029,178
Highway	1,789,823	1,880,497	-	-	1,789,823	1,880,497
Interest	169,927	165,910	56,304	47,404	226,231	213,314
Water	-	-	329,858	328,790	329,858	328,790
Sewer	-	-	329,772	442,355	329,772	442,355
Landfill	-	-	20,589	26,424	20,589	26,424
Total Expenses	<u>4,870,221</u>	<u>5,649,217</u>	<u>736,523</u>	<u>844,973</u>	<u>5,606,744</u>	<u>6,494,190</u>
Increase (Decrease) in Net Assets	272,102	397,374	89,782	88,110	361,884	485,484
Beginning Net Assets, July 1	<u>3,975,958</u>	<u>4,248,060</u>	<u>3,639,491</u>	<u>3,729,273</u>	<u>7,615,449</u>	<u>7,977,333</u>
Ending Net Assets, June 30	<u>\$ 4,248,060</u>	<u>\$ 4,645,434</u>	<u>\$ 3,729,273</u>	<u>\$ 3,817,383</u>	<u>\$ 7,977,333</u>	<u>\$ 8,462,817</u>

Total governmental activity expenses were \$4,870,221 and \$5,649,217 in fiscal years 2011 and 2012, respectively. 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 \$1,706,889 in 2011 and \$2,569,309 in 2012. 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 \$3,435,434 in fiscal 2011 and \$3,477,282 in fiscal 2012. Approximately 93.6% of the Town's total general revenue from governmental activities came from taxes in fiscal 2011 in comparison to 94% in 2012.

Fund Financial Statements

- **Governmental Funds** - The combined fund balance of the governmental funds was \$1,352,834 at June 30, 2011 and \$1,311,825 at June 30, 2012. \$1,242,116 of the FY 2012 fund balance is nonspendable, restricted, committed or assigned. The fund balance for the General Fund decreased from \$201,253 in FY 2011 to \$104,272 in FY 2012.

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 \$3,817,383, an increase of \$88,110 or 2.4% 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 \$1,032,778, an increase of \$33,117 over the previous fiscal year.

Capital Assets

The following is a schedule of capital assets as of June 30, 2011 and 2012.

Capital Assets June 30, 2011 and 2012

	<u>2011</u>	<u>2012</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>2,621,904</u>	<u>3,025,137</u>
Total Capital Assets	10,485,966	10,689,199
Less Accumulated Depreciation	<u>2,882,815</u>	<u>3,185,077</u>
Capital Assets, Net	<u>\$ 7,603,151</u>	<u>\$ 7,504,122</u>
Business-type Activities -		
Land	\$ 518,689	\$ 518,689
Construction in Progress	1,084,395	42,842
Water	4,074,600	5,295,440
Sewer	2,124,751	2,124,751
Landfill	<u>101,500</u>	<u>101,500</u>
Total Capital Assets	7,903,935	8,083,222
Less Accumulated Depreciation	<u>3,116,914</u>	<u>3,270,480</u>
Capital Assets, Net	<u>\$ 4,787,021</u>	<u>\$ 4,812,742</u>

The Town had \$12,390,172 and \$12,316,864 invested in capital assets, net of depreciation, on June 30, 2011 and June 30, 2012, respectively. Net decrease (including additions and deductions) between the two periods amounted to \$73,308.

Debt

At the end of the fiscal year, the Town had \$4,368,687 in long-term debt outstanding in governmental activities compared to \$4,875,258 in the prior year, an approximate decrease of 10.3%. For the business-type activities, long-term debt increased from \$2,162,723 to \$2,515,655. Total long-term debt for the Town decreased by \$153,639. A list of outstanding long-term debt follows:

Long-term Debt at June 30, 2011 and 2012

	<u>2011</u>	<u>2012</u>
Governmental Activities		
1995 Series 1	\$ 385,000	\$ 370,000
2001 Series 1	80,750	-
2003 Series 2	280,350	186,900
2005 Series 1	1,225,000	1,140,000
2007 Series 1	425,000	400,000
2009 Series 1	710,000	670,000
RF1-013	550,265	505,265
RF1-091	1,055,354	994,328
GMAC, fire department building	4,189	3,223
RNB, parking lot	63,534	52,171
Citizens Bank, roadside mower	6,050	-
MSB, truck	27,366	-
MSB, grader	<u>62,400</u>	<u>46,800</u>
Total Long-term Debt	<u>\$ 4,875,258</u>	<u>\$ 4,368,687</u>
 Business-type Activities		
2001 series 1	\$ 4,250	\$ -
2003 series 1	650,000	540,000
2003 series 2	34,650	23,100
RF3-018	168,285	156,795
RF3-056	558,398	526,094
WPL-142	54,036	54,036
RF3-241	693,104	1,185,539
RF1-140	<u>-</u>	<u>30,091</u>
Total Long-term Debt	<u>\$ 2,162,723</u>	<u>\$ 2,515,655</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, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 743,929	\$ -	\$ 743,929
Investments	2,327,082	-	2,327,082
Delinquent taxes receivable	255,613	-	255,613
Accounts receivable	481,431	220,432	701,863
Notes receivable	450,000	-	450,000
Interest receivable	56,250	-	56,250
Prepaid expenses	20,201	-	20,201
Inventory	-	5,814	5,814
Due from (to) other activities	<u>(1,921,978)</u>	<u>1,921,978</u>	<u>-</u>
Total current assets	<u>2,412,528</u>	<u>2,148,224</u>	<u>4,560,752</u>
Noncurrent assets -			
Capital assets	10,689,199	8,083,222	18,772,421
less - accumulated depreciation	<u>(3,185,077)</u>	<u>(3,270,480)</u>	<u>(6,455,557)</u>
Total noncurrent assets	<u>7,504,122</u>	<u>4,812,742</u>	<u>12,316,864</u>
Total assets	<u>9,916,650</u>	<u>6,960,966</u>	<u>16,877,616</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	191,384	10,145	201,529
Payroll liabilities	112,458	9,932	122,390
Due to fiduciary funds	81,586	-	81,586
Deferred revenue	507,806	-	507,806
Current portion capital leases payable	5,113	-	5,113
Current portion of accrued postclosure liability	-	38,438	38,438
Current portion of long-term debt	<u>394,213</u>	<u>174,029</u>	<u>568,242</u>
Total current liabilities	<u>1,292,560</u>	<u>232,544</u>	<u>1,525,104</u>
Noncurrent liabilities -			
Capital leases payable	4,182	-	4,182
Accrued postclosure liability	-	569,413	569,413
Long-term debt	<u>3,974,474</u>	<u>2,341,626</u>	<u>6,316,100</u>
Total noncurrent liabilities	<u>3,978,656</u>	<u>2,911,039</u>	<u>6,889,695</u>
Total liabilities	<u>5,271,216</u>	<u>3,143,583</u>	<u>8,414,799</u>
NET ASSETS:			
Invested in capital assets, net of related debt	3,126,140	2,297,087	5,423,227
Restricted	1,211,061	-	1,211,061
Unrestricted	<u>308,233</u>	<u>1,520,296</u>	<u>1,828,529</u>
Total net assets	<u>\$ 4,645,434</u>	<u>\$ 3,817,383</u>	<u>\$ 8,462,817</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, 2012

FUNCTIONS/PROGRAMS:	<u>Expenses</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		<u>Grants and Contributions</u>	<u>Charges for Services</u>	<u>Other</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Governmental activities -							
General government	\$ 2,573,632	\$ 1,097,124	\$ 88,874	\$ 201,178	\$ (1,186,456)	\$ -	\$ (1,186,456)
Public safety	1,029,178	87,589	72,411	7,670	(861,508)	-	(861,508)
Highway	1,880,497	771,254	115,197	128,012	(866,034)	-	(866,034)
Interest	<u>165,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(165,910)</u>	<u>-</u>	<u>(165,910)</u>
Total governmental activities	<u>5,649,217</u>	<u>1,955,967</u>	<u>276,482</u>	<u>336,860</u>	<u>(3,079,908)</u>	<u>-</u>	<u>(3,079,908)</u>
Business-type activities -							
Landfill	26,424	-	-	-	-	(26,424)	(26,424)
Water	328,790	21,800	457,720	2,477	-	153,207	153,207
Sewer	442,355	-	388,028	136,072	-	81,745	81,745
Interest	<u>47,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,404)</u>	<u>(47,404)</u>
Total business-type activities	<u>844,973</u>	<u>21,800</u>	<u>845,748</u>	<u>138,549</u>	<u>-</u>	<u>161,124</u>	<u>161,124</u>
	<u>\$ 6,494,190</u>	<u>\$ 1,977,767</u>	<u>\$ 1,122,230</u>	<u>\$ 475,409</u>	<u>(3,079,908)</u>	<u>161,124</u>	<u>(2,918,784)</u>
GENERAL REVENUES - PROPERTY TAXES					3,269,131	-	3,269,131
- INTEREST INCOME					64,254	62,011	126,265
- TRANSFERS					<u>143,897</u>	<u>(135,025)</u>	<u>8,872</u>
					<u>3,477,282</u>	<u>(73,014)</u>	<u>3,404,268</u>
CHANGE IN NET ASSETS					397,374	88,110	485,484
NET ASSETS, July 1, 2011					<u>4,248,060</u>	<u>3,729,273</u>	<u>7,977,333</u>
NET ASSETS, June 30, 2012					<u>\$ 4,645,434</u>	<u>\$ 3,817,383</u>	<u>\$ 8,462,817</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012
(Page 1 of 2)

	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Fund</u>	<u>Police</u> <u>Fund</u>	<u>Capital</u> <u>Construction</u> <u>Fund</u>	<u>Revolving</u> <u>Loan</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>							
Cash and cash equivalents	\$ 743,779	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ 743,929
Investments	2,327,082	-	-	-	-	-	2,327,082
Delinquent taxes receivable	255,613	-	-	-	-	-	255,613
Accounts receivable	46,581	25,487	594	-	-	408,769	481,431
Note receivable	-	-	-	-	450,000	-	450,000
Interest receivable	-	-	-	-	56,250	-	56,250
Prepaid expenses	20,201	-	-	-	-	-	20,201
Due from other funds	-	146,855	97,464	239,786	-	787,664	1,271,769
Total assets	\$ <u>3,393,256</u>	\$ <u>172,342</u>	\$ <u>98,208</u>	\$ <u>239,786</u>	\$ <u>506,250</u>	\$ <u>1,196,433</u>	\$ <u>5,606,275</u>
<u>LIABILITIES AND FUND EQUITY</u>							
LIABILITIES:							
Accounts payable	\$ 131,386	\$ 28,928	\$ 8,318	\$ -	\$ -	\$ 22,752	\$ 191,384
Accrued expenses	74,335	22,216	11,441	-	-	4,466	112,458
Deferred revenue	207,469	-	-	-	506,250	1,556	715,275
Due to other funds	<u>2,875,794</u>	-	-	-	-	<u>399,539</u>	<u>3,275,333</u>
Total liabilities	<u>3,288,984</u>	<u>51,144</u>	<u>19,759</u>	<u>-</u>	<u>506,250</u>	<u>428,313</u>	<u>4,294,450</u>
FUND BALANCES:							
Nonspendable	20,201	-	-	-	-	-	20,201
Restricted	-	-	-	-	-	167,813	167,813
Committed	-	121,198	78,449	229,803	-	613,798	1,043,248
Assigned	-	-	-	9,983	-	871	10,854
Unassigned	<u>84,071</u>	-	-	-	-	<u>(14,362)</u>	<u>69,709</u>
Total fund balances	<u>104,272</u>	<u>121,198</u>	<u>78,449</u>	<u>239,786</u>	<u>-</u>	<u>768,120</u>	<u>1,311,825</u>
Total liabilities and fund equity	\$ <u>3,393,256</u>	\$ <u>172,342</u>	\$ <u>98,208</u>	\$ <u>239,786</u>	\$ <u>506,250</u>	\$ <u>1,196,433</u>	\$ <u>5,606,275</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012
(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 balances	\$ 1,311,825
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	10,689,199
Accumulated depreciation	(3,185,077)
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	
	207,469
Liabilities not due and payable are not reported in governmental funds.	
Long-term debt	(4,368,687)
Capital leases payable	<u>(9,295)</u>
Net Assets of Governmental Activities - Government-wide Statement of Net Assets	\$ <u>4,645,434</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, 2012

(Page 1 of 3)

	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Fund</u>	<u>Police</u> <u>Fund</u>	<u>Capital</u> <u>Construction</u> <u>Fund</u>	<u>Revolving</u> <u>Loan</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
REVENUE:							
Property taxes	\$ 1,532,788	\$ 1,000,735	\$ 453,716	\$ -	\$ -	\$ 255,272	\$ 3,242,511
Intergovernmental	567,773	191,069	3,072	-	-	1,140,995	1,902,909
Investment income	38,340	95	80	-	-	25,739	64,254
Departmental revenue	158,042	191,618	9,660	-	-	-	359,320
Other	<u>101,020</u>	<u>-</u>	<u>-</u>	<u>5,070</u>	<u>-</u>	<u>91,200</u>	<u>197,290</u>
Total revenue	<u>2,397,963</u>	<u>1,383,517</u>	<u>466,528</u>	<u>5,070</u>	<u>-</u>	<u>1,513,206</u>	<u>5,766,284</u>
EXPENDITURES:							
Current -							
General government	877,525	-	-	18,953	-	820,022	1,716,500
Public safety	467,701	-	443,849	-	-	106,043	1,017,593
Highways and streets	-	1,481,755	-	219,628	-	-	1,701,383
Culture and recreation	214,654	-	-	-	-	-	214,654
Community development	65,020	-	-	-	-	465,895	530,915
Capital outlay	-	-	-	203,233	-	-	203,233
Debt service -							
Principal on long-term debt	434,605	-	-	71,966	-	-	506,571
Interest on long-term debt	148,437	1,962	-	14,619	-	-	165,018
Principal on capital leases	-	-	-	-	-	4,221	4,221
Interest on capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>892</u>	<u>892</u>
Total expenditures	<u>2,207,942</u>	<u>1,483,717</u>	<u>443,849</u>	<u>528,399</u>	<u>-</u>	<u>1,397,073</u>	<u>6,060,980</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, 2012

(Page 2 of 3)

	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Fund</u>	<u>Police</u> <u>Fund</u>	<u>Capital</u> <u>Construction</u> <u>Fund</u>	<u>Revolving</u> <u>Loan</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
EXCESS OF REVENUE OR (EXPENDITURES)	<u>190,021</u>	<u>(100,200)</u>	<u>22,679</u>	<u>(523,329)</u>	<u>-</u>	<u>116,133</u>	<u>(294,696)</u>
OTHER FINANCING SOURCES (USES):							
Insurance reimbursements	58,199	51,591	-	-	-	-	109,790
Transfers in (out), net	<u>(345,201)</u>	<u>97,692</u>	<u>(2,676)</u>	<u>460,000</u>	<u>-</u>	<u>(65,918)</u>	<u>143,897</u>
Total other financing sources (uses)	<u>(287,002)</u>	<u>149,283</u>	<u>(2,676)</u>	<u>460,000</u>	<u>-</u>	<u>(65,918)</u>	<u>253,687</u>
NET CHANGE IN FUND BALANCES	(96,981)	49,083	20,003	(63,329)	-	50,215	(41,009)
FUND BALANCES, July 1, 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>
FUND BALANCES, June 30, 2012	\$ <u>104,272</u>	\$ <u>121,198</u>	\$ <u>78,449</u>	\$ <u>239,786</u>	\$ <u>-</u>	\$ <u>768,120</u>	\$ <u>1,311,825</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, 2012

(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	\$ (41,009)
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	203,233
Depreciation	(302,262)
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	(180,849)
Current year	207,469
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.	
Debt service - principal paid on capital leases	4,221
Debt service - principal paid on long-term debt	<u>506,571</u>
Change in Net Assets of Governmental Activities - Government-wide Statement of Activities	\$ <u>397,374</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 - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

(Page 1 of 2)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE:			
Taxes	\$ 1,544,611	\$ 1,532,788	\$ (11,823)
Intergovernmental	535,700	567,773	32,073
Fire Department	63,069	69,424	6,355
Planning and Zoning	5,795	4,681	(1,114)
Listers Office	20,150	20,256	106
Town Clerk	70,314	63,681	(6,633)
Interest	27,900	38,340	10,440
Other	<u>72,377</u>	<u>101,020</u>	<u>28,643</u>
Total revenue	<u>2,339,916</u>	<u>2,397,963</u>	<u>58,047</u>
EXPENDITURES:			
General administration	236,104	250,744	(14,640)
Executive	322,395	359,537	(37,142)
Selectboard	22,300	29,369	(7,069)
Fire Departments administration	37,000	39,874	(2,874)
Randolph Village Fire Department	60,787	62,365	(1,578)
East Randolph Fire Department	36,999	37,218	(219)
Randolph Center Fire Department	44,756	46,916	(2,160)
Recreation	163,360	214,654	(51,294)
Planning and Zoning	33,930	41,674	(7,744)
Listers Office	87,582	86,339	1,243
Clerk and Treasurer	126,066	109,862	16,204
Debt service	572,364	583,042	(10,678)
Appropriations -			
White River Valley Ambulance	281,328	281,328	-
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	-
Vermont Center for Independent Living	800	800	-
Randolph Senior Citizens	12,000	12,000	-
Boys and Girls Club	4,000	4,000	-
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, 2012**

(Page 2 of 2)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Appropriations (continued) -			
Central Vermont Council on Aging	1,200	1,200	-
Vermont Association for the Blind	1,200	1,200	-
Kids Place	2,500	2,500	-
Randolph Chamber of Commerce	2,500	2,500	-
CV Adult Basic Education	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total expenditures	<u>2,089,991</u>	<u>2,207,942</u>	<u>(117,951)</u>
EXCESS OF REVENUE			
OR (EXPENDITURES)	<u>249,925</u>	<u>190,021</u>	<u>(59,904)</u>
OTHER FINANCING SOURCES (USES):			
Insurance reimbursements	-	58,199	58,199
Transfers in	141,075	45,799	(95,276)
Transfers out	<u>(391,000)</u>	<u>(391,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(249,925)</u>	<u>(287,002)</u>	<u>(37,077)</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(96,981)</u>	\$ <u>(96,981)</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
HIGHWAY FUND			
REVENUE:			
Taxes	\$ 1,000,735	\$ 1,000,735	\$ -
Intergovernmental	162,000	191,069	29,069
Interest	1,000	95	(905)
Insurance reimbursements	-	51,591	51,591
Other	<u>116,900</u>	<u>191,618</u>	<u>74,718</u>
Total revenue	<u>1,280,635</u>	<u>1,435,108</u>	<u>154,473</u>
EXPENDITURES:			
Bridges and highways administration	560,961	561,606	(645)
Bridges and highways operating	599,536	785,827	(186,291)
Bridges and highways maintenance	73,213	66,392	6,821
Operating expenses	<u>46,925</u>	<u>69,892</u>	<u>(22,967)</u>
Total expenditures	<u>1,280,635</u>	<u>1,483,717</u>	<u>(203,082)</u>
EXCESS OF REVENUE OR (EXPENDITURES)	-	(48,609)	(48,609)
Transfers in (out), net	<u>-</u>	<u>97,692</u>	<u>97,692</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>49,083</u>	\$ <u>49,083</u>
POLICE FUND			
REVENUE:			
Taxes	\$ 453,717	\$ 453,716	\$ (1)
Intergovernmental	6,374	3,072	(3,302)
Investment income	2,000	80	(1,920)
Other	<u>18,970</u>	<u>9,660</u>	<u>(9,310)</u>
Total revenue	<u>481,061</u>	<u>466,528</u>	<u>(14,533)</u>
EXPENDITURES:			
Police administration	422,461	396,676	25,785
Operating expenses	<u>50,600</u>	<u>47,173</u>	<u>3,427</u>
Total expenditures	<u>473,061</u>	<u>443,849</u>	<u>29,212</u>
EXCESS OF REVENUE OR (EXPENDITURES)	8,000	22,679	14,679
Transfers in (out), net	<u>(8,000)</u>	<u>(2,676)</u>	<u>5,324</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>20,003</u>	\$ <u>20,003</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
LIBRARY FUND			
REVENUE:			
Taxes	\$ 172,527	\$ 172,527	\$ -
Intergovernmental	6,700	6,700	-
Investment income	7,500	176	(7,324)
Other	<u>34,250</u>	<u>39,146</u>	<u>4,896</u>
Total revenue	<u>220,977</u>	<u>218,549</u>	<u>(2,428)</u>
EXPENDITURES:			
Library administration	150,607	153,703	(3,096)
Operating expenses	<u>70,370</u>	<u>67,616</u>	<u>2,754</u>
Total expenditures	<u>220,977</u>	<u>221,319</u>	<u>(342)</u>
EXCESS OF REVENUE OR (EXPENDITURES)	-	(2,770)	(2,770)
Transfers in (out), net	<u>-</u>	<u>439</u>	<u>439</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(2,331)</u>	\$ <u>(2,331)</u>
CEMETERY FUND			
REVENUE:			
Taxes	\$ 82,745	\$ 82,745	\$ -
Other	<u>26,850</u>	<u>22,860</u>	<u>(3,990)</u>
Total revenue	<u>109,595</u>	<u>105,605</u>	<u>(3,990)</u>
EXPENDITURES:			
Cemetery administration	91,245	104,258	(13,013)
Operating expenses	<u>16,350</u>	<u>17,517</u>	<u>(1,167)</u>
Total expenditures	<u>107,595</u>	<u>121,775</u>	<u>(14,180)</u>
EXCESS OF REVENUE OR (EXPENDITURES)	2,000	(16,170)	(18,170)
Transfers in (out), net	<u>(2,000)</u>	<u>6,433</u>	<u>8,433</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(9,737)</u>	\$ <u>(9,737)</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, 2012

	<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	\$ -	\$ 126,126	\$ 94,306	\$ 220,432
Inventory	-	969	4,845	5,814
Due from other funds	<u>1,417,783</u>	<u>67,824</u>	<u>436,371</u>	<u>1,921,978</u>
Total current assets	<u>1,417,783</u>	<u>194,919</u>	<u>535,522</u>	<u>2,148,224</u>
Noncurrent assets -				
Capital assets	286,508	5,578,521	2,218,193	8,083,222
less - accumulated depreciation	<u>(64,960)</u>	<u>(2,247,689)</u>	<u>(957,831)</u>	<u>(3,270,480)</u>
Total noncurrent assets	<u>221,548</u>	<u>3,330,832</u>	<u>1,260,362</u>	<u>4,812,742</u>
Total assets	<u>1,639,331</u>	<u>3,525,751</u>	<u>1,795,884</u>	<u>6,960,966</u>
LIABILITIES:				
Current liabilities -				
Accounts payable	607	3,123	6,415	10,145
Payroll liabilities	-	4,966	4,966	9,932
Current portion of accrued postclosure liability	38,438	-	-	38,438
Current portion of long-term debt	<u>-</u>	<u>174,029</u>	<u>-</u>	<u>174,029</u>
Total current liabilities	<u>39,045</u>	<u>182,118</u>	<u>11,381</u>	<u>232,544</u>
Noncurrent liabilities -				
Accrued postclosure liability	569,413	-	-	569,413
Long-term debt	<u>-</u>	<u>2,311,535</u>	<u>30,091</u>	<u>2,341,626</u>
Total noncurrent liabilities	<u>569,413</u>	<u>2,311,535</u>	<u>30,091</u>	<u>2,911,039</u>
Total liabilities	<u>608,458</u>	<u>2,493,653</u>	<u>41,472</u>	<u>3,143,583</u>
NET ASSETS:				
Invested in capital assets, net of related debt	221,548	845,268	1,230,271	2,297,087
Unrestricted	<u>809,325</u>	<u>186,830</u>	<u>524,141</u>	<u>1,520,296</u>
Total net assets	\$ <u>1,030,873</u>	\$ <u>1,032,098</u>	\$ <u>1,754,412</u>	\$ <u>3,817,383</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, 2012

	<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	\$ -	\$ 457,720	\$ 388,028	\$ 845,748
Insurance reimbursements	-	-	136,072	136,072
Miscellaneous	-	2,477	-	2,477
Total operating revenue	<u>-</u>	<u>460,197</u>	<u>524,100</u>	<u>984,297</u>
OPERATING EXPENSES:				
Postclosure monitoring	24,394	-	-	24,394
Depreciation	2,030	102,769	48,767	153,566
Operations	-	226,021	393,588	619,609
Total operating expenses	<u>26,424</u>	<u>328,790</u>	<u>442,355</u>	<u>797,569</u>
Operating income (loss)	<u>(26,424)</u>	<u>131,407</u>	<u>81,745</u>	<u>186,728</u>
NONOPERATING REVENUE (EXPENSES):				
Intergovernmental	-	21,800	-	21,800
Investment income	61,750	-	261	62,011
Interest expense	-	(47,309)	(95)	(47,404)
Total nonoperating revenue (expenses)	<u>61,750</u>	<u>(25,509)</u>	<u>166</u>	<u>36,407</u>
Net income (loss) before transfers	35,326	105,898	81,911	223,135
Operating transfers out	<u>(100,000)</u>	<u>-</u>	<u>(35,025)</u>	<u>(135,025)</u>
CHANGE IN NET ASSETS	(64,674)	105,898	46,886	88,110
NET ASSETS, July 1, 2011	<u>1,095,547</u>	<u>926,200</u>	<u>1,707,526</u>	<u>3,729,273</u>
NET ASSETS, June 30, 2012	\$ <u>1,030,873</u>	\$ <u>1,032,098</u>	\$ <u>1,754,412</u>	\$ <u>3,817,383</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
WATER FUND			
REVENUE:			
Charges for services	\$ 460,506	\$ 457,720	\$ (2,786)
Intergovernmental	-	21,800	21,800
Other	<u>3,932</u>	<u>2,477</u>	<u>(1,455)</u>
Total revenue	<u>464,438</u>	<u>481,997</u>	<u>17,559</u>
EXPENSES:			
Water administration	149,513	131,545	17,968
Collection and distribution	43,100	60,245	(17,145)
Wells and reservoirs	35,350	34,231	1,119
Depreciation	90,000	102,769	(12,769)
Debt service	<u>47,558</u>	<u>47,309</u>	<u>249</u>
Total expenses	<u>365,521</u>	<u>376,099</u>	<u>(10,578)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	98,917	105,898	6,981
Operating transfers out	<u>(98,917)</u>	<u>-</u>	<u>(98,917)</u>
NET INCOME (LOSS)	\$ <u>-</u>	\$ <u>105,898</u>	\$ <u>105,898</u>
SEWER FUND			
REVENUE:			
Charges for services	\$ 451,549	\$ 388,028	\$ (63,521)
Interest income	3,500	261	(3,239)
Insurance reimbursements	<u>-</u>	<u>136,072</u>	<u>136,072</u>
Total revenue	<u>455,049</u>	<u>524,361</u>	<u>69,312</u>
EXPENSES:			
Administration	90,397	88,823	1,574
Treatment and disposal	204,851	300,515	(95,664)
Collection system	1,350	4,250	(2,900)
Depreciation	50,000	48,767	1,233
Debt service	<u>95</u>	<u>95</u>	<u>-</u>
Total expenses	<u>346,693</u>	<u>442,450</u>	<u>(95,757)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	108,356	81,911	(26,445)
Operating transfers out	<u>(108,356)</u>	<u>(35,025)</u>	<u>73,331</u>
NET INCOME (LOSS)	\$ <u>-</u>	\$ <u>46,886</u>	\$ <u>46,886</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, 2012

(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	\$ -	\$ 444,995	\$ 526,234	\$ 971,229
Cash payments for goods and services	<u>(63,007)</u>	<u>(426,038)</u>	<u>(400,526)</u>	<u>(889,571)</u>
Net cash provided (used) by operating activities	<u>(63,007)</u>	<u>18,957</u>	<u>125,708</u>	<u>81,658</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from grants	-	21,800	-	21,800
Proceeds from long-term debt	-	492,435	30,091	522,526
Principal paid on bonds payable	-	(165,344)	(4,250)	(169,594)
Interest paid on bonds payable	-	(47,309)	(95)	(47,404)
Additions to capital assets	<u>-</u>	<u>(136,445)</u>	<u>(42,842)</u>	<u>(179,287)</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>165,137</u>	<u>(17,096)</u>	<u>148,041</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Increase (decrease) in amounts due to/from other funds	101,257	(184,094)	(73,848)	(156,685)
Transfers to other funds	<u>(100,000)</u>	<u>-</u>	<u>(35,025)</u>	<u>(135,025)</u>
Net cash provided (used) by noncapital financing activities	<u>1,257</u>	<u>(184,094)</u>	<u>(108,873)</u>	<u>(291,710)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	<u>61,750</u>	<u>-</u>	<u>261</u>	<u>62,011</u>
Net cash provided (used) by investing activities	<u>61,750</u>	<u>-</u>	<u>261</u>	<u>62,011</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS, July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, June 30, 2012	\$ <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, 2012

(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)	\$ (26,424)	\$ 131,407	\$ 81,745	\$ 186,728
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation	2,030	102,769	48,767	153,566
Change in the following assets/liabilities:				
Accounts receivable	-	(15,202)	2,134	(13,068)
Inventory	-	(178)	1,269	1,091
Accounts payable	17	(199,834)	(8,202)	(208,019)
Accrued expenses	-	(5)	(5)	(10)
Postclosure care liability	<u>(38,630)</u>	<u>-</u>	<u>-</u>	<u>(38,630)</u>
Net cash provided (used) by operating activities	\$ <u>(63,007)</u>	\$ <u>18,957</u>	\$ <u>125,708</u>	\$ <u>81,658</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2012

	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	\$ 32,308	\$ -	\$ 1,729	\$ 29,082	\$ 1,393	\$ 64,512
Investments	650,688	-	-	235,992	-	886,680
Due from other funds	<u>-</u>	<u>85,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,026</u>
Total assets	<u>682,996</u>	<u>85,026</u>	<u>1,729</u>	<u>265,074</u>	<u>1,393</u>	<u>1,036,218</u>
LIABILITIES:						
Due to other funds	<u>3,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>3,440</u>
Total liabilities	<u>3,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>3,440</u>
NET ASSETS:						
Restricted	<u>679,676</u>	<u>85,026</u>	<u>1,729</u>	<u>265,074</u>	<u>1,273</u>	<u>1,032,778</u>
Total net assets	\$ <u>679,676</u>	\$ <u>85,026</u>	\$ <u>1,729</u>	\$ <u>265,074</u>	\$ <u>1,273</u>	\$ <u>1,032,778</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, 2012

	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	\$ 13,431	\$ 4,018	\$ 2	\$ 3,956	\$ 1	\$ 21,408
Donations	-	-	-	52,031	2,763	54,794
Miscellaneous	<u>4,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,650</u>
Total additions	<u>18,081</u>	<u>4,018</u>	<u>2</u>	<u>55,987</u>	<u>2,764</u>	<u>80,852</u>
DEDUCTIONS:						
Loss on investments	-	-	-	6,920	-	6,920
Miscellaneous	217	3,981	-	26,253	1,492	31,943
Transfers, net	<u>8,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,872</u>
Total deductions	<u>9,089</u>	<u>3,981</u>	<u>-</u>	<u>33,173</u>	<u>1,492</u>	<u>47,735</u>
CHANGE IN NET ASSETS	8,992	37	2	22,814	1,272	33,117
NET ASSETS, July 1, 2011	<u>670,684</u>	<u>84,989</u>	<u>1,727</u>	<u>242,260</u>	<u>1</u>	<u>999,661</u>
NET ASSETS, June 30, 2012	\$ <u>679,676</u>	\$ <u>85,026</u>	\$ <u>1,729</u>	\$ <u>265,074</u>	\$ <u>1,273</u>	\$ <u>1,032,778</u>

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

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

- 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, 2012

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, 2012

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, 2012

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, 2012

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, 2012, \$9,279 of the Town's bank balance of \$1,341,621 was uninsured and uncollateralized.

Investments - The classification and fair value of investments held at June 30, 2012 are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment</u>	<u>Fair Value</u>
Certificates of deposit	\$ 407,931	Mutual funds:	
Money market and accrued interest	260,411	Worldwide allocation	123,858
U.S. Government obligations and agencies	426,739	Bond funds	411,594
Corporate bonds	43,338	Balanced funds	1,311,830
International bonds	44,848	Equity funds	<u>98,978</u>
Corporate stock	<u>84,235</u>		<u>1,946,260</u>
	<u>1,267,502</u>		\$ <u>3,213,762</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, 2012 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	\$ 426,739	\$ 149,476	\$ 208,496	\$ 68,767	\$ -
Corporate bonds	43,338	-	-	-	43,338
International bonds	<u>44,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,848</u>
	\$ <u>514,925</u>	\$ <u>149,476</u>	\$ <u>208,496</u>	\$ <u>68,767</u>	\$ <u>88,186</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 Moody's at year end was as follows:

<u>Bond Rating</u>	<u>Fair Value</u>
AA2	\$ 44,848
A2/AA-	<u>43,338</u>
	\$ <u>88,186</u>

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012, \$44,848 of the Town's total investments of \$3,213,762 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>506,250</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, 2012 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities -		
General Fund	\$ -	\$ 2,875,794
Highway Fund	146,855	-
Police Fund	97,464	-
Capital Construction Fund	239,786	-
Other Governmental Funds	<u>787,664</u>	<u>399,539</u>
	<u>1,271,769</u>	<u>3,275,333</u>
Business-type activities -		
Landfill Fund	1,417,783	-
Water Fund	67,824	-
Sewer Fund	<u>436,371</u>	<u>-</u>
	<u>1,921,978</u>	<u>-</u>
Fiduciary Funds	<u>85,026</u>	<u>3,440</u>
	<u>\$ 3,278,773</u>	<u>\$ 3,278,773</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 45,799	\$ 391,000
Highway Fund	97,692	-
Police Fund	11,324	14,000
Capital Construction Fund	460,000	-
Other Governmental Funds	<u>55,872</u>	<u>121,790</u>
	<u>670,687</u>	<u>526,790</u>
Business-type activities -		
Landfill Fund	-	100,000
Sewer Fund	<u>6,050</u>	<u>41,075</u>
	<u>6,050</u>	<u>141,075</u>
Fiduciary Funds	<u>-</u>	<u>8,872</u>
	<u>\$ 676,737</u>	<u>\$ 676,737</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 and the Police Fund to the Capital Construction Fund and Other Governmental Funds, specifically the Reappraisal Fund, Police Equipment 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 FEMA fund to the General, Highway, Police and Sewer Funds were to transfer reimbursements related to storm damage expenditures incurred in those funds.

6. Capital leases:

During the year, the Town had a lease agreement as lessee for financing the acquisition of a vehicle. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, the cost and depreciation of the asset is 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 obligation and the net present value of the minimum lease payments as of June 30, 2012 are as follows:

Year ending June 30,		
2013	\$ 5,113	
2014	<u>5,113</u>	
		10,226
Less: amount representing interest		<u>(931)</u>
Present value of minimum lease payments	\$	<u>9,295</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. Capital assets:

Changes in capital assets consisted of the following:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 654,155	\$ -	\$ -	\$ 654,155
Construction in progress	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total capital assets, not depreciated	<u>854,155</u>	<u>-</u>	<u>200,000</u>	<u>654,155</u>
Capital assets, depreciated:				
Buildings	3,276,768	-	-	3,276,768
General and fire equipment	741,494	403,233	-	1,144,727
Police department equipment	82,445	-	-	82,445
Highway department equipment	1,797,965	-	-	1,797,965
Infrastructure	<u>3,733,139</u>	<u>-</u>	<u>-</u>	<u>3,733,139</u>
Total capital assets, depreciated	<u>9,631,811</u>	<u>403,233</u>	<u>-</u>	<u>10,035,044</u>
Less accumulated depreciation for:				
Buildings	846,852	69,028	-	915,880
General and fire equipment	400,885	42,535	-	443,420
Police department equipment	27,899	11,585	-	39,484
Highway department equipment	1,125,512	92,290	-	1,217,802
Infrastructure	<u>481,667</u>	<u>86,824</u>	<u>-</u>	<u>568,491</u>
Total accumulated depreciation	<u>2,882,815</u>	<u>302,262</u>	<u>-</u>	<u>3,185,077</u>
Total capital assets depreciated, net	<u>6,748,996</u>	<u>100,971</u>	<u>-</u>	<u>6,849,967</u>
Capital assets, net	\$ <u>7,603,151</u>	\$ <u>100,971</u>	\$ <u>200,000</u>	\$ <u>7,504,122</u>

Depreciation expense in the governmental activities totaling \$302,262 was allocated to the following functions: General government and fire \$111,563; Police \$11,585; Highway \$179,114.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. Capital assets (continued):

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2012</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	\$ 518,689	\$ -	\$ -	\$ 518,689
Construction in progress	<u>1,084,395</u>	<u>179,287</u>	<u>1,220,840</u>	<u>42,842</u>
Total capital assets, not depreciated	<u>1,603,084</u>	<u>179,287</u>	<u>1,220,840</u>	<u>561,531</u>
Capital assets, depreciated:				
Water	4,074,600	1,220,840	-	5,295,440
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>1,220,840</u>	<u>-</u>	<u>7,521,691</u>
Less accumulated depreciation for:				
Water	2,144,920	102,769	-	2,247,689
Sewer	909,064	48,767	-	957,831
Landfill	<u>62,930</u>	<u>2,030</u>	<u>-</u>	<u>64,960</u>
Total accumulated depreciation	<u>3,116,914</u>	<u>153,566</u>	<u>-</u>	<u>3,270,480</u>
Total capital assets depreciated, net	<u>3,183,937</u>	<u>1,067,274</u>	<u>-</u>	<u>4,251,211</u>
Capital assets, net	\$ <u>4,787,021</u>	\$ <u>1,246,561</u>	\$ <u>1,220,840</u>	\$ <u>4,812,742</u>

Depreciation expense in the business-type activities totaling \$153,566 was allocated to the following functions: Water \$102,769; Sewer \$48,767; Landfill \$2,030.

8. Debt:

Short-term - On August 1, 2011 the Town obtained an \$837,937 tax anticipation note with interest at 1.48% from Randolph National Bank. Principal and interest of \$10,839 were paid in full by June 30, 2012.

During the year, the Town obtained a \$1,000,000 line of credit with interest at 1.0% from Mascoma Savings Bank. During the year, the Town did not borrow against this line of credit. The line of credit matures on December 31, 2012.

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

8. Debt (continued):

Long-term - The Town is indebted at June 30, 2012 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.	\$ 370,000
Bond payable, Vermont Municipal Bond Bank - 2003 Series 2, various interest rates, currently at 3.57%. Annual principal payment ranging from \$93,450 to \$97,900. Matures December 2013.	186,900
Bond payable, Vermont Municipal Bond Bank - 2005 Series 1, various interest rates, currently at 3.81%. Annual principal payment ranging from \$80,000 to \$85,000. Matures December 2025.	1,140,000
Bond payable, Vermont Municipal Bond Bank - 2007 Series 1, various interest rates, currently at 4.135%. Annual principal payment of \$25,000. Matures December 2027.	400,000
Bond payable, Vermont Municipal Bond Bank - 2009 Series 1, various interest rates, currently at 1.801%. Annual principal payment ranging from \$35,000 to \$40,000. Matures November 2029.	670,000
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.	505,265
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-091, interest at 2%. Annual payments of \$82,133, due May 2026.	994,328
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.	3,223
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.	52,171
Note payable, Mascoma Savings Bank - grader, interest at 3.12%. Annual payment of ranging from \$15,600 to \$16,087. Matures September 2014.	<u>46,800</u>
Total governmental activities	\$ <u>4,368,687</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

8. Debt (continued):

Business-type activities -

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.	\$ 540,000
Bond payable, Vermont Municipal Bond Bank - 2003 Series 2, various interest rates, currently at 3.57%. Annual principal payment ranging from \$11,550 to \$12,100. Matures December 2013.	23,100
Bond payable, State of Vermont Special Environmental Revolving Fund - RF3-018, interest at -3%. Annual payment of \$6,441. Matures October 2029.	156,795
Bond payable, State of Vermont Special Environmental Revolving Fund - RF3-056, interest at -3%. Annual payment of \$15,551. Matures February 2035.	526,094
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 \$23,810 beginning June 2014. Matures June 2043.	1,185,539
Bond payable, State of Vermont Pollution Control Revolving Fund - RF1-140, interest at 0%. Annual payment of \$6,018 beginning September 2015. Matures September 2019.	<u>30,091</u>
Total business-type activities	<u>\$ 2,515,655</u>

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities -					
Bonds payable:					
1995 Series 1 (December 2025)	\$ 385,000	\$ -	\$ 15,000	\$ 370,000	\$ 15,000
2001 Series 1 (December 2011)	80,750	-	80,750	-	-
2003 Series 2 (December 2013)	280,350	-	93,450	186,900	93,450
2005 Series 1 (December 2025)	1,225,000	-	85,000	1,140,000	85,000
2007 Series 1 (December 2027)	425,000	-	25,000	400,000	25,000
2009 Series 1 (November 2029)	710,000	-	40,000	670,000	40,000
RF1-013 (December 2018)	550,265	-	45,000	505,265	45,000
RF1-091 (May 2026)	1,055,354	-	61,026	994,328	62,247
Notes payable:					
GMAC, fire department building	4,189	-	966	3,223	994
RNB, parking lot improvements	63,534	-	11,363	52,171	11,922
Citizens Bank, roadside mower	6,050	-	6,050	-	-
MSB, truck	27,366	-	27,366	-	-
MSB, grader	62,400	-	15,600	46,800	15,600
Total governmental activities	<u>\$ 4,875,258</u>	<u>\$ -</u>	<u>\$ 506,571</u>	<u>\$ 4,368,687</u>	<u>\$ 394,213</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

8. Debt (continued):

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities -					
Bonds payable:					
2001 Series 1 (December 2011)	\$ 4,250	\$ -	\$ 4,250	\$ -	\$ -
2003 Series 1 (December 2015)	650,000	-	110,000	540,000	120,000
2003 Series 2 (December 2013)	34,650	-	11,550	23,100	11,550
RF3-018 (October 2029)	168,285	-	11,490	156,795	11,145
RF3-056 (February 2035)	558,398	-	32,304	526,094	31,334
WPL-142 (April 2018)	54,036	-	-	54,036	-
RF3-241 (June 2042)	693,104	492,435	-	1,185,539	-
RF1-140 (September 2019)	-	30,091	-	30,091	-
	<u>-</u>	<u>30,091</u>	<u>-</u>	<u>30,091</u>	<u>-</u>
Total business-type activities	\$ <u>2,162,723</u>	\$ <u>522,526</u>	\$ <u>169,594</u>	\$ <u>2,515,655</u>	\$ <u>174,029</u>

The estimated annual requirements to amortize all bonds and notes outstanding as of June 30, 2012, 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>
2013	\$ 394,213	\$ 139,928	\$ 174,029	\$ 17,476
2014	401,105	128,007	254,012	(26,956)
2015	309,693	117,283	249,444	(34,652)
2016	294,862	107,979	262,536	(43,001)
2017	278,156	95,093	109,696	(46,209)
2018-2022	1,487,916	351,961	443,868	(190,910)
2023-2027	1,072,742	128,625	360,065	(131,049)
2028-2032	130,000	8,349	296,510	(80,377)
2033-2037	-	-	206,345	(40,639)
2038-2042	-	-	134,603	(15,550)
2043-2047	-	-	24,547	(736)
	<u>-</u>	<u>-</u>	<u>24,547</u>	<u>(736)</u>
	\$ <u>4,368,687</u>	\$ <u>1,077,225</u>	\$ <u>2,515,655</u>	\$ <u>(592,603)</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 FY11, 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.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 \$607,851 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, 2012. 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 6.4% (Group F) of their annual covered salary and the Town contributes the balance of an actuarially determined rate. The current rate is 9.87% 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, 2012, June 30, 2011, and June 30, 2010 were \$77,739, \$64,344, and \$42,603 respectively, which were equal to the required contributions for each year. The members also contributed \$79,417. 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%.

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 31st and March 30th.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

12. Fund balances of the Capital Construction Fund:

The Capital Construction Fund has committed fund balances at June 30, 2012 as follows:

Highway paving	\$ 52,810
Highway equipment	23,373
Water improvement	26,256
Sewer improvement	17,942
Building repair	106,860
Municipal Building	<u>2,562</u>
	\$ <u>229,803</u>

The Capital Construction Fund has an assigned fund balance of \$9,983 at June 30, 2012. 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 \$4,839 at year end. Management plans to eliminate this deficit with future transfers from the Police Fund. The Grants Fund has a deficit of \$1,229 at year end. Management plans to eliminate this deficit through future grant revenues and local share contributions from the General Fund. The FEMA Irene Fund has a deficit of \$8,294 at year end. Management plans to eliminate this deficit through future grant revenues.

TOWN OF RANDOLPH, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2012

Schedule 1
Page 1 of 2

	<u>Debt Service Fund</u>	<u>Library Fund</u>	<u>Cemetery Fund</u>	<u>Cemetery Reserve Fund</u>	<u>Grants Fund</u>	<u>Conservation Commission Fund</u>	<u>Recreation Reserve Fund</u>	<u>Playground Reserve Fund</u>	<u>Ice Rink Reserve Fund</u>	<u>Town Clerk Reserve Fund</u>
<u>ASSETS</u>										
Due from other funds	\$ 388,476	\$ 9,478	\$ 11,641	\$ 10,927	\$ -	\$ 18,015	\$ 2,237	\$ 30,518	\$ 236	\$ 29,700
Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 388,476</u>	<u>\$ 9,478</u>	<u>\$ 11,641</u>	<u>\$ 10,927</u>	<u>\$ 26,540</u>	<u>\$ 18,015</u>	<u>\$ 2,237</u>	<u>\$ 30,518</u>	<u>\$ 236</u>	<u>\$ 29,700</u>
 <u>LIABILITIES AND FUND EQUITY</u>										
LIABILITIES:										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 9,984	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	3,957	-	-	16,229	-	-	-	-	-
Accrued expenses	-	4,180	286	-	-	-	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>8,137</u>	<u>286</u>	<u>-</u>	<u>27,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES:										
Restricted	-	-	-	-	-	-	2,237	30,518	236	-
Committed	388,476	1,341	11,355	10,927	-	18,015	-	-	-	29,700
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,229)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>388,476</u>	<u>1,341</u>	<u>11,355</u>	<u>10,927</u>	<u>(1,229)</u>	<u>18,015</u>	<u>2,237</u>	<u>30,518</u>	<u>236</u>	<u>29,700</u>
Total liabilities and fund equity	<u>\$ 388,476</u>	<u>\$ 9,478</u>	<u>\$ 11,641</u>	<u>\$ 10,927</u>	<u>\$ 26,540</u>	<u>\$ 18,015</u>	<u>\$ 2,237</u>	<u>\$ 30,518</u>	<u>\$ 236</u>	<u>\$ 29,700</u>

TOWN OF RANDOLPH, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2012

Schedule 1
Page 2 of 2

	<u>Reappraisal Reserve Fund</u>	<u>Lister Reserve Fund</u>	<u>General Capital Construction Fund</u>	<u>Sewer Capital Improvement Fund</u>	<u>Water Capital Improvement Fund</u>	<u>Fire Air Packs Reserve Fund</u>	<u>Police Equipment Fund</u>	<u>FEMA Irene Fund</u>	<u>Totals</u>
<u>ASSETS</u>									
Due from other funds	\$ 133,046	\$ 1,776	\$ 23,307	\$ 35,394	\$ 92,042	\$ 871	\$ -	\$ -	\$ 787,664
Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,255</u>	<u>986</u>	<u>-</u>	<u>-</u>	<u>378,988</u>	<u>408,769</u>
Total assets	<u>\$ 133,046</u>	<u>\$ 1,776</u>	<u>\$ 23,307</u>	<u>\$ 37,649</u>	<u>\$ 93,028</u>	<u>\$ 871</u>	<u>\$ -</u>	<u>\$ 378,988</u>	<u>\$ 1,196,433</u>
<u>LIABILITIES AND FUND EQUITY</u>									
LIABILITIES:									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,839	\$ 384,716	\$ 399,539
Accounts payable	-	-	-	-	-	-	-	2,566	22,752
Accrued expenses	-	-	-	-	-	-	-	-	4,466
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,556</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,839</u>	<u>387,282</u>	<u>428,313</u>
FUND BALANCES:									
Restricted	133,046	1,776	-	-	-	-	-	-	167,813
Committed	-	-	23,307	37,649	93,028	-	-	-	613,798
Assigned	-	-	-	-	-	871	-	-	871
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,839)</u>	<u>(8,294)</u>	<u>(14,362)</u>
Total fund balances	<u>133,046</u>	<u>1,776</u>	<u>23,307</u>	<u>37,649</u>	<u>93,028</u>	<u>871</u>	<u>(4,839)</u>	<u>(8,294)</u>	<u>768,120</u>
Total liabilities and fund equity	<u>\$ 133,046</u>	<u>\$ 1,776</u>	<u>\$ 23,307</u>	<u>\$ 37,649</u>	<u>\$ 93,028</u>	<u>\$ 871</u>	<u>\$ -</u>	<u>\$ 378,988</u>	<u>\$ 1,196,433</u>

TOWN OF RANDOLPH, VERMONT
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 2
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 Rink Reserve Fund	Town Clerk Reserve Fund
REVENUE:										
Property taxes	\$ -	\$ 172,527	\$ 82,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	6,700	-	-	554,110	-	-	-	-	-
Investment income	24,627	176	-	-	-	27	2	691	-	28
Other	-	39,146	22,860	-	-	-	-	-	-	11,413
Total revenue	<u>24,627</u>	<u>218,549</u>	<u>105,605</u>	<u>-</u>	<u>554,110</u>	<u>27</u>	<u>2</u>	<u>691</u>	<u>-</u>	<u>11,441</u>
EXPENDITURES:										
Community development	-	-	-	-	465,895	-	-	-	-	-
Public safety	-	-	-	-	88,824	-	-	-	-	-
General government	-	221,319	121,775	-	-	5,000	-	-	-	3,239
Debt service - capital leases	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>221,319</u>	<u>121,775</u>	<u>-</u>	<u>554,719</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,239</u>
EXCESS OF REVENUE OR (EXPENDITURES)	<u>24,627</u>	<u>(2,770)</u>	<u>(16,170)</u>	<u>-</u>	<u>(609)</u>	<u>(4,973)</u>	<u>2</u>	<u>691</u>	<u>-</u>	<u>8,202</u>
OTHER FINANCING SOURCES (USES):										
Operating transfers in (out), net	-	439	6,433	2,000	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>439</u>	<u>6,433</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	24,627	(2,331)	(9,737)	2,000	(609)	(4,973)	2	691	-	8,202
FUND BALANCES (DEFICIT), July 1, 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>	<u>21,498</u>
FUND BALANCES (DEFICIT), June 30, 2012	\$ <u>388,476</u>	\$ <u>1,341</u>	\$ <u>11,355</u>	\$ <u>10,927</u>	\$ <u>(1,229)</u>	\$ <u>18,015</u>	\$ <u>2,237</u>	\$ <u>30,518</u>	\$ <u>236</u>	\$ <u>29,700</u>

TOWN OF RANDOLPH, VERMONT
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 2
Page 2 of 2

	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 Irene Fund	Totals
REVENUE:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,272
Intergovernmental	-	-	-	-	-	-	-	580,185	1,140,995
Investment income	155	2	30	-	-	1	-	-	25,739
Other	<u>-</u>	<u>404</u>	<u>-</u>	<u>17,352</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,200</u>
Total revenue	<u>155</u>	<u>406</u>	<u>30</u>	<u>17,352</u>	<u>25</u>	<u>1</u>	<u>-</u>	<u>580,185</u>	<u>1,513,206</u>
EXPENDITURES:									
Community development	-	-	-	-	-	-	-	-	465,895
Public safety	-	-	-	-	-	17,219	-	-	106,043
General government	-	-	-	-	-	-	-	468,689	820,022
Debt service - capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,113</u>	<u>-</u>	<u>5,113</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,219</u>	<u>5,113</u>	<u>468,689</u>	<u>1,397,073</u>
EXCESS OF REVENUE OR (EXPENDITURES)	<u>155</u>	<u>406</u>	<u>30</u>	<u>17,352</u>	<u>25</u>	<u>(17,218)</u>	<u>(5,113)</u>	<u>111,496</u>	<u>116,133</u>
OTHER FINANCING SOURCES (USES):									
Operating transfers in (out), net	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>14,000</u>	<u>(119,790)</u>	<u>(65,918)</u>
Total other financing sources (uses)	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>14,000</u>	<u>(119,790)</u>	<u>(65,918)</u>
NET CHANGE IN FUND BALANCES	14,155	406	30	17,352	25	(218)	8,887	(8,294)	50,215
FUND BALANCES (DEFICIT), July 1, 2011	<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>
FUND BALANCES (DEFICIT), June 30, 2012	\$ <u>133,046</u>	\$ <u>1,776</u>	\$ <u>23,307</u>	\$ <u>37,649</u>	\$ <u>93,028</u>	\$ <u>871</u>	\$ <u>(4,839)</u>	\$ <u>(8,294)</u>	\$ <u>768,120</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, 2012, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 3, 2013. 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 material weaknesses.

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 deficiencies described in the accompanying schedule of findings and responses as items 12-1 and 12-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter, item 12-3, which is not considered a material weakness or a significant deficiency.

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit management's responses and, accordingly, we express no opinion on them.

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
January 3, 2013

TOWN OF RANDOLPH, VERMONT
SCHEDULE OF FINDINGS
AS OF JUNE 30, 2012

12-1 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 2013 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.

12-2 Balance sheet account reconciliations

The balance sheet accounts are used to record and report the value of assets, liabilities and equity (net assets or fund balance) for each fund and for the government-wide summary of the Town. Each balance sheet account should be reconciled regularly to ensure reports of the Town's financial position and activity are complete and accurate. Each balance sheet account should have appropriate supporting documentation. This process was not completed prior to the 2012 audit for many balance sheet accounts such as cash, property tax clearing account, deferred property taxes, and accounts payable in the General Fund, unbilled water and sewer fees in the Water and Sewer Funds, and accounts receivable, accounts payable and deferred revenue in the Grants Fund. As reconciliations were completed, many adjustments were required to correct year end balances and record activity.

The General Fund cash account was partially reconciled with the software module, but was not reconciled to the recorded general ledger balance. This resulted in the General Fund cash account being misstated by approximately \$500,000 during the entire fiscal year. Accounts receivable and accounts payable were also not reconciled and had not been adjusted for prior year accruals. Year end deferred property taxes and unbilled water and sewer fees had not been properly recorded.

We recommend that active balance sheet accounts such as cash, accounts receivable and accounts payable be reconciled on a monthly basis and that other balance sheet accounts such as deferred property taxes and unbilled utility fees be reconciled promptly at year end.

Management's response - Management ensures that balance sheet accounts will be reconciled to the general ledger on a monthly basis.

12-3 Landfill postclosure care liability estimate

Actual annual postclosure care costs have significantly exceeded management's estimated annual liability in the past two fiscal years. We recommend that management evaluate the amount that has been recorded as a future postclosure care liability and determine if this estimate should be increased.

Management's response - Management will evaluate the amount that has been recorded as a postclosure care liability and will adjust as necessary.