

TOWN OF RICHMOND, VERMONT

AUDIT REPORT

JUNE 30, 2019

TOWN OF RICHMOND, VERMONT
 AUDIT REPORT
 TABLE OF CONTENTS
 JUNE 30, 2019

		<u>Page #</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-9
Basic Financial Statements:		
Statement of Net Position	Exhibit A	10
Statement of Activities	Exhibit B	11
Governmental Funds:		
Balance Sheet	Exhibit C	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	Exhibit D	13
Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit E	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit F	15
Proprietary Funds:		
Statement of Fund Net Position	Exhibit G	16
Statement of Revenues, Expenses and Changes in Fund Net Position	Exhibit H	17
Statement of Cash Flows	Exhibit I	18
Fiduciary Funds:		
Statement of Fiduciary Net Position	Exhibit J	19
Statement of Changes in Fiduciary Net Position	Exhibit K	20

TOWN OF RICHMOND, VERMONT
 AUDIT REPORT
 TABLE OF CONTENTS
 JUNE 30, 2019

		<u>Page #</u>
Notes to the Financial Statements		21-49
Required Supplementary Information:		
Statement of Revenues and Expenditures - Budget and Actual - Budgetary Basis - General Fund	Schedule 1	50-56
Schedule of Proportionate Share of the Net Pension Liability - VMERS Defined Benefit Plan	Schedule 2	57
Schedule of Contributions - VMERS Defined Benefit Plan	Schedule 3	58
Other Information:		
Combining Balance Sheet - Non-Major Governmental Funds	Schedule 4	59-60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	Schedule 5	61-62
Schedule of Revenues and Expenses - Budget (Non GAAP Budgetary Basis) and Actual - Water Fund	Schedule 6	63-64
Schedule of Revenues and Expenses - Budget (Non GAAP Budgetary Basis) and Actual - Sewer Fund	Schedule 7	65-66
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"		67-68

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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, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 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.

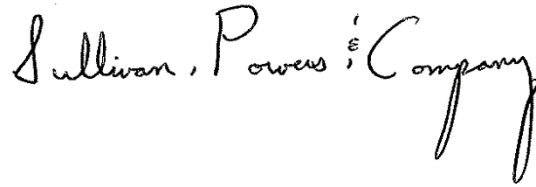
Other Information

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, the Schedule of Revenue and Expenses – Budget (Non GAAP Budgetary Basis) and Actual – Water Fund on Schedule 6 and the Schedule of Revenue and Expenses – Budget (Non GAAP Budgetary Basis) and Actual – Sewer Fund on Schedule 7 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 December 6, 2019 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.

December 6, 2019
Montpelier, Vermont
VT Lic. #92-000180

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

**TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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, 2019. Please read it in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position increased by \$1,659,473 as a result of this year's operations. While net position of our governmental activities increased by \$727,264, net position of our business-type activities increased by \$932,209.
- The Town's business-type activities show operating revenues were \$938,411 while operating expenses were \$756,873.
- The Town's total cost for governmental activities was \$3,305,690 this year, down by \$71,097 from the year prior.
- The General Fund reported a surplus this year of \$48,777, bringing the total fund balance to \$977,754 as of June 30, 2019.
- Of the \$977,754, \$746,944 is restricted for the Highway Department, \$14,783 is non-spendable prepaid expenses and \$216,027 is unassigned.

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, 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's Water Resource Department charges a fee to customers to help finance services, and charges a fee to the Town for the portion of expenses that pertain to fire protection.

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 control and manage money for particular purposes, or to meet legal responsibilities for using certain taxes, grants, and other money. 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 3 individual governmental funds which are considered major funds. Data from 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 Funds.
- Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of other parties. Fiduciary activity is not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town reports three trust funds.

The Town as a Whole

The Town's combined net position was \$12,752,058 in FY18, and \$14,411,531 in FY19, for an increase of \$1,659,473. 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

	Governmental Activities		Business-type Activities		Total Government	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$ 3,094,026	\$ 3,625,124	\$ 841,440	\$ 947,578	\$ 3,935,466	\$ 4,572,702
Capital assets	6,144,951	7,157,401	7,989,903	7,955,919	14,134,854	15,113,320
Deferred Outflows	212,828	205,916	30,648	30,791	243,476	236,707
Total assets & deferred outflows	9,451,805	10,988,441	8,861,991	8,934,288	18,313,796	19,922,729
Other liabilities	310,615	721,157	33,806	255,173	344,421	976,330
Long-term liabilities	1,233,535	1,633,152	3,972,463	2,891,516	5,205,998	4,524,668
Deferred Inflows	9,893	9,106	1,426	1,094	11,319	10,200
Total liabilities and deferred inflows	1,554,043	2,363,415	4,007,695	3,147,783	5,561,738	5,511,198
Net position:						
Invested in capital assets, net of debt	5,166,229	5,734,566	4,083,699	4,955,455	9,249,928	10,690,021
Restricted	2,041,705	1,813,913	-	-	2,041,705	1,813,913
Unrestricted	689,828	1,076,547	770,597	831,050	1,460,425	1,907,597
Total net position	\$ 7,897,762	\$ 8,625,026	\$ 4,854,296	\$ 5,786,505	\$ 12,752,058	\$ 14,411,531

The unrestricted part of total net position of our governmental activities which can be used to finance day-to-day operations without constraints went from \$689,828 on June 30, 2018 to \$1,076,547 on June 30, 2019, an increase of \$386,719.

The unrestricted net position of our business-type activities increased from \$770,597 on June 30, 2018 to \$831,050 on June 30, 2019. 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

	2018			2019		
	Governmental Activities	Business-type Activities	Total Government	Governmental Activities	Business-type Activities	Total Government
REVENUES						
Program revenues:						
Operating Grants and Contributions	\$ 336,783	\$ 9,140	\$ 345,923	\$ 241,495	\$ 3,260	\$ 244,755
Charges for services	310,179	865,820	1,175,999	281,161	938,411	1,219,572
Capital Grants & Contributions	429,456	38,252	467,708	107,123	723,231	830,354
General revenues:						
Property taxes	3,107,969	-	3,107,969	3,182,165	-	3,182,165
Penalties & Interest on Del. Taxes	26,618	-	26,618	30,371	-	30,371
General State Grants	82,531	-	82,531	85,751	-	85,751
Earnings from investments	6,144	-	6,144	37,748	5,516	43,264
Insurance Proceeds	3,570	-	3,570	1,750	-	1,750
Gain on Sale/Trade vehicles & equipment	-	-	-	110,282	-	110,282
Miscellaneous income	-	50	50	7,721	-	7,721
Total revenues	4,303,250	913,262	5,216,512	4,085,567	1,670,418	5,755,985
PROGRAM EXPENSES						
General government	809,899	-	809,899	803,836	-	803,836
Public safety	902,797	-	902,797	794,578	-	794,578
Highways and streets	1,179,860	-	1,179,860	1,308,948	-	1,308,948
Culture and recreation	273,836	-	273,836	269,616	-	269,616
Community Development	173,118	-	173,118	83,127	-	83,127
Interest	37,277	-	37,277	45,585	-	45,585
Water and sewer	-	758,564	758,564	-	790,822	790,822
Total program expenses	3,376,787	758,564	4,135,351	3,305,690	790,822	4,096,512
Transfer In/(Out)	(39,809)	39,809	-	(52,613)	52,613	-
Increase in net position	\$ 886,654	\$ 194,507	\$ 1,081,161	\$ 727,264	\$ 932,209	\$ 1,659,473

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

Governmental Activities

The change in net position for governmental activities in FY18 was \$886,654, and \$727,264 in FY19, resulting in a decrease of \$159,390.

Table 3 presents the cost of each of the Town’s five functions - general government, public safety, highways and streets, culture and recreation and community development, and interest - 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

	2018		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 809,899	\$ (589,975)	\$ 803,836	\$ (588,378)
Public safety	902,797	(809,792)	794,578	(725,648)
Highways and streets	1,179,860	(890,433)	1,308,948	(1,084,924)
Culture and recreation	273,836	21,411	269,616	(237,176)
Community Development	173,118	5,702	83,127	5,800
Interest	37,277	(37,277)	45,585	(45,585)
Totals	<u>\$ 3,376,787</u>	<u>\$ (2,300,364)</u>	<u>\$ 3,305,690</u>	<u>\$ (2,675,911)</u>

Business-type Budgetary Highlights

Overall, water and sewer revenues and expenses were \$785,564 in FY18, and \$790,822 in FY19, resulting in an increase of \$5,258 in FY19. This was a combined result of vacancies in staff and related expenses, and an increase in expenses for waterline maintenance on Jolina Court and Baker Street, and the Water House, and the RIP RAP project around the Water House.

General Fund Budgetary Highlights

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 \$2,774,631, an increase from fiscal year 2018 of \$48,777 in the Town’s General Fund and \$179,193 from other funds. The bellows are the highlights related to the revenue and expense variances.

- **Town Administration:** The budget came in at \$3,280 under budget mainly as a result of less revenue for Town Clerk fees and property taxes. We also had some variances with staff related expenses coming in less due to changes, and building maintenance going up due to replacing an air-conditioning unit and an increase in liability insurance.
- **Planning and Zoning:** The budget came in \$5,345 over budget mostly due to an increase of five hours per week for the Town Planner position.
- **Police:** The budget came in \$76,407 under budget mostly due to staff vacancies in regards to wages and related equipment and supplies, and a decrease of \$27,429 in revenue from traffic tickets.
- **Library:** The budget came in \$5,441 under budget due to building maintenance expenses which were offset by the revenue being \$8,044 more than expected for rental space.
- **Fire:** Expenses came in under budget by \$18,746. Although we did spend 26,419 less than anticipated on building maintenance, we also spent 22,010 more on equipment. We also purchased a new Fire Truck totaling \$384,542 that was paid for by obtaining a loan which we will start paying on in FY21.
- **Highway:** The budget came in \$156,425 under budget, with increases in salary lines due to a very harsh winter and replacing a pickup truck that was not planned on. There were decreases in expenses due to projects being put on hold as a result of the prior year FEMA events. We also received revenue of \$110,509 from FEMA events that occurred in fiscal year 2018.

Capital Asset and Debt Administration

Capital Assets

On June 30, 2019, the Town had \$15,113,320 invested in a broad range of capital assets, including police and fire equipment, buildings, water and sewer lines, and net accumulation of depreciation. (See Table 4) This amount represents a net increase (including additions and depreciation) of \$978,466 from the prior year.

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
Land	\$ 875,236	\$ 875,236	\$ 109,100	\$ 109,100	\$ 984,336	\$ 984,336
Construction in progress	17,730	17,730	68,507	34,873	\$ 86,237	52,603
Land Improvements	-	-	-	68,418	\$ -	68,418
Buildings & improvements	1,880,868	1,966,187	495,728	512,888	2,376,596	2,479,075
Vehicles and equipment	2,857,730	3,166,690	103,600	103,600	2,961,330	3,270,290
Water and sewer system			5,886,560	5,911,033	5,886,560	5,911,033
Infrastructure	3,728,587	4,250,369	-	-	3,728,587	4,250,369
Phosphorus upgrade			3,939,064	3,939,064	3,939,064	3,939,064
Accumulated depreciation	(3,215,200)	(3,118,811)	(2,612,656)	(2,723,057)	(5,827,856)	(5,841,868)
Totals	\$ 6,144,951	\$ 7,157,401	\$ 7,989,903	\$ 7,955,919	\$ 14,134,854	\$ 15,113,320

This year's Capital Asset additions included:

Governmental Activities		Business-type Activities	
Town Center Air Conditioner	\$ 11,738	RIP RAP for Water Hous	68,418
Fire Department building renovations	73,581	Jolina Court	25,634
Fire Truck	384,542	Baker St Water Line	82,148
Airpacks	11,249	Building Rehap	17,160
Fire hose	10,972	Pump Station Rehab	7,891
RIP RAP for Riverbank at Town Green	140,719	Jolina Court	8,000
Road Retreatment	290,164	Total	<u>\$ 209,251</u>
Sidewalks East Main Street	22,755		
Cochran Road Culvert	68,144		
Grader	308,344		
Dump Truck	233,405		
Ford Pick up	68,696		
Tractor	12,750		
Police Inceptor	41,148		
Total	<u>\$ 1,678,207</u>		

Debt

On June 30, 2018 the Town had \$4,884,926 in bonds, notes and lines of credit outstanding versus \$4,423,299 on June 30, 2019 – a decrease of \$461,627 - as shown in Table 5. This is largely due to several capital equipment loans being paid in full in FY18.

Table 5 – Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
General obligation bonds	\$ 682,400	\$ 629,200	\$ 3,725,204	\$ 2,845,321	\$ 4,407,604	\$ 3,474,521
Notes payable	260,756	783,048	181,000	155,143	441,756	938,191
Capital Lease Payable	<u>35,566</u>	<u>10,587</u>	<u>-</u>	<u>-</u>	<u>35,566</u>	<u>10,587</u>
Totals	<u>\$ 978,722</u>	<u>\$ 1,422,835</u>	<u>\$ 3,906,204</u>	<u>\$ 3,000,464</u>	<u>\$ 4,884,926</u>	<u>\$ 4,423,299</u>

Economic Factors and Next Year’s Budgets and Rates

The Town’s elected and appointed officials are considering many factors when setting the fiscal year 2021 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 2020-2021 year, the Selectboard will look at 2019-2020 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.

The Selectboard will also look at alternative healthcare benefits for the 2020-2021 budget due to an increase of 14.4% to the current healthcare insurance provided to employees.

In addition, they will consider monitoring unassigned funds, both restricted and unrestricted, and find a balance between utilizing those funds to assist in keeping the tax rate around a 2% increase, and saving those funds so they are available during crisis situations such as damage done during storms.

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, 2019

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 3,088,083	\$ 635,382	\$ 3,723,465
Receivables (Net of Allowance for Uncollectibles)	245,771	289,460	535,231
Note Receivable	296,628	0	296,628
Internal Balances	(20,141)	20,141	0
Prepaid Expenses	14,783	2,595	17,378
Capital Assets (Net of Accumulated Depreciation)	<u>7,157,401</u>	<u>7,955,919</u>	<u>15,113,320</u>
Total Assets	<u>10,782,525</u>	<u>8,903,497</u>	<u>19,686,022</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>205,916</u>	<u>30,791</u>	<u>236,707</u>
Total Deferred Outflows of Resources	<u>205,916</u>	<u>30,791</u>	<u>236,707</u>
<u>LIABILITIES</u>			
Accounts Payable	393,292	58,688	451,980
Accrued Payroll and Benefits Payable	41,808	5,061	46,869
Due to Others	2,428	0	2,428
Accrued Interest Payable	21,776	8,216	29,992
Unearned Income	2,048	0	2,048
Noncurrent Liabilities:			
Due within One Year	259,805	183,208	443,013
Due in More than One Year	<u>1,633,152</u>	<u>2,891,516</u>	<u>4,524,668</u>
Total Liabilities	<u>2,354,309</u>	<u>3,146,689</u>	<u>5,500,998</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	1,786	0	1,786
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>7,320</u>	<u>1,094</u>	<u>8,414</u>
Total Deferred Inflows of Resources	<u>9,106</u>	<u>1,094</u>	<u>10,200</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	5,734,566	4,955,455	10,690,021
Restricted for:			
Public Safety	27,492	0	27,492
Highways and Streets	1,217,997	0	1,217,997
Culture and Recreation	29,429	0	29,429
Cemetery	153,803	0	153,803
Community Development	296,628	0	296,628
Restoration of Records	77,977	0	77,977
Other	10,587	0	10,587
Unrestricted	<u>1,076,547</u>	<u>831,050</u>	<u>1,907,597</u>
Total Net Position	<u>\$ 8,625,026</u>	<u>\$ 5,786,505</u>	<u>\$ 14,411,531</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, 2019**

	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	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 803,836	\$ 197,781	\$ 17,677	\$ 0	\$ (588,378)	\$ 0	\$ (588,378)
Public Safety	794,578	51,267	17,663	0	(725,648)	0	(725,648)
Highways and Streets	1,308,948	3,870	113,031	107,123	(1,084,924)	0	(1,084,924)
Culture and Recreation	269,616	22,442	9,998	0	(237,176)	0	(237,176)
Community Development	83,127	5,801	83,126	0	5,800	0	5,800
Interest on Long-term Debt	45,585	0	0	0	(45,585)	0	(45,585)
Total Governmental Activities	<u>3,305,690</u>	<u>281,161</u>	<u>241,495</u>	<u>107,123</u>	<u>(2,675,911)</u>	<u>0</u>	<u>(2,675,911)</u>
Business-type Activities:							
Water	223,573	311,408	3,260	723,231	0	814,326	814,326
Sewer	567,249	627,003	0	0	0	59,754	59,754
Total Business-type Activities	<u>790,822</u>	<u>938,411</u>	<u>3,260</u>	<u>723,231</u>	<u>0</u>	<u>874,080</u>	<u>874,080</u>
Total Primary Government	<u>\$ 4,096,512</u>	<u>\$ 1,219,572</u>	<u>\$ 244,755</u>	<u>\$ 830,354</u>	<u>(2,675,911)</u>	<u>874,080</u>	<u>(1,801,831)</u>
General Revenues:							
Property Taxes					3,182,165	0	3,182,165
Penalties and Interest on Delinquent Taxes					30,371	0	30,371
General State Grants					85,751	0	85,751
Unrestricted Investment Earnings					37,748	5,516	43,264
Insurance Proceeds					1,750	0	1,750
Gain on Sale/Trade of Vehicles and Equipment					110,282	0	110,282
Miscellaneous Income					7,721	0	7,721
Transfers:					<u>(52,613)</u>	<u>52,613</u>	<u>0</u>
Total General Revenues and Transfers					<u>3,403,175</u>	<u>58,129</u>	<u>3,461,304</u>
Change in Net Position					727,264	932,209	1,659,473
Net Position - July 1, 2018					<u>7,897,762</u>	<u>4,854,296</u>	<u>12,752,058</u>
Net Position - June 30, 2019					<u>\$ 8,625,026</u>	<u>\$ 5,786,505</u>	<u>\$ 14,411,531</u>

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

TOWN OF RICHMOND, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Community Development Fund	Town Center Maintenance Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 2,276,629	\$ 0	\$ 644,191	\$ 167,263	\$ 3,088,083
Receivables (Net of Allowance for Uncollectibles)	245,771	0	0	0	245,771
Note Receivable	0	296,628	0	0	296,628
Due From Other Funds	0	0	0	1,170,469	1,170,469
Prepaid Expenses	14,783	0	0	0	14,783
Total Assets	<u>\$ 2,537,183</u>	<u>\$ 296,628</u>	<u>\$ 644,191</u>	<u>\$ 1,337,732</u>	<u>\$ 4,815,734</u>
LIABILITIES					
Accounts Payable	\$ 393,292	\$ 0	\$ 0	\$ 0	\$ 393,292
Accrued Payroll and Benefits Payable	41,808	0	0	0	41,808
Due to Other Funds	1,005,564	0	185,046	0	1,190,610
Due to Others	2,428	0	0	0	2,428
Unearned Income	2,048	0	0	0	2,048
Total Liabilities	<u>1,445,140</u>	<u>0</u>	<u>185,046</u>	<u>0</u>	<u>1,630,186</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid Property Taxes	1,786	0	0	0	1,786
Unavailable Property Taxes, Penalties and Interest	93,100	0	0	0	93,100
Unavailable Grants	19,403	0	0	0	19,403
Unavailable Note Receivable	0	296,628	0	0	296,628
Total Deferred Inflows of Resources	<u>114,289</u>	<u>296,628</u>	<u>0</u>	<u>0</u>	<u>410,917</u>
FUND BALANCES					
Nonspendable	14,783	0	0	0	14,783
Restricted	746,944	0	0	770,341	1,517,285
Committed	0	0	0	419,804	419,804
Assigned	0	0	459,145	147,587	606,732
Unassigned	216,027	0	0	0	216,027
Total Fund Balances	<u>977,754</u>	<u>0</u>	<u>459,145</u>	<u>1,337,732</u>	<u>2,774,631</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,537,183</u>	<u>\$ 296,628</u>	<u>\$ 644,191</u>	<u>\$ 1,337,732</u>	<u>\$ 4,815,734</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, 2019

Amount Reported on Balance Sheet - Governmental Funds - Total Fund Balances	\$ 2,774,631
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.	7,157,401
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.	409,131
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.	(1,914,733)
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>198,596</u>
Net Position of Governmental Activities - Government-wide Statement of Net Position	<u><u>\$ 8,625,026</u></u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Community Development Fund	Town Center Maintenance Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 3,194,385	\$ 0	\$ 0	\$ 0	\$ 3,194,385
Penalties and Interest on Delinquent Taxes	32,051	0	0	0	32,051
Intergovernmental	409,713	0	0	0	409,713
Fees, Licenses and Permits	44,201	0	135,553	24,753	204,507
Fines and Forfeits	15,567	0	0	0	15,567
Charges for Services	84,827	0	0	0	84,827
Donations	0	0	0	16,225	16,225
Interest Income	30,206	0	6,058	1,484	37,748
Miscellaneous	8,680	0	0	0	8,680
Total Revenues	3,819,630	0	141,611	42,462	4,003,703
Expenditures:					
General Government	789,585	0	4,350	10,780	804,715
Public Safety	687,459	0	0	3,718	691,177
Highways and Streets	852,679	0	0	6,510	859,189
Library	217,328	0	0	3,135	220,463
Culture and Recreation	10,902	0	0	21,823	32,725
Community Development	83,127	0	0	0	83,127
Capital Outlay:					
General Government	11,738	0	0	0	11,738
Public Safety	521,492	0	0	0	521,492
Highways and Streets	897,538	0	0	68,145	965,683
Debt Service:					
Principal	175,887	0	0	0	175,887
Interest	30,289	0	0	0	30,289
Total Expenditures	4,278,024	0	4,350	114,111	4,396,485
Excess/(Deficiency) of Revenues Over Expenditures	(458,394)	0	137,261	(71,649)	(392,782)
Other Financing Sources/(Uses):					
Proceeds from Long-term Debt	620,000	0	0	0	620,000
Proceeds from Sale of Property	51,615	0	0	0	51,615
Insurance Proceeds	1,750	0	0	0	1,750
Transfers In	41,000	0	0	154,581	195,581
Transfers Out	(207,194)	0	(21,000)	(20,000)	(248,194)
Total Other Financing Sources/(Uses)	507,171	0	(21,000)	134,581	620,752
Net Change In Fund Balances	48,777	0	116,261	62,932	227,970
Fund Balances - July 1, 2018	928,977	0	342,884	1,274,800	2,546,661
Fund Balances - June 30, 2019	\$ 977,754	\$ 0	\$ 459,145	\$ 1,337,732	\$ 2,774,631

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, 2019

Net change in fund balances - total Governmental Funds	\$	227,970
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 (\$1,498,913) is allocated over their estimated useful lives and reported as depreciation expense (\$470,906). This is the amount by which capital outlays exceed depreciation in the current period.		1,028,007
The net effects of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.		(15,557)
The issuance of long-term debt (\$620,000) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$175,887) 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.		(444,113)
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.		(15,296)
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.		11,805
Governmental funds report employer pension contributions as expenditures (\$61,719). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$127,603) is reported as pension expense. This amount is net effect of the differences in the treatment of pension expense.		(65,884)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		332
Change in Net Position of Governmental Activities - Government-wide Statement of Activities	\$	727,264

The General Fund charges the Water Fund and the Sewer Fund for various expenses. These charges totaling \$30,500 have been eliminated from the Governmental Activities on the Statement of Activities.

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 635,382	\$ 0	\$ 635,382
Accounts Receivable	100,715	188,745	289,460
Due From Other Funds	0	483,881	483,881
Prepaid Expense	2,595	0	2,595
Total Current Assets	738,692	672,626	1,411,318
Noncurrent Assets:			
Capital Assets	4,149,448	6,529,528	10,678,976
Less: Accumulated Depreciation	(541,958)	(2,181,099)	(2,723,057)
Total Noncurrent Assets	3,607,490	4,348,429	7,955,919
Total Assets	4,346,182	5,021,055	9,367,237
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS			
	9,237	21,554	30,791
Total Deferred Outflows of Resources	9,237	21,554	30,791
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	12,605	46,083	58,688
Accrued Wages	1,519	3,542	5,061
Accrued Interest	4,269	3,947	8,216
Due to Other Funds	463,740	0	463,740
Current Portion of Long-term Debt	114,910	68,298	183,208
Total Current Liabilities	597,043	121,870	718,913
Noncurrent Liabilities:			
Accrued Compensated Absences	2,271	5,299	7,570
Net Pension Liability	20,007	46,683	66,690
Noncurrent Portion of Long-term Debt	2,139,135	678,121	2,817,256
Total Noncurrent Liabilities	2,161,413	730,103	2,891,516
Total Liabilities	2,758,456	851,973	3,610,429
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS			
	328	766	1,094
Total Deferred Inflows of Resources	328	766	1,094
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,353,445	3,602,010	4,955,455
Unrestricted	243,190	587,860	831,050
Total Net Position	\$ 1,596,635	\$ 4,189,870	\$ 5,786,505

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 FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 311,408	\$ 627,003	\$ 938,411
Total Operating Revenues	<u>311,408</u>	<u>627,003</u>	<u>938,411</u>
Operating Expenses:			
Payroll & Benefits	62,413	166,712	229,125
Office Administrative Expenses	12,374	27,956	40,330
Supplies	807	2,828	3,635
Utilities	9,830	73,756	83,586
Maintenance	39,044	18,675	57,719
Chemicals	2,834	46,234	49,068
Permits & Testing	2,709	8,738	11,447
Biosolid Disposal	0	65,667	65,667
Depreciation	71,501	138,100	209,601
Other Operating Expenses	5,903	792	6,695
Total Operating Expenses	<u>207,415</u>	<u>549,458</u>	<u>756,873</u>
Operating Income	<u>103,993</u>	<u>77,545</u>	<u>181,538</u>
Non-Operating Revenues/(Expenses):			
Grant Income	3,260	0	3,260
Investment Income	1,655	3,861	5,516
Interest Expense	(16,158)	(17,791)	(33,949)
Total Non-Operating Revenues/(Expenses)	<u>(11,243)</u>	<u>(13,930)</u>	<u>(25,173)</u>
Net Income Before Capital Contributions	<u>92,750</u>	<u>63,615</u>	<u>156,365</u>
Capital Contributions and Transfers:			
Capital Contributions	723,231	0	723,231
Transfer of Capital Assets	(8,000)	8,000	0
Transfer In	45,637	6,976	52,613
Total Capital Contributions and Transfers	<u>760,868</u>	<u>14,976</u>	<u>775,844</u>
Change In Net Position	853,618	78,591	932,209
Net Position - July 1, 2018	<u>743,017</u>	<u>4,111,279</u>	<u>4,854,296</u>
Net Position - June 30, 2019	<u>\$ 1,596,635</u>	<u>\$ 4,189,870</u>	<u>\$ 5,786,505</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 299,392	\$ 594,019	\$ 893,411
Payments for Goods and Services	(62,250)	(218,181)	(280,431)
Payments for Wages and Benefits	(63,734)	(157,061)	(220,795)
	<u>173,408</u>	<u>218,777</u>	<u>392,185</u>
Net Cash Provided by Operating Activities			
Cash Flows From Capital And Related Financing Activities:			
Acquisition and Construction of Capital Assets	(150,566)	(25,051)	(175,617)
Transfer In for Debt Service	0	6,976	6,976
Principal Paid on General Obligation Bonds	(114,910)	(67,599)	(182,509)
Interest Paid on General Obligation Bonds	(16,205)	(17,553)	(33,758)
	<u>(281,681)</u>	<u>(103,227)</u>	<u>(384,908)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities			
Cash Flows From Non-Capital Financing Activities:			
Transfer In for Fire Service	45,637	0	45,637
Grants Received	3,260	0	3,260
Increase/(Decrease) in Due from Other Funds	34,483	(119,411)	(84,928)
	<u>83,380</u>	<u>(119,411)</u>	<u>(36,031)</u>
Net Cash Provided/(Used) by Non-Capital Financing Activities			
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	1,655	3,861	5,516
	<u>1,655</u>	<u>3,861</u>	<u>5,516</u>
Net Cash Provided by Investing Activities			
Net Increase/(Decrease) in Cash	(23,238)	0	(23,238)
Cash - July 1, 2018	658,620	0	658,620
Cash - June 30, 2019	<u>\$ 635,382</u>	<u>\$ 0</u>	<u>\$ 635,382</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 103,993	\$ 77,545	\$ 181,538
Depreciation	71,501	138,100	209,601
(Increase)/Decrease in Accounts Receivable	(12,016)	(32,984)	(45,000)
(Increase)/Decrease in Prepaid Expenses	552	0	552
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	(7)	(136)	(143)
Increase/(Decrease) in Accounts Payable	10,699	26,465	37,164
Increase/(Decrease) in Accrued Wages and Benefits Payable	994	562	1,556
Increase/(Decrease) in Compensated Absences Payable	(5,484)	1,513	(3,971)
Increase/(Decrease) in Net Pension Liability	3,278	7,942	11,220
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	(102)	(230)	(332)
	<u>173,408</u>	<u>218,777</u>	<u>392,185</u>
Net Cash Provided by Operating Activities			

The Water Fund recognized forgiveness of debt from the State of Vermont in the amount of \$723,231.

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private Purpose Trust Funds <hr style="border: 0.5px solid black;"/>
<u>ASSETS</u>	
Cash	\$ <u>31,224</u>
Total Assets	<u>31,224</u>
<u>LIABILITIES</u>	
Liabilities:	<u>0</u>
<u>NET POSITION</u>	
Total Net Position	\$ <u><u>31,224</u></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, 2019**

	<u>Private Purpose Trust Funds</u>
Additions:	
Investment Income	\$ <u>302</u>
Total Additions	<u>302</u>
Deductions:	<u>0</u>
Change in Net Position	302
Net Position - July 1, 2018	<u>30,922</u>
Net Position - June 30, 2019	<u><u>\$ 31,224</u></u>

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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.

Town Center Maintenance Fund – This fund accounts for the Town's expenditures related to the maintenance of the Town Center.

The Town reports on the following major enterprise funds:

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

Sewer Fund – This fund accounts for the operations of the 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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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, 2019

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 acquisition 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, 2019

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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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.

The budget presented herein is for the Town's "General Fund" only and does not include the Special Grants Fund and unbudgeted FEMA grant revenue, transfers, proceeds from the sale of vehicles and equipment, proceeds from long-term debt, the purchase of a grader, dump truck, pickup truck and river bank stabilization expenses.

B. Budgeted Deficit

The Town elected to budget expenditures in excess of revenues by \$90,000 in the General Fund in order to utilize a portion of the prior year's surpluses. This is reflected as a current year's budgeted deficiency of revenues over expenditures on Schedule 1.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash

The Town's cash as of June 30, 2019 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$3,754,189
Cash on Hand	<u>500</u>
Total Cash	<u>\$3,754,689</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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 Irrevocable Stand-by Letter of Credit by the Federal Home Loan Bank of Pittsburgh	<u>3,254,189</u>	<u>3,256,742</u>
Total	<u>\$3,754,189</u>	<u>\$3,756,742</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, 2019, 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	\$ 108,733	\$ 0	\$ 108,733
Interest	23,687	0	23,687
Billed Services	0	71,898	71,898
Unbilled Services	0	214,302	214,302
Grants Receivable	124,442	3,260	127,702
Accounts Receivable	1,509	0	1,509
Allowance for Doubtful Accounts - Delinquent Taxes and Interest	<u>(12,600)</u>	<u>0</u>	<u>(12,600)</u>
	<u>\$ 245,771</u>	<u>\$ 289,460</u>	<u>\$ 535,231</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

C. Loans Receivable

Loans receivable as of June 30, 2019 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
Less: Discount on Loan Receivable at 2%.	<u>(115,872)</u>
Reported Value at June 30, 2019	<u>\$ 296,628</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 875,236	\$ 0	\$ 0	\$ 875,236
Construction in Progress	<u>17,730</u>	<u>0</u>	<u>0</u>	<u>17,730</u>
Total Capital Assets, Not Being Depreciated	<u>892,966</u>	<u>0</u>	<u>0</u>	<u>892,966</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,880,868	85,319	0	1,966,187
Vehicles and Equipment	2,857,730	1,071,106	762,146	3,166,690
Infrastructure	<u>3,728,587</u>	<u>521,782</u>	<u>0</u>	<u>4,250,369</u>
Totals	<u>8,467,185</u>	<u>1,678,207</u>	<u>762,146</u>	<u>9,383,246</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	680,320	39,838	0	720,158
Vehicles and Equipment	1,547,819	213,399	567,295	1,193,923
Infrastructure	<u>987,061</u>	<u>217,669</u>	<u>0</u>	<u>1,204,730</u>
Totals	<u>3,215,200</u>	<u>470,906</u>	<u>567,295</u>	<u>3,118,811</u>
Total Capital Assets, Being Depreciated	<u>5,251,985</u>	<u>1,207,301</u>	<u>194,851</u>	<u>6,264,435</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,144,951</u>	<u>\$ 1,207,301</u>	<u>\$ 194,851</u>	<u>\$ 7,157,401</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 109,100	\$ 0	\$ 0	\$ 109,100
Construction in Progress	68,507	0	33,634	34,873
Total Capital Assets, Not Being Depreciated	177,607	0	33,634	143,973
Capital Assets, Being Depreciated:				
Land Improvements	0	68,418	0	68,418
Buildings and Building Improvements	495,728	17,160	0	512,888
Distribution and Collection Systems	5,886,560	123,673	99,200	5,911,033
Phosphorus Upgrade	3,939,064	0	0	3,939,064
Vehicles and Equipment	103,600	0	0	103,600
Totals	10,424,952	209,251	99,200	10,535,003
Less Accumulated Depreciation for:				
Land Improvements	0	912	0	912
Buildings and Building Improvements	461,235	10,143	0	471,378
Distribution and Collection Systems	965,733	112,405	99,200	978,938
Phosphorus Upgrade	1,091,902	78,781	0	1,170,683
Vehicles and Equipment	93,786	7,360	0	101,146
Totals	2,612,656	209,601	99,200	2,723,057
Total Capital Assets, Being Depreciated	7,812,296	(350)	0	7,811,946
Business-type Activities Capital Assets, Net	\$ 7,989,903	\$ (350)	\$ 33,634	\$ 7,955,919

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 17,383	Water	\$ 71,501
Public Safety	85,582	Sewer	138,100
Highways and Streets	357,386		
Culture and Recreation	10,555		
Total Depreciation Expense - Governmental Activities	\$ 470,906	Total Depreciation Expense - Business-type Activities	\$ 209,601

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2019 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,005,564
Town Center Maintenance Fund	0	185,046
Non-Major Governmental Funds	1,170,469	0
Water Fund	0	463,740
Sewer Fund	483,881	0
Total	\$ 1,654,350	\$ 1,654,350

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Interfund transfers during the year ended June 30, 2019 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Conservation Fund	\$ 45,300	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	6,000	Fund Appraisal Expenses
General Fund	Water Fund	45,637	Fund Fire Service Fees
General Fund	Sewer Fund	6,976	Fund Debt Service
Town Center Maintenance Fund	General Fund	21,000	Fund Debt Service
Conservation Fund	General Fund	<u>20,000</u>	Fund Rip Rap Expenses
Total		<u>\$ 248,194</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$38,764 from the difference between the expected and actual experience, \$49,418 from changes in assumptions, \$51,721 from the difference between the projected and actual investment earnings, \$4,281 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 \$61,732 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 \$205,916.

Deferred outflows of resources in the Business-type Activities consists of \$5,796 from the difference between the expected and actual experience, \$7,390 from changes in assumptions, \$7,734 from the difference between the projected and actual investment earnings, \$640 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 \$9,231 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 \$30,791.

Deferred outflows of resources in the Water Fund consists of \$1,739 from the difference between the expected and actual experience, \$2,217 from changes in assumptions, \$2,320 from the difference between the projected and actual investment earnings, \$192 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 \$2,769 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Water Fund is \$9,237.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Deferred outflows of resources in the Sewer Fund consists of \$4,057 from the difference between the expected and actual experience, \$5,173 from changes in assumptions, \$5,414 from the difference between the projected and actual investment earnings, \$448 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 \$6,462 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Sewer Fund is \$21,554.

G. Unearned Income

Unearned income in the General Fund consists of \$2,048 of grant revenue received in advance.

H. Deferred Inflows of Resources

Total deferred inflows of resources in the Governmental Activities consists of \$1,786 of prepaid property taxes, \$7,136 from the difference between the expected and actual experience and \$184 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 Governmental Activities is \$9,106.

Total deferred inflows of resources in the Business-type Activities consists of \$1,067 from the difference between the expected and actual experience and \$27 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 is \$1,094.

Deferred inflows of resources in the General Fund consists of \$93,100 of delinquent property taxes and interest on those taxes and \$19,403 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$1,786 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$114,289.

Deferred inflows of resources in the Community Development Fund consists of \$296,628 of loans receivable.

Total deferred inflows of resources in the Water Fund consists of \$320 from the difference between the expected and actual experience and \$8 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 Water Fund is \$328.

Total deferred inflows of resources in the Sewer Fund consists of \$747 from the difference between the expected and actual experience and \$19 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 is \$766.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

I. 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.

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, 2019 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	\$ 80,000	\$ 0	\$ 10,000	\$ 70,000

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	<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, Interest Ranging from .804% to 5.084% Payable on May 1 and November 1, Due November, 2029	\$ 602,400	\$ 0	\$ 43,200	\$ 559,200
Note Payable, Community Bank, Public Safety Equipment, Principal Payments of \$6,263 Plus Interest at 2.35% Payable on June 3 Annually, Due and Paid June, 2019	6,263	0	6,263	0
Note Payable, Community Bank, Highway Equipment, Principal Payments of \$19,844 Plus Interest at 2.42% Payable on January 21 Annually, Due January, 2020	39,690	0	19,844	19,846
Note Payable, TD Bank, Highway Equipment, Principal Payments of \$71,601 Plus Interest at 1.83% Payable November 16 Annually, Due November, 2020	214,803	0	71,601	143,202
Note Payable, TD Bank, Fire Truck, Principal Payments of \$48,571 Plus Interest at 3.62% Payable October 1 Annually Beginning October 1, 2019, Due October, 2025	0	340,000	0	340,000
Note Payable, TD Bank, Grader, Principal Payments of \$30,000 Plus Interest at 3.48% Payable October 1 Annually Beginning October 1, 2019, Due October, 2023	0	150,000	0	150,000
Note Payable, TD Bank, Dump Truck, Principal Payments of \$26,500 Plus Interest at 3.48% Payable October 1 Annually Beginning October 1, 2019, Due October, 2023	0	130,000	0	130,000

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Lease Payable, Ford Motor Credit Co., Police Cruiser, Quarterly Principal and Interest Payments of \$3,215, Interest at 5.70%, Due and Paid May, 2019	\$ 9,375	\$ 0	\$ 9,375	\$ 0
Capital Lease Payable, Ford Motor Credit Co., Police Vehicle, Quarterly Principal and Interest Payments of \$3,485, Interest at 5.70%, Due May, 2020	<u>26,191</u>	<u>0</u>	<u>15,604</u>	<u>10,587</u>
Total Governmental Activities	<u>\$ 978,722</u>	<u>\$ 620,000</u>	<u>\$ 175,887</u>	<u>\$ 1,422,835</u>
Business-type Activities:				
Bond Payable, State of Vermont Special Environmental Revolving Fund, Waste Water Treatment Project, Principal Payments Ranging from \$11,671 to \$21,785 Plus an Administrative Fee at 2% Payable on March 1 Annually, Due March, 2026	\$ 162,772	\$ 0	\$ 18,965	\$ 143,807
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water and Sewer Line Upgrade, Principal Payments Ranging from \$14,323 to \$20,724 Plus an Administrative Fee at 2% Payable on May 1 Annually, Due May, 2032	255,912	0	16,021	239,891
Bond Payable, State of Vermont Special Environmental Revolving Fund, Preliminary Engineering System Improvements, Principal Payments of \$12,021 Payable on April 1 Annually, Interest at 0%, Due April, 2027	108,190	0	12,021	96,169

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	<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, Principal Payments of \$37,705 Payable July 1 Annually, Interest at 0%, Due July, 2047, the Town Recognized Grant Income of \$263,245 for Forgiven Principal During the Year	\$1,356,686	\$ 0	\$300,950	\$1,055,736
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% Payable on May 1 and November 1, Due November, 2029	652,600	0	46,800	605,800
Bond Payable, State of Vermont Special Environment Revolving Fund, East Main Street Water Line, Principal Payments 25,140 Payable May 1 Annually Interest at 0%, Due May, 2047, the Town Recognized Grant Income of \$459,986 for Forgiven Principal During the Year	1,189,044	0	485,126	703,918
Note Payable, Community Bank, Water Tank, Principal Payments of \$25,857 Plus Interest Payable Annually Beginning on November 7, 2018, Interest at 2.54%, Due November, 2024	<u>181,000</u>	<u>0</u>	<u>25,857</u>	<u>155,143</u>
Total Business-type Activities	<u>\$3,906,204</u>	<u>\$ 0</u>	<u>\$905,740</u>	<u>\$3,000,464</u>

Changes in long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 682,400	\$ 0	\$ 53,200	\$ 629,200	\$ 53,200
Notes Payable	260,756	620,000	97,708	783,048	196,018
Capital Lease Payable	35,566	0	24,979	10,587	10,587
Compensated Absences	35,617	0	11,805	23,812	0
Net Pension Liability	<u>384,765</u>	<u>61,545</u>	<u>0</u>	<u>446,310</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 1,399,104</u>	<u>\$ 681,545</u>	<u>\$ 187,692</u>	<u>\$ 1,892,957</u>	<u>\$ 259,805</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
General Obligation Bonds Payable	\$ 3,725,204	\$ 0	\$ 879,883	\$ 2,845,321	\$ 157,351
Notes Payable	181,000	0	25,857	155,143	25,857
Compensated Absences	10,789	0	3,219	7,570	0
Net Pension Liability	55,470	11,220	0	66,690	0
 Total Business-type Activities Long-term Liabilities	 \$ 3,972,463	 \$ 11,220	 \$ 908,959	 \$ 3,074,724	 \$ 183,208

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	Capital Leases	Principal	Interest
2020	\$ 249,218	\$ 49,250	\$ 11,065	\$ 183,208	\$ 35,238
2021	229,373	42,540	0	183,922	32,377
2022	157,771	35,605	0	184,650	29,381
2023	157,772	29,900	0	185,392	26,296
2024	157,771	24,120	0	186,150	23,122
2025-2029	333,143	58,491	0	747,177	70,424
2030-2034	127,200	8,689	0	512,986	11,868
2035-2039	0	0	0	314,225	0
2040-2044	0	0	0	314,223	0
2045-2047	0	0	0	188,531	0
 Total	 1,412,248	 248,595	 11,065	 3,000,464	 228,706
 Less: Imputed Interest	 0	 0	 (478)	 0	 0
 Total	 \$ 1,412,248	 \$ 248,595	 \$ 10,587	 \$ 3,000,464	 \$ 228,706

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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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>14,783</u>
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Total Nonspendable Fund Balances	\$ <u>14,783</u>
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TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

Major Funds

General Fund:

Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	\$ <u>746,944</u>
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Non-Major Governmental Funds

Restricted for Jericho Road Improvement by Grant Agreement (Source of Revenue is Grant Revenue)	48,746
Restricted for Fire Department Improvements by Impact Fees (Source of Revenue is Impact Fees)	16,812
Restricted for Highway Capital Expenses by Statute (Source of Revenue is Highway Property Taxes)	177,863
Restricted for Bridge and Culvert Expenses by Statute (Source of Revenue is Highway Property Taxes)	244,444
Restricted for Restoration of Record Expenses by Statute (Source of Revenue is Restoration Fees)	77,977
Restricted for Flag Replacement by Donations (Source of Revenue is Donations)	7,802
Restricted for Recreation Path Expenditures by Donations (Source of Revenue is Donations)	1,151
Restricted for Tennis Program Expenses by Donations (Source of Revenue is Donations)	310
Restricted for Tree Replacement by Donations (Source of Revenue is Donations)	237
Restricted for Richmond Fire Department Expenditures by Donations (Source of Revenue is Donations)	10,680
Restricted for Richmond Free Library by Donations (Source of Revenue is Donations)	2,770
Restricted for Lister Education by Grant Agreement (Source of Revenue is Grant Revenue)	2,548
Restricted for Cemetery Expenses by Fees and Donations (Source of Revenue is Fees and Donations)	153,803
Restricted for Andrews Community Forest by Donations (Source of Revenue is Donations)	<u>25,198</u>
Total Non-Major Funds	<u>770,341</u>
Total Restricted Fund Balances	<u>\$1,517,285</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

Non-Major Funds

Committed by Voters for Conservation Reserve	\$287,285
Committed by Voters for Police Reserve	8,283
Committed by Voters for Library Reserve	40,076
Committed by Voters for Fire Reserve	77,091
Committed by Voters for Railroad Street Planning	<u>7,069</u>
Total Non-Major Funds	<u>419,804</u>
Total Committed Fund Balances	<u>\$419,804</u>

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

Major Fund

Town Center Maintenance Fund:

Assigned for Town Center Maintenance Expenditures	<u>\$459,145</u>
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Non-Major Funds

Assigned for Reappraisal Expenses	135,231
Assigned for Soccer Program Expenses	<u>12,356</u>
Total Non-Major Funds	<u>147,587</u>
Total Assigned Fund Balance	<u>\$606,732</u>

K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2019 consisted of the following:

Governmental Activities:

Restricted for Highway Expenditures by Statute	\$ 746,944
Restricted for Community Development by Grant Agreement	296,628
Restricted for Jericho Road Improvement by Grant Agreement	48,746
Restricted for Fire Department Improvements by Impact Fees	16,812
Restricted for Highway Capital by Statute	177,863
Restricted for Bridge and Culvert Expenses by Statute	244,444
Restricted for Restoration of Records by Statute	77,977
Restricted for Flag Replacement by Donations	7,802
Restricted for Recreation Path Expenditures by Donations	1,151
Restricted for Tennis Program by Donations	310
Restricted for Tree Replacement by Donations	237

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Restricted for Richmond Fire Department by Donations	\$ 10,680
Restricted for Richmond Free Library by Donations	2,770
Restricted for Lister Education Reserve by Grant Agreement	2,548
Restricted for Cemetery Expenses by Donations	153,803
Restricted for Andrews Community Forest by Donations	<u>25,198</u>
Total Governmental Activities	<u>\$1,813,913</u>

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	\$24,660
Restricted for Shanyon Athletic Fund by Bequest to be Spent on School Athletics	3,153
Restricted for Shanyon Trust Fund by Bequest to be Spent on Scholarships	<u>3,411</u>
Total Private Purpose Trust Funds	<u>\$31,224</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, 2019, the retirement system consisted of 402 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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

As of June 30, 2018, the measurement date selected by the State of Vermont, VMERS was funded at 82.60% and had a plan fiduciary net position of \$667,848,905 and a total pension liability of \$808,524,797 resulting in a net position liability of \$140,675,892. As of June 30, 2019, the Town's proportionate share of this was 0.3647% resulting in a net pension liability of \$513,000. The net pension liability was measured as of June 30, 2018, 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. The Town's proportion of 0.3647% was an increase of 0.0013 from its proportion measured as of the prior year.

For the year ended June 30, 2019, the Town recognized pension expense of \$147,592.

As of June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 44,560	\$ 8,203
Changes in assumptions	56,808	0
Difference between projected and actual investment earnings	59,455	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,921	211
Town's required employer contributions made subsequent to the measurement date	<u>70,963</u>	<u>0</u>
	<u>\$ 236,707</u>	<u>\$ 8,414</u>

TOWN OF RICHMOND, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

The deferred outflows of resources resulting from the Town’s required employer contributions made subsequent to the measurement date in the amount of \$70,963 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2020	\$ 98,099
2021	36,475
2022	10,219
2023	<u>12,537</u>
Total	<u>\$157,330</u>

Summary of System Provisions

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

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group B – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Service Retirement Allowance:

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

Amount – Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

Maximum benefit is 60% of AFC for Group B and 50% of AFC for Group D. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Group B. Age 50 with twenty (20) years of service for Group D.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members, and payable without reduction to Group D members.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

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

Amount – For Group B, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.

Optional Benefit and Death after Retirement – For Group B, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

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

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

Member Contributions – Group B – 5.0%. Group D – 11.475%.

Employer Contributions – Group B – 5.625%. Group D – 9.975%.

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

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation.

Salary increases: 5% per year.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Mortality:

Death in Active Service: Group B – 98% of RP-2006 blended 60% Blue Collar Employee, 40% Healthy Employee with generational improvement. Group D – RP-2006 Blue Collar Annuitant Table with generation improvement.

Healthy Post-Retirement: Group B – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational improvement. Group D – 100% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational improvement.

Disabled Post-Retirement: Groups B and D – RP-2006 Disabled Mortality Table with generational improvement.

Spouse's Age: Females three years younger than males.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.30% per annum for Groups B and D members (beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups B and D who receive a disability retirement benefit). The January 1, 2019 COLA is assumed to be 1.3% for all groups.

Actuarial Cost Method: Entry age actuarial cost method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by salary, with normal cost determined using the plan of benefits applicable to each participant.

Actuarial Value of Assets: 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 market value of assets by more than 20%.

Inflation: 2.50%.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	18%	6.10%
Non-US Equity	16%	7.45%
Global Equity	9%	6.74%
Fixed Income	26%	2.25%
Real Estate	8%	5.11%
Private Markets	15%	7.60%
Hedge Funds	8%	3.86%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System’s projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$868,907	\$513,000	\$223,550

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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The Town is also a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The 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 Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

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 four installments on August 15, 2018, November 15, 2018, February 15, 2019 and May 15, 2019 and become delinquent on May 16, 2019. The Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month for the first three (3) months and 1.5% per month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2019 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.6886	.6886
Education	<u>1.5623</u>	<u>1.6543</u>
Total	<u>2.2509</u>	<u>2.3429</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, 2019 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 for an amended five-year term. In September, 2018, the lease was renewed for a second time through September, 2023. Rental income for the year ended June 30, 2019 was \$92,537.

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

<u>Year Ending June 30,</u>	<u>USPS</u>	<u>Total</u>
2020	\$ 93,666	\$ 93,666
2021	93,666	93,666
2022	93,666	93,666
2023	93,666	93,666
2024	<u>15,611</u>	<u>15,611</u>
Total	<u>\$ 390,275</u>	<u>\$ 390,275</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes -			
Property Taxes	\$ 3,194,194	\$ 3,194,385	\$ 191
Delinquent Penalties and Interest	43,000	32,051	(10,949)
State PILOT	1,580	3,779	2,199
Total Property Taxes	<u>3,238,774</u>	<u>3,230,215</u>	<u>(8,559)</u>
Intergovernmental -			
Highway State Aid	113,500	113,031	(469)
Railroad Tax	3,391	3,601	210
Current Use Program	80,000	78,371	(1,629)
Act 60 Reappraisal Grant	1,700	1,731	31
Per Parcel Revenue for Listing	14,000	14,713	713
Total Intergovernmental	<u>212,591</u>	<u>211,447</u>	<u>(1,144)</u>
Fees, Licenses, and Permits -			
Liquor Licenses	1,200	855	(345)
Dog Licenses	5,100	5,340	240
Marriage Licenses	200	210	10
Overweight Permits	1,000	1,460	460
Access Permits	150	560	410
Vehicle Registration	250	176	(74)
Zoning Permits	16,000	17,341	1,341
Right of Way Permit	300	1,730	1,430
Field Use	500	485	(15)
Rentals & Bolton Fees	8,000	16,044	8,044
Total Fees, Licenses, and Permits	<u>32,700</u>	<u>44,201</u>	<u>11,501</u>
Charges for Goods and Services -			
Town Center Rent	21,000	21,000	0
Water and Sewer Administrative Charges	30,500	30,500	0
Town Clerk's Fees	26,000	17,125	(8,875)
Vault Time and Copies	4,000	3,499	(501)
Certified Copies	1,200	920	(280)
Total Charges for Goods and Services	<u>82,700</u>	<u>73,044</u>	<u>(9,656)</u>
Police Revenues -			
Police Grants	15,000	0	(15,000)
Local Fines	2,000	5,151	3,151
Police Receipts	1,200	645	(555)
CESU Contribution - SRO	30,000	28,718	(1,282)
Uniform Traffic Tickets	37,200	9,771	(27,429)
Police Short-term Contract	500	1,395	895
Police Bolton Contract	4,320	2,670	(1,650)
Police Sale of Town Property	1,000	824	(176)
Miscellaneous	0	15	15
Total Police Revenues	<u>91,220</u>	<u>49,189</u>	<u>(42,031)</u>

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget	Actual	Variance Favorable/ (Unfavorable)
Other Revenues -			
Loan Proceeds - Fire Truck	\$ 395,000	\$ 340,000	\$ (55,000)
Insurance Proceeds	0	1,750	1,750
Interest Income	0	30,206	30,206
Miscellaneous - Highway	0	120	120
Miscellaneous	0	7,721	7,721
Total Other Revenues	395,000	379,797	(15,203)
Total Revenues	4,052,985	3,987,893	(65,092)
Expenditures:			
Town Administration -			
Salaries - Administrative	225,301	228,082	(2,781)
Salaries - Delinquent Tax Collector	10,000	13,351	(3,351)
Health Insurance Opt Out	0	2,308	(2,308)
Election Expenses	2,700	566	2,134
Selectboard	3,750	3,750	0
Payroll Taxes	17,346	19,181	(1,835)
Retirement	10,055	11,372	(1,317)
Health Insurance	43,401	28,589	14,812
Long-term Disability	1,325	1,139	186
Awards	800	1,260	(460)
Office Supplies	3,250	7,364	(4,114)
Recording Books	3,600	1,915	1,685
Postage	7,500	5,559	1,941
Office Equipment	2,500	3,102	(602)
Website Administration	1,100	1,282	(182)
Advertising Administration	4,000	3,568	432
Town Reports	3,000	2,475	525
Training and Education	1,500	790	710
Travel	150	179	(29)
Telephone	4,600	3,768	832
Association Dues	550	215	335
Contracted Services - Administrative	11,600	9,145	2,455
Contracted Services - Animal	3,200	2,739	461
Contracted Services - Election	4,700	3,231	1,469
Technology	1,000	12,391	(11,391)
Heat	9,000	8,631	369
Electricity	9,500	7,896	1,604
Water and Sewer	6,800	6,280	520
Trash Removal	2,000	1,618	382
Building Maintenance	11,000	26,471	(15,471)
Landscaping and Tree Maintenance	2,000	573	1,427
Membership Dues	5,800	6,077	(277)
Legal	7,500	5,702	1,798
Independent Auditors	26,000	30,591	(4,591)
Engineering Review	3,000	0	3,000
General Insurance	157,000	167,486	(10,486)
County Tax	22,000	21,729	271
Emergency Management	500	0	500

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**TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Administration (Continued) -			
Transportation Services - SSTA	\$ 2,000	\$ 880	\$ 1,120
Flags	1,000	1,827	(827)
Front Porch Forum	100	0	100
Fire Protection	45,637	45,637	0
Richmond Rescue	72,800	72,800	0
Employee Recruitment	0	1,363	(1,363)
Miscellaneous	0	37	(37)
	<u>750,565</u>	<u>772,919</u>	<u>(22,354)</u>
Total Town Administration			
Listers Department -			
Office Supplies	850	1,120	(270)
Contracted Work	21,600	21,188	412
Tax Map Maintenance	1,500	0	1,500
Reappraisal Reserve	6,000	6,000	0
	<u>29,950</u>	<u>28,308</u>	<u>1,642</u>
Total Listers Department			
Planning and Zoning Department -			
Salaries	65,484	71,375	(5,891)
Payroll Taxes	5,042	5,323	(281)
Retirement	2,385	2,611	(226)
Health Insurance	4,513	4,121	392
Health Insurance Opt Out	1,261	1,278	(17)
Long-term Disability	375	344	31
Office Supplies	2,800	4,764	(1,964)
Postage	400	203	197
Advertising	3,000	4,354	(1,354)
Training and Education	800	230	570
Travel	600	389	211
Association Dues	210	0	210
Contracted Work	4,000	1,600	2,400
Legal	5,000	4,469	531
Regional Planning Dues	5,800	5,414	386
Video and Broadcasting	0	540	(540)
	<u>101,670</u>	<u>107,015</u>	<u>(5,345)</u>
Total Planning and Zoning Department			
Police Department -			
Salaries	307,131	234,068	73,063
School Resource Officer	30,000	28,718	1,282
Health Insurance Opt Out	5,000	3,846	1,154
Overtime	43,404	35,251	8,153
Payroll Taxes	29,301	23,830	5,471
Retirement	32,677	24,454	8,223
Health Insurance	95,193	71,211	23,982
Long-term Disability	2,500	1,285	1,215
Short-term Disability	0	645	(645)
Life Insurance	2,200	0	2,200
Constable Training	500	95	405
Uniforms	6,500	5,448	1,052
Petty Cash	500	0	500
Office Supplies	2,760	1,992	768

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TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Police Department (Continued) -			
Office Equipment	\$ 2,653	\$ 2,054	\$ 599
Computer - Office	4,268	6,648	(2,380)
Training and Education	3,308	2,735	573
Forensic Testing	500	0	500
Travel	500	380	120
Telephone	8,000	9,723	(1,723)
Supplies	5,298	4,339	959
Equipment Repair	1,000	1,524	(524)
Gas and Diesel	20,000	14,046	5,954
Cruiser Repairs	7,718	6,514	1,204
Cruiser Equipment	4,500	4,500	0
Cruiser Tires	4,245	4,328	(83)
Cruiser Purchase/Lease	50,260	66,289	(16,029)
Cruiser Interest	4,099	1,658	2,441
Police Capital Reserve	2,081	2,081	0
Police Capital Camera's Principal	6,264	6,264	0
Police Capital Camera's Interest	147	139	8
CUSI Domestic Task Force	7,526	7,530	(4)
	<u>690,033</u>	<u>571,595</u>	<u>118,438</u>
Total Police Department			
Library -			
Salaries	142,563	144,399	(1,836)
Health Insurance Opt Out	10,000	10,031	(31)
Payroll Taxes	10,906	11,640	(734)
Retirement	4,921	6,283	(1,362)
Health Insurance	2,400	761	1,639
Long-term Disability	985	621	364
Office Supplies	2,000	1,847	153
Postage	1,000	876	124
Computer	2,500	99	2,401
Training and Education	300	0	300
Travel	300	74	226
Telephone	2,550	2,669	(119)
Heat	3,000	2,817	183
Electricity	4,500	4,225	275
Water and Sewer	1,600	2,089	(489)
Maintenance	9,000	12,448	(3,448)
Books	15,000	15,149	(149)
Programs	1,200	1,300	(100)
Library Reserve	8,000	8,000	0
	<u>222,725</u>	<u>225,328</u>	<u>(2,603)</u>
Total Library			
Fire Department -			
Salaries	32,000	35,055	(3,055)
Payroll Taxes	2,464	2,667	(203)
Training and Education	1,500	840	660
Travel	400	487	(87)
Telephone	2,900	2,949	(49)
Public Relations	500	538	(38)
Heat	2,500	2,419	81
Electricity	2,100	1,919	181

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**TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department (Continued) -			
Water and Sewer	\$ 1,500	\$ 1,508	\$ (8)
Maintenance	100,000	73,581	26,419
Turnout Gear	12,000	8,841	3,159
Air Packs	12,000	13,013	(1,013)
Radio Repair	3,000	2,177	823
Radio Dispatch	6,000	3,819	2,181
Gas, Oil, and Diesel Fuels	2,500	3,680	(1,180)
Pump Testing	2,000	375	1,625
Fleet Maintenance	11,000	13,789	(2,789)
Hose Testing	2,500	0	2,500
Equipment Repair	2,500	2,626	(126)
Supplies	2,000	1,380	620
Equipment Purchase	11,000	33,010	(22,010)
Fire Truck Purchase	395,000	384,542	10,458
2005 Engine Bond	10,000	10,000	0
2005 Engine Interest	3,332	2,715	617
2015 Engine Bond	50,121	50,121	0
2015 Engine Interest	2,752	2,772	(20)
Fire Capital Reserve	28,500	28,500	0
Total Fire Department	<u>702,069</u>	<u>683,323</u>	<u>18,746</u>
Recreation and Trails -			
Salaries	2,500	3,832	(1,332)
Payroll Taxes	200	303	(103)
Association Dues	250	660	(410)
Electricity	700	601	99
Water and Sewer	1,300	1,259	41
Trash Removal	1,300	1,049	251
Park Maintenance	4,500	1,310	3,190
Trail Maintenance	1,000	707	293
Recreation Equipment	1,500	161	1,339
Conservation Commission Supplies	1,000	0	1,000
Special Events	500	208	292
Lake Iroquois Association	400	0	400
Lake Iroquois District	600	0	600
Conservation Fund Reserve	45,300	45,300	0
Total Recreation and Trails	<u>61,050</u>	<u>55,390</u>	<u>5,660</u>
Charitable Appropriations -			
Age Well	2,000	2,000	0
Richmond Community Band	400	0	400
Hale & Hearty	4,100	4,100	0
Visiting Nurses Association	9,693	9,693	0
Vermont Center for Independent Living	375	375	0
Committee on Temporary Shelter	1,000	1,000	0
Our Community Cares Camp	250	0	250
Total Charitable Appropriations	<u>17,818</u>	<u>17,168</u>	<u>650</u>

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TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Department -			
Salaries	\$ 268,000	\$ 282,647	\$ (14,647)
Health Insurance Opt Out	10,000	10,031	(31)
Overtime	34,000	42,667	(8,667)
Payroll Taxes	23,256	25,322	(2,066)
Retirement	15,420	16,999	(1,579)
Health Insurance	68,756	68,289	467
Long-term Disability	2,975	1,657	1,318
Uniforms	2,800	2,644	156
Office Supplies	1,500	1,615	(115)
Travel	0	197	(197)
Telephone	2,400	2,227	173
Education and Licenses	400	90	310
Heat	6,500	7,760	(1,260)
Electricity	2,500	1,859	641
Water and Sewer	2,200	1,985	215
Trash Removal	1,000	976	24
Maintenance	7,000	7,048	(48)
Street Lights	15,000	17,175	(2,175)
Radio	600	625	(25)
Radio Repair	300	1,075	(775)
Gas and Oil	3,500	5,027	(1,527)
Diesel Fuel	45,000	46,833	(1,833)
Truck Repairs	15,000	18,948	(3,948)
Excavator Repairs	2,500	5,433	(2,933)
Winter Maintenance Attachments	300	294	6
Grader Repair	1,000	47	953
Loader Repair	1,000	1,547	(547)
Pickup Repair	500	638	(138)
Park Mower	500	626	(126)
Roadside Mower	500	426	74
Tractor	400	0	400
Utility Vehicle	1,500	1,482	18
Tires Chains	1,000	950	50
Tires	8,000	7,853	147
Small Equipment Repair	1,000	825	175
Equipment Rental	20,000	2,150	17,850
Engineering & Consulting	200	199	1
Small Equipment Purchases	7,000	6,916	84
Cutting Edges	10,000	9,991	9
Welding and Cutting Supplies	1,000	766	234
Wood Chip Rental	2,000	835	1,165
Miscellaneous Equipment Parts	1,000	454	546
Patching	1,000	2,453	(1,453)
Chloride	15,000	6,406	8,594
Miscellaneous Supplies	1,000	269	731
Sweeping	4,000	3,850	150
Centerline Paint and Shoulder	3,500	756	2,744
Guardrails	5,000	2,430	2,570
Signs	3,000	3,301	(301)
Culverts	6,000	6,030	(30)
Gravel and Aggregate	150,000	80,426	69,574
Salt	80,000	97,751	(17,751)
Sand	48,000	16,196	31,804

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TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Department (Continued) -			
Retreatment	\$ 292,000	\$ 298,627	\$ (6,627)
Stormwater and Sidewalks	120,000	41,626	78,374
Jericho Road Principal	43,200	43,200	0
Jericho Road Interest	23,169	19,258	3,911
2015 Tandem Dump Truck Principal	19,844	19,844	0
2015 Tandem Dump Truck Interest	480	943	(463)
Project 4a Millet Stormwater	7,046	6,976	70
2016 Tandem Dump Truck Principal	21,480	21,480	0
2016 Tandem Dump Truck Interest	1,179	1,188	(9)
2019 Grader Down Payment	35,000	35,000	0
2019 Dump Truck Down Payment	25,000	24,000	1,000
2019 Tractor 4WD Full Payment	10,000	9,065	935
Highway Capital Reserve	27,700	27,700	0
Bridge and Culvert Reserve	37,000	37,000	0
East Main Streetscape	0	155	(155)
Rip Rap Interest	0	1,453	(1,453)
	<u>1,567,105</u>	<u>1,412,511</u>	<u>154,594</u>
Total Highway Department			
	<u>1,567,105</u>	<u>1,412,511</u>	<u>154,594</u>
Total Expenditures	<u>4,142,985</u>	<u>3,873,557</u>	<u>269,428</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ (90,000)</u>	<u>114,336</u>	<u>\$ 204,336</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Unbudgeted Special Grant Revenue		83,977	
Unbudgeted FEMA Grant Revenue		110,510	
Unbudgeted Transfer from Conservation Fund		20,000	
Unbudgeted Proceeds from Sale of Vehicles and Equipment		51,615	
Unbudgeted Proceeds from Long-term Debt		280,000	
Unbudgeted Special Grant Expenses		(94,913)	
Unbudgeted Grader Purchase		(177,344)	
Unbudgeted Dump Truck Purchase		(129,985)	
Unbudgeted Pickup Truck Purchase		(68,696)	
Unbudgeted River Bank Stabilization Expenses		(140,723)	
Net Change in Fund Balance		48,777	
Fund Balance - July 1, 2018		<u>928,977</u>	
Fund Balance - June 30, 2019		<u>\$ 977,754</u>	

The reconciling items are due to combining the Special Grants Fund with the General Fund and unbudgeted FEMA grant revenue, transfers, proceeds from the sale of vehicles and equipment, proceeds from long-term debt, the purchase of a grader, dump truck and pickup truck, and river bank stabilization expenses.

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TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2019

	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.3647%	0.3634%	0.3544%	0.3483%	0.3511%
Town's Proportionate Share of the Net Pension Liability	\$ 513,000	\$ 440,234	\$ 456,099	\$ 268,497	\$ 32,043
Town's Covered Employee Payroll	\$ 1,081,764	\$ 1,043,304	\$ 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	47.4225%	42.1961%	42.2739%	28.5561%	3.5379%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

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

**TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 70,963	\$ 57,382	\$ 59,341	\$ 51,713	\$ 48,682
Contributions in Relation to the Actuarially Determined Contributions	<u>70,963</u>	<u>57,382</u>	<u>59,341</u>	<u>51,713</u>	<u>48,682</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 1,081,764	\$ 1,043,304	\$ 1,078,914	\$ 940,245	\$ 905,706
Contributions as a Percentage of Town's Covered Employee Payroll	6.560%	5.500%	5.500%	5.500%	5.375%

Notes to Schedule

Valuation Date: June 30, 2018

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

**TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Jericho Road Improvement 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	Records Restoration Fund
ASSETS										
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due from Other Funds	<u>48,746</u>	<u>287,285</u>	<u>8,283</u>	<u>40,076</u>	<u>77,091</u>	<u>16,812</u>	<u>177,863</u>	<u>244,444</u>	<u>135,231</u>	<u>77,977</u>
Total Assets	<u>\$ 48,746</u>	<u>\$ 287,285</u>	<u>\$ 8,283</u>	<u>\$ 40,076</u>	<u>\$ 77,091</u>	<u>\$ 16,812</u>	<u>\$ 177,863</u>	<u>\$ 244,444</u>	<u>\$ 135,231</u>	<u>\$ 77,977</u>
LIABILITIES										
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCES										
Restricted	48,746	0	0	0	0	16,812	177,863	244,444	0	77,977
Committed	0	287,285	8,283	40,076	77,091	0	0	0	0	0
Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>135,231</u>	<u>0</u>
Total Fund Balances	<u>48,746</u>	<u>287,285</u>	<u>8,283</u>	<u>40,076</u>	<u>77,091</u>	<u>16,812</u>	<u>177,863</u>	<u>244,444</u>	<u>135,231</u>	<u>77,977</u>
Total Liabilities and Fund Balances	<u>\$ 48,746</u>	<u>\$ 287,285</u>	<u>\$ 8,283</u>	<u>\$ 40,076</u>	<u>\$ 77,091</u>	<u>\$ 16,812</u>	<u>\$ 177,863</u>	<u>\$ 244,444</u>	<u>\$ 135,231</u>	<u>\$ 77,977</u>

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**TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Railroad Street Planning Fund	Adam Muller Flag Fund	Recreation Path Fund	Recreation (Soccer- Tennis) Fund	Tree Replacement Fund	Richmond Fire Department Fund	Richmond Free Library Fund	Lister Education Reserve Fund	Cemetery Funds Fund	Andrews Community Forest Fund	Total
ASSETS											
Cash	\$ 0	\$ 0	\$ 0	\$ 310	\$ 0	\$ 10,680	\$ 2,770	\$ 0	\$ 153,503	\$ 0	\$ 167,263
Due from Other Funds	<u>7,069</u>	<u>7,802</u>	<u>1,151</u>	<u>12,356</u>	<u>237</u>	<u>0</u>	<u>0</u>	<u>2,548</u>	<u>300</u>	<u>25,198</u>	<u>1,170,469</u>
Total Assets	<u>\$ 7,069</u>	<u>\$ 7,802</u>	<u>\$ 1,151</u>	<u>\$ 12,666</u>	<u>\$ 237</u>	<u>\$ 10,680</u>	<u>\$ 2,770</u>	<u>\$ 2,548</u>	<u>\$ 153,803</u>	<u>\$ 25,198</u>	<u>\$ 1,337,732</u>
LIABILITIES											
Liabilities:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FUND BALANCES											
Restricted	0	7,802	1,151	310	237	10,680	2,770	2,548	153,803	25,198	770,341
Committed	7,069	0	0	0	0	0	0	0	0	0	419,804
Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,356</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>147,587</u>
Total Fund Balances	<u>7,069</u>	<u>7,802</u>	<u>1,151</u>	<u>12,666</u>	<u>237</u>	<u>10,680</u>	<u>2,770</u>	<u>2,548</u>	<u>153,803</u>	<u>25,198</u>	<u>1,337,732</u>
Total Liabilities and Fund Balances	<u>\$ 7,069</u>	<u>\$ 7,802</u>	<u>\$ 1,151</u>	<u>\$ 12,666</u>	<u>\$ 237</u>	<u>\$ 10,680</u>	<u>\$ 2,770</u>	<u>\$ 2,548</u>	<u>\$ 153,803</u>	<u>\$ 25,198</u>	<u>\$ 1,337,732</u>

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TOWN OF RICHMOND, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Jericho Road Improvement 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	Records Restoration Fund
Revenues:										
Fees, Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,078	\$ 0	\$ 0	\$ 0	\$ 11,817
Donations	0	0	0	0	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0	0	0	0	0
Total Revenues	0	0	0	0	0	2,078	0	0	0	11,817
Expenditures:										
General Government	0	0	0	0	0	0	0	0	0	8,806
Public Safety	0	0	0	0	0	0	0	0	0	0
Highways and Streets	0	0	0	0	0	0	0	6,510	0	0
Library	0	0	0	0	0	0	0	0	0	0
Culture and Recreation	0	11,000	0	0	0	0	0	0	0	0
Capital Outlay:										
Highways and Streets	0	0	0	0	0	0	0	68,145	0	0
Total Expenditures	0	11,000	0	0	0	0	0	74,655	0	8,806
Excess/(Deficiency) of Revenues Over Expenditures	0	(11,000)	0	0	0	2,078	0	(74,655)	0	3,011
Other Financing Sources/(Uses):										
Transfers In	0	45,300	2,081	8,000	28,500	0	27,700	37,000	6,000	0
Transfers Out	0	(20,000)	0	0	0	0	0	0	0	0
Total Other Financing Sources/(Uses)	0	25,300	2,081	8,000	28,500	0	27,700	37,000	6,000	0
Net Change in Fund Balances	0	14,300	2,081	8,000	28,500	2,078	27,700	(37,655)	6,000	3,011
Fund Balances - July 1, 2018	48,746	272,985	6,202	32,076	48,591	14,734	150,163	282,099	129,231	74,966
Fund Balances - June 30, 2019	\$ 48,746	\$ 287,285	\$ 8,283	\$ 40,076	\$ 77,091	\$ 16,812	\$ 177,863	\$ 244,444	\$ 135,231	\$ 77,977

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, 2019

	Railroad Street Planning Fund	Adam Muller Flag Fund	Recreation Path Fund	Recreation (Soccer- Tennis) Fund	Tree Replacement Fund	Richmond Fire Department Fund	Richmond Free Library Fund	Lister Education Reserve Fund	Cemetery Funds Fund	Andrews Community Forest Fund	Total
Revenues:											
Fees, Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 5,913	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,945	\$ 0	\$ 24,753
Donations	0	0	0	0	0	7,039	2,786	0	0	6,400	16,225
Interest Income	0	0	0	0	0	2	0	0	1,482	0	1,484
Total Revenues	0	0	0	5,913	0	7,041	2,786	0	6,427	6,400	42,462
Expenditures:											
General Government	0	1,686	0	0	0	0	0	0	288	0	10,780
Public Safety	0	0	0	0	0	3,718	0	0	0	0	3,718
Highways and Streets	0	0	0	0	0	0	0	0	0	0	6,510
Library	0	0	0	0	0	0	3,135	0	0	0	3,135
Culture and Recreation	0	0	1,000	3,925	0	0	0	0	0	5,898	21,823
Capital Outlay:											
Highways and Streets	0	0	0	0	0	0	0	0	0	0	68,145
Total Expenditures	0	1,686	1,000	3,925	0	3,718	3,135	0	288	5,898	114,111
Excess/(Deficiency) of Revenues Over Expenditures	0	(1,686)	(1,000)	1,988	0	3,323	(349)	0	6,139	502	(71,649)
Other Financing Sources/(Uses):											
Transfers In	0	0	0	0	0	0	0	0	0	0	154,581
Transfers Out	0	0	0	0	0	0	0	0	0	0	(20,000)
Total Other Financing Sources/(Uses)	0	0	0	0	0	0	0	0	0	0	134,581
Net Change in Fund Balances	0	(1,686)	(1,000)	1,988	0	3,323	(349)	0	6,139	502	62,932
Fund Balances - July 1, 2018	7,069	9,488	2,151	10,678	237	7,357	3,119	2,548	147,664	24,696	1,274,800
Fund Balances - June 30, 2019	\$ 7,069	\$ 7,802	\$ 1,151	\$ 12,666	\$ 237	\$ 10,680	\$ 2,770	\$ 2,548	\$ 153,803	\$ 25,198	\$ 1,337,732

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Water Receipts	\$ 297,500	\$ 308,228	\$ 10,728
Hydrant Sales	1,500	1,245	(255)
Sale of Meters	0	750	750
Hook on Fees	500	1,185	685
Fire Service Fees	45,637	45,637	0
FEMA Grant Revenue	0	3,260	3,260
Investment Income	0	1,655	1,655
	Total Revenues	345,137	16,823
Expenditures:			
Administration:			
Payroll and Benefits:			
Salaries	51,443	47,225	4,218
Overtime	900	1,505	(605)
Payroll Taxes	3,862	3,696	166
Retirement	2,750	832	1,918
Health Insurance	10,828	10,150	678
Health Insurance Opt Out	0	254	(254)
Long-term Disability	325	314	11
	Total Payroll and Benefits	63,976	6,132
Office Expenses:			
Uniforms	360	41	319
Office Supplies	210	355	(145)
Office Equipment	150	44	106
Computer	0	221	(221)
Advertising	150	0	150
Administrative	4,500	4,350	150
Training/Education	750	465	285
Safety Training	90	0	90
Travel	300	0	300
Telephone	900	1,534	(634)
Association Dues	150	144	6
General Insurance	4,800	4,800	0
Legal	0	420	(420)
	Total Office Expenses	12,374	(14)
	Total Administration	76,350	6,118
Water Department:			
Personal Protective Equipment	500	132	368
Heat	600	513	87
Electricity	8,000	8,151	(151)
Trash Removal	500	790	(290)
Permits, Fees and Licenses	1,500	1,737	(237)

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TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Water Department (Continued):			
Water Contracted	\$ 5,000	\$ 972	\$ 4,028
Equipment Rental	500	332	168
Engineering	2,000	455	1,545
Gas, Oil and Diesel	700	376	324
Fleet Maintenance	1,000	1,364	(364)
Water Line Repairs	25,000	16,505	8,495
Pumps and Tanks	5,000	3,254	1,746
Asphalt Repair	1,000	9,775	(8,775)
Equipment Purchase	500	35	465
Supplies	1,000	675	325
Meters	3,000	2,935	65
Water Treatment Chemicals	1,000	2,834	(1,834)
Miscellaneous	0	2,478	(2,478)
Total Water Department	56,800	53,313	3,487
Capital and Debt:			
Short Term Asset Reserve	20,000	24,025	(4,025)
Water Capital Reserve	42,793	126,540	(83,747)
Distribution System Capital Reserve	15,000	15,000	0
Water Reservoir Principal	38,220	37,705	515
Water Reservoir Gap Principal	25,857	25,857	0
Water Reservoir Gap Interest	0	4,522	(4,522)
East Main Street RF3-335 Principal	25,607	25,140	467
Jericho Road Loan Principal	24,336	26,208	(1,872)
Jericho Road Loan Interest	14,056	11,588	2,468
Bridge Crossing Engineering	0	5,245	(5,245)
Total Capital and Debt	205,869	301,830	(95,961)
Total Expenses	345,137	431,493	(86,356)
Net Income/(Loss)	\$ 0	(69,533)	\$ (69,533)
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(71,501)	
Bond Principal		114,910	
Debt Forgiveness		723,231	
Fund Reserves		12,431	
Capital Outlay		142,565	
Change in Net Pension Liability - GASB 68		(3,169)	
Change in Accrued Compensated Absences		4,732	
Change in Accrued Interest		(48)	
Change in Net Position - Exhibit H		\$ 853,618	

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TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Favorable/ (Unfavorable)
Revenues:			
Sewer Receipts	\$ 391,000	\$ 388,423	(2,577)
Hook on Fees - Sewer	1,000	0	(1,000)
Septage Receipts	190,000	238,580	48,580
Investment Income	0	3,861	3,861
Transfer In	0	6,976	6,976
	<u>582,000</u>	<u>637,840</u>	<u>55,840</u>
Total Revenues			
Expenditures:			
Administration:			
Payroll and Benefits:			
Salaries	120,033	112,067	7,966
Overtime	2,100	3,512	(1,412)
Payroll Taxes	9,010	8,624	386
Retirement	6,416	8,413	(1,997)
Health Insurance	25,265	23,682	1,583
Health Insurance Opt Out	0	592	(592)
Long-term Disability	725	733	(8)
	<u>163,549</u>	<u>157,623</u>	<u>5,926</u>
Total Payroll and Benefits			
Office Expenses:			
Uniforms	840	444	396
Office Supplies	490	598	(108)
Office Equipment	350	102	248
Computer	0	515	(515)
Advertising	350	0	350
Administrative	10,500	10,150	350
Training/Education	1,750	828	922
Safety Training	210	0	210
Travel	700	0	700
Telephone	2,100	3,783	(1,683)
Association Dues	350	336	14
General Insurance	11,200	11,200	0
	<u>28,840</u>	<u>27,956</u>	<u>884</u>
Total Office Expenses			
Total Administration			
	<u>192,389</u>	<u>185,579</u>	<u>6,810</u>
Pump Station:			
Electricity	1,000	0	1,000
Maintenance	1,800	0	1,800
	<u>2,800</u>	<u>0</u>	<u>2,800</u>
Total Pump Station			
Wastewater Department:			
Personal Protective Gear	500	349	151
Heat Dewatering	13,000	7,482	5,518
Electricity	34,200	30,862	3,338
Wastewater Treatment Facility	16,000	32,880	(16,880)

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
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Wastewater Department (Continued):			
Trash Removal	\$ 1,300	\$ 1,404	\$ (104)
Permits, Certificates and Licenses	800	766	34
Wastewater Contracted	7,500	3,136	4,364
Biosolids Contracted	3,500	4,836	(1,336)
Equipment Rental	500	146	354
Biosolids Disposal	60,000	65,667	(5,667)
Engineering	500	792	(292)
Gas, Oil and Diesel Fuel	1,800	1,128	672
Fleet Maintenance	2,500	3,099	(599)
Facility Repairs - Wastewater	6,000	11,174	(5,174)
Facility Repairs - Biosolids	6,000	4,120	1,880
Collection System Repair	4,000	136	3,864
Wastewater Chemicals	6,000	7,067	(1,067)
Biosolids Chemicals	35,000	35,492	(492)
Septage Chemicals	0	3,675	(3,675)
Supplies	5,000	2,479	2,521
Total Wastewater Department	204,100	216,690	(12,590)
Capital and Debt:			
Short-term (10 yr.) Capital Fund	20,000	20,000	0
Collection System Capital Fund	20,000	20,000	0
Wastewater Capital Reserve	60,811	60,811	0
Planning Loan RFL-101	12,081	12,021	60
Project 7A Sanitary Principal and Interest	14,092	21,139	(7,047)
Phosphorus Project Loan	22,220	22,220	0
Jericho Road Project Principal	22,464	20,592	1,872
Jericho Road Project Interest	11,043	9,180	1,863
Total Capital and Debt	182,711	185,963	(3,252)
Total Expenses	582,000	588,232	(6,232)
Net Income/(Loss)	\$ 0	49,608	\$ 49,608
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(138,100)	
Bond Principal		67,599	
Fund Reserves		75,760	
Capital Outlay		33,051	
Change in Net Pension Liability - GASB 68		(7,576)	
Change in Accrued Compensated Absences		(1,513)	
Change in Accrued Interest		(238)	
Change in Net Position - Exhibit H		\$ 78,591	

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

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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, 2019, 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 December 6, 2019.

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

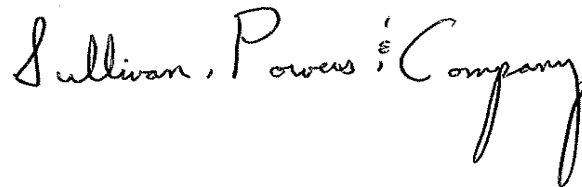
As part of obtaining reasonable assurance about whether the Town of Richmond, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 December 6, 2019.

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.

December 6, 2019
Montpelier, Vermont
VT Lic. #92-000180

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