

TOWN OF RICHMOND, VERMONT

AUDIT REPORT

JUNE 30, 2015

TOWN OF RICHMOND, VERMONT
AUDIT REPORT
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Richmond, Vermont as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Richmond, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Richmond, Vermont, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note I.F. to the financial statements, effective June 30, 2015, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27. As a result of this required change in accounting principle, the Town recorded a \$73,685 reduction in beginning net position of the Governmental Activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 1 and the Schedule of Contributions on Schedule 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

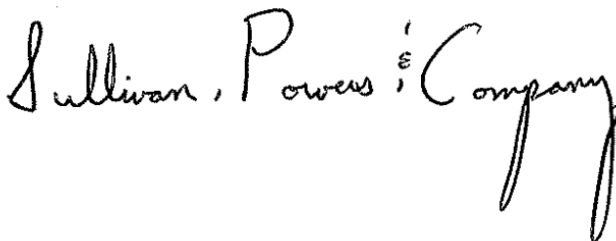
Other Information

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

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated February 18, 2016 on our consideration of the Town of Richmond, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Richmond, Vermont's internal control over financial reporting and compliance.

February 18, 2016
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in black ink and is positioned to the right of the typed text.

**TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Our discussion and analysis of the Town of Richmond, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position increased by \$660,273 as a result of this year's operations. While net position of our business-type activities increased by \$104,774, net position of our governmental activities increased by \$555,499.
- In the Town's proprietary fund, operating revenues were \$839,978 while operating expenses were \$698,881.
- The cost of all of the Town's programs was \$4,089,810 this year, up by \$93,115 from the year prior.
- The General Fund reported a surplus for the year of \$71,434.
- The unassigned fund balance for the General Fund was a surplus of \$565,493 as of June 30, 2015.

Using This Annual Report

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

Reporting the Town as a Whole

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

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

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

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

Reporting the Town's Most Significant Funds

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

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

The Town reports 22 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund and Community Development Fund, which are considered major funds. Data from the other 20 governmental funds are aggregated into a single column on the fund financial statements. Individual fund data for these nonmajor governmental funds is provided in the supplementary schedules section.

- Proprietary funds - Proprietary Funds report activities that operate more like those of private-sector business and use the full accrual basis of accounting. Proprietary funds are reported as business-type activities on the government-wide financial statements. Since proprietary funds use accrual basis accounting, there are no differences between amounts reported on the government-wide statements and the proprietary fund statements. The Town uses a proprietary fund to account for its Water and Sewer Fund.
- Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of other parties. Fiduciary activity is not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town reports eight trust funds and two agency funds.

The Town as a Whole

The Town's combined net position increased by \$660,273 from a year ago - increasing from \$9,471,622, to \$10,131,895. Looking at the net position and net expenses of governmental and business-type activities separately, two stories emerge. Beginning net position was restated as a decrease in net position of \$73,685 for net pension liabilities associated with implementing Governmental Accounting Standards Board (GASB) Statement No. 68, "Financial Reporting for Pension Plans." Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1 - Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 2,548,746	\$ 2,454,963	\$ 433,736	\$ 560,760	\$ 2,982,482	\$ 3,015,723
Capital assets	4,668,330	4,418,928	5,840,169	5,660,324	10,508,499	10,079,252
Deferred Outflows	<u>55,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,764</u>	<u>-</u>
Total assets & deferred outflows	<u>7,272,840</u>	<u>6,873,891</u>	<u>6,273,905</u>	<u>6,221,084</u>	<u>13,546,745</u>	<u>13,094,975</u>
Other liabilities	108,268	226,944	78,264	106,300	186,532	333,244
Long-term liabilities	1,364,509	1,501,189	1,765,003	1,788,920	3,129,512	3,290,109
Deferred Inflows	<u>98,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,806</u>	<u>-</u>
Total liabilities and deferred inflows	<u>1,571,583</u>	<u>1,728,133</u>	<u>1,843,267</u>	<u>1,895,220</u>	<u>3,414,850</u>	<u>3,623,353</u>
Net assets:						
Invested in capital assets, net of debt	3,372,869	3,024,236	4,083,065	3,871,404	7,455,934	6,895,640
Restricted	981,791	1,079,752	-	163,835	981,791	1,243,587
Unrestricted	<u>1,346,597</u>	<u>1,041,770</u>	<u>347,573</u>	<u>290,625</u>	<u>1,694,170</u>	<u>1,332,395</u>
Total net position	<u>5,701,257</u>	<u>5,145,758</u>	<u>4,430,638</u>	<u>4,325,864</u>	<u>10,131,895</u>	<u>9,471,622</u>

Unrestricted net position, the part of total net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from a \$1,332,215 surplus at June 30, 2014 to a \$1,694,170 surplus at June 30, 2015, an increase of \$361,955.

The net position of our business-type activities increased to \$4,430,638 compared to \$4,325,864 in fiscal year 2014. The Town generally can only use the net position to finance the continuing operations of the water and sewer operations.

Table 2 - Change in Net Position

	2015			2014		
	Governmental Activities	Business-type Activities	Total Government	Governmental Activities	Business-type Activities	Total Government
REVENUES						
Program revenues:						
Grants and contributions	\$ 619,093	\$ -	\$ 619,093	\$ 589,088	\$ 579	\$ 589,667
Charges for services	333,251	839,978	1,173,229	296,761	787,424	1,084,185
General revenues:						
Property taxes	2,920,407	-	2,920,407	2,779,502	-	2,779,502
Earnings from investments	653	-	653	677	-	677
Insurance Proceeds	34,621	-	34,621	6,988	-	6,988
Transfer In (Out)	(7,046)	7,046	-	(7,800)	7,800	-
Sale of Town Property	2,080	-	2,080	40,000	-	40,000
Other	-	-	-	16,146	-	16,146
Total revenues	<u>3,903,059</u>	<u>847,024</u>	<u>4,750,083</u>	<u>3,721,362</u>	<u>795,803</u>	<u>4,517,165</u>
PROGRAM EXPENSES						
General government	719,924	-	719,924	872,733	-	872,733
Public safety	710,876	-	710,876	648,782	-	648,782
Highways and streets	1,477,621	-	1,477,621	1,418,252	-	1,418,252
Culture and recreation	302,639	-	302,639	221,626	-	221,626
Appropriations	96,839	-	96,839	95,737	-	95,737
Interest	39,661	43,369	83,030	49,176	46,349	95,525
Water and sewer	-	698,881	698,881	-	644,040	644,040
Total program expenses	<u>3,347,560</u>	<u>742,250</u>	<u>4,089,810</u>	<u>3,306,306</u>	<u>690,389</u>	<u>3,996,695</u>
Increase (decrease) in net position	<u>\$ 555,499</u>	<u>\$ 104,774</u>	<u>\$ 660,273</u>	<u>\$ 415,056</u>	<u>\$ 105,414</u>	<u>\$ 520,470</u>

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

Governmental Activities

The increase in net position for governmental activities was \$555,499 in 2015 compared to \$415,056 in 2014.

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

Table 3 - Governmental Activities

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 719,924	\$ 336,333	\$ 872,733	\$ 381,799
Public safety	710,876	618,613	648,782	561,454
Highways and streets	1,477,621	1,020,070	1,418,252	1,125,677
Culture and recreation	302,639	283,700	221,626	206,614
Appropriations	96,839	96,839	95,737	95,737
Interest	39,661	39,661	49,176	49,176
Totals	<u>\$ 3,347,560</u>	<u>\$ 2,395,216</u>	<u>\$ 3,306,306</u>	<u>\$ 2,420,457</u>

Business-type Activities

The factors driving this year’s results include:

Water and sewer revenues increased in FY15 due in part to higher septage volume and a slight rate increase. The Town anticipates that expenses and long-term debt will continue to increase due to inflation and related capital improvements.

The Town’s Funds

As the Town completed the year, its governmental funds (as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances) reported a combined fund balance of \$1,750,451, which is more than last year’s total of \$1,618,814. Included in this year’s total change in fund balance is a current year surplus of \$71,434 in the Town’s General Fund, and \$60,203 from other funds.

General Fund Budgetary Highlights

The Town’s budget performance varied from anticipated amounts due to two significant courses of events. First, the town finalized the federal hazard mitigation buyout and demolition of the Cochran Road property. The second issue was additional damages from a federally declared ice storm. This event skewed expenses for repairs and revenues from insurance claims and FEMA claims. Also, the town utilized revenues from short-term borrowing to make some equipment purchases.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the Town had \$10,508,499 invested in a broad range of capital assets, including police and fire equipment, buildings, and water and sewer line, net of accumulated depreciation. (See Table 4) This amount represents a net increase (including additions and depreciation) of \$429,247 from the prior year.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 553,941	\$ 250,000	\$ 109,100	\$ 50,000	\$ 663,041	\$ 300,000
Construction in progress	-	121,613	159,737	60,985	159,737	182,598
Buildings & improvements	1,795,803	1,678,263	495,728	495,728	2,291,531	2,173,991
Vehicles and equipment	2,564,670	2,600,779	119,227	119,227	2,683,897	2,720,006
Water and sewer system	-	-	3,069,427	2,891,117	3,069,427	2,891,117
Infrastructure	2,253,416	2,131,803	-	-	2,253,416	2,131,803
Phosphorus upgrade	-	-	3,939,064	3,939,064	3,939,064	3,939,064
Accumulated depreciation	<u>(2,499,500)</u>	<u>(2,363,530)</u>	<u>(2,052,114)</u>	<u>(1,895,797)</u>	<u>(4,551,614)</u>	<u>(4,259,327)</u>
Totals	<u>\$ 4,668,330</u>	<u>\$ 4,418,928</u>	<u>\$ 5,840,169</u>	<u>\$ 5,660,324</u>	<u>\$10,508,499</u>	<u>\$ 10,079,252</u>

This year's additions included:

<i>Governmental Activities</i>	
Town Center parking lot	\$ 117,540
Police Cruiser	31,460
Highway Truck	124,222
Depot Street Completed	121,613
HMGP Property Cochran Road	75,000
HMGP Acquisition/Demolition	228,942
	<u>\$ 698,777</u>
<i>Business-type Activities</i>	
Chlorine Improvement Project	\$ 178,310
Construction in Progress	98,752
Water Storage Tank Property	59,100
	<u>\$ 336,162</u>

Debt

At June 30, 2015, the Town had \$3,052,565 in bonds, notes and lines of credit outstanding versus \$3,183,612 on June 30, 2014 – a decrease of \$131,047 - as shown in Table 5.

Table 5 - Outstanding Debt at Year-End

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ 902,000	\$ 982,600	\$ 1,432,789	\$ 1,394,300	\$ 2,334,789	\$ 2,376,900
Notes payable	<u>393,461</u>	<u>412,092</u>	<u>324,315</u>	<u>394,620</u>	<u>717,776</u>	<u>806,712</u>
Totals	<u>\$ 1,295,461</u>	<u>\$ 1,394,692</u>	<u>\$ 1,757,104</u>	<u>\$ 1,788,920</u>	<u>\$ 3,052,565</u>	<u>\$ 3,183,612</u>

New debt resulted from the short term highway notes for the Highway Department and Police Department.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2017 budget, tax rates, and fees that will be charged for the business-type activities. Some of those factors are the economy, wages and unemployment in the region and the fees charged in other municipalities as well as capital improvements authorized by voters or the approved Capital Spending Plan.

When adopting the budget for the 2016-2017 year, the Selectboard took into account these indicators, specifically the Consumer Price Index for All Urban Consumers (CPI-U), as well as the rate of new home construction and adjustments to property values due to a stabilizing housing market, inflationary pressures, in particular in the areas of health insurance and highway construction costs both projected to continue to increase at between 5% and 10% annually.

Contacting the Town's Financial Management

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

TOWN OF RICHMOND, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 1,477,063	\$ 345,413	\$ 1,822,476
Property taxes receivable	204,212	-	204,212
Interest and penalties receivable	38,851	-	38,851
Accounts receivable	86,505	207,409	293,914
Grants receivable	4,759	-	4,759
Prepaid expenses	205,427	78	205,505
Due from fiduciary funds	265	-	265
Internal balances	119,164	(119,164)	-
Total current assets	<u>2,136,246</u>	<u>433,736</u>	<u>2,569,982</u>
Noncurrent assets -			
Note receivable	412,500	-	412,500
Capital assets	7,167,830	7,892,283	15,060,113
less - accumulated depreciation	<u>(2,499,500)</u>	<u>(2,052,114)</u>	<u>(4,551,614)</u>
Total noncurrent assets	<u>5,080,830</u>	<u>5,840,169</u>	<u>10,920,999</u>
Total assets	<u>7,217,076</u>	<u>6,273,905</u>	<u>13,490,981</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows - pension	<u>55,764</u>	<u>-</u>	<u>55,764</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	88,687	68,070	156,757
Accrued wages	14,911	2,280	17,191
Accrued interest	4,670	7,914	12,584
Current portion of long-term debt	<u>262,332</u>	<u>140,297</u>	<u>402,629</u>
Total current liabilities	<u>370,600</u>	<u>218,561</u>	<u>589,161</u>
Noncurrent liabilities -			
Unearned revenue	7,433	-	7,433
Net pension liability	32,042	-	32,042
Accrued compensated absences	29,573	7,899	37,472
Long-term debt	<u>1,033,129</u>	<u>1,616,807</u>	<u>2,649,936</u>
Total noncurrent liabilities	<u>1,102,177</u>	<u>1,624,706</u>	<u>2,726,883</u>
Total liabilities	<u>1,472,777</u>	<u>1,843,267</u>	<u>3,316,044</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows - pension	<u>98,806</u>	<u>-</u>	<u>98,806</u>
NET POSITION:			
Net investment in capital assets	3,372,869	4,083,065	7,455,934
Restricted	981,791	-	981,791
Unrestricted	<u>1,346,597</u>	<u>347,573</u>	<u>1,694,170</u>
Total net position	<u>\$ 5,701,257</u>	<u>\$ 4,430,638</u>	<u>\$ 10,131,895</u>

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

TOWN OF RICHMOND, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Grants and Contributions</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
FUNCTIONS/PROGRAMS:							
Governmental activities -							
General government	\$ 719,924	\$ 155,171	\$ 228,420	\$ (336,333)	\$ -	\$ (336,333)	
Public safety	710,876	23,214	69,049	(618,613)	-	(618,613)	
Highways and streets	1,477,621	440,418	17,133	(1,020,070)	-	(1,020,070)	
Culture and recreation	302,639	290	18,649	(283,700)	-	(283,700)	
Appropriations	96,839	-	-	(96,839)	-	(96,839)	
Interest	39,661	-	-	(39,661)	-	(39,661)	
Total governmental activities	<u>3,347,560</u>	<u>619,093</u>	<u>333,251</u>	<u>(2,395,216)</u>	<u>-</u>	<u>(2,395,216)</u>	
Business-type activities -							
Water and sewer	<u>742,250</u>	<u>-</u>	<u>839,978</u>	<u>-</u>	<u>97,728</u>	<u>97,728</u>	
Total business-type activities	<u>742,250</u>	<u>-</u>	<u>839,978</u>	<u>-</u>	<u>97,728</u>	<u>97,728</u>	
	\$ <u>4,089,810</u>	\$ <u>619,093</u>	\$ <u>1,173,229</u>	\$ <u>(2,395,216)</u>	<u>97,728</u>	\$ <u>(2,297,488)</u>	
GENERAL REVENUES				2,920,407	-	2,920,407	
				- SALE OF TOWN PROPERTY	2,080	-	2,080
				- TRANSFER IN (OUT)	(7,046)	7,046	-
				- INSURANCE RECEIPTS	34,621	-	34,621
				- INTEREST INCOME	653	-	653
				<u>2,950,715</u>	<u>7,046</u>	<u>2,957,761</u>	
CHANGE IN NET POSITION				555,499	104,774	660,273	
NET POSITION, July 1, 2014, As Restated				<u>5,145,758</u>	<u>4,325,864</u>	<u>9,471,622</u>	
NET POSITION, June 30, 2015				\$ <u>5,701,257</u>	\$ <u>4,430,638</u>	\$ <u>10,131,895</u>	

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

TOWN OF RICHMOND, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Community Development Fund	Other Governmental Funds	Totals Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,049,498	\$ -	\$ 427,565	\$ 1,477,063
Property taxes receivable	204,212	-	-	204,212
Interest receivable	38,851	-	-	38,851
Accounts receivable	7,638	-	-	7,638
Grants receivable	83,626	-	-	83,626
Deposit	-	-	205,038	205,038
Prepaid expenditures	389	-	-	389
Note receivable	-	412,500	-	412,500
Due from other funds	-	-	847,965	847,965
Total assets	<u>\$ 1,384,214</u>	<u>\$ 412,500</u>	<u>\$ 1,480,568</u>	<u>\$ 3,277,282</u>
<u>LIABILITIES, DEFERRED</u>				
<u>INFLOWS OF RESOURCES</u>				
<u>AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 88,687	\$ -	\$ -	\$ 88,687
Due to other funds	439,970	-	288,566	728,536
Accrued wages	14,911	-	-	14,911
Unearned Revenue	-	-	7,433	7,433
Total liabilities	<u>543,568</u>	<u>-</u>	<u>295,999</u>	<u>839,567</u>
DEFERRED INFLOWS				
OF RESOURCES:				
Unavailable grants	64,990	-	-	64,990
Unavailable loans	-	412,500	-	412,500
Unavailable property taxes, penalties and interest	<u>209,774</u>	<u>-</u>	<u>-</u>	<u>209,774</u>
Total deferred inflows of resources	<u>274,764</u>	<u>412,500</u>	<u>-</u>	<u>687,264</u>
FUND BALANCES:				
Fund balances -				
Nonspendable	389	-	205,038	205,427
Restricted	-	-	498,098	498,098
Committed	-	-	371,596	371,596
Assigned	-	-	202,778	202,778
Unassigned	<u>565,493</u>	<u>-</u>	<u>(92,941)</u>	<u>472,552</u>
Total fund balances	<u>565,882</u>	<u>-</u>	<u>1,184,569</u>	<u>1,750,451</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,384,214</u>	<u>\$ 412,500</u>	<u>\$ 1,480,568</u>	<u>\$ 3,277,282</u>

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

TOWN OF RICHMOND, VERMONT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2015

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	\$ 1,750,451
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	7,167,830
Accumulated depreciation	(2,499,500)
Unavailable revenues are reported in the governmental funds which are not available financial resources.	
Unavailable property taxes, penalties and interest	209,774
Unavailable note receivable	412,500
Unavailable Grants	64,990
Deferred outflows and inflows of resources relate to the Town's participation in VMERS are applicable to future periods and, therefore, are not reported in the funds.	
	(75,084)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Accrued compensated absences	(29,573)
Accrued interest	(4,670)
Long-term debt	<u>(1,295,461)</u>
Net Position of Governmental Activities - Government-wide Statement of Net Position	\$ <u>5,701,257</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Community Development Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:				
Property taxes	\$ 2,907,338	\$ -	\$ -	\$ 2,907,338
Intergovernmental	612,607	-	-	612,607
Fees, licenses and permits	24,243	-	161,975	186,218
Charges for goods and services	54,776	-	-	54,776
Interest income	28	-	625	653
Miscellaneous	27,604	-	11,615	39,219
Total revenues	<u>3,626,596</u>	<u>-</u>	<u>174,215</u>	<u>3,800,811</u>
EXPENDITURES:				
General government	679,915	-	20,990	700,905
Public safety	626,360	-	4,355	630,715
Highways and streets	1,251,418	-	2,418	1,253,836
Library	191,603	-	15,951	207,554
Recreation	8,132	-	72,233	80,365
Appropriations	96,839	-	-	96,839
Capital outlay:				
Highways and streets	428,163	-	-	428,163
Public safety	31,461	-	-	31,461
General government	-	-	117,540	117,540
Debt service - Principal	230,601	-	-	230,601
- Interest	43,047	-	-	43,047
Total expenditures	<u>3,587,539</u>	<u>-</u>	<u>233,487</u>	<u>3,821,026</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>39,057</u>	<u>-</u>	<u>(59,272)</u>	<u>(20,215)</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds	124,277	-	-	124,277
Insurance proceeds	34,621	-	-	34,621
Transfers in	-	-	119,475	119,475
Transfers out	(126,521)	-	-	(126,521)
Total other financing sources (uses)	<u>32,377</u>	<u>-</u>	<u>119,475</u>	<u>151,852</u>
NET CHANGE IN FUND BALANCES	71,434	-	60,203	131,637
FUND BALANCES July 1, 2014	<u>494,448</u>	<u>-</u>	<u>1,124,366</u>	<u>1,618,814</u>
FUND BALANCES, June 30, 2015	<u>\$ 565,882</u>	<u>\$ -</u>	<u>\$ 1,184,569</u>	<u>\$ 1,750,451</u>

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

TOWN OF RICHMOND, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total Governmental Funds	\$ 131,637
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	577,164
Depreciation	(327,762)
Deferred revenue in governmental funds includes interest revenue related to long-term notes receivable. It also includes tax revenue of the prior year but excludes deferred tax revenue of the current year as taxes uncollected within 60 days are unavailable at year end.	
Prior year - unavailable property taxes	(196,705)
Current year - unavailable property taxes	209,774
Current Year - Unavailable Grants	64,990
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.	
Proceeds from the issuance of long-term debt	(124,277)
Debt service - Principal	223,508
Capital lease payments	7,093
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is paid. In the statement of activities, interest expense is recognized as interest accrues.	
Increase in accrued interest	(4,670)
Changes in accrued compensated absences accumulated by employees will increase or decrease the liability reported in the government-wide statements, but are only recorded as an expenditure when paid in the governmental funds.	
Governmental funds report employer pension contributions as expenditures (\$48,682). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$50,081) is reported as pension expense. This amount is net effect of the differences in the treatment of pension expense.	
	(1,399)
Increase in accrued compensated absences	(3,854)
Change in Net Position of Governmental Activities - Government-wide Statement of Activities	\$ <u>555,499</u>

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Property taxes -			
Current	\$ 2,833,874	\$ 2,858,797	\$ 24,923
Delinquent penalty and interest	37,000	48,541	11,541
Total property taxes	<u>2,870,874</u>	<u>2,907,338</u>	<u>36,464</u>
Intergovernmental -			
Highway State aid	113,500	113,190	(310)
Railroad tax	1,400	1,715	315
Per parcel listing	16,036	16,122	86
Current use program	51,000	71,641	20,641
Act 60 reappraisal grant	1,700	-	(1,700)
FEMA - Flood damage	-	250,596	250,596
Special grants	399	80,612	80,213
Total intergovernmental	<u>184,035</u>	<u>533,876</u>	<u>349,841</u>
Fees, Licenses, and Permits -			
Liquor licenses	800	1,085	285
Dog licenses	5,100	4,467	(633)
Marriage licenses	200	350	150
Overweight permits	1,000	1,165	165
Access permits	150	1,040	890
Vehicle registration	600	252	(348)
Zoning permits	16,000	15,604	(396)
Field use	500	280	(220)
Total fees, licenses, and permits	<u>24,350</u>	<u>24,243</u>	<u>(107)</u>
Charges for goods and services -			
Town center rent	11,000	11,000	-
Water and sewer administration	14,000	14,000	-
School district payment	8,500	3,242	(5,258)
Town Clerk's fees	26,000	21,512	(4,488)
Vault time and copies	4,000	3,695	(305)
Certified copies	1,200	1,327	127
Total charges for goods and services	<u>64,700</u>	<u>54,776</u>	<u>(9,924)</u>
Police revenues -			
Police grants	-	11,391	11,391
Local fines	1,000	845	(155)
Police receipts	1,200	1,350	150
CESU contribution - SRO	26,000	29,043	3,043
Uniform traffic tickets	21,000	35,493	14,493

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES (CONTINUED):			
Police revenues (continued) -			
Special grants	-	609	609
Total police revenues	<u>49,200</u>	<u>78,731</u>	<u>29,531</u>
Other revenues -			
Interest income	500	28	(472)
Miscellaneous	<u>5,000</u>	<u>27,604</u>	<u>22,604</u>
Total other revenues	<u>5,500</u>	<u>27,632</u>	<u>22,132</u>
Total revenues	<u>3,198,659</u>	<u>3,626,596</u>	<u>427,937</u>
EXPENDITURES:			
Town Administration-			
Salaries	205,700	214,595	(8,895)
Selectboard	3,750	3,750	-
Payroll taxes	14,765	16,775	(2,010)
Retirement	10,300	8,566	1,734
Health insurance	40,633	49,814	(9,181)
Long-term disability	4,100	1,146	2,954
Travel	150	217	(67)
Training and education	1,500	1,569	(69)
Dues and fees	5,700	6,626	(926)
Awards	800	1,000	(200)
Office supplies	3,250	4,817	(1,567)
Postage	7,500	3,034	4,466
Telephone	5,000	4,423	577
Office equipment	6,000	6,177	(177)
Heat	12,000	9,185	2,815
Electricity	9,000	9,334	(334)
Water and sewer	7,800	9,449	(1,649)
Trash removal	4,000	1,633	2,367
Building maintenance	11,000	13,387	(2,387)
Landscaping	2,000	6,458	(4,458)
Contracted work	22,200	30,943	(8,743)
General insurance	101,000	115,471	(14,471)
Advertising and web site	5,600	3,977	1,623
Town reports	5,000	4,499	501
Recording books	3,600	1,937	1,663
Legal	7,500	14,572	(7,072)
Independent auditors	22,000	13,741	8,259
Engineering review	3,000	2,217	783
Technology	1,000	3,815	(2,815)

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Town Administration (continued) -			
County tax	20,700	20,065	635
Total town administration	<u>546,548</u>	<u>583,192</u>	<u>(36,644)</u>
Listers department-			
Salaries	16,000	-	16,000
Payroll taxes	1,200	-	1,200
Office supplies	850	868	(18)
Training and education	400	240	160
Travel	400	-	400
Contracted work	17,000	19,739	(2,739)
Tax map maintenance	1,500	-	1,500
Total listers	<u>37,350</u>	<u>20,847</u>	<u>16,503</u>
Planning and zoning department-			
Salaries	70,000	55,673	14,327
Payroll taxes	5,355	4,131	1,224
Retirement	3,300	2,084	1,216
Health insurance	14,000	4,463	9,537
Long-term disability	1,100	247	853
Office supplies	2,400	1,842	558
Postage	900	339	561
Advertising	4,200	2,290	1,910
Training, education and dues	250	610	(360)
Travel	600	907	(307)
Grant sharing	-	1,355	(1,355)
Contracted work	3,100	-	3,100
Legal	7,700	1,935	5,765
Total planning and zoning	<u>112,905</u>	<u>75,876</u>	<u>37,029</u>
Total general government	<u>696,803</u>	<u>679,915</u>	<u>16,888</u>
Police department:			
Salaries	264,000	321,864	(57,864)
Overtime	26,000	40,504	(14,504)
Payroll taxes	23,000	28,721	(5,721)
Retirement	8,000	15,036	(7,036)
Long-term disability	-	1,778	(1,778)
Health insurance and Opt Out	66,700	54,705	11,995
Travel	250	897	(647)
Training and education	3,060	3,118	(58)
Uniforms	7,620	8,014	(394)
Office supplies and testing	2,550	3,428	(878)
Telephone	6,120	8,030	(1,910)
Computers - Office	5,500	4,022	1,478

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Police department (continued) -			
Office equipment	2,550	28,953	(26,403)
Equipment repair	1,500	590	910
Gas and diesel	26,500	25,053	1,447
Cruiser repairs	6,120	7,273	(1,153)
Cruiser tires	4,080	3,710	370
Cruiser equipment	1,530	1,378	152
Supplies	6,304	4,993	1,311
Special grants	-	5,369	(5,369)
Total police department	<u>461,384</u>	<u>567,436</u>	<u>(106,052)</u>
Fire department:			
Salaries	16,000	15,610	390
Payroll taxes	1,300	1,044	256
Training and education	500	145	355
Telephone	2,600	2,950	(350)
Medical	100	-	100
Heat	2,500	2,815	(315)
Electricity	1,750	1,920	(170)
Water and sewer	1,200	1,201	(1)
Maintenance	2,000	1,156	844
Gas, oil, and diesel fuels	4,200	2,535	1,665
Maintenance and testing - pumpers and hose	12,500	9,490	3,010
Equipment repairs	1,500	2,086	(586)
Radio dispatch	6,000	4,902	1,098
Radio repair	2,500	2,542	(42)
Supplies	2,000	1,719	281
Equipment purchase	9,600	8,510	1,090
Public relations and travel	600	299	301
Total fire department	<u>66,850</u>	<u>58,924</u>	<u>7,926</u>
Total public safety	<u>528,234</u>	<u>626,360</u>	<u>(98,126)</u>
Highways and streets -			
Highway:			
Salaries	238,000	232,855	5,145
Overtime	28,050	30,036	(1,986)
Payroll taxes	20,000	21,204	(1,204)
Retirement	12,750	13,996	(1,246)
Health insurance and Opt Out	49,303	64,981	(15,678)
Disability	-	1,435	(1,435)
Training, education and travel	400	229	171
Uniforms	2,650	2,915	(265)
Office supplies	1,500	83	1,417
Telephone	1,900	1,817	83
Street lights	13,500	14,628	(1,128)

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Highways and streets (continued) -			
Heat	6,500	8,972	(2,472)
Electricity	2,400	2,677	(277)
Water and sewer	2,000	1,755	245
Trash removal	1,200	898	302
Maintenance	7,000	6,691	309
Gas and oil	4,200	2,833	1,367
Diesel fuel	80,000	63,543	16,457
Truck repairs	12,000	45,144	(33,144)
Gang mowers	500	885	(385)
Winter maintenance attachments	300	312	(12)
Excavator repair	1,500	1,803	(303)
Grader repair	2,000	1,778	222
Loader repair	500	841	(341)
Pickup repair	500	3,768	(3,268)
Tires and tire chains	9,000	9,314	(314)
Tractor	300	-	300
Roadside mower	300	526	(226)
Park mower	800	2,296	(1,496)
Utility vehicle	1,000	621	379
Small equipment repair	1,000	1,545	(545)
Radio and repair	300	276	24
Special grants	-	6,373	(6,373)
Total highway	<u>501,353</u>	<u>547,030</u>	<u>(45,677)</u>
Road maintenance and bridges:			
Centerline paint and shoulder	2,500	2,991	(491)
Chloride	15,000	15,562	(562)
Culverts	5,500	5,851	(351)
Guardrails	3,000	2,027	973
Gravel	234,000	234,000	-
Cutting edges	10,000	10,830	(830)
Small equipment purchases	7,000	13,189	(6,189)
Equipment rental	13,600	13,505	95
Miscellaneous equipment parts	1,000	340	660
Miscellaneous supplies	1,000	310	690
Patching	1,000	2,130	(1,130)
Salt	65,000	76,196	(11,196)
Sand	48,000	40,576	7,424
Bridge and culvert repair	3,200	-	3,200
Signs	3,000	4,839	(1,839)
Storm drains	2,800	739	2,061
Sweeping	3,600	3,240	360
Consultants	200	105	95

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Highways and streets (continued) -			
Welding and cutting supplies	1,000	1,066	(66)
Retreatment	290,000	266,122	23,878
Storm damage repair	-	10,770	(10,770)
Total road maintenance and bridges	<u>710,400</u>	<u>704,388</u>	<u>6,012</u>
Total highways and streets	<u>1,211,753</u>	<u>1,251,418</u>	<u>(39,665)</u>
 Library -			
Salaries	128,978	124,912	4,066
Payroll taxes	10,047	9,838	209
Retirement and disability	3,713	4,501	(788)
Health insurance and Opt Out	6,500	6,529	(29)
Travel	300	13	287
Training and education	300	160	140
Office supplies	2,000	2,355	(355)
Postage	1,000	1,150	(150)
Telephone	2,200	2,748	(548)
Computer	2,500	2,334	166
Heat	4,500	2,854	1,646
Electricity	4,500	5,105	(605)
Water and sewer	900	1,589	(689)
Maintenance	10,000	14,474	(4,474)
Books	11,750	12,562	(812)
Programs	700	479	221
Total library	<u>189,888</u>	<u>191,603</u>	<u>(1,715)</u>
 Recreation -			
Salaries	3,000	2,340	660
Payroll taxes	300	179	121
Dues	250	-	250
Electricity	750	469	281
Water and sewer	800	3	797
Trash removal	800	563	237
Maintenance	3,500	3,132	368
Recreation path maintenance	1,000	1,296	(296)
Special events	250	150	100
Total recreation	<u>10,650</u>	<u>8,132</u>	<u>2,518</u>

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Special Appropriations -			
Central Vermont Agency on Aging	1,800	1,800	-
Flags	650	422	228
Greater Burlington Industrial Corporation	100	100	-
Howard Center	100	100	-
Regional Planning	5,748	5,746	2
Richmond Community Band	400	400	-
Richmond Rescue	64,100	64,100	-
Hale & Hearty	4,100	4,100	-
Transportation Services - SSTA	2,300	851	1,449
Visiting Nurses Association	9,834	9,834	-
Vermont Center for Independent Living	375	750	(375)
Front Page Forum	100	100	-
CUSI Domestic Task Force	7,536	7,536	-
Lake Iroquois Association	400	400	-
Lake Iroquois District	600	600	-
Total special appropriations	<u>98,143</u>	<u>96,839</u>	<u>1,304</u>
Debt service -			
Principal payments:			
Police capital lease	-	7,093	(7,093)
2005 engine	10,000	10,000	-
Depot improvement note	20,000	20,000	-
2007 tandem dump truck	22,438	22,438	-
2011 dump truck	27,470	27,290	180
1996 highway garage	25,000	25,000	-
Fire engine 2010 note	50,500	50,680	(180)
Jericho bond note	72,200	45,600	26,600
2013 Excavator	22,000	-	22,000
2014 highway equipment	22,500	22,500	-
Total principal payments	<u>272,108</u>	<u>230,601</u>	<u>41,507</u>
Interest payments:			
Police capital lease interest	-	265	(265)
2011 engine	2,350	2,248	102
2005 engine	5,000	4,995	5
Equipment note interest	7,800	-	7,800
1996 highway garage	4,950	3,899	1,051
Depot street interest	1,600	1,578	22
Jericho bond note	-	26,580	(26,580)
Excavator interest	2,500	-	2,500
2011 dump truck interest	-	1,210	(1,210)
Tandem dump truck interest	-	1,517	(1,517)

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Interest payments continued - 2014 highway equipment	-	755	(755)
Total interest payments	<u>24,200</u>	<u>43,047</u>	<u>(18,847)</u>
Total debt service	<u>296,308</u>	<u>273,648</u>	<u>22,660</u>
Capital outlay -			
Highway capital outlay	25,000	428,163	(403,163)
Police cruiser purchase	<u>41,000</u>	<u>31,461</u>	<u>9,539</u>
Total capital outlay	<u>66,000</u>	<u>459,624</u>	<u>(393,624)</u>
Total expenditures	<u>3,097,779</u>	<u>3,587,539</u>	<u>(489,760)</u>
EXCESS OF REVENUE OR (EXPENDITURES)	<u>100,880</u>	<u>39,057</u>	<u>(61,823)</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	124,277	124,277
Insurance proceeds	-	34,621	34,621
Transfer to Water and Sewer Fund	(7,800)	(7,046)	754
Transfer to Reappraisal Fund	(5,600)	(5,600)	-
Transfer to Library Reserve Fund	(8,000)	(8,000)	-
Transfer to Conservation Fund	(44,240)	(44,240)	-
Transfer to Fire Reserve Fund	(28,500)	(28,500)	-
Transfer to Police Reserve Fund	(2,040)	(3,435)	(1,395)
Transfer to Highway Reserve Fund	(27,700)	(27,700)	-
Transfer to Bridge and Culvert Reserve Fund	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(125,880)</u>	<u>32,377</u>	<u>158,257</u>
NET CHANGE IN FUND BALANCE	\$ <u>(25,000)</u>	\$ <u>71,434</u>	\$ <u>96,434</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND
JUNE 30, 2015

	<u>Water and Sewer Fund</u>
ASSETS:	
Current assets -	
Cash and cash equivalents	\$ 345,413
Accounts receivable	207,409
Prepaid expense	<u>78</u>
Total current assets	<u>552,900</u>
Noncurrent assets -	
Capital assets	7,892,283
less - accumulated depreciation	<u>(2,052,114)</u>
Total noncurrent assets	<u>5,840,169</u>
Total assets	<u>6,393,069</u>
LIABILITIES:	
Current liabilities -	
Accounts payable	68,070
Accrued interest	7,914
Accrued wages	2,280
Due to other funds	119,164
Current portion of long-term debt	<u>140,297</u>
Total current liabilities	<u>337,725</u>
Noncurrent liabilities -	
Accrued compensated absences	7,899
Long-term debt	<u>1,616,807</u>
Total noncurrent liabilities	<u>1,624,706</u>
Total liabilities	<u>1,962,431</u>
NET POSITION:	
Net investment in capital assets	4,083,065
Restricted	-
Unrestricted	<u>347,573</u>
Total net position	<u>\$ 4,430,638</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Water and Sewer Fund</u>
OPERATING REVENUES:	
Charges for services	\$ <u>839,978</u>
Total operating revenues	<u>839,978</u>
 OPERATING EXPENSES:	
Administration	237,211
Pump station	3,042
Wastewater department	246,082
Water department	56,229
Depreciation	<u>156,317</u>
Total operating expenses	<u>698,881</u>
Operating income	<u>141,097</u>
 NONOPERATING REVENUES (EXPENSES):	
Transfer in	7,046
Interest expense	<u>(43,369)</u>
Total nonoperating revenues (expenses)	<u>(36,323)</u>
CHANGE IN NET POSITION	104,774
NET POSITION, July 1, 2014	<u>4,325,864</u>
NET POSITION, June 30, 2015	\$ <u>4,430,638</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 860,398
Cash paid to suppliers for goods and services	(719,339)
Cash paid to employees for services	<u>156,638</u>
Net cash provided by operating activities	<u>297,697</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from grants	2,467
Purchases of capital assets	(336,162)
Proceeds from long-term debt	49,905
Transfer in	7,046
Principal paid on bonds payable	(81,721)
Interest paid on bonds payable	<u>(43,369)</u>
Net cash provided (used) by capital and related financing activities	<u>(401,834)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Change in due to/from other funds	<u>24,810</u>
Net cash provided by noncapital financing activities	<u>24,810</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(79,327)
CASH AND CASH EQUIVALENTS, July 1, 2014	<u>424,740</u>
CASH AND CASH EQUIVALENTS, June 30, 2015	\$ <u>345,413</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 141,097
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	156,317
(Increase) decrease in trade accounts receivable	20,420
Increase (decrease) in accounts payable	(23,724)
Increase (decrease) in accrued interest	3,536
Increase (decrease) in accrued wages	(7,848)
Increase (decrease) in accrued compensated absences	<u>7,899</u>
Net cash provided by operating activities	<u>\$ 297,697</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
JUNE 30, 2015

	Private Purpose Trust Funds	<u>Agency Funds</u>		Totals Fiduciary Funds
		<u>Impact Fee Fund</u>	<u>Engineering Fee Fund</u>	
ASSETS:				
Cash and cash equivalents	\$ 30,589	\$ 77,186	\$ 8,621	\$ 116,396
Due from (to) other funds	<u>-</u>	<u>455</u>	<u>(720)</u>	<u>(265)</u>
Total assets	<u>30,589</u>	<u>77,641</u>	<u>7,901</u>	<u>116,131</u>
LIABILITIES:				
Impact fees -				
Richmond Town School District	-	77,641	-	77,641
Due to Developers	<u>-</u>	<u>-</u>	<u>7,901</u>	<u>7,901</u>
Total liabilities	<u>-</u>	<u>77,641</u>	<u>7,901</u>	<u>85,542</u>
NET POSITION:				
Held in trust for special purposes	\$ <u>30,589</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>30,589</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Private Purpose Trust Funds
Additions:	
Investment Income	\$ <u>46</u>
Total Additions	<u>46</u>
Deductions	
Total Deductions	<u>0</u>
Change in Net Position	46
Net Position - July 1, 2014	<u>30,543</u>
Net Position - June 30, 2015	\$ <u><u>30,589</u></u>

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies:

The Town of Richmond, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a five-member Selectboard. The Town provides various services as authorized and funded by State government or Town voters.

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

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

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

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

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

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued):

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary fund:

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

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

D. Measurement focus and basis of accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported on a current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when the fund liability is incurred, if measurable, as under accrual accounting. However, debt service expenditures are recorded only when payment is made.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings and certain intergovernmental grants are recorded as earned and when they become available.

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

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

1. Summary of significant accounting policies (continued):

- E. Budgets and budgetary accounting - The Town approves a budget for the General Fund at an annual Town Meeting. The tax rate is determined by the Selectboard based on the education and municipal grand lists, the approved operating budget and the State education property tax liability. The accounting method used for budget presentation is the same method used for the financial statements. Formal budgetary integration is employed as a management control during the year for the General Fund. The Town does not legally adopt budgets for other governmental funds.
- F. New Pronouncement – Pension Plans – Effective June 30, 2015, the Town implemented GASB Statement No. 68, “Financial Reporting for Pension Plans” – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town’s participation in the Vermont Municipal Employees’ Retirement System (VMERS) as well as additional disclosures and required supplemental information.
- G. Excess of Expenditures Over Appropriations - For the year ended June 30, 2015, expenditures in the General Fund, exceeded appropriations by \$489,760. These were funded by excess revenues and other financing sources.
- H. Cash and cash equivalents - The Town’s cash and cash equivalents are considered to be cash on hand and demand deposits.
- I. Capital assets - Capital assets, which include property, plant, equipment, vehicles, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Town does not retroactively report infrastructure assets. The Town began capitalizing newly acquired or constructed general infrastructure assets as of July 1, 2003. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets of the Town are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Water and sewer systems	30 - 50 years
Vehicles and equipment	4 - 20 years
Infrastructure	20 - 30 years
Phosphorus upgrade	50 years

- J. Unavailable/unearned revenue - The Town has recorded, in the General Fund, unavailable revenue from property taxes and related penalties and interest which have not been collected within 60 days following year end and are not considered available for current-year operations. Certain unexpended grant receipts are also reported as unearned revenue. The Town has recorded, in the Community Development Fund, unavailable revenue from a note receivable due to the nature and length of the note.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued):

- K. Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.
- L. Compensated absences - It is the Town's policy to permit employees to accumulate earned but unused vacation pay benefits based upon their length of employment (subject to certain carryover limitations and time restrictions). Upon retirement, termination or death, employees are compensated for these accrued benefits at their current rates of pay. Compensated absences are reported in the government-wide financial statements. Governmental funds report compensated absences as an expenditure when the benefit is paid. Unused sick days may be accumulated to be used in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.
- M. Long-term obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. In the fund financial statements, governmental fund types recognize the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.
- N. Risk management - The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees and others; and environmental liability. The Town manages these risks through 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.
- O. Fund equity - With the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Town Meetings.

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

Unassigned fund balance is the residual classification for the government's General Fund and includes all spendable amounts not contained in another classification.

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

1. Summary of significant accounting policies (continued):

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

- P. Restatement of Net Pension - Effective June 30, 2015, the Town implemented GASB Statement No. 68, "Financial Reporting for Pension Plans" – An amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town's participation in the Vermont Municipal Employees' Retirement System (VMERS) as well as additional disclosures and required supplemental information.

As a result of adopting this new accounting principle, beginning net position of the Governmental Activities was reduced by \$73,685 resulting from the proportionate share of the net pension liability of \$118,973 at June 30, 2014 net of the deferred outflows of resources of \$45,288 of required contributions made during fiscal year 2014. The Governmental Activities net position has been restated from \$5,219,443 to \$5,145,758.

2. Cash and cash equivalents:

The Town's cash and investments as of June 30, 2015 consisted of the following:

Cash:

Deposits with Financial Institutions	\$1,938,012
Cash on Hand	<u>860</u>
Total Cash	<u>\$1,938,872</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The mutual funds are in the name of the Town and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town's deposits.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$ 929,850	\$ 929,850
Uninsured, Collateralized by U.S. Government Securities Held by the Bank in the Bank's Name for the Benefit of the Town	<u>1,008,162</u>	<u>1,036,748</u>
Total	<u>\$1,938,012</u>	<u>\$1,966,598</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

3. Note receivable:

The note receivable in the Community Development Fund consisted of a \$300,000 mortgage loan made to Richmond Village Housing Limited Partnership on March 9, 1999. The proceeds originated from a Grant Agreement dated January 9, 1998 between the Town of Richmond and the Vermont Agency of Commerce and Community Development. The note bore interest of 2.5% with principal and interest payments deferred until March 31, 2014. Monthly payments of principal and accrued interest of \$2,625 were to begin April 30, 2014 and continue through March 31, 2029. On February 3, 2014, the Selectboard approved to extend the loan deferral an additional 15 years, and adjust the interest rate forward to 0%. The loan is secured by a mortgage deed on the real property. The note receivable balance with accrued interest at June 30, 2015 was \$412,500.

4. Interfund receivables and payables:

Interfund receivable and payable balances due to the pooling of cash receipts and disbursements as of June 30, 2015 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 439,970
Other Governmental Funds	<u>847,965</u>	<u>288,566</u>
	<u>847,965</u>	<u>728,536</u>
Proprietary funds -		
Water and Sewer Fund	<u>-</u>	<u>119,164</u>
Fiduciary funds -		
Trust Funds	<u>-</u>	<u>265</u>
	<u>\$ 847,965</u>	<u>\$ 847,965</u>

5. Prepaid expenses:

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town had deferred outflows related to pension expense as discussed in note 14. Pension Plan.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

6. Deferred Outflows/Inflows of Resources (continued):

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items in this category. Unavailable revenue which arises under the modified accrual basis of accounting and the difference between projected and actual earnings on pension plan investments are reported as deferred inflows of resources. Accordingly, the items of unavailable revenue (unavailable property taxes, penalties and interest and unavailable loans receivables) are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or to which they relate.

7. Capital assets:

Changes in capital assets consisted of the following:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 250,000	\$ 303,941	\$ -	\$ 553,941
Construction in progress	<u>121,613</u>	<u>-</u>	<u>121,613</u>	<u>-</u>
Total capital assets, not depreciated	<u>371,613</u>	<u>303,941</u>	<u>121,613</u>	<u>553,941</u>
Capital assets, depreciated:				
Buildings and improvements	1,678,263	117,540	-	1,795,803
Vehicles and equipment	2,600,779	155,683	191,792	2,564,670
Infrastructure	<u>2,131,803</u>	<u>121,613</u>	<u>-</u>	<u>2,253,416</u>
Total capital assets, depreciated	<u>6,410,845</u>	<u>394,836</u>	<u>191,792</u>	<u>6,613,889</u>
Less accumulated depreciation for:				
Buildings and improvements	533,763	35,716	-	569,479
Vehicles and equipment	1,383,912	192,998	191,792	1,385,118
Infrastructure	<u>445,855</u>	<u>99,048</u>	<u>-</u>	<u>544,903</u>
Total accumulated depreciation	<u>2,363,530</u>	<u>327,762</u>	<u>191,792</u>	<u>2,499,500</u>
Total capital assets, depreciated, net	<u>4,047,315</u>	<u>67,074</u>	<u>-</u>	<u>4,114,389</u>
Capital assets, net, governmental activities	\$ <u>4,418,928</u>	\$ <u>371,015</u>	\$ <u>121,613</u>	\$ <u>4,668,330</u>

Depreciation expense in the governmental activities totaling \$327,762 was allocated to the following functions: general government \$13,596, public safety \$80,161, highways and streets \$223,785 and culture and recreation \$10,220.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

7. Capital assets (continued):

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2015</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	\$ 50,000	\$ 59,100	\$ -	\$ 109,100
Construction in progress	<u>60,985</u>	<u>277,062</u>	<u>178,310</u>	<u>159,737</u>
Total capital assets, not depreciated	<u>110,985</u>	<u>336,162</u>	<u>178,310</u>	<u>268,837</u>
Capital assets, depreciated:				
Buildings	495,728	-	-	495,728
Water and sewer systems	2,891,117	178,310	-	3,069,427
Phosphorus upgrade	3,939,064	-	-	3,939,064
Vehicles and equipment	<u>119,227</u>	<u>-</u>	<u>-</u>	<u>119,227</u>
Total capital assets, depreciated	<u>7,445,136</u>	<u>178,310</u>	<u>-</u>	<u>7,623,446</u>
Less accumulated depreciation for:				
Buildings	421,575	9,915	-	431,490
Water and sewer systems	617,469	60,261	-	677,730
Phosphorus upgrade	776,780	78,781	-	855,561
Vehicles and equipment	<u>79,973</u>	<u>7,360</u>	<u>-</u>	<u>87,333</u>
Total accumulated depreciation	<u>1,895,797</u>	<u>156,317</u>	<u>-</u>	<u>2,052,114</u>
Total capital assets, depreciated, net	<u>5,549,339</u>	<u>21,993</u>	<u>-</u>	<u>5,571,332</u>
Capital assets, net, business-type activities	\$ <u>5,660,324</u>	\$ <u>358,155</u>	\$ <u>178,310</u>	\$ <u>5,840,169</u>

8. Operating leases:

The Town entered into a three year lease, as lessor, with the Chittenden East Supervisory Union (CESU) which concluded in June 2015. The lease was renewed with an option to cancel on 30 days notice for \$3,526 per month. Rental income for the year ended June 30, 2015 was \$42,318.

The Town entered into a 20 year lease, as lessor, with the U.S. Postal Service (USPS) through September 2013. In August 2013, the lease was renewed through September 2018. Rental income for the year ended June 30, 2015 was \$89,200.

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

	<u>Total</u>	<u>USPS</u>
2016	89,200	89,200
2017	89,200	89,200
2018	89,200	89,200
2019	<u>14,867</u>	<u>14,867</u>
Total	\$ <u>282,467</u>	\$ <u>282,467</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

9. Long-term debt:

The Town is indebted at June 30, 2015 as follows:

Governmental activities -

Bond payable, Vermont Municipal Bond Bank - 1995 Series 2 (refunded with 2003 Series 1), various interest rates, currently at 5.666%. Annual principal payment of \$30,000. Matures December 2013.	\$ 110,000
Bond payable, Vermont Municipal Bond Bank - 2007 Series 2, various interest rates, currently at 5.20%. Annual principal payment of \$25,000. Matures December 2017.	60,000
Bond payable, Vermont Municipal Bond Bank - 2011 Series 2, various interest rates, currently at .804%. Annual principal payment of \$45,600. Matures December 2031.	732,000
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$22,438. Matures April 2017.	44,518
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$77,970. Matures March 2016.	76,126
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$22,960. Matures July 2017.	66,040
Note payable, Merchants Bank, NA - unsecured, with interest at 2.00%. Annual payments of \$20,000. Matures October 2017.	60,000
Note payable, Merchants Bank, NA - unsecured, with interest at 1.69%. Annual payments of \$22,500. Matures October 2015.	22,500
Note payable, Merchants Bank, NA - unsecured, with interest at 2.42%. Annual principal payments of \$19,844. Matures January 2020.	99,222
Note payable, Merchants Bank, NA - unsecured, with interest at 2.35%. Annual principal payments of \$6,264. Matures June 2019.	<u>25,055</u>
	<u>\$ 1,295,461</u>

Business-type activities -

Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-074, annual payments of \$22,220, including a 2.0% administrative fee. Matures March 2026.	\$ 217,466
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-101, annual payments of \$7,636 with no interest starting April 2015. Matures April 2024.	120,211
Note payable, State of Vermont Special Environmental Revolving Fund - RF3-302-1, annual payments of \$37,512 with no interest starting December 2017. Matures December 2046.	49,905
Note payable, State of Vermont Special Environmental Revolving Fund - WPL-170, annual payments of \$26,554 with no interest starting October 2012. Matures October 2019.	232,450
Bond payable, State of Vermont Clean Water State Revolving Fund - AR1-058, annual payments of \$20,609, including a 2.0% administrative fee, starting October 2012. Matures October 2031.	302,112
Bond payable, Vermont Municipal Bond Bank - 2011 Series 2, various interest rates, currently at .804%. Annual principal payment of \$46,800. Matures December 2031.	793,000
Note payable, Merchants Bank, NA - unsecured, with interest at 2.32%. Annual payments of \$22,960. Matures July 2017.	<u>41,960</u>
	<u>\$ 1,757,104</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

9. Long-term debt (continued):

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

	Balance July 1, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2015</u>	Due Within <u>One Year</u>
Governmental activities -					
Bonds payable -					
2005 Series 1	\$ 120,000	\$ -	\$ 10,000	\$ 110,000	\$ 10,000
2007 Series 2	85,000	-	25,000	60,000	20,000
Portion 2011 VMBB Jericho Rd	777,600	-	45,600	732,000	43,200
2012 Note payable	66,956	-	22,438	44,518	22,438
2012 Note payable	154,096	-	77,970	76,126	76,126
2013 Note payable	66,040	-	-	66,040	21,960
2014 Note payable	80,000	-	20,000	60,000	20,000
2014 Note payable	45,000	-	22,500	22,500	22,500
2015 Note payable	-	99,222	-	99,222	19,844
2015 Note payable	-	25,055	-	25,055	6,264
Capital Lease (Police Cruiser)	7,093	-	7,093	-	-
	<u>1,401,785</u>	<u>124,277</u>	<u>230,601</u>	<u>1,295,461</u>	<u>262,332</u>
Business-type activities -					
RF1-074	234,986	-	17,520	217,466	17,871
RF1-101	120,211	-	-	120,211	-
RF3-302	-	49,905	-	49,905	-
WPL-170	232,450	-	-	232,450	46,490
AR1-058	316,913	-	14,801	302,112	15,096
Portion 2011 VMBB Jericho Rd	842,400	-	49,400	793,000	46,800
2013 Note payable	41,960	-	-	41,960	14,040
	<u>1,788,920</u>	<u>49,905</u>	<u>81,721</u>	<u>1,757,104</u>	<u>140,297</u>
	\$ <u>3,190,705</u>	\$ <u>174,182</u>	\$ <u>312,322</u>	\$ <u>3,052,565</u>	\$ <u>402,629</u>

Annual maturities of the long-term debt are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 262,332	\$ 41,347	\$ 140,297	\$ 39,456
2017	163,348	33,511	140,957	37,628
2018	141,428	29,056	203,395	36,596
2019	79,308	25,890	140,296	33,369
2020	73,045	23,338	140,996	31,297
2021-2025	266,000	88,991	483,526	121,168
2026-2030	226,000	40,340	375,595	57,035
2031-2033	84,000	3,842	132,042	5,398
	\$ <u>1,295,461</u>	\$ <u>286,315</u>	\$ <u>1,757,104</u>	\$ <u>361,947</u>

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

9. Long-term debt (continued):

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

On May 6, 2015, the Town entered into a loan agreement with the Vermont Municipal Bond Bank in the amount of \$1,267,136 for project costs related to engineering design of a new water storage tank. As of June 30, 2015, the Town receive disbursements of \$49,905 related to this loan. On December 21, 2015, the loan was amended to increase the maximum State Loan amount to a total borrowing amount of \$1,575,000.

10. Cemetery funds:

At June 30, 2015 the cemetery fund consisted of the following:

Cemetery Operating Funds	\$ 130,690
Crandall Trust Funds	1,566
Rocheleau Trust Funds	518
Towne Trust Funds	280
Perpetual Care Funds	<u>5,942</u>
Total cemetery fund	<u>\$ 138,996</u>

11. Interfund transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ -	\$ 126,521
Other Governmental Funds	<u>119,475</u>	<u>-</u>
	<u>\$ 119,475</u>	<u>\$ 126,521</u>
Business-type activities -		
Water and Sewer Fund	<u>7,046</u>	<u>-</u>
	<u>\$ 126,521</u>	<u>\$ 126,521</u>

Transfers from the General Fund into the Other Governmental Funds were for budgeted capital reserve increases and to eliminate deficit fund balances. The \$7,046 transferred from the General Fund to the Water and Sewer was to fund debt payments related to stormwater expenditures maintained in that Fund.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

12. Property taxes:

Property taxes attach as an enforceable lien on property owned as of April 1st. Elected listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Department of Education. Taxes were levied as of April 1, 2014 and were due August 15, 2014, November 17, 2014, February 16, 2015, and May 15, 2015.

13. Pension plan:

Defined Benefit Plan -

Plan description: The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2015, the retirement system consisted of 437 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2014, the measurement date selected by the State of Vermont, VMERS was funded at 98.32% and had a plan fiduciary net position of \$534,525,477 and a total pension liability of \$543,652,090 resulting in a net pension liability of \$9,126,613. As of June 30, 2015, the Town's proportionate share of this was .3511% resulting in a liability of \$32,043. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2014, the Town's proportion of .3511% was an increase of 0.0243% from its proportion measured as of June 30, 2013. The Town's Government-Wide beginning net position was adjusted for net pension liability related to prior periods in the amount of \$73,685.

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

13. Pension plan (continued):

For the year ended June 30, 2015, the Town recognized pension expense of \$1,399.

As of June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	
Change in proportionate share of contributions	\$ 7,082	\$ -	
Difference between projected and actual earnings on pension plan investments		98,806	
Town's required employer contribution made subsequent to the measurement date	<u>48,682</u>	<u>-</u>	
	\$ <u>55,764</u>	\$ <u>98,806</u>	

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$48,682 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2016	\$ 18,345
2017	18,345
2018	18,345
2019	18,345
2020	<u>18,344</u>
Total	<u>\$ 91,724</u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Group B provisions.

Creditable Service – Service as a member plus purchased service.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

13. Pension plan (continued):

Average Final Compensation (AFC) – Group B – Average annual compensation during highest three (3) consecutive years.

Service Retirement Allowance:

Eligibility – Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service.

Amount – Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

Maximum benefit is 60% of AFC for Group B. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Group B.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability.

Death Benefit:

Eligibility – Death after five (5) years of service.

Amount – For Group B, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement - For Group B, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

13. Pension plan (continued):

Refund of Contribution - Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments - Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 3% for Group B.

Member Contributions - Group B – 4.75% effective July 1, 2014 (increased from 4.625%)

Employer Contributions - Group B – 5.375% effective July 1, 2014 (increased from 5.125%)

Retirement Stipend - \$25 per month payable at the option of the Board of Trustees.

Significant Actuarial Assumptions and Methods

Interest Rate - A select-and-ultimate interest rate set, specified as follows. The interest rate set is restarted every year.

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

Salary increases - 5% per year.

Deaths:

Active participants – 50% of the probabilities in the 1995 Buck Mortality Tables for males and females.

Non-disabled retirees and terminated vested participants – The 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females.

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

Spouse's Age: - Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants - Assumed to occur at the rate of 1.8% per annum for Group B members.

Actuarial Cost Method - Entry Age Normal - Level Percentage of Pay.

Asset Valuation Method - Invested assets are reported at fair value.

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

13. Pension plan (continued):

Note – For funding purposes – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

Inflation- The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

Long-term Expected Rate of Return:

The long-term expected rate of return on investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	31.50%	6.70%
Fixed Income	33.00%	2.94%
Alternatives	15.50%	6.26%
Multi-strategy	20.00%	5.98%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate - The discount rate used to measure the total pension liability was 8.23%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

**TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (7.23%) or one percent higher (9.23%):

<u>1% Decrease (7.23%)</u>	<u>Discount Rate (8.23%)</u>	<u>1% Increase (9.23)</u>
\$269,939	\$32,043	\$(167,546)

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

14. Subsequent events:

On July 14, 2015, the town voted to authorize indebtedness of \$1,200,000 for replacement of water lines on East Main Street. The Selectboard has applied for a State Loan through its revolving loan fund for this amount.

On July 29, 2015, a federal disaster was declared for damages sustained in Richmond on June 9, 2015. Richmond's estimated damages were \$200,000, of which up to 75% would be covered under federal assistance.

On November 2, 2015, the Selectboard approved a short-term note to purchase Highway and Fire Trucks in the amount of \$289,005 at 1.83% interest, payable over five years.

On November 30, 2015, the Selectboard entered a contract with SD Ireland to repair Greystone Drive in an amount not to exceed \$115,600, from the June 9, 2015 declared disaster.

On December 18, 2015, the Town acquired a police vehicle for \$34,425.00 from MHQ, a vendor approved on November 30, 2015 replacing the prior purchase order to Shearer from earlier in the year.

15. Contingent Liabilities:

The Town is a participating member in the Chittenden Solid Waste District (CSWD). The Town could be subject to a portion of the District's debt if the District experiences financial problems.

The Town participates in a member of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

TOWN OF RICHMOND, VERMONT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2015

	2015
Total Plan Net Pension Liability	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.3511%
Town's Proportionate Share of the Net Pension Liability	\$ 32,043
Town's Covered Employee Payroll	\$ 905,706
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	3.5379%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.32% as of June 30, 2014

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: None.

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF RICHMOND, VERMONT
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
Contractually Required Contribution (Actuarially Determined)	\$ 48,682
Contributions in Relation to the Actuarially Determined Contributions	48,682
Contribution Excess/(Deficiency)	\$ 0
Town's Covered Employee Payroll	\$ 905,706
Contributions as a Percentage of Town's Covered Employee Payroll	5.375%

Notes to Schedule

Valuation Date: June 30, 2014

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Jericho Road Improvement</u>	<u>Town Center Debt Service</u>	<u>Conservation</u>	<u>Police Reserve</u>	<u>Library Reserve</u>	<u>Fire Reserve</u>	<u>Fire Impact Fees</u>	<u>Highway Reserve</u>	<u>Bridge & Culvert Reserve</u>	<u>Reappraisal</u>
<u>ASSETS</u>										
Cash and cash equivalents	\$ -	\$ 281,483	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposit	-	-	-	-	-	205,038	-	-	-	-
Due from other funds	<u>53,197</u>	<u>-</u>	<u>219,419</u>	<u>-</u>	<u>30,186</u>	<u>-</u>	<u>12,064</u>	<u>69,896</u>	<u>264,445</u>	<u>124,353</u>
Total assets	<u>\$ 53,197</u>	<u>\$ 281,483</u>	<u>\$ 219,419</u>	<u>\$ -</u>	<u>\$ 30,186</u>	<u>\$ 205,038</u>	<u>\$ 12,064</u>	<u>\$ 69,896</u>	<u>\$ 264,445</u>	<u>\$ 124,353</u>
<u>LIABILITIES AND FUND BALANCES</u>										
LIABILITIES:										
Due to other funds	\$ -	\$ 179,503	\$ -	\$ -	\$ -	\$ 92,941	\$ -	\$ -	\$ -	\$ 16,122
Unearned revenue	<u>-</u>	<u>7,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>186,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,122</u>
FUND BALANCES:										
Nonspendable	-	-	-	-	-	205,038	-	-	-	-
Restricted	53,197	-	219,419	-	-	-	\$ 12,064	-	-	-
Committed	-	-	-	-	30,186	-	-	69,896	264,445	-
Assigned	-	94,547	-	-	-	-	-	-	-	108,231
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,941)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>53,197</u>	<u>94,547</u>	<u>219,419</u>	<u>-</u>	<u>30,186</u>	<u>112,097</u>	<u>12,064</u>	<u>69,896</u>	<u>264,445</u>	<u>108,231</u>
Total liabilities and fund balances	<u>\$ 53,197</u>	<u>\$ 281,483</u>	<u>\$ 219,419</u>	<u>\$ -</u>	<u>\$ 30,186</u>	<u>\$ 205,038</u>	<u>\$ 12,064</u>	<u>\$ 69,896</u>	<u>\$ 264,445</u>	<u>\$ 124,353</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Records Restoration</u>	<u>Railroad Street Planning</u>	<u>Adam Muller Flag</u>	<u>Recreation Recreation Path</u>	<u>Recreation (Soccer- Tennis)</u>	<u>Tree Replace- ment</u>	<u>Richmond Fire Department</u>	<u>Richmond Free Library</u>	<u>Lister Education Reserve</u>	<u>Cemetery Funds</u>	<u>Total</u>
<u>ASSETS</u>											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 258	\$ -	\$ 5,267	\$ 1,863	\$ -	\$ 138,694	\$ 427,565
Deposit	-	-	-	-	-	-	-	-	-	-	205,038
Due from other funds	<u>44,262</u>	<u>7,069</u>	<u>9,488</u>	<u>986</u>	<u>9,513</u>	<u>237</u>	<u>-</u>	<u>-</u>	<u>2,548</u>	<u>302</u>	<u>847,965</u>
Total assets	\$ <u>44,262</u>	\$ <u>7,069</u>	\$ <u>9,488</u>	\$ <u>986</u>	\$ <u>9,771</u>	\$ <u>237</u>	\$ <u>5,267</u>	\$ <u>1,863</u>	\$ <u>2,548</u>	\$ <u>138,996</u>	\$ <u>1,480,568</u>
<u>LIABILITIES AND FUND BALANCES</u>											
LIABILITIES:											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,566
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,433</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,999</u>
FUND BALANCES:											
Nonspendable	-	-	-	-	-	-	-	-	-	-	205,038
Restricted	44,262	-	9,488	986	9,771	237	5,267	1,863	2,548	138,996	498,098
Committed	-	7,069	-	-	-	-	-	-	-	-	371,596
Assigned	-	-	-	-	-	-	-	-	-	-	202,778
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,941)</u>
Total fund balances	<u>44,262</u>	<u>7,069</u>	<u>9,488</u>	<u>986</u>	<u>9,771</u>	<u>237</u>	<u>5,267</u>	<u>1,863</u>	<u>2,548</u>	<u>138,996</u>	<u>1,184,569</u>
Total liabilities and fund balances	\$ <u>44,262</u>	\$ <u>7,069</u>	\$ <u>9,488</u>	\$ <u>986</u>	\$ <u>9,771</u>	\$ <u>237</u>	\$ <u>5,267</u>	\$ <u>1,863</u>	\$ <u>2,548</u>	\$ <u>138,996</u>	\$ <u>1,480,568</u>

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TOWN OF RICHMOND, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Jericho Road Improvement	Town Center Debt Service	Conservation	Police Reserve	Library Reserve	Fire Reserve	Fire Impact Fees	Highway Reserve	Bridge & Culvert Reserve	Reappraisal
REVENUES:										
Rents and fees	\$ -	\$ 131,962	\$ -	\$ -	\$ -	\$ -	\$ 2,318	\$ -	\$ -	\$ -
Miscellaneous	-	3,386	-	-	-	-	-	-	-	-
Donations - community projects	-	-	-	-	-	-	-	-	-	-
Interest income	-	414	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>135,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,318</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:										
General government	-	16,260	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	2,418	-	-
Library	-	-	-	-	13,920	-	-	-	-	-
Recreation	-	-	64,000	-	-	-	-	-	-	-
Capital outlay	-	117,540	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>133,800</u>	<u>64,000</u>	<u>-</u>	<u>13,920</u>	<u>-</u>	<u>-</u>	<u>2,418</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OR (EXPENDITURES)	-	1,962	(64,000)	-	(13,920)	-	2,318	(2,418)	-	-
OTHER FINANCING SOURCES:										
Transfers in	-	-	44,240	3,435	8,000	28,500	-	27,700	2,000	5,600
Total other financing sources	<u>-</u>	<u>-</u>	<u>44,240</u>	<u>3,435</u>	<u>8,000</u>	<u>28,500</u>	<u>-</u>	<u>27,700</u>	<u>2,000</u>	<u>5,600</u>
NET CHANGE IN FUND BALANCES	-	1,962	(19,760)	3,435	(5,920)	28,500	2,318	25,282	2,000	5,600
FUND BALANCES (DEFICIT), July 1, 2014	<u>53,197</u>	<u>92,585</u>	<u>239,179</u>	<u>(3,435)</u>	<u>36,106</u>	<u>83,597</u>	<u>9,746</u>	<u>44,614</u>	<u>262,445</u>	<u>102,631</u>
FUND BALANCES, June 30, 2015	<u>\$ 53,197</u>	<u>\$ 94,547</u>	<u>\$ 219,419</u>	<u>\$ -</u>	<u>\$ 30,186</u>	<u>\$ 112,097</u>	<u>\$ 12,064</u>	<u>\$ 69,896</u>	<u>\$ 264,445</u>	<u>\$ 108,231</u>

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TOWN OF RICHMOND, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Records Restoration</u>	<u>Railroad Street Planning</u>	<u>Adam Muller Flag</u>	<u>Recreation Recreation Path</u>	<u>Recreation (Soccer- Tennis)</u>	<u>Tree Replace- ment</u>	<u>Richmond Fire Department</u>	<u>Richmond Free Library</u>	<u>Lister Education Reserve</u>	<u>Cemetery Funds</u>	<u>Total</u>
REVENUES:											
Rents and fees	\$ 14,702	\$ -	\$ -	\$ -	\$ 11,243	\$ -	\$ -	\$ -	\$ -	\$ 1,750	\$ 161,975
Miscellaneous	-	-	-	-	-	-	-	1,774	-	-	5,160
Donations - community projects	-	-	-	-	-	-	6,455	-	-	-	6,455
Interest income	-	-	-	-	-	-	1	-	-	210	625
Total revenues	<u>14,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,243</u>	<u>-</u>	<u>6,456</u>	<u>1,774</u>	<u>-</u>	<u>1,960</u>	<u>174,215</u>
EXPENDITURES:											
General government	4,460	-	-	-	-	-	-	-	-	270	20,990
Public safety	-	-	-	-	-	-	4,355	-	-	-	4,355
Highways and streets	-	-	-	-	-	-	-	-	-	-	2,418
Library	-	-	-	-	-	-	-	2,031	-	-	15,951
Recreation	-	-	-	-	8,233	-	-	-	-	-	72,233
Capital outlay	-	-	-	-	-	-	-	-	-	-	117,540
Total expenditures	<u>4,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,233</u>	<u>-</u>	<u>4,355</u>	<u>2,031</u>	<u>-</u>	<u>270</u>	<u>233,487</u>
EXCESS OF REVENUES OR (EXPENDITURES)	10,242	-	-	-	3,010	-	2,101	(257)	-	1,690	(59,272)
OTHER FINANCING SOURCES:											
Transfers in	-	-	-	-	-	-	-	-	-	-	119,475
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,475</u>
NET CHANGE IN FUND BALANCES	10,242	-	-	-	3,010	-	2,101	(257)	-	1,690	60,203
FUND BALANCES (DEFICIT), July 1, 2014	<u>34,020</u>	<u>7,069</u>	<u>9,488</u>	<u>986</u>	<u>6,761</u>	<u>237</u>	<u>3,166</u>	<u>2,120</u>	<u>2,548</u>	<u>137,306</u>	<u>1,124,366</u>
FUND BALANCES, June 30, 2015	<u>\$ 44,262</u>	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ 986</u>	<u>\$ 9,771</u>	<u>\$ 237</u>	<u>\$ 5,267</u>	<u>\$ 1,863</u>	<u>\$ 2,548</u>	<u>\$ 138,996</u>	<u>\$ 1,184,569</u>

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Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
"Government Auditing Standards"

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Richmond, Vermont, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Richmond, Vermont's basic financial statements, and have issued our report thereon dated February 18, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Richmond, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

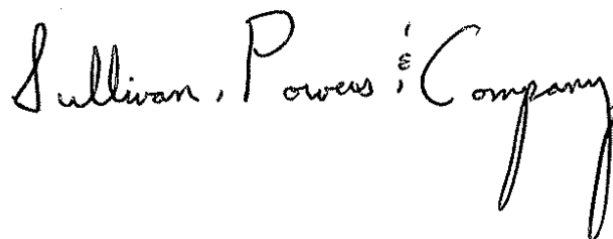
As part of obtaining reasonable assurance about whether the Town of Richmond, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

However, we have noted certain other matters that we reported in a separate letter to the management of the Town of Richmond, Vermont dated February 18, 2016.

Purpose of this Report

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

February 18, 2016
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized initial 'S' and a long, sweeping underline.