

TOWN OF RICHMOND, VERMONT

AUDIT REPORT

JUNE 30, 2014

TOWN OF RICHMOND, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2014

	<u>Page #</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements:	
Government-Wide Statement of Net Position	Exhibit A 9
Government-Wide Statement of Activities	Exhibit B 10
Governmental Funds:	
Balance Sheet	Exhibit C 11
Reconciliation of the Balance Sheet – Governmental Funds to the Government-Wide Statement of Net Position	Exhibit D 12
Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit E 13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	Exhibit F 14
Proprietary Fund:	
Statement of Net Position	Exhibit G 15
Statement of Revenues, Expenses and Changes in Fund Net Position	Exhibit H 16
Statement of Cash Flows	Exhibit I 17

TOWN OF RICHMOND, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2014

		<u>Page #</u>
Fiduciary Funds:		
Statement of Fiduciary Net Position	Exhibit J	18
Statement of Changes in Fiduciary Net Position	Exhibit K	19
Notes to the Financial Statements		20-34
Schedule of Revenues and Expenditures - Budget and Actual - General Fund	Schedule 1	35-42
Combining Balance Sheet - Non-Major Governmental Funds	Schedule 2	43-44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	Schedule 3	45-46
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"		47-48
Schedule of Deficiencies in Internal Control		49-51
Response to Deficiencies in Internal Control		

Sullivan, Powers & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

Independent Auditor's Report

Selectboard
Town of Richmond, Vermont
P.O. Box 285
Richmond, Vermont 05477

Report 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 Richmond, Vermont, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Richmond, Vermont's basic financial statements as listed in the Table of Contents.

Management's 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 Town'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 Town'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 previously 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 Richmond, Vermont, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 8 and budgetary comparison information for the General Fund on Schedule 1 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.

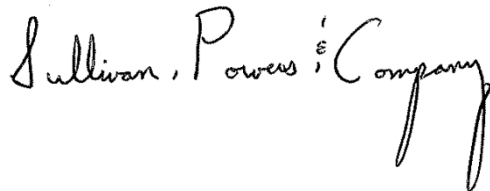
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Richmond, Vermont’s basic financial statements. The combining fund financial statements and the budgetary comparison schedule for the Water and Sewer Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated February 5, 2015 on our consideration of the Town of Richmond, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Richmond, Vermont’s internal control over financial reporting and compliance.

February 5, 2015
Montpelier, Vermont
VT Lic. #92-000180



**TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Our discussion and analysis of the Town of Richmond, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position increased by \$520,470 as a result of this year's operations. While net position of our business-type activities increased by \$105,414, net position of our governmental activities increased by \$415,056.
- In the Town's business-type activities, revenues and transfers in were \$795,803 while expenses were \$690,389.
- The cost of all of the Town's programs was \$3,996,695 this year.
- The General Fund reported a surplus this year of \$5,658.
- The unassigned fund balance for the General Fund was a surplus of \$391,489 as of June 30, 2014.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Governmental and proprietary fund financial statements report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The fiduciary fund statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Town as a Whole

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. You can think of the Town's net position - the difference between assets and liabilities - as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two types of services or activities:

- Governmental activities - Most of the Town's basic services are reported here, including public safety, highway and streets, culture and recreation, community services, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system facilities are reported here.

Reporting the Town's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Selectboard establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). All of the Town's funds are categorized as governmental, proprietary and fiduciary.

- Governmental funds - The basic services provided by the Town are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the 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 22 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund and Community Development Fund, which are considered major funds. Data from the other 20 governmental funds are aggregated into a single column on the fund financial 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 a proprietary fund to account for its Water and Sewer Fund.
- 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 reports eight trust funds and two agency funds.

The Town as a Whole

The Town's combined net position increased by \$520,470 from a year ago - increasing from \$9,024,837, to \$9,545,307. Looking at the net position and net expenses of governmental and business-type activities separately, however, two very different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1 - Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 2,454,963	\$ 2,205,837	\$ 560,760	\$ 458,086	\$ 3,015,723	\$ 2,663,923
Capital assets	<u>4,418,928</u>	<u>4,255,104</u>	<u>5,660,324</u>	<u>5,672,542</u>	<u>10,079,252</u>	<u>9,927,646</u>
Total assets	<u>6,873,891</u>	<u>6,460,941</u>	<u>6,221,084</u>	<u>6,130,628</u>	<u>13,094,975</u>	<u>12,591,569</u>
Other liabilities	226,944	128,200	106,300	19,419	333,244	147,619
Long-term liabilities	<u>1,427,504</u>	<u>1,528,354</u>	<u>1,788,920</u>	<u>1,890,759</u>	<u>3,216,424</u>	<u>3,419,113</u>
Total liabilities	<u>1,654,448</u>	<u>1,656,554</u>	<u>1,895,220</u>	<u>1,910,178</u>	<u>3,549,668</u>	<u>3,566,732</u>
Net position:						
Invested in capital assets, net of debt	3,017,143	2,734,149	3,871,404	3,788,534	6,888,547	6,522,683
Restricted	911,254	980,473	-	-	911,254	980,473
Unrestricted	<u>1,291,046</u>	<u>1,089,765</u>	<u>454,460</u>	<u>431,916</u>	<u>1,745,506</u>	<u>1,521,681</u>
Total net position	<u>5,219,443</u>	<u>4,804,387</u>	<u>4,325,864</u>	<u>4,220,450</u>	<u>9,545,307</u>	<u>9,024,837</u>

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from a \$1,203,600 surplus at June 30, 2013 to a \$1,745,506 surplus at June 30, 2014, an increase of \$541,906.

The net position of our business-type activities increased to \$4,325,864 compared to \$4,220,450 in fiscal year 2013. The Town generally can only use these net position to finance the continuing operations of the water and sewer operations.

Table 2 - Change in Net Position

	2014			2013		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>Government</u>	<u>Activities</u>	<u>Activities</u>	<u>Government</u>
REVENUES						
Program revenues:						
Grants and contributions	\$ 589,088	\$ 579	\$ 589,667	\$ 469,250	\$ 8,764	\$ 478,014
Charges for services	296,761	787,424	1,084,185	263,832	676,384	940,216
General revenues:						
Property taxes	2,779,502	-	2,779,502	2,718,578	-	2,718,578
Earnings from investments	677	-	677	446	-	446
Insurance Proceeds	6,988	-	6,988	9,206	495	9,701
Transfer In (Out)	(7,800)	7,800	-	-	-	-
Sale of Town Property	40,000	-	40,000	2,800	-	2,800
Other	16,146	-	16,146	29,806	-	29,806
Total revenues	<u>3,721,362</u>	<u>795,803</u>	<u>4,517,165</u>	<u>3,493,918</u>	<u>685,643</u>	<u>4,179,561</u>
PROGRAM EXPENSES						
General government	872,733	-	872,733	793,887	-	793,887
Public safety	648,782	-	648,782	599,723	-	599,723
Highways and streets	1,418,252	-	1,418,252	1,539,055	-	1,539,055
Culture and recreation	221,626	-	221,626	229,282	-	229,282
Appropriations	95,737	-	95,737	94,556	-	94,556
Interest	49,176	46,349	95,525	56,400	43,772	100,172
Water and sewer	-	644,040	644,040	-	548,056	548,056
Total program expenses	<u>3,306,306</u>	<u>690,389</u>	<u>3,996,695</u>	<u>3,312,903</u>	<u>591,828</u>	<u>3,904,731</u>
Increase (decrease) in net position	<u>\$ 415,056</u>	<u>\$ 105,414</u>	<u>\$ 520,470</u>	<u>\$ 181,015</u>	<u>\$ 93,815</u>	<u>\$ 274,830</u>

Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The increase in net position for governmental activities was \$415,056 in 2014 compared to \$181,015 in 2013.

Table 3 presents the cost of each of the Town's five functions - general government, public safety, highways and streets, culture and recreation, and appropriations - as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3 - Governmental Activities

	2014		2013	
	Total Cost <u>of Services</u>	Net Cost <u>of Services</u>	Total Cost <u>of Services</u>	Net Cost <u>of Services</u>
General government	\$ 872,733	\$ 381,799	\$ 793,887	\$ 463,257
Public safety	648,782	561,454	599,723	514,829
Highways and streets	1,418,252	1,125,677	1,539,055	1,211,188
Culture and recreation	221,626	206,614	229,282	209,785
Appropriations	95,737	95,737	94,556	94,556
Interest	<u>49,176</u>	<u>49,176</u>	<u>56,400</u>	<u>56,400</u>
Totals	<u>\$ 3,306,306</u>	<u>\$ 2,420,457</u>	<u>\$ 3,312,903</u>	<u>\$ 2,550,015</u>

Business-type Activities

The factors driving this year's results include:

Water and sewer revenues increased in FY14 due in part to higher septage volume. The Town anticipates that expenses and long-term debt will continue to increase due to inflation and related capital improvements.

The Town's Funds

As the Town completed the year, its governmental funds (as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances) reported a combined fund balance of \$1,618,814, which is more than last year's total of \$1,458,242. Included in this year's total change in fund balance is a current year surplus of \$5,658 in the Town's General Fund.

General Fund Budgetary Highlights

The Town's budget performance varied from anticipated amounts due to two significant courses of events. First, the town committed to accelerating the gravel road program to make up for lost time in the prior year. This resulted in utilizing funds from the Rainy Day Fund that was increased in the prior fiscal year. The second issue was the damages from the Hurricane Irene flooding. This event skewed expenses for repairs and revenues from insurance claims and FEMA claims. Also, the town utilized revenues from short-term borrowing to make some equipment purchases.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the Town had \$9,790,263 invested in a broad range of capital assets, including police and fire equipment, buildings, and water and sewer line, net of accumulated depreciation. (See Table 4) This amount represents a net decrease (including additions and depreciation) of \$137,383 from the prior year.

Table 4 - Capital Assets, Net of Accumulated Depreciation, at Year-End

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 250,000	\$ 250,000	\$ 50,000	\$ 50,000	\$ 300,000	\$ 300,000
Construction in progress	121,613	10,209	60,985	1,235,858	182,598	1,246,067
Buildings & improvements	1,678,263	1,623,263	495,728	495,728	2,173,991	2,118,991
Vehicles and equipment	2,600,779	2,552,399	119,227	119,227	2,720,006	2,671,626
Water and sewer system	-	-	2,891,117	1,588,862	2,891,117	1,588,862
Infrastructure	2,131,803	1,984,385	-	-	2,131,803	1,984,385
Phosphorus upgrade	-	-	3,939,064	3,939,064	3,939,064	3,939,064
Accumulated depreciation	<u>(2,363,530)</u>	<u>(2,165,152)</u>	<u>(1,895,797)</u>	<u>(1,756,197)</u>	<u>(4,259,327)</u>	<u>(3,921,349)</u>
Totals	<u>\$ 4,418,928</u>	<u>\$ 4,255,104</u>	<u>\$ 5,660,324</u>	<u>\$ 5,672,542</u>	<u>\$10,079,252</u>	<u>\$ 9,927,646</u>

This year's additions included:

<i>Governmental Activities</i>	
Town Center boilers	\$ 42,500
Depot Street Parking	119,863
Police Cruiser	31,346
Hinesburg Road culvert project	138,959
Highway Loader	<u>72,821</u>
	<u>\$ 405,489</u>
<i>Business-type Activities</i>	
Water Tank and CCT	\$ 60,985
Depot Street Waterline	63,366
Esplanade Street sewer improvement	<u>17,755</u>
	<u>\$ 142,106</u>

Debt

At June 30, 2014, the Town had \$3,183,613 in bonds, notes and lines of credit outstanding versus \$3,388,907 on June 30, 2013 – a decrease of \$205,294 - as shown in Table 5.

Table 5 - Outstanding Debt at Year-End

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 982,600	\$1,093,200	\$ 1,394,300	\$ 1,595,598	\$ 2,376,900	\$ 2,688,798
Notes payable	<u>412,092</u>	<u>411,699</u>	<u>394,620</u>	<u>288,410</u>	<u>806,712</u>	<u>700,109</u>
Totals	<u>\$ 1,394,692</u>	<u>\$1,504,899</u>	<u>\$ 1,788,920</u>	<u>\$ 1,884,008</u>	<u>\$ 3,183,612</u>	<u>\$ 3,388,907</u>

New debt resulted from the Jericho Road bond and equipment notes for the Highway Department.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2016 budget, tax rates, and fees that will be charged for the business-type activities. Some of those factors are the economy, wages and unemployment in the region and the fees charged in other municipalities as well as capital improvements authorized by voters or the approved Capital Spending Plan.

When adopting the budget for the 2015-2016 year, the Selectboard took into account these indicators, specifically the Consumer Price Index for All Urban Consumers (CPI-U), as well as the rate of new home construction and adjustments to property values due to a stabilizing housing market, inflationary pressures, in particular in the areas of health insurance and highway construction costs both projected to continue to increase at between 10% and 20% annually.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager at Town of Richmond, P.O. Box 285, Richmond, Vermont 05477.

TOWN OF RICHMOND, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Cash and cash equivalents	\$ 1,580,636	\$ 424,740	\$ 2,005,376
Property taxes receivable	232,886	-	232,886
Interest and penalties receivable	39,206	-	39,206
Accounts receivable	76,346	227,829	304,175
Grants receivable	7,730	-	7,730
Prepaid expenses	11,040	2,545	13,585
Due from fiduciary funds	265	-	265
Internal balances	94,354	(94,354)	-
Total current assets	<u>2,042,463</u>	<u>560,760</u>	<u>2,603,223</u>
Noncurrent assets -			
Note receivable	412,500	-	412,500
Capital assets	6,782,458	7,556,121	14,338,579
less - accumulated depreciation	<u>(2,363,530)</u>	<u>(1,895,797)</u>	<u>(4,259,327)</u>
Total noncurrent assets	<u>4,831,428</u>	<u>5,660,324</u>	<u>10,491,752</u>
Total assets	<u>6,873,891</u>	<u>6,221,084</u>	<u>13,094,975</u>
LIABILITIES:			
Accounts payable	169,950	91,794	261,744
Accrued wages	12,124	10,128	22,252
Unearned Revenue	44,870	-	44,870
Accrued interest	-	4,378	4,378
Current portion of capital lease	7,093	-	7,093
Current portion of long-term debt	<u>245,468</u>	<u>107,782</u>	<u>353,250</u>
Total current liabilities	<u>479,505</u>	<u>214,082</u>	<u>693,587</u>
Noncurrent liabilities -			
Accrued compensated absences	25,719	-	25,719
Long-term debt	<u>1,149,224</u>	<u>1,681,138</u>	<u>2,830,362</u>
Total noncurrent liabilities	<u>1,174,943</u>	<u>1,681,138</u>	<u>2,856,081</u>
Total liabilities	<u>1,654,448</u>	<u>1,895,220</u>	<u>3,549,668</u>
NET POSITION:			
Net investment in capital assets	3,017,143	3,871,404	6,888,547
Restricted	911,254	-	911,254
Unrestricted	<u>1,291,046</u>	<u>454,460</u>	<u>1,745,506</u>
Total net position	<u>\$ 5,219,443</u>	<u>\$ 4,325,864</u>	<u>\$ 9,545,307</u>

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

**TOWN OF RICHMOND, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
FUNCTIONS/PROGRAMS:						
Governmental activities -						
General government	\$ 872,733	\$ 214,387	\$ 276,547	\$ (381,799)	\$ -	\$ (381,799)
Public safety	648,782	67,136	20,192	(561,454)	-	(561,454)
Highways and streets	1,418,252	2,317	290,258	(1,125,677)	-	(1,125,677)
Culture and recreation	221,626	12,921	2,091	(206,614)	-	(206,614)
Appropriations	95,737	-	-	(95,737)	-	(95,737)
Interest	49,176	-	-	(49,176)	-	(49,176)
Total governmental activities	<u>3,306,306</u>	<u>296,761</u>	<u>589,088</u>	<u>(2,420,457)</u>	<u>-</u>	<u>(2,420,457)</u>
Business-type activities -						
Water and sewer	690,389	787,424	579	-	97,614	97,614
Total business-type activities	<u>690,389</u>	<u>787,424</u>	<u>579</u>	<u>-</u>	<u>97,614</u>	<u>97,614</u>
	\$ <u>3,996,695</u>	\$ <u>1,084,185</u>	\$ <u>589,667</u>	<u>(2,420,457)</u>	<u>97,614</u>	<u>(2,322,843)</u>
GENERAL REVENUES AND TRANSFERS						
			- PROPERTY TAXES	2,779,502	-	2,779,502
			- GAIN ON SALE OF VEHICLE	40,000	-	40,000
			- INSURANCE RECEIPTS	6,988	-	6,988
			- INTEREST INCOME	677	-	677
			- OTHER	16,146	-	16,146
			- TRANSFER IN (OUT)	(7,800)	7,800	-
				<u>2,835,513</u>	<u>7,800</u>	<u>2,843,313</u>
CHANGE IN NET POSITION				415,056	105,414	520,470
NET POSITION, July 1, 2013 , AS RESTATED				<u>4,804,387</u>	<u>4,220,450</u>	<u>9,024,837</u>
NET POSITION, June 30, 2014				\$ <u><u>5,219,443</u></u>	\$ <u><u>4,325,864</u></u>	\$ <u><u>9,545,307</u></u>

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

TOWN OF RICHMOND, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General <u>Fund</u>	Community Development <u>Fund</u>	Other Governmental <u>Funds</u>	Totals Governmental <u>Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,168,898	\$ -	\$ 411,738	\$ 1,580,636
Property taxes receivable	232,886	-	-	232,886
Interest receivable	39,206	-	-	39,206
Accounts receivable	76,346	-	-	76,346
Grants receivable	7,730	-	-	7,730
Prepaid expenditures	11,040	-	-	11,040
Note receivable	-	412,500	-	412,500
Due from other funds	-	-	893,399	893,399
Total assets	<u>\$ 1,536,106</u>	<u>\$ 412,500</u>	<u>\$ 1,305,137</u>	<u>\$ 3,253,743</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 169,475	\$ -	\$ 475	\$ 169,950
Due to other funds	625,917	-	172,863	798,780
Accrued wages	12,124	-	-	12,124
Unearned Revenue	1,219	-	7,433	8,652
Total liabilities	<u>808,735</u>	<u>-</u>	<u>180,771</u>	<u>989,506</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable Loans	-	412,500	-	412,500
Unavailable Property Taxes, Penalties and Interest	232,923	-	-	232,923
Total deferred inflows of resources	<u>232,923</u>	<u>412,500</u>	<u>-</u>	<u>645,423</u>
<u>FUND BALANCES:</u>				
Fund balances -				
Nonspendable	11,040	-	-	11,040
Restricted	-	-	498,754	498,754
Committed	-	-	433,831	433,831
Assigned	91,919	-	195,216	287,135
Unassigned	391,489	-	(3,435)	388,054
Total fund balances	<u>494,448</u>	<u>-</u>	<u>1,124,366</u>	<u>1,618,814</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,536,106</u>	<u>\$ 412,500</u>	<u>\$ 1,305,137</u>	<u>\$ 3,253,743</u>

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

TOWN OF RICHMOND, VERMONT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2014

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	\$ 1,618,814
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	6,782,458
Accumulated depreciation	(2,363,530)
Unavailable revenues are reported in the governmental funds to offset uncollected taxes and long-term notes receivable which are not available financial resources.	
Unavailable Property Taxes, Penalties and Interest	196,705
Unavailable note receivable	412,500
Liabilities not due and payable in the year are not reported in the governmental funds.	
Capital lease	(7,093)
Accrued compensated absences	(25,719)
Long-term debt	<u>(1,394,692)</u>
Net Position of Governmental Activities - Government-wide Statement of Net Position	\$ <u>5,219,443</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Community Development Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:				
Property taxes	\$ 2,801,520	\$ -	\$ -	\$ 2,801,520
Intergovernmental	614,055	-	-	614,055
Fees, licenses and permits	60,430	-	136,368	196,798
Charges for goods and services	65,922	-	-	65,922
Interest income	31	-	646	677
Miscellaneous	14,635	-	5,427	20,062
Total revenues	<u>3,556,593</u>	<u>-</u>	<u>142,441</u>	<u>3,699,034</u>
EXPENDITURES:				
General government	796,892	-	54,200	851,092
Public safety	544,177	-	9,267	553,444
Highways and streets	1,239,637	-	-	1,239,637
Library	176,659	-	9,278	185,937
Recreation	20,691	-	4,777	25,468
Appropriations	95,737	-	-	95,737
Capital Outlay:				
General government	-	-	55,000	55,000
Public safety	31,346	-	-	31,346
Highways and streets	232,038	-	99,605	331,643
Debt service - Principal	214,170	-	30,000	244,170
- Interest	48,326	-	850	49,176
Total expenditures	<u>3,399,673</u>	<u>-</u>	<u>262,977</u>	<u>3,662,650</u>
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>156,920</u>	<u>-</u>	<u>(120,536)</u>	<u>36,384</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds	45,000	-	80,000	125,000
Insurance proceeds	6,988	-	-	6,988
Transfers in	-	-	195,450	195,450
Transfers out	(203,250)	-	-	(203,250)
Total other financing sources (uses)	<u>(151,262)</u>	<u>-</u>	<u>275,450</u>	<u>124,188</u>
NET CHANGE IN FUND BALANCES	5,658	-	154,914	160,572
FUND BALANCES July 1, 2013, AS RESTATED	<u>488,790</u>	<u>-</u>	<u>969,452</u>	<u>1,458,242</u>
FUND BALANCES, June 30, 2014	<u>\$ 494,448</u>	<u>\$ -</u>	<u>\$ 1,124,366</u>	<u>\$ 1,618,814</u>

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

TOWN OF RICHMOND, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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

Net change in fund balances - total Governmental Funds \$ 160,572

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	417,989
Depreciation	(294,165)
Trade in	40,000

Unavailable revenue in governmental funds includes interest revenue related to
long-term notes receivable. It also includes tax revenue of the prior year but
excludes unavailable tax revenue of the current year as taxes uncollected within
60 days are unavailable at year end.

Increase in unavailable interest revenue	5,158
Prior year - unavailable property taxes	(218,723)
Current year - unavailable property taxes	196,705

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.

Proceeds from the issuance of long-term debt	(125,000)
Debt service - Principal	235,207
Capital lease payments	8,963

Changes in accrued compensated absences accumulated by employees will
increase or decrease the liability reported in the government-wide statements,
but are only recorded as an expenditure when paid in the governmental funds.

Increase in accrued compensated absences	<u>(11,650)</u>
--	-----------------

Change in Net Position of Governmental Activities - Government-wide Statement of Activities	<u>\$ 415,056</u>
--	-------------------

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2014

		<u>Water and Sewer Fund</u>
ASSETS:		
Current assets -		
Cash and cash equivalents	\$	424,740
Accounts receivable		227,829
Prepaid expense		2,545
Total current assets		<u>655,114</u>
Noncurrent assets -		
Capital assets		7,556,121
less - accumulated depreciation		<u>(1,895,797)</u>
Total noncurrent assets		<u>5,660,324</u>
Total assets		<u>6,315,438</u>
LIABILITIES:		
Current liabilities -		
Accounts payable		91,794
Accrued interest		4,378
Accrued wages		10,128
Due to other funds		94,354
Current portion of long-term debt		<u>107,782</u>
Total current liabilities		<u>308,436</u>
Noncurrent liabilities -		
Long-term debt		<u>1,681,138</u>
Total noncurrent liabilities		<u>1,681,138</u>
Total liabilities		<u>1,989,574</u>
NET POSITION:		
Net investment in capital assets		3,871,404
Unrestricted		<u>454,460</u>
Total net position	\$	<u>4,325,864</u>

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Water and Sewer Fund</u>
OPERATING REVENUES:	
Charges for services	\$ <u>787,424</u>
Total operating revenues	<u>787,424</u>
OPERATING EXPENSES:	
Administration	226,866
Pump station	2,386
Wastewater department	213,116
Water department	62,072
Depreciation	<u>139,600</u>
Total operating expenses	<u>644,040</u>
Operating income	<u>143,384</u>
NONOPERATING REVENUES (EXPENSES):	
Grant revenue	579
Interest expense	<u>(46,349)</u>
Total nonoperating revenues (expenses)	<u>(45,770)</u>
Transfer in	<u>7,800</u>
CHANGE IN NET POSITION	105,414
NET POSITION, July 1, 2013	<u>4,220,450</u>
NET POSITION, June 30, 2014	\$ <u>4,325,864</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 808,244
Cash paid to suppliers for goods and services	(288,963)
Cash paid to employees for services	<u>(135,347)</u>
Net cash provided by operating activities	<u>383,934</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer In	7,800
Change in due to/from other funds	<u>(496,950)</u>
Net cash provided (used) by noncapital financing activities	<u>(489,150)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from grants	(82)
Purchases of capital assets	(127,382)
Principal paid on bonds payable	(95,088)
Interest paid on bonds payable	<u>(46,349)</u>
Net cash provided (used) by capital and related financing activities	<u>(268,901)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(374,117)
CASH AND CASH EQUIVALENTS, July 1, 2013	<u>798,857</u>
CASH AND CASH EQUIVALENTS, June 30, 2014	\$ <u>424,740</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income	\$ 143,384
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -	
Depreciation	139,600
(Increase) decrease in trade accounts receivable	20,820
Increase (decrease) in accounts payable	73,980
Increase (decrease) in accrued interest	4,378
Increase (decrease) in accrued wages	8,523
Increase (decrease) in accrued compensated absences	<u>(6,751)</u>
Net cash provided by operating activities	<u>\$ 383,934</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
JUNE 30, 2014

	Private Purpose Trust Funds	<u>Agency Funds</u>		Totals Fiduciary Funds
		<u>Impact Fee Fund</u>	<u>Engineering Fee Fund</u>	
ASSETS:				
Cash and cash equivalents	\$ 30,543	\$ 81,520	\$ 14,165	\$ 126,228
Due from (to) other funds	<u>-</u>	<u>455</u>	<u>(720)</u>	<u>(265)</u>
Total assets	<u>30,543</u>	<u>81,975</u>	<u>13,445</u>	<u>125,963</u>
LIABILITIES:				
Impact fees -				
Richmond Town School District	-	81,975	-	81,975
Due to Developers	<u>-</u>	<u>-</u>	<u>13,445</u>	<u>13,445</u>
Total liabilities	<u>-</u>	<u>81,975</u>	<u>13,445</u>	<u>95,420</u>
NET POSITION:				
Held in trust for special purposes	\$ <u>30,543</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>30,543</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Private Purpose Trust Funds
Additions:	
Investment Income	\$ <u>50</u>
Total Additions	<u>50</u>
Deductions	<u>0</u>
Total Deductions	<u>0</u>
Change in Net Position	50
Net Position - July 1, 2013	<u>30,493</u>
Net Position - June 30, 2014	\$ <u><u>30,543</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies:

The Town of Richmond, 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. The Town provides various services as authorized and funded by State government or Town voters.

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

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

- B. Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the statement of net 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 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures or expenses, as appropriate.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 primary operating fund of the Town. It is used to account for all financial resources except those accounted for in another fund.

Community Development Fund - This fund accounts for the Town's community development grant loan program.

The Town reports the following major proprietary fund:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations.

The Town also reports fiduciary funds which are used to account for resources held for the benefit of parties outside the Town. The Town reports three private purpose trust funds and two agency funds.

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 the 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 and when they become available.

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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

- E. Budgets and budgetary accounting - The Town approves a budget for the General Fund at an annual Town Meeting. The tax rate is determined by the Selectboard based on the education and municipal grand lists, the approved operating budget and the State education property tax liability. The accounting method used for budget presentation is the same method used for the financial statements. Formal budgetary integration is employed as a management control during the year for the General Fund. The Town does not legally adopt budgets for other governmental funds.
- F. Budgeted Deficits - The Town elected to budget expenditures in excess of revenues by \$58,000 in the General Fund in order to utilize the prior years surpluses. These are reflected as a current year's budgeted deficiency of revenue over expenditures in Exhibit G.
- G. Excess of Expenditures Over Appropriations - For the year ended June 30, 2014, expenditures in the General Fund, exceeded appropriations by \$394,734. These were funded by excess revenues and available fund balance.
- H. Cash and cash equivalents - The Town's cash and cash equivalents are considered to be cash on hand and demand deposits.
- I. 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 and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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, 2003. 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. 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 of the Town are depreciated using the straight-line method over the following useful lives:
- | | |
|----------------------------|---------------|
| Buildings and improvements | 50 years |
| Water and sewer systems | 30 - 50 years |
| Vehicles and equipment | 4 - 20 years |
| Infrastructure | 20 - 30 years |
| Phosphorus upgrade | 50 years |
- J. Unavailable/unearned revenue - The Town has recorded, in the General Fund, unavailable revenue from property taxes and related penalties and interest 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 unearned revenue. The Town has recorded, in the Community Development Fund, unavailable revenue from a note receivable due to the nature and length of the note.
- K. Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

- L. Compensated absences - It is the Town's policy to permit employees to accumulate earned but unused vacation pay benefits based upon their length of employment (subject to certain carryover limitations and time restrictions). Upon retirement, termination or death, employees are compensated for these accrued benefits at their current rates of pay. Compensated absences are reported in the government-wide financial statements. Governmental funds report compensated absences as an expenditure when the benefit is paid. Unused sick days may be accumulated to be used in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.
- M. 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.
- N. Future Changes in Accounting Standards - The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27, effective for fiscal years beginning after June 15, 2014. This new accounting and reporting standard may impact the Town's measurement and recognition of pension liabilities, deferred outflows or resources, deferred inflows of resources, and expenses/expenditures in government-wide and/or enterprise fund financial statements. The requirements of this statement may require restating of beginning net position. The Town is currently not planning to early implement this Statement, and has made no estimation of the effect this Statement will have in the financial statements.
- O. Fund equity - With the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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 restricted, committed, assigned, and unassigned unless the Selectboard specifies otherwise.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

2. Cash and cash equivalents:

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 addresses custodial credit risk for deposits by requiring the institution to provide deposit insurance and/or proof of collateralization. At June 30, 2014, the Town's deposit accounts were either insured or collateralized with pooled collateral held by the bank for the class of deposits, but not held in the Town's name.

3. Note receivable:

The note receivable in the Community Development Fund consisted of a \$300,000 mortgage loan made to Richmond Village Housing Limited Partnership on March 9, 1999. The proceeds originated from a Grant Agreement dated January 9, 1998 between the Town of Richmond and the Vermont Agency of Commerce and Community Development. The note bears interest of 2.5% with principal and interest payments deferred until March 31, 2014. Monthly payments of principal and accrued interest of \$2,625 were to begin April 30, 2014 and continue through March 31, 2029. On February 3, 2014, the Selectboard approved to extend the loan deferral an additional 15 years, and adjust the interest rate forward to 0%. The loan is secured by a mortgage deed on the real property. The note receivable balance with accrued interest at June 30, 2014 was \$412,500.

4. Interfund receivables and payables:

Interfund receivable and payable balances due to the pooling of cash receipts and disbursements as of June 30, 2014 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 625,917
Other Governmental Funds	<u>893,399</u>	<u>172,863</u>
	<u>893,399</u>	<u>798,780</u>
Proprietary funds -		
Water and Sewer Fund	<u>-</u>	<u>94,354</u>
Fiduciary funds -		
Trust Funds	<u>-</u>	<u>265</u>
	<u>\$ 893,399</u>	<u>\$ 893,399</u>

5. Interfund transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ -	\$ 203,250
Other Governmental Funds	<u>195,450</u>	<u>-</u>
	<u>\$ 195,450</u>	<u>\$ 203,250</u>
Business-type activities -		
Sewer Fund	<u>7,800</u>	<u>-</u>
	<u>\$ 203,250</u>	<u>\$ 203,250</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Transfers from the General Fund into the Other Governmental Funds were for budgeted capital reserve increases and to eliminate deficit fund balances. The \$7,800 transferred from General to the Sewer Fund was to fund debt payments related to stormwater expenditures that are maintained by the General Fund.

6. Prepaid Expenses:

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses.

Prepaid expenses of governmental funds in the fund financial statements are offset by a nonspendable fund balance as these are not in spendable form.

7. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two (2) types of items which arise under the modified accrual basis of accounting and zero (0) types which arise under the accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, "unavailable revenue", is reported in the statement of net position and governmental funds balance sheet. The statement of net position reports unavailable revenues from one source; prepaid property taxes. The governmental funds report unavailable revenues from two (2) sources; unavailable property taxes, penalties and interest, and unavailable loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

8. Capital assets:

Changes in capital assets consisted of the following:

	Balance <u>July 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2014</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 250,000	\$ -	\$ -	\$ 250,000
Construction in progress	<u>10,209</u>	<u>119,863</u>	<u>8,459</u>	<u>121,613</u>
Total capital assets, not depreciated	<u>260,209</u>	<u>119,863</u>	<u>8,459</u>	<u>371,613</u>
Capital assets, depreciated:				
Buildings and improvements	1,623,263	55,000	-	1,678,263
Vehicles and equipment	2,552,399	144,167	95,787	2,600,779
Infrastructure	<u>1,984,385</u>	<u>147,418</u>	<u>-</u>	<u>2,131,803</u>
Total capital assets, depreciated	<u>6,160,047</u>	<u>346,585</u>	<u>95,787</u>	<u>6,410,845</u>
Less accumulated depreciation for:				
Buildings and improvements	501,652	32,111	-	533,763
Vehicles and equipment	1,293,363	186,336	95,787	1,383,912
Infrastructure	<u>370,137</u>	<u>75,718</u>	<u>-</u>	<u>445,855</u>
Total accumulated depreciation	<u>2,165,152</u>	<u>294,165</u>	<u>95,787</u>	<u>2,363,530</u>
Total capital assets, depreciated, net	<u>3,994,895</u>	<u>52,420</u>	<u>-</u>	<u>4,047,315</u>
Capital assets, net, governmental activities	\$ <u>4,255,104</u>	\$ <u>172,283</u>	\$ <u>8,459</u>	\$ <u>4,418,928</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	<u>1,235,858</u>	<u>60,985</u>	<u>1,235,858</u>	<u>60,985</u>
Total capital assets, not depreciated	<u>1,285,858</u>	<u>60,985</u>	<u>1,235,858</u>	<u>110,985</u>
Capital assets, depreciated:				
Buildings	495,728	-	-	495,728
Water and sewer systems	1,588,862	1,302,255	-	2,891,117
Phosphorus upgrade	3,939,064	-	-	3,939,064
Vehicles and equipment	<u>119,227</u>	<u>-</u>	<u>-</u>	<u>119,227</u>
Total capital assets, depreciated	<u>6,142,881</u>	<u>1,302,255</u>	<u>-</u>	<u>7,445,136</u>
Less accumulated depreciation for:				
Buildings	411,660	9,915	-	421,575
Water and sewer systems	573,925	43,544	-	617,469
Phosphorus upgrade	697,999	78,781	-	776,780
Vehicles and equipment	<u>72,613</u>	<u>7,360</u>	<u>-</u>	<u>79,973</u>
Total accumulated depreciation	<u>1,756,197</u>	<u>139,600</u>	<u>-</u>	<u>1,895,797</u>
Total capital assets, depreciated, net	<u>4,386,684</u>	<u>1,162,655</u>	<u>-</u>	<u>5,549,339</u>
Capital assets, net, business-type activities	\$ <u>5,672,542</u>	\$ <u>1,223,640</u>	\$ <u>1,235,858</u>	\$ <u>5,660,324</u>

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

8. Capital assets (continued):

The beginning balance for Governmental equipment capital assets and accumulated depreciation has been restated for \$41,845, the amount of the library piano purchased in 2004; the restatement has no net effect on net position. Depreciation expense in the governmental activities totaling \$294,165 was allocated to the following functions: general government \$9,991, public safety \$95,338, highways and streets \$178,615 and culture and recreation \$10,221.

9. Capital lease:

In July 2012, the Town entered into a lease agreement as lessee for financing the acquisition of a police vehicle. The interest rate of the lease agreement is 6.20%. The term of the lease is three (3) years. The lease agreement qualified as a capital lease for accounting purposes and, therefore, the cost and depreciation of this asset is included with other capital assets of the Town. The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2014 are reflected below.

		<u>Police Cruiser</u>
Year ending June 30, 2015	\$	<u>7,315</u>
Total minimum lease payments		7,315
Less: amount representing interest		<u>(222)</u>
Present value of minimum lease payments	\$	<u><u>7,093</u></u>

10. Operating leases:

The Town entered into a 20 year lease, as lessor, with the U.S. Postal Service (USPS) through September 2013. In August 2013, the lease was renewed through September 2018. Rental income for the year ended June 30, 2014 was \$79,766.

The Town entered into a three year lease, as lessor, with the Chittenden East Supervisory Union (CESU) through June 2015. Rental income for the year ended June 30, 2014 was \$42,312.

Minimum future rental income over the remaining terms of these leases is as follows:

	<u>Total</u>	<u>USPS</u>	<u>CESU</u>
2015	131,512	89,200	42,312
2016	89,200	89,200	-
2017	89,200	89,200	-
2018	89,200	89,200	-
2019	<u>14,867</u>	<u>14,867</u>	<u>-</u>
Total	\$ <u><u>413,979</u></u>	\$ <u><u>371,667</u></u>	\$ <u><u>42,312</u></u>

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

11. Long-term debt:

The Town is indebted at June 30, 2014 as follows:

Governmental activities -

Bond payable, Vermont Municipal Bond Bank - 2005 Series 1, various interest rates, currently at 3.70%. Annual principal payment of \$10,000. Matures December 2025.	\$ 120,000
Bond payable, Vermont Municipal Bond Bank - 2007 Series 2, various interest rates, currently at 5.20%. Annual principal payment of \$25,000. Matures December 2017.	85,000
Bond payable, Vermont Municipal Bond Bank - 2011 Series 2, various interest rates, currently at .804%. Annual principal payment of \$45,600. Matures December 2031.	777,600
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$22,438. Matures April 2017.	66,956
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$77,970. Matures March 2016.	154,096
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$22,960. Matures July 2017.	66,040
Note payable, Merchants Bank, NA - unsecured, with interest at 2.00%. Annual payments of \$20,000. Matures October 2017.	80,000
Note payable, Merchants Bank, NA - unsecured, with interest at 1.69%. Annual payments of \$22,500. Matures October 2015.	45,000
	<u>\$ 1,394,692</u>

Business-type activities -

Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-074, annual payments of \$22,220, including a 2.0% administrative fee. Matures March 2026.	\$ 234,986
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-101, annual payments of \$7,636 with no interest starting April 2015. Matures April 2024.	120,211
Note payable, State of Vermont Special Environmental Revolving Fund - WPL-170, annual payments of \$26,554 with no interest starting October 2012. Matures October 2019.	232,450
Bond payable, State of Vermont Clean Water State Revolving Fund - AR1-058, annual payments of \$20,609, including a 2.0% administrative fee, starting October 2012. Matures October 2031.	316,913
Bond payable, Vermont Municipal Bond Bank - 2011 Series 2, various interest rates, currently at .804%. Annual principal payment of \$10,000. Matures December 2031.	842,400
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$22,960. Matures July 2017.	41,960
	<u>\$ 1,788,920</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

11. Long-term debt (continued):

The following is a summary of changes in long-term debt:

	<u>Balance</u> July 1, 2013	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> June 30, 2014	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities -					
Bonds payable -					
1995 Series 2	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -
2005 Series 1	130,000	-	10,000	120,000	10,000
2007 Series 2	110,000	-	25,000	85,000	25,000
Portion 2011 VMBB Jericho Rd	823,200	-	45,600	777,600	45,600
2012 Note payable	89,749	-	22,793	66,956	22,438
2012 Note payable	233,910	-	79,814	154,096	77,970
2013 Note payable	88,040	-	22,000	66,040	21,960
2014 Note payable	-	80,000	-	80,000	20,000
2014 Note payable	-	45,000	-	45,000	22,500
	<u>1,504,899</u>	<u>125,000</u>	<u>235,207</u>	<u>1,394,692</u>	<u>245,468</u>
Business-type activities -					
RF1-074	252,163	-	17,177	234,986	17,520
RF1-101	120,211	-	-	120,211	12,021
WPL-170	232,450	-	-	232,450	-
AR1-058	331,424	-	14,511	316,913	14,801
Portion 2011 VMBB Jericho Rd	891,800	-	49,400	842,400	49,400
2013 Note payable	55,960	-	14,000	41,960	14,040
	<u>1,884,008</u>	<u>-</u>	<u>95,088</u>	<u>1,788,920</u>	<u>107,782</u>
	<u>\$ 3,388,907</u>	<u>\$ 125,000</u>	<u>\$ 330,295</u>	<u>\$ 3,183,612</u>	<u>\$ 353,250</u>

Annual maturities of the long-term debt 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>
2015	\$ 245,468	\$ 42,952	\$ 107,782	\$ 40,809
2016	236,224	37,852	152,318	39,132
2017	137,400	30,631	152,818	37,300
2018	93,200	26,813	139,610	36,272
2019	53,200	24,782	140,296	33,369
2020-2024	266,000	98,361	526,302	133,264
2025-2029	236,000	48,979	371,032	69,765
2030-2032	127,200	8,690	198,762	11,868
	<u>\$ 1,394,692</u>	<u>\$ 319,060</u>	<u>\$ 1,788,920</u>	<u>\$ 401,779</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

11. Long-term debt (continued):

In prior years, the Vermont Municipal Bond Bank refunded the 1998 Series 2, 1999 Series 1 and 2007 Series 2 Bonds resulting in interest savings to the Town of \$4,907 and \$2,045 and \$15,580, respectively. These savings allocations, to be received between FY14 and FY29, have been reflected as a reduction of interest in the above maturity table. There is no remaining principal balance due on the 1998 Series 2 or 1999 Series 1 Bonds.

12. Cemetery funds:

In prior years, the Cemetery Funds were considered private purpose trust funds. Management has determined that these funds are other governmental funds for the Town's use for the cemetery. Beginning governmental activities net position and the governmental fund fund balances were restated at July 1, 2013 by \$132,912, an increase to the governmental activities and other governmental funds assets and net position and fund balances and a decrease to the private purpose trust fund's assets and net position. The effect on the prior year statement of activities and statement of revenues, expenditures and changes in fund balance has not been determined.

At June 30, 2014, the cemetery fund consisted of the following:

Cemetery Operating Funds		\$ 129,018
Crandall Trust Funds		1,564
Rocheleau Trust Funds		515
Towne Trust Funds		279
Perpetual Care Funds		<u>5,930</u>
Total cemetery fund		<u>\$ 137,306</u>

13. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements. The Town does have \$66,919 of assigned fund balance for budget stabilization but it does not meet the criteria to be considered restricted or committed.

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are nonspendable as follows:

Nonspendable General Fund Prepaid Expenses	<u>\$11,040</u>
Total Nonspendable Fund Balances	<u>\$11,040</u>

The fund balances in the following funds are restricted as follows:

Non-Major Funds

Restricted for Jericho Road Improvement (Source of Revenue is Grant)	\$ 53,197
Restricted for Conservation (Source of Revenue is Donations)	239,179
Restricted for Fire Department Improvements (Source of Revenue is Impact Fees)	9,746
Restricted for Restoration of Records Expenses (Source of Revenue is Restoration Fees)	34,020
Restricted for Flag Replacement (Source of Revenue is Donations)	9,488
Restricted for Recreation Path Expenditures (Source of Revenue is Donations)	986
Restricted for Soccer Program Expenses (Source of Revenue is Recreation Fees)	6,761
Restricted for Tree Replacement (Source of Revenue is Donations)	237
Restricted for Richmond Fire Department (Source of Revenue is Donations)	3,166
Restricted for Richmond Free Library (Source of Revenue is Donations)	2,120
Restricted for Lister Education (Source Revenue is State Payments)	2,548
Restricted for Cemetery Expenses (Source of Revenue is Fees and Donations)	<u>137,306</u>
Total Non-Major Funds	<u>498,754</u>
Total Restricted Fund Balances	<u>\$498,754</u>

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

The fund balances in the following funds are committed as follows:

Non-Major Funds

Committed by Voters for Library Reserve	\$ 36,106
Committed by Voters for Fire Reserve	83,597
Committed by Voters for Highway Capital	44,614
Committed by Voters for Bridge and Culvert Reserve	262,445
Committed by Voters for Railroad Street Planning	<u>7,069</u>
Total Non-Major Funds	<u>433,831</u>
Total Committed Fund Balances	<u>\$433,831</u>

The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned for Budget Stabilization	\$ 66,919
Assigned to Reduce Property Taxes in Fiscal Year 2015	<u>25,000</u>
Total General Fund	<u>91,919</u>

Non-Major Funds

Assigned for Reappraisal Expenses	102,631
Assigned for Town Center Maintenance	<u>92,585</u>
Total Non-Major Funds	<u>195,216</u>
Total Assigned Fund Balances	<u>\$287,135</u>

14. Net Position

The restricted net position of the Town as of June 30, 2014 consisted of the following:

Governmental Activities:

Restricted for Jericho Road Improvement by Grant	\$ 53,197
Restricted for Conservation by Donations	239,179
Restricted for Restoration of Records by Statute	34,020
Restricted for Cemetery Expenses by Donations	137,306
Restricted for Soccer Program by Agreement	6,761
Restricted for Fire Department Improvements by Impact Fees	9,746
Restricted for Richmond Fire Department by Donations	3,166
Restricted for Tree Replacement by Donations	237
Restricted for Richmond Free Library by Donations	2,120
Restricted for Lister Education Reserve by Grant	2,548
Restricted for Flag Replacement by Donations	9,488
Restricted for Recreation Path Expenditures by Donations	986
Restricted for Community Development by Grant Agreement	<u>412,500</u>
Total Governmental Activities	<u>\$ 911,254</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

The net position held in trust for various purposes in the Town's Private Purpose Trust Funds consisted of the following:

Restricted for Edmunds Trust Fund by Bequest to be Spent on Books	\$ 24,123
Restricted for Shanyon Athletic Fund by Bequest to be Spent on School Athletics	3,084
Restricted for Shanyon Trust Fund by Bequest to be Spent on Scholarships	<u>3,336</u>
Total Private Purpose Trust Funds	\$ <u>30,543</u>

15. Deficits:

At June 30, 2014 the Police Reserve Fund has a deficit fund balances of \$3,435. Management intends to recover this deficit through future transfers to the fund.

16. Property Taxes:

Property taxes attach as an enforceable lien on property owned as of April 1st. Elected listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Department of Education. Taxes were levied as of April 1, 2013 and were due August 15, 2013, November 15, 2013, February 15, 2014, and May 15, 2014.

17. Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

18. Pension plans:

Vermont Municipal Employees' Retirement System -

Plan description: The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS) a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contribution plans, administered by the State of Vermont. VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State statutory provisions, found in Section 5062 of Title 24, Chapter 125, of the V.S.A., govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the proper operation of VMERS is vested in the Board of Trustees consisting of five members. VMERS issues annual financial information which is available and may be reviewed at the VMERS' office, 109 State Street, Montpelier, Vermont, 05609-6901 or by calling (802) 828-2305.

Funding policy: Defined Benefit Plan members are required to contribute 2.5% (Group A), 4.5% (Group B), 9.25% (Group C) or 11.00% (Group D) of their annual covered salary, and the Town is required to contribute 4% (Group A), 5% (Group B), 6.5% (Group C) or 9.5% (Group D) of the employees' compensation. Defined Contribution Plan members are required to contribute 5% of their annual covered salary and the Town is required to contribute an equal dollar amount. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees. The Town's contributions to VMERS for the years ended June 30, 2014, 2013 and 2012 were \$45,288, \$39,077 and \$40,660, respectively. The amounts contributed were equal to the required contributions for each year.

The net position available for benefits as well as the present value of vested and nonvested plan benefits by municipality are not available.

Total payroll for the year was \$1,195,444, while covered payroll by the plan was \$883,666 and pension expense for the Town was \$42,288.

19. Subsequent events:

On May 19, 2014, the Town entered into a loan agreement with the Vermont Municipal Bond Bank in the amount of \$84,157 for project costs related to engineering design of a new water storage tank. As of June 30, 2014, the Town did not receive any disbursements related to this loan.

In August 2014, the Town amended the \$84,157 loan agreement with the Vermont Municipal Bond Bank for \$1,257,000 under the State Revolving Loan Fund. It is expected that additional financing of \$243,000 through conventional borrowing will be obtained for the new water storage tank and the chlorine improvements. In August 2014, an acre of land was obtained for \$59,000 related to this project.

Also in August 2014, the Town purchased one acre of property under the federal Hazard Mitigation Grant Buyout program for \$260,000.

On September 2, 2014, the Selectboard awarded a contract for the Town Center Parking Lot project in the amount of \$123,155.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Property taxes -			
Current	\$ 2,776,354	\$ 2,757,044	\$ (19,310)
Delinquent penalty and interest	32,000	35,176	3,176
Richmond Housing Taxes	7,200	-	(7,200)
VYCC	8,500	9,300	800
Total property taxes	<u>2,824,054</u>	<u>2,801,520</u>	<u>(22,534)</u>
Intergovernmental -			
Highway State aid	109,200	113,318	4,118
Railroad tax	1,400	1,715	315
Per parcel listing	16,036	16,017	(19)
Current use program	51,000	65,652	14,652
Act 60 reappraisal grant	1,700	1,700	-
FEMA - Flood damage	-	176,588	176,588
Special grants	399	198,077	197,678
Total intergovernmental	<u>179,735</u>	<u>573,067</u>	<u>393,332</u>
Fees, Licenses, and Permits -			
Liquor licenses	800	970	170
Dog licenses	5,100	5,107	7
Marriage licenses	200	360	160
Overweight permits	1,000	1,120	120
Access permits	150	1,197	1,047
Vehicle registration	600	324	(276)
Zoning permits	16,000	16,527	527
Field use	500	270	(230)
Total fees, licenses, and permits	<u>24,350</u>	<u>25,875</u>	<u>1,525</u>
Charges for goods and services -			
Town center rent	15,000	15,000	-
Water and sewer administration	14,000	14,000	-
School district payment	8,500	6,214	(2,286)
Town Clerk's fees	26,000	22,796	(3,204)
Vault time and copies	4,000	4,600	600
Certified copies	1,200	3,312	2,112
Total charges for goods and services	<u>68,700</u>	<u>65,922</u>	<u>(2,778)</u>
Police revenues -			
Police grants	-	4,450	4,450
Local fines	500	2,502	2,002
Police receipts	1,200	1,548	348
CESU contribution - SRO	26,000	30,395	4,395
Uniform traffic tickets	21,000	30,505	9,505

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES (CONTINUED):			
Police revenues (continued) -			
Special grants	-	6,143	6,143
Total police revenues	<u>48,700</u>	<u>75,543</u>	<u>26,843</u>
Other revenues -			
Interest income	500	31	(469)
Miscellaneous	<u>4,000</u>	<u>14,635</u>	<u>10,635</u>
Total other revenues	<u>4,500</u>	<u>14,666</u>	<u>10,166</u>
Total revenues	<u>3,150,039</u>	<u>3,556,593</u>	<u>406,554</u>
EXPENDITURES:			
Town Administration-			
Salaries	197,700	205,830	(8,130)
Selectboard	3,750	3,750	-
Payroll taxes	14,050	17,139	(3,089)
Retirement	10,125	10,937	(812)
Health insurance	50,000	47,118	2,882
Long-term disability	4,100	1,195	2,905
Travel	150	105	45
Training and education	1,500	1,839	(339)
Dues	5,500	5,787	(287)
Awards	800	435	365
Office supplies	3,250	5,432	(2,182)
Postage	7,500	7,232	268
Telephone	5,400	3,863	1,537
Office equipment	8,100	8,553	(453)
Heat	20,000	8,665	11,335
Electricity	9,000	9,140	(140)
Water and sewer	3,600	7,300	(3,700)
Trash removal	1,900	19,790	(17,890)
Building maintenance	11,000	16,821	(5,821)
Landscaping	2,000	230	1,770
Contracted work	22,200	30,670	(8,470)
General insurance	95,000	104,987	(9,987)
Advertising	4,000	2,977	1,023
Town reports	5,000	4,529	471
Recording books	3,600	3,386	214
Legal	7,500	24,925	(17,425)
Independent auditors	21,200	24,059	(2,859)
Engineering review	3,000	2,380	620
Technology	1,000	1,478	(478)
Special grants	-	71,853	(71,853)

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Town Administration (continued) -			
County tax	23,000	20,578	2,422
Total town administration	<u>544,925</u>	<u>672,983</u>	<u>(128,058)</u>
Listers department-			
Salaries	16,000	11,969	4,031
Payroll taxes	1,200	920	280
Office supplies	850	1,118	(268)
Training and education	400	250	150
Travel	400	179	221
Contracted work	2,000	4,875	(2,875)
Tax map maintenance	1,500	3,504	(2,004)
Total listers	<u>22,350</u>	<u>22,815</u>	<u>(465)</u>
Planning and zoning department-			
Salaries	69,900	68,310	1,590
Payroll taxes	4,625	5,251	(626)
Retirement	3,100	2,451	649
Health insurance	17,000	10,232	6,768
Long-term disability	1,100	321	779
Office supplies	2,900	2,881	19
Postage	1,200	388	812
Advertising	4,200	3,694	506
Training and education	175	200	(25)
Travel	725	689	36
Contracted work	3,100	1,465	1,635
Legal	7,700	5,212	2,488
Total planning and zoning	<u>115,725</u>	<u>101,094</u>	<u>14,631</u>
Total general government	<u>683,000</u>	<u>796,892</u>	<u>(113,892)</u>
Police department:			
Salaries	262,000	304,968	(42,968)
Overtime	26,000	31,639	(5,639)
Payroll taxes	23,000	26,243	(3,243)
Retirement	11,000	10,570	430
Long-term disability	3,240	1,631	1,609
Health insurance and Opt Out	54,080	48,652	5,428
Travel	250	466	(216)
Training and education	3,000	1,854	1,146
Uniforms	6,000	7,123	(1,123)
Office supplies	2,500	2,386	114
Telephone	6,000	7,323	(1,323)
Computers - Office	7,000	4,162	2,838

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Police department (continued) -			
Office equipment	2,500	2,520	(20)
Equipment repair	2,500	367	2,133
Gas and diesel	25,000	25,785	(785)
Cruiser repairs	6,000	6,575	(575)
Cruiser tires	4,000	3,726	274
Cruiser equipment	1,500	1,211	289
Supplies	5,200	4,903	297
Supplies	-	-	-
Total police department	<u>450,770</u>	<u>492,104</u>	<u>(41,334)</u>
Fire department:			
Salaries	16,000	14,261	1,739
Payroll taxes	1,300	988	312
Training and education	500	-	500
Telephone	2,500	3,217	(717)
Medical	100	-	100
Heat	3,500	2,455	1,045
Electricity	1,750	1,887	(137)
Water and sewer	750	1,092	(342)
Maintenance	3,000	1,445	1,555
Gas, oil, and diesel fuels	4,200	2,937	1,263
Maintenance - pumpers	8,000	12,726	(4,726)
Equipment repairs	1,500	1,025	475
Radio dispatch	6,000	4,781	1,219
Radio repair	2,000	563	1,437
Supplies	1,500	1,188	312
Equipment purchase	9,600	3,508	6,092
Travel	400	-	400
Public relations	200	-	200
Total fire department	<u>62,800</u>	<u>52,073</u>	<u>10,727</u>
Total public safety	<u>513,570</u>	<u>544,177</u>	<u>(30,607)</u>
Highways and streets -			
Highway:			
Salaries	229,000	226,805	2,195
Overtime	27,500	36,460	(8,960)
Payroll taxes	20,000	20,986	(986)
Retirement	12,750	13,490	(740)
Health insurance and Opt Out	54,980	65,633	(10,653)
Training and education	400	120	280
Uniforms	2,600	1,991	609
Office supplies	1,500	212	1,288
Telephone	1,900	1,750	150
Street lights	15,500	15,371	(1,871)

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Highways and streets (continued) -			
Heat	6,500	6,553	(53)
Electricity	2,400	2,864	(464)
Water and sewer	1,000	1,368	(368)
Trash removal	1,200	1,097	103
Maintenance	7,000	2,580	4,420
Gas and oil	4,200	3,207	993
Diesel fuel	70,000	75,055	(5,055)
Truck repairs	12,000	12,212	(212)
Gang mowers	500	66	434
Winter maintenance attachments	300	444	(144)
Excavator repair	1,500	7,640	(6,140)
Grader repair	2,000	2,252	(252)
Loader repair	500	566	(66)
Pickup repair	500	2,309	(1,809)
Tires	8,000	7,800	200
Tire chains	1,200	505	695
Tractor	300	226	74
Roadside mower	300	-	300
Park mower	800	526	274
Utility vehicle	1,000	1,247	(247)
Small equipment repair	1,000	1,143	(143)
Radio and repair	700	-	700
Total highway	<u>487,030</u>	<u>512,478</u>	<u>(25,448)</u>
Road maintenance and bridges:			
Centerline paint and shoulder	2,500	2,558	(58)
Chloride	16,000	14,247	1,753
Culverts	5,500	5,740	(240)
Guardrails	3,000	-	3,000
Gravel	220,000	192,670	27,330
Cutting edges	10,000	6,753	3,247
Small equipment purchases	7,000	547	6,453
Equipment rental	12,500	12,500	-
Miscellaneous equipment parts	1,000	45	955
Miscellaneous supplies	1,000	616	384
Patching	2,700	3,014	(314)
Salt	60,000	64,508	(4,508)
Sand	48,000	50,321	(2,321)
Bridge and culvert repair	3,200	329	2,871
Signs	1,500	2,122	(622)
Storm drains	1,950	202	1,748
Sweeping	3,500	3,600	(100)
Consultants	200	315	(115)

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Highways and streets (continued) -			
Welding and cutting supplies	1,000	1,159	(159)
Retreatment	270,000	256,477	13,523
Flood damage repair	-	109,436	(109,436)
Total road maintenance and bridges	<u>670,550</u>	<u>727,159</u>	<u>(56,609)</u>
Total highways and streets	<u>1,157,580</u>	<u>1,239,637</u>	<u>(82,057)</u>
 Library -			
Salaries	122,548	115,405	7,143
Payroll taxes	8,961	9,147	(186)
Retirement and disability	4,380	3,965	415
Health insurance and Opt Out	7,385	7,414	(29)
Travel	300	90	210
Training and education	300	333	(33)
Office supplies	2,000	2,368	(368)
Postage	1,000	1,005	(5)
Telephone	2,500	2,462	38
Computer	2,500	3,016	(516)
Heat	5,500	2,513	2,987
Electricity	4,500	5,272	(772)
Water and sewer	650	710	(60)
Maintenance	9,000	9,638	(638)
Books	11,750	12,606	(856)
Programs	700	715	(15)
Total library	<u>183,974</u>	<u>176,659</u>	<u>7,315</u>
 Recreation -			
Salaries	3,800	2,379	1,421
Payroll taxes	300	179	121
Dues	250	-	250
Electricity	800	603	197
Water and sewer	600	1,002	(402)
Trash removal	450	128	322
Maintenance	26,500	16,147	10,353
Recreation path maintenance	1,000	253	747
Special events	500	-	500
Total recreation	<u>34,200</u>	<u>20,691</u>	<u>13,509</u>

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Special Appropriations -			
Central Vermont Agency on Aging	1,800	1,800	-
Flags	650	770	(120)
Greater Burlington Industrial Corporation	100	100	-
Howard Center	100	100	-
Regional Planning	5,697	5,696	1
Richmond Community Band	400	800	(400)
Richmond Rescue	64,100	64,025	75
Hale & Hearty	4,100	4,100	-
Transportation Services - SSTA	2,300	1,788	512
Visiting Nurses Association	9,834	9,834	-
Vermont Center for Independent Living	375	375	-
Front Page Forum	100	100	-
CUSI Domestic Task Force	5,249	5,249	-
Lake Iroquois Association	400	400	-
Lake Iroquois District	600	600	-
Total special appropriations	<u>95,805</u>	<u>95,737</u>	<u>68</u>
Debt service -			
Principal payments:			
Police capital lease	-	8,963	(8,963)
2005 engine	10,000	10,000	-
2007 tandem dump truck	22,438	22,793	(355)
2011 dump truck	27,470	27,470	-
1996 highway garage	25,000	25,000	-
Fire engine 2010 note	50,500	52,344	(1,844)
Jericho Bond Note	45,600	45,600	-
2013 Excavator	22,000	22,000	-
Total principal payments	<u>203,008</u>	<u>214,170</u>	<u>(11,162)</u>
Interest payments:			
Police capital lease interest	-	790	(790)
2011 engine	3,600	1,756	1,844
2005 engine	5,400	5,390	10
Equipment note interest	7,800	5,705	2,095
1996 highway garage	6,250	5,230	1,020
Jericho bond note	27,200	27,111	89
Excavator interest	2,552	2,344	208
Total interest payments	<u>52,802</u>	<u>48,326</u>	<u>4,476</u>
Total debt service	<u>255,810</u>	<u>262,496</u>	<u>(6,686)</u>

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Capital outlay -			
Highway capital outlay	45,000	232,038	(187,038)
Police cruiser purchase	<u>36,000</u>	<u>31,346</u>	<u>4,654</u>
Total capital outlay	<u>81,000</u>	<u>263,384</u>	<u>(182,384)</u>
Total expenditures	<u>3,004,939</u>	<u>3,399,673</u>	<u>(394,734)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>145,100</u>	<u>156,920</u>	<u>11,820</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	45,000	45,000
Insurance proceeds	-	6,988	6,988
Transfer to Water and Sewer Fund	(7,800)	(7,800)	-
Transfer to Listers Reserve Fund	-	(150)	(150)
Transfer to Reappraisal Fund	(5,600)	(5,600)	-
Transfer to Library Reserve Fund	(16,000)	(16,000)	-
Transfer to Conservation Fund	(43,500)	(43,500)	-
Transfer to Fire Reserve Fund	(28,500)	(28,500)	-
Transfer to Police Reserve Fund	(2,000)	(2,000)	-
Transfer to Highway Reserve Fund	(62,700)	(62,700)	-
Transfer to Bridge and Culvert Reserve Fund	<u>(37,000)</u>	<u>(37,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(203,100)</u>	<u>(151,262)</u>	<u>51,838</u>
NET INCOME	<u>\$ (58,000)</u>	<u>\$ 5,658</u>	<u>\$ 63,658</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

Schedule 2
Page 1 of 2

	<u>Jericho Road Improvement</u>	<u>Town Center Debt Service</u>	<u>Conservation</u>	<u>Police Reserve</u>	<u>Library Reserve</u>	<u>Fire Reserve</u>	<u>Fire Impact Fees</u>	<u>Highway Reserve</u>	<u>Bridge & Culvert Reserve</u>	<u>Reappraisal</u>
<u>ASSETS</u>										
Cash and cash equivalents	\$ -	\$ 269,446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>53,197</u>	<u>-</u>	<u>239,179</u>	<u>-</u>	<u>36,106</u>	<u>83,597</u>	<u>9,746</u>	<u>44,614</u>	<u>262,445</u>	<u>102,631</u>
Total assets	<u>\$ 53,197</u>	<u>\$ 269,446</u>	<u>\$ 239,179</u>	<u>\$ -</u>	<u>\$ 36,106</u>	<u>\$ 83,597</u>	<u>\$ 9,746</u>	<u>\$ 44,614</u>	<u>\$ 262,445</u>	<u>\$ 102,631</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>										
LIABILITIES:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	169,428	-	3,435	-	-	-	-	-	-
Unearned Revenue	<u>-</u>	<u>7,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>176,861</u>	<u>-</u>	<u>3,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:										
Restricted	53,197	-	239,179	-	-	-	\$ 9,746	-	-	-
Committed	-	-	-	-	36,106	83,597	-	44,614	262,445	-
Assigned	-	92,585	-	-	-	-	-	-	-	102,631
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,435)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>53,197</u>	<u>92,585</u>	<u>239,179</u>	<u>(3,435)</u>	<u>36,106</u>	<u>83,597</u>	<u>9,746</u>	<u>44,614</u>	<u>262,445</u>	<u>102,631</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 53,197</u>	<u>\$ 269,446</u>	<u>\$ 239,179</u>	<u>\$ -</u>	<u>\$ 36,106</u>	<u>\$ 83,597</u>	<u>\$ 9,746</u>	<u>\$ 44,614</u>	<u>\$ 262,445</u>	<u>\$ 102,631</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

Schedule 2
Page 2 of 2

	<u>Records Restoration</u>	<u>Railroad Street Planning</u>	<u>Adam Muller Flag</u>	<u>Recreation Recreation Path</u>	<u>(Soccer Program)</u>	<u>Tree Replacement</u>	<u>Richmond Fire Department</u>	<u>Richmond Free Library</u>	<u>Lister Education Reserve</u>	<u>Cemetery Fund</u>	<u>Total</u>
<u>ASSETS</u>											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,166	\$ 2,120	\$ -	\$ 137,006	\$ 411,738
Due from other funds	<u>34,339</u>	<u>7,069</u>	<u>9,488</u>	<u>986</u>	<u>6,917</u>	<u>237</u>	<u>-</u>	<u>-</u>	<u>2,548</u>	<u>300</u>	<u>893,399</u>
Total assets	\$ <u>34,339</u>	\$ <u>7,069</u>	\$ <u>9,488</u>	\$ <u>986</u>	\$ <u>6,917</u>	\$ <u>237</u>	\$ <u>3,166</u>	\$ <u>2,120</u>	\$ <u>2,548</u>	\$ <u>137,306</u>	\$ <u>1,305,137</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>											
LIABILITIES:											
Accounts payable	\$ 319	\$ -	\$ -	\$ -	\$ 156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 475
Due to other funds	-	-	-	-	-	-	-	-	-	-	172,863
Unearned Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,433</u>
Total liabilities	<u>319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,771</u>
FUND BALANCES:											
Restricted	34,020	-	9,488	986	6,761	237	3,166	2,120	2,548	137,306	498,754
Committed	-	7,069	-	-	-	-	-	-	-	-	433,831
Assigned	-	-	-	-	-	-	-	-	-	-	195,216
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,435)</u>
Total fund balances	<u>34,020</u>	<u>7,069</u>	<u>9,488</u>	<u>986</u>	<u>6,761</u>	<u>237</u>	<u>3,166</u>	<u>2,120</u>	<u>2,548</u>	<u>137,306</u>	<u>1,124,366</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>34,339</u>	\$ <u>7,069</u>	\$ <u>9,488</u>	\$ <u>986</u>	\$ <u>6,917</u>	\$ <u>237</u>	\$ <u>3,166</u>	\$ <u>2,120</u>	\$ <u>2,548</u>	\$ <u>137,306</u>	\$ <u>1,305,137</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Jericho Road Improvement	Town Center Debt Service	Conservation	Police Reserve	Library Reserve	Fire Reserve	Fire Impact Fees	Highway Reserve	Bridge & Culvert Reserve	Reappraisal
REVENUES:										
Rents and fees	\$ -	\$ 107,079	\$ -	\$ -	\$ -	\$ -	\$ 2,187	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-	-	-	-
Donations - community projects	-	-	-	-	-	-	-	-	-	-
Interest income	-	421	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>107,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,187</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:										
General government	-	34,427	8,887	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	5,547	-	-	-	-
Library	-	-	-	-	8,966	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Capital outlay	99,605	55,000	-	-	-	-	-	-	-	-
Debt service - Principal	-	30,000	-	-	-	-	-	-	-	-
- Interest	-	850	-	-	-	-	-	-	-	-
Total expenditures	<u>99,605</u>	<u>120,277</u>	<u>8,887</u>	<u>-</u>	<u>8,966</u>	<u>5,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(99,605)</u>	<u>(12,777)</u>	<u>(8,887)</u>	<u>-</u>	<u>(8,966)</u>	<u>(5,547)</u>	<u>2,187</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):										
Loan proceeds	80,000	-	-	-	-	-	-	-	-	-
Transfers in	-	-	43,500	2,000	16,000	28,500	-	62,700	37,000	5,600
Total other financing sources (uses):	<u>80,000</u>	<u>-</u>	<u>43,500</u>	<u>2,000</u>	<u>16,000</u>	<u>28,500</u>	<u>-</u>	<u>62,700</u>	<u>37,000</u>	<u>5,600</u>
NET CHANGE IN FUND BALANCES	(19,605)	(12,777)	34,613	2,000	7,034	22,953	2,187	62,700	37,000	5,600
FUND BALANCES (DEFICIT), July 1, 2013	<u>72,802</u>	<u>105,362</u>	<u>204,566</u>	<u>(5,435)</u>	<u>29,072</u>	<u>60,644</u>	<u>7,559</u>	<u>(18,086)</u>	<u>225,445</u>	<u>97,031</u>
FUND BALANCES (DEFICIT), June 30, 2014	<u>\$ 53,197</u>	<u>\$ 92,585</u>	<u>\$ 239,179</u>	<u>\$ (3,435)</u>	<u>\$ 36,106</u>	<u>\$ 83,597</u>	<u>\$ 9,746</u>	<u>\$ 44,614</u>	<u>\$ 262,445</u>	<u>\$ 102,631</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Records Restoration	Railroad Street Planning	Adam Muller Flag	Recreation Recreation Path	Tree Recreation (Soccer Program)	Richmond Replace- ment	Richmond Fire Department	Richmond Free Library	Lister Education Reserve	Cemetery Fund	Total
REVENUES:											
Rents and fees	\$ 17,322	\$ -	\$ -	\$ -	\$ 5,430	\$ -	\$ -	\$ -	\$ -	\$ 4,350	\$ 136,368
Other	-	-	-	-	-	-	-	1,693	-	-	1,693
Donations - community projects	-	-	-	-	-	-	3,734	-	-	-	3,734
Interest income	-	-	-	-	-	-	1	-	-	224	646
Total revenues	<u>17,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,430</u>	<u>-</u>	<u>3,735</u>	<u>1,693</u>	<u>-</u>	<u>4,574</u>	<u>142,441</u>
EXPENDITURES:											
General government	10,706	-	-	-	-	-	-	-	-	180	54,200
Public safety	-	-	-	-	-	-	3,720	-	-	-	9,267
Library	-	-	-	-	-	-	-	312	-	-	9,278
Recreation	-	-	-	-	4,777	-	-	-	-	-	4,777
Capital outlay	-	-	-	-	-	-	-	-	-	-	154,605
Debt service - Principal	-	-	-	-	-	-	-	-	-	-	30,000
- Interest	-	-	-	-	-	-	-	-	-	-	850
Total expenditures	<u>10,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,777</u>	<u>-</u>	<u>3,720</u>	<u>312</u>	<u>-</u>	<u>180</u>	<u>262,977</u>
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653</u>	<u>-</u>	<u>15</u>	<u>1,381</u>	<u>-</u>	<u>4,394</u>	<u>(120,536)</u>
OTHER FINANCING SOURCES (USES):											
Loan proceeds	-	-	-	-	-	-	-	-	-	-	80,000
Transfers in	-	-	-	-	-	-	-	-	150	-	195,450
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>275,450</u>
NET CHANGE IN FUND BALANCES	<u>6,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653</u>	<u>-</u>	<u>15</u>	<u>1,381</u>	<u>150</u>	<u>4,394</u>	<u>154,914</u>
FUND BALANCES (DEFICIT), July 1, 2013	<u>27,404</u>	<u>7,069</u>	<u>9,488</u>	<u>986</u>	<u>6,108</u>	<u>237</u>	<u>3,151</u>	<u>739</u>	<u>2,398</u>	<u>132,912</u>	<u>969,452</u>
FUND BALANCES (DEFICIT), June 30, 2014	<u>\$ 34,020</u>	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ 986</u>	<u>\$ 6,761</u>	<u>\$ 237</u>	<u>\$ 3,166</u>	<u>\$ 2,120</u>	<u>\$ 2,548</u>	<u>\$ 137,306</u>	<u>\$ 1,124,366</u>

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

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"

Selectboard
Town of Richmond, Vermont
P.O. Box 285
Richmond, Vermont 05477

We have audited, in accordance with the 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 Richmond, Vermont, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Richmond, Vermont's basic financial statements and have issued our report thereon dated February 5, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Richmond, Vermont'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 of Richmond, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Richmond, Vermont's internal control.

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 Town of Richmond, Vermont'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Deficiencies in Internal Control as Items 14-1, 14-2 and 14-3 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Richmond, Vermont'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".

We also noted certain other matters that we reported to the management of the Town of Richmond, Vermont in a separate letter dated February 5, 2015.

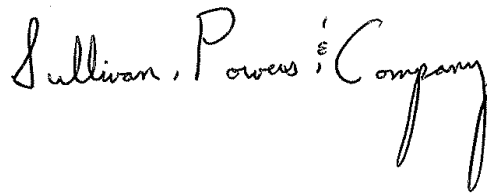
Town of Richmond, Vermont's Response to Findings

The Town of Richmond, Vermont's response to the findings identified in our audit is included with the accompanying Schedule of Deficiencies in Internal Control. The Town of Richmond, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 of Richmond, Vermont'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 of Richmond, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 5, 2015
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF RICHMOND, VERMONT
SCHEDULE OF DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2014

Deficiencies in Internal Control:

Material Weaknesses:

None noted.

Significant Deficiencies:

14-1 Segregation of Duties – Fire Department Checking Account

Criteria:

An important factor in developing good internal control procedures is to divide responsibilities so that no individual can both perpetrate and conceal errors or irregularities. One of the most common division of duties is the division between the check signing and bank reconciliation functions.

Condition:

In the Town, same person that is a check signer also reconciles the checking account for the fire department.

Cause:

Unknown.

Effect:

The Town has inadvertently made its assets susceptible to misappropriation.

Recommendation:

We recommend that someone other than a check signer prepare or review in detail the reconciliations of the Fire Department's cash accounts monthly.

TOWN OF RICHMOND, VERMONT
SCHEDULE OF DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2014

14-2 Use of Prenumbered Receipts

Criteria:

Prenumbered receipts should be issued for all transactions and the receipts should be accounted for by someone independent of the cash receipts process.

Condition:

The Town does not utilize pre-numbered receipts for all cash receipts. Internal controls would be enhanced by the issuance of pre-numbered receipts for all cash received.

Cause:

Unknown.

Effect:

The Town has inadvertently made its assets susceptible to misappropriation.

Recommendation:

We recommend the Town utilize prenumbered receipts for all transactions. We also recommend that the Town put up a sign indicating that the Town is required to issue receipts for all transactions and to notify the Town Manager if a receipt is not issued. We also recommend that the cash collected be reconciled to the prenumbered receipts on a periodic basis.

14-3 Spreadsheet Review

Criteria:

Spreadsheets are often used to assist in reconciling and support account balances. Internal controls should be in place over the preparation and review of the spreadsheets and the calculations performed therein.

Condition:

The Town uses spreadsheets for a variety of purposes including maintaining the property, plant and equipment records and the accrued vacation liability but no one reviews them for accuracy.

Cause:

Unknown.

TOWN OF RICHMOND, VERMONT
SCHEDULE OF DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2014

Effect:

Errors in the spreadsheets could cause the financial statements to be misstated.

Recommendation:

We recommend that all spreadsheets be reviewed by a second person. This review should ensure that all formulas and data entered is correct.

Town of Richmond, Vermont
Schedule of findings and responses
June 30, 2014

14-1 Segregation of Duties – Fire Department Checking Account

The Finance Office will reconcile the monthly statements of the Fire Department's fundraising account.

14-2 Use of Prenumbered Receipts

The town utilizes prenumbered receipts for cash receipts received in the Town Clerk and Finance office. Receipts will be issued for each cash transaction, noted in the NEMRC deposit, and reconciled by someone other than that who collects the payments, on a monthly basis.

14-3 Spreadsheet Review

The completed spreadsheets will be reviewed for accuracy each month by the Town Manager. A formal policy regarding the use and procedures for supplemental spreadsheets will be developed and adopted by the Selectboard.

Additional Policies and Procedures

We agree with the Auditor's determination that an accounting and procedures manual needs to be developed, approved and implemented. Additional policies recommended for ACH Transfers, Petty Cash, Fixed Assets, Accounts Payable, Coding and Approval of Expenses, Accounts Payable Cutoff dates, Allowances for "doubtful" accounts, Documentation of Internal Controls and Investment & Banking Policies are good additions to our operation and will be developed and implemented. The town's existing Fraud Policy will be reviewed and updated, and we will perform a Fraud Risk Assessment to assist us in controlling our operation. Other accounting recommendations will be reviewed by the Selectboard and town staff, and implemented as deemed practicable.