

TOWN OF RANDOLPH, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2014
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF RANDOLPH, VERMONT

JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Randolph, Vermont

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 Randolph, Vermont (the Town) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town'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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Randolph, Vermont as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the

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

Other Information

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2015 on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Montpelier, Vermont
February 12, 2015

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

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

The following is a discussion and analysis of the Town of Randolph's (the Town) financial performance including an overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. Readers should consider this information in conjunction with the financial statements which are located after this analysis. This discussion and analysis provides comparisons between FY 2014 and FY 2013.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Town's assets exceeded its liabilities and deferred inflows of resources at June 30, 2014 by \$10,376,991 compared to \$9,465,802 at June 30, 2013. This represents an increase of \$911,189 or 9.1%. The change in net position for fiscal year 2014 was \$911,189 compared to \$1,002,985 for fiscal year 2013. This represents decrease of \$91,796.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,889,969, an increase of \$357,900 in comparison with an increase of \$220,244 for the prior year. Of the total fund balance, \$1,758,460 represents amounts restricted, committed or assigned to specific purposes, such as fire equipment, highway equipment and projects, water and sewer improvement, building repairs, and emergency relief. \$56,993 is nonspendable, leaving a remaining fund balance of \$74,516.

Long-term Debt

The Town's total debt decreased \$493,133 or 7.6% during the fiscal year and had a total ending balance of \$5,993,986.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- **Independent Auditor's Report** - This is a description by the auditors of the scope of their work and their official opinion of the financial statements of the Town for the 2014 fiscal year.
- **Management's Discussion and Analysis** - An introduction to the basic financial statements that is intended to be an easily read analysis of the Town's financial activities based on currently known facts, decisions or conditions.
- **Basic Financial Statements** - This section of the report includes government-wide financial statements, fund financial statements, and notes to the financial statements.
- **Supplementary Schedules** - This section of the report is not required by accounting principles generally accepted in the United States of America (U.S. GAAP) but is presented as supplementary information. It contains the combining information for individual nonmajor governmental funds.

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

Government-wide Statements

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

- **Statement of Net Position** - This statement presents information on all of the Town's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may indicate whether the financial position of the Town is improving or deteriorating. The Town reported no deferred outflows during fiscal year 2014.
- **Statement of Activities** - This statement presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Town's funds are categorized as governmental, proprietary or fiduciary.

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

The Town reports 22 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Highway Fund, Police Fund, Capital Construction Fund and Revolving Loan Fund, which are all considered major funds. Data from the other 17 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the supplementary schedules section.

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

Reconciliation of Government-wide Financial Statements to Governmental Fund Financial Statements

The governmental activities of the government-wide financial statements and the governmental funds of the fund financial statements do not use the same accounting basis and measurement focus. Because the focus of governmental funds is more limited than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison can help readers better understand the long-term impact of the Town's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

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

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

FINANCIAL ANALYSIS

Government-wide Financial Statements

The Town's assets exceeded its liabilities and deferred inflows of resources by \$10,376,991 at year end. Net position increased by \$911,189 or 9.1% over the previous fiscal year.

Net Position as of June 30, 2013 and 2014

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Current Assets	\$ 3,235,071	\$ 7,494,448	\$ 2,153,317	\$ 1,844,408	\$ 5,388,388	\$ 9,338,856
Noncurrent assets	<u>7,875,169</u>	<u>9,619,172</u>	<u>4,893,630</u>	<u>5,412,668</u>	<u>12,768,799</u>	<u>15,031,840</u>
Total Assets	<u>11,110,240</u>	<u>17,113,620</u>	<u>7,046,947</u>	<u>7,257,076</u>	<u>18,157,187</u>	<u>24,370,696</u>
Current Liabilities	1,936,433	5,911,114	390,007	320,955	2,326,440	6,232,069
Noncurrent Liabilities	<u>3,573,358</u>	<u>3,622,905</u>	<u>2,791,587</u>	<u>3,026,389</u>	<u>6,364,945</u>	<u>6,649,294</u>
Total Liabilities	<u>5,509,791</u>	<u>9,534,019</u>	<u>3,181,594</u>	<u>3,347,344</u>	<u>8,691,385</u>	<u>12,881,363</u>
Deferred inflows of resources	<u>-</u>	<u>1,112,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,112,342</u>
Net Position:						
Net Investment in						
Capital Assets	3,894,916	4,475,935	2,378,968	2,990,843	6,273,884	7,466,778
Restricted	1,351,908	1,693,715	-	-	1,351,908	1,693,715
Unrestricted	<u>353,625</u>	<u>297,609</u>	<u>1,486,385</u>	<u>918,889</u>	<u>1,840,010</u>	<u>1,216,498</u>
Total Net Position	<u>\$ 5,600,449</u>	<u>\$ 6,467,259</u>	<u>\$ 3,865,353</u>	<u>\$ 3,909,732</u>	<u>\$ 9,465,802</u>	<u>\$ 10,376,991</u>

Prior to FY14, the Town's deferred inflows of resources were classified as liabilities.

The larger portion of the Town's net position (69%) reflects its net investment in capital assets (land, buildings, equipment, construction in progress, and infrastructure) less any related outstanding debt used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The Town uses capital assets to provide services to citizens; therefore, those assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portion of the Town's net position represents restricted (26%) and unrestricted (5%) net position.

The following condensed financial information was derived from the Government-wide Statement of Activities and provides detail regarding the changes in net position.

Changes in Net Position for the Fiscal Years Ended June 30, 2013 and 2014

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 277,536	\$ 272,076	\$ 837,521	\$ 824,913	\$ 1,115,057	\$ 1,096,989
Grants and Contributions	1,332,287	1,347,239	20,487	505,552	1,352,774	1,852,791
Other	<u>153,484</u>	<u>195,549</u>	<u>20,922</u>	<u>11,562</u>	<u>174,406</u>	<u>207,111</u>
	<u>1,763,307</u>	<u>1,814,864</u>	<u>878,930</u>	<u>1,342,027</u>	<u>2,642,237</u>	<u>3,156,891</u>
General Revenues:						
Property Taxes	3,625,548	3,684,683	-	-	3,625,548	3,684,683
Interest Income	57,802	61,558	95,977	204,487	153,779	266,045
Transfers in (out)	<u>151,257</u>	<u>284,963</u>	<u>(141,070)</u>	<u>(269,717)</u>	<u>10,187</u>	<u>15,246</u>
	<u>3,834,607</u>	<u>4,031,204</u>	<u>(45,093)</u>	<u>(65,230)</u>	<u>3,789,514</u>	<u>3,965,974</u>
Total Revenues	<u>5,597,914</u>	<u>5,846,068</u>	<u>833,837</u>	<u>1,276,797</u>	<u>6,431,751</u>	<u>7,122,865</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Expenses:						
General Government	1,872,268	1,929,031	-	-	1,872,268	1,929,031
Public Safety	1,051,058	1,058,480	-	-	1,051,058	1,058,480
Highway	1,579,214	1,864,812	-	-	1,579,214	1,864,812
Interest	140,359	126,935	37,963	27,755	178,322	154,690
Water	-	-	344,094	382,421	344,094	382,421
Sewer	-	-	396,153	405,114	396,153	405,114
Landfill	-	-	7,657	417,128	7,657	417,128
Total Expenses	<u>4,642,899</u>	<u>4,979,258</u>	<u>785,867</u>	<u>1,232,418</u>	<u>5,428,766</u>	<u>6,211,676</u>
Increase (Decrease) in Net Position	955,015	866,810	47,970	44,379	1,002,985	911,189
Beginning Net Position, July 1	<u>4,645,434</u>	<u>5,600,449</u>	<u>3,817,383</u>	<u>3,865,353</u>	<u>8,462,817</u>	<u>9,465,802</u>
Ending Net Position, June 30	<u>\$ 5,600,449</u>	<u>\$ 6,467,259</u>	<u>\$ 3,865,353</u>	<u>\$ 3,909,732</u>	<u>\$ 9,465,802</u>	<u>\$ 10,376,991</u>

Total governmental activities expenses were \$4,642,899 and \$4,979,258 in fiscal years 2013 and 2014, respectively. The expenses do not include capital outlay, which is reflected as capital asset additions in the government-wide financial statements.

Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenues from governmental activities were \$1,763,307 in 2013 and \$1,814,864 in 2014. Governmental activities program revenues from charges for services include licenses and permits, planning fees, forfeitures, sale of supplies and several other revenues. Program revenues in the grants and contributions category include federal, state and local grants, and local contributions that are restricted for program use.

General revenues are all other revenues not categorized as program revenues and include property taxes and investment earnings. Total general revenues from governmental activities were \$3,834,607 in fiscal 2013 and \$4,031,204 in fiscal 2014. Approximately 94.5% of the Town's total general revenues from governmental activities came from property taxes in fiscal 2013 in comparison to 91.4% in 2014.

Fund Financial Statements

- **Governmental Funds** - The combined fund balance of the governmental funds was \$1,532,069 at June 30, 2013 and \$1,889,969 at June 30, 2014. \$1,758,460 of the FY 2014 fund balance is restricted, committed or assigned, \$56,993 is nonspendable, leaving a remaining fund balance of \$74,516. The fund balance of the General Fund increased from \$153,319 in FY 2013 to \$161,410 in FY 2014.

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

- **Proprietary Funds** - The Town's proprietary funds provide the same information found in the government-wide financial statements. Total net position of the Town's proprietary funds at June 30, 2014 was \$3,909,732, an increase of \$44,379 or 1.1% over the previous fiscal year.

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

- **Fiduciary Funds** - Total net position of the Town's fiduciary funds was \$1,166,727, an increase of \$89,433 over the previous fiscal year.

Capital Assets

The following is a schedule of capital assets as of June 30, 2013 and 2014.

Capital Assets June 30, 2013 and 2014

	<u>2013</u>	<u>2014</u>
Governmental Activities -		
Land	\$ 654,155	\$ 654,155
Construction in Progress	39,902	194,912
Buildings	3,276,768	3,276,768
Infrastructure	4,100,269	4,204,314
Equipment	<u>3,143,374</u>	<u>3,827,606</u>
Total Capital Assets	11,214,468	12,157,755
Less Accumulated Depreciation	<u>3,339,299</u>	<u>3,632,333</u>
Capital Assets, Net	<u>\$ 7,875,169</u>	<u>\$ 8,525,422</u>
Business-type Activities -		
Land	\$ 518,689	\$ 518,689
Construction in Progress	256,247	482,429
Water	5,300,506	5,411,065
Sewer	2,135,823	2,485,926
Landfill	<u>101,500</u>	<u>101,500</u>
Total Capital Assets	8,312,765	8,999,609
Less Accumulated Depreciation	<u>3,419,135</u>	<u>3,586,941</u>
Capital Assets, Net	<u>\$ 4,893,630</u>	<u>\$ 5,412,668</u>

The Town has a net investment in capital assets of \$12,768,799 and \$13,938,090 on June 30, 2013 and June 30, 2014, respectively. The net increase (including additions and deductions) between the two periods amounted to \$1,169,291.

Debt

At the end of the fiscal year, the Town had \$3,572,161 in long-term debt outstanding in governmental activities compared to \$3,975,457 in the prior year, an approximate decrease of 10.1%. For the business-type activities, long-term debt decreased from \$2,514,662 to \$2,421,825. Total long-term debt for the Town decreased by \$496,133. A list of long-term debt outstanding follows:

Long-term Debt at June 30, 2013 and 2014

	<u>2013</u>	<u>2014</u>
Governmental Activities -		
1995 Series 1	\$ 355,000	\$ 335,000
2003 Series 2	93,450	-
2005 Series 1	1,055,000	970,000
2007 Series 1	375,000	350,000
2009 Series 1	630,000	590,000
RF1-013	460,265	415,265
RF1-091	932,081	868,589
GMAC, fire department building	3,223	-
LSB, parking lot	40,238	27,707
MSB, grader	31,200	15,600
Total Long-term Debt	<u>\$ 3,975,457</u>	<u>\$ 3,572,161</u>
Business-type Activities -		
2003 series 1	\$ 420,000	\$ 290,000
2003 series 2	11,550	-
RF3-018	145,649	134,838
RF3-056	494,760	464,366
WPL-142	54,036	-
RF3-241	1,190,605	1,182,304
RF1-140	198,062	350,317
Total Long-term Debt	<u>\$ 2,514,662</u>	<u>\$ 2,421,825</u>

REQUESTS FOR INFORMATION

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

TOWN OF RANDOLPH, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2014
(Page 1 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS			
Current assets -			
Cash and cash equivalents	\$ 6,354,981	\$ -	\$ 6,354,981
Investments	2,420,396	-	2,420,396
Delinquent taxes receivable	209,896	-	209,896
Accounts receivable	65,739	225,108	290,847
Prepaid expenses	56,993	-	56,993
Inventory	-	5,743	5,743
Due from (to) other activities	<u>(1,613,557)</u>	<u>1,613,557</u>	<u>-</u>
Total current assets	<u>7,494,448</u>	<u>1,844,408</u>	<u>9,338,856</u>
Noncurrent assets -			
Notes receivable	1,024,000	-	1,024,000
Interest receivable	69,750	-	69,750
Capital assets	12,157,755	8,999,609	21,157,364
less - accumulated depreciation	<u>(3,632,333)</u>	<u>(3,586,941)</u>	<u>(7,219,274)</u>
Total noncurrent assets	<u>9,619,172</u>	<u>5,412,668</u>	<u>15,031,840</u>
Total assets	<u>17,113,620</u>	<u>7,257,076</u>	<u>24,370,696</u>
LIABILITIES, DEFERRED INFLOWS			
OF RESOURCES AND NET POSITION			
LIABILITIES:			
Current liabilities -			
Accounts payable	172,680	2,689	175,369
Accrued expenses	190,380	12,830	203,210
Note payable	5,023,000	-	5,023,000
Due to fiduciary funds	98,472	-	98,472
Current portion capital leases payable	118,074	-	118,074
Current portion of accrued postclosure liability	-	65,000	65,000
Current portion of long-term debt	<u>308,508</u>	<u>240,436</u>	<u>548,944</u>
Total current liabilities	<u>5,911,114</u>	<u>320,955</u>	<u>6,232,069</u>
Noncurrent liabilities -			
Capital leases payable	359,252	-	359,252
Accrued postclosure liability	-	845,000	845,000
Long-term debt	<u>3,263,653</u>	<u>2,181,389</u>	<u>5,445,042</u>
Total noncurrent liabilities	<u>3,622,905</u>	<u>3,026,389</u>	<u>6,649,294</u>
Total liabilities	<u>9,534,019</u>	<u>3,347,344</u>	<u>12,881,363</u>

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

TOWN OF RANDOLPH, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2014
(Page 2 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES:			
Prepaid tax revenue	3,809	-	3,809
Deferred note revenue	1,093,750	-	1,093,750
Deferred grant revenue	<u>14,783</u>	<u>-</u>	<u>14,783</u>
Total deferred inflows of resources	<u>1,112,342</u>	<u>-</u>	<u>1,112,342</u>
NET POSITION:			
Net investment in capital assets	4,475,935	2,990,843	7,466,778
Restricted	1,693,715	-	1,693,715
Unrestricted	<u>297,609</u>	<u>918,889</u>	<u>1,216,498</u>
Total net position	\$ <u>6,467,259</u>	\$ <u>3,909,732</u>	\$ <u>10,376,991</u>

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

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

FUNCTIONS/PROGRAMS:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
Governmental activities -							
General government	\$ 1,929,031	\$ 721,825	\$ 70,125	\$ 117,935	\$ (1,019,146)	\$ -	\$ (1,019,146)
Public safety	1,058,480	93,768	72,909	16,402	(875,401)	-	(875,401)
Highway	1,864,812	531,402	101,916	42,822	(1,188,672)	-	(1,188,672)
Recreation	-	244	27,126	18,390	45,760	-	45,760
Interest	<u>126,935</u>	-	-	-	(126,935)	-	(126,935)
Total governmental activities	<u>4,979,258</u>	<u>1,347,239</u>	<u>272,076</u>	<u>195,549</u>	<u>(3,164,394)</u>	<u>-</u>	<u>(3,164,394)</u>
Business-type activities -							
Landfill	417,128	-	-	-	-	(417,128)	(417,128)
Water	382,421	164,312	435,755	6,166	-	223,812	223,812
Sewer	405,114	341,240	389,158	5,396	-	330,680	330,680
Interest	<u>27,755</u>	-	-	-	-	(27,755)	(27,755)
Total business-type activities	<u>1,232,418</u>	<u>505,552</u>	<u>824,913</u>	<u>11,562</u>	<u>-</u>	<u>109,609</u>	<u>109,609</u>
	<u>\$ 6,211,676</u>	<u>\$ 1,852,791</u>	<u>\$ 1,096,989</u>	<u>\$ 207,111</u>	<u>(3,164,394)</u>	<u>109,609</u>	<u>(3,054,785)</u>
GENERAL REVENUES - PROPERTY TAXES					3,684,683	-	3,684,683
- INTEREST INCOME					61,558	204,487	266,045
- TRANSFERS IN (OUT)					284,963	(269,717)	15,246
					<u>4,031,204</u>	<u>(65,230)</u>	<u>3,965,974</u>
CHANGE IN NET POSITION					866,810	44,379	911,189
NET POSITION, July 1, 2013					5,600,449	3,865,353	9,465,802
NET POSITION, June 30, 2014					<u>\$ 6,467,259</u>	<u>\$ 3,909,732</u>	<u>\$ 10,376,991</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014
(Page 1 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Police Fund</u>	<u>Capital Construction Fund</u>	<u>Revolving Loan Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 6,354,831	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ 6,354,981
Investments	2,420,396	-	-	-	-	-	2,420,396
Delinquent taxes receivable	209,896	-	-	-	-	-	209,896
Accounts receivable	3,017	1,362	468	-	-	60,892	65,739
Note receivable	-	-	-	-	1,024,000	-	1,024,000
Interest receivable	-	-	-	-	69,750	-	69,750
Prepaid expenditures	44,993	-	-	12,000	-	-	56,993
Due from other funds	-	8,807	20,314	946,377	-	807,847	1,783,345
Total assets	<u>\$ 9,033,133</u>	<u>\$ 10,169</u>	<u>\$ 20,932</u>	<u>\$ 958,377</u>	<u>\$ 1,093,750</u>	<u>\$ 868,739</u>	<u>\$ 11,985,100</u>

**LIABILITIES, DEFERRED INFLOWS
OR RESOURCES AND FUND EQUITY**

LIABILITIES:							
Accounts payable	\$ 172,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,680
Accrued expenditures	149,388	24,187	11,542	-	-	5,263	190,380
Note payable	5,023,000	-	-	-	-	-	5,023,000
Due to other funds	3,421,491	-	-	-	-	73,883	3,495,374
Total liabilities	<u>8,766,559</u>	<u>24,187</u>	<u>11,542</u>	<u>-</u>	<u>-</u>	<u>79,146</u>	<u>8,881,434</u>
DEFERRED INFLOWS OF RESOURCES:							
Deferred property tax revenue	101,355	-	-	-	-	-	101,355
Prepaid tax revenue	3,809	-	-	-	-	-	3,809
Deferred note revenue	-	-	-	-	1,093,750	-	1,093,750
Deferred grant revenue	-	-	-	-	-	14,783	14,783
Total deferred inflows of resources	<u>105,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,093,750</u>	<u>14,783</u>	<u>1,213,697</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014
 (Page 2 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Police Fund</u>	<u>Capital Construction Fund</u>	<u>Revolving Loan Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
FUND BALANCES (DEFICIT):							
Nonspendable	44,993	-	-	12,000	-	-	56,993
Restricted	-	-	-	-	-	226,820	226,820
Committed	-	-	9,390	946,377	-	511,128	1,466,895
Assigned	-	-	-	-	-	64,745	64,745
Unassigned	116,417	(14,018)	-	-	-	(27,883)	74,516
Total fund balances (deficit)	<u>161,410</u>	<u>(14,018)</u>	<u>9,390</u>	<u>958,377</u>	<u>-</u>	<u>774,810</u>	<u>1,889,969</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>9,033,133</u>	\$ <u>10,169</u>	\$ <u>20,932</u>	\$ <u>958,377</u>	\$ <u>1,093,750</u>	\$ <u>868,739</u>	\$ <u>11,985,100</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014
 (Page 3 of 3)

**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 \$ 1,889,969

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	12,157,755
Accumulated depreciation	(3,632,333)

Liabilities not due and payable are not reported in governmental funds.

Long-term debt	(3,572,161)
Capital leases payable	(477,326)

Deferred property taxes are reported in the governmental funds to offset
 uncollected property taxes which are not available financial resources.

<u>101,355</u>

Net position of governmental activities - Government-wide Statement of Net Position \$ 6,467,259

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

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

(Page 1 of 3)

	General Fund	Highway Fund	Police Fund	Capital Construction Fund	Revolving Loan Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:							
Property taxes	\$ 1,521,635	\$ 1,363,236	\$ 543,744	\$ 130,000	\$ -	\$ 198,177	\$ 3,756,792
Intergovernmental	610,750	282,506	4,540	-	-	403,424	1,301,220
Investment income	41,308	66	43	-	-	20,141	61,558
Departmental revenue	199,664	143,438	15,917	-	-	-	359,019
Other	80,231	-	-	1,300	-	71,155	152,686
Total revenues	<u>2,453,588</u>	<u>1,789,246</u>	<u>564,244</u>	<u>131,300</u>	<u>-</u>	<u>692,897</u>	<u>5,631,275</u>
EXPENDITURES:							
Current -							
General government	949,051	-	-	46,831	-	246,493	1,242,375
Public safety	456,142	-	533,416	-	-	54,507	1,044,065
Highways and streets	-	1,584,361	-	89,558	-	-	1,673,919
Culture and recreation	349,269	-	-	-	-	-	349,269
Cemetery	-	-	-	-	-	-	-
Water operations	-	-	-	-	-	3,700	3,700
Sewer operations	-	-	-	28,175	-	5,273	33,448
Community development	75,620	-	-	-	-	87,776	163,396
Capital outlay	5,865	-	-	654,083	-	332,454	992,402
Debt service -							
Principal on long-term debt	364,746	38,550	-	-	-	-	403,296
Interest on long-term debt	113,872	12,747	-	-	-	-	126,619
Principal on capital leases	-	-	-	119,046	-	12,712	131,758
Interest on capital leases	-	-	-	-	-	316	316
Total expenditures	<u>2,314,565</u>	<u>1,635,658</u>	<u>533,416</u>	<u>937,693</u>	<u>-</u>	<u>743,231</u>	<u>6,164,563</u>

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

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

(Page 2 of 3)

	General Fund	Highway Fund	Police Fund	Capital Construction Fund	Revolving Loan Fund	Other Governmental Funds	Totals Governmental Funds
EXCESS OF REVENUES OR (EXPENDITURES)	<u>139,023</u>	<u>153,588</u>	<u>30,828</u>	<u>(806,393)</u>	-	<u>(50,334)</u>	<u>(533,288)</u>
OTHER FINANCING SOURCES (USES):							
Proceeds of capital leases	-	-	-	575,388	-	28,900	604,288
Insurance reimbursements	1,937	-	-	-	-	-	1,937
Transfers in (out), net	<u>(132,869)</u>	<u>(271,198)</u>	<u>(86,449)</u>	<u>832,461</u>	-	<u>(56,982)</u>	<u>284,963</u>
Total other financing sources (uses)	<u>(130,932)</u>	<u>(271,198)</u>	<u>(86,449)</u>	<u>1,407,849</u>	-	<u>(28,082)</u>	<u>891,188</u>
NET CHANGE IN FUND BALANCES	8,091	(117,610)	(55,621)	601,456	-	(78,416)	357,900
FUND BALANCES, July 1, 2013	<u>153,319</u>	<u>103,592</u>	<u>65,011</u>	<u>356,921</u>	-	<u>853,226</u>	<u>1,532,069</u>
FUND BALANCES, June 30, 2014	<u>\$ 161,410</u>	<u>\$ (14,018)</u>	<u>\$ 9,390</u>	<u>\$ 958,377</u>	<u>\$ -</u>	<u>\$ 774,810</u>	<u>\$ 1,889,969</u>

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

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

(Page 3 of 3)

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 balance - total governmental funds	\$ 357,900
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	1,009,902
Depreciation	(359,649)
Property tax revenue in governmental funds includes deferred revenue of the prior year but excludes deferred revenue of the current year as taxes uncollected within 60 days are unavailable at year end.	
Prior year	(173,464)
Current year	101,355
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 capital lease	(604,288)
Debt service - principal paid on capital leases	131,758
Debt service - principal paid on long-term debt	<u>403,296</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$ <u>866,810</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

(Page 1 of 2)

	Final and Original <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES:			
Property taxes	\$ 1,460,618	\$ 1,521,635	\$ 61,017
Intergovernmental	564,000	610,750	46,750
Fire Department	61,200	61,715	515
Recreation	-	21,940	21,940
Cemetery	16,800	23,820	7,020
Planning and Zoning	4,810	5,890	1,080
Listers Office	20,220	20,395	175
Town Clerk	71,360	65,904	(5,456)
Interest	36,450	41,308	4,858
Other	<u>180,203</u>	<u>80,231</u>	<u>(99,972)</u>
Total revenues	<u>2,415,661</u>	<u>2,453,588</u>	<u>37,927</u>
EXPENDITURES:			
General administration	272,462	286,205	(13,743)
Executive	382,595	366,372	16,223
Selectboard	30,607	29,697	910
Fire Departments administration	38,341	39,187	(846)
Randolph Village Fire Department	61,538	54,684	6,854
East Randolph Fire Department	36,199	40,691	(4,492)
Randolph Center Fire Department	46,383	49,848	(3,465)
Recreation	193,362	219,471	(26,109)
Cemetery	121,457	135,664	(14,207)
Planning and Zoning	42,516	46,011	(3,495)
Listers Office	98,057	99,308	(1,251)
Clerk and Treasurer	128,304	121,458	6,846
Debt service	389,313	478,618	(89,305)
Appropriations -			
White River Valley Ambulance	271,731	271,731	-
Clara Martin Center	8,000	8,000	-
Capstone Community Action	1,300	1,300	-
Visiting Nurses Association	16,220	16,220	-
CV Adult Basic Education	6,000	6,000	-
Orange County Court Diversion Program	600	600	-
Stagecoach	5,700	5,700	-
Randolph Senior Citizens	14,000	14,000	-

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

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

(Page 2 of 2)

	Final and Original <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Appropriations (continued) -			
Vermont Center for Independent Living	1,000	1,000	-
Boys and Girls Club	4,000	4,000	-
Safeline	2,500	2,500	-
Central Vermont Council on Aging	1,200	1,200	-
Vermont Association for the Blind	1,000	1,000	-
White River Craft Center	5,000	5,000	-
Randolph Chamber of Commerce	2,500	2,500	-
Randolph Area Food Shelf	2,500	2,500	-
The Arts Bus	800	800	-
Orange County Parent Child Center	2,500	2,500	-
Home Share Now	800	800	-
Total expenditures	<u>2,188,485</u>	<u>2,314,565</u>	<u>(126,080)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>227,176</u>	<u>139,023</u>	<u>(88,153)</u>
OTHER FINANCING SOURCES (USES):			
Insurance reimbursements	-	1,937	1,937
Transfers in (out)	<u>(227,176)</u>	<u>(132,869)</u>	<u>94,307</u>
Total other financing sources (uses)	<u>(227,176)</u>	<u>(130,932)</u>	<u>96,244</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>8,091</u>	\$ <u>8,091</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - HIGHWAY AND POLICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final and Original Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
HIGHWAY FUND			
REVENUES:			
Property taxes	\$ 1,363,236	\$ 1,363,236	\$ -
Intergovernmental	190,000	282,506	92,506
Interest	200	66	(134)
Insurance reimbursements	-	-	-
Other	<u>146,887</u>	<u>143,438</u>	<u>(3,449)</u>
Total revenues	<u>1,700,323</u>	<u>1,789,246</u>	<u>88,923</u>
EXPENDITURES:			
Bridges and highways administration	619,479	624,138	(4,659)
Bridges and highways operating	742,400	781,479	(39,079)
Bridges and highways maintenance	75,917	67,232	8,685
Operating expenditures	61,225	111,512	(50,287)
Debt service	<u>51,302</u>	<u>51,297</u>	<u>5</u>
Total expenditures	<u>1,550,323</u>	<u>1,635,658</u>	<u>(85,335)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	150,000	153,588	3,588
Transfers in (out), net	<u>(271,198)</u>	<u>(271,198)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	\$ <u>(121,198)</u>	\$ <u>(117,610)</u>	\$ <u>3,588</u>
POLICE FUND			
REVENUES:			
Property taxes	\$ 543,744	\$ 543,744	\$ -
Intergovernmental	8,600	4,540	(4,060)
Investment income	100	43	(57)
Other	<u>2,850</u>	<u>15,917</u>	<u>13,067</u>
Total revenues	<u>555,294</u>	<u>564,244</u>	<u>8,950</u>
EXPENDITURES:			
Police administration	491,243	478,263	12,980
Operating expenditures	<u>56,051</u>	<u>55,153</u>	<u>898</u>
Total expenditures	<u>547,294</u>	<u>533,416</u>	<u>13,878</u>
EXCESS OF REVENUES OR (EXPENDITURES)	8,000	30,828	22,828
Transfers in (out), net	<u>(86,449)</u>	<u>(86,449)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	\$ <u>(78,449)</u>	\$ <u>(55,621)</u>	\$ <u>22,828</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final and Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
LIBRARY FUND			
REVENUES:			
Property taxes	\$ 198,177	\$ 198,177	\$ -
Intergovernmental	7,000	7,000	-
Investment income	1,000	238	(762)
Other	<u>36,550</u>	<u>32,910</u>	<u>(3,640)</u>
Total revenues	<u>242,727</u>	<u>238,325</u>	<u>(4,402)</u>
EXPENDITURES:			
Library administration	171,663	165,445	6,218
Operating expenditures	<u>71,064</u>	<u>70,773</u>	<u>291</u>
Total expenditures	<u>242,727</u>	<u>236,218</u>	<u>6,509</u>
EXCESS OF REVENUES OR (EXPENDITURES)			
	-	2,107	2,107
Transfers in (out), net	<u>-</u>	<u>389</u>	<u>389</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>2,496</u>	\$ <u>2,496</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014

	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
ASSETS:				
Current assets -				
Accounts receivable	\$ -	\$ 134,004	\$ 91,104	\$ 225,108
Inventory	-	1,137	4,606	5,743
Due from other funds	<u>1,380,387</u>	<u>45,442</u>	<u>187,728</u>	<u>1,613,557</u>
Total current assets	<u>1,380,387</u>	<u>180,583</u>	<u>283,438</u>	<u>1,844,408</u>
Noncurrent assets -				
Capital assets	286,508	5,694,146	3,018,955	8,999,609
less - accumulated depreciation	<u>(69,020)</u>	<u>(2,458,766)</u>	<u>(1,059,155)</u>	<u>(3,586,941)</u>
Total noncurrent assets	<u>217,488</u>	<u>3,235,380</u>	<u>1,959,800</u>	<u>5,412,668</u>
 Total assets	 <u>1,597,875</u>	 <u>3,415,963</u>	 <u>2,243,238</u>	 <u>7,257,076</u>
LIABILITIES:				
Current liabilities -				
Accounts payable	-	2,689	-	2,689
Accrued expenses	-	6,415	6,415	12,830
Due to other funds	-	-	-	-
Current portion of accrued postclosure liability	65,000	-	-	65,000
Current portion of long-term debt	<u>-</u>	<u>240,436</u>	<u>-</u>	<u>240,436</u>
Total current liabilities	<u>65,000</u>	<u>249,540</u>	<u>6,415</u>	<u>320,955</u>
Noncurrent liabilities -				
Accrued postclosure liability	845,000	-	-	845,000
Long-term debt	<u>-</u>	<u>1,831,072</u>	<u>350,317</u>	<u>2,181,389</u>
Total noncurrent liabilities	<u>845,000</u>	<u>1,831,072</u>	<u>350,317</u>	<u>3,026,389</u>
 Total liabilities	 <u>910,000</u>	 <u>2,080,612</u>	 <u>356,732</u>	 <u>3,347,344</u>
NET POSITION:				
Net investment in capital assets	217,488	1,163,872	1,609,483	2,990,843
Unrestricted	<u>470,387</u>	<u>171,479</u>	<u>277,023</u>	<u>918,889</u>
 Total net position	 \$ <u>687,875</u>	 \$ <u>1,335,351</u>	 \$ <u>1,886,506</u>	 \$ <u>3,909,732</u>

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

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

	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
OPERATING REVENUES:				
Charges for services	\$ -	\$ 435,755	\$ 389,158	\$ 824,913
Miscellaneous	<u>-</u>	<u>6,166</u>	<u>5,396</u>	<u>11,562</u>
Total operating revenues	<u>-</u>	<u>441,921</u>	<u>394,554</u>	<u>836,475</u>
OPERATING EXPENSES:				
Postclosure monitoring	415,098	-	-	415,098
Depreciation	2,030	113,393	52,383	167,806
Operations	<u>-</u>	<u>269,028</u>	<u>352,731</u>	<u>621,759</u>
Total operating expenses	<u>417,128</u>	<u>382,421</u>	<u>405,114</u>	<u>1,204,663</u>
Operating income (loss)	<u>(417,128)</u>	<u>59,500</u>	<u>(10,560)</u>	<u>(368,188)</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	-	164,312	341,240	505,552
Investment income	187,631	2,015	14,841	204,487
Interest expense	<u>-</u>	<u>(27,755)</u>	<u>-</u>	<u>(27,755)</u>
Total nonoperating revenues (expenses)	<u>187,631</u>	<u>138,572</u>	<u>356,081</u>	<u>682,284</u>
Net income (loss) before transfers	(229,497)	198,072	345,521	314,096
Operating transfers out	<u>(100,000)</u>	<u>-</u>	<u>(169,717)</u>	<u>(269,717)</u>
CHANGE IN NET POSITION	(329,497)	198,072	175,804	44,379
NET POSITION, July 1, 2013	<u>1,017,372</u>	<u>1,137,279</u>	<u>1,710,702</u>	<u>3,865,353</u>
NET POSITION, June 30, 2014	\$ <u>687,875</u>	\$ <u>1,335,351</u>	\$ <u>1,886,506</u>	\$ <u>3,909,732</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - WATER AND SEWER FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Final and Original <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
WATER FUND			
REVENUES:			
Charges for services	\$ 460,500	\$ 435,755	\$ (24,745)
Interest income	-	2,015	2,015
Intergovernmental -VCDP grant	-	107,760	107,760
-Interest subsidy	53,709	56,552	2,843
Other	<u>2,500</u>	<u>6,166</u>	<u>3,666</u>
Total revenues	<u>516,709</u>	<u>608,248</u>	<u>91,539</u>
EXPENSES:			
Water administration	144,337	185,024	(40,687)
Collection and distribution	55,750	45,753	9,997
Wells and reservoirs	37,250	38,251	(1,001)
Depreciation	110,000	113,393	(3,393)
Debt service	<u>169,372</u>	<u>27,755</u>	<u>141,617</u>
Total expenses	<u>516,709</u>	<u>410,176</u>	<u>106,533</u>
NET INCOME (LOSS)	\$ <u>-</u>	\$ <u>198,072</u>	\$ <u>198,072</u>
 SEWER FUND			
REVENUES:			
Charges for services	\$ 396,050	\$ 389,158	\$ (6,892)
Interest income	300	14,841	14,541
Intergovernmental -VCDP grant	-	341,240	341,240
Other	<u>-</u>	<u>5,396</u>	<u>5,396</u>
Total revenues	<u>396,350</u>	<u>750,635</u>	<u>354,285</u>
EXPENSES:			
Administration	98,239	106,997	(8,758)
Treatment and disposal	196,104	244,701	(48,597)
Collection system	1,500	1,033	467
Depreciation	<u>50,000</u>	<u>52,383</u>	<u>(2,383)</u>
Total expenses	<u>345,843</u>	<u>405,114</u>	<u>(59,271)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	50,507	345,521	295,014
Operating transfers out	<u>(169,923)</u>	<u>(169,717)</u>	<u>206</u>
NET INCOME (LOSS)	\$ <u>(119,416)</u>	\$ <u>175,804</u>	\$ <u>295,220</u>

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

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

(Page 1 of 2)

	<u>Landfill Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ -	\$ 429,935	\$ 395,063	\$ 824,998
Cash payments for goods and services	<u>(74,754)</u>	<u>(304,230)</u>	<u>(399,413)</u>	<u>(778,397)</u>
Net cash provided (used) by operating activities	<u>(74,754)</u>	<u>125,705</u>	<u>(4,350)</u>	<u>46,601</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from grants	-	164,312	341,240	505,552
Proceeds from long-term debt	-	54,036	152,255	206,291
Principal paid on bonds payable	-	(299,128)	-	(299,128)
Interest paid on bonds payable	-	(27,755)	-	(27,755)
Additions to capital assets	<u>-</u>	<u>(62,464)</u>	<u>(624,380)</u>	<u>(686,844)</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(170,999)</u>	<u>(130,885)</u>	<u>(301,884)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Increase (decrease) in amounts due to/from other funds	(12,877)	43,279	290,111	320,513
Transfers to other funds	<u>(100,000)</u>	<u>-</u>	<u>(169,717)</u>	<u>(269,717)</u>
Net cash provided (used) by noncapital financing activities	<u>(112,877)</u>	<u>43,279</u>	<u>120,394</u>	<u>50,796</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	<u>187,631</u>	<u>2,015</u>	<u>14,841</u>	<u>204,487</u>
Net cash provided (used) by investing activities	<u>187,631</u>	<u>2,015</u>	<u>14,841</u>	<u>204,487</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS, July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, June 30, 2014	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

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

(Page 2 of 2)

	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (417,128)	\$ 59,500	\$ (10,560)	\$ (368,188)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation	2,030	113,393	52,383	167,806
Change in the following assets/liabilities:				
Accounts receivable	-	(11,986)	509	(11,477)
Inventory	-	(120)	(7)	(127)
Accounts payable	(320)	(38,186)	(49,779)	(88,285)
Accrued expenses	-	3,104	3,104	6,208
Postclosure care liability	<u>340,664</u>	<u>-</u>	<u>-</u>	<u>340,664</u>
Net cash provided (used) by operating activities	\$ <u>(74,754)</u>	\$ <u>125,705</u>	\$ <u>(4,350)</u>	\$ <u>46,601</u>

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

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

	Trustees of Public Funds <u>Fund</u>	Grant Park <u>Fund</u>	Mary Strong <u>Fund</u>	Library Endowment <u>Fund</u>	Gifford Scholarship <u>Fund</u>	Totals Fiduciary <u>Funds</u>
ASSETS:						
Cash and cash equivalents	\$ 452,581	\$ -	\$ 1,731	\$ 39,452	\$ 1	\$ 493,765
Investments	273,837	-	-	300,653	-	574,490
Due from other funds	<u>-</u>	<u>101,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,912</u>
 Total assets	 <u>726,418</u>	 <u>101,912</u>	 <u>1,731</u>	 <u>340,105</u>	 <u>1</u>	 <u>1,170,167</u>
 LIABILITIES:						
Due to other funds	<u>3,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>3,440</u>
 NET POSITION:						
Restricted	723,098	101,912	1,731	340,105	-	1,166,846
Unrestricted (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>(119)</u>
 Total net position	 \$ <u>723,098</u>	 \$ <u>101,912</u>	 \$ <u>1,731</u>	 \$ <u>340,105</u>	 \$ <u>(119)</u>	 \$ <u>1,166,727</u>

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

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

	Trustees of Public Funds <u>Fund</u>	Grant Park <u>Fund</u>	Mary Strong <u>Fund</u>	Library Endowment <u>Fund</u>	Gifford Scholarship <u>Fund</u>	Totals Fiduciary <u>Funds</u>
ADDITIONS:						
Investment income	\$ 36,082	\$ 13,493	\$ 1	\$ 38,826	\$ -	\$ 88,402
Donations	-	-	-	38,871	2,340	41,211
Miscellaneous	<u>4,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,190</u>
Total additions	<u>40,272</u>	<u>13,493</u>	<u>1</u>	<u>77,697</u>	<u>2,340</u>	<u>133,803</u>
DEDUCTIONS:						
Miscellaneous	111	2,918	-	23,707	2,388	29,124
Transfers, net	<u>15,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,246</u>
Total deductions	<u>15,357</u>	<u>2,918</u>	<u>-</u>	<u>23,707</u>	<u>2,388</u>	<u>44,370</u>
CHANGE IN NET POSITION	24,915	10,575	1	53,990	(48)	89,433
NET POSITION, July 1, 2013	<u>698,183</u>	<u>91,337</u>	<u>1,730</u>	<u>286,115</u>	<u>(71)</u>	<u>1,077,294</u>
NET POSITION, June 30, 2014	\$ <u>723,098</u>	\$ <u>101,912</u>	\$ <u>1,731</u>	\$ <u>340,105</u>	\$ <u>(119)</u>	\$ <u>1,166,727</u>

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

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies:

The Town of Randolph, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont and is governed by a five-member Selectboard. The Town provides police, fire, highway, sanitation, health, social, cultural, recreational, community and economic development, public improvements, planning, zoning, water, sewer and general administrative 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 accounting principles generally accepted in the United States of America (U.S. 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 U.S. GAAP for governmental units.

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

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

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

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

TOWN OF RANDOLPH, VERMONT
NOTES TO 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 general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

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

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

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

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

The Town reports the following major proprietary funds:

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

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

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

The Town also reports fiduciary funds which are used to account for assets held in a trustee capacity (trust funds) or as an agent (agency funds) for the benefit of parties outside the Town. The Town's fiduciary funds are the Trustees of Public Funds Fund, Grant Park Fund, Mary Strong Fund, Library Endowment Fund, and Gifford Scholarship Fund.

- D. Measurement focus and basis of accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 using the current financial resources 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.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies (continued):

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

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

Property taxes are recorded 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 because they are generally not measurable prior to collection. Investment earnings and certain intergovernmental grants are recorded as earned.

- E. Budgets and budgetary accounting - The Town approves budgets for the General, Highway, Police, Library, Water and Sewer Funds at an annual Town Meeting. The tax rate is determined by the Selectboard based on the education and municipal grand lists and the approved budgets. The accounting method used for budget presentation is the same method used for the financial presentation of operations under U.S. GAAP. Formal budgetary integration is employed as a management control during the year. The Town does not legally adopt budgets for other funds. All budgeted amounts lapse at year end.
- F. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1st. Listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2014 were payable in two installments due October 31, 2013 and March 31, 2014.
- G. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as 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.
- H. 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 others; environmental liability; and natural disasters. The Town manages these risks through commercial insurance packages and participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.
- I. Cash, cash equivalents and investments - The Town considers all cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents. Investments and unrealized gains and losses are reflected in the individual fund and government-wide financial statements. Investments of the Town are reported at fair market value.
- J. Inventory - Inventory in the Water and Sewer Funds is valued at cost using the first in/first out method. Inventory is recorded as an expenditure when consumed rather than when purchased.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies (continued):

K. Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

Equipment	5 - 25 years
Buildings	10 - 50 years
Infrastructure and utilities systems	40 - 50 years

M. Compensated absences - Employees are entitled to accumulate certain compensated absences such as sick, personal, and comp time based on length of employment. These compensated absences are accrued when incurred and reported as a fund liability.

N. 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.

O. Fund equity - In the fund financial statements, 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 Meetings.

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

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies (continued):

O. Fund equity (continued) -

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in another classification. Deficits are also classified as unassigned.

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

P. New accounting standard - The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

In addition to assets and liabilities, deferred outflows of resources (previously reported as assets) and deferred inflows of resources (previously reported as liabilities), if applicable, will be reported as separate sections in the statement of net position and the governmental funds balance sheet. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period. The Town does not currently report any deferred outflows of resources. The Town reports deferred property taxes, prepaid tax revenue, deferred note revenue and deferred grant revenue as deferred inflows of resources. Deferred property taxes are property taxes billed but not received during the year or within 60 days thereafter. Prepaid tax revenue is tax revenue received but not levied during the year. Deferred note revenue consists of notes receivable that have not been repaid. Deferred grant revenue consists of certain grant receipts that were not expended.

2. Deposits and investments:

Custodial credit risk - deposits - Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. As of June 30, 2014, \$4,993,375 of the Town's bank balance of \$6,956,479 was uninsured and uncollateralized.

Custodial credit risk - investments - Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The Town does not have a policy for custodial credit risk.

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

2. Deposits and investments (continued):

The classification and fair value of investments as of June 30, 2014 are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment</u>	<u>Fair Value</u>
Money market and accrued interest	\$ 203,660	Mutual funds:	
U.S. Government obligations and agencies	15,338	Balanced funds	2,403,367
Corporate bonds	83,407	Equity funds	<u>172,118</u>
Corporate stock	<u>116,996</u>		<u>2,575,485</u>
	<u>419,401</u>		
			\$ <u>2,994,886</u>

Interest rate risk - Interest rate risk is the risk that changes in interest rates will affect the fair value of certain investments. The Town does not have a policy for interest rate risk. Investments subject to interest rate risk and their maturities as of June 30, 2014 are as follows:

	<u>Fair Value</u>	<u>Investment Maturity</u>		
		<u>Less than One Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>
U.S. Government obligations and agencies	\$ 15,338	\$ 15,338	\$ -	\$ -
Corporate bonds	<u>83,407</u>	<u>-</u>	<u>-</u>	<u>83,407</u>
	\$ <u>98,745</u>	\$ <u>15,338</u>	\$ <u>-</u>	\$ <u>83,407</u>

Credit risk - Credit risk is the risk that an issuer of or counterparty to an investment will not fulfill its obligations. The Town does not have a policy for credit risk. The Town's investments in corporate bonds are subject to credit risk. The credit quality ratings as rated by Moody's Investor Services are as follows:

<u>Bond Rating</u>	<u>Fair Value</u>
AA2	\$ 42,247
A2	<u>41,160</u>
	\$ <u>83,407</u>

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2014, the Town does not hold more than 5% of its investments in any one issuer.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. Notes receivable:

The Town, through various federal loan programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as notes receivable. Notes receivable, including accrued interest, in the Revolving Loan Fund as of June 30, 2014 are as follows:

Branchwood Housing Partnership, interest at 1.5%, due February 2034, secured by mortgage on property.	\$ 519,750
Salisbury Square, with no interest, due February 2041, secured by mortgage on property.	<u>574,000</u>
	\$ <u>1,093,750</u>

4. Capital assets:

Capital asset activity for the year ended June 30, 2014 was as follows:

	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	\$ 654,155	\$ -	\$ -	\$ 654,155
Construction in progress	<u>39,902</u>	<u>155,010</u>	<u>-</u>	<u>194,912</u>
Total capital assets, not depreciated	<u>694,057</u>	<u>155,010</u>	<u>-</u>	<u>849,067</u>
Capital assets, depreciated:				
Buildings	3,276,768	-	-	3,276,768
General and fire department equipment	1,243,517	391,794	-	1,635,311
Police department equipment	82,445	41,197	20,627	103,015
Highway department equipment	1,817,412	317,856	45,988	2,089,280
Infrastructure	<u>4,100,269</u>	<u>104,045</u>	<u>-</u>	<u>4,204,314</u>
Total capital assets, depreciated	<u>10,520,411</u>	<u>854,892</u>	<u>66,615</u>	<u>11,308,688</u>
Less accumulated depreciation for:				
Buildings	984,908	68,911	-	1,053,819
General and fire department equipment	489,906	67,931	-	557,837
Police department equipment	51,069	14,415	20,627	44,857
Highway department equipment	1,149,877	110,743	45,988	1,214,632
Infrastructure	<u>663,539</u>	<u>97,649</u>	<u>-</u>	<u>761,188</u>
Total accumulated depreciation	<u>3,339,299</u>	<u>359,649</u>	<u>66,615</u>	<u>3,632,333</u>
Total capital assets, depreciated, net	<u>7,181,112</u>	<u>495,243</u>	<u>-</u>	<u>7,676,355</u>
Capital assets, net	\$ <u>7,875,169</u>	\$ <u>650,253</u>	\$ <u>-</u>	\$ <u>8,525,422</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4. Capital assets (continued):

Depreciation expense of \$359,649 in the governmental activities was allocated to expenses of the general government (\$136,841), public safety (\$14,415), and highway (\$208,393) programs based on capital assets assigned to those functions.

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2014</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	\$ 518,689	\$ -	\$ -	\$ 518,689
Construction in progress	<u>256,247</u>	<u>336,741</u>	<u>110,559</u>	<u>482,429</u>
Total capital assets, not depreciated	<u>774,936</u>	<u>336,741</u>	<u>110,559</u>	<u>1,001,118</u>
Capital assets, depreciated:				
Water	5,300,506	110,559	-	5,411,065
Sewer	2,135,823	350,103	-	2,485,926
Landfill	<u>101,500</u>	<u>-</u>	<u>-</u>	<u>101,500</u>
Total capital assets, depreciated	<u>7,537,829</u>	<u>460,662</u>	<u>-</u>	<u>7,998,491</u>
Less accumulated depreciation for:				
Water	2,345,373	113,393	-	2,458,766
Sewer	1,006,772	52,383	-	1,059,155
Landfill	<u>66,990</u>	<u>2,030</u>	<u>-</u>	<u>69,020</u>
Total accumulated depreciation	<u>3,419,135</u>	<u>167,806</u>	<u>-</u>	<u>3,586,941</u>
Total capital assets, depreciated, net	<u>4,118,694</u>	<u>292,856</u>	<u>-</u>	<u>4,411,550</u>
Capital assets, net	\$ <u>4,893,630</u>	\$ <u>629,597</u>	\$ <u>110,559</u>	\$ <u>5,412,668</u>

Depreciation expense of \$167,806 in the business-type activities was allocated to expenses of the water (\$113,393), sewer (\$52,383), and landfill (\$2,030) programs based on capital assets assigned to those functions.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. Interfund receivable and payable balances:

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 3,421,491
Highway Fund	8,807	-
Police Fund	20,314	-
Capital Construction Fund	946,377	-
Other Governmental Funds	<u>807,847</u>	<u>73,883</u>
	<u>1,783,345</u>	<u>3,495,374</u>
Proprietary funds -		
Landfill Fund	1,380,387	-
Water Fund	45,442	-
Sewer Fund	<u>187,728</u>	<u>-</u>
	<u>1,613,557</u>	<u>-</u>
Fiduciary funds	<u>101,912</u>	<u>3,440</u>
	<u>\$ 3,498,814</u>	<u>\$ 3,498,814</u>

6. Interfund transfers:

Interfund transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Interfund transfers for the year ended June 30, 2014 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ 215,881	\$ 348,750
Highway Fund	-	271,198
Police Fund	-	86,449
Capital Construction Fund	832,461	-
Other Governmental Funds	<u>127,269</u>	<u>184,251</u>
	<u>1,175,611</u>	<u>890,648</u>
Proprietary funds -		
Landfill Fund	-	100,000
Sewer Fund	<u>-</u>	<u>169,717</u>
	<u>-</u>	<u>269,717</u>
Fiduciary funds	<u>-</u>	<u>15,246</u>
	<u>\$ 1,175,611</u>	<u>\$ 1,175,611</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. Interfund transfers (continued):

Transfers from the Sewer Fund to the General Fund were to partially reimburse the General Fund for debt service expenditures. Transfers from the Trustees of Public Funds Fund to the Cemetery and Library Funds were for investment revenue allocated to those funds. Transfers between the General Fund, Highway Fund, Police Fund and Capital Construction Fund and other governmental funds were to fund reserves and capital projects as approved by the budget. Transfers between the General Fund, Capital Construction Fund, Cemetery Fund, Cemetery Reserve Fund, Water Capital Improvement Fund, Sewer Capital Improvement Fund and General Capital Construction Fund were to close residual fund balances in funds approved to be closed or consolidated during the year.

7. Landfill closure and postclosure care costs:

The Town landfill ceased operation in 1997. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for 30 years after closure and to report monitoring results to the state regulatory agency. An estimated liability of \$910,000 has been recognized as a long-term obligation for the future postclosure care costs. The Town is required to annually appropriate funds to finance postclosure care of the facility.

The estimate is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2014. However, the actual cost of postclosure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations.

8. Debt:

Short-term - During the year, the Town had borrowed, in full, \$5,023,000 on a line of credit in the form of a 1.15% bond anticipation note which matures in April 2015.

Long-term - Outstanding long-term debt as of June 30, 2014 is as follows:

Governmental activities -

Bond payable, Vermont Municipal Bond Bank - 1995 Series 1 (refunded by 2004 Series 2), various interest rates, currently at 5.85%. Annual principal payment ranging from \$5,000 to \$40,000. Matures December 2025.	\$ 335,000
Bond payable, Vermont Municipal Bond Bank - 2005 Series 1, (refunded by 2014 Series 2), various interest rates, currently at 2.163%. Annual principal payment ranging from \$80,000 to \$85,000. Matures November 2025.	970,000
Bond payable, Vermont Municipal Bond Bank - 2007 Series 1, various interest rates, currently at 4.235%. Annual principal payment of \$25,000. Matures December 2027.	350,000
Bond payable, Vermont Municipal Bond Bank - 2009 Series 1, various interest rates, currently at 2.651%. Annual principal payment ranging from \$35,000 to \$40,000. Matures November 2029.	590,000

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

8. Debt (continued):

Long-term (continued) -

Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-013, 0% interest. Annual payment ranging from \$4,500 to \$45,000 with a \$235,265 balloon payment due December 2018.	415,265
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-091, interest at 2%. Annual payments of \$82,133, due May 2026.	868,589
Note payable, Lake Sunapee Bank - parking lot improvements, interest at 4.9%. Monthly principal and interest payments of \$685, with a balloon payment of \$87,849 due September 2016. The Town is making additional monthly principal payments to eliminate the balloon payment.	27,707
Note payable, Mascoma Savings Bank - grader, interest at 3.12%. Annual payment of ranging from \$15,600 to \$16,087. Matures September 2014.	<u>15,600</u>
Total governmental activities	\$ <u>3,572,161</u>

Business-type activities -

Bond payable, Vermont Municipal Bond Bank - 2003 Series 1, various interest rates, currently at 7.777%. Annual principal payment ranging from \$60,000 to \$150,000. Matures December 2015.	\$ 290,000
Bond payable, State of Vermont Special Environmental Revolving Fund - RF3-018, interest at -3%. Annual payment of \$6,441. Matures October 2029.	134,838
Bond payable, State of Vermont Special Environmental Revolving Fund - RF3-056, interest at -3%. Annual payment of \$15,551. Matures February 2035.	464,366
Bond payable, State of Vermont Drinking Water State Revolving Fund - RF3-241, interest at -3%. Annual payment of \$24,997. Matures August 2042.	1,182,304
Bond payable, State of Vermont Pollution Control Revolving Fund - RF1-140, interest at 0%. Annual payment of \$35,032 beginning March 2017. Matures March 2026.	<u>350,317</u>
Total business-type activities	\$ <u>2,421,825</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

8. Debt (continued):

Long-term (continued) -

Long-term debt activity for the year ended June 30, 2014 was as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>One Year</u>
Governmental activities -					
Bonds payable:					
1995 Series 1	\$ 355,000	\$ -	\$ 20,000	\$ 335,000	\$ 20,000
2003 Series 2	93,450	-	93,450	-	-
2005 Series 1	1,055,000	-	85,000	970,000	85,000
2007 Series 1	375,000	-	25,000	350,000	25,000
2009 Series 1	630,000	-	40,000	590,000	40,000
RF1-013	460,265	-	45,000	415,265	45,000
RF1-091	932,081	-	63,492	868,589	64,762
Notes payable:					
GMAC, fire department building	3,223	-	3,223	-	-
LSB, parking lot improvements	40,238	-	12,531	27,707	13,146
MSB, grader	31,200	-	15,600	15,600	15,600
Total governmental activities	\$ <u>3,975,457</u>	\$ <u>-</u>	\$ <u>403,296</u>	\$ <u>3,572,161</u>	\$ <u>308,508</u>
Business-type activities -					
Bonds payable:					
2003 Series 1	\$ 420,000	\$ -	\$ 130,000	\$ 290,000	\$ 140,000
2003 Series 2	11,550	-	11,550	-	-
RF3-018	145,649	-	10,811	134,838	10,487
RF3-056	494,760	-	30,394	464,366	29,482
WPL-142	54,036	-	54,036	-	-
RF3-241	1,190,605	54,036	62,337	1,182,304	60,467
RF1-140	198,062	152,255	-	350,317	-
Total business-type activities	\$ <u>2,514,662</u>	\$ <u>206,291</u>	\$ <u>299,128</u>	\$ <u>2,421,825</u>	\$ <u>240,436</u>

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

8. Debt (continued):

Long-term (continued) -

Debt service requirements to maturity 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	\$ 308,508	\$ 117,213	\$ 240,436	\$ (36,336)
2016	294,862	107,979	247,422	(44,599)
2017	278,133	90,555	129,531	(47,723)
2018	283,726	81,514	126,696	(44,893)
2019	475,365	73,661	123,946	(42,100)
2020-2024	1,227,100	244,907	581,286	(171,411)
2025-2029	669,467	48,822	418,819	(114,804)
2030-2034	35,000	872	274,859	(65,670)
2035-2039	-	-	170,866	(32,328)
2040-2043	-	-	107,964	(7,974)
	<u>\$ 3,572,161</u>	<u>\$ 765,523</u>	<u>\$ 2,421,825</u>	<u>\$ (607,838)</u>

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

In FY11 the Vermont Municipal Bond Bank (VMBB) refunded the 2001 Series 1 Bond resulting in interest savings to the Town of \$16,845. This savings allocation, to be received between FY17 and FY21, has been reflected as a reduction of interest in the debt service requirements table. There is no remaining principal due on the bond at June 30, 2014.

During FY14, the VMBB refunded the 2005 Series 1 resulting in interest savings to the Town of \$48,801. This savings allocation, to be received between FY17 and FY25, has been reflected as a reduction of interest in the debt service requirements table.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

9. Capital leases:

The Town has entered into lease agreements as lessee for financing the acquisition of a sidewalk tractor, a dump truck and related equipment, a fire rescue tanker truck and a police cruiser. These lease agreements qualify as capital leases for accounting purposes and, therefore, the cost and depreciation of these assets are included with other capital assets of the Town. The cost of the assets acquired by capital leases is the present value of the future lease payments. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

Year ending June 30,	
2015	\$ 126,962
2016	126,962
2017	126,962
2018	<u>119,045</u>
Total minimum lease payments	499,931
Less: amount representing interest	<u>22,605</u>
Present value of minimum lease payments	\$ <u>477,326</u>

Subsequent activity - Subsequent to year end, the Town entered into a \$225,185 capital lease to finance the purchase of a 2015 Chevrolet Silverado with plow and frame, a 2015 Ford F250 with plow and frame and a 2015 Freightliner body, chassis and plow. Annual payments are \$49,002, including interest at 2.88%; the lease matures in August 2019.

10. Fund balances:

As of June 30, 2014, the committed fund balance of the Capital Construction Fund consists of the following:

Highway paving	\$ 190,546
Highway equipment	(4,477)
Highway projects	199,922
Fire equipment	74,299
Building repair	118,834
Sewer improvement	54,481
Water improvement	112,772
Emergency relief	<u>200,000</u>
	\$ <u>946,377</u>

11. Deficit fund balances:

As of June 30, 2014, the Highway Fund has a deficit fund balance of \$14,018. Management intends to recover this deficit through a planned surplus in the next fiscal year.

As of June 30, 2014, the Grants Fund had a deficit fund balance of \$27,883. Management intends to recover this deficit through future grant revenues and local share contributions from the General Fund.

As of June 30, 2014, the Gifford Scholarship Fund has a deficit fund balance of \$119. Management intends to recover this deficit through future contributions.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

12. Budgeted deficit:

The voters approved a budget for FY14 with a deficit in the Highway Fund of \$121,198 to utilize a portion of the prior year surplus fund balance. The voters also approved a budget for FY14 with a deficit in the Police Fund of \$78,449 to utilize a portion of the prior year surplus fund balance. These budgeted deficits are shown as excesses of expenditures over revenues in the budget columns of the Statement of Revenues and Expenditures - Budget and Actual - Highway and Police Funds.

The voters approved a budget for FY14 with a deficit in the Sewer Fund of \$119,416 to utilize a portion of the prior year surplus fund balance. This budgeted deficit is shown as an excess of expenses over revenues in the budget column of the Statement of Revenues and Expenditures - Budget and Actual - Water and Sewer Funds.

13. Pension plan:

Vermont State Employees' Retirement System -

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

Funding policy: Members are required to contribute 6.4% (Group F) of their annual covered salary and the Town contributes the balance of an actuarially determined rate. The current rate is 10.21% of annual covered payroll, net of a credit for excess contributions of prior periods, as described below. The Town's contribution to VSRS for the years ended June 30, 2014, June 30, 2013, and June 30, 2012 were \$100,649, \$87,612, and \$77,739 respectively, which were equal to the required contributions for each year. The members also contributed \$91,135. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees.

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

14. Subsequent event:

Subsequent to year end, the Town entered into a contract with T. Buck Construction in the amount of \$7,449,852 for work related to the water treatment facility upgrade project. The contract was approved by the Selectboard in August 2014.

TOWN OF RANDOLPH, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Debt Service Fund</u>	<u>Library Fund</u>	<u>Cemetery Fund</u>	<u>Cemetery Reserve Fund</u>	<u>Grants Fund</u>	<u>Conservation Commission Fund</u>	<u>Recreation Reserve Fund</u>	<u>Playground Reserve Fund</u>	<u>Town Clerk Reserve Fund</u>
ASSETS									
Due to other funds	\$ 415,497	\$ 13,285	\$ 700	\$ 3,108	\$ -	\$ 21,091	\$ 768	\$ 34,073	\$ 51,073
Accounts receivable	-	-	-	-	<u>60,603</u>	-	-	-	-
Total assets	<u>\$ 415,497</u>	<u>\$ 13,285</u>	<u>\$ 700</u>	<u>\$ 3,108</u>	<u>\$ 60,603</u>	<u>\$ 21,091</u>	<u>\$ 768</u>	<u>\$ 34,073</u>	<u>\$ 51,073</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY									
LIABILITIES:									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 73,703	\$ -	\$ -	\$ -	\$ -
Accrued expenditures	-	<u>5,263</u>	-	-	-	-	-	-	-
Total liabilities	-	<u>5,263</u>	-	-	<u>73,703</u>	-	-	-	-
DEFERRED INFLOWS OF RESOURCES:									
Deferred grant revenue	-	-	-	-	<u>14,783</u>	-	-	-	-
FUND BALANCES:									
Restricted	-	-	-	-	-	-	768	34,073	-
Committed	415,497	8,022	700	3,108	-	21,091	-	-	51,073
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	<u>(27,883)</u>	-	-	-	-
Total fund balances	<u>415,497</u>	<u>8,022</u>	<u>700</u>	<u>3,108</u>	<u>(27,883)</u>	<u>21,091</u>	<u>768</u>	<u>34,073</u>	<u>51,073</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 415,497</u>	<u>\$ 13,285</u>	<u>\$ 700</u>	<u>\$ 3,108</u>	<u>\$ 60,603</u>	<u>\$ 21,091</u>	<u>\$ 768</u>	<u>\$ 34,073</u>	<u>\$ 51,073</u>

TOWN OF RANDOLPH, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2014

	Reappraisal Reserve Fund	Lister Reserve Fund	General Capital Construction Fund	Sewer Capital Improvement Fund	Water Capital Improvement Fund	Fire Air Packs Reserve Fund	Police Equipment Fund	FEMA Fund	Totals
Due from other funds	\$ 158,249	\$ 2,211	\$ -	\$ -	\$ 11,528	\$ 19,918	\$ 44,827	\$ 31,519	\$ 807,847
Accounts receivable	-	-	-	180	109	-	-	-	60,892
Total assets	<u>\$ 158,249</u>	<u>\$ 2,211</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 11,637</u>	<u>\$ 19,918</u>	<u>\$ 44,827</u>	<u>\$ 31,519</u>	<u>\$ 868,739</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY

LIABILITIES:									
Due to other funds	\$ -	\$ -	\$ -	\$ 180	\$ -	\$ -	\$ -	\$ -	\$ 73,883
Accrued expenditures	-	-	-	-	-	-	-	-	5,263
Total liabilities	-	-	-	180	-	-	-	-	79,146
DEFERRED INFLOWS OF RESOURCES:									
Deferred grant revenue	-	-	-	-	-	-	-	-	14,783
FUND BALANCES:									
Restricted	158,249	2,211	-	-	-	-	-	31,519	226,820
Committed	-	-	-	-	11,637	-	-	-	511,128
Assigned	-	-	-	-	-	19,918	44,827	-	64,745
Unassigned	-	-	-	-	-	-	-	-	(27,883)
Total fund balances	<u>158,249</u>	<u>2,211</u>	<u>-</u>	<u>-</u>	<u>11,637</u>	<u>19,918</u>	<u>44,827</u>	<u>31,519</u>	<u>774,810</u>
Total liabilities, deferred inflows of resources and fund equity	\$ 158,249	\$ 2,211	\$ -	\$ 180	\$ 11,637	\$ 19,918	\$ 44,827	\$ 31,519	\$ 868,739

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

	Debt Service Fund	Library Fund	Cemetery Fund	Cemetery Reserve Fund	Grants Fund	Conservation Commission Fund	Recreation Reserve Fund	Playground Reserve Fund	Town Clerk Reserve Fund
REVENUES:									
Property taxes	\$ -	\$ 198,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	7,000	-	-	383,963	-	-	-	-
Investment income	17,540	238	-	-	-	21	1	2,214	22
Other	-	32,910	-	-	-	-	-	-	9,313
Total revenues	<u>17,540</u>	<u>238,325</u>	<u>-</u>	<u>-</u>	<u>383,963</u>	<u>21</u>	<u>1</u>	<u>2,214</u>	<u>9,335</u>
EXPENDITURES:									
Water operations	-	-	-	-	-	-	-	-	-
Sewer operations	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	87,776	-	-	-	-
Public safety	-	-	-	-	17,627	-	-	-	-
General government	-	236,218	-	5,500	-	1,600	-	-	3,175
Capital outlay	-	-	-	-	301,257	-	-	-	-
Debt service - capital lease	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>236,218</u>	<u>-</u>	<u>5,500</u>	<u>406,660</u>	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>3,175</u>
EXCESS OF REVENUES OR (EXPENDITURES)	17,540	2,107	-	(5,500)	(22,697)	(1,579)	1	2,214	6,160
OTHER FINANCING SOURCES (USES):									
Proceeds from capital lease	-	-	-	-	-	-	-	-	-
Operating transfers in (out), net	-	389	(1,680)	(4,319)	-	5,000	-	-	3,500
Total other financing sources (uses)	<u>-</u>	<u>389</u>	<u>(1,680)</u>	<u>(4,319)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
NET CHANGE IN FUND BALANCES	17,540	2,496	(1,680)	(9,819)	(22,697)	3,421	1	2,214	9,660
FUND BALANCES (DEFICIT), July 1, 2013	<u>397,957</u>	<u>5,526</u>	<u>2,380</u>	<u>12,927</u>	<u>(5,186)</u>	<u>17,670</u>	<u>767</u>	<u>31,859</u>	<u>41,413</u>
FUND BALANCES (DEFICIT), June 30, 2014	<u>\$ 415,497</u>	<u>\$ 8,022</u>	<u>\$ 700</u>	<u>\$ 3,108</u>	<u>\$ (27,883)</u>	<u>\$ 21,091</u>	<u>\$ 768</u>	<u>\$ 34,073</u>	<u>\$ 51,073</u>

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

	Reappraisal Reserve Fund	Lister Reserve Fund	General Capital Construction Fund	Sewer Capital Improvement Fund	Water Capital Improvement Fund	Fire Air Packs Reserve Fund	Police Equipment Fund	FEMA Fund	Totals
REVENUES:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,177
Intergovernmental	-	-	-	-	-	-	-	12,461	403,424
Investment income	89	1	14	-	-	1	-	-	20,141
Other	-	404	-	15,230	2,763	-	10,535	-	71,155
Total revenues	<u>89</u>	<u>405</u>	<u>14</u>	<u>15,230</u>	<u>2,763</u>	<u>1</u>	<u>10,535</u>	<u>12,461</u>	<u>692,897</u>
EXPENDITURES:									
Water operations	-	-	-	-	3,700	-	-	-	3,700
Sewer operations	-	-	-	5,273	-	-	-	-	5,273
Community development	-	-	-	-	-	-	-	-	87,776
Public safety	-	-	-	-	-	-	36,880	-	54,507
General government	-	-	-	-	-	-	-	-	246,493
Capital outlay	-	-	-	-	-	-	31,197	-	332,454
Debt service - capital lease	-	-	-	-	-	-	13,028	-	13,028
Total expenditures	-	-	-	<u>5,273</u>	<u>3,700</u>	-	<u>81,105</u>	-	<u>743,231</u>
EXCESS OF REVENUES OR (EXPENDITURES)	89	405	14	9,957	(937)	1	(70,570)	12,461	(50,334)
OTHER FINANCING SOURCES (USES):									
Proceeds from capital lease	-	-	-	-	-	-	28,900	-	28,900
Operating transfers in (out), net	10,000	-	(23,340)	(64,714)	(86,516)	18,250	86,448	-	(56,982)
Total other financing sources (uses)	<u>10,000</u>	-	<u>(23,340)</u>	<u>(64,714)</u>	<u>(86,516)</u>	<u>18,250</u>	<u>115,348</u>	-	<u>(28,082)</u>
NET CHANGE IN FUND BALANCES	10,089	405	(23,326)	(54,757)	(87,453)	18,251	44,778	12,461	(78,416)
FUND BALANCES (DEFICIT), July 1, 2013	<u>148,160</u>	<u>1,806</u>	<u>23,326</u>	<u>54,757</u>	<u>99,090</u>	<u>1,667</u>	<u>49</u>	<u>19,058</u>	<u>853,226</u>
FUND BALANCES (DEFICIT), June 30, 2014	<u>\$ 158,249</u>	<u>\$ 2,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,637</u>	<u>\$ 19,918</u>	<u>\$ 44,827</u>	<u>\$ 31,519</u>	<u>\$ 774,810</u>

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

The Selectboard
Town of Randolph, Vermont

We have audited, in accordance with 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 Randolph, Vermont (the Town) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 12, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2014-001 and 2014-002 to be material weaknesses.

Compliance and Other Matters

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

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

Town's Response to Findings

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

Purpose of this Report

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

Montpelier, Vermont
February 12, 2015

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

**TOWN OF RANDOLPH, VERMONT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

2014-001 Capital asset, long-term debt and capital lease accounting

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

Management's response - Management intends to implement procedures that will ensure capital asset listings will be maintained and updated throughout the year. Staff will also reconcile capital asset and long-term debt activity.

2014-002 Balance sheet account reconciliations

The balance sheet accounts are used to record and report the value of assets, liabilities, deferred inflows/outflows and equity (net position or fund balance) for each fund and for the government-wide summary of the Town. Each balance sheet account should be reconciled regularly to ensure reports of the Town's financial position and activity are complete and accurate. Each balance sheet account should have appropriate supporting documentation. It was noted that prior to the fiscal year 2013 audit that this process was not completed for many balance sheet accounts. Prior to the audit for fiscal year 2014 management had completed reconciliations for several balance sheet accounts such as cash, accounts receivable, and accounts payable; however, reconciliations were not completed for various clearing accounts, deferred inflows of resources, and several grant fund balance sheet accounts. As reconciliations were completed, many adjustments were required to correct year end balances.

We recommend that active balance sheet accounts such as cash, accounts receivable and accounts payable continue to be reconciled on a monthly basis and that other balance sheet accounts such as deferred inflows and grant funds be reconciled promptly at year end.

Management's response - Management will ensure balance sheet accounts will be reconciled on a monthly basis.