

TOWN OF RICHMOND, VERMONT

AUDIT REPORT

JUNE 30, 2017

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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, 2017, 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, 2017, 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.

Other Matters

Restatement

As described in Note III.C. to the financial statements, the governmental and business-type activities were restated resulting from the Water and Sewer Fund's proportionate share of the net pension liability and related deferred outflows and inflows of resources related to the Town's participation in VMERS that was not recorded at June 30, 2016. Our opinion is not modified with respect to this matter.

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.

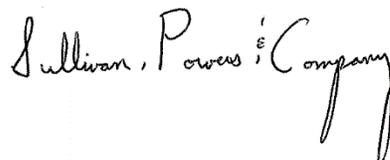
Other Information

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 and the Schedule of Revenue and Expenses – Budget (Non GAAP Budgetary Basis) and Actual – Water and Sewer Fund on Schedule 5 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 6, 2018 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 6, 2018
Montpelier, Vermont
VT Lic. #92-000180

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

**TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017. Please read it in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position increased by \$768,042 as a result of this year's operations. While net position of our governmental activities increased by \$649,623, net position of our business-type activities increased by \$118,419.
- In the Town's business-type activities, operating revenues were \$827,565 while operating expenses were \$690,856.
- The total cost of the Town's governmental activities was \$3,674,608 this year, up by \$406,067 from the year prior.
- The General Fund reported a surplus this year of \$142,876.
- The unassigned fund balance for the General Fund was a surplus of \$911,121 as of June 30, 2017.

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 or worse off as a result of the year's activities?" This question is answered with the Statement of Net Position and the Statement of Activities which include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. 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 which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is 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. In addition we still need to consider other non-financial factors, 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 fund financial statements are reported using the modified accrual basis of accounting which 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 non-major 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 three trust funds and one agency funds.

The Town as a Whole

The Town's combined net position increased by \$768,042 from a year ago - increasing from \$10,902,855, to \$11,670,897. Looking at the net position and net expenses of governmental and business-type activities separately, two stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1 – Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 2,939,244	\$ 2,672,198	\$ 1,069,274	\$ 824,085	\$ 4,008,518	\$ 3,496,283
Capital assets	5,611,769	5,298,892	8,172,205	7,397,292	13,783,974	12,696,184
Deferred Outflows	<u>260,202</u>	<u>187,277</u>	<u>35,181</u>	<u>-</u>	<u>295,383</u>	<u>187,277</u>
Total assets & deferred outflows	<u>8,811,215</u>	<u>8,158,367</u>	<u>9,276,660</u>	<u>8,221,377</u>	<u>18,087,875</u>	<u>16,379,744</u>
Other liabilities	395,884	353,216	897,474	550,089	1,293,358	903,305
Long-term liabilities	1,403,664	1,451,975	3,719,324	3,120,767	5,122,988	4,572,742
Deferred Inflows	<u>559</u>	<u>842</u>	<u>73</u>	<u>-</u>	<u>632</u>	<u>842</u>
Total liabilities and deferred inflows	<u>1,800,107</u>	<u>1,806,033</u>	<u>4,616,871</u>	<u>3,670,856</u>	<u>6,416,978</u>	<u>5,476,889</u>
Net position:						
Invested in capital assets, net of debt	4,407,567	3,907,758	3,669,839	4,131,671	8,077,406	8,039,429
Restricted	891,040	824,402	-	-	891,040	824,402
Unrestricted	<u>1,712,501</u>	<u>1,620,174</u>	<u>989,950</u>	<u>418,850</u>	<u>2,702,451</u>	<u>2,039,024</u>
Total net position	<u>\$ 7,011,108</u>	<u>\$ 6,352,334</u>	<u>\$ 4,659,789</u>	<u>\$ 4,550,521</u>	<u>\$ 11,670,897</u>	<u>\$ 10,902,855</u>

Unrestricted net position, the part of total net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$1,620,174 on June 30, 2016 to \$1,712,501 on June 30, 2017, an increase of \$92,327.

The unrestricted net position of our business-type activities increased from \$418,850 on June 30, 2016 to \$989,950 on June 30, 2017. 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

	<u>2017</u>			<u>2016</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
REVENUES						
Program revenues:						
Operating Grants and Contrib.	\$ 148,931	\$ -	\$ 148,931	\$ 493,303	\$ -	\$ 493,303
Charges for services	349,736	827,565	1,177,301	340,205	802,266	1,142,471
Capital Grants & Contrib	680,006	-	680,006	-	-	-
General revenues:						
Property taxes	3,005,918	-	3,005,918	2,921,114	-	2,921,114
Earnings from investments	1,543	-	1,543	750	-	750
Insurance Proceeds	16,857	-	16,857	7,296	-	7,296
Sale of Town Property	221	-	221	-	-	-
Other	<u>142,635</u>	<u>-</u>	<u>142,635</u>	<u>178,566</u>	<u>-</u>	<u>178,566</u>
Total revenues	<u>4,345,847</u>	<u>827,565</u>	<u>5,173,412</u>	<u>3,941,234</u>	<u>802,266</u>	<u>4,743,500</u>
PROGRAM EXPENSES						
General government	778,039	-	778,039	877,543	-	877,543
Public safety	822,560	-	822,560	721,663	-	721,663
Highways and streets	1,225,654	-	1,225,654	1,300,535	-	1,300,535
Culture and recreation	710,217	-	710,217	228,039	-	228,039
Appropriations	99,807	-	99,807	99,004	-	99,004
Interest	38,331	-	38,331	41,757	-	41,757
Water and sewer	-	730,762	730,762	-	703,999	703,999
Total program expenses	<u>3,674,608</u>	<u>730,762</u>	<u>4,405,370</u>	<u>3,268,541</u>	<u>703,999</u>	<u>3,972,540</u>
Transfer In/(Out)	<u>(21,616)</u>	<u>21,616</u>	<u>-</u>	<u>(21,616)</u>	<u>21,616</u>	<u>-</u>
Increase in net position	<u>\$ 649,623</u>	<u>\$ 118,419</u>	<u>\$ 768,042</u>	<u>\$ 651,077</u>	<u>\$ 119,883</u>	<u>\$ 770,960</u>

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

Governmental Activities

The increase in net position for governmental activities was \$651,077 in 2016 compared to \$649,623 in 2017.

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

	<u>2017</u>		<u>2016</u>	
	Total Cost	Net Cost	Total Cost	Net Cost
	<u>of Services</u>	<u>of Services</u>	<u>of Services</u>	<u>of Services</u>
General government	\$ 778,039	\$ 521,048	\$ 877,543	\$ 620,879
Public safety	822,560	703,793	721,663	635,349
Highways and streets	1,225,654	921,553	1,300,535	819,552
Culture and recreation	710,217	211,403	228,039	218,492
Appropriations	99,807	99,807	99,004	99,004
Interest	38,331	38,331	41,757	41,757
Totals	<u>\$ 3,674,608</u>	<u>\$ 2,495,935</u>	<u>\$ 3,268,541</u>	<u>\$ 2,435,033</u>

Business-type Activities

The factors driving this year’s results include:

Overall water and sewer revenues and expenses increased in FY17 when compared to FY16. While sewer receipts increased slightly, water receipts decreased slightly due to rate changes putting more emphasis on fixed cost rates. Also, septage receipts decreased by approximately the same amount that water sales to non-system users increased.

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 \$2,406,314, which is more than last year’s total of \$2,108,967. Included in this year’s total change in fund balance is a current year surplus of \$142,876 in the Town’s General Fund and \$154,471 from other funds.

General Fund Budgetary Highlights

The Town’s budget performance varied from anticipated amounts due to increases in PACIF insurance, legal expenses, health insurance, fire equipment and fleet maintenance.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2017, the Town had \$13,783,974 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 \$1,087,790 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 553,941	\$ 553,941	\$ 109,100	\$ 109,100	\$ 663,041	\$ 663,041
Construction in progress	17,730	8,507	1,144,170	192,776	1,161,900	201,283
Buildings & improvements	1,880,868	1,795,803	495,728	495,728	2,376,596	2,291,531
Vehicles and equipment	2,869,422	2,771,810	103,600	119,227	2,973,022	2,891,037
Water and sewer system	-	-	4,777,263	4,759,995	4,777,263	4,759,995
Infrastructure	3,116,257	2,667,943	-	-	3,116,257	2,667,943
Phosphorus upgrade	-	-	3,939,064	3,939,064	3,939,064	3,939,064
Accumulated depreciation	<u>(2,826,449)</u>	<u>(2,499,112)</u>	<u>(2,396,720)</u>	<u>(2,218,598)</u>	<u>(5,223,169)</u>	<u>(4,717,710)</u>
Totals	<u>\$ 5,611,769</u>	<u>\$ 5,298,892</u>	<u>\$ 8,172,205</u>	<u>\$ 7,397,292</u>	<u>\$ 13,783,974</u>	<u>\$ 12,696,184</u>

This year's Capital Asset additions included:

<i>Governmental Activities</i>	
Foreman Pickup w/Plow	\$ 56,280
Two Police Intercept Vehicles	70,516
Park Mower	45,667
Town Center Roof	78,360
Police Retreatment	<u>448,314</u>
	<u>\$ 699,137</u>
<i>Business-type Activities</i>	
East Main and Pleasant Street	<u>\$ 951,096</u>
	<u>\$ 951,096</u>

Debt

On June 30, 2016, the Town had \$4,656,755 in bonds, notes and lines of credit outstanding versus \$5,706,568 on June 30, 2017 – an increase of \$1,049,813 - as shown in Table 5. This is largely due to the East Main Street and Pleasant Street project.

Table 5 – Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 755,600	\$ 828,800	\$ 4,502,366	\$ 3,265,621	\$ 5,257,966	\$ 4,094,421
Notes payable	400,585	562,334	-	-	400,585	562,334
Capital Lease Payable	<u>48,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,017</u>	<u>-</u>
Totals	<u>\$ 1,204,202</u>	<u>\$ 1,391,134</u>	<u>\$ 4,502,366</u>	<u>\$ 3,265,621</u>	<u>\$ 5,706,568</u>	<u>\$ 4,656,755</u>

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2019 budget, tax rates, and fees that will be charged for the business-type activities. Some of those factors are the economy, ages 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 2018-2019 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 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
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash	\$ 2,223,078	\$ 1,111,755	\$ 3,334,833
Receivables	177,684	194,646	372,330
Note Receivable	285,125	-	285,125
Internal Balances	239,323	(239,323)	-
Due from Fiduciary Funds	2,030	-	2,030
Prepaid Expenses	12,004	2,196	14,200
Capital Assets (Net of Accumulated Depreciation)	<u>5,611,769</u>	<u>8,172,205</u>	<u>13,783,974</u>
 Total Assets	 <u>8,551,013</u>	 <u>9,241,479</u>	 <u>17,792,492</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>260,202</u>	<u>35,181</u>	<u>295,383</u>
 Total Deferred Outflows of Resources	 <u>260,202</u>	 <u>35,181</u>	 <u>295,383</u>
<u>LIABILITIES</u>			
Accounts Payable	89,364	44,252	133,616
Accrued Payroll and Benefits Payable	33,482	3,538	37,020
Short-term Debt Payable	31,805	-	31,805
Due to Others	1,392	-	1,392
Accrued Interest Payable	5,218	4,463	9,681
Noncurrent Liabilities:			
Due within One Year	234,623	845,221	1,079,844
Due in More than One Year	<u>1,403,664</u>	<u>3,719,324</u>	<u>5,122,988</u>
 Total Liabilities	 <u>1,799,548</u>	 <u>4,616,798</u>	 <u>6,416,346</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>559</u>	<u>73</u>	<u>632</u>
 Total Deferred Inflows of Resources	 <u>559</u>	 <u>73</u>	 <u>632</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,407,567	3,669,839	8,077,406
Restricted for:			
Public Safety	19,874	-	19,874
Culture and Recreation	11,742	-	11,742
Cemetery	140,440	-	140,440
Capital	48,746	-	48,746
Community Development	12,204	-	12,204
Land Conservation	285,125	-	285,125
Other	372,909	-	372,909
Unrestricted	<u>1,712,501</u>	<u>989,950</u>	<u>2,702,451</u>
 Total Net Position	 <u>\$ 7,011,108</u>	 <u>\$ 4,659,789</u>	 <u>\$ 11,670,897</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 778,039	\$ 240,812	\$ 16,179	\$ -	\$ (521,048)	\$ -	\$ (521,048)
Public Safety	822,560	86,470	19,677	12,620	(703,793)	-	(703,793)
Highways and Streets	1,225,654	2,033	113,075	188,993	(921,553)	-	(921,553)
Culture and Recreation	710,217	20,421	-	478,393	(211,403)	-	(211,403)
Appropriations	99,807	-	-	-	(99,807)	-	(99,807)
Interest on Long-term Debt	38,331	-	-	-	(38,331)	-	(38,331)
Total Governmental Activities	3,674,608	349,736	148,931	680,006	(2,495,935)	-	(2,495,935)
Business-type Activities:							
Water and Sewer	730,762	827,565	-	-	-	96,803	96,803
Total Business-type Activities	730,762	827,565	-	-	-	96,803	96,803
Total Primary Government	\$ 4,405,370	\$ 1,177,301	\$ 148,931	\$ 680,006	(2,495,935)	96,803	(2,399,132)
General Revenues:							
Property Taxes					3,005,918	-	3,005,918
Penalties and Interest on Delinquent Taxes					47,922	-	47,922
General State Grants					83,614	-	83,614
Donations					4,390	-	4,390
Unrestricted Investment Earnings					1,543	-	1,543
Insurance Proceeds					16,857	-	16,857
Gain on Sale of Capital Assets					221	-	221
Miscellaneous Income					6,709	-	6,709
Transfers:					(21,616)	21,616	-
Total General Revenues and Transfers					3,145,558	21,616	3,167,174
Change in Net Position					649,623	118,419	768,042
Net Position - July 1, 2016, As Restated					6,361,485	4,541,370	10,902,855
Net Position - June 30, 2017					\$ 7,011,108	\$ 4,659,789	\$ 11,670,897

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

**TOWN OF RICHMOND, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 1,561,420	\$ -	\$ 661,658	\$ 2,223,078
Receivables	177,684	-	-	177,684
Note Receivable	-	285,125	-	285,125
Due From Other Funds	-	-	1,078,828	1,078,828
Prepaid Expenses	<u>12,004</u>	<u>-</u>	<u>-</u>	<u>12,004</u>
Total Assets	<u>\$ 1,751,108</u>	<u>\$ 285,125</u>	<u>\$ 1,740,486</u>	<u>\$ 3,776,719</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 77,004	\$ -	\$ 12,360	\$ 89,364
Accrued Payroll and Benefits Payable	33,482	-	-	33,482
Due to Other Funds	592,538	-	244,937	837,475
Short-term Debt Payable	31,805	-	-	31,805
Due to Others	<u>1,392</u>	<u>-</u>	<u>-</u>	<u>1,392</u>
Total Liabilities	<u>736,221</u>	<u>-</u>	<u>257,297</u>	<u>993,518</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Property Taxes, Penalties and Interest	91,000	-	-	91,000
Unavailable Grants	762	-	-	762
Unavailable Note Receivable	<u>-</u>	<u>285,125</u>	<u>-</u>	<u>285,125</u>
Total Deferred Inflows of Resources	<u>91,762</u>	<u>285,125</u>	<u>-</u>	<u>376,887</u>
<u>FUND BALANCES</u>				
Nonspendable	12,004	-	-	12,004
Restricted	-	-	605,915	605,915
Committed	-	-	503,360	503,360
Assigned	-	-	373,914	373,914
Unassigned	<u>911,121</u>	<u>-</u>	<u>-</u>	<u>911,121</u>
Total Fund Balances	<u>923,125</u>	<u>-</u>	<u>1,483,189</u>	<u>2,406,314</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,751,108</u>	<u>\$ 285,125</u>	<u>\$ 1,740,486</u>	<u>\$ 3,776,719</u>

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

TOWN OF RICHMOND, VERMONT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Amount Reported on Balance Sheet - Governmental Funds - Total Fund Balances	\$ 2,406,314
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because -	
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.	5,611,769
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.	376,887
Long-Term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.	(1,643,505)
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.	<u>259,643</u>
Net Position of Governmental Activities - Government-wide Statement of Net Position	<u><u>\$ 7,011,108</u></u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Community Development Fund	Other Governmental Funds	Totals Governmental Funds
Revenues:				
Property Taxes	\$ 3,108,840	\$ -	\$ -	\$ 3,108,840
Intergovernmental	934,287	-	-	934,287
Fees, Licenses and Permits	42,191	-	166,971	209,162
Fines and Forfeits	45,285	-	-	45,285
Charges for Services	95,289	-	-	95,289
Donations	250	-	4,140	4,390
Interest Income	57	-	1,486	1,543
Miscellaneous	5,986	-	-	5,986
Total Revenues	4,232,185	-	172,597	4,404,782
Expenditures:				
General Government	734,458	-	13,804	748,262
Public Safety	673,720	-	24,053	697,773
Highways and Streets	900,633	-	26,803	927,436
Library	202,250	-	2,260	204,510
Culture and Recreation	482,245	-	6,222	488,467
Appropriations	99,807	-	-	99,807
Capital Outlay:				
General Government	-	-	78,360	78,360
Public Safety	71,061	-	-	71,061
Highways and Streets	558,939	-	-	558,939
Library	-	-	6,705	6,705
Debt Service:				
Principal	257,993	-	-	257,993
Interest	38,331	-	-	38,331
Total Expenditures	4,019,437	-	158,207	4,177,644
Excess of Revenues Over Expenditures	212,748	-	14,390	227,138
Other Financing Sources/(Uses):				
Proceeds from Long-Term Debt	71,061	-	-	71,061
Proceeds from Sale of Property	3,907	-	-	3,907
Insurance Proceeds	16,857	-	-	16,857
Transfers In	15,000	-	155,081	170,081
Transfers Out	(176,697)	-	(15,000)	(191,697)
Total Other Financing Sources/(Uses)	(69,872)	-	140,081	70,209
Net Change In Fund Balances	142,876	-	154,471	297,347
Fund Balances - July 1, 2016	780,249	-	1,328,718	2,108,967
Fund Balances - June 30, 2017	\$ 923,125	\$ -	\$ 1,483,189	\$ 2,406,314

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

**TOWN OF RICHMOND, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Net change in fund balances - total Governmental Funds	\$ 297,347
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 (\$715,065) is allocated over their estimated useful lives and reported as depreciation expense (\$399,047). This is the amount by which capital outlays exceed depreciation in the current period.	316,018
The net effects of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.	(3,141)
The issuance of long-term debt (\$71,061) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$257,993) consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of the differences in the treatment of long-term debt and related items.	186,932
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.	
Decrease in accrued interest	2,718
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.	(3,521)
Governmental funds report employer pension contributions as expenditures (\$51,469). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$122,186) is reported as pension expense. This amount is net effect of the differences in the treatment of pension expense.	(70,717)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(76,013)</u>
Change in Net Position of Governmental Activities - Government-wide Statement of Activities	<u><u>\$ 649,623</u></u>

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property Taxes	\$ 3,011,556	\$ 3,060,918	\$ 49,362
Delinquent Penalty and Interest	38,000	47,922	9,922
Total Property Taxes	3,049,556	3,108,840	59,284
Intergovernmental -			
Highway State Aid	113,500	113,075	(425)
Railroad Tax	1,700	3,391	1,691
Per Parcel Listing	16,036	-	(16,036)
Current Use Program	59,800	80,223	20,423
Act 60 Reappraisal Grant	1,700	14,476	12,776
Equalization Grant	-	1,703	1,703
Special Grants	399	673,438	673,039
Total Intergovernmental	193,135	886,306	693,171
Fees, Licenses, and Permits -			
Liquor Licenses	800	1,200	400
Dog Licenses	5,100	5,445	345
Marriage Licenses	200	280	80
Overweight Permits	1,000	1,230	230
Access Permits	150	580	430
Vehicle Registration	250	223	(27)
Zoning Permits	16,000	22,172	6,172
Right of Way Permit	-	500	500
Field Use	500	490	(10)
Rentals & Bolton Fees	6,000	10,071	4,071
Total Fees, Licenses, and Permits	30,000	42,191	12,191
Charges for Goods and Services -			
Town Center Rent	15,000	15,000	-
Water and Sewer Administrative Charges	30,000	30,576	576
Town Clerk's Fees	26,000	23,467	(2,533)
Vault Time and Copies	4,000	3,517	(483)
Certified Copies	1,200	968	(232)
Total Charges for Goods and Services	76,200	73,528	(2,672)
Police Revenues -			
Police Grants	10,000	19,677	9,677
Local Fines	1,000	3,365	2,365
Police Receipts	1,200	5,970	4,770
CESU Contribution - SRO	46,000	29,666	(16,334)
Uniform Traffic Tickets	21,000	41,920	20,920
Donations	-	250	250
Police Contract Fees	-	1,125	1,125
Total Police Revenues	79,200	101,973	22,773

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES (CONTINUED):			
Other Revenues -			
Interest Income	-	57	57
Miscellaneous	30,000	34,290	4,290
Total Other Revenues	<u>30,000</u>	<u>34,347</u>	<u>4,347</u>
Total Revenues	<u>3,458,091</u>	<u>4,247,185</u>	<u>789,094</u>
EXPENDITURES:			
Town Administration-			
Salaries - Administrative	208,000	206,316	1,684
Salaries - Delinquent Tax Collector	10,000	15,609	(5,609)
Salaries - Elections	2,700	996	1,704
Selectboard	3,750	3,750	-
Payroll Taxes	15,989	17,408	(1,419)
Retirement	12,540	9,109	3,431
Health Insurance	43,884	42,983	901
Long-Term Disability	1,300	1,141	159
Awards	800	1,038	(238)
Office Supplies	3,250	6,400	(3,150)
Recording Books	3,600	3,683	(83)
Postage	7,500	7,832	(332)
Office Equipment	6,000	9,110	(3,110)
Website Administration	1,600	532	1,068
Advertising Administration	4,000	4,050	(50)
Town Reports	5,000	2,451	2,549
Training and Education	1,500	1,620	(120)
Travel	150	117	33
Telephone	5,000	4,146	854
Association Dues	550	365	185
Contracted Services - Administrative	15,500	11,873	3,627
Contracted Services - Animal	3,200	2,448	752
Contracted Services - Election	4,700	2,673	2,027
Technology	1,000	2,478	(1,478)
Heat	11,000	7,705	3,295
Electricity	9,200	9,349	(149)
Water and Sewer	4,800	6,612	(1,812)
Trash Removal	3,000	2,106	894
Building Maintenance	11,000	21,390	(10,390)
Landscaping and Tree Maintenance	2,000	295	1,705
Membership Dues	5,439	6,142	(703)
Legal	7,500	15,296	(7,796)
Independent Auditors	22,000	26,101	(4,101)
Engineering Review	3,000	5,213	(2,213)
General Insurance	121,800	148,253	(26,453)

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Town Administration (continued) -			
County Tax	22,000	21,739	261
Tax Abatement Expense	-	2,286	(2,286)
Emergency Management	1,000	2,297	(1,297)
Total Town Administration	585,252	632,912	(47,660)
 Listers Department-			
Office Supplies	850	666	184
Training and Education	400	50	350
Contracted Work	21,600	19,695	1,905
Tax Map Maintenance	1,500	2,718	(1,218)
Total Listers	24,350	23,129	1,221
 Planning and Zoning Department-			
Salaries	58,000	47,638	10,362
Payroll Taxes	4,600	3,537	1,063
Retirement	3,000	2,321	679
Health Insurance	-	38	(38)
Health Insurance Opt Out	5,000	5,123	(123)
Long-Term Disability	600	256	344
Office Supplies	2,400	3,419	(1,019)
Postage	900	289	611
Advertising	4,200	1,610	2,590
Training and Education	455	60	395
Travel	600	109	491
Association Dues	210	40	170
Contracted Work	3,100	1,451	1,649
Legal	5,000	11,796	(6,796)
Total Planning and Zoning	88,065	77,687	10,378
 Total General Government	697,667	733,728	(36,061)
 Police Department:			
Salaries	290,000	295,133	(5,133)
School Resource Officer	47,000	29,666	17,334
Health Insurance Opt Out	11,000	12,808	(1,808)
Overtime	41,314	51,324	(10,010)
Payroll Taxes	28,795	29,476	(681)
Retirement	15,337	28,639	(13,302)
Health Insurance	40,090	47,921	(7,831)
Long-Term disability	1,790	2,060	(270)
Uniforms	8,174	4,796	3,378
Office Supplies	2,601	2,339	262
Office Equipment	2,550	2,519	31
Computer - Office	4,102	5,917	(1,815)
Training and Education	3,180	2,723	457
Forensic Testing	-	582	(582)
Travel	915	445	470
Telephone	8,181	7,636	545

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Police Department (continued) -			
Supplies	5,093	4,883	210
Equipment Repair	1,500	334	1,166
Gas and Diesel	25,554	18,815	6,739
Cruiser Repairs	7,419	7,640	(221)
Cruiser Equipment	2,500	4,385	(1,885)
Cruiser Tires	4,080	2,137	1,943
Miscellaneous Expense	-	500	(500)
Total Police Department	<u>551,175</u>	<u>562,678</u>	<u>(11,503)</u>
Fire Department:			
Salaries	20,000	29,022	(9,022)
Payroll Taxes	1,450	2,186	(736)
Medical	100	-	100
Training and Education	2,500	939	1,561
Travel	400	-	400
Telephone	2,900	2,639	261
Public Relations	200	759	(559)
Heat	2,500	2,311	189
Electricity	1,900	1,610	290
Water and Sewer	1,500	1,506	(6)
Maintenance	6,000	3,850	2,150
Radio Repair	1,500	1,188	312
Radio Dispatch	6,000	5,256	744
Gas, Oil, and Diesel Fuels	4,200	2,401	1,799
Pump Testing	1,500	-	1,500
Fleet Maintenance	11,000	19,720	(8,720)
Hose Testing	3,500	83	3,417
Equipment Repair	1,500	7,407	(5,907)
Supplies	2,000	1,235	765
Equipment Purchase	9,600	14,672	(5,072)
Total Fire Department	<u>80,250</u>	<u>96,784</u>	<u>(16,534)</u>
Total Public Safety	<u>631,425</u>	<u>659,462</u>	<u>(28,037)</u>
Highways and Streets -			
Highway:			
Salaries	252,000	250,248	1,752
Health Insurance Opt Out	15,000	15,369	(369)
Overtime	28,611	31,160	(2,549)
Payroll Taxes	22,000	22,581	(581)
Retirement	15,000	15,227	(227)
Health Insurance	50,500	50,077	423
Disability	1,800	1,540	260
Uniforms	2,800	2,831	(31)
Office Supplies	1,500	525	975
Travel	-	72	(72)
Telephone	1,900	1,874	26
Education and Licenses	400	192	208
Heat	6,500	6,185	315

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Highways and Streets (continued) -			
Electricity	3,000	2,108	892
Water and Sewer	2,000	1,876	124
Trash Removal	1,200	853	347
Maintenance	7,000	8,023	(1,023)
Street Lights	15,500	14,702	798
FEMA Grant Expenses	-	8,582	(8,582)
Radio Repair	300	1,102	(802)
Gas and Oil	3,500	2,825	675
Diesel Fuel	70,000	34,639	35,361
Truck Repairs	12,000	12,056	(56)
Excavator Repairs	1,500	1,218	282
Gang Mowers	600	-	600
Winter Maintenance Attachments	300	-	300
Grader Repair	2,500	3,450	(950)
Loader Repair	600	335	265
Pickup Repair	500	1,200	(700)
Park Mower	250	1,620	(1,370)
Roadside Mower	400	777	(377)
Tractor	300	413	(113)
Utility Vehicle	1,000	1,591	(591)
Tires Chains	1,000	545	455
Tires	8,000	5,717	2,283
Small Equipment Repair	1,000	1,076	(76)
Total Highway	530,461	502,589	27,872
Road Maintenance and Bridges:			
Equipment Rental	25,000	24,913	87
Engineering & Consulting	200	-	200
Small Equipment Purchases	7,000	10,511	(3,511)
Cutting Edges	10,000	9,617	383
Welding and Cutting Supplies	1,000	553	447
Wood Chip Rental	1,600	1,792	(192)
Miscellaneous Equipment Parts	1,000	118	882
Bridge and Culvert Repair	3,200	-	3,200
Patching	1,000	1,081	(81)
Chloride	15,000	13,850	1,150
Gravel	225,000	190,011	34,989
Salt	75,000	74,503	497
Sand	48,000	34,971	13,029
Miscellaneous Supplies	1,000	413	587
Sweeping	3,600	3,850	(250)
Centerline Paint	3,000	3,281	(281)
Guardrails	3,000	13,573	(10,573)
Signs	3,000	762	2,238
Culverts	6,000	6,369	(369)
Retreatment	290,000	278,087	11,913
Storm Drains	3,000	2,452	548

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Roads Maintenance and Bridges (continued) -			
Park Mower	25,000	45,667	(20,667)
Chevrolet Pickup	45,000	56,138	(11,138)
Total Road Maintenance and Bridges	795,600	772,512	23,088
Total Highways and Streets	1,326,061	1,275,101	50,960
Library -			
Salaries	139,346	137,849	1,497
Health Insurance Opt Out	5,000	5,123	(123)
Payroll Taxes	10,524	10,737	(213)
Retirement	5,386	4,877	509
Health Insurance	1,587	1,088	499
Disability	469	336	133
Office Supplies	2,400	2,457	(57)
Postage	1,200	920	280
Computer	2,500	2,722	(222)
Training and Education	300	100	200
Travel	300	-	300
Telephone	2,550	2,594	(44)
Heat	3,000	2,596	404
Electricity	5,500	4,383	1,117
Water and Sewer	1,600	1,971	(371)
Maintenance	9,000	7,738	1,262
Books	14,000	16,126	(2,126)
Programs	700	633	67
Total Library	205,362	202,250	3,112
Recreation -			
Salaries	2,600	2,365	235
Payroll Taxes	200	180	20
Dues	250	-	250
Electricity	900	599	301
Water and Sewer	1,200	1,211	(11)
Trash Removal	800	1,336	(536)
Park Maintenance	3,500	4,352	(852)
Trail Maintenance	1,000	411	589
Recreation Equipment	-	111	(111)
Special Events	500	100	400
Total Recreation	10,950	10,665	285
Rainy Day Reserve -			
Public Safety Study	-	6,049	(6,049)
Total Rainy Day Reserve	-	6,049	(6,049)
Special Grant Funds			
Community Development Grant Expenses	-	470,562	(470,562)
Capital Grant Expenses	-	185,206	(185,206)
Total Special Grant Funds	-	655,768	(655,768)

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Special Appropriations -			
Lake Iroquois Association	400	400	-
Lake Iroquois District	600	600	-
Central Vermont Agency on Aging	1,800	1,000	800
Flags	650	900	(250)
Greater Burlington Industrial Corporation	200	200	-
Regional Planning	5,800	5,537	263
Richmond Community Band	400	-	400
Richmond Rescue	68,289	68,289	-
Hale & Hearty	4,100	4,100	-
Transportation Services - SSTA	2,200	1,308	892
Visiting Nurses Association	9,693	9,693	-
Vermont Center for Independent Living	375	375	-
Front Page Forum	100	100	-
Committee on Temporary Shelter	1,000	1,000	-
Our Community Cares Camp	100	100	-
CUSI Domestic Task Force	6,205	6,205	-
Total Special Appropriations	<u>101,912</u>	<u>99,807</u>	<u>2,105</u>
Debt service -			
Principal payments:			
2016 Police Cams	6,851	6,264	587
2015 Engine	50,100	50,120	(20)
2005 Engine	10,000	10,000	-
1996 Highway Garage	20,000	20,000	-
2015 Dump Truck	20,000	19,844	156
2015 Tandem Dump Truck	23,000	21,481	1,519
2007 Tandem Dump Truck	22,200	22,080	120
2013 Excavator	22,000	21,960	40
Depot Improvement Note	20,000	20,000	-
Jericho Road Bond	43,200	43,200	-
Total Principal Payments	<u>237,351</u>	<u>234,949</u>	<u>2,402</u>
Interest payments:			
2016 Police Cams	-	436	(436)
2015 Engine	4,650	4,389	261
2005 Engine	4,590	3,589	1,001
1996 Highway Garage	2,700	1,199	1,501
2015 Dump Truck	2,401	1,909	492
2015 Tandem Dump Truck	-	1,881	(1,881)
Tandem Dump Truck Interest	-	450	(450)
2012 Dump Truck	620	-	620
Depot Street Interest	800	775	25
Equipment Note Interest	1,700	-	1,700
Excavator Interest	1,021	1,005	16

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Interest Payments Continued -			
Jericho Bond Note	25,130	20,168	4,962
Total Interest Payments	43,612	35,801	7,811
Total Debt Service	280,963	270,750	10,213
 Capital Outlay -			
Highway and Streets	-	9,223	(9,223)
Police Cruiser Lease	28,000	25,573	2,427
Total Capital Outlay	28,000	34,796	(6,796)
Total Expenditures	3,282,340	3,948,376	(666,036)
 EXCESS OF REVENUE OVER EXPENDITURES	175,751	298,809	123,058
 OTHER FINANCING SOURCES (USES):			
Sale of Town Property	1,000	3,907	2,907
Insurance Proceeds	-	16,857	16,857
Transfer to Water and Sewer Fund	(21,670)	(21,616)	54
Transfer to Reappraisal Fund	(7,000)	(7,000)	-
Transfer to Library Reserve Fund	(8,000)	(8,000)	-
Transfer to Conservation Fund	(44,800)	(44,800)	-
Transfer to Fire Reserve Fund	(28,500)	(28,500)	-
Transfer to Police Reserve Fund	(2,081)	(2,081)	-
Transfer to Highway Reserve Fund	(27,700)	(27,700)	-
Transfer to Bridge and Culvert Reserve Fund	(37,000)	(37,000)	-
Total other financing sources (uses)	(175,751)	(155,933)	19,818
 NET CHANGE IN FUND BALANCE	\$ -	\$ 142,876	\$ 142,876

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

	<u>Water and Sewer Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,111,755
Accounts Receivable	194,646
Prepaid Expense	<u>2,196</u>
Total Current Assets	<u>1,308,597</u>
Noncurrent Assets:	
Capital Assets	10,568,925
Less: Accumulated Depreciation	<u>(2,396,720)</u>
Total Noncurrent Assets	<u>8,172,205</u>
Total Assets	<u>9,480,802</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>35,181</u>
Total Deferred Outflows of Resources	<u>35,181</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	44,252
Accrued Interest	4,463
Accrued Wages	3,538
Due to Other Funds	239,323
Current Portion of Long-term Debt	<u>865,345</u>
Total Current Liabilities	<u>1,156,921</u>
Noncurrent Liabilities:	
Accrued Compensated Absences	9,416
Net Pension Liability	52,763
Long-term Debt	<u>3,637,021</u>
Total Noncurrent Liabilities	<u>3,699,200</u>
Total liabilities	<u>4,856,121</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>73</u>
Total Deferred Inflows of Resources	<u>73</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	3,669,839
Unrestricted	<u>989,950</u>
Total Net Position	<u>\$ 4,659,789</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Charges for Services	\$ <u>827,565</u>
Total Operating Revenues	<u>827,565</u>
Operating Expenses:	
Administration	247,570
Pump Station	2,117
Wastewater Department	187,724
Water Department	59,696
Depreciation	<u>193,749</u>
Total Operating Expenses	<u>690,856</u>
Operating Income	<u>136,709</u>
Non-Operating Revenues/(Expenses):	
Transfer In	21,616
Interest Expense	<u>(39,906)</u>
Total Non-Operating Revenues/(Expenses)	<u>(18,290)</u>
Change In Net Position	118,419
Net Position - July 1, 2016, As Restated	<u>4,541,370</u>
Net Position - June 30, 2017	\$ <u><u>4,659,789</u></u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Water and Sewer Fund
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 839,582
Payments for Goods and Services	(631,301)
Payments for Wages and Benefits	(201,146)
Net Cash Provided by Operating Activities	7,135
Cash Flows From Capital And Related Financing Activities:	
Acquisition and Construction of Capital Assets	(968,662)
Proceeds from Long-Term Debt	1,631,212
Principal Paid on General Obligation Bonds	(394,467)
Interest Paid on General Obligation Bonds	(38,983)
Net Cash Provided by Capital and Related Financing Activities	229,100
Cash Flows From Non-Capital Financing Activities:	
Transfer In	21,616
Increase/(Decrease) in Due from Other Funds	(88,682)
Net Cash Provided/(Used) by Non-Capital Financing Activities	(67,066)
Net Increase in Cash	169,169
Cash - July 1, 2016	942,586
Cash - June 30, 2017	\$ 1,111,755
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 136,709
Depreciation	193,749
(Increase)/Decrease in Accounts Receivable	12,017
(Increase)/Decrease in Prepaid Expenses	645
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	(14,301)
Increase/(Decrease) in Accounts Payable	(346,064)
Increase/(Decrease) in Accrued Wages and Benefits Payable	285
Increase/(Decrease) in Compensated Absences Payable	1,292
Increase/(Decrease) in Net Pension Liability	22,826
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	(23)
Net Cash Provided by Operating Activities	\$ 7,135

Bond proceeds of \$232,450 was used to refinance an existing water planning loan during 2017.

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private Purpose Trust Funds	<u>Agency Fund Engineering Fee Fund</u>	Totals Fiduciary Funds
<u>ASSETS</u>			
Cash	\$ 30,709	\$ 5,557	\$ 36,266
Total Assets	<u>30,709</u>	<u>5,557</u>	<u>36,266</u>
<u>LIABILITIES</u>			
Due to Developers	-	3,527	3,527
Due to Other Funds	<u>-</u>	<u>2,030</u>	<u>2,030</u>
Total Liabilities	<u>-</u>	<u>5,557</u>	<u>5,557</u>
<u>NET POSITION</u>			
Total Net Position	<u>\$ 30,709</u>	<u>\$ -</u>	<u>\$ 30,709</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Private Purpose Trust Funds</u>
Additions:	
Investment Income	\$ <u>74</u>
Total Additions	<u>74</u>
Deductions:	
Total Deductions	<u>0</u>
Change in Net Position	74
Net Position - July 1, 2016	<u>30,635</u>
Net Position - June 30, 2017	<u><u>\$ 30,709</u></u>

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

The Town of Richmond, Vermont, (herein the "Town") operates under a Manager/Selectboard form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, water, sewer and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of Richmond, Vermont (the "Town") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the activity of the Town of Richmond, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no entities that should be combined with the financial statements of the Town.

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Community Development Fund – This fund accounts for the Town's Community Development Loan Fund which provides loans to area businesses.

The Town reports on the following major enterprise funds:

Water and Sewer Fund – This fund accounts for the operations of the Water and Sewer Department.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Additionally, the Town reports the following fund type:

Private Purpose Trust Funds – These funds are used to report trust arrangements under which resources are to be used for books, school athletics and scholarships. Only investment earnings may be used to support these activities.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Agency Funds – These funds account for resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under capital leases and sales of capital assets are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

E. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds. Interest income is allocated based on the due from/to other fund balances.

2. Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

3. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as “advances from/to other funds”. All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

4. Prepaid Expenses

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

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

5. Pensions

For purposes of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees’ Retirement System (VMERS) plan and additions to/deductions from the VMERS’ fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

7. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	\$ 5,000	Not Depreciated
Buildings and Building Improvements	\$ 5,000	50 Years
Vehicles	\$ 5,000	4-20 Years
Machinery and Equipment	\$ 5,000	4-20 Years
Roads, Bridges, and Sidewalks	\$ 5,000	20-30 Years
Water and Sewer Distribution and Collection Systems	\$ 5,000	50 Years
Phosphorus Upgrade	\$ 5,000	50 Years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are acquired.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

8 Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absences, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

9. Long-term Liabilities

Long-term liabilities include bonds and notes payable, capital leases and other obligations such as compensated absences and the Town's net pension liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

10. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the Town's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Fund budget is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2017, expenditures in the General Fund exceeded appropriations by \$666,036. These over expenditures were funded by excess revenues.

C. Restatement of Net Position

The beginning net position of the Governmental Activities was increased by \$9,151 resulting from the Water and Sewer Fund's proportionate share of the net pension liability, deferred inflows of resources and deferred outflows of resources related to the Town's participation in VMERS that was not recorded at June 30, 2016. The Governmental Activities net position has been restated from \$6,352,334 to \$6,361,485.

The beginning net position of the Water and Sewer Fund was reduced by \$9,151 resulting from the proportionate share of the net pension liability of \$29,937 and deferred inflows of resources of \$94 net of the deferred outflows of resources of \$20,880 of required contributions made during fiscal year 2016 that was not recorded at June 30, 2016. The Water and Sewer Fund's net position has been restated from \$4,550,521 to \$4,541,370.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash

The Town's cash as of June 30, 2017 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$3,370,413
Cash on Hand	<u> 686</u>
Total Cash	<u>\$3,371,099</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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 following table shows the custodial credit risk of the Town's cash.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 500,000	\$ 500,000
Uninsured, Collateralized by U.S. Government Securities Held by the Bank in the Bank's Name for the Benefit of the Town	<u>2,870,413</u>	<u>3,023,930</u>
Total	<u>\$3,370,413</u>	<u>\$3,523,930</u>

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

B. Receivables

Receivables as of June 30, 2017, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Delinquent Taxes	\$ 100,906	\$ 0	\$ 100,906
Penalties and Interest	17,535	0	17,535
Billed Services	9,029	19,446	28,475
Unbilled Services	0	175,200	175,200
Employee Receivable (VMERS Catch-up)	4,420	0	4,420
Grants Receivable	9,224	0	9,224
Accounts Receivable	<u>36,570</u>	<u>0</u>	<u>36,570</u>
	<u>\$ 177,684</u>	<u>\$ 194,646</u>	<u>\$ 372,330</u>

C. Loans Receivable

Loans receivable as of June 30, 2017 consist of a loan to the Richmond Village Housing Limited Partnership for community development as follows:

Loan Receivable, Richmond Village Housing Limited Partnership, Interest at 0%, Deferred Until April 30, 2029 When Annual Principal Installments of \$27,500 Begin, Secured by Real Estate	\$ 412,500
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TOWN OF RICHMOND, VERMONT
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Less: Discount on Loan Receivable at 2%. \$ (127,375)

Reported Value at June 30, 2017 \$ 285,125

D. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 553,941	\$ 0	\$ 0	\$ 553,941
Construction in Progress	<u>8,507</u>	<u>9,223</u>	<u>0</u>	<u>17,730</u>
Total Capital Assets, Not Being Depreciated	<u>562,448</u>	<u>9,223</u>	<u>0</u>	<u>571,671</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,795,803	85,065	0	1,880,868
Vehicles and Equipment	2,771,810	172,463	74,851	2,869,422
Infrastructure	<u>2,667,943</u>	<u>448,314</u>	<u>0</u>	<u>3,116,257</u>
Totals	<u>7,235,556</u>	<u>705,842</u>	<u>74,851</u>	<u>7,866,547</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	605,195	35,995	0	641,190
Vehicles and Equipment	1,234,175	209,443	71,710	1,371,908
Infrastructure	<u>659,742</u>	<u>153,609</u>	<u>0</u>	<u>813,351</u>
Totals	<u>2,499,112</u>	<u>399,047</u>	<u>71,710</u>	<u>2,826,449</u>
Total Capital Assets, Being Depreciated	<u>4,736,444</u>	<u>306,795</u>	<u>3,141</u>	<u>5,040,098</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,298,892</u>	<u>\$ 316,018</u>	<u>\$ 3,141</u>	<u>\$ 5,611,769</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 109,100	\$ 0	\$ 0	\$ 109,100
Construction in Progress	<u>192,776</u>	<u>951,394</u>	<u>0</u>	<u>1,144,170</u>
Total Capital Assets, Not Being Depreciated	<u>301,876</u>	<u>951,394</u>	<u>0</u>	<u>1,253,270</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	495,728	0	0	495,728
Distribution and Collection Systems	4,759,995	17,268	0	4,777,263
Phosphorus Upgrade	3,939,064	0	0	3,939,064
Vehicles and Equipment	<u>119,227</u>	<u>0</u>	<u>15,627</u>	<u>103,600</u>
Totals	<u>9,314,014</u>	<u>17,268</u>	<u>15,627</u>	<u>9,315,655</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	441,405	9,915	0	451,320
Distribution and Collection Systems	748,159	97,694	0	845,853
Phosphorus Upgrade	934,341	78,780	0	1,013,121
Vehicles and Equipment	<u>94,693</u>	<u>7,360</u>	<u>15,627</u>	<u>86,426</u>
Totals	<u>2,218,598</u>	<u>193,749</u>	<u>15,627</u>	<u>2,396,720</u>
Total Capital Assets, Being Depreciated	<u>7,095,416</u>	<u>(176,481)</u>	<u>0</u>	<u>6,918,935</u>
Business-type Activities Capital Assets, Net	<u>\$ 7,397,292</u>	<u>\$ 774,913</u>	<u>\$ 0</u>	<u>\$ 8,172,205</u>

TOWN OF RICHMOND, VERMONT
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Depreciation was charged as follows:

Governmental Activities:

General Government	\$ 13,596
Public Safety	97,780
Highways and Streets	277,172
Culture and Recreation	<u>10,499</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 399,047</u>
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E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 592,538
Non-Major Governmental Funds	1,078,828	244,937
Water and Sewer Fund	0	239,323
Engineering Fee Agency Fund	<u>0</u>	<u>2,030</u>
Total	<u>\$ 1,078,828</u>	<u>\$ 1,078,828</u>

Interfund transfers during the year ended June 30, 2017 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water & Sewer Fund	\$ 14,570	Fund Fire Service Fees
General Fund	Water & Sewer Fund	7,046	Fund Debt Service
General Fund	Conservation Fund	44,800	Fund Capital Reserve
General Fund	Police Reserve Fund	2,081	Fund Capital Reserve
General Fund	Library Reserve Fund	8,000	Fund Capital Reserve
General Fund	Fire Reserve Fund	28,500	Fund Capital Reserve
General Fund	Highway Reserve Fund	27,700	Fund Capital Reserve
General Fund	Bridge & Culvert Reserve Fund	37,000	Fund Capital Reserve
General Fund	Reappraisal Fund	7,000	Fund Appraisal Expenses
Town Center Maintenance Fund	General Fund	<u>15,000</u>	Fund Debt Service
Total		<u>\$ 191,697</u>	

TOWN OF RICHMOND, VERMONT
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F. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$8,285 from the difference between the expected and actual experience, \$64,764 from changes in assumptions, \$130,760 from the difference between the projected and actual investment earnings, \$4,924 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$51,469 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Governmental Activities is \$260,202.

Deferred outflows of resources in the Business-type Activities consists of \$1,083 from the difference between the expected and actual experience, \$8,474 from changes in assumptions, \$17,108 from the difference between the projected and actual investment earnings, \$644 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$7,872 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Business-type Activities is \$35,181.

G. Deferred Inflows of Resources

Total deferred inflows of resources in the Governmental Activities consists of \$559 resulting from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Total deferred inflows of resources in the Business-type Activities consists of \$73 resulting from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the General Fund consists of \$91,000 of delinquent property taxes, penalties and interest on those taxes and \$762 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the General Fund is \$91,762.

Deferred inflows of resources in the Community Development Fund consists of \$285,125 of loans receivable not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

H. Long-term Liabilities

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both general governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

TOWN OF RICHMOND, VERMONT
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The Town enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the Town does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of inception date of the leases.

The State of Vermont offers a number of no and negative interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Environmental Revolving Fund for water and sewer projects.

The Town has other notes payable to finance various capital projects and purchases through local banks.

It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on the current pay rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide financial statements.

Long-term liabilities outstanding as of June 30, 2017 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, 2005 Fire Engine, Principal Payments of \$10,000 Payable on November 15 Annually, Plus Interest, Ranging from 4.991% to 5.741%, Payments Payable on May 15 And November 15, Due November, 2025	\$ 100,000	\$ 0	\$ 10,000	\$ 90,000
Bond Payable, Vermont Municipal Bond Bank, Highway Garage, Principal Payments of \$20,000 Payable on November 1 Annually, Plus Interest, Ranging from 4.85% to 5.40%, Payments Payable on May 1 and November 1, Due November, 2017	40,000	0	20,000	20,000

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Jericho Road Project, Principal Payments of \$43,200 Payable on November 1 Annually, Plus Interest, Ranging from .804% to 5.084% Payments Payable on May 1 and November 1, Due November, 2029	\$ 688,800	\$ 0	\$ 43,200	\$645,600
Note Payable, Community Bank, Depot Improvement, Principal Payments of \$20,000 and Interest, at 2%, Payable on October 6 Annually, Due October 6, 2017	40,000	0	20,000	20,000
Note Payable, Community Bank, Highway Equipment Note, Principal Payments of \$22,438 and Interest, at 2.32%, Payable on April 1 Annually, Due and Paid April 1, 2017.	22,080	0	22,080	0
Note Payable, Community Bank, Highway Equipment Note, Principal Payments of \$21,960 and Interest, at 2.32%, Payable on July 16 Annually, Due July, 2017.	44,080	0	21,960	22,120
Note Payable, Community Bank, Public Safety Equipment Note, Principal Payments of \$6,264 and Interest, at 2.35%, Payable on June 3 Annually, Due June, 2019.	18,791	0	6,264	12,527
Note Payable, Community Bank, Highway Equipment Note, Principal Payments of \$19,844 and Interest, at 2.42%, Payable on January 21 Annually, Due January, 2020.	79,378	0	19,844	59,534
Note Payable, TD Bank, Highway Equipment Note, Principal Payments of \$71,601 and Interest, at 1.83%, Payable Beginning November 16 Annually, Due November, 2020.	358,005	0	71,601	286,404

TOWN OF RICHMOND, VERMONT
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Lease Payable, Ford Motor Credit Co., Two Police Vehicles, Quarterly Principal and Interest Payments of \$6,393 Payable Beginning August 17, 2016, Interest at 5.70%, Due May 17, 2019.	\$ <u>0</u>	\$ <u>71,061</u>	\$ <u>23,044</u>	\$ <u>48,017</u>
Total Governmental Activities	\$ <u>1,391,134</u>	\$ <u>71,061</u>	\$ <u>257,993</u>	\$ <u>1,204,202</u>
Business-type Activities:				
Bond Payable, State of Vermont Special Environmental Revolving Fund, Waste Water Treatment Project, Annual Principal Payments Ranging from \$11,671 to \$21,785 and an Administrative Fee, at 2%, Payable on March 1 Annually, Due March, 2026.	\$ 199,595	\$ 0	\$ 18,229	\$ 181,366
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water and Sewer Line Upgrade, Annual Principal Payments Ranging from \$14,323 to \$20,724 and an Administrative Fee, at 2%, Payable on May 1 Annually, Due May, 2032.	287,017	0	15,398	271,619
Bond Payable, State of Vermont Special Environmental Revolving Fund, Preliminary Engineering System Improvements, Annual Principal Payments of \$12,021 and 0% Interest Payable Beginning April 1, 2018 Annually, Due April, 2027.	120,211	0	0	120,211
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Planning Note, Annual Principal Payments of \$46,500 and 0% Interest Payable Beginning on October 1, 2016 Annually, Due October, 2021. This Bond was Refinanced using Proceeds from Another Bond.	232,450	0	232,450	0

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Tank Replacement, Annual Principal Payments Ranging from \$37,777 to \$46,312 and Interest at -0.007%, Payable Beginning December 1, 2017, Due December 1, 2046. The Town will Recognize Grant Income Annually for the Amount of Forgiven Principal as a Result of Negative Interest. \$42,190 of Bond Proceeds was Used to Refinance Another Bond.	\$1,152,228	\$ 242,163	\$ 0	\$1,394,391
Bond Payable, Vermont Municipal Bond Bank, Jericho Road Project, Principal Payments of \$46,800 Payable on November 1 Annually, Plus Interest Ranging from .804% to 5.084% Payments Payable on May 1 and November 1, Due November, 2029.	746,200	0	46,800	699,400
Note Payable, Community Bank, Browns Court Project, Principal Payments of \$14,040 and Interest, at 2.32%, Payable on July 16 Annually, Due July, 2017.	27,920	0	14,040	13,880
Bond Payable, State of Vermont Special Environment Revolving Fund, East Main Street Water Line, Principal Payments Ranging from \$24,846 to \$60,101 And Interest at -3%, Payable Beginning December 1, 2018, Due December 1, 2047. The Town will Recognize Grant Income Annually for the Amount of Forgiven Principal as a Result of Negative Interest. \$190,260 of Bond Proceeds was Used to Refinance Another Bond.	0	1,121,499	0	1,121,499
Bond Anticipation Note, Community Bank, East Main Street Project, Due and Paid on September 21, 2017, Interest at 1.50%.	500,000	0	300,000	200,000
Bond Anticipation Note, Community Bank, East Main Street Project, Due and Paid on July 2, 2017, Interest at 1.50%.	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>500,000</u>
Total Business-type Activities	\$ <u>3,265,621</u>	\$ <u>1,863,662</u>	\$ <u>626,917</u>	\$ <u>4,502,366</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Changes in long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	\$ 828,800	\$ 0	\$ 73,200	\$ 755,600	\$ 73,200
Notes Payable	562,334	0	161,749	400,585	138,094
Capital Lease Payable	0	71,061	23,044	48,017	23,329
Compensated Absences	27,293	3,521	0	30,814	0
Net Pension Liability	238,560	164,711	0	403,271	0
Total Governmental Activities					
Long-term Liabilities	\$ <u>1,656,987</u>	\$ <u>239,293</u>	\$ <u>257,993</u>	\$ <u>1,638,287</u>	\$ <u>234,623</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 3,265,621	\$ 1,863,662	\$ 626,917	\$ 4,502,366	\$ 845,221
Compensated Absences	8,124	1,292	0	9,416	0
Net Pension Liability	29,937	22,826	0	52,763	0
Total Business-type Activities					
Long-term Liabilities	\$ <u>3,303,682</u>	\$ <u>1,887,780</u>	\$ <u>626,917</u>	\$ <u>4,564,545</u>	\$ <u>845,221</u>

Compensated Absences are paid by the applicable fund where the employee is charged.

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 234,623	\$ 38,623	\$ 845,221	\$ 46,197
2019	174,449	32,331	156,128	33,369
2020	144,554	27,877	156,827	31,297
2021	127,776	24,268	157,541	29,081
2022	53,200	20,968	158,269	26,753
2023-2027	256,000	73,663	780,565	95,591
2028-2032	213,600	24,109	642,043	32,176
2033-2037	0	0	311,546	0
2038-2042	0	0	311,607	0
2043-2047	0	0	224,262	0
Principal to be Forgiven (To Be Converted to Grant)	<u>0</u>	<u>0</u>	<u>758,357</u>	<u>0</u>
Total	\$ <u>1,204,202</u>	\$ <u>241,839</u>	\$ <u>4,502,366</u>	\$ <u>294,464</u>

TOWN OF RICHMOND, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

I. SHORT-TERM DEBT

Short-term debt outstanding as of June 30, 2017 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Improvement Note, Community Bank, Ventral Articulating Tractor, Principal of \$20,667 with 1.75% Interest Due October 4, 2017	\$ 0	\$20,667	\$ 0	\$20,667
Highway Equipment Note, Community Bank, 2016 Chevrolet Pickup, Principal of \$11,138 with 1.75% Interest Due October 4, 2017	<u>0</u>	<u>11,138</u>	<u>0</u>	<u>11,138</u>
Total Governmental Activities	<u>\$ 0</u>	<u>\$31,805</u>	<u>\$ 0</u>	<u>\$31,805</u>

J. Fund Balances

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

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

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

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

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

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

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

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

Major Funds

General Fund:

Nonspendable Prepaid Expenses	\$ <u>12,004</u>
Total Nonspendable Fund Balances	\$ <u>12,004</u>

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

Non-Major Governmental Funds

Restricted for Jericho Road Improvement (Source of Revenue is Grant)	\$ 48,746
Restricted for Conservation (Source of Revenue is Donations)	308,719
Restricted for Fire Department Improvements (Source of Revenue is Impact Fees)	10,124
Restricted for Restoration of Record Expenses (Source of Revenue is Restoration Fees)	61,642
Restricted for Flag Replacement (Source of Revenue is Donations)	9,488
Restricted for Recreation Path Expenditures (Source of Revenue is Donations)	1,151
Restricted for Soccer Program Expenses (Source of Revenue is Recreation Fees)	10,591
Restricted for Tree Replacement (Source of Revenue is Donations)	237
Restricted for Richmond Fire Department Expenditures (Source of Revenue is Donations)	9,750
Restricted for Richmond Free Library (Source of Revenue is Donations)	2,479
Restricted for Lister Education (Source of Revenue is State Payments)	2,548
Restricted for Cemetery Expenses (Source of Revenue is Fees and Donations)	<u>140,440</u>
Total Non-Major Funds	<u>605,915</u>
Total Restricted Fund Balances	<u>\$605,915</u>

TOWN OF RICHMOND, VERMONT
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The fund balances in the following funds are committed as follows:

Non-Major Funds

Committed by Voters for Police Reserve	\$ 4,121
Committed by Voters for Library Reserve	35,141
Committed by Voters for Fire Reserve	20,091
Committed by Voters for Highway Capital	122,463
Committed by Voters for Bridge and Culvert Reserve	314,475
Committed by Voters for Railroad Street Planning	<u>7,069</u>
 Total Non-Major Funds	 <u>503,360</u>
 Total Committed Fund Balances	 <u>\$503,360</u>

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

Non-Major Funds

Assigned for Town Center Maintenance	\$251,683
Assigned for Reappraisal Expenses	<u>122,231</u>
 Total Non-Major Funds	 <u>373,914</u>
 Total Assigned Fund Balance	 <u>\$373,914</u>

K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2017 consisted of the following:

Governmental Activities:

Restricted for Jericho Road Improvement by Grant	\$ 48,746
Restricted for Conservation by Donations	308,719
Restricted for Restoration of Records by Statute	61,642
Restricted for Cemetery Expenses by Donations	140,440
Restricted for Soccer Program by Agreement	10,591
Restricted for Fire Department Improvements by Impact Fees	10,124
Restricted for Richmond Fire Department by Donations	9,750
Restricted for Tree Replacement by Donations	237
Restricted for Richmond Free Library by Donations	2,479
Restricted for Lister Education Reserve by Grant	2,548
Restricted for Flag Replacement by Donations	9,488
Restricted for Recreation Path Expenditures by Donations	1,151
Restricted for Community Development by Grant Agreement	<u>285,125</u>
 Total Governmental Activities	 <u>\$891,040</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

Restricted for Edmunds Trust Fund by Bequest to be Spent on Books	\$24,254
Restricted for Shanyon Athletic Fund by Bequest to be Spent on School Athletics	3,101
Restricted for Shanyon Trust Fund by Bequest to be Spent on Scholarships	<u>3,354</u>
Total Private Purpose Trust Funds	<u>\$30,709</u>

V. OTHER INFORMATION

A. 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, 2017, the retirement system consisted of 441 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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources

As of June 30, 2016, the measurement date selected by the State of Vermont, VMERS was funded at 80.95% and had a plan fiduciary net position of \$547,015,114 and a total pension liability of \$675,711,281 resulting in a net pension liability of \$128,696,167. As of June 30, 2017, the Town's proportionate share of this was 0.3544% resulting in a liability of \$456,034. The net pension liability was measured as of June 30, 2016, 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 municipalities, actuarially determined. As of June 30, 2016, the Town's proportion of 0.3544% was an increase of 0.0061% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Governmental Activities and Water and Sewer Fund recognized pension expense of \$122,186 and \$16,374, respectively.

As of June 30, 2017, the Town reported deferred outflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 9,368	\$ 0
Changes in assumptions	73,238	0
Difference between projected and actual investment earnings	147,868	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,568	632
Town's required employer contributions made subsequent to the measurement date	<u>59,341</u>	<u>0</u>
	<u>\$ 295,383</u>	<u>\$ 632</u>

TOWN OF RICHMOND, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

The deferred outflows of resources resulting from the Town’s required employer contributions made subsequent to the measurement date in the amount of \$59,341 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2018	\$ 62,246
2019	62,246
2020	85,406
2021	<u>25,511</u>
Total	<u>\$235,409</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.

Average Final Compensation (AFC): Average annual compensation during highest three (3) consecutive years.

Service Retirement Allowance:

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

Amount – 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. 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.

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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 – 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: Lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

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%.

Member Contributions: 4.875%

Employer Contributions: 5.50%

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

Significant Actuarial Assumptions and Methods

The actuarial assumptions regarding the incidence of morality, terminations, retirements and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

Interest Rate: 7.95% per annum.

Salary increases: 5% per year.

Deaths: RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB with a 60% Blue collar and 40% White collar adjustment. The post-retirement mortality assumption was chosen to recognize improved longevity experience after the valuation date.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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.

Actuarial Cost Method: Projected benefit cost method. The unfunded accrued liability is amortized in installments increasing 5% per year.

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

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% 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.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.54%
Fixed Income	2.36%
Alternatives	8.35%
Multi-strategy	4.90%

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%.

TOWN OF RICHMOND, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

Discount Rate – The discount rate used to measure the total pension liability was 7.95%. 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.

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 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$757,063	\$456,034	\$203,985

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.

B. RISK MANAGEMENT

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

The Town is also a member of the Vermont League of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.

TOWN OF RICHMOND, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

C. PROPERTY TAXES

The Town is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes were due and payable in two installments on November 15, 2016 and May 15, 2017. They became delinquent the following day. The Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2017 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.6559	.6559
Education	1.5298	1.5627
Conservation Reserve	<u>.0099</u>	<u>.0099</u>
Total	<u>2.1956</u>	<u>2.2285</u>

D. 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 thirty days notice for \$3,526 per month. Rental income for the year ended June 30, 2017 was \$42,318.

The Town entered into a twenty 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, 2017 was \$89,200.

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

	<u>USPS</u>	<u>Total</u>
2018	\$ 89,200	\$ 89,200
2019	<u>14,867</u>	<u>14,867</u>
Total	<u>\$104,067</u>	<u>\$104,067</u>

E. CONTINGENT LIABILITIES

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

The Town participates in a number 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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

F. SUBSEQUENT EVENTS

On August 14, 2017, Ford Motor Credit Company approved a lease in the amount of \$38,764 to finance the purchase of a police intercept vehicle. Quarterly principal and interest payments of \$3,485 are due and payable beginning August 14, 2017. Interest is at 5.65%.

TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2017

	2017	2016	2015
Total Plan Net Pension Liability	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.3544%	0.3483%	0.3511%
Town's Proportionate Share of the Net Pension Liability	\$ 456,099	\$ 268,497	\$ 32,043
Town's Covered Employee Payroll	\$ 1,078,914	\$ 940,245	\$ 905,706
Town's Proportionate Share of the Net Pension liability as a Percentage of Town's Covered Employee Payroll	42.2739%	28.5561%	3.5379%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The actuarial assumptions regarding the incidence of mortality, terminations, retirements, and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

**TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 59,341	\$ 51,713	\$ 48,682
Contributions in Relation to the Actuarially Determined Contributions	<u>59,341</u>	<u>51,713</u>	<u>48,682</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 1,078,914	\$ 940,245	\$ 905,706
Contributions as a Percentage of Town's Covered Employee Payroll	5.500%	5.500%	5.375%

Notes to Schedule

Valuation Date: June 30, 2016

Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Jericho Road Improvement Fund</u>	<u>Town Center Main- tenance Fund</u>	<u>Conservation Fund</u>	<u>Police Reserve Fund</u>	<u>Library Reserve Fund</u>	<u>Fire Reserve Fund</u>	<u>Fire Impact Fees Fund</u>	<u>Highway Reserve Fund</u>	<u>Bridge & Culvert Reserve Fund</u>	<u>Reappraisal Fund</u>
<u>ASSETS</u>										
Cash	\$ -	\$ 508,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Other Funds	48,746	-	308,719	4,121	35,141	20,091	10,124	122,463	314,475	122,231
Total Assets	<u>\$ 48,746</u>	<u>\$ 508,980</u>	<u>\$ 308,719</u>	<u>\$ 4,121</u>	<u>\$ 35,141</u>	<u>\$ 20,091</u>	<u>\$ 10,124</u>	<u>\$ 122,463</u>	<u>\$ 314,475</u>	<u>\$ 122,231</u>
<u>LIABILITIES</u>										
Accounts Payable	\$ -	12,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	244,937	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>257,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>										
Restricted	48,746	-	308,719	-	-	-	10,124	-	-	-
Committed	-	-	-	4,121	35,141	20,091	-	122,463	314,475	-
Assigned	-	251,683	-	-	-	-	-	-	-	122,231
Total Fund Balances	<u>48,746</u>	<u>251,683</u>	<u>308,719</u>	<u>4,121</u>	<u>35,141</u>	<u>20,091</u>	<u>10,124</u>	<u>122,463</u>	<u>314,475</u>	<u>122,231</u>
Total Liabilities and Fund Balances	<u>\$ 48,746</u>	<u>\$ 508,980</u>	<u>\$ 308,719</u>	<u>\$ 4,121</u>	<u>\$ 35,141</u>	<u>\$ 20,091</u>	<u>\$ 10,124</u>	<u>\$ 122,463</u>	<u>\$ 314,475</u>	<u>\$ 122,231</u>

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**TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>Records Restoration Fund</u>	<u>Railroad Street Planning Fund</u>	<u>Adam Muller Flag Fund</u>	<u>Recreation Path Fund</u>	<u>Recreation (Soccer- Tennis) Fund</u>	<u>Tree Replace- ment Fund</u>	<u>Richmond Fire Department Fund</u>	<u>Richmond Free Library Fund</u>	<u>Lister Education Reserve Fund</u>	<u>Cemetery Funds Fund</u>	<u>Total</u>
<u>ASSETS</u>											
Cash	\$ -	\$ -	\$ -	\$ -	\$ 309	\$ -	\$ 9,750	\$ 2,479	\$ -	\$ 140,140	\$ 661,658
Due from Other Funds	61,642	7,069	9,488	1,151	10,282	237	-	-	2,548	300	1,078,828
Total Assets	<u>\$ 61,642</u>	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ 1,151</u>	<u>\$ 10,591</u>	<u>\$ 237</u>	<u>\$ 9,750</u>	<u>\$ 2,479</u>	<u>\$ 2,548</u>	<u>\$ 140,440</u>	<u>\$ 1,740,486</u>
<u>LIABILITIES</u>											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,360
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	244,937
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,297</u>
<u>FUND BALANCES</u>											
Restricted	61,642	-	9,488	1,151	10,591	237	9,750	2,479	2,548	140,440	605,915
Committed	-	7,069	-	-	-	-	-	-	-	-	503,360
Assigned	-	-	-	-	-	-	-	-	-	-	373,914
Total Fund Balances	<u>61,642</u>	<u>7,069</u>	<u>9,488</u>	<u>1,151</u>	<u>10,591</u>	<u>237</u>	<u>9,750</u>	<u>2,479</u>	<u>2,548</u>	<u>140,440</u>	<u>1,483,189</u>
Total Liabilities and Fund Balances	<u>\$ 61,642</u>	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ 1,151</u>	<u>\$ 10,591</u>	<u>\$ 237</u>	<u>\$ 9,750</u>	<u>\$ 2,479</u>	<u>\$ 2,548</u>	<u>\$ 140,440</u>	<u>\$ 1,740,486</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Jericho Road Improvement Fund	Town Center Main- tenance Fund	Conservation Fund	Police Reserve Fund	Library Reserve Fund	Fire Reserve Fund	Fire Impact Fees Fund	Highway Reserve Fund	Bridge & Culvert Reserve Fund	Reappraisal Fund
Revenues:										
Rent and Fees	\$ -	\$ 131,895	\$ -	\$ -	\$ -	\$ -	\$ 4,424	\$ -	\$ -	\$ -
Donations	-	-	-	-	-	-	-	-	-	-
Interest Income	-	1,131	-	-	-	-	-	-	-	-
Total Revenues	-	133,026	-	-	-	-	4,424	-	-	-
Expenditures:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	22,038	-	-	-	-
Highways and Streets	-	-	-	-	-	-	2,833	23,970	-	-
Library	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Capital Outlay:										
General Government	-	78,360	-	-	-	-	-	-	-	-
Library	-	-	-	-	6,705	-	-	-	-	-
Total Expenditures	-	78,360	-	-	6,705	22,038	-	2,833	23,970	-
Excess/(Deficiency) of Revenues Over Expenditures	-	54,666	-	-	(6,705)	(22,038)	4,424	(2,833)	(23,970)	-
Other Financing Sources/(Uses):										
Transfers In	-	-	44,800	2,081	8,000	28,500	-	27,700	37,000	7,000
Transfers Out	-	(15,000)	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	(15,000)	44,800	2,081	8,000	28,500	-	27,700	37,000	7,000
Net Change in Fund Balances	-	39,666	44,800	2,081	1,295	6,462	4,424	24,867	13,030	7,000
Fund Balances - July 1, 2016	48,746	212,017	263,919	2,040	33,846	13,629	5,700	97,596	301,445	115,231
Fund Balances - June 30, 2017	\$ 48,746	\$ 251,683	\$ 308,719	\$ 4,121	\$ 35,141	\$ 20,091	\$ 10,124	\$ 122,463	\$ 314,475	\$ 122,231

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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, 2017

	Records Restoration Fund	Railroad Street Planning Fund	Adam Muller Flag Fund	Recreation Path Fund	Recreation (Soccer- Tennis) Fund	Tree Replace- ment Fund	Richmond Fire Department Fund	Richmond Free Library Fund	Lister Education Reserve Fund	Cemetery Funds Fund	Total Total
Revenues:											
Rent and Fees	\$ 15,707	\$ -	\$ -	\$ -	\$ 7,058	\$ -	\$ -	\$ 3,292	\$ -	\$ 4,595	\$ 166,971
Donations	-	-	-	50	-	-	4,090	-	-	-	4,140
Interest Income	-	-	-	-	-	-	3	-	-	352	1,486
Total Revenues	15,707	-	-	50	7,058	-	4,093	3,292	-	4,947	172,597
Expenditures:											
General Government	7,156	-	-	-	-	-	-	-	-	6,648	13,804
Public Safety	-	-	-	-	-	-	2,015	-	-	-	24,053
Highways and Streets	-	-	-	-	-	-	-	-	-	-	26,803
Library	-	-	-	-	-	-	-	2,260	-	-	2,260
Recreation	-	-	-	-	6,222	-	-	-	-	-	6,222
Capital Outlay:											
General Government	-	-	-	-	-	-	-	-	-	-	78,360
Library	-	-	-	-	-	-	-	-	-	-	6,705
Total Expenditures	7,156	-	-	-	6,222	-	2,015	2,260	-	6,648	158,207
Excess/(Deficiency) of Revenues Over Expenditures	8,551	-	-	50	836	-	2,078	1,032	-	(1,701)	14,390
Other Financing Sources/(Uses):											
Transfers In	-	-	-	-	-	-	-	-	-	-	155,081
Transfers Out	-	-	-	-	-	-	-	-	-	-	(15,000)
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	-	140,081
Net Change in Fund Balances	8,551	-	-	50	836	-	2,078	1,032	-	(1,701)	154,471
Fund Balances - July 1, 2016	53,091	7,069	9,488	1,101	9,755	237	7,672	1,447	2,548	142,141	1,328,718
Fund Balances - June 30, 2017	\$ 61,642	\$ 7,069	\$ 9,488	\$ 1,151	\$ 10,591	\$ 237	\$ 9,750	\$ 2,479	\$ 2,548	\$ 140,440	\$ 1,483,189

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TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES:			
Water Receipts	\$ 291,000	\$ 272,293	\$ (18,707)
Sewer Receipts	382,000	381,126	(874)
Hydrant Sales	1,500	22,407	20,907
Hook on Fees - Water	500	567	67
Hook on Fees - Sewer	1,000	617	(383)
Septage Receipts	190,000	138,078	(51,922)
VLCT Small Equipment Grant	0	1,541	1,541
Fire Service Fees	14,576	14,570	(6)
Asset Management Grant	0	10,185	10,185
Insurance Proceeds	0	750	750
Water and Sewer Transfer	0	7,046	7,046
Total Revenues	880,576	849,180	(31,396)
EXPENDITURES:			
Administration:			
Payroll and Benefits:			
Salaries	150,160	145,767	4,393
Overtime	3,000	2,304	696
Payroll Taxes	11,200	11,042	158
Retirement	6,900	7,870	(970)
Health Insurance	30,000	34,743	(4,743)
Long-Term Disability	1,000	995	5
Total Payroll and Benefits	202,260	202,721	(461)
Office Expenses:			
Uniforms	1,200	452	748
Office Supplies	700	1,126	(426)
Office Equipment	500	0	500
Computer	0	318	(318)
Advertising	500	0	500
Administrative	14,576	14,576	0
Training/Education	2,500	190	2,310
Safety Training	300	0	300
Travel	1,000	0	1,000
Telephone	3,000	3,243	(243)
Association Dues	500	440	60
General Insurance	16,000	16,000	0
Total Office Expenses	40,776	36,345	4,431
Total Administration	243,036	239,066	3,970
Pump Station:			
Electricity	1,000	1,108	(108)
Maintenance	1,800	1,008	792
Total Pump Station	2,800	2,116	684
Wastewater Department:			
Personal Protective Gear	500	640	(140)
Heat Dewatering	13,000	7,012	5,988
Electricity	34,200	28,614	5,586
Wastewater Treatment Facility	16,000	11,096	4,904
Trash Removal	1,300	1,841	(541)
Permits, Certificates and Licenses	800	666	134
Wastewater Contracted	7,500	6,003	1,497
Biosolids Contracted	3,500	3,098	402
Equipment Rental	500	100	400
Biosolids Disposal	60,000	51,201	8,799
Engineering	500	0	500
Gas, Oil and Diesel Fuel	1,800	302	1,498
Fleet Maintenance	2,500	1,937	563
Facility Repairs - Wasterwater	6,000	13,070	(7,070)
Facility Repairs - Biosolids	6,000	6,590	(590)

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

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):			
Wastewater Department (continued):			
Collection System Repair	\$ 4,000	\$ 8,879	\$ (4,879)
Wastewater Chemicals	6,000	6,425	(425)
Biosolids Chemicals	35,000	34,587	413
Supplies	5,000	3,563	1,437
Short Term Asset Reserve	20,000	20,000	0
Collection System Planned	<u>21,670</u>	<u>0</u>	<u>21,670</u>
Total Wastewater Department	<u>245,770</u>	<u>205,624</u>	<u>40,146</u>
Water Department:			
Asset Management Inventory System	0	19,963	(19,963)
Personal Protective Equipment	500	161	339
Heat	600	546	54
Electricity	8,000	7,904	96
Trash Removal	500	532	(32)
Permits, Fees and Licenses	1,500	1,691	(191)
Water Contracted	5,000	952	4,048
Equipment Rental	500	108	392
Engineering	2,000	720	1,280
Gas, Oil and Diesel	700	848	(148)
Fleet Maintenance	1,000	118	882
Water Line Repairs	25,000	14,650	10,350
Pumps and Tanks	5,000	655	4,345
Asphalt Repair	1,000	550	450
Equipment Purchase	500	3,161	(2,661)
Supplies	1,000	2,184	(1,184)
Meters	3,000	2,896	104
Water Treatment Chemicals	1,000	618	382
Miscellaneous Expenses	<u>0</u>	<u>540</u>	<u>(540)</u>
Total Water Department	<u>56,800</u>	<u>58,797</u>	<u>(1,997)</u>
Capital and Debt:			
Vehicle Purchase	0	3,000	(3,000)
Wastewater Treatment Phosphorus Principal	22,300	18,227	4,073
Browns Court Principal	15,000	14,040	960
Project 7A Sanitary Principal	13,525	15,397	(1,872)
Jericho Road Project Principal	54,600	46,800	7,800
Planning Loan	12,080	0	12,080
Distribution System Allocation	14,265	0	14,265
Jericho Road Project Principal - Sewer	23,400	0	23,400
Long-Term Debt Interest	0	38,986	(38,986)
Wastewater Reserve	83,000	83,000	0
Water Capital Reserve	19,000	19,000	0
East Main Street Principal	35,000	0	35,000
Water Reserve - Short-Term Asset	20,000	20,000	0
Short Term Asset Reserve	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Total Capital and Debt	<u>332,170</u>	<u>278,450</u>	<u>53,720</u>
Total Expenses	<u>880,576</u>	<u>784,053</u>	<u>96,523</u>
Net Income	<u>\$ 0</u>	65,127	<u>\$ 65,127</u>
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(193,749)	
Bond Principal		94,468	
Fund Reserves		162,000	
Change in Net Pension Liability - GASB 68		(8,504)	
Change in Accrued Interest		<u>(923)</u>	
Change in Net Position - Exhibit I		<u>\$ 118,419</u>	

Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017, 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 6, 2018.

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 6, 2018

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 6, 2018
Montpelier, Vermont
VT Lic. #92-000180

