

TOWN OF RICHMOND, VERMONT

AUDIT REPORT

JUNE 30, 2018

TOWN OF RICHMOND, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2018

	<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, 2018

	<u>Page #</u>
Notes to the Financial Statements	21-50
Required Supplementary Information:	
Statement of Revenues and Expenditures - Budget and Actual - Budgetary Basis - General Fund	Schedule 1 51-58
Schedule of Proportionate Share of the Net Pension Liability - VMERS Defined Benefit Plan	Schedule 2 59
Schedule of Contributions - VMERS Defined Benefit Plan	Schedule 3 60
Other Information:	
Combining Balance Sheet - Non-Major Governmental Funds	Schedule 4 61-62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	Schedule 5 63-64
Schedule of Revenues and Expenses - Budget (Non GAAP Budgetary Basis) and Actual - Water Fund	Schedule 6 65-66
Schedule of Revenues and Expenses - Budget (Non GAAP Budgetary Basis) and Actual - Sewer Fund	Schedule 7 67-68
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"	69-70

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

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, 2018, 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, 2018, 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.

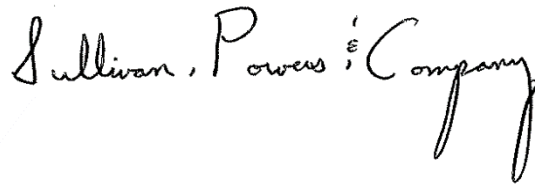
Other Information

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 February 13, 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.

February 13, 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, 2018**

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, 2018. Please read it in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position increased by \$1,081,161 as a result of this year's operations. While net position of our governmental activities increased by \$886,654, net position of our business-type activities increased by \$194,507.
- In the Town's business-type activities, operating revenues were \$865,820 while operating expenses were \$758,564.
- The total cost of the Town's governmental activities was \$3,376,787 this year, down by \$297,821 from the year prior.
- The General Fund reported a surplus this year of \$5,852.
- The fund balance for the General Fund was a surplus of \$928,977 as of June 30, 2018, with \$17,925 being nonspendable inventory, \$688,275 being restricted for the Highway Department and \$222,777 being 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 and deferred inflows of resources and is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. In addition we still need to consider other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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

- Governmental activities - Most of the Town's basic services are reported here, including public safety, highway and streets, culture and recreation, community services, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.

- Business-type activities - The Town charges a fee to customers to help it cover all, or most, of the cost of certain services it provides.

Reporting the Town's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Selectboard establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. 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 proprietary funds 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 and one agency funds.

The Town as a Whole

The Town's combined net position increased by \$1,081,161 from a year ago - increasing from \$11,670,897, to \$12,752,058. Looking at the net position and net expenses of governmental and business-type activities separately, two stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1 – Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 3,094,026	\$ 2,939,244	\$ 841,440	\$ 1,069,274	\$ 3,935,466	\$ 4,008,518
Capital assets	6,144,951	5,611,769	7,989,903	8,172,205	14,134,854	13,783,974
Deferred Outflows of Resources	<u>212,828</u>	<u>260,202</u>	<u>30,648</u>	<u>35,181</u>	<u>243,476</u>	<u>295,383</u>
Total assets & deferred outflows of resources	<u>9,451,805</u>	<u>8,811,215</u>	<u>8,861,991</u>	<u>9,276,660</u>	<u>18,313,796</u>	<u>18,087,875</u>
Other liabilities	145,046	395,884	33,806	897,474	178,852	1,293,358
Long-term liabilities	1,399,104	1,403,664	3,972,463	3,719,324	5,371,567	5,122,988
Deferred Inflows of Resources	<u>9,893</u>	<u>559</u>	<u>1,426</u>	<u>73</u>	<u>11,319</u>	<u>632</u>
Total liabilities and deferred inflows of resources	<u>1,554,043</u>	<u>1,800,107</u>	<u>4,007,695</u>	<u>4,616,871</u>	<u>5,561,738</u>	<u>6,416,978</u>
Net position:						
Invested in capital assets, net of debt	5,166,229	4,407,567	4,083,699	3,669,839	9,249,928	8,077,406
Restricted	2,031,336	891,040	-	-	2,031,336	891,040
Unrestricted	<u>700,197</u>	<u>1,712,501</u>	<u>770,597</u>	<u>989,950</u>	<u>1,470,794</u>	<u>2,702,451</u>
Total net position	<u>\$ 7,897,762</u>	<u>\$ 7,011,108</u>	<u>\$ 4,854,296</u>	<u>\$ 4,659,789</u>	<u>\$ 12,752,058</u>	<u>\$ 11,670,897</u>

The unrestricted part of total net position which can be used to finance day-to-day operations without constraints decreased from \$1,712,501 on June 30, 2017 to \$689,828 on June 30, 2018, a decrease of \$1,022,673.

The unrestricted net position of our business-type activities decreased from \$989,950 on June 30, 2017 to \$770,597 on June 30, 2018. The Town generally can only use the net position to finance the continuing operations of the water and sewer operations.

Table 2 - Change in Net Position

	<u>2018</u>			<u>2017</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
REVENUES						
Program revenues:						
Operating Grants and Contrib.	\$ 336,783	\$ 9,140	\$ 345,923	\$ 148,931	\$ -	\$ 148,931
Charges for services	310,179	865,820	1,175,999	349,736	827,565	1,177,301
Capital Grants & Contrib	429,456	38,252	467,708	680,006	-	680,006
General revenues:						
Property taxes	3,107,969	-	3,107,969	3,005,918	-	3,005,918
Earnings from investments	6,144	-	6,144	1,543	-	1,543
Insurance Proceeds	3,570	-	3,570	16,857	-	16,857
Sale of Town Property	-	-	-	221	-	221
Other	<u>109,149</u>	<u>50</u>	<u>109,199</u>	<u>142,635</u>	<u>-</u>	<u>142,635</u>
Total revenues	<u>4,303,250</u>	<u>913,262</u>	<u>5,216,512</u>	<u>4,345,847</u>	<u>827,565</u>	<u>5,173,412</u>
PROGRAM EXPENSES						
General government	785,160	-	785,160	778,039	-	778,039
Public safety	824,534	-	824,534	822,560	-	822,560
Highways and streets	1,179,860	-	1,179,860	1,225,654	-	1,225,654
Culture and recreation	273,836	-	273,836	710,217	-	710,217
Community Development	173,118	-	173,118	-	-	-
Appropriations	103,002	-	103,002	99,807	-	99,807
Interest	37,277	-	37,277	38,331	-	38,331
Water and Sewer	-	758,564	758,564	-	730,762	730,762
Total program expenses	<u>3,376,787</u>	<u>758,564</u>	<u>4,135,351</u>	<u>3,674,608</u>	<u>730,762</u>	<u>4,405,370</u>
Transfer In/(Out)	<u>(39,809)</u>	<u>39,809</u>	<u>-</u>	<u>(21,616)</u>	<u>21,616</u>	<u>-</u>
Increase in net position	<u>\$ 886,654</u>	<u>\$ 194,507</u>	<u>\$1,081,161</u>	<u>\$ 649,623</u>	<u>\$ 118,419</u>	<u>\$ 768,042</u>

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

Governmental Activities

The increase in net position for governmental activities was \$649,623 in 2017 compared to \$886,654 in 2018.

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

Table 3 – Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 785,160	\$ (565,236)	\$ 778,039	\$ (521,048)
Public safety	824,534	(731,534)	822,560	(703,793)
Highways and streets	1,179,860	(890,433)	1,225,654	(921,533)
Culture and recreation	273,836	21,411	710,217	(211,403)
Community Development	173,118	5,702		
Appropriations	103,002	(103,002)	99,807	(99,807)
Interest	37,277	(37,277)	38,331	(38,311)
Totals	<u>\$ 3,376,787</u>	<u>\$ (2,300,369)</u>	<u>\$ 3,674,608</u>	<u>\$ (2,495,895)</u>

Business-type Activities

Overall water and sewer revenues and expenses increased in FY18 when compared to FY17.

The Town’s Funds

As the Town completed the year, its governmental funds (as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances) reported a combined fund balance of \$2,546,661, which is more than last year’s total of \$2,406,314. Included in this year’s total change in fund balance is a current year increase of \$5,852 in the Town’s General Fund and \$134,495 from other funds.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets

On June 30, 2018, the Town had \$14,134,854 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 \$350,880 from the prior year.

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 875,236	\$ 553,941	\$ 109,100	\$ 109,100	\$ 984,336	\$ 663,041
Construction in progress	17,730	17,730	68,507	1,144,170	\$ 86,237	1,161,900
Buildings & improvements	1,880,868	1,880,868	495,728	495,728	2,376,596	2,376,596
Vehicles and equipment	3,481,752	2,869,422	103,600	103,600	3,585,352	2,973,022
Water and sewer system			5,886,560	4,777,263	5,886,560	4,777,263
Infrastructure	3,104,565	3,116,257	-	-	3,104,565	3,116,257
Phosphorus upgrade			3,939,064	3,939,064	3,939,064	3,939,064
Accumulated depreciation	<u>(3,215,200)</u>	<u>(2,826,449)</u>	<u>(2,612,656)</u>	<u>(2,396,720)</u>	<u>(5,827,856)</u>	<u>(5,223,169)</u>
Totals	<u>\$ 6,144,951</u>	<u>\$ 5,611,769</u>	<u>\$ 7,989,903</u>	<u>\$ 8,172,205</u>	<u>\$ 14,134,854</u>	<u>\$ 13,783,974</u>

This year's Capital Asset additions included:

<i>Governmental Activities</i>	
Land Purchase - Andrews Farm	\$ 321,295
Fire Department air packs	12,000
One Police Intercept Vehicles	38,764
Road Retreatment	287,533
Culverts	242,946
Stormwater crossings	38,000
Sidewalks East Main Street	44,250
	<u>\$ 984,788</u>
<i>Business-type Activities</i>	
Bridge Street - Buttermilk project	\$ 33,634
	<u>\$ 33,634</u>

Debt

On June 30, 2017, the Town had \$5,706,568 in bonds, notes and lines of credit outstanding versus \$4,884,926 on June 30, 2018 – a decrease of \$821,642 - as shown in Table 5. This is largely due to several capital equipment loans being paid in full in FY17.

Table 5 – Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 682,400	\$ 755,600	\$ 3,725,204	\$ 4,502,366	\$ 4,407,604	\$ 5,257,966
Notes payable	260,756	400,585	181,000	-	441,756	400,585
Capital Lease Payable	<u>35,566</u>	<u>48,017</u>	<u>-</u>	<u>-</u>	<u>35,566</u>	<u>48,017</u>
Totals	<u>\$ 978,722</u>	<u>\$ 1,204,202</u>	<u>\$ 3,906,204</u>	<u>\$ 4,502,366</u>	<u>\$ 4,884,926</u>	<u>\$ 5,706,568</u>

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2020 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 2019-2020 year, the Selectboard took into account these indicators, specifically the Consumer Price Index for All Urban Consumers (CPI-U), as well as the rate of new home construction and adjustments to property values due to a stabilizing housing market, inflationary pressures, in particular in the areas of health insurance and highway construction costs both projected to continue to increase between 5% and 10% annually. We have also taken into consideration that the new pay grid was implemented in 2019-2020, and we have added one full time position to the Highway Department, while reducing one full time position to part time in the Police Department.

Upon direction from the Selectboard to start using unassigned funds to help maintain a tax rate increase of 2%, we have built into our budget specific uses for the unassigned funds. During the budgeting for the 2018-2019 year we committed \$90,000 for maintenance regarding the Fire Department, and for the 2019-2020 year they have elected to use \$161,724 for the RIP RAP project, Community Development, and Technical Services.

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, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 2,547,163	\$ 658,620	\$ 3,205,783
Receivables	172,501	244,460	416,961
Note Receivable	290,827	0	290,827
Internal Balances	64,787	(64,787)	0
Due from Fiduciary Funds	823	0	823
Prepaid Expenses	17,925	3,147	21,072
Capital Assets (Net of Accumulated Depreciation)	<u>6,144,951</u>	<u>7,989,903</u>	<u>14,134,854</u>
Total Assets	<u>9,238,977</u>	<u>8,831,343</u>	<u>18,070,320</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>212,828</u>	<u>30,648</u>	<u>243,476</u>
Total Deferred Outflows of Resources	<u>212,828</u>	<u>30,648</u>	<u>243,476</u>
<u>LIABILITIES</u>			
Accounts Payable	98,657	21,524	120,181
Accrued Payroll and Benefits Payable	38,384	4,257	42,641
Due to Others	1,525	0	1,525
Accrued Interest Payable	6,480	8,025	14,505
Noncurrent Liabilities:			
Due within One Year	165,569	183,024	348,593
Due in More than One Year	<u>1,233,535</u>	<u>3,789,439</u>	<u>5,022,974</u>
Total Liabilities	<u>1,544,150</u>	<u>4,006,269</u>	<u>5,550,419</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>9,893</u>	<u>1,426</u>	<u>11,319</u>
Total Deferred Inflows of Resources	<u>9,893</u>	<u>1,426</u>	<u>11,319</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	5,166,229	4,083,699	9,249,928
Restricted for:			
Public Safety	22,091	0	22,091
Highways and Streets	1,180,255	0	1,180,255
Culture and Recreation	30,275	0	30,275
Cemetery	147,664	0	147,664
Community Development	290,827	0	290,827
Land Conservation	272,985	0	272,985
Restoration of Records	74,966	0	74,966
Other	12,273	0	12,273
Unrestricted	<u>700,197</u>	<u>770,597</u>	<u>1,470,794</u>
Total Net Position	<u>\$ 7,897,762</u>	<u>\$ 4,854,296</u>	<u>\$ 12,752,058</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, 2018**

	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	\$ 785,160	\$ 204,431	\$ 15,493	\$ 0	\$ (565,236)	\$ 0	\$ (565,236)
Public Safety	824,534	75,240	17,760	0	(731,534)	0	(731,534)
Highways and Streets	1,179,860	7,977	123,950	157,500	(890,433)	0	(890,433)
Culture and Recreation	273,836	22,531	760	271,956	21,411	0	21,411
Community Development	173,118	0	178,820	0	5,702	0	5,702
Appropriations	103,002	0	0	0	(103,002)	0	(103,002)
Interest on Long-term Debt	37,277	0	0	0	(37,277)	0	(37,277)
Total Governmental Activities	3,376,787	310,179	336,783	429,456	(2,300,369)	0	(2,300,369)
Business-type Activities:							
Water	228,505	311,807	9,140	37,552	0	129,994	129,994
Sewer	530,059	554,013	0	700	0	24,654	24,654
Total Business-type Activities	758,564	865,820	9,140	38,252	0	154,648	154,648
Total Primary Government	\$ 4,135,351	\$ 1,175,999	\$ 345,923	\$ 467,708	(2,300,369)	154,648	(2,145,721)
General Revenues:							
Property Taxes					3,107,969	0	3,107,969
Penalties and Interest on Delinquent Taxes					26,618	0	26,618
General State Grants					82,531	0	82,531
Unrestricted Investment Earnings					6,144	0	6,144
Insurance Proceeds					3,570	0	3,570
Miscellaneous Income					0	50	50
Transfers:					(39,809)	39,809	0
Total General Revenues and Transfers					3,187,023	39,859	3,226,882
Change in Net Position					886,654	194,507	1,081,161
Net Position - July 1, 2017					7,011,108	4,659,789	11,670,897
Net Position - June 30, 2018					\$ 7,897,762	\$ 4,854,296	\$ 12,752,058

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

TOWN OF RICHMOND, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Community Development Fund	Town Center Maintenance Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 1,823,716	\$ 0	\$ 565,298	\$ 158,149	\$ 2,547,163
Receivables	172,501	0	0	0	172,501
Note Receivable	0	290,827	0	0	290,827
Due From Other Funds	0	0	0	1,120,649	1,120,649
Prepaid Expenses	17,925	0	0	0	17,925
Total Assets	<u>\$ 2,014,142</u>	<u>\$ 290,827</u>	<u>\$ 565,298</u>	<u>\$ 1,278,798</u>	<u>\$ 4,149,065</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 94,659	\$ 0	\$ 0	\$ 3,998	\$ 98,657
Accrued Payroll and Benefits Payable	38,384	0	0	0	38,384
Due to Other Funds	832,625	0	222,414	0	1,055,039
Due to Others	1,525	0	0	0	1,525
Total Liabilities	<u>967,193</u>	<u>0</u>	<u>222,414</u>	<u>3,998</u>	<u>1,193,605</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable Property Taxes, Penalties and Interest	107,000	0	0	0	107,000
Unavailable Grants	10,972	0	0	0	10,972
Unavailable Note Receivable	0	290,827	0	0	290,827
Total Deferred Inflows of Resources	<u>117,972</u>	<u>290,827</u>	<u>0</u>	<u>0</u>	<u>408,799</u>
<u>FUND BALANCES</u>					
Nonspendable	17,925	0	0	0	17,925
Restricted	688,275	0	0	1,041,262	1,729,537
Committed	0	0	0	93,938	93,938
Assigned	0	0	342,884	139,600	482,484
Unassigned	222,777	0	0	0	222,777
Total Fund Balances	<u>928,977</u>	<u>0</u>	<u>342,884</u>	<u>1,274,800</u>	<u>2,546,661</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,014,142</u>	<u>\$ 290,827</u>	<u>\$ 565,298</u>	<u>\$ 1,278,798</u>	<u>\$ 4,149,065</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, 2018

Amount Reported on Balance Sheet - Governmental Funds - Total Fund Balances	\$	2,546,661
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.		6,144,951
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.		408,799
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.		(1,405,584)
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>202,935</u>
Net Position of Governmental Activities - Government-wide Statement of Net Position	\$	<u><u>7,897,762</u></u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Community Development Fund	Town Center Maintenance Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 3,091,769	\$ 0	\$ 0	\$ 0	\$ 3,091,769
Penalties and Interest on Delinquent Taxes	26,818	0	0	0	26,818
Intergovernmental	818,182	0	0	0	818,182
Fees, Licenses and Permits	50,635	0	132,438	34,734	217,807
Fines and Forfeits	33,789	0	0	0	33,789
Charges for Services	82,194	0	0	0	82,194
Donations	50	0	0	20,328	20,378
Interest Income	1,406	0	3,740	998	6,144
Miscellaneous	6,965	0	0	0	6,965
Total Revenues	4,111,808	0	136,178	56,060	4,304,046
Expenditures:					
General Government	757,216	0	29,977	793	787,986
Public Safety	693,526	0	0	6,768	700,294
Highways and Streets	870,069	0	0	3,930	873,999
Library	217,290	0	0	12,802	230,092
Culture and Recreation	16,524	0	0	13,314	29,838
Community Development	178,820	0	0	0	178,820
Appropriations	103,002	0	0	0	103,002
Capital Outlay:					
Public Safety	50,764	0	0	0	50,764
Highways and Streets	546,885	0	0	65,446	612,331
Culture and Recreation	256,000	0	0	65,294	321,294
Debt Service:					
Principal	264,244	0	0	0	264,244
Interest	36,015	0	0	0	36,015
Total Expenditures	3,990,355	0	29,977	168,347	4,188,679
Excess/(Deficiency) of Revenues Over Expenditures	121,453	0	106,201	(112,287)	115,367
Other Financing Sources/(Uses):					
Proceeds from Long-term Debt	38,764	0	0	0	38,764
Proceeds from Sale of Property	500	0	0	0	500
Insurance Proceeds	25,525	0	0	0	25,525
Transfers In	15,000	0	0	155,581	170,581
Transfers Out	(195,390)	0	(15,000)	0	(210,390)
Total Other Financing Sources/(Uses)	(115,601)	0	(15,000)	155,581	24,980
Net Change In Fund Balances	5,852	0	91,201	43,294	140,347
Fund Balances - July 1, 2017	923,125	0	251,683	1,231,506	2,406,314
Fund Balances - June 30, 2018	\$ 928,977	\$ 0	\$ 342,884	\$ 1,274,800	\$ 2,546,661

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, 2018**

Net change in fund balances - total Governmental Funds	\$	140,347
Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$984,389) is allocated over their estimated useful lives and reported as depreciation expense (\$421,601). This is the amount by which capital outlays exceed depreciation in the current period.		562,788
The net effects of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.		(29,606)
The issuance of long-term debt (\$38,764) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$264,244) 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.		225,480
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.		(1,262)
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.		(4,803)
Governmental funds report employer pension contributions as expenditures (\$57,382). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$95,584) is reported as pension expense. This amount is net effect of the differences in the treatment of pension expense.		(38,202)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		31,912
Change in Net Position of Governmental Activities - Government-wide Statement of Activities	\$	886,654

The General Fund charges the Water Fund and the Sewer Fund for various expenses. These charges totaling \$30,576 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, 2018

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 658,620	\$ 0	\$ 658,620
Accounts Receivable	88,699	155,761	244,460
Due From Other Funds	0	364,470	364,470
Prepaid Expense	3,147	0	3,147
Total Current Assets	750,466	520,231	1,270,697
Noncurrent Assets:			
Capital Assets	4,106,082	6,496,477	10,602,559
Less: Accumulated Depreciation	(569,657)	(2,042,999)	(2,612,656)
Total Noncurrent Assets	3,536,425	4,453,478	7,989,903
Total Assets	4,286,891	4,973,709	9,260,600
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS			
	9,230	21,418	30,648
Total Deferred Outflows of Resources	9,230	21,418	30,648
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,906	19,618	21,524
Accrued Wages	1,277	2,980	4,257
Accrued Interest	4,316	3,709	8,025
Due to Other Funds	429,257	0	429,257
Current Portion of Long-term Debt	115,425	67,599	183,024
Total Current Liabilities	552,181	93,906	646,087
Noncurrent Liabilities:			
Accrued Compensated Absences	7,003	3,786	10,789
Net Pension Liability	16,729	38,741	55,470
Noncurrent Portion of Long-term Debt	2,976,761	746,419	3,723,180
Total Noncurrent Liabilities	3,000,493	788,946	3,789,439
Total Liabilities	3,552,674	882,852	4,435,526
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS			
	430	996	1,426
Total Deferred Inflows of Resources	430	996	1,426
<u>NET POSITION</u>			
Net Investment in Capital Assets	444,239	3,639,460	4,083,699
Unrestricted	298,778	471,819	770,597
Total Net Position	\$ 743,017	\$ 4,111,279	\$ 4,854,296

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, 2018

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 311,807	\$ 554,013	\$ 865,820
Miscellaneous	50	0	50
Total Operating Revenues	311,857	554,013	865,870
Operating Expenses:			
Payroll & Benefits	68,111	153,994	222,105
Office Administrative Expenses	11,331	25,272	36,603
Supplies	1,352	5,493	6,845
Utilities	11,098	57,098	68,196
Maintenance	23,257	26,885	50,142
Chemicals	682	34,932	35,614
Permits & Testing	4,840	7,683	12,523
Pump Station	0	8,735	8,735
Biosolid Disposal	0	51,991	51,991
Depreciation	78,562	137,374	215,936
Other Operating Expenses	5,983	0	5,983
Total Operating Expenses	205,216	509,457	714,673
Operating Income	106,641	44,556	151,197
Non-Operating Revenues/(Expenses):			
Grant Income	9,140	700	9,840
Interest Expense	(23,289)	(20,602)	(43,891)
Total Non-Operating Revenues/(Expenses)	(14,149)	(19,902)	(34,051)
Net Income/(Loss) Before Capital Contributions	92,492	24,654	117,146
Capital Contributions and Transfers:			
Capital Contributions	37,552	0	37,552
Transfer In	32,763	7,046	39,809
Total Capital Contributions and Transfers	70,315	7,046	77,361
Change In Net Position	162,807	31,700	194,507
Net Position - July 1, 2017, As Reclassified	580,210	4,079,579	4,659,789
Net Position - June 30, 2018	\$ 743,017	\$ 4,111,279	\$ 4,854,296

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, 2018

	Water Fund	Sewer Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 296,178	\$ 519,878	\$ 816,056
Payments for Goods and Services	(72,401)	(227,910)	(300,311)
Payments for Wages and Benefits	<u>(64,851)</u>	<u>(146,569)</u>	<u>(211,420)</u>
Net Cash Provided by Operating Activities	<u>158,926</u>	<u>145,399</u>	<u>304,325</u>
Cash Flows From Capital And Related Financing Activities:			
Acquisition and Construction of Capital Assets	(33,634)	0	(33,634)
Proceeds from Long-term Debt	311,237	0	311,237
Transfer In for Debt Service	0	7,046	7,046
Principal Paid on General Obligation Bonds	(802,933)	(66,914)	(869,847)
Interest Paid on General Obligation Bonds	<u>(21,472)</u>	<u>(18,857)</u>	<u>(40,329)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(546,802)</u>	<u>(78,725)</u>	<u>(625,527)</u>
Cash Flows From Non-Capital Financing Activities:			
Transfer In for Fire Service	32,763	0	32,763
Grants Received	9,140	700	9,840
Increase/(Decrease) in Due from Other Funds	<u>(107,162)</u>	<u>(67,374)</u>	<u>(174,536)</u>
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>(65,259)</u>	<u>(66,674)</u>	<u>(131,933)</u>
Net Increase/(Decrease) in Cash	(453,135)	0	(453,135)
Cash - July 1, 2017	<u>1,111,755</u>	<u>0</u>	<u>1,111,755</u>
Cash - June 30, 2018	<u>\$ 658,620</u>	<u>\$ 0</u>	<u>\$ 658,620</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 106,641	\$ 44,556	\$ 151,197
Depreciation	78,562	137,374	215,936
(Increase)/Decrease in Accounts Receivable	(15,679)	(34,135)	(49,814)
(Increase)/Decrease in Prepaid Expenses	(2,488)	1,537	(951)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	1,324	3,209	4,533
Increase/(Decrease) in Accounts Payable	(11,370)	(11,358)	(22,728)
Increase/(Decrease) in Accrued Wages and Benefits Payable	216	503	719
Increase/(Decrease) in Compensated Absences Payable	412	961	1,373
Increase/(Decrease) in Net Pension Liability	900	1,807	2,707
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	408	945	1,353
Net Cash Provided by Operating Activities	<u>\$ 158,926</u>	<u>\$ 145,399</u>	<u>\$ 304,325</u>

The Water Fund recognized forgiveness of debt from the State of Vermont in the amount of \$37,552.

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

**TOWN OF RICHMOND, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	Private Purpose Trust Funds	Agency Fund Engineering Fee Fund
<u>ASSETS</u>		
Cash	\$ 30,922	\$ 301
Receivables	0	1,722
Total Assets	30,922	2,023
<u>LIABILITIES</u>		
Due to Developers	0	1,200
Due to Other Funds	0	823
Total Liabilities	0	2,023
<u>NET POSITION</u>		
Total Net Position	\$ 30,922	\$ 0

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, 2018

	Private Purpose Trust Funds
Additions:	
Investment Income	\$ <u>213</u>
Total Additions	<u>213</u>
Deductions:	
Total Deductions	<u>0</u>
Change in Net Position	213
Net Position - July 1, 2017	<u>30,709</u>
Net Position - June 30, 2018	\$ <u><u>30,922</u></u>

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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, 2018

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.

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

C. Measurement Focus

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

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

D. Basis of Accounting

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

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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.

2. Receivables

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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.

TOWN OF RICHMOND, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

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.

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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

9. Long-term Liabilities

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

10. Fund Equity

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

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

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

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

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2018, expenditures in the General Fund exceeded appropriations by \$638,939. These over expenditures were funded by excess revenues and available fund balance.

C. Reclassification of Fund Balances

The beginning fund balances in the Water Fund and the Sewer Fund were reclassified to reflect the Town's separation of the Water and Sewer Fund that had previously been combined in one fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash

The Town's cash as of June 30, 2018 consisted of the following:

Cash:		
Deposits with Financial Institutions		\$3,236,320
Cash on Hand		<u> 686</u>
Total Cash		<u>\$3,237,006</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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>2,736,320</u>	<u>2,834,079</u>
Total	<u>\$3,236,320</u>	<u>\$3,334,079</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, 2018, 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	\$ 122,223	\$ 0	\$ 122,223
Penalties and Interest	20,736	0	20,736
Billed Services	0	53,460	53,460
Unbilled Services	0	189,250	189,250
Grants Receivable	11,445	700	12,145
Accounts Receivable	<u>18,097</u>	<u>1,050</u>	<u>19,147</u>
	<u>\$ 172,501</u>	<u>\$ 244,460</u>	<u>\$ 416,961</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

C. Loans Receivable

Loans receivable as of June 30, 2018 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>(121,673)</u>
Reported Value at June 30, 2018	<u>\$ 290,827</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 553,941	\$ 321,295	\$ 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>571,671</u>	<u>321,295</u>	<u>0</u>	<u>892,966</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,880,868	0	0	1,880,868
Vehicles and Equipment	2,869,422	612,330	0	3,481,752
Infrastructure	<u>3,116,257</u>	<u>50,764</u>	<u>62,456</u>	<u>3,104,565</u>
Totals	<u>7,866,547</u>	<u>663,094</u>	<u>62,456</u>	<u>8,467,185</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	641,190	39,130	0	680,320
Vehicles and Equipment	1,371,908	173,710	0	1,545,618
Infrastructure	<u>813,351</u>	<u>208,761</u>	<u>32,850</u>	<u>989,262</u>
Totals	<u>2,826,449</u>	<u>421,601</u>	<u>32,850</u>	<u>3,215,200</u>
Total Capital Assets, Being Depreciated	<u>5,040,098</u>	<u>241,493</u>	<u>29,606</u>	<u>5,251,985</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,611,769</u>	<u>\$ 562,788</u>	<u>\$ 29,606</u>	<u>\$ 6,144,951</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 109,100	\$ 0	\$ 0	\$ 109,100
Construction in Progress	<u>1,144,170</u>	<u>33,634</u>	<u>1,109,297</u>	<u>68,507</u>
Total Capital Assets, Not Being Depreciated	<u>1,253,270</u>	<u>33,634</u>	<u>1,109,297</u>	<u>177,607</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	495,728	0	0	495,728
Distribution and Collection Systems	4,777,263	1,109,297	0	5,886,560
Phosphorus Upgrade	3,939,064	0	0	3,939,064
Vehicles and Equipment	<u>103,600</u>	<u>0</u>	<u>0</u>	<u>103,600</u>
Totals	<u>9,315,655</u>	<u>1,109,297</u>	<u>0</u>	<u>10,424,952</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	451,320	9,915	0	461,235
Distribution and Collection Systems	845,853	119,880	0	965,733
Phosphorus Upgrade	1,013,121	78,781	0	1,091,902
Vehicles and Equipment	<u>86,426</u>	<u>7,360</u>	<u>0</u>	<u>93,786</u>
Totals	<u>2,396,720</u>	<u>215,936</u>	<u>0</u>	<u>2,612,656</u>
Total Capital Assets, Being Depreciated	<u>6,918,935</u>	<u>893,361</u>	<u>0</u>	<u>7,812,296</u>
Business-type Activities Capital Assets, Net	<u>\$ 8,172,205</u>	<u>\$ 926,995</u>	<u>\$ 1,109,297</u>	<u>\$ 7,989,903</u>

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 16,731	Water	\$ 78,562
Public Safety	97,978	Sewer	<u>137,374</u>
Highways and Streets	296,392		
Culture and Recreation	<u>10,500</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 421,601</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 215,936</u>

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2018 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 832,625
Town Center Maintenance Fund	0	222,414
Non-Major Governmental Funds	1,120,649	0
Water Fund	0	429,257
Sewer Fund	364,470	0
Engineering Fee Agency Fund	<u>0</u>	<u>823</u>
Total	<u>\$ 1,485,119</u>	<u>\$ 1,485,119</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Interfund transfers during the year ended June 30, 2018 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Fund	\$ 32,763	Fund Fire Service Fees
General Fund	Sewer Fund	7,046	Fund Debt Service
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	7,000	Fund Appraisal Expenses
Town Center Maintenance Fund	General Fund	<u>15,000</u>	Fund Debt Service
Total		<u>\$ 210,390</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$5,598 from the difference between the expected and actual experience, \$80,561 from changes in assumptions, \$64,094 from the difference between the projected and actual investment earnings, \$6,741 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 \$55,834 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 \$212,828.

Deferred outflows of resources in the Business-type Activities consists of \$806 from the difference between the expected and actual experience, \$11,601 from changes in assumptions, \$9,230 from the difference between the projected and actual investment earnings, \$971 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 \$8,040 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 \$30,648.

Deferred outflows of resources in the Water Fund consists of \$243 from the difference between the expected and actual experience, \$3,494 from changes in assumptions, \$2,780 from the difference between the projected and actual investment earnings, \$292 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 \$2,421 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 \$9,230.

Deferred outflows of resources in the Sewer Fund consists of \$563 from the difference between the expected and actual experience, \$8,107 from changes in assumptions, \$6,450 from the difference between the projected and actual investment earnings, \$679 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 \$5,619 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 \$21,418.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

G. Deferred Inflows of Resources

Total deferred inflows of resources in the Governmental Activities consists of \$9,526 from the difference between the expected and actual experience and \$367 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 \$9,893.

Total deferred inflows of resources in the Business-type Activities consists of \$1,372 from the difference between the expected and actual experience and \$54 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 \$1,426.

Deferred inflows of resources in the General Fund consists of \$107,000 of delinquent property taxes, penalties and interest on those taxes and \$10,972 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the General Fund is \$117,972.

Deferred inflows of resources in the Community Development Fund consists of \$290,827 of loans receivable.

Total deferred inflows of resources in the Water Fund consists of \$413 from the difference between the expected and actual experience and \$17 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 \$430.

Total deferred inflows of resources in the Sewer Fund consists of \$959 from the difference between the expected and actual experience and \$37 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 \$996.

H. Long-term Liabilities

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

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018 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	\$ 90,000	\$ 0	\$ 10,000	\$ 80,000
Bond Payable, Vermont Municipal Bond Bank, Highway Garage, Principal Payments of \$20,000 Payable on November 1 Annually, Interest, Ranging from 4.85% to 5.40% Payable on May 1 and November 1, Due and Paid November, 2017	20,000	0	20,000	0

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<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	\$ 645,600	\$ 0	\$ 43,200	\$ 602,400
Note Payable, Community Bank, Depot Improvement, Principal Payments of \$20,000 Plus Interest at 2% Payable on October 6 Annually, Due and Paid October, 2017	20,000	0	20,000	0
Note Payable, Community Bank, Highway Equipment, Principal Payments of \$22,120 Plus Interest at 2.32% Payable on July 16 Annually, Due and Paid July, 2017	22,120	0	22,120	0
Note Payable, Community Bank, Public Safety Equipment, Principal Payments of \$6,264 Plus Interest at 2.35% Payable on June 3 Annually, Due June, 2019	12,527	0	6,264	6,263
Note Payable, Community Bank, Highway Equipment, Principal Payments of \$19,844 Plus Interest at 2.42% Payable on January 21 Annually, Due January, 2020	59,534	0	19,844	39,690
Note Payable, TD Bank, Highway Equipment, Principal Payments of \$71,601 Plus Interest at 1.83% Payable November 16 Annually, Due November, 2020	286,404	0	71,601	214,803

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Lease Payable, Ford Motor Credit Co., Two Police Vehicles, Quarterly Principal and Interest Payments of \$6,393, Interest at 5.70%, Due May, 2019. During the Year, One of the Police Vehicles was Totaled and the Town's Insurance Carrier Paid \$15,454 Directly to Ford Motor Credit Co.	\$ 48,017	\$ 0	\$ 38,642	\$ 9,375
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>0</u>	<u>38,764</u>	<u>12,573</u>	<u>26,191</u>
Total Governmental Activities	<u>\$1,204,202</u>	<u>\$ 38,764</u>	<u>\$ 264,244</u>	<u>\$ 978,722</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	\$ 181,366	\$ 0	\$ 18,594	\$ 162,772
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	271,619	0	15,707	255,912
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	120,211	0	12,021	108,190

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<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 Ranging from \$37,777 to \$46,312 Plus Interest at -0.007% Payable December 1 Annually, Due December, 2046. The Town will Recognize Grant Income Annually for the Amount of Forgiven Principal as a Result of the Negative Interest	\$1,394,391	\$	0	\$	37,705	\$1,356,686
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	699,400		0		46,800	652,600
Note Payable, Community Bank, Browns Court Project, Principal Payments of \$13,880 Plus Interest at 2.32% Payable on July 16 Annually, Due and Paid July, 2017	13,880		0		13,880	0
Bond Payable, State of Vermont Special Environment Revolving Fund, East Main Street Water Line, Principal Payments Ranging from \$24,846 to \$60,101 Plus Interest at -3%, Payable December 1 Annually, Due December, 2047. The Town will Recognize Grant Income Annually for the Amount of Forgiven Principal as a Result of the Negative Interest	1,121,499		130,237		62,692	1,189,044
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	0		181,000		0	181,000

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Anticipation Note, Community Bank, East Main Street Project, Interest at 1.50% Due and Paid September, 2017	\$ 200,000	\$ 0	\$ 200,000	\$ 0
Bond Anticipation Note, Community Bank, East Main Street Project, Interest at 1.50% Due and Paid July, 2017	<u>500,000</u>	<u>0</u>	<u>500,000</u>	<u>0</u>
Total Business-type Activities	<u>\$4,502,366</u>	<u>\$ 311,237</u>	<u>\$ 907,399</u>	<u>\$ 3,906,204</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	\$ 755,600	\$ 0	\$ 73,200	\$ 682,400	\$ 53,200
Notes Payable	400,585	0	139,829	260,756	96,560
Capital Lease Payable	48,017	38,764	51,215	35,566	15,809
Compensated Absences	30,814	4,803	0	35,617	0
Net Pension Liability	<u>403,271</u>	<u>0</u>	<u>18,506</u>	<u>384,765</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 1,638,287</u>	<u>\$ 43,567</u>	<u>\$ 282,750</u>	<u>\$ 1,399,104</u>	<u>\$ 165,569</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 4,502,366	\$ 311,237	\$ 907,399	\$ 3,906,204	\$ 183,024
Compensated Absences	9,416	1,373	0	10,789	0
Net Pension Liability	<u>52,763</u>	<u>2,707</u>	<u>0</u>	<u>55,470</u>	<u>0</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 4,564,545</u>	<u>\$ 315,317</u>	<u>\$ 907,399</u>	<u>\$ 3,972,463</u>	<u>\$ 183,024</u>

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities			Business-type Activities	
	Principal	Interest	Capital Leases	Principal	Interest
2019	\$ 149,760	\$ 31,445	\$ 17,333	\$ 183,024	\$ 37,891
2020	142,820	27,877	20,370	183,724	35,237
2021	127,776	24,268	0	184,437	32,374
2022	53,200	20,968	0	185,166	29,380
2023	53,200	18,969	0	185,907	26,297
2024-2028	246,000	63,346	0	806,732	84,604
2029-2033	170,400	15,457	0	581,893	20,809
2034-2038	0	0	0	316,803	0
2039-2043	0	0	0	316,802	0
2044-2048	0	0	0	211,684	0
Total	943,156	202,330	37,703	3,156,172	266,592
Less: Imputed Interest	0	0	(2,137)	0	0
Plus: Principal to be Forgiven (To Be Converted to Grant)	0	0	0	750,032	0
Total	\$ 943,156	\$ 202,330	\$ 35,566	\$ 3,906,204	\$ 266,592

I. SHORT-TERM DEBT

Short-term debt outstanding as of June 30, 2018 was as follows:

Governmental Activities:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Improvement Note, Community Bank, Ventral Articulating Tractor, Principal of \$20,667 Plus Interest at 1.75%, Due and Paid October, 2017	\$20,667	\$ 0	\$20,667	\$ 0
Highway Equipment Note, Community Bank, 2016 Chevrolet Pickup, Principal of \$11,138 Plus Interest at 1.75%, Due and Paid October, 2017	11,138	0	11,138	0
Total Governmental Activities	\$31,805	\$ 0	\$31,805	\$ 0

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, 2018

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>17,925</u>
Total Nonspendable Fund Balances	\$ <u>17,925</u>

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>688,275</u>
--	-------------------

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Non-Major Governmental Funds

Restricted for Jericho Road Improvement by Grant Agreement (Source of Revenue is Grant Revenue)	\$ 48,746
Restricted for Conservation by Donations (Source of Revenue is Donations)	272,985
Restricted for Fire Department Improvements by Impact Fees (Source of Revenue is Impact Fees)	14,734
Restricted for Highway Capital Expenses by Statute (Source of Revenue is Highway Property Taxes)	150,163
Restricted for Bridge and Culvert Expenses by Statute (Source of Revenue is Highway Property Taxes)	282,099
Restricted for Restoration of Record Expenses by Statute (Source of Revenue is Restoration Fees)	74,966
Restricted for Flag Replacement by Donations (Source of Revenue is Donations)	9,488
Restricted for Recreation Path Expenditures by Donations (Source of Revenue is Donations)	2,151
Restricted for Tennis Program Expenses by Donations (Source of Revenue is Donations)	309
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)	7,357
Restricted for Richmond Free Library by Donations (Source of Revenue is Donations)	3,119
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)	147,664
Restricted for Andrews Community Forest by Donations (Source of Revenue is Donations)	<u>24,696</u>
Total Non-Major Funds	<u>1,041,262</u>
Total Restricted Fund Balances	<u>\$1,729,537</u>

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

Non-Major Funds

Committed by Voters for Police Reserve	\$ 6,202
Committed by Voters for Library Reserve	32,076
Committed by Voters for Fire Reserve	48,591
Committed by Voters for Railroad Street Planning	<u>7,069</u>
Total Non-Major Funds	<u>93,938</u>
Total Committed Fund Balances	<u>\$ 93,938</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

Major Fund

Town Center Maintenance Fund:	
Assigned for Town Center Maintenance Expenditures	\$ <u>342,884</u>

Non-Major Funds

Assigned for Reappraisal Expenses	129,231
Assigned for Soccer Program Expenses	<u>10,369</u>
Total Non-Major Funds	<u>139,600</u>
Total Assigned Fund Balance	\$ <u>482,484</u>

During the year ended June 30, 2018, the Town reclassified \$20,600 of the Conservation Fund beginning fund balance to the Andrews Community Forest Fund.

K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2018 consisted of the following:

Governmental Activities:

Restricted for Highway Expenditures by Statute	\$ 699,247
Restricted for Community Development by Grant Agreement	290,827
Restricted for Jericho Road Improvement by Grant Agreement	48,746
Restricted for Conservation by Donations	272,985
Restricted for Fire Department Improvements by Impact Fees	14,734
Restricted for Highway Capital by Statute	150,163
Restricted for Bridge and Culvert Expenses by Statute	282,099
Restricted for Restoration of Records by Statute	74,966
Restricted for Flag Replacement by Donations	9,488
Restricted for Recreation Path Expenditures by Donations	2,151
Restricted for Tennis Program by Donations	309
Restricted for Tree Replacement by Donations	237
Restricted for Richmond Fire Department by Donations	7,357
Restricted for Richmond Free Library by Donations	3,119
Restricted for Lister Education Reserve by Grant Agreement	2,548
Restricted for Cemetery Expenses by Donations	147,664
Restricted for Andrews Community Forest by Donations	<u>24,696</u>
Total Governmental Activities	\$ <u>2,031,336</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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	\$24,422
Restricted for Shanyon Athletic Fund by Bequest to be Spent on School Athletics	3,122
Restricted for Shanyon Trust Fund by Bequest to be Spent on Scholarships	<u>3,378</u>
Total Private Purpose Trust Funds	<u>\$30,922</u>

V. OTHER INFORMATION

A. PENSION PLAN

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

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, 2018, the retirement system consisted of 423 participating employers.

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

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

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Pension Liability, Pension Expense and Deferred Outflows of Resources

As of June 30, 2017, the measurement date selected by the State of Vermont, VMERS was funded at 83.64% and had a plan fiduciary net position of \$619,510,342 and a total pension liability of \$740,665,894 resulting in a net position liability of \$121,155,552. As of June 30, 2018, the Town's proportionate share of this was 0.3634% resulting in a net pension liability of \$440,234. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. As of June 30, 2018, the Town's proportion of 0.3634% was an increase of 0.0009 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the Town recognized pension expense of \$110,669.

As of June 30, 2018, 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	\$ 6,404	\$ 10,898
Changes in assumptions	92,162	0
Difference between projected and actual investment earnings	73,324	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,712	421
Town's required employer contributions made subsequent to the measurement date	<u>63,874</u>	<u>0</u>
	<u>\$ 243,476</u>	<u>\$ 11,319</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$63,874 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Year Ending <u>June 30</u>	
2019	\$ 61,469
2020	85,262
2021	23,857
2022	<u>(2,305)</u>
Total	\$ <u>168,283</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 55 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.

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”.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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 – 4.875%. Group D – 11.35%.

Employer Contributions – Group B – 5.50%. Group D – 9.85%.

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, a decrease from 7.95% in the prior year.

Salary increases: 5% per year.

Mortality – The mortality tables were updated for the current year from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement:

Death in Active Service: Group B – 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017. Group D – RP-2014 Blue Collar Annuitant Table with generation projection using Scale SSA-2017.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Healthy Post-Retirement: Group B – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017. Group D – 100% of RP-2014 Health Annuitant with generational projection using Scale SSA-2017.

Disabled Post-Retirement: Groups B and D – RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

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, a decrease from 1.8% in the prior year (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, 2018 COLA is assumed to be 0.75% 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%, a decrease from 3% in the prior year.

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	16%	6.07%
Non-US Equity	16%	7.42%
Global Equity	9%	6.85%
Real Estate	8%	4.62%
Private Markets	15%	7.80%
Hedge Funds	8%	3.95%
Risk Parity	4%	4.84%

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Discount Rate – The discount rate used to measure the total pension liability was 7.50%, a decrease from 7.95% in the prior year. 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>
\$786,010	\$440,234	\$153,470

Additional Information

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

B. RISK MANAGEMENT

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

The Town is also a member of the Vermont League of Cities and Towns 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.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2017, November 15, 2017, February 15, 2018 and May 15, 2018 and become delinquent on May 16, 2018. 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 2018 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.6759	.6759
Education	<u>1.5247</u>	<u>1.5833</u>
Total	<u>2.2006</u>	<u>2.2592</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, 2018 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, 2018 was \$89,200.

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

	<u>USPS</u>	<u>Total</u>
2019	\$ 92,922	\$ 92,922
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>\$483,197</u>	<u>\$483,197</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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.

F. SUBSEQUENT EVENTS

On September 17, 2018, the Town executed a Note Payable in the amount of \$360,000 from TD Bank for the purchase of a replacement fire truck. This note is due on September 17, 2025 with interest at 3.62%.

On September 17, 2018, the Town executed a Note Payable in the amount of \$150,000 from TD Bank for the purchase of a highway truck. This note is due on September 17, 2023 with interest at 3.48%.

On September 17, 2018, the Town executed a Note Payable in the amount of \$150,000 from TD Bank for the purchase of a grader. This note is due on September 17, 2023 with interest at 3.48%.

On November 6, 2018, the Town executed a Note Payable in the amount of \$138,000 from Union Bank for the river bank stabilization project. This note is due on November 6, 2019 with interest at 1.97%.

**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, 2018**

	Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES:			
Property Taxes -			
Property Taxes	\$ 3,108,803	\$ 3,091,769	\$ (17,034)
Delinquent Penalties and Interest	43,000	26,818	(16,182)
State PILOT	1,581	2,680	1,099
Total Property Taxes	<u>3,153,384</u>	<u>3,121,267</u>	<u>(32,117)</u>
Intergovernmental -			
Highway State Aid	113,500	112,978	(522)
Railroad Tax	1,700	3,412	1,712
Current Use Program	78,000	76,439	(1,561)
Act 60 Reappraisal Grant	12,000	14,544	2,544
Equalization Grant	1,700	1,711	11
Special Grants	0	593,553	593,553
Total Intergovernmental	<u>206,900</u>	<u>802,637</u>	<u>595,737</u>
Fees, Licenses, and Permits -			
Liquor Licenses	1,200	1,155	(45)
Dog Licenses	5,100	4,572	(528)
Marriage Licenses	200	340	140
Overweight Permits	1,000	1,475	475
Access Permits	150	950	800
Vehicle Registration	250	253	3
Zoning Permits	16,000	20,793	4,793
Right of Way Permit	300	1,300	1,000
Field Use	500	280	(220)
Rentals & Bolton Fees	8,000	12,474	4,474
Total Fees, Licenses, and Permits	<u>32,700</u>	<u>43,592</u>	<u>10,892</u>
Charges for Goods and Services -			
Town Center Rent	15,000	15,000	0
Water and Sewer Administrative Charges	30,000	30,576	576
Town Clerk's Fees	26,000	17,801	(8,199)
Vault Time and Copies	4,000	3,000	(1,000)
Certified Copies	1,200	1,032	(168)
Total Charges for Goods and Services	<u>76,200</u>	<u>67,409</u>	<u>(8,791)</u>
Police Revenues -			
Police Grants	10,000	12,865	2,865
Local Fines	2,000	1,400	(600)
Police Receipts	1,200	885	(315)
CESU Contribution - SRO	26,000	29,785	3,785
Uniform Traffic Tickets	30,000	31,504	1,504
Donations	0	50	50
Police Contract Fees	500	7,043	6,543
Miscellaneous	0	13	13
Total Police Revenues	<u>69,700</u>	<u>83,545</u>	<u>13,845</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
REVENUES (CONTINUED):			
Other Revenues -			
Interest Income	0	1,406	1,406
Miscellaneous - Highway	0	4,252	4,252
Miscellaneous	<u>0</u>	<u>2,700</u>	<u>2,700</u>
Total Other Revenues	<u>0</u>	<u>8,358</u>	<u>8,358</u>
 Total Revenues	 <u>3,538,884</u>	 <u>4,126,808</u>	 <u>587,924</u>
EXPENDITURES:			
Town Administration-			
Salaries - Administrative	218,160	216,506	1,654
Salaries - Delinquent Tax Collector	10,000	7,784	2,216
Salaries - Elections	2,700	310	2,390
Selectboard	3,750	3,750	0
Payroll Taxes	16,315	17,624	(1,309)
Bank Fees	500	0	500
Retirement	12,540	10,832	1,708
Health Insurance	47,395	44,160	3,235
Long-Term Disability	1,300	1,207	93
Awards	800	1,476	(676)
Office Supplies	3,250	4,273	(1,023)
Recording Books	3,600	883	2,717
Postage	7,500	7,584	(84)
Office Equipment	3,500	4,402	(902)
Website Administration	1,600	1,354	246
Advertising Administration	4,000	5,102	(1,102)
Town Reports	5,000	2,589	2,411
Training and Education	1,500	801	699
Travel	150	276	(126)
Telephone	5,000	4,261	739
Association Dues	550	535	15
Contracted Services - Administrative	12,000	4,965	7,035
Contracted Services - Animal	3,200	2,248	952
Contracted Services - Election	4,700	1,499	3,201
Technology	1,000	281	719
Heat	10,000	8,338	1,662
Electricity	10,300	8,757	1,543
Water and Sewer	4,800	7,387	(2,587)
Trash Removal	2,000	1,791	209
Building Maintenance	11,000	26,091	(15,091)
Landscaping and Tree Maintenance	2,000	2,018	(18)
Membership Dues	5,500	5,909	(409)
Legal	7,500	20,036	(12,536)
Independent Auditors	22,000	28,579	(6,579)
Engineering Review	3,000	4,603	(1,603)
General Insurance	139,000	159,901	(20,901)

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, 2018**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):			
Town Administration (continued) -			
County Tax	22,000	21,658	342
Emergency Management	1,000	0	1,000
Miscellaneous	0	256	(256)
Total Town Administration	<u>610,110</u>	<u>640,026</u>	<u>(29,916)</u>
Listers Department-			
Office Supplies	850	446	404
Training and Education	400	0	400
Contracted Work	21,600	23,920	(2,320)
Tax Map Maintenance	1,500	0	1,500
Total Listers Department	<u>24,350</u>	<u>24,366</u>	<u>(16)</u>
Planning and Zoning Department-			
Salaries	59,160	59,847	(687)
Payroll Taxes	4,600	4,764	(164)
Retirement	2,500	2,272	228
Health Insurance	0	24	(24)
Health Insurance Opt Out	5,000	2,830	2,170
Long-Term Disability	350	239	111
Office Supplies	2,800	3,966	(1,166)
Postage	900	197	703
Advertising	4,200	2,389	1,811
Training and Education	1,500	77	1,423
Travel	600	394	206
Association Dues	210	0	210
Contracted Work	4,000	3,519	481
Legal	5,000	7,393	(2,393)
Total Planning and Zoning	<u>90,820</u>	<u>87,911</u>	<u>2,909</u>
Total General Government	<u>725,280</u>	<u>752,303</u>	<u>(27,023)</u>
Police Department:			
Salaries	295,800	306,618	(10,818)
School Resource Officer	24,265	29,785	(5,520)
Constable Training	500	92	408
Health Insurance Opt Out	11,000	8,635	2,365
Overtime	42,140	49,073	(6,933)
Payroll Taxes	28,995	29,727	(732)
Retirement	21,423	25,566	(4,143)
Health Insurance	40,891	74,919	(34,028)
Long-Term Disability	1,825	2,157	(332)
Uniforms	8,337	3,188	5,149
Office Supplies	2,653	2,554	99
Office Equipment	2,601	1,250	1,351
Computer - Office	4,184	6,177	(1,993)
Training and Education	3,243	3,390	(147)
Forensic Testing	800	0	800
Travel	933	438	495
Telephone	8,344	9,255	(911)

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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):			
Police Department (continued) -			
Supplies	5,194	6,033	(839)
Equipment Repair	1,530	190	1,340
Gas and Diesel	26,065	20,449	5,616
Cruiser Repairs	7,567	8,631	(1,064)
Cruiser Equipment	7,550	1,483	6,067
Cruiser Tires	4,161	3,323	838
Total Police Department	<u>550,001</u>	<u>592,933</u>	<u>(42,932)</u>
Fire Department:			
Salaries	25,000	33,076	(8,076)
Payroll Taxes	1,923	2,468	(545)
Medical	100	0	100
Training and Education	1,500	876	624
Travel	400	55	345
Telephone	2,900	3,206	(306)
Public Relations	400	397	3
Heat	2,500	2,316	184
Electricity	2,500	1,805	695
Water and Sewer	1,500	1,398	102
Maintenance	10,000	5,465	4,535
Turnout Gear	12,000	12,172	(172)
Air Packs	12,000	12,000	0
Radio Repair	3,000	4,494	(1,494)
Radio Dispatch	6,000	5,293	707
Gas, Oil, and Diesel Fuels	4,200	3,314	886
Pump Testing	3,500	1,413	2,087
Fleet Maintenance	11,000	7,035	3,965
Hose Testing	3,500	1,840	1,660
Equipment Repair	1,500	1,892	(392)
Supplies	2,000	2,031	(31)
Equipment Purchase	10,000	9,574	426
Total Fire Department	<u>117,423</u>	<u>112,120</u>	<u>5,303</u>
Total Public Safety	<u>667,424</u>	<u>705,053</u>	<u>(37,629)</u>
Highways and Streets -			
Highway:			
Salaries	265,500	243,463	22,037
Health Insurance Opt Out	15,000	11,635	3,365
Overtime	20,740	31,996	(11,256)
Payroll Taxes	22,000	22,092	(92)
Retirement	15,000	14,442	558
Health Insurance	53,025	61,958	(8,933)
Disability	1,800	1,529	271
Uniforms	2,800	3,410	(610)
Office Supplies	1,500	783	717
Travel	0	42	(42)
Telephone	2,400	2,571	(171)
Education and Licenses	400	0	400
Heat	6,500	7,919	(1,419)

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, 2018**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):			
Highways and Streets (continued) -			
Electricity	3,000	2,209	791
Water and Sewer	2,200	1,859	341
Trash Removal	1,000	1,103	(103)
Maintenance	7,000	10,993	(3,993)
Street Lights	15,500	15,301	199
Radio	600	0	600
Radio Repair	300	0	300
Gas and Oil	3,500	3,009	491
Diesel Fuel	50,000	40,001	9,999
Truck Repairs	15,000	12,244	2,756
Excavator Repairs	2,500	1,355	1,145
Winter Maintenance Attachments	300	0	300
Grader Repair	2,500	0	2,500
Loader Repair	1,000	1,596	(596)
Pickup Repair	500	0	500
Park Mower	500	396	104
Roadside Mower	400	391	9
Tractor	300	96	204
Utility Vehicle	1,500	3,466	(1,966)
Tires Chains	1,000	611	389
Tires	8,000	9,411	(1,411)
Small Equipment Repair	1,000	1,080	(80)
Miscellaneous	0	1,887	(1,887)
Total Highway	<u>524,265</u>	<u>508,848</u>	<u>15,417</u>
Road Maintenance and Bridges:			
Equipment Rental	25,000	16,483	8,517
Engineering & Consulting	200	615	(415)
Small Equipment Purchases	7,000	6,712	288
Cutting Edges	10,000	10,133	(133)
Welding and Cutting Supplies	1,000	727	273
Wood Chip Rental	1,600	960	640
Miscellaneous Equipment Parts	1,000	352	648
Bridge and Culvert Repair	3,200	0	3,200
Patching	1,000	1,526	(526)
Chloride	15,000	14,871	129
Gravel	150,000	147,421	2,579
Salt	75,000	73,515	1,485
Sand	48,000	32,117	15,883
Miscellaneous Supplies	1,000	1,187	(187)
Sweeping	4,000	3,850	150
Centerline Paint	3,500	915	2,585
Guardrails	5,000	2,928	2,072
Signs	3,000	3,031	(31)
Culverts	6,000	6,481	(481)
Retreatment	292,000	287,658	4,342
Storm Drains	120,000	133,067	(13,067)
Total Road Maintenance and Bridges	<u>772,500</u>	<u>744,549</u>	<u>27,951</u>
Total Highways and Streets	<u>1,296,765</u>	<u>1,253,397</u>	<u>43,368</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, 2018**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):			
Library -			
Salaries	\$ 139,768	\$ 145,986	\$ (6,218)
Health Insurance Opt Out	5,000	10,026	(5,026)
Payroll Taxes	10,688	11,834	(1,146)
Retirement	5,779	5,245	534
Health Insurance	26,995	790	26,205
Disability	966	542	424
Office Supplies	2,000	2,257	(257)
Postage	1,200	1,201	(1)
Computer	2,500	2,249	251
Training and Education	300	227	73
Travel	300	190	110
Telephone	2,550	2,620	(70)
Heat	3,000	2,603	397
Electricity	5,500	5,107	393
Water and Sewer	1,600	1,662	(62)
Maintenance	9,000	8,291	709
Books	14,000	14,814	(814)
Programs	700	886	(186)
Total Library	<u>231,846</u>	<u>216,530</u>	<u>15,316</u>
Recreation -			
Salaries	2,500	2,995	(495)
Payroll Taxes	200	217	(17)
Dues	250	59	191
Electricity	700	561	139
Water and Sewer	1,200	1,271	(71)
Trash Removal	1,200	1,857	(657)
Park Maintenance	8,500	8,382	118
Trail Maintenance	1,000	989	11
Recreation Equipment	1,500	0	1,500
Conservation Commission Supplies	1,000	193	807
Special Events	1,000	0	1,000
Total Recreation	<u>19,050</u>	<u>16,524</u>	<u>2,526</u>
Special Grant Funds			
Community Development Grant Expenses	0	178,820	(178,820)
Highway Grant Expenses	0	163,557	(163,557)
Conservation Grant Expenses	0	256,000	(256,000)
Library Grant Expenses	0	760	(760)
VLCT Small Equipment Grant	0	473	(473)
CSWD Clean-up Grant	0	1,767	(1,767)
Miscellaneous Expenses	0	3,146	(3,146)
Total Special Grant Funds	<u>0</u>	<u>604,523</u>	<u>(604,523)</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):			
Special Appropriations -			
Lake Iroquois Association	400	400	0
Lake Iroquois District	600	600	0
Age Well	1,800	1,000	800
Flags	650	618	32
Regional Planning	5,800	5,444	356
Richmond Community Band	400	400	0
Richmond Rescue	70,680	70,680	0
Hale & Hearty	4,100	4,100	0
Transportation Services - SSTA	2,300	909	1,391
Visiting Nurses Association	9,693	9,693	0
Vermont Center for Independent Living	375	375	0
Front Page Forum	100	100	0
Committee on Temporary Shelter	1,000	1,000	0
Our Community Cares Camp	100	100	0
CUSI Domestic Task Force	7,583	7,583	0
Total Special Appropriations	<u>105,581</u>	<u>103,002</u>	<u>2,579</u>
Debt Service -			
Principal Payments:			
Police Cruiser Lease	35,000	51,215	(16,215)
2016 Police Cams	6,300	6,264	36
2015 Engine	49,708	50,121	(413)
2005 Engine	10,000	10,000	0
1996 Highway Garage	20,000	20,000	0
2016 Chevy Pickup	11,138	11,138	0
2015 Dump Truck	19,844	19,844	0
2016 Tandem Dump Truck	8,092	21,480	(13,388)
2013 Excavator	21,960	22,120	(160)
Depot Improvement Note	20,000	20,000	0
Park Mower	20,667	20,667	0
Jericho Road Bond	43,200	43,200	0
Total Principal Payments	<u>265,909</u>	<u>296,049</u>	<u>(30,140)</u>
Interest Payments:			
Police Cruiser Lease	0	3,754	(3,754)
2016 Police Cams	600	288	312
2015 Engine	3,639	3,691	(52)
2005 Engine	3,757	3,111	646
1996 Highway Garage	540	381	159
2016 Chevy Pickup	195	182	13
2016 Tandem Dump Truck	593	1,582	(989)
2015 Tandem Dump Truck	1,441	1,422	19
Depot Street Interest	415	357	58
Excavator Interest	509	358	151
Park Mower	361	337	24

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, 2018**

	Budget	Actual	Variance Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):			
Interest Payments Continued - Jericho Bond Note	20,552	20,552	0
Total Interest Payments	32,602	36,015	(3,413)
Total Debt Service	298,511	332,064	(33,553)
Total Expenditures	3,344,457	3,983,396	(638,939)
EXCESS OF REVENUE OVER EXPENDITURES	194,427	143,412	(51,015)
OTHER FINANCING SOURCES (USES):			
Sale of Town Property	1,000	500	(500)
Transfer to Water Fund	(32,796)	(32,763)	33
Transfer to Sewer Fund	(7,050)	(7,046)	4
Transfer to Reappraisal Fund	(7,000)	(7,000)	0
Transfer to Library Reserve Fund	(8,000)	(8,000)	0
Transfer to Conservation Fund	(45,300)	(45,300)	0
Transfer to Fire Reserve Fund	(28,500)	(28,500)	0
Transfer to Police Reserve Fund	(2,081)	(2,081)	0
Transfer to Highway Reserve Fund	(27,700)	(27,700)	0
Transfer to Bridge and Culvert Reserve Fund	(37,000)	(37,000)	0
Total Other Financing Sources (Uses)	(194,427)	(194,890)	(463)
NET CHANGE IN FUND BALANCE	\$ 0	(51,478)	\$ (51,478)
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Budgeted Short-term Debt Principal Payments		31,805	
Unbudgeted Insurance Proceeds		25,525	
Unbudgeted Proceeds from Long-term Debt		38,764	
Unbudgeted Police Cruiser Purchase		(38,764)	
Change in Modified Accrual Basis Fund Balance - Exhibit E		\$ 5,852	

The reconciling items are due to budgeted short-term debt principal repayments and unbudgeted insurance proceeds, proceeds from long-term debt and the purchase of a new police cruiser.

**TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2018**

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

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: The following changes were effective for the June 30, 2017 valuation date:

- Assumed inflation was lowered from 3.0% to 2.5%.
- The investment return assumption was lowered from 7.95% to 7.50%.
- Assumed COLA increases were lowered from 1.50% to 1.15% for Group A members and from 1.80% to 1.3% for Group B, C and D members.
- The mortality tables were updated from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement.

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

**TOWN OF RICHMOND, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2018**

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

Notes to Schedule

Valuation Date: June 30, 2017

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

**TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	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>272,985</u>	<u>6,202</u>	<u>32,076</u>	<u>48,591</u>	<u>14,734</u>	<u>150,163</u>	<u>282,099</u>	<u>129,231</u>	<u>74,966</u>
Total Assets	<u>\$ 48,746</u>	<u>\$ 272,985</u>	<u>\$ 6,202</u>	<u>\$ 32,076</u>	<u>\$ 48,591</u>	<u>\$ 14,734</u>	<u>\$ 150,163</u>	<u>\$ 282,099</u>	<u>\$ 129,231</u>	<u>\$ 74,966</u>
LIABILITIES										
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total 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	272,985	0	0	0	14,734	150,163	282,099	0	74,966
Committed	0	0	6,202	32,076	48,591	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>129,231</u>	<u>0</u>
Total Fund Balances	<u>48,746</u>	<u>272,985</u>	<u>6,202</u>	<u>32,076</u>	<u>48,591</u>	<u>14,734</u>	<u>150,163</u>	<u>282,099</u>	<u>129,231</u>	<u>74,966</u>
Total Liabilities and Fund Balances	<u>\$ 48,746</u>	<u>\$ 272,985</u>	<u>\$ 6,202</u>	<u>\$ 32,076</u>	<u>\$ 48,591</u>	<u>\$ 14,734</u>	<u>\$ 150,163</u>	<u>\$ 282,099</u>	<u>\$ 129,231</u>	<u>\$ 74,966</u>

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	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	\$ 309	\$ 0	\$ 7,357	\$ 3,119	\$ 0	\$ 147,364	\$ 0	\$ 158,149
Due from Other Funds	<u>7,069</u>	<u>9,488</u>	<u>2,151</u>	<u>10,369</u>	<u>237</u>	<u>0</u>	<u>0</u>	<u>2,548</u>	<u>300</u>	<u>28,694</u>	<u>1,120,649</u>
Total Assets	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ 2,151</u>	<u>\$ 10,678</u>	<u>\$ 237</u>	<u>\$ 7,357</u>	<u>\$ 3,119</u>	<u>\$ 2,548</u>	<u>\$ 147,664</u>	<u>\$ 28,694</u>	<u>\$ 1,278,798</u>
LIABILITIES											
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,998	\$ 3,998
Total 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>3,998</u>	<u>3,998</u>
FUND BALANCES											
Restricted	0	9,488	2,151	309	237	7,357	3,119	2,548	147,664	24,696	1,041,262
Committed	7,069	0	0	0	0	0	0	0	0	0	93,938
Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,369</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>139,600</u>
Total Fund Balances	<u>7,069</u>	<u>9,488</u>	<u>2,151</u>	<u>10,678</u>	<u>237</u>	<u>7,357</u>	<u>3,119</u>	<u>2,548</u>	<u>147,664</u>	<u>24,696</u>	<u>1,274,800</u>
Total Liabilities and Fund Balances	<u>\$ 7,069</u>	<u>\$ 9,488</u>	<u>\$ 2,151</u>	<u>\$ 10,678</u>	<u>\$ 237</u>	<u>\$ 7,357</u>	<u>\$ 3,119</u>	<u>\$ 2,548</u>	<u>\$ 147,664</u>	<u>\$ 28,694</u>	<u>\$ 1,278,798</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	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	\$ 4,610	\$ 0	\$ 0	\$ 0	\$ 13,324
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	4,610	0	0	0	13,324
Expenditures:										
General Government	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0
Highways and Streets	0	0	0	0	0	0	0	3,930	0	0
Library	0	0	0	11,065	0	0	0	0	0	0
Culture and Recreation	0	6,000	0	0	0	0	0	0	0	0
Capital Outlay:										
Highways and Streets	0	0	0	0	0	0	0	65,446	0	0
Culture and Recreation	0	54,434	0	0	0	0	0	0	0	0
Total Expenditures	0	60,434	0	11,065	0	0	0	69,376	0	0
Excess/(Deficiency) of Revenues Over Expenditures	0	(60,434)	0	(11,065)	0	4,610	0	(69,376)	0	13,324
Other Financing Sources:										
Transfers In	0	45,300	2,081	8,000	28,500	0	27,700	37,000	7,000	0
Total Other Financing Sources	0	45,300	2,081	8,000	28,500	0	27,700	37,000	7,000	0
Net Change in Fund Balances	0	(15,134)	2,081	(3,065)	28,500	4,610	27,700	(32,376)	7,000	13,324
Fund Balances - July 1, 2017, As Reclassified	48,746	288,119	4,121	35,141	20,091	10,124	122,463	314,475	122,231	61,642
Fund Balances - June 30, 2018	\$ 48,746	\$ 272,985	\$ 6,202	\$ 32,076	\$ 48,591	\$ 14,734	\$ 150,163	\$ 282,099	\$ 129,231	\$ 74,966

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, 2018

	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	\$ 7,400	\$ 0	\$ 0	\$ 2,377	\$ 0	\$ 7,023	\$ 0	\$ 34,734
Donations	0	0	1,000	0	0	4,372	0	0	0	14,956	20,328
Interest Income	0	0	0	1	0	3	0	0	994	0	998
Total Revenues	0	0	1,000	7,401	0	4,375	2,377	0	8,017	14,956	56,060
Expenditures:											
General Government	0	0	0	0	0	0	0	0	793	0	793
Public Safety	0	0	0	0	0	6,768	0	0	0	0	6,768
Highways and Streets	0	0	0	0	0	0	0	0	0	0	3,930
Library	0	0	0	0	0	0	1,737	0	0	0	12,802
Culture and Recreation	0	0	0	7,314	0	0	0	0	0	0	13,314
Capital Outlay:											
Highways and Streets	0	0	0	0	0	0	0	0	0	0	65,446
Culture and Recreation	0	0	0	0	0	0	0	0	0	10,860	65,294
Total Expenditures	0	0	0	7,314	0	6,768	1,737	0	793	10,860	168,347
Excess/(Deficiency) of Revenues Over Expenditures	0	0	1,000	87	0	(2,393)	640	0	7,224	4,096	(112,287)
Other Financing Sources:											
Transfers In	0	0	0	0	0	0	0	0	0	0	155,581
Total Other Financing Sources	0	0	0	0	0	0	0	0	0	0	155,581
Net Change in Fund Balances	0	0	1,000	87	0	(2,393)	640	0	7,224	4,096	43,294
Fund Balances - July 1, 2017, As Reclassified	7,069	9,488	1,151	10,591	237	9,750	2,479	2,548	140,440	20,600	1,231,506
Fund Balances - June 30, 2018	\$ 7,069	\$ 9,488	\$ 2,151	\$ 10,678	\$ 237	\$ 7,357	\$ 3,119	\$ 2,548	\$ 147,664	\$ 24,696	\$ 1,274,800

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES:			
Water Receipts	\$ 294,578	\$ 301,799	\$ 7,221
Hydrant Sales	1,500	7,448	5,948
Sale of Meters	0	500	500
Hook on Fees - Water	500	2,060	1,560
Fire Service Fees	32,796	32,763	(33)
Water Asset Management Grant	0	9,140	9,140
Miscellaneous	0	50	50
	<u>329,374</u>	<u>353,760</u>	<u>24,386</u>
Total Revenues			
EXPENDITURES:			
Administration:			
Payroll and Benefits:			
Salaries	45,048	46,421	(1,373)
Overtime	900	2,144	(1,244)
Payroll Taxes	3,360	3,523	(163)
Retirement	2,070	2,405	(335)
Health Insurance	9,000	10,680	(1,680)
Long-term Disability	300	306	(6)
Total Payroll and Benefits	<u>60,678</u>	<u>65,479</u>	<u>(4,801)</u>
Office Expenses:			
Uniforms	360	253	107
Office Supplies	210	135	75
Office Equipment	150	0	150
Computer	0	227	(227)
Advertising	150	0	150
Administrative	4,373	4,373	0
Training/Education	750	72	678
Safety Training	90	0	90
Travel	300	0	300
Telephone	900	1,318	(418)
Association Dues	150	153	(3)
General Insurance	4,800	4,800	0
Total Office Expenses	<u>12,233</u>	<u>11,331</u>	<u>902</u>
Total Administration	<u>72,911</u>	<u>76,810</u>	<u>(3,899)</u>
Water Department:			
Personal Protective Equipment	500	106	394
Heat	600	407	193
Electricity	8,000	9,397	(1,397)
Trash Removal	500	825	(325)
Permits, Fees and Licenses	1,500	2,089	(589)
Water Contracted	5,000	2,751	2,249
Equipment Rental	500	208	292
Engineering	2,000	1,060	940
Gas, Oil and Diesel	700	469	231
Fleet Maintenance	1,000	875	125
Water Line Repairs	25,000	16,610	8,390
Pumps and Tanks	5,000	631	4,369
Asphalt Repair	1,000	116	884
Equipment Purchase	500	2,000	(1,500)
Supplies	1,000	1,246	(246)
Meters	3,000	2,923	77
Water Treatment Chemicals	1,000	682	318
Total Water Department	<u>56,800</u>	<u>42,395</u>	<u>14,405</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Capital and Debt:			
Short Term Asset Reserve	20,000	20,000	0
Water Capital Reserve	19,000	19,000	0
Distribution System Allocation	14,265	14,265	0
Water Reservoir Principal	38,220	37,705	515
East Main Street RF3-335 Principal	35,000	25,140	9,860
Browns Court Principal and Interest	15,000	14,371	629
Jericho Road Loan Principal and Interest	51,108	38,473	12,635
Service Vehicle	4,800	0	4,800
Bond Anticipation Note Interest	0	8,716	(8,716)
East Main Street Expenses	0	4,417	(4,417)
Total Capital and Debt	197,393	182,087	15,306
Total Expenses	327,104	301,292	25,812
Net Income	\$ 2,270	52,468	\$ 50,198
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(78,562)	
Bond Principal		102,933	
Debt Forgiveness		37,552	
Fund Reserves		52,865	
Change in Net Pension Liability - GASB 68		(2,632)	
Change in Accrued Interest		(1,817)	
Change in Net Position - Exhibit H		\$ 162,807	

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Favorable/ (Unfavorable)
REVENUES:			
Sewer Receipts	\$ 390,000	\$ 389,225	(775)
Hook on Fees - Sewer	1,000	926	(74)
Septage Receipts	180,000	163,862	(16,138)
VLCT Small Equipment Grant	0	700	700
Transfer In	0	7,046	7,046
Total Revenues	571,000	561,759	(9,241)
EXPENDITURES:			
Administration:			
Payroll and Benefits:			
Salaries	105,112	108,314	(3,202)
Overtime	2,100	254	1,846
Payroll Taxes	7,840	8,219	(379)
Retirement	4,830	5,612	(782)
Health Insurance	21,000	24,920	(3,920)
Long-term Disability	700	714	(14)
Total Payroll and Benefits	141,582	148,033	(6,451)
Office Expenses:			
Uniforms	840	592	248
Office Supplies	490	315	175
Office Equipment	350	0	350
Computer	0	391	(391)
Advertising	350	0	350
Administrative	10,203	10,203	0
Training/Education	1,750	265	1,485
Safety Training	210	0	210
Travel	700	0	700
Telephone	2,100	1,949	151
Association Dues	350	357	(7)
General Insurance	11,200	11,200	0
Total Office Expenses	28,543	25,272	3,271
Total Administration	170,125	173,305	(3,180)
Pump Station:			
Electricity	1,000	97	903
Maintenance	1,800	8,638	(6,838)
Total Pump Station	2,800	8,735	(5,935)
Wastewater Department:			
Personal Protective Gear	500	681	(181)
Heat Dewatering	13,000	7,345	5,655
Electricity	34,200	33,982	218
Wastewater Treatment Facility	16,000	13,611	2,389
Trash Removal	1,300	1,145	155
Permits, Certificates and Licenses	800	666	134
Wastewater Contracted	7,500	4,909	2,591
Biosolids Contracted	3,500	2,108	1,392
Equipment Rental	500	176	324
Biosolids Disposal	60,000	51,991	8,009
Engineering	500	0	500
Gas, Oil and Diesel Fuel	1,800	1,015	785
Fleet Maintenance	2,500	3,017	(517)
Facility Repairs - Wastewater	6,000	12,725	(6,725)
Facility Repairs - Biosolids	6,000	1,318	4,682

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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):			
Wastewater Department (continued):			
Collection System Repair	\$ 4,000	\$ 9,649	\$ (5,649)
Wastewater Chemicals	6,000	6,715	(715)
Biosolids Chemicals	35,000	28,217	6,783
Supplies	5,000	4,812	188
Total Wastewater Department	204,100	184,082	20,018
Capital and Debt:			
Short-term (10 yr.) Capital Fund	20,000	20,000	0
Collection System Capital Fund	21,670	21,670	0
Wastewater Capital Reserve	73,000	73,000	0
Planning Loan RFL-101	12,080	12,021	59
Project 7A Sanitary Principal and Interest	14,092	22,753	(8,661)
Phosphorus Project Loan	22,300	20,608	1,692
Jericho Road Project Principal	21,903	20,592	1,311
Jericho Road Project Interest	0	9,797	(9,797)
Service Vehicle	11,200	0	11,200
Total Capital and Debt	196,245	200,441	(4,196)
Total Expenses	573,270	566,563	6,707
Net Income/(Loss)	\$ (2,270)	(4,804)	\$ (2,534)
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(137,374)	
Bond Principal		66,914	
Fund Reserves		114,670	
Change in Net Pension Liability - GASB 68		(5,961)	
Change in Accrued Interest		(1,745)	
Change in Net Position - Exhibit H		\$ 31,700	

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

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, 2018, and the related notes to the financial statements, which collectively comprise the Town of Richmond, Vermont's basic financial statements, and have issued our report thereon dated February 13, 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 February 13, 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.

February 13, 2019
Montpelier, Vermont
VT Lic. #92-000180

