



*Proven Expertise & Integrity*

January 5, 2023

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

### **MANAGEMENT LETTER**

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Richmond, VT as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Town of Richmond, VT's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of the Town of Richmond, VT. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Selectboard, management and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2022, where we expressed an unmodified opinion on our independent auditors' report dated January 5, 2023.

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**Fund Balance Policy:**

While performing the audit for the above-mentioned year end, we noticed that the Town did not have an established fund balance policy. The Town should develop a fund balance policy to meet the everyday needs of the Town. The policy should consist of a general fund balance policy which will include what the Town would maintain as undesignated fund balance, and then a reserve fund balance policy which would take into consideration all aspects of Town reserves including but not limited to, capital (by department), debt service, special ordinances, special request of the community, and other designations to meet the everyday and long term needs of the Town.

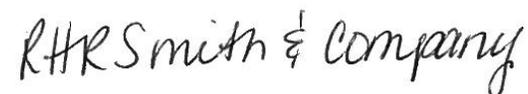
**Journal Entries:**

While testing internal controls at the Town, we noted that the Finance Director is solely responsible for entries in the General Ledger, Accounts Payable, Payroll, and Utility modules. Proper accounting controls for best practices recommends a second party perform the above tasks periodically during the fiscal year. We therefore recommend that a second party be trained to perform these functions and the policies and procedures be updated.

We would like to thank Josh, Connie and all the staff at the Town of Richmond, VT for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

A handwritten signature in cursive script that reads "RHR Smith & Company".

RHR Smith & Company, CPAs