

TOWN OF RANDOLPH, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2013
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF RANDOLPH, VERMONT

JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Randolph, Vermont

Reports on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the

General, Highway, Police, Library, Cemetery, Water and Sewer Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Required Supplementary Information

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.

Supplementary Information

Our audit was conducted 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.

The accompanying schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules 1 and 2 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2014 on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on 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* in considering the Town's internal control over financial reporting and compliance.

Montpelier, Vermont
February 12, 2014

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

**TOWN OF RANDOLPH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013. Readers should consider this information in conjunction with the financial statements which are located after this analysis. This discussion and analysis provides comparisons between FY 2013 and FY 2012.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Town's assets exceeded its liabilities at June 30, 2013 by \$9,465,802 compared to \$8,462,817 at June 30, 2012. This represents an increase of \$1,002,985 or 11.9%. The change in net position for fiscal year 2013 was \$1,002,985 compared to \$485,484 for fiscal year 2012. This represents an increase of \$517,501.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,532,069, an increase of \$220,244 in comparison with a decrease of \$41,009 for the prior year. Of the total fund balance, \$1,383,936 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. \$121,838 is unassigned and \$26,295 is nonspendable.

Long-term Debt

The Town's total debt decreased \$394,223 or 5.7% during the fiscal year and had a total ending balance of \$6,490,119.

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 2013 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 Position** - This statement presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 assets exceeded its liabilities by \$9,465,802 at year end. Net position increased by \$1,002,985 or 11.9% over the previous fiscal year.

Net Position as of June 30, 2012 and 2013

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Current Assets	\$ 2,412,528	\$ 3,235,071	\$ 2,148,224	\$ 2,153,317	\$ 4,560,752	\$ 5,388,388
Capital Assets	<u>7,504,122</u>	<u>7,875,169</u>	<u>4,812,742</u>	<u>4,893,630</u>	<u>12,316,864</u>	<u>12,768,799</u>
Total Assets	<u>9,916,650</u>	<u>11,110,240</u>	<u>6,960,966</u>	<u>7,046,947</u>	<u>16,877,616</u>	<u>18,157,187</u>
Current Liabilities	1,292,560	1,936,433	232,544	390,007	1,525,104	2,326,440
Noncurrent Liabilities	<u>3,978,656</u>	<u>3,573,358</u>	<u>2,911,039</u>	<u>2,791,587</u>	<u>6,889,695</u>	<u>6,364,945</u>
Total Liabilities	<u>5,271,216</u>	<u>5,509,791</u>	<u>3,143,583</u>	<u>3,181,594</u>	<u>8,414,799</u>	<u>8,691,385</u>
Net Position:						
Net Investment in						
Capital Assets	3,126,140	3,894,916	2,297,087	2,378,968	5,423,227	6,273,884
Restricted	1,211,061	1,351,908	-	-	1,211,061	1,351,908
Unrestricted	<u>308,233</u>	<u>353,625</u>	<u>1,520,296</u>	<u>1,486,385</u>	<u>1,828,529</u>	<u>1,840,010</u>
Total Net Position	<u>\$ 4,645,434</u>	<u>\$ 5,600,449</u>	<u>\$ 3,817,383</u>	<u>\$ 3,865,353</u>	<u>\$ 8,462,817</u>	<u>\$ 9,465,802</u>

The larger portion of the Town's net position (66.3%) 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 position represents restricted (14.3%) and unrestricted (19.4%) net position.

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

Changes in Net Position for the Fiscal Years Ended June 30, 2012 and 2013

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 276,482	\$ 277,536	\$ 845,748	\$ 837,521	\$ 1,122,230	\$ 1,115,057
Grants and Contributions	1,955,967	1,332,287	21,800	20,487	1,977,767	1,352,774
Other	<u>336,860</u>	<u>153,484</u>	<u>138,549</u>	<u>20,922</u>	<u>475,409</u>	<u>174,406</u>
	<u>2,569,309</u>	<u>1,763,307</u>	<u>1,006,097</u>	<u>878,930</u>	<u>3,575,406</u>	<u>2,642,237</u>
General Revenues:						
Property Taxes	3,269,131	3,625,548	-	-	3,269,131	3,625,548
Interest Income	64,254	57,802	62,011	95,977	126,265	153,779
Transfers in (out)	<u>143,897</u>	<u>151,257</u>	<u>(135,025)</u>	<u>(141,070)</u>	<u>8,872</u>	<u>10,187</u>
	<u>3,477,282</u>	<u>3,834,607</u>	<u>(73,014)</u>	<u>(45,093)</u>	<u>3,404,268</u>	<u>3,789,514</u>
Total Revenues	<u>6,046,591</u>	<u>5,597,914</u>	<u>933,083</u>	<u>833,837</u>	<u>6,979,674</u>	<u>6,431,751</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Expenses:						
General Government	2,573,632	1,872,268	-	-	2,573,632	1,872,268
Public Safety	1,029,178	1,051,058	-	-	1,029,178	1,051,058
Highway	1,880,497	1,579,214	-	-	1,880,497	1,579,214
Interest	165,910	140,359	47,404	37,963	213,314	178,322
Water	-	-	328,790	344,094	328,790	344,094
Sewer	-	-	442,355	396,153	442,355	396,153
Landfill	-	-	26,424	7,657	26,424	7,657
Total Expenses	<u>5,649,217</u>	<u>4,642,899</u>	<u>844,973</u>	<u>785,867</u>	<u>6,494,190</u>	<u>5,428,766</u>
Increase (Decrease) in Net Position	397,374	955,015	88,110	47,970	485,484	1,002,985
Beginning Net Position, July 1	<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>
Ending Net Position, June 30	<u>\$ 4,645,434</u>	<u>\$ 5,600,449</u>	<u>\$ 3,817,383</u>	<u>\$ 3,865,353</u>	<u>\$ 8,462,817</u>	<u>\$ 9,465,802</u>

Total governmental activities expenses were \$5,649,217 and \$4,642,899 in fiscal years 2012 and 2013, respectively. The expenses do not include capital outlay, which is reflected as capital asset additions 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 \$2,569,309 in 2012 and \$1,763,307 in 2013. Governmental activities 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 \$3,477,282 in fiscal 2012 and \$3,834,607 in fiscal 2013. Approximately 94% of the Town's total general revenue from governmental activities came from property taxes in fiscal 2012 in comparison to 94.5% in 2013.

Fund Financial Statements

- **Governmental Funds** - The combined fund balance of the governmental funds was \$1,311,825 at June 30, 2012 and \$1,532,069 at June 30, 2013. \$1,410,231 of the FY 2013 fund balance is nonspendable, restricted, committed or assigned. The fund balance for the General Fund increased from \$104,272 in FY 2012 to \$153,319 in FY 2013.

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 information found in the government-wide financial statements. Total net position of the Town's proprietary funds at June 30, 2013 was \$3,865,353, an increase of \$47,970 or 1.3% over the previous fiscal year.

Revenue and expenses 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 position of the Town's fiduciary funds was \$1,077,294, an increase of \$44,516 over the previous fiscal year.

Capital Assets

The following is a schedule of capital assets as of June 30, 2012 and 2013.

Capital Assets June 30, 2012 and 2013

	<u>2012</u>	<u>2013</u>
Governmental Activities -		
Land	\$ 654,155	\$ 654,155
Construction in Progress	-	39,902
Buildings	3,276,768	3,276,768
Infrastructure (Roads and Bridges)	3,733,139	4,100,269
Equipment	<u>3,025,137</u>	<u>3,143,374</u>
Total Capital Assets	10,689,199	11,214,468
Less Accumulated Depreciation	<u>3,185,077</u>	<u>3,339,299</u>
Capital Assets, Net	<u>\$ 7,504,122</u>	<u>\$ 7,875,169</u>
Business-type Activities -		
Land	\$ 518,689	\$ 518,689
Construction in Progress	42,842	256,247
Water	5,295,440	5,300,506
Sewer	2,124,751	2,135,823
Landfill	<u>101,500</u>	<u>101,500</u>
Total Capital Assets	8,083,222	8,312,765
Less Accumulated Depreciation	<u>3,270,480</u>	<u>3,419,135</u>
Capital Assets, Net	<u>\$ 4,812,742</u>	<u>\$ 4,893,630</u>

The Town has a net investment in capital assets of \$12,316,864 and \$12,768,799 on June 30, 2012 and June 30, 2013, respectively. The net increase (including additions and deductions) between the two periods amounted to \$451,935.

Debt

At the end of the fiscal year, the Town had \$3,975,457 in long-term debt outstanding in governmental activities compared to \$4,368,687 in the prior year, an approximate decrease of 9%. For the business-type activities, long-term debt decreased from \$2,515,655 to \$2,514,662. Total long-term debt for the Town decreased by \$394,223. A list of long-term debt outstanding follows:

Long-term Debt at June 30, 2012 and 2013

	<u>2012</u>	<u>2013</u>
Governmental Activities -		
1995 Series 1	\$ 370,000	\$ 355,000
2003 Series 2	186,900	93,450
2005 Series 1	1,140,000	1,055,000
2007 Series 1	400,000	375,000
2009 Series 1	670,000	630,000
RF1-013	505,265	460,265
RF1-091	994,328	932,081
GMAC, fire department building	3,223	3,223
RNB, parking lot	52,171	40,238
MSB, grader	<u>46,800</u>	<u>31,200</u>
Total Long-term Debt	<u>\$ 4,368,687</u>	<u>\$ 3,975,457</u>
Business-type Activities -		
2003 series 1	\$ 540,000	\$ 420,000
2003 series 2	23,100	11,550
RF3-018	156,795	145,649
RF3-056	526,094	494,760
WPL-142	54,036	54,036
RF3-241	1,185,539	1,190,605
RF1-140	<u>30,091</u>	<u>198,062</u>
Total Long-term Debt	<u>\$ 2,515,655</u>	<u>\$ 2,514,662</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 POSITION
JUNE 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 1,324,991	\$ -	\$ 1,324,991
Investments	2,343,150	-	2,343,150
Delinquent taxes receivable	218,380	-	218,380
Accounts receivable	169,325	213,631	382,956
Notes receivable	1,024,000	-	1,024,000
Interest receivable	63,000	-	63,000
Prepaid expenses	26,295	-	26,295
Inventory	-	5,616	5,616
Due from (to) other activities	<u>(1,934,070)</u>	<u>1,934,070</u>	<u>-</u>
Total current assets	<u>3,235,071</u>	<u>2,153,317</u>	<u>5,388,388</u>
Noncurrent assets -			
Capital assets	11,214,468	8,312,765	19,527,233
less - accumulated depreciation	<u>(3,339,299)</u>	<u>(3,419,135)</u>	<u>(6,758,434)</u>
Total noncurrent assets	<u>7,875,169</u>	<u>4,893,630</u>	<u>12,768,799</u>
Total assets	<u>11,110,240</u>	<u>7,046,947</u>	<u>18,157,187</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	173,312	90,974	264,286
Payroll liabilities	152,439	6,622	159,061
Due to fiduciary funds	87,897	-	87,897
Deferred revenue	1,115,890	-	1,115,890
Current portion capital leases payable	4,796	-	4,796
Current portion of accrued postclosure liability	-	38,247	38,247
Current portion of long-term debt	<u>402,099</u>	<u>254,164</u>	<u>656,263</u>
Total current liabilities	<u>1,936,433</u>	<u>390,007</u>	<u>2,326,440</u>
Noncurrent liabilities -			
Accrued postclosure liability	-	531,089	531,089
Long-term debt	<u>3,573,358</u>	<u>2,260,498</u>	<u>5,833,856</u>
Total noncurrent liabilities	<u>3,573,358</u>	<u>2,791,587</u>	<u>6,364,945</u>
Total liabilities	<u>5,509,791</u>	<u>3,181,594</u>	<u>8,691,385</u>
NET POSITION:			
Net investment in capital assets	3,894,916	2,378,968	6,273,884
Restricted	1,351,908	-	1,351,908
Unrestricted	<u>353,625</u>	<u>1,486,385</u>	<u>1,840,010</u>
Total net position	<u>\$ 5,600,449</u>	<u>\$ 3,865,353</u>	<u>\$ 9,465,802</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, 2013**

FUNCTIONS/PROGRAMS: Governmental activities -	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
General government	\$ 1,872,268	\$ 788,557	\$ 97,208	\$ 118,976	\$ (867,527)	\$ -	\$ (867,527)
Public safety	1,051,058	64,467	72,075	9,303	(905,213)	-	(905,213)
Highway	1,579,214	479,263	108,253	25,205	(966,493)	-	(966,493)
Interest	140,359	-	-	-	(140,359)	-	(140,359)
Total governmental activities	4,642,899	1,332,287	277,536	153,484	(2,879,592)	-	(2,879,592)
Business-type activities -							
Landfill	7,657	-	-	-	-	(7,657)	(7,657)
Water	344,094	20,487	460,279	5,493	-	142,165	142,165
Sewer	396,153	-	377,242	15,429	-	(3,482)	(3,482)
Interest	37,963	-	-	-	-	(37,963)	(37,963)
Total business-type activities	785,867	20,487	837,521	20,922	-	93,063	93,063
	\$ 5,428,766	\$ 1,352,774	\$ 1,115,057	\$ 174,406	(2,879,592)	93,063	(2,786,529)
GENERAL REVENUES - PROPERTY TAXES					3,625,548	-	3,625,548
- INTEREST INCOME					57,802	95,977	153,779
- TRANSFERS IN (OUT)					151,257	(141,070)	10,187
					3,834,607	(45,093)	3,789,514
CHANGE IN NET POSITION					955,015	47,970	1,002,985
NET POSITION, July 1, 2012					4,645,434	3,817,383	8,462,817
NET POSITION, June 30, 2013					\$ 5,600,449	\$ 3,865,353	\$ 9,465,802

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013
(Page 1 of 2)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Police Fund</u>	<u>Capital Construction Fund</u>	<u>Revolving Loan Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 1,324,841	\$ -	\$ 150	\$ -	-	-	\$ 1,324,991
Investments	2,343,150	-	-	-	-	-	2,343,150
Delinquent taxes receivable	218,380	-	-	-	-	-	218,380
Accounts receivable	134,414	10,445	-	-	-	24,466	169,325
Note receivable	-	-	-	-	1,024,000	-	1,024,000
Interest receivable	-	-	-	-	63,000	-	63,000
Prepaid expenditures	26,295	-	-	-	-	-	26,295
Due from other funds	-	146,933	87,120	360,094	-	920,801	1,514,948
Total assets	<u>\$ 4,047,080</u>	<u>\$ 157,378</u>	<u>\$ 87,270</u>	<u>\$ 360,094</u>	<u>\$ 1,087,000</u>	<u>\$ 945,267</u>	<u>\$ 6,684,089</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES:							
Accounts payable	\$ 73,563	\$ 32,223	\$ 6,206	\$ 3,173	-	\$ 58,147	\$ 173,312
Accrued expenditures	109,819	21,563	16,053	-	-	5,004	152,439
Deferred revenue	173,464	-	-	-	1,087,000	28,890	1,289,354
Due to other funds	3,536,915	-	-	-	-	-	3,536,915
Total liabilities	<u>3,893,761</u>	<u>53,786</u>	<u>22,259</u>	<u>3,173</u>	<u>1,087,000</u>	<u>92,041</u>	<u>5,152,020</u>
FUND BALANCES:							
Nonspendable	26,295	-	-	-	-	-	26,295
Restricted	-	-	-	-	-	201,650	201,650
Committed	-	103,592	65,011	326,609	-	655,046	1,150,258
Assigned	-	-	-	30,312	-	1,716	32,028
Unassigned	127,024	-	-	-	-	(5,186)	121,838
Total fund balances	<u>153,319</u>	<u>103,592</u>	<u>65,011</u>	<u>356,921</u>	<u>-</u>	<u>853,226</u>	<u>1,532,069</u>
Total liabilities and fund equity	<u>\$ 4,047,080</u>	<u>\$ 157,378</u>	<u>\$ 87,270</u>	<u>\$ 360,094</u>	<u>\$ 1,087,000</u>	<u>\$ 945,267</u>	<u>\$ 6,684,089</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013
 (Page 2 of 2)

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

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 1,532,069
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	11,214,468
Accumulated depreciation	(3,339,299)
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	
Deferred taxes	173,464
Liabilities not due and payable are not reported in governmental funds.	
Long-term debt	(3,975,457)
Capital leases payable	<u>(4,796)</u>
Net Position of Governmental Activities - Government-wide Statement of Net Position	\$ <u>5,600,449</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, 2013

(Page 1 of 3)

	General Fund	Highway Fund	Police Fund	Capital Construction Fund	Revolving Loan Fund	Other Governmental Funds	Totals Governmental Funds
REVENUE:							
Property taxes	\$ 1,441,313	\$ 1,237,237	\$ 524,969	\$ 177,000	\$ -	\$ 279,034	\$ 3,659,553
Intergovernmental	582,750	198,666	1,739	-	-	505,138	1,288,293
Investment income	46,427	86	56	-	-	11,233	57,802
Departmental revenue	164,505	133,358	12,888	-	-	-	310,751
Other	75,396	-	-	-	-	82,665	158,061
Total revenue	<u>2,310,391</u>	<u>1,569,347</u>	<u>539,652</u>	<u>177,000</u>	<u>-</u>	<u>878,070</u>	<u>5,474,460</u>
EXPENDITURES:							
Current -							
General government	972,295	-	-	16,497	-	350,521	1,339,313
Public safety	464,869	-	543,090	-	-	31,514	1,039,473
Highways and streets	-	1,410,125	-	4,670	-	-	1,414,795
Culture and recreation	198,817	-	-	-	-	1,470	200,287
Sewer operations	-	-	-	-	-	300	300
Community development	72,920	-	-	-	-	143,932	216,852
Capital outlay	9,674	38,990	-	298,098	-	315,802	662,564
Debt service -							
Principal on long-term debt	354,680	22,950	-	15,600	-	-	393,230
Interest on long-term debt	124,758	14,988	-	-	-	-	139,746
Principal on capital leases	-	-	-	-	-	4,499	4,499
Interest on capital leases	-	-	-	-	-	613	613
Total expenditures	<u>2,198,013</u>	<u>1,487,053</u>	<u>543,090</u>	<u>334,865</u>	<u>-</u>	<u>848,651</u>	<u>5,411,672</u>
EXCESS OF REVENUE OR	<u>112,378</u>	<u>82,294</u>	<u>(3,438)</u>	<u>(157,865)</u>	<u>-</u>	<u>29,419</u>	<u>62,788</u>
(EXPENDITURES)							

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, 2013

(Page 2 of 3)

	General Fund	Highway Fund	Police Fund	Capital Construction Fund	Revolving Loan Fund	Other Governmental Funds	Totals Governmental Funds
OTHER FINANCING SOURCES (USES):							
Insurance reimbursements	6,099	100	-	-	-	-	6,199
Transfers in (out), net	<u>(69,430)</u>	<u>(100,000)</u>	<u>(10,000)</u>	<u>275,000</u>	<u>-</u>	<u>55,687</u>	<u>151,257</u>
Total other financing sources (uses)	<u>(63,331)</u>	<u>(99,900)</u>	<u>(10,000)</u>	<u>275,000</u>	<u>-</u>	<u>55,687</u>	<u>157,456</u>
NET CHANGE IN FUND BALANCES	49,047	(17,606)	(13,438)	117,135	-	85,106	220,244
FUND BALANCES, July 1, 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>
FUND BALANCES, June 30, 2013	<u>\$ 153,319</u>	<u>\$ 103,592</u>	<u>\$ 65,011</u>	<u>\$ 356,921</u>	<u>\$ -</u>	<u>\$ 853,226</u>	<u>\$ 1,532,069</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, 2013
 (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	\$ 220,244
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	673,320
Depreciation	(302,273)
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	(207,469)
Current year	173,464
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 position.	
Debt service - principal paid on capital leases	4,499
Debt service - principal paid on long-term debt	<u>393,230</u>
Change in Net Position of Governmental Activities - Government-wide Statement of Activities	\$ <u>955,015</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, 2013

(Page 1 of 2)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> Favorable (Unfavorable)
REVENUE:			
Taxes	\$ 1,396,853	\$ 1,441,313	\$ 44,460
Intergovernmental	564,000	582,750	18,750
Fire Department	59,200	63,933	4,733
Planning and Zoning	4,950	3,990	(960)
Listers Office	20,200	20,295	95
Town Clerk	73,081	76,287	3,206
Interest	35,000	46,427	11,427
Other	<u>79,677</u>	<u>75,396</u>	<u>(4,281)</u>
Total revenue	<u>2,232,961</u>	<u>2,310,391</u>	<u>77,430</u>
EXPENDITURES:			
General administration	226,002	243,233	(17,231)
Executive	467,260	428,735	38,525
Selectboard	29,274	28,868	406
Fire Departments administration	39,449	36,490	2,959
Randolph Village Fire Department	59,601	55,044	4,557
East Randolph Fire Department	34,699	39,867	(5,168)
Randolph Center Fire Department	38,167	69,293	(31,126)
Recreation	189,178	208,341	(19,163)
Planning and Zoning	41,529	46,677	(5,148)
Listers Office	91,520	90,997	523
Clerk and Treasurer	128,105	133,785	(5,680)
Debt service	481,502	479,438	2,064
Appropriations -			
White River Valley Ambulance	264,325	264,325	-
Randolph Area Food Shelf	2,500	2,500	-
Clara Martin Center	8,000	8,000	-
Central Vermont Community Action Council	1,300	1,300	-
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, 2013

(Page 2 of 2)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Appropriations (continued) -			
Central Vermont Council on Aging	1,200	1,200	-
Vermont Association for the Blind	1,000	1,000	-
The Arts Bus	800	800	-
American Red Cross	1,000	1,000	-
White River Craft Center	5,000	5,000	-
Randolph Chamber of Commerce	2,500	2,500	-
Orange County Parent Child Center	2,500	2,500	-
CV Adult Basic Education	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total expenditures	<u>2,163,531</u>	<u>2,198,013</u>	<u>(34,482)</u>
EXCESS OF REVENUE OR (EXPENDITURES)	<u>69,430</u>	<u>112,378</u>	<u>42,948</u>
OTHER FINANCING SOURCES (USES):			
Insurance reimbursements	-	6,099	6,099
Transfers in	41,070	41,070	-
Transfers out	<u>(110,500)</u>	<u>(110,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(69,430)</u>	<u>(63,331)</u>	<u>6,099</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>49,047</u>	\$ <u>49,047</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
HIGHWAY FUND			
REVENUE:			
Taxes	\$ 1,237,237	\$ 1,237,237	\$ -
Intergovernmental	172,000	198,666	26,666
Interest	200	86	(114)
Insurance reimbursements	-	100	100
Other	<u>134,350</u>	<u>133,358</u>	<u>(992)</u>
Total revenue	<u>1,543,787</u>	<u>1,569,447</u>	<u>25,660</u>
EXPENDITURES:			
Bridges and highways administration	573,728	594,413	(20,685)
Bridges and highways operating	679,200	683,421	(4,221)
Bridges and highways maintenance	73,457	69,224	4,233
Operating expenditures	52,425	102,057	(49,632)
Debt service	<u>64,977</u>	<u>37,938</u>	<u>27,039</u>
Total expenditures	<u>1,443,787</u>	<u>1,487,053</u>	<u>(43,266)</u>
EXCESS OF REVENUE OR (EXPENDITURES)	100,000	82,394	(17,606)
Transfers in (out), net	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(17,606)</u>	\$ <u>(17,606)</u>
POLICE FUND			
REVENUE:			
Taxes	\$ 524,968	\$ 524,969	\$ 1
Intergovernmental	6,000	1,739	(4,261)
Investment income	100	56	(44)
Other	<u>12,500</u>	<u>12,888</u>	<u>388</u>
Total revenue	<u>543,568</u>	<u>539,652</u>	<u>(3,916)</u>
EXPENDITURES:			
Police administration	476,668	479,820	(3,152)
Operating expenditures	<u>56,900</u>	<u>63,270</u>	<u>(6,370)</u>
Total expenditures	<u>533,568</u>	<u>543,090</u>	<u>(9,522)</u>
EXCESS OF REVENUE OR (EXPENDITURES)	10,000	(3,438)	(13,438)
Transfers in (out), net	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(13,438)</u>	\$ <u>(13,438)</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
LIBRARY FUND			
REVENUE:			
Taxes	\$ 191,706	\$ 191,707	\$ 1
Intergovernmental	6,700	6,700	-
Investment income	3,000	223	(2,777)
Other	<u>35,575</u>	<u>29,740</u>	<u>(5,835)</u>
Total revenue	<u>236,981</u>	<u>228,370</u>	<u>(8,611)</u>
EXPENDITURES:			
Library administration	168,129	158,207	9,922
Operating expenditures	<u>68,852</u>	<u>66,413</u>	<u>2,439</u>
Total expenditures	<u>236,981</u>	<u>224,620</u>	<u>12,361</u>
EXCESS OF REVENUE OR (EXPENDITURES)	-	3,750	3,750
Transfers in (out), net	<u>-</u>	<u>435</u>	<u>435</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>4,185</u>	\$ <u>4,185</u>
CEMETERY FUND			
REVENUE:			
Taxes	\$ 87,328	\$ 87,327	\$ (1)
Other	<u>25,800</u>	<u>16,625</u>	<u>(9,175)</u>
Total revenue	<u>113,128</u>	<u>103,952</u>	<u>(9,176)</u>
EXPENDITURES:			
Cemetery administration	99,678	107,025	(7,347)
Operating expenditures	<u>11,450</u>	<u>13,654</u>	<u>(2,204)</u>
Total expenditures	<u>111,128</u>	<u>120,679</u>	<u>(9,551)</u>
EXCESS OF REVENUE OR (EXPENDITURES)	2,000	(16,727)	(18,727)
Transfers in (out), net	<u>(2,000)</u>	<u>7,752</u>	<u>9,752</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(8,975)</u>	\$ <u>(8,975)</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2013

	<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	\$ -	\$ 122,018	\$ 91,613	\$ 213,631
Inventory	-	1,017	4,599	5,616
Due from other funds	<u>1,367,510</u>	<u>88,721</u>	<u>477,839</u>	<u>1,934,070</u>
Total current assets	<u>1,367,510</u>	<u>211,756</u>	<u>574,051</u>	<u>2,153,317</u>
Noncurrent assets -				
Capital assets	286,508	5,631,682	2,394,575	8,312,765
less - accumulated depreciation	<u>(66,990)</u>	<u>(2,345,373)</u>	<u>(1,006,772)</u>	<u>(3,419,135)</u>
Total noncurrent assets	<u>219,518</u>	<u>3,286,309</u>	<u>1,387,803</u>	<u>4,893,630</u>
Total assets	<u>1,587,028</u>	<u>3,498,065</u>	<u>1,961,854</u>	<u>7,046,947</u>
LIABILITIES:				
Current liabilities -				
Accounts payable	320	40,875	49,779	90,974
Payroll liabilities	-	3,311	3,311	6,622
Current portion of accrued postclosure liability	38,247	-	-	38,247
Current portion of long-term debt	<u>-</u>	<u>254,164</u>	<u>-</u>	<u>254,164</u>
Total current liabilities	<u>38,567</u>	<u>298,350</u>	<u>53,090</u>	<u>390,007</u>
Noncurrent liabilities -				
Accrued postclosure liability	531,089	-	-	531,089
Long-term debt	<u>-</u>	<u>2,062,436</u>	<u>198,062</u>	<u>2,260,498</u>
Total noncurrent liabilities	<u>531,089</u>	<u>2,062,436</u>	<u>198,062</u>	<u>2,791,587</u>
Total liabilities	<u>569,656</u>	<u>2,360,786</u>	<u>251,152</u>	<u>3,181,594</u>
NET POSITION:				
Net investment in capital assets	219,518	969,709	1,189,741	2,378,968
Unrestricted	<u>797,854</u>	<u>167,570</u>	<u>520,961</u>	<u>1,486,385</u>
Total net position	\$ <u>1,017,372</u>	\$ <u>1,137,279</u>	\$ <u>1,710,702</u>	\$ <u>3,865,353</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 POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ -	\$ 460,279	\$ 377,242	\$ 837,521
Insurance reimbursements	-	-	11,533	11,533
Miscellaneous	-	5,493	3,896	9,389
Total operating revenue	<u>-</u>	<u>465,772</u>	<u>392,671</u>	<u>858,443</u>
OPERATING EXPENSES:				
Postclosure monitoring	5,627	-	-	5,627
Depreciation	2,030	97,684	48,941	148,655
Operations	-	246,410	347,212	593,622
Total operating expenses	<u>7,657</u>	<u>344,094</u>	<u>396,153</u>	<u>747,904</u>
Operating income (loss)	<u>(7,657)</u>	<u>121,678</u>	<u>(3,482)</u>	<u>110,539</u>
NONOPERATING REVENUE (EXPENSES):				
Intergovernmental	-	20,487	-	20,487
Investment income	94,156	979	842	95,977
Interest expense	-	(37,963)	-	(37,963)
Total nonoperating revenue (expenses)	<u>94,156</u>	<u>(16,497)</u>	<u>842</u>	<u>78,501</u>
Net income (loss) before transfers	86,499	105,181	(2,640)	189,040
Operating transfers out	<u>(100,000)</u>	<u>-</u>	<u>(41,070)</u>	<u>(141,070)</u>
CHANGE IN NET POSITION	(13,501)	105,181	(43,710)	47,970
NET POSITION, July 1, 2012	<u>1,030,873</u>	<u>1,032,098</u>	<u>1,754,412</u>	<u>3,817,383</u>
NET POSITION, June 30, 2013	\$ <u>1,017,372</u>	\$ <u>1,137,279</u>	\$ <u>1,710,702</u>	\$ <u>3,865,353</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
WATER FUND			
REVENUE:			
Charges for services	\$ 456,476	\$ 460,279	\$ 3,803
Interest income	-	979	979
Intergovernmental	5,000	20,487	15,487
Other	<u>2,000</u>	<u>5,493</u>	<u>3,493</u>
Total revenue	<u>463,476</u>	<u>487,238</u>	<u>23,762</u>
EXPENSES:			
Water administration	136,976	163,734	(26,758)
Collection and distribution	58,250	44,369	13,881
Wells and reservoirs	38,200	38,307	(107)
Depreciation	90,000	97,684	(7,684)
Debt service	<u>37,964</u>	<u>37,963</u>	<u>1</u>
Total expenses	<u>361,390</u>	<u>382,057</u>	<u>(20,667)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	102,086	105,181	3,095
Operating transfers out	<u>(102,086)</u>	<u>-</u>	<u>(102,086)</u>
NET INCOME (LOSS)	\$ <u>-</u>	\$ <u>105,181</u>	\$ <u>105,181</u>
SEWER FUND			
REVENUE:			
Charges for services	\$ 395,491	\$ 377,242	\$ (18,249)
Interest income	300	842	542
Insurance reimbursements	-	11,533	11,533
Other	<u>-</u>	<u>3,896</u>	<u>3,896</u>
Total revenue	<u>395,791</u>	<u>393,513</u>	<u>(2,278)</u>
EXPENSES:			
Administration	96,501	116,850	(20,349)
Treatment and disposal	202,712	227,133	(24,421)
Collection system	1,500	3,229	(1,729)
Depreciation	50,000	48,941	1,059
Debt service	<u>100</u>	<u>-</u>	<u>100</u>
Total expenses	<u>350,813</u>	<u>396,153</u>	<u>(45,340)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	44,978	(2,640)	(47,618)
Operating transfers out	<u>(44,978)</u>	<u>(41,070)</u>	<u>3,908</u>
NET INCOME (LOSS)	\$ <u>-</u>	\$ <u>(43,710)</u>	\$ <u>(43,710)</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, 2013

(Page 1 of 2)

	<u>Landfill Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ -	\$ 469,880	\$ 395,364	\$ 865,244
Cash payments for goods and services	<u>(44,429)</u>	<u>(210,361)</u>	<u>(305,257)</u>	<u>(560,047)</u>
Net cash provided (used) by operating activities	<u>(44,429)</u>	<u>259,519</u>	<u>90,107</u>	<u>305,197</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from grants	-	20,487	-	20,487
Proceeds from long-term debt	-	5,066	167,971	173,037
Principal paid on bonds payable	-	(174,030)	-	(174,030)
Interest paid on bonds payable	-	(37,963)	-	(37,963)
Additions to capital assets	<u>-</u>	<u>(53,161)</u>	<u>(176,382)</u>	<u>(229,543)</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(239,601)</u>	<u>(8,411)</u>	<u>(248,012)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Increase (decrease) in amounts due to/from other funds	50,273	(20,897)	(41,468)	(12,092)
Transfers to other funds	<u>(100,000)</u>	<u>-</u>	<u>(41,070)</u>	<u>(141,070)</u>
Net cash provided (used) by noncapital financing activities	<u>(49,727)</u>	<u>(20,897)</u>	<u>(82,538)</u>	<u>(153,162)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	<u>94,156</u>	<u>979</u>	<u>842</u>	<u>95,977</u>
Net cash provided (used) by investing activities	<u>94,156</u>	<u>979</u>	<u>842</u>	<u>95,977</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS, July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, June 30, 2013	\$ <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, 2013

(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)	\$ (7,657)	\$ 121,678	\$ (3,482)	\$ 110,539
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation	2,030	97,684	48,941	148,655
Change in the following assets/liabilities:				
Accounts receivable	-	4,108	2,693	6,801
Inventory	-	(48)	246	198
Accounts payable	(287)	37,752	43,364	80,829
Accrued expenses	-	(1,655)	(1,655)	(3,310)
Postclosure care liability	<u>(38,515)</u>	<u>-</u>	<u>-</u>	<u>(38,515)</u>
Net cash provided (used) by operating activities	\$ <u>(44,429)</u>	\$ <u>259,519</u>	\$ <u>90,107</u>	\$ <u>305,197</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2013

	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	\$ 447,859	\$ -	\$ 1,730	\$ 25,408	\$ 49	\$ 475,046
Investments	253,644	-	-	260,707	-	514,351
Due from other funds	<u>-</u>	<u>91,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,337</u>
 Total assets	 <u>701,503</u>	 <u>91,337</u>	 <u>1,730</u>	 <u>286,115</u>	 <u>49</u>	 <u>1,080,734</u>
 LIABILITIES:						
Due to other funds	<u>3,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>3,440</u>
 NET POSITION:						
Restricted	698,183	91,337	1,730	286,115	-	1,077,365
Unrestricted (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71)</u>	<u>(71)</u>
 Total net position	 \$ <u>698,183</u>	 \$ <u>91,337</u>	 \$ <u>1,730</u>	 \$ <u>286,115</u>	 \$ <u>(71)</u>	 \$ <u>1,077,294</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF CHANGES IN NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 27,768	\$ 8,093	\$ 1	\$ 24,817	\$ 1	\$ 60,680
Donations	-	-	-	23,313	3,155	26,468
Miscellaneous	<u>2,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,240</u>
Total additions	<u>30,008</u>	<u>8,093</u>	<u>1</u>	<u>48,130</u>	<u>3,156</u>	<u>89,388</u>
DEDUCTIONS:						
Miscellaneous	1,314	1,782	-	27,089	4,500	34,685
Transfers, net	<u>10,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,187</u>
Total deductions	<u>11,501</u>	<u>1,782</u>	<u>-</u>	<u>27,089</u>	<u>4,500</u>	<u>44,872</u>
CHANGE IN NET POSITION	18,507	6,311	1	21,041	(1,344)	44,516
NET POSITION, July 1, 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>
NET POSITION, June 30, 2013	\$ <u>698,183</u>	\$ <u>91,337</u>	\$ <u>1,730</u>	\$ <u>286,115</u>	\$ <u>(71)</u>	\$ <u>1,077,294</u>

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

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 accounting principles generally accepted in the United States of America (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 position 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 position, 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, 2013**

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 made.

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, 2013

1. Summary of significant accounting policies (continued):

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

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 a useful life in excess of one year and 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.

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.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of significant accounting policies (continued):

- 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 position. 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.

- O. New accounting standard - The Town has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The impact on these financial statements was to change the term "Net Assets" to "Net Position." In the future, deferred outflows of resources and deferred inflows of resources, if applicable, would be reported in the statement of net position.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, \$1,640 of the Town's bank balance of \$1,912,566 was uninsured and uncollateralized.

Investments - The classification and fair value of investments held at June 30, 2013 are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment</u>	<u>Fair Value</u>
Money market and accrued interest	\$ 270,135	Mutual funds:	
U.S. Government obligations and agencies	90,860	Worldwide allocation	137,116
Corporate bonds	40,635	Bond funds	303,110
International bonds	43,320	Balanced funds	1,762,479
Corporate stock	97,023	Equity funds	112,823
	<u>541,973</u>		<u>2,315,528</u>
			\$ <u>2,857,501</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, 2013 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.S. Government obligations and agencies	\$ 90,860	\$ 74,881	\$ 15,979	\$ -
Corporate bonds	40,635	-	-	40,635
International bonds	43,320	-	-	43,320
	<u>\$ 174,815</u>	<u>\$ 74,881</u>	<u>\$ 15,979</u>	<u>\$ 83,955</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 Investor Services at year end was as follows:

<u>Bond Rating</u>	<u>Fair Value</u>
AA2	\$ 43,320
A2/AA-	40,635
	\$ <u>83,955</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, \$43,320 of the Town's total investments of \$2,857,501 was invested in international bonds. The Town does not have an investment policy regarding foreign currency risk.

3. Notes receivable:

Notes receivable, including accrued interest, in the Revolving Loan Fund consist of:

Branchwood Housing Partnership, interest at 1.5%, due February 2034, secured by mortgage on property	\$ 513,000
Salisbury Square, with no interest, due February 2041, secured by mortgage on property	<u>574,000</u>
	<u>\$ 1,087,000</u>

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, 2013 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 3,536,915
Highway Fund	146,933	-
Police Fund	87,120	-
Capital Construction Fund	360,094	-
Other Governmental Funds	<u>920,801</u>	<u>-</u>
	<u>1,514,948</u>	<u>3,536,915</u>
Proprietary funds -		
Landfill Fund	1,367,510	-
Water Fund	88,721	-
Sewer Fund	<u>477,839</u>	<u>-</u>
	<u>1,934,070</u>	<u>-</u>
Fiduciary funds	<u>91,337</u>	<u>3,440</u>
	<u>\$ 3,540,355</u>	<u>\$ 3,540,355</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 funds -		
General Fund	\$ 41,070	\$ 110,500
Highway Fund	-	100,000
Police Fund	-	10,000
Capital Construction Fund	275,000	-
Other Governmental Funds	<u>57,687</u>	<u>2,000</u>
	<u>373,757</u>	<u>222,500</u>
Proprietary funds -		
Landfill Fund	-	100,000
Sewer Fund	<u>-</u>	<u>41,070</u>
	<u>-</u>	<u>141,070</u>
Fiduciary funds	<u>-</u>	<u>10,187</u>
	<u>\$ 373,757</u>	<u>\$ 373,757</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.

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, 2013 are as follows:

Year ending June 30,	
2014	\$ 5,113
Less: amount representing interest	<u>317</u>
Present value of minimum lease payments	<u>\$ 4,796</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. Capital leases (continued):

Subsequent - Subsequent to year end, the Town entered into a \$575,389 lease with Community First National Bank, with interest at a rate of 1.774%, to fund the purchase of a sidewalk tractor, a dump truck body, chassis and plows and a fire rescue/tanker truck. Annual payments of \$119,046 begin in July 2013. This lease matures in July 2017.

Subsequent to year end, the Town also entered into a \$28,899 lease with Ford Motor Credit Company, with interest at a rate of 6.45%, for the lease of a 2014 police cruiser. Annual payments of \$7,915 begin in October 2013. This lease matures in October 2016.

7. Capital assets:

Changes in capital assets consisted of the following:

	Balance July 1, 2012	Increase	Decrease	Balance June 30, 2013
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 654,155	\$ -	\$ -	\$ 654,155
Construction in progress	<u>-</u>	<u>39,902</u>	<u>-</u>	<u>39,902</u>
Total capital assets, not depreciated	<u>654,155</u>	<u>39,902</u>	<u>-</u>	<u>694,057</u>
Capital assets, depreciated:				
Buildings	3,276,768	-	-	3,276,768
General and fire equipment	1,144,727	98,790	-	1,243,517
Police department equipment	82,445	-	-	82,445
Highway department equipment	1,797,965	176,243	156,796	1,817,412
Infrastructure	<u>3,733,139</u>	<u>367,130</u>	<u>-</u>	<u>4,100,269</u>
Total capital assets, depreciated	<u>10,035,044</u>	<u>642,163</u>	<u>156,796</u>	<u>10,520,411</u>
Less accumulated depreciation for:				
Buildings	915,880	69,028	-	984,908
General and fire equipment	443,420	46,486	-	489,906
Police department equipment	39,484	11,585	-	51,069
Highway department equipment	1,217,802	80,126	148,051	1,149,877
Infrastructure	<u>568,491</u>	<u>95,048</u>	<u>-</u>	<u>663,539</u>
Total accumulated depreciation	<u>3,185,077</u>	<u>302,273</u>	<u>148,051</u>	<u>3,339,299</u>
Total capital assets depreciated, net	<u>6,849,967</u>	<u>339,890</u>	<u>8,745</u>	<u>7,181,112</u>
Capital assets, net	\$ <u>7,504,122</u>	\$ <u>379,792</u>	\$ <u>8,745</u>	\$ <u>7,875,169</u>

Depreciation expense in the governmental activities totaling \$302,273 was allocated to the following functions: General government and fire \$115,514; Police \$11,585; Highway \$175,174.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

7. Capital assets (continued):

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2013</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	\$ 518,689	\$ -	\$ -	\$ 518,689
Construction in progress	<u>42,842</u>	<u>213,405</u>	<u>-</u>	<u>256,247</u>
Total capital assets, not depreciated	<u>561,531</u>	<u>213,405</u>	<u>-</u>	<u>774,936</u>
Capital assets, depreciated:				
Water	5,295,440	5,066	-	5,300,506
Sewer	2,124,751	11,072	-	2,135,823
Landfill	<u>101,500</u>	<u>-</u>	<u>-</u>	<u>101,500</u>
Total capital assets, depreciated	<u>7,521,691</u>	<u>16,138</u>	<u>-</u>	<u>7,537,829</u>
Less accumulated depreciation for:				
Water	2,247,689	97,684	-	2,345,373
Sewer	957,831	48,941	-	1,006,772
Landfill	<u>64,960</u>	<u>2,030</u>	<u>-</u>	<u>66,990</u>
Total accumulated depreciation	<u>3,270,480</u>	<u>148,655</u>	<u>-</u>	<u>3,419,135</u>
Total capital assets depreciated, net	<u>4,251,211</u>	<u>(132,517)</u>	<u>-</u>	<u>4,118,694</u>
Capital assets, net	\$ <u>4,812,742</u>	\$ <u>80,888</u>	\$ <u>-</u>	\$ <u>4,893,630</u>

Depreciation expense in the business-type activities totaling \$148,655 was allocated to the following functions: Water \$97,684; Sewer \$48,941; Landfill \$2,030.

8. Debt:

Short-term - During the year, the Town had available a \$1,000,000 line of credit with interest at 1.0% from Mascoma Savings Bank. During the year, the Town borrowed and repaid \$500,000 on this line of credit. Interest expense for this line of credit was \$1,411.

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

8. Debt (continued):

Long-term - The Town is indebted at June 30, 2013 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.	\$ 355,000
Bond payable, Vermont Municipal Bond Bank - 2003 Series 2, various interest rates, currently at 3.70%. Annual principal payment ranging from \$93,450 to \$97,900. Matures December 2013.	93,450
Bond payable, Vermont Municipal Bond Bank - 2005 Series 1, various interest rates, currently at 3.91%. Annual principal payment ranging from \$80,000 to \$85,000. Matures December 2025.	1,055,000
Bond payable, Vermont Municipal Bond Bank - 2007 Series 1, various interest rates, currently at 4.185%. Annual principal payment of \$25,000. Matures December 2027.	375,000
Bond payable, Vermont Municipal Bond Bank - 2009 Series 1, various interest rates, currently at 2.201%. Annual principal payment ranging from \$35,000 to \$40,000. Matures November 2029.	630,000
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.	460,265
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-091, interest at 2%. Annual payments of \$82,133, due May 2026.	932,081
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.	40,238
Note payable, Mascoma Savings Bank - grader, interest at 3.12%. Annual payment of ranging from \$15,600 to \$16,087. Matures September 2014.	<u>31,200</u>
Total governmental activities	\$ <u>3,975,457</u>

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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.	\$ 420,000
Bond payable, Vermont Municipal Bond Bank - 2003 Series 2, various interest rates, currently at 3.70%. Annual principal payment ranging from \$11,550 to \$12,100. Matures December 2013.	11,550
Bond payable, State of Vermont Special Environmental Revolving Fund - RF3-018, interest at -3%. Annual payment of \$6,441. Matures October 2029.	145,649
Bond payable, State of Vermont Special Environmental Revolving Fund - RF3-056, interest at -3%. Annual payment of \$15,551. Matures February 2035.	494,760
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.	1,190,605
Bond payable, State of Vermont Pollution Control Revolving Fund - RF1-140, interest at 0%. Annual payment of \$37,906 beginning March 2017. Matures March 2026.	<u>198,062</u>
Total business-type activities	<u>\$ 2,514,662</u>

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities -					
Bonds payable:					
1995 Series 1 (December 2025)	\$ 370,000	\$ -	\$ 15,000	\$ 355,000	\$ 20,000
2003 Series 2 (December 2013)	186,900	-	93,450	93,450	93,450
2005 Series 1 (December 2025)	1,140,000	-	85,000	1,055,000	85,000
2007 Series 1 (December 2027)	400,000	-	25,000	375,000	25,000
2009 Series 1 (November 2029)	670,000	-	40,000	630,000	40,000
RF1-013 (December 2018)	505,265	-	45,000	460,265	45,000
RF1-091 (May 2026)	994,328	-	62,247	932,081	63,492
Notes payable:					
GMAC, fire department building	3,223	-	-	3,223	2,038
RNB, parking lot improvements	52,171	-	11,933	40,238	12,519
MSB, grader	<u>46,800</u>	<u>-</u>	<u>15,600</u>	<u>31,200</u>	<u>15,600</u>
Total governmental activities	<u>\$ 4,368,687</u>	<u>\$ -</u>	<u>\$ 393,230</u>	<u>\$ 3,975,457</u>	<u>\$ 402,099</u>

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

8. Debt (continued):

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities -					
Bonds payable:					
2003 Series 1 (December 2015)	\$ 540,000	\$ -	\$ 120,000	\$ 420,000	\$ 130,000
2003 Series 2 (December 2013)	23,100	-	11,550	11,550	11,550
RF3-018 (October 2029)	156,795	-	11,146	145,649	10,811
RF3-056 (February 2035)	526,094	-	31,334	494,760	30,394
WPL-142 (April 2018)	54,036	-	-	54,036	11,880
RF3-241 (June 2042)	1,185,539	5,066	-	1,190,605	59,529
RF1-140 (September 2019)	<u>30,091</u>	<u>167,971</u>	<u>-</u>	<u>198,062</u>	<u>-</u>
Total business-type activities	\$ <u>2,515,655</u>	\$ <u>173,037</u>	\$ <u>174,030</u>	\$ <u>2,514,662</u>	\$ <u>254,164</u>

The estimated annual requirements to amortize all bonds and notes outstanding as of June 30, 2013, 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>
2014	\$ 402,099	\$ 128,179	\$ 254,164	\$ (27,109)
2015	309,692	117,283	249,592	(34,799)
2016	294,863	107,979	256,660	(43,144)
2017	278,145	95,093	123,623	(46,347)
2018	283,726	86,522	115,501	(43,594)
2019-2023	1,450,069	310,493	506,364	(178,727)
2024-2028	886,863	88,449	409,209	(120,775)
2029-2033	70,000	3,471	281,627	(71,935)
2034-2038	-	-	184,992	(34,838)
2039-2043	<u>-</u>	<u>-</u>	<u>132,930</u>	<u>(11,846)</u>
	\$ <u>3,975,457</u>	\$ <u>937,469</u>	\$ <u>2,514,662</u>	\$ <u>(613,114)</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. The bond refunding has an associated savings allocation of \$17,687. This savings allocation, to be received between FY17 and FY21, has been reflected as a reduction of interest in the calculation of the annual debt service requirements to maturity in the governmental activities shown above. Debt service principal was paid off at the end of FY12.

Subsequent - Subsequent to year end, the Town obtained a \$5,023,000 bond through the United States Department of Agriculture with an annual interest rate of 1.875%. The Town had not borrowed against this bond as of the date of this report.

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 \$569,336 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, 2013. 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 9.93% 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, 2013, June 30, 2012, and June 30, 2011 were \$87,612, \$77,739, and \$64,344 respectively, which were equal to the required contributions for each year. The members also contributed \$85,301. 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 Agency of Education. Taxes are levied as of April 1st and are due October 31st and March 29th.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

12. Fund balances of the Capital Construction Fund:

The Capital Construction Fund has committed fund balances at June 30, 2013 as follows:

Highway paving	\$ 22,448
Highway equipment	16,037
Water improvement	26,256
Sewer improvement	17,942
Building repair	102,926
Fire equipment	65,000
Municipal Building	<u>76,000</u>
	\$ <u>326,609</u>

The Capital Construction Fund has an assigned fund balance of \$30,312 at June 30, 2013. This balance is to be used for capital construction as determined by the Selectboard.

13. Fund balance - deficits:

The Grants Fund has a deficit of \$5,186 at year end. Management plans to eliminate this deficit through future grant revenues and local share contributions from the General Fund.

The Gifford Scholarship Fund has a deficit of \$71 at year end. Management plans to eliminate this deficit through contributions in the next fiscal year.

TOWN OF RANDOLPH, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2013

	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
Due from other funds	\$ 397,957	\$ 14,091	\$ 4,323	\$ 12,927	\$ 59,657	\$ 17,670	\$ 767	\$ 31,859	\$ -	\$ 41,413
Receivables	-	-	-	-	16,690	-	-	-	-	-
Total assets	\$ 397,957	\$ 14,091	\$ 4,323	\$ 12,927	\$ 76,347	\$ 17,670	\$ 767	\$ 31,859	\$ -	\$ 41,413

LIABILITIES AND FUND EQUITY

LIABILITIES:										
Accounts payable	\$ -	\$ 4,535	\$ 969	\$ -	\$ 52,643	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	4,030	974	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	28,890	-	-	-	-	-
Total liabilities	-	8,565	1,943	-	81,533	-	-	-	-	-

FUND BALANCES:

Restricted	-	-	-	-	-	-	767	31,859	-	-
Committed	397,957	5,526	2,380	12,927	-	17,670	-	-	-	41,413
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(5,186)	-	-	-	-	-
Total fund balances	397,957	5,526	2,380	12,927	(5,186)	17,670	767	31,859	-	41,413

Total liabilities and fund equity

Total liabilities and fund equity	\$ 397,957	\$ 14,091	\$ 4,323	\$ 12,927	\$ 76,347	\$ 17,670	\$ 767	\$ 31,859	\$ -	\$ 41,413
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TOWN OF RANDOLPH, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2013

	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
Due from other funds	\$ 148,160	\$ 1,806	\$ 23,326	\$ 51,157	\$ 94,914	\$ 1,667	\$ 49	\$ 19,058	\$ 920,801
Receivables	-	-	-	3,600	4,176	-	-	-	24,466
Total assets	\$ 148,160	\$ 1,806	\$ 23,326	\$ 54,757	\$ 99,090	\$ 1,667	\$ 49	\$ 19,058	\$ 945,267

LIABILITIES AND FUND EQUITY

LIABILITIES:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,147
Accrued expenses	-	-	-	-	-	-	-	-	5,004
Deferred revenue	-	-	-	-	-	-	-	-	28,890
Total liabilities	-	-	-	-	-	-	-	-	92,041

FUND BALANCES:

Restricted	148,160	1,806	-	-	-	-	-	19,058	201,650
Committed	-	-	23,326	54,757	99,090	-	-	-	655,046
Assigned	-	-	-	-	-	1,667	49	-	1,716
Unassigned	-	-	-	-	-	-	-	-	(5,186)
Total fund balances	148,160	1,806	23,326	54,757	99,090	1,667	49	19,058	853,226

Total liabilities and fund equity

Total liabilities and fund equity	\$ 148,160	\$ 1,806	\$ 23,326	\$ 54,757	\$ 99,090	\$ 1,667	\$ 49	\$ 19,058	\$ 945,267
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TOWN OF RANDOLPH, VERMONT
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ -	\$ 191,707	\$ 87,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	6,700	-	-	289,836	-	-	-	-	-
Investment income	9,481	223	-	-	-	24	-	1,341	-	29
Other	-	29,740	16,625	-	-	82	-	-	-	12,344
Total revenue	<u>9,481</u>	<u>228,370</u>	<u>103,952</u>	<u>-</u>	<u>289,836</u>	<u>106</u>	<u>-</u>	<u>1,341</u>	<u>-</u>	<u>12,373</u>
EXPENDITURES:										
Sewer operations	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	143,932	-	-	-	-	-
Public safety	-	-	-	-	15,309	-	-	-	-	-
General government	-	224,620	120,679	-	-	451	-	-	236	4,160
Culture and recreation	-	-	-	-	-	-	1,470	-	-	-
Capital outlay	-	-	-	-	134,552	-	-	-	-	-
Debt service - capital lease	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>224,620</u>	<u>120,679</u>	<u>-</u>	<u>293,793</u>	<u>451</u>	<u>1,470</u>	<u>-</u>	<u>236</u>	<u>4,160</u>
EXCESS OF REVENUE OR (EXPENDITURES)	9,481	3,750	(16,727)	-	(3,957)	(345)	(1,470)	1,341	(236)	8,213
OTHER FINANCING SOURCES (USES):										
Operating transfers in (out), net	-	435	7,752	2,000	-	-	-	-	-	3,500
NET CHANGE IN FUND BALANCES	9,481	4,185	(8,975)	2,000	(3,957)	(345)	(1,470)	1,341	(236)	11,713
FUND BALANCES (DEFICIT), July 1, 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>
FUND BALANCES (DEFICIT), June 30, 2013	<u>\$ 397,957</u>	<u>\$ 5,526</u>	<u>\$ 2,380</u>	<u>\$ 12,927</u>	<u>\$ (5,186)</u>	<u>\$ 17,670</u>	<u>\$ 767</u>	<u>\$ 31,859</u>	<u>\$ -</u>	<u>\$ 41,413</u>

TOWN OF RANDOLPH, VERMONT
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,034
Intergovernmental	-	-	-	-	-	-	-	208,602	505,138
Investment income	114	1	19	-	-	1	-	-	11,233
Other	-	404	-	17,408	6,062	-	-	-	82,665
Total revenue	<u>114</u>	<u>405</u>	<u>19</u>	<u>17,408</u>	<u>6,062</u>	<u>1</u>	<u>-</u>	<u>208,602</u>	<u>878,070</u>
EXPENDITURES:									
Sewer operations	-	-	-	300	-	-	-	-	300
Community development	-	-	-	-	-	-	-	-	143,932
Public safety	-	-	-	-	-	16,205	-	-	31,514
General government	-	375	-	-	-	-	-	-	350,521
Culture and recreation	-	-	-	-	-	-	-	-	1,470
Capital outlay	-	-	-	-	-	-	-	181,250	315,802
Debt service - capital lease	-	-	-	-	-	-	5,112	-	5,112
Total expenditures	<u>-</u>	<u>375</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>16,205</u>	<u>5,112</u>	<u>181,250</u>	<u>848,651</u>
EXCESS OF REVENUE OR (EXPENDITURES)	114	30	19	17,108	6,062	(16,204)	(5,112)	27,352	29,419
OTHER FINANCING SOURCES (USES):									
Operating transfers in (out), net	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>10,000</u>	<u>-</u>	<u>55,687</u>
NET CHANGE IN FUND BALANCES	15,114	30	19	17,108	6,062	796	4,888	27,352	85,106
FUND BALANCES (DEFICIT), July 1, 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>
FUND BALANCES (DEFICIT), June 30, 2013	<u>\$ 148,160</u>	<u>\$ 1,806</u>	<u>\$ 23,326</u>	<u>\$ 54,757</u>	<u>\$ 99,090</u>	<u>\$ 1,667</u>	<u>\$ 49</u>	<u>\$ 19,058</u>	<u>\$ 853,226</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, 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, the 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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 13-1 and 13-2 to be material weaknesses.

We noted a certain matter, item 13-3, which is not considered a material weakness or a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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*.

Town's Response to Findings

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Montpelier, Vermont
February 12, 2014

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

**TOWN OF RANDOLPH, VERMONT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

13-1 Capital asset and long-term debt accounting

The accounting for capital assets and long-term debt 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 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 2014 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.

13-2 Balance sheet account reconciliations

The balance sheet accounts are used to record and report the value of assets, liabilities and equity (net position 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 2013 audit for many balance sheet accounts such as cash, accounts receivable, various clearing account, deferred grant revenue, deferred property taxes, and accounts payable. 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 during most of the fiscal year. Accounts receivable, grants receivable and accounts payable in various funds were not reconciled and had not been adjusted for prior year accruals. Year end deferred grant revenue and deferred property taxes 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 grant revenue and deferred property taxes 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.

13-3 Landfill postclosure care liability estimate

Actual annual postclosure care costs have significantly exceeded management's estimated annual liability in the past three 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.