

TOWN OF RANDOLPH, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2018
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF RANDOLPH, VERMONT

JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Randolph, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Randolph, Vermont (the Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Randolph, Vermont as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Highway, Police, Library, Water and Sewer Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2019 2018 on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Montpelier, Vermont
February 19, 2019

Murdgett, Janet †
Sheep Meadow, P.C.

**TOWN OF RANDOLPH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The following is a discussion and analysis of the Town of Randolph's (the Town) financial performance including an overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. Readers should consider this information in conjunction with the financial statements which are located after this analysis. This discussion and analysis provides comparisons between FY 2018 and FY 2017.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$14,098,415 compared to \$14,440,447, at June 30, 2017. This represents a decrease of \$342,032 or 2.4%. The change in net position for fiscal year 2018 was a decrease of \$342,032 compared to an increase of \$948,172 for fiscal year 2017.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,714,665, a decrease of \$1,047,287 in comparison with an increase of \$3,186,667 for the prior year. Of the total fund balance, \$4,074,280 represents amounts restricted, committed or assigned to specific purposes, such as fire equipment, highway equipment and projects, water and sewer improvement, building repairs, and emergency relief. \$55,883 is nonspendable, leaving an unassigned deficit balance of \$415,498.

Long-term Debt

The Town's long-term debt increased \$2,258,337 or 18.1% during the fiscal year and had a total ending balance of \$14,728,570.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- **Independent Auditor's Report** - This is a description by the auditors of the scope of their work and their official opinion of the financial statements of the Town for the 2018 fiscal year.
- **Management's Discussion and Analysis** - An introduction to the basic financial statements that is intended to be an easily read analysis of the Town's financial activities based on currently known facts, decisions or conditions.
- **Basic Financial Statements** - This section of the report includes government-wide financial statements, fund financial statements, and notes to the financial statements.
- **Supplementary Schedules** - This section of the report includes schedules 1 and 2, which are not required by accounting principles generally accepted in the United States of America (U.S. GAAP) but are presented as supplementary information. These schedules contain the combining information for individual nonmajor governmental funds. This section also includes schedules 3 and 4, which are required by U.S. GAAP. These schedules contain required historical pension information for the Town's portion of VMERS.

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

Government-wide Statements

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

- **Statement of Net Position** - This statement presents information on all of the Town's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may indicate whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities** - This statement presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund Financial Statements

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

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

The Town reports 19 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Highway Fund, Police Fund, Capital Construction Fund, Capital Projects Fund and Revolving Loan Fund, which are all considered major funds. Data from the other 13 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the supplementary schedules section.

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

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

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

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

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Long-term liabilities, unless due and payable, are not included in the fund financial statements. These liabilities are only included in the government-wide statements.
- Property taxes that are not available to pay current period expenditures are deferred in governmental fund statements, but not deferred on the government-wide statements.
- Deferred inflows of resources relating to deferred pension credits, deferred outflows of resources relating to deferred pension expense, and net pension asset or liability are reported on the government-wide statements, but are excluded from the fund financial statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.
- Bond proceeds provide current financial resources on the fund financial statements, but are recorded as long-term liabilities in the government-wide financial statements.

FINANCIAL ANALYSIS

Government-wide Financial Statements

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$14,098,415 at year end. Net position decreased by \$342,032 or 2.4% over the previous fiscal year.

Net Position as of June 30, 2017 and 2018

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Current Assets	\$ 5,607,712	\$ 4,707,089	\$ 1,364,071	\$ 1,305,675	\$ 6,971,783	\$ 6,012,764
Noncurrent Assets	<u>11,140,545</u>	<u>14,261,552</u>	<u>13,215,339</u>	<u>12,897,817</u>	<u>24,355,884</u>	<u>27,159,369</u>
Total Assets	<u>16,748,257</u>	<u>18,968,641</u>	<u>14,579,410</u>	<u>14,203,492</u>	<u>31,327,667</u>	<u>33,172,133</u>
Deferred Outflows of Resources	<u>1,165,159</u>	<u>1,007,123</u>	<u>-</u>	<u>-</u>	<u>1,165,159</u>	<u>1,007,123</u>
Current Liabilities	1,342,828	1,631,825	403,741	343,450	1,746,569	1,975,275
Noncurrent Liabilities	<u>7,801,062</u>	<u>9,571,709</u>	<u>7,171,515</u>	<u>7,046,451</u>	<u>14,972,577</u>	<u>16,618,160</u>
Total Liabilities	<u>9,143,890</u>	<u>11,203,534</u>	<u>7,575,256</u>	<u>7,389,901</u>	<u>16,719,146</u>	<u>18,593,435</u>
Deferred Inflows of Resources	<u>1,333,233</u>	<u>1,487,406</u>	<u>-</u>	<u>-</u>	<u>1,333,233</u>	<u>1,487,406</u>
Net Position:						
Net Investment in Capital Assets	3,768,140	4,794,761	6,435,763	6,178,634	10,203,903	10,973,395
Restricted	5,171,840	4,073,298	-	-	5,171,840	4,073,298
Unrestricted	<u>(1,503,687)</u>	<u>(1,583,235)</u>	<u>568,391</u>	<u>634,957</u>	<u>(935,296)</u>	<u>(948,278)</u>
Total Net Position	<u>\$ 7,436,293</u>	<u>\$ 7,284,824</u>	<u>\$ 7,004,154</u>	<u>\$ 6,813,591</u>	<u>\$ 14,440,447</u>	<u>\$ 14,098,415</u>

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

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

Changes in Net Position for the Fiscal Years Ended June 30, 2017 and 2018

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 280,098	\$ 351,008	\$ 1,288,538	\$ 1,176,899	\$ 1,568,636	\$ 1,527,907
Grants and Contributions	1,315,918	1,302,372	74,371	44,675	1,390,289	1,347,047
Other	<u>249,738</u>	<u>238,795</u>	<u>70,969</u>	<u>15,401</u>	<u>320,707</u>	<u>254,196</u>
	<u>1,845,754</u>	<u>1,892,175</u>	<u>1,433,878</u>	<u>1,236,975</u>	<u>3,279,632</u>	<u>3,129,150</u>
General Revenues:						
Property Taxes	3,959,228	3,884,570	-	-	3,959,228	3,884,570
Insurance reimbursements	573,463	3,160	-	-	573,463	3,160
Investment Income (Loss)	32,165	33,158	156,734	77,515	188,899	110,673
Transfers in (out)	<u>1,207,008</u>	<u>372,746</u>	<u>(1,199,166)</u>	<u>(362,091)</u>	<u>7,842</u>	<u>10,655</u>
	<u>5,771,864</u>	<u>4,293,634</u>	<u>(1,042,432)</u>	<u>(284,576)</u>	<u>4,729,432</u>	<u>4,009,058</u>
Total Revenues	<u>7,617,618</u>	<u>6,185,809</u>	<u>391,446</u>	<u>952,399</u>	<u>8,009,064</u>	<u>7,138,208</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Expenses:						
General Government	2,465,259	2,259,903	-	-	2,465,259	2,259,903
Public Safety	1,099,132	1,166,933	-	-	1,099,132	1,166,933
Highway	2,130,913	2,195,684	-	-	2,130,913	2,195,684
Recreation	294,525	474,138	-	-	294,525	474,138
Interest	151,986	240,620	116,709	91,217	268,695	331,837
Water	-	-	383,496	386,991	383,496	386,991
Sewer	-	-	416,842	662,724	416,842	662,724
Landfill	-	-	2,030	2,030	2,030	2,030
Total Expenses	<u>6,141,815</u>	<u>6,337,278</u>	<u>919,077</u>	<u>1,142,962</u>	<u>7,060,892</u>	<u>7,480,240</u>
Increase (Decrease) in Net Position	1,475,803	(151,469)	(527,631)	(190,563)	948,172	(342,032)
Beginning Net Position, July 1	<u>5,960,490</u>	<u>7,436,293</u>	<u>7,531,785</u>	<u>7,004,154</u>	<u>13,492,275</u>	<u>14,440,447</u>
Ending Net Position, June 30	<u>\$ 7,436,293</u>	<u>\$ 7,284,824</u>	<u>\$ 7,004,154</u>	<u>\$ 6,813,591</u>	<u>\$ 14,440,447</u>	<u>\$ 14,098,415</u>

Total governmental activities expenses were \$6,141,815 and \$6,337,278 in fiscal years 2017 and 2018, respectively. The expenses do not include capital outlay, which is reflected as capital asset additions in the government-wide financial statements.

Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenues from governmental activities were \$1,845,754 in 2017 and \$1,892,175 in 2018. Governmental activities program revenues from charges for services include licenses and permits, planning fees, forfeitures, sale of supplies and several other revenues. Program revenues in the grants and contributions category include federal, state and local grants, and local contributions that are restricted for program use.

General revenues are all other revenues not categorized as program revenues and include property taxes and investment earnings. Total general revenues from governmental activities were \$5,771,864 in fiscal 2017 and \$4,293,634 in fiscal 2018. Approximately 68.6% of the Town's total general revenues from governmental activities came from property taxes in fiscal 2017 in comparison to 90.5% in 2018.

Fund Financial Statements

- **Governmental Funds** - The combined fund balance of the governmental funds was \$4,761,952 at June 30, 2017 and \$3,714,665 at June 30, 2018. \$4,074,280 of the FY 2018 fund balance is restricted, committed or assigned; \$55,883 is nonspendable, leaving a remaining unassigned deficit balance of \$415,498. The fund balance of the General Fund decreased from \$39,094 in FY 2017 to \$38,172 in FY 2018.

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

- **Proprietary Funds** - The Town's proprietary funds provide the same information found in the government-wide financial statements. Total net position of the Town's proprietary funds at June 30, 2018 was \$6,813,591, a decrease of \$190,563 or 2.7% over the previous fiscal year.

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

- **Fiduciary Funds** - Total net position of the Town's fiduciary funds was \$1,265,324, an increase of \$30,748 over the previous fiscal year.

Capital Assets

The following is a schedule of capital assets as of June 30, 2017 and 2018.

Capital Assets June 30, 2017 and 2018

	<u>2017</u>	<u>2018</u>
Governmental Activities -		
Land	\$ 654,155	\$ 654,155
Construction in Progress	1,918,254	4,740,489
Buildings	3,288,606	3,345,870
Infrastructure	4,698,151	4,698,151
Equipment	<u>3,785,433</u>	<u>4,427,949</u>
Total Capital Assets	14,344,599	17,866,614
Less Accumulated Depreciation	<u>4,318,054</u>	<u>4,725,812</u>
Capital Assets, Net	<u>\$ 10,026,545</u>	<u>\$ 13,140,802</u>
Business-type Activities -		
Land	\$ 518,689	\$ 518,689
Construction in Progress	8,604,242	174,246
Water	5,443,350	5,354,591
Sewer	2,525,254	10,355,092
Landfill	<u>101,500</u>	<u>101,500</u>
Total Capital Assets	17,193,035	16,504,118
Less Accumulated Depreciation	<u>3,977,696</u>	<u>3,606,301</u>
Capital Assets, Net	<u>\$ 13,215,339</u>	<u>\$ 12,897,817</u>

The Town has a net investment in capital assets of \$23,241,884 and \$26,038,619 on June 30, 2017 and June 30, 2018, respectively. The net increase (including additions and deductions) between the two periods amounted to \$2,796,735.

Debt

At the end of the fiscal year, the Town had \$8,009,387 in long-term debt outstanding in governmental activities compared to \$5,690,657 in the prior year. For the business-type activities, long-term debt increased from \$6,779,576 to \$6,719,183. Total long-term debt increased by \$2,258,337. A list of long-term debt outstanding follows:

Long-term Debt at June 30, 2017 and 2018

	<u>2017</u>	<u>2018</u>
Governmental Activities -		
1995 Series 1	\$ 275,000	\$ 250,000
2005 Series 1	720,000	640,000
2007 Series 1	275,000	250,000
2009 Series 1	470,000	430,000
2016 Series 1	3,000,000	2,900,000
2017 Series 1	-	2,400,000
RF1-013	280,265	235,265
RF1-091	670,392	601,666
Community Bank - Cruiser Note	-	27,456
Mascoma - Police Building Note	-	275,000
Total Long-term Debt	<u>\$ 5,690,657</u>	<u>\$ 8,009,387</u>
Business-type Activities -		
RF3-018	\$ 104,313	\$ 94,742
RF3-056	378,546	351,638
RF3-241	1,006,292	951,106
RF1-140	379,057	379,057
WPL-262	14,483	174,246
USDA	4,896,885	4,768,394
Total Long-term Debt	<u>\$ 6,779,576</u>	<u>\$ 6,719,183</u>

REQUESTS FOR INFORMATION

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

TOWN OF RANDOLPH, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2018
(Page 1 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 3,003,586	\$ -	\$ 3,003,586
Investments	2,351,936	-	2,351,936
Delinquent taxes receivable	131,897	-	131,897
Accounts receivable	21,612	326,456	348,068
Grant receivable	118,200	-	118,200
Prepaid expenses	55,883	3,194	59,077
Due from (to) other activities	<u>(976,025)</u>	<u>976,025</u>	<u>-</u>
Total current assets	<u>4,707,089</u>	<u>1,305,675</u>	<u>6,012,764</u>
Noncurrent assets -			
Notes receivable	1,024,000	-	1,024,000
Interest receivable	96,750	-	96,750
Capital assets	17,866,614	16,504,118	34,370,732
less - accumulated depreciation	<u>(4,725,812)</u>	<u>(3,606,301)</u>	<u>(8,332,113)</u>
Total noncurrent assets	<u>14,261,552</u>	<u>12,897,817</u>	<u>27,159,369</u>
Total assets	<u>18,968,641</u>	<u>14,203,492</u>	<u>33,172,133</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension expense	<u>1,007,123</u>	<u>-</u>	<u>1,007,123</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	607,993	20,718	628,711
Accrued expenses	140,034	-	140,034
Due to fiduciary funds	96,427	-	96,427
Current portion capital leases payable	114,679	-	114,679
Current portion of accrued postclosure liability	-	65,000	65,000
Current portion of long-term debt	<u>672,692</u>	<u>257,732</u>	<u>930,424</u>
Total current liabilities	<u>1,631,825</u>	<u>343,450</u>	<u>1,975,275</u>
Noncurrent liabilities -			
Net pension liability	2,013,039	-	2,013,039
Capital leases payable	221,975	-	221,975
Accrued postclosure liability	-	585,000	585,000
Long-term debt	<u>7,336,695</u>	<u>6,461,451</u>	<u>13,798,146</u>
Total noncurrent liabilities	<u>9,571,709</u>	<u>7,046,451</u>	<u>16,618,160</u>
Total liabilities	<u>11,203,534</u>	<u>7,389,901</u>	<u>18,593,435</u>

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

TOWN OF RANDOLPH, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2018
(Page 2 of 2)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension credits	337,192	-	337,192
Prepaid tax revenue	25,455	-	25,455
Deferred note revenue	1,120,750	-	1,120,750
Deferred grant revenue	4,009	-	4,009
Total deferred inflows of resources	<u>1,487,406</u>	<u>-</u>	<u>1,487,406</u>
NET POSITION:			
Net investment in capital assets	4,794,761	6,178,634	10,973,395
Restricted	4,073,298	-	4,073,298
Unrestricted	<u>(1,583,235)</u>	<u>634,957</u>	<u>(948,278)</u>
Total net position	<u>\$ 7,284,824</u>	<u>\$ 6,813,591</u>	<u>\$ 14,098,415</u>

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

TOWN OF RANDOLPH, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Grants and Contributions</u>	<u>Charges for Services</u>	<u>Other</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
FUNCTIONS/PROGRAMS:							
Governmental activities -							
General government	\$ 2,259,903	\$ 909,455	\$ 124,491	\$ 152,663	\$ (1,073,294)	\$ -	\$ (1,073,294)
Public safety	1,166,933	63,032	77,801	4,485	(1,021,615)	-	(1,021,615)
Highway	2,195,684	328,788	70,285	71,374	(1,725,237)	-	(1,725,237)
Recreation	474,138	1,097	78,431	10,273	(384,337)	-	(384,337)
Interest	240,620	-	-	-	(240,620)	-	(240,620)
Total governmental activities	<u>6,337,278</u>	<u>1,302,372</u>	<u>351,008</u>	<u>238,795</u>	<u>(4,445,103)</u>	<u>-</u>	<u>(4,445,103)</u>
Business-type activities -							
Landfill	2,030	-	-	15,079	-	13,049	13,049
Water	386,991	44,675	400,217	250	-	58,151	58,151
Sewer	662,724	-	776,682	72	-	114,030	114,030
Interest	91,217	-	-	-	-	(91,217)	(91,217)
Total business-type activities	<u>1,142,962</u>	<u>44,675</u>	<u>1,176,899</u>	<u>15,401</u>	<u>-</u>	<u>94,013</u>	<u>94,013</u>
	<u>\$ 7,480,240</u>	<u>\$ 1,347,047</u>	<u>\$ 1,527,907</u>	<u>\$ 254,196</u>	<u>(4,445,103)</u>	<u>94,013</u>	<u>(4,351,090)</u>
GENERAL REVENUES - PROPERTY TAXES					3,884,570	-	3,884,570
- INSURANCE REIMBURSEMENTS					3,160	-	3,160
- INVESTMENT INCOME (LOSS)					33,158	77,515	110,673
- TRANSFERS IN (OUT)					372,746	(362,091)	10,655
					<u>4,293,634</u>	<u>(284,576)</u>	<u>4,009,058</u>
CHANGE IN NET POSITION					(151,469)	(190,563)	(342,032)
NET POSITION, July 1, 2017					<u>7,436,293</u>	<u>7,004,154</u>	<u>14,440,447</u>
NET POSITION, June 30, 2018					<u>\$ 7,284,824</u>	<u>\$ 6,813,591</u>	<u>\$ 14,098,415</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
(Page 1 of 3)

	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Fund</u>	<u>Police</u> <u>Fund</u>	<u>Capital</u> <u>Construction</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Revolving</u> <u>Loan</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
ASSETS								
Cash and cash equivalents	\$ 3,003,436	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ 3,003,586
Investments	2,351,936	-	-	-	-	-	-	2,351,936
Delinquent taxes receivable	131,897	-	-	-	-	-	-	131,897
Accounts receivable	16,651	-	398	4,563	-	-	-	21,612
Grant receivable	-	-	-	-	-	-	118,200	118,200
Notes receivable	-	-	-	-	-	1,024,000	-	1,024,000
Interest receivable	-	-	-	-	-	96,750	-	96,750
Prepaid expenditures	38,172	9,592	3,301	-	-	-	4,818	55,883
Due from other funds	-	36,793	-	3,777,760	-	-	548,549	4,363,102
Total assets	\$ <u>5,542,092</u>	\$ <u>46,385</u>	\$ <u>3,849</u>	\$ <u>3,782,323</u>	\$ <u>-</u>	\$ <u>1,120,750</u>	\$ <u>671,567</u>	\$ <u>11,166,966</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY								
LIABILITIES:								
Accounts payable	\$ 135,430	\$ 36,793	\$ 7,632	\$ 292,824	\$ 2,941	\$ -	\$ 132,373	\$ 607,993
Accrued expenditures	140,034	-	-	-	-	-	-	140,034
Due to other funds	5,084,495	-	65,040	-	286,019	-	-	5,435,554
Total liabilities	<u>5,359,959</u>	<u>36,793</u>	<u>72,672</u>	<u>292,824</u>	<u>288,960</u>	<u>-</u>	<u>132,373</u>	<u>6,183,581</u>
DEFERRED INFLOWS OF RESOURCES:								
Deferred property tax revenue	118,506	-	-	-	-	-	-	118,506
Prepaid tax revenue	25,455	-	-	-	-	-	-	25,455
Deferred note revenue	-	-	-	-	-	1,120,750	-	1,120,750
Deferred grant revenue	-	-	-	-	-	-	4,009	4,009
Total deferred inflows of resources	<u>143,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,120,750</u>	<u>4,009</u>	<u>1,268,720</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
(Page 2 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Police Fund</u>	<u>Capital Construction Fund</u>	<u>Capital Projects Fund</u>	<u>Revolving Loan Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
FUND EQUITY:								
Fund balances -								
Nonspendable	38,172	9,592	3,301	-	-	-	4,818	55,883
Restricted	-	-	-	-	-	-	200,090	200,090
Committed	-	-	-	3,489,499	-	-	383,709	3,873,208
Assigned	-	-	-	-	-	-	982	982
Unassigned	-	-	(72,124)	-	(288,960)	-	(54,414)	(415,498)
Total fund balances (deficit)	<u>38,172</u>	<u>9,592</u>	<u>(68,823)</u>	<u>3,489,499</u>	<u>(288,960)</u>	<u>-</u>	<u>535,185</u>	<u>3,714,665</u>
 Total liabilities, deferred inflows of resources and fund equity	 \$ <u>5,542,092</u>	 \$ <u>46,385</u>	 \$ <u>3,849</u>	 \$ <u>3,782,323</u>	 \$ <u>-</u>	 \$ <u>1,120,750</u>	 \$ <u>671,567</u>	 \$ <u>11,166,966</u>

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

TOWN OF RANDOLPH, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
(Page 3 of 3)

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION:**

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 3,714,665
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	17,866,614
Accumulated depreciation	(4,725,812)
Liabilities not due and payable are not reported in governmental funds.	
Long-term debt	(8,009,387)
Capital leases payable	(336,654)
Deferred property taxes are reported in the governmental funds to offset uncollected property taxes which are not available financial resources.	
	118,506
Balances related to net position asset or liability and related deferred outflows/inflows of resources are not reported in the governmental funds.	
Deferred pension expense	1,007,123
Deferred pension credits	(337,192)
Net pension liability	<u>(2,013,039)</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u>7,284,824</u>

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

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

(Page 1 of 3)

	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Fund</u>	<u>Police</u> <u>Fund</u>	<u>Capital</u> <u>Construction</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Revolving</u> <u>Loan</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
REVENUES:								
Property taxes	\$ 1,678,002	\$ 1,423,745	\$ 559,341	\$ -	\$ -	\$ -	\$ 212,725	\$ 3,873,813
Intergovernmental	699,212	212,588	6,032	-	-	-	140,377	1,058,209
Investment income	31,052	-	-	-	1,266	-	840	33,158
Departmental revenue	250,348	141,659	13,358	47,534	-	-	-	452,899
Other	<u>132,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,275</u>	<u>-</u>	<u>247,456</u>	<u>381,067</u>
Total revenues	<u>2,790,950</u>	<u>1,777,992</u>	<u>578,731</u>	<u>47,534</u>	<u>2,541</u>	<u>-</u>	<u>601,398</u>	<u>5,799,146</u>
EXPENDITURES:								
Current -								
General government	1,234,155	-	-	28,099	-	-	246,643	1,508,897
Public safety	417,346	-	568,269	-	100,519	-	65,195	1,151,329
Highways and streets	-	1,301,123	-	646,537	-	-	-	1,947,660
Culture and recreation	228,179	-	-	-	-	-	245,959	474,138
Cemetery	327,805	-	-	-	-	-	-	327,805
Community development	77,620	-	-	-	-	-	59,891	137,511
Capital outlay	-	-	-	1,086,957	2,407,602	-	27,456	3,522,015
Debt service -								
Principal on long-term debt	302,126	-	-	81,600	-	-	-	383,726
Interest on long-term debt	143,349	-	-	70,680	-	-	-	214,029
Principal on capital leases	-	-	-	231,094	-	-	-	231,094
Interest on capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,589</u>	<u>-</u>	<u>-</u>	<u>14,002</u>	<u>26,591</u>
Total expenditures	<u>2,730,580</u>	<u>1,301,123</u>	<u>568,269</u>	<u>2,157,556</u>	<u>2,508,121</u>	<u>-</u>	<u>659,146</u>	<u>9,924,795</u>

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

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

(Page 2 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Police Fund</u>	<u>Capital Construction Fund</u>	<u>Capital Projects Fund</u>	<u>Revolving Loan Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>60,370</u>	<u>476,869</u>	<u>10,462</u>	<u>(2,110,022)</u>	<u>(2,505,580)</u>	<u>-</u>	<u>(57,748)</u>	<u>(4,125,649)</u>
OTHER FINANCING SOURCES (USES):								
Proceeds from long-term debt	-	-	-	-	2,400,000	-	302,456	2,702,456
Insurance reimbursements	3,160	-	-	-	-	-	-	3,160
Transfers in (out), net	<u>(64,452)</u>	<u>(475,448)</u>	<u>-</u>	<u>883,811</u>	<u>-</u>	<u>-</u>	<u>28,835</u>	<u>372,746</u>
Total other financing sources (uses)	<u>(61,292)</u>	<u>(475,448)</u>	<u>-</u>	<u>883,811</u>	<u>2,400,000</u>	<u>-</u>	<u>331,291</u>	<u>3,078,362</u>
NET CHANGE IN FUND BALANCES	(922)	1,421	10,462	(1,226,211)	(105,580)	-	273,543	(1,047,287)
FUND BALANCES (DEFICIT), July 1, 2017	<u>39,094</u>	<u>8,171</u>	<u>(79,285)</u>	<u>4,715,710</u>	<u>(183,380)</u>	<u>-</u>	<u>261,642</u>	<u>4,761,952</u>
FUND BALANCES (DEFICIT), June 30, 2018	\$ <u>38,172</u>	\$ <u>9,592</u>	\$ <u>(68,823)</u>	\$ <u>3,489,499</u>	\$ <u>(288,960)</u>	<u>-</u>	\$ <u>535,185</u>	\$ <u>3,714,665</u>

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

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

(Page 3 of 3)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:

Net change in fund balance - total governmental funds	\$ (1,047,287)
<p>Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>	
Additions to capital assets, net of dispositions	3,522,015
Depreciation	(407,758)
<p>Property tax revenue in governmental funds includes deferred revenue of the prior year but excludes deferred revenue of the current year as taxes uncollected within 60 days are unavailable at year end.</p>	
Prior year	(107,749)
Current year	118,506
<p>The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.</p>	
Proceeds from long-term debt	(2,702,456)
Debt service - principal paid on long-term debt	383,726
Debt service - principal paid on capital leases	231,094
<p>Changes in net pension asset or liability and related deferred outflows/inflows of resources will increase or decrease the amounts reported in the government-wide statements, but are only recorded as an expenditure when paid in the governmental funds.</p>	
Net (increase) decrease in net pension obligation	<u>(141,560)</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$ <u>(151,469)</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

(Page 1 of 2)

	Original and Final <u>Budget</u>	Actual (Budgetary <u>Basis)</u>	Variance Over <u>(Under)</u>
REVENUES:			
Property taxes	\$ 1,787,343	\$ 1,678,002	\$ (109,341)
Intergovernmental	650,240	699,212	48,972
Fire Department	65,200	63,114	(2,086)
Recreation	76,200	70,667	(5,533)
Cemetery	20,000	19,075	(925)
Planning and Zoning	5,250	5,811	561
Listers Office	20,500	20,514	14
Town Clerk	74,350	71,167	(3,183)
Interest	39,500	31,052	(8,448)
Other	124,300	132,336	8,036
Total revenues	<u>2,862,883</u>	<u>2,790,950</u>	<u>(71,933)</u>
EXPENDITURES:			
General administration	408,215	387,455	(20,760)
Executive	587,012	564,524	(22,488)
Selectboard	12,186	12,744	558
Fire Departments administration	15,400	13,497	(1,903)
Randolph Village Fire Department	57,012	39,899	(17,113)
East Randolph Fire Department	30,597	39,330	8,733
Randolph Center Fire Department	45,141	37,844	(7,297)
Recreation	233,488	228,179	(5,309)
Cemetery	303,751	327,805	24,054
Planning and Zoning	47,320	35,149	(12,171)
Listers Office	98,909	105,949	7,040
Clerk and Treasurer	135,717	128,334	(7,383)
Debt service	333,835	445,475	111,640
Appropriations -			
White River Valley Ambulance	286,680	286,776	96
Clara Martin Center	8,000	8,000	-
Capstone Community Action	1,300	1,300	-
Visiting Nurses Association	16,220	16,220	-
CV Adult Basic Education	6,000	6,000	-
Orange County Court Diversion Program	600	600	-
Stagecoach	7,500	7,500	-
Randolph Senior Citizens	15,000	15,000	-

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

(Page 2 of 2)

	Original and Final <u>Budget</u>	Actual (Budgetary <u>Basis)</u>	Variance Over <u>(Under)</u>
EXPENDITURES (CONTINUED):			
Appropriations (continued) -			
Vermont Center for Independent Living	1,000	1,000	-
Safeline	2,500	2,500	-
Central Vermont Council on Aging	1,200	1,200	-
Vermont Association for the Blind	1,000	1,000	-
Kids Place	2,500	2,500	-
White River Craft Center	5,000	5,000	-
Chamber of Commerce	2,500	2,500	-
Randolph Area Food Shelf	2,500	2,500	-
The Arts Bus	4,000	4,000	-
Home Share Now	800	800	-
Upper Valley Health Connection	1,500	-	(1,500)
Total expenditures	<u>2,674,383</u>	<u>2,730,580</u>	<u>56,197</u>
EXCESS OF REVENUES OR (EXPENDITURES)	188,500	60,370	(128,130)
OTHER FINANCING SOURCES (USES):			
Insurance reimbursements	-	3,160	3,160
Transfers in (out)	<u>(188,500)</u>	<u>(64,452)</u>	<u>(124,048)</u>
Total other financing sources (uses)	<u>(188,500)</u>	<u>(61,292)</u>	<u>127,208</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(922)</u>	\$ <u>(922)</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - HIGHWAY AND POLICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u> </u>	Variance Over (Under) <u> </u>
HIGHWAY FUND			
REVENUES:			
Property taxes	\$ 1,423,745	\$ 1,423,745	\$ -
Intergovernmental	200,000	212,588	12,588
Other	<u>105,750</u>	<u>141,659</u>	<u>35,909</u>
Total revenues	<u>1,729,495</u>	<u>1,777,992</u>	<u>48,497</u>
EXPENDITURES:			
Bridges and highways administration	646,895	658,940	12,045
Bridges and highways operating	753,500	490,153	(263,347)
Bridges and highways maintenance	87,784	87,922	138
Operating expenditures	66,600	64,108	(2,492)
Debt service	<u>29,716</u>	<u>-</u>	<u>(29,716)</u>
Total expenditures	<u>1,584,495</u>	<u>1,301,123</u>	<u>(283,372)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	145,000	476,869	331,869
Transfers in (out), net	<u>(145,000)</u>	<u>(475,448)</u>	<u>330,448</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>1,421</u>	\$ <u>1,421</u>
POLICE FUND			
REVENUES:			
Property taxes	\$ 559,341	\$ 559,341	\$ -
Intergovernmental	4,800	6,032	1,232
Prior year fund balance	5,000	-	(5,000)
Other	<u>11,600</u>	<u>13,358</u>	<u>1,758</u>
Total revenues	<u>580,741</u>	<u>578,731</u>	<u>(2,010)</u>
EXPENDITURES:			
Police administration	529,341	512,230	(17,111)
Operating expenditures	<u>51,400</u>	<u>56,039</u>	<u>4,639</u>
Total expenditures	<u>580,741</u>	<u>568,269</u>	<u>(12,472)</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>10,462</u>	\$ <u>10,462</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u>Basis)</u>	Variance Over (Under) <u>(Under)</u>
LIBRARY FUND			
REVENUES:			
Property taxes	\$ 212,725	\$ 212,725	\$ -
Investment income	600	-	(600)
Prior year fund balance	6,681	-	(6,681)
Other	<u>54,100</u>	<u>76,168</u>	<u>22,068</u>
Total revenues	<u>274,106</u>	<u>288,893</u>	<u>14,787</u>
EXPENDITURES:			
Library administration	201,791	206,738	4,947
Operating expenditures	<u>72,315</u>	<u>81,904</u>	<u>9,589</u>
Total expenditures	<u>274,106</u>	<u>288,642</u>	<u>14,536</u>
EXCESS OF REVENUES OR (EXPENDITURES)	-	251	251
Transfers in (out), net	<u>-</u>	<u>335</u>	<u>335</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>586</u>	\$ <u>586</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
ASSETS:				
Current assets -				
Accounts receivable	\$ -	\$ 107,754	\$ 218,702	\$ 326,456
Prepaid expenses	-	1,597	1,597	3,194
Due from other funds	<u>1,286,339</u>	<u>-</u>	<u>-</u>	<u>1,286,339</u>
Total current assets	<u>1,286,339</u>	<u>109,351</u>	<u>220,299</u>	<u>1,615,989</u>
Noncurrent assets -				
Capital assets	286,508	5,811,918	10,405,692	16,504,118
less - accumulated depreciation	<u>(77,140)</u>	<u>(2,798,505)</u>	<u>(730,656)</u>	<u>(3,606,301)</u>
Total noncurrent assets	<u>209,368</u>	<u>3,013,413</u>	<u>9,675,036</u>	<u>12,897,817</u>
Total assets	<u>1,495,707</u>	<u>3,122,764</u>	<u>9,895,335</u>	<u>14,513,806</u>
LIABILITIES:				
Current liabilities -				
Accounts payable	1,382	13,157	6,179	20,718
Due to other funds	-	96,194	214,120	310,314
Current portion of accrued postclosure liability	65,000	-	-	65,000
Current portion of long-term debt	<u>-</u>	<u>88,915</u>	<u>168,817</u>	<u>257,732</u>
Total current liabilities	<u>66,382</u>	<u>198,266</u>	<u>389,116</u>	<u>653,764</u>
Noncurrent liabilities -				
Accrued postclosure liability	585,000	-	-	585,000
Long-term debt	<u>-</u>	<u>1,482,817</u>	<u>4,978,634</u>	<u>6,461,451</u>
Total noncurrent liabilities	<u>585,000</u>	<u>1,482,817</u>	<u>4,978,634</u>	<u>7,046,451</u>
Total liabilities	<u>651,382</u>	<u>1,681,083</u>	<u>5,367,750</u>	<u>7,700,215</u>
NET POSITION:				
Net investment in capital assets	209,368	1,441,681	4,527,585	6,178,634
Unrestricted	<u>634,957</u>	<u>-</u>	<u>-</u>	<u>634,957</u>
Total net position	<u>\$ 844,325</u>	<u>\$ 1,441,681</u>	<u>\$ 4,527,585</u>	<u>\$ 6,813,591</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	Totals <u>Proprietary</u> <u>Funds</u>
OPERATING REVENUES:				
Charges for services	\$ -	\$ 400,217	\$ 776,682	\$ 1,176,899
Decrease in post-closure costs, net	14,081	-	-	14,081
Miscellaneous	<u>998</u>	<u>250</u>	<u>72</u>	<u>1,320</u>
Total operating revenues	<u>15,079</u>	<u>400,467</u>	<u>776,754</u>	<u>1,192,300</u>
OPERATING EXPENSES:				
Depreciation	2,030	121,832	230,745	354,607
Operations	<u>-</u>	<u>265,159</u>	<u>431,979</u>	<u>697,138</u>
Total operating expenses	<u>2,030</u>	<u>386,991</u>	<u>662,724</u>	<u>1,051,745</u>
Operating income (loss)	<u>13,049</u>	<u>13,476</u>	<u>114,030</u>	<u>140,555</u>
NONOPERATING REVENUES				
(EXPENSES):				
Intergovernmental	-	44,675	-	44,675
Investment income (loss)	51,487	5,882	20,146	77,515
Interest expense	<u>-</u>	<u>-</u>	<u>(91,217)</u>	<u>(91,217)</u>
Total nonoperating revenues (expenses)	<u>51,487</u>	<u>50,557</u>	<u>(71,071)</u>	<u>30,973</u>
Net income (loss) before transfers	64,536	64,033	42,959	171,528
Interfund transfers out	<u>-</u>	<u>(168,476)</u>	<u>(193,615)</u>	<u>(362,091)</u>
CHANGE IN NET POSITION	64,536	(104,443)	(150,656)	(190,563)
NET POSITION, July 1, 2017	<u>779,789</u>	<u>1,546,124</u>	<u>4,678,241</u>	<u>7,004,154</u>
NET POSITION, June 30, 2018	\$ <u>844,325</u>	\$ <u>1,441,681</u>	\$ <u>4,527,585</u>	\$ <u>6,813,591</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - WATER AND SEWER FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u>Basis)</u>	Variance Over (Under) <u>(Under)</u>
WATER FUND			
REVENUES:			
Charges for services	\$ 461,280	\$ 400,217	\$ (61,063)
Interest income	7,000	5,882	(1,118)
Intergovernmental - Interest subsidy	47,944	44,675	(3,269)
Other	<u>4,000</u>	<u>250</u>	<u>(3,750)</u>
Total revenues	<u>520,224</u>	<u>451,024</u>	<u>(69,200)</u>
EXPENSES:			
Water administration	210,844	183,022	(27,822)
Collection and distribution	66,600	45,286	(21,314)
Wells and reservoirs	34,400	36,851	2,451
Depreciation	118,000	121,832	3,832
Debt service	<u>88,282</u>	<u>-</u>	<u>(88,282)</u>
Total expenses	<u>518,126</u>	<u>386,991</u>	<u>(131,135)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	2,098	64,033	61,935
Interfund transfers out	<u>(2,098)</u>	<u>(168,476)</u>	<u>166,378</u>
NET INCOME (LOSS)	\$ <u>-</u>	\$ <u>(104,443)</u>	\$ <u>(104,443)</u>
SEWER FUND			
REVENUES:			
Charges for services	\$ 821,639	\$ 776,682	\$ (44,957)
Interest income	6,500	20,146	13,646
Other	<u>-</u>	<u>72</u>	<u>72</u>
Total revenues	<u>828,139</u>	<u>796,900</u>	<u>(31,239)</u>
EXPENSES:			
Administration	134,953	184,096	49,143
Treatment and disposal	237,936	247,678	9,742
Collection system	2,000	205	(1,795)
Depreciation	60,000	230,745	170,745
Debt service	<u>257,054</u>	<u>91,217</u>	<u>(165,837)</u>
Total expenses	<u>691,943</u>	<u>753,941</u>	<u>61,998</u>
NET INCOME (LOSS) BEFORE TRANSFERS	136,196	42,959	(93,237)
Interfund transfers out	<u>(136,196)</u>	<u>(193,615)</u>	<u>57,419</u>
NET INCOME (LOSS)	\$ <u>-</u>	\$ <u>(150,656)</u>	\$ <u>(150,656)</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(Page 1 of 2)

	<u>Landfill Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ -	\$ 433,355	\$ 776,757	\$ 1,210,112
Cash payments for goods and services	<u>(48,937)</u>	<u>(264,559)</u>	<u>(492,429)</u>	<u>(805,925)</u>
Net cash provided (used) by operating activities	<u>(48,937)</u>	<u>168,796</u>	<u>284,328</u>	<u>404,187</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from grants	-	44,675	-	44,675
Proceeds from long-term debt	-	159,763	-	159,763
Principal paid on bonds payable	-	(91,665)	(128,491)	(220,156)
Interest paid on bonds payable	-	-	(91,217)	(91,217)
Additions to capital assets	<u>-</u>	<u>(85,487)</u>	<u>48,402</u>	<u>(37,085)</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>27,286</u>	<u>(171,306)</u>	<u>(144,020)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Increase (decrease) in amounts due to/from other funds	(2,550)	(33,488)	60,447	24,409
Transfers to other funds	<u>-</u>	<u>(168,476)</u>	<u>(193,615)</u>	<u>(362,091)</u>
Net cash provided (used) by noncapital financing activities	<u>(2,550)</u>	<u>(201,964)</u>	<u>(133,168)</u>	<u>(337,682)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	<u>51,487</u>	<u>5,882</u>	<u>20,146</u>	<u>77,515</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS, July 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, June 30, 2018	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(Page 2 of 2)

	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 13,049	\$ 13,476	\$ 114,030	\$ 140,555
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation	2,030	121,832	230,745	354,607
Change in the following assets/liabilities:				
Accounts receivable	-	32,888	3	32,891
Prepaid expenses	-	548	548	1,096
Accounts payable	984	52	(60,998)	(59,962)
Postclosure care liability	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>
Net cash provided (used) by operating activities	\$ <u>(48,937)</u>	\$ <u>168,796</u>	\$ <u>284,328</u>	\$ <u>404,187</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Trustees of Public Funds <u>Fund</u>	Grant Park <u>Fund</u>	Mary Strong <u>Fund</u>	Library Endowment <u>Fund</u>	Gifford Scholarship <u>Fund</u>	Mountain Alliance <u>Fund</u>	Totals Fiduciary <u>Funds</u>
ASSETS:							
Cash and cash equivalents	\$ 472,044	\$ -	\$ 1,734	\$ 9,736	\$ 60	\$ 13,046	\$ 496,620
Investments	299,255	-	-	373,337	-	-	672,592
Due from other funds	<u>-</u>	<u>87,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>99,747</u>
Total assets	<u>771,299</u>	<u>87,747</u>	<u>1,734</u>	<u>383,073</u>	<u>60</u>	<u>25,046</u>	<u>1,268,959</u>
LIABILITIES:							
Accounts payable	-	315	-	-	-	-	315
Due to other funds	<u>3,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,320</u>
Total liabilities	<u>3,320</u>	<u>315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,635</u>
NET POSITION:							
Restricted	<u>767,979</u>	<u>87,432</u>	<u>1,734</u>	<u>383,073</u>	<u>60</u>	<u>25,046</u>	<u>1,265,324</u>
Total net position	\$ <u>767,979</u>	\$ <u>87,432</u>	\$ <u>1,734</u>	\$ <u>383,073</u>	\$ <u>60</u>	\$ <u>25,046</u>	\$ <u>1,265,324</u>

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

TOWN OF RANDOLPH, VERMONT
STATEMENT OF CHANGES IN NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Trustees of Public Funds <u>Fund</u>	Grant Park <u>Fund</u>	Mary Strong <u>Fund</u>	Library Endowment <u>Fund</u>	Gifford Scholarship <u>Fund</u>	Mountain Alliance <u>Fund</u>	Totals Fiduciary <u>Funds</u>
ADDITIONS:							
Investment income	\$ 25,510	\$ 2,066	\$ 1	\$ 31,966	\$ -	\$ -	\$ 59,543
Donations	-	-	-	31,010	1,560	-	32,570
Miscellaneous	<u>6,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,006</u>	<u>37,616</u>
Total additions	<u>32,120</u>	<u>2,066</u>	<u>1</u>	<u>62,976</u>	<u>1,560</u>	<u>31,006</u>	<u>129,729</u>
DEDUCTIONS:							
Miscellaneous	160	4,571	-	66,136	1,500	15,959	88,326
Transfers, net	<u>10,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,655</u>
Total deductions	<u>10,815</u>	<u>4,571</u>	<u>-</u>	<u>66,136</u>	<u>1,500</u>	<u>15,959</u>	<u>98,981</u>
CHANGE IN NET POSITION	21,305	(2,505)	1	(3,160)	60	15,047	30,748
NET POSITION, July 1, 2017	<u>746,674</u>	<u>89,937</u>	<u>1,733</u>	<u>386,233</u>	<u>-</u>	<u>9,999</u>	<u>1,234,576</u>
NET POSITION, June 30, 2018	\$ <u>767,979</u>	\$ <u>87,432</u>	\$ <u>1,734</u>	\$ <u>383,073</u>	\$ <u>60</u>	\$ <u>25,046</u>	\$ <u>1,265,324</u>

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

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of significant accounting policies:

The Town of Randolph, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont and is governed by a five-member Selectboard (the Board). The Town provides police, fire, highway, sanitation, health, social, cultural, recreational, community and economic development, public improvements, planning, zoning, water, sewer and general administrative services as authorized and funded by state government or Town voters.

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

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

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

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

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

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

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of significant accounting policies (continued):

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

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

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

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

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

Capital Projects Fund - This fund is used to account for the financial resources and related expenditures of current capital projects.

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

The Town reports the following major proprietary funds:

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

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

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

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

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

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

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of significant accounting policies (continued):

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

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

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

- E. Budgets and budgetary accounting - The Town approves budgets for the General, Highway, Police, Library, Water and Sewer Funds at an annual Town Meeting. The tax rate is determined by the Selectboard based on the education and municipal grand lists and the approved budgets. The accounting method used for budget presentation is the same method used for the financial presentation of operations under U.S. GAAP. Formal budgetary integration is employed as a management control during the year. The Town does not legally adopt budgets for other funds. All budgeted amounts lapse at year end.
- F. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1st. Listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2018 were payable in two installments due October 31, 2017 and March 30, 2018.
- G. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.
- H. Risk management - The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; environmental liability; and natural disasters. The Town manages these risks through commercial insurance packages and participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.
- I. Cash, cash equivalents and investments - The Town considers all cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents, with the exception of cash held in brokerage accounts. Investments and unrealized gains and losses are reflected in the individual fund and government-wide financial statements. Investments of the Town are reported at fair value using quoted prices in active markets for identical assets. This is considered a level 1 input valuation technique under the framework established by U.S. GAAP for measuring fair value. The Town does not own investments valued with level 2 or level 3 inputs, which would use quoted prices for similar assets, or in inactive markets, or other methods for estimating fair value.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of significant accounting policies (continued):

J. Inventory - Inventory in the Water and Sewer Funds is valued at cost using the first in/first out method. Inventory is recorded as an expenditure when consumed rather than when purchased.

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

L. Capital assets - Capital assets, which include land, buildings, equipment, vehicles and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and an initial individual cost of more than \$5,000 - office equipment; \$15,000 - vehicles; \$10,000 - capital improvements; \$50,000 - infrastructure; and any structures or land. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Town does not retroactively report infrastructure assets. The Town began capitalizing newly acquired or constructed general infrastructure assets since the implementation of GASB Statement No. 34. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects during the construction period. Normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

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

M. Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources are reported as separate sections in the applicable statement of net position or balance sheet. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period.

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

O. Long-term obligations - Governmental activities, business-type activities, and proprietary funds report long-term debt and other long-term obligations as liabilities in the applicable statement of net position. Governmental fund types report the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of significant accounting policies (continued):

P. Fund equity - In the fund financial statements, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

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

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

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

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

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

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

2. Deposits and investments:

Fair value and classification - Deposits and investments are stated at fair value as described in note 1.I. The classification of investments as of June 30, 2018 is as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment</u>	<u>Fair Value</u>
Corporate bonds	\$ 74,927	Mutual funds:	
Corporate stock	<u>32,630</u>	Balanced funds	\$ 2,683,268
	\$ <u>107,557</u>	Equity funds	<u>233,703</u>
			<u>2,916,971</u>
			\$ <u>3,024,528</u>

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The Town does not have a policy for custodial credit risk. As of June 30, 2018, \$1,215,827 of the Town's bank balance of \$3,695,393 was uninsured and uncollateralized.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

2. Deposits and investments (continued):

Interest rate risk - Interest rate risk is the risk that changes in interest rates will affect the fair value of certain investments. The Town does not have a policy for interest rate risk. Investments subject to interest rate risk and their maturities as of June 30, 2018 are as follows:

	<u>Fair Value</u>	<u>Investment Maturity</u>		
		<u>Less than One Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>
Corporate bonds	\$ <u>74,927</u>	\$ <u>37,002</u>	\$ <u>37,925</u>	\$ <u>-</u>

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

<u>Bond Rating</u>	<u>Fair Value</u>
AA2	\$ 37,002
A2	<u>37,925</u>
	\$ <u>74,927</u>

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2018, the Town does not hold more than 5% of its investments in any one issuer.

3. Notes receivable:

The Town, through various federal loan programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as notes receivable. Notes receivable, including accrued interest, in the Revolving Loan Fund as of June 30, 2018 are as follows:

Branchwood Housing Partnership, interest at 1.5%, due February 2034, secured by mortgage on property.	\$ 546,750
Salisbury Square, with no interest, due February 2041, secured by mortgage on property.	<u>574,000</u>
	<u>\$ 1,120,750</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

4. Capital assets:

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 654,155	\$ -	\$ -	\$ 654,155
Construction in progress	<u>1,918,254</u>	<u>3,398,956</u>	<u>576,721</u>	<u>4,740,489</u>
Total capital assets, not depreciated	<u>2,572,409</u>	<u>3,398,956</u>	<u>576,721</u>	<u>5,394,644</u>
Capital assets, depreciated:				
Buildings	3,288,606	57,264	-	3,345,870
General and fire department equipment	1,443,488	615,060	-	2,058,548
Police department equipment	78,752	27,456	-	106,208
Highway department equipment	2,263,193	-	-	2,263,193
Infrastructure	<u>4,698,151</u>	<u>-</u>	<u>-</u>	<u>4,698,151</u>
Total capital assets, depreciated	<u>11,772,190</u>	<u>699,780</u>	<u>-</u>	<u>12,471,970</u>
Less accumulated depreciation for:				
Buildings	1,248,156	71,805	-	1,319,961
General and fire department equipment	504,166	72,325	-	576,491
Police department equipment	58,901	15,604	-	74,505
Highway department equipment	1,423,131	138,029	-	1,561,160
Infrastructure	<u>1,083,700</u>	<u>109,995</u>	<u>-</u>	<u>1,193,695</u>
Total accumulated depreciation	<u>4,318,054</u>	<u>407,758</u>	<u>-</u>	<u>4,725,812</u>
Total capital assets, depreciated, net	<u>7,454,136</u>	<u>292,022</u>	<u>-</u>	<u>7,746,158</u>
Capital assets, net	\$ <u>10,026,545</u>	\$ <u>3,690,978</u>	\$ <u>576,721</u>	\$ <u>13,140,802</u>

Depreciation expense of \$407,758 in the governmental activities was allocated to expenses of the general government (\$144,130), public safety (\$15,604), and highway (\$248,024) programs based on capital assets assigned to those functions.

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2018</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	\$ 518,689	\$ -	\$ -	\$ 518,689
Construction in progress	<u>8,692,999</u>	<u>102,085</u>	<u>8,620,838</u>	<u>174,246</u>
Total capital assets, not depreciated	<u>9,211,688</u>	<u>102,085</u>	<u>8,620,838</u>	<u>692,935</u>

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

4. Capital assets (continued):

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2018</u>
Business-type activities (continued) -				
Capital assets, depreciated:				
Water	5,354,591	-	-	5,354,591
Sewer	2,525,254	8,620,838	791,000	10,355,092
Landfill	101,500	-	-	101,500
Total capital assets, depreciated	<u>7,981,345</u>	<u>8,620,838</u>	<u>791,000</u>	<u>15,811,183</u>
Less accumulated depreciation for:				
Water	2,676,671	121,832	-	2,798,503
Sewer	1,225,913	230,745	726,000	730,658
Landfill	75,110	2,030	-	77,140
Total accumulated depreciation	<u>3,977,694</u>	<u>354,607</u>	<u>726,000</u>	<u>3,606,301</u>
Total capital assets, depreciated, net	<u>4,003,651</u>	<u>8,266,231</u>	<u>65,000</u>	<u>12,204,882</u>
Capital assets, net	\$ <u>13,215,339</u>	\$ <u>8,368,316</u>	\$ <u>8,685,838</u>	\$ <u>12,897,817</u>

Depreciation expense of \$354,607 in the business-type activities was allocated to expenses of the water (\$121,832), sewer (\$230,745), and landfill (\$2,030) programs based on capital assets assigned to those functions.

5. Interfund receivable and payable balances:

Interfund receivable and payable balances, due to the pooling of cash for cash receipts and disbursements, as of June 30, 2018 are as follows:

	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 5,084,495
Highway Fund	36,793	-
Police Fund	-	65,040
Capital Construction Fund	3,777,760	-
Capital Projects Fund	-	286,019
Other Governmental Funds	548,549	-
	<u>4,363,102</u>	<u>5,435,554</u>
Proprietary funds -		
Landfill Fund	1,286,339	-
Water Fund	-	96,194
Sewer Fund	-	214,120
	<u>1,286,339</u>	<u>310,314</u>
Fiduciary funds	<u>99,747</u>	<u>3,320</u>
	\$ <u>5,749,188</u>	\$ <u>5,749,188</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

6. Interfund transfers:

Interfund transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Interfund transfers for the year ended June 30, 2018 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ 170,048	\$ 234,500
Highway Fund	25,000	500,448
Capital Construction Fund	883,811	-
Other Governmental Funds	34,835	6,000
	<u>1,113,694</u>	<u>740,948</u>
Proprietary funds -		
Water Fund	-	168,476
Sewer Fund	-	193,615
	<u>-</u>	<u>362,091</u>
Fiduciary funds		
	<u>-</u>	<u>10,655</u>
	<u>\$ 1,113,694</u>	<u>\$ 1,113,694</u>

Transfers consisted of reimbursements from the Sewer Fund to the General Fund for debt service expenditures, interest allocations from the Trustees of Public Funds to appropriate funds, and various transfers to fund reserves and capital projects as approved by the budget or management.

7. Landfill closure and post-closure care costs:

The Town landfill ceased operation in 1997. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for 30 years after closure and to report monitoring results to the state regulatory agency. An estimated liability of \$715,000 has been recognized as a long-term obligation for the future post-closure care costs. The Town is required to annually appropriate funds to finance post-closure care of the facility.

The estimate is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2018. However, the actual cost of post-closure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations. During the year the estimated liability for post-closure care costs decreased by \$65,000. However, there were \$50,919 in post-closure care costs, which resulted in a net decrease in post-closure care costs for the year ended June 30, 2018 of \$14,081 reported as revenue in the Statement of Revenues, Expenses and Change in Net Position. The Town also maintains investments set aside to fund future post-closure care expenses. The balance of these investments at June 30, 2018 was \$1,992,570.

8. Debt:

Short-term - During the year, the Town obtained a line of credit in the form of a 3.5% tax anticipation noted in the amount of \$1,000,000 which matured in June 2018. The Town did not borrow on this line of credit during the year.

**TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

8. Debt (continued):

Short-term (continued) - During FY16 the Town's Police Equipment Fund borrowed \$275,000 on a 3.5% promissory note in anticipation of bond proceeds, with an original maturity date of December 2016. During 2017 the Town renegotiated the terms of this note, extending the maturity to December 2017. During the year the Town refinanced this note with long-term debt. Interest paid related to this note was \$14,002.

Long-term - The allocation of long-term debt between governmental and business-type activities is based on budgeted debt service for future payments. This allocation may not be the same as the original use of the debt proceeds. Outstanding long-term debt as of June 30, 2018 is as follows:

Governmental activities -

Bond payable, Vermont Municipal Bond Bank - 1995 Series 1, refunded by 2004 Series 2, refunded by 2015 Series 1, various interest rates. Annual principal payment ranging from \$20,000 to \$40,000. Matures November 2025.	\$ 250,000
Bond payable, Vermont Municipal Bond Bank - 2005 Series 1, refunded by 2014 Series 2, various interest rates. Annual principal payment ranging from \$80,000 to \$85,000. Matures November 2025.	640,000
Bond payable, Vermont Municipal Bond Bank - 2007 Series 1, refunded by 2015 Series 1, various interest rates. Annual principal payment of \$25,000. Matures November 2027.	250,000
Bond payable, Vermont Municipal Bond Bank - 2009 Series 1, refunded by 2015 Series 5, various interest rates. Annual principal payment ranging from \$35,000 to \$40,000. Matures November 2029.	430,000
Bond payable, Vermont Municipal Bond Bank - 2016 Series 1, various interest rates interest rates. Annual principal payment of \$100,000. Matures November 2046.	2,900,000
Bond payable, Vermont Municipal Bond Bank - 2017 Series 1, various interest rates interest rates. Annual principal payment of \$80,000. Matures November 2047.	2,400,000
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-013, 0% interest. Annual payment ranging from \$4,500 to \$45,000 with a \$235,265 balloon payment due December 2018.	235,265
Bond payable, State of Vermont Special Environmental Revolving Fund - RF1-091, interest at 2%. Annual payments of \$82,133, due May 2026.	601,666
Note payable, Community Bank. Annual principal payments of \$6,864 plus interest at 2.27%. Matures July 2021.	27,456
Note payable, Mascoma Bank. Monthly payments of \$1,491, including interest at 2.75%. Matures June 2023.	<u>275,000</u>
Total governmental activities	\$ <u>8,009,387</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

8. Debt (continued):

Long-term (continued) -

Business-type activities -

Bond payable, United States Department of Agriculture, interest at 1.875%. Annual payment of \$219,708. Matures January 2046.	\$ 4,768,394
Bond payable, State of Vermont Special Environmental Revolving Fund - RF3-018, interest at -3%. Annual payment of \$6,441. Matures October 2029.	94,742
Bond payable, State of Vermont Special Environmental Revolving Fund - RF3-056, interest at -3%. Annual payment of \$15,551. Matures February 2035.	351,638
Bond payable, State of Vermont Drinking Water State Revolving Fund - RF3-241, interest at -3%. Annual payment of \$24,997. Matures August 2042.	951,106
Bond payable, State of Vermont Pollution Control Revolving Fund - RF1-140, interest at 0%. Annual payment of \$37,906 beginning March 2018. Matures March 2027.	379,057
Bond payable, State of Vermont Local Assistance State Revolving Fund - WPL-262, interest at 0%. Annual payment of \$38,200 beginning July 2021. Matures July 2025.	<u>174,246</u>
Total business-type activities	\$ <u>6,719,183</u>

Long-term debt activity for the year ended June 30, 2018 was as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities -					
Bonds payable:					
1995 Series 1	\$ 275,000	\$ -	\$ 25,000	\$ 250,000	\$ 25,000
2005 Series 1	720,000	-	80,000	640,000	80,000
2007 Series 1	275,000	-	25,000	250,000	25,000
2009 Series 1	470,000	-	40,000	430,000	40,000
2016 Series 1	3,000,000	-	100,000	2,900,000	100,000
2017 Series 3	-	2,400,000	-	2,400,000	80,000
RF1-013	280,265	-	45,000	235,265	235,265
RF1-091	670,392	-	68,726	601,666	70,100
Notes payable:					
Community Bank - Cruiser Note	-	27,456	-	27,456	6,864
Mascoma - Police Building Note	-	275,000	-	275,000	10,463
Total governmental activities	\$ <u>5,690,657</u>	\$ <u>2,702,456</u>	\$ <u>383,726</u>	\$ <u>8,009,387</u>	\$ <u>672,692</u>

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

8. Debt (continued):

Long-term (continued) -

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities -					
Bonds payable:					
RF3-018	\$ 104,313	\$ -	\$ 9,571	\$ 94,742	\$ 9,284
RF3-056	378,546	-	26,908	351,638	26,100
RF3-241	1,006,292	-	55,186	951,106	53,531
RF1-140	379,057	-	-	379,057	37,906
WPL-262	14,483	159,763	-	174,246	-
USDA	4,896,885	-	128,491	4,768,394	130,911
Total business-type activities	\$ <u>6,779,576</u>	\$ <u>159,763</u>	\$ <u>220,156</u>	\$ <u>6,719,183</u>	\$ <u>257,732</u>

Debt service requirements to maturity are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 672,692	\$ 220,842	\$ 257,732	\$ 46,872
2020	439,101	210,317	257,531	47,073
2021	440,850	199,736	257,456	47,148
2022	442,616	189,909	292,355	47,098
2023	657,265	177,834	292,528	46,925
2024-2028	1,786,863	697,644	1,399,782	227,786
2029-2033	970,000	520,368	1,109,143	205,027
2034-2038	900,000	374,628	1,091,443	161,187
2039-2043	900,000	220,708	1,124,286	99,241
2044-2047	800,000	64,548	636,927	21,034
	\$ <u>8,009,387</u>	\$ <u>2,876,534</u>	\$ <u>6,719,183</u>	\$ <u>949,391</u>

Subsequent to year end, the Town obtained a \$1,000,000 promissory note in anticipation of taxes.

In prior years the Vermont Municipal Bond Bank (VMBB) has refunded various bonds resulting in interest savings to the Town of \$16,845 (2001 Series 1, refunded by 2010 Series 4), \$11,189 (2003 Series 2, refunded by 2011 Series 6), \$5,316 (1999 Series 1 refunded by 2009 Series 2), \$115,271 (1995 Series 1, refunded by 2004 Series 2 and 2015 Series 1), \$46,801 (2005 Series, refunded by 2014 Series 2), \$17,495 (2007 Series 1, refunded by 2015 Series 1) and \$13,653 (2009 Series 1, refunded by 2015 Series 5). These savings allocations, to be received through FY30 have been reflected as a reduction of interest in the debt service requirements table. There is no remaining principal due on the 2001 Series 1, 2003 Series 2, or 1999 Series 1 Bonds.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

9. Capital leases:

The Town has entered into several lease agreements as lessee for financing the acquisition of various equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, the cost and depreciation of these assets are included with other capital assets of the Town. The cost of the assets acquired by capital leases is the present value of the future lease payments. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 are as follows:

Year ending June 30,	
2019	\$ 124,637
2020	124,637
2021	75,635
2022	<u>32,396</u>
Total minimum lease payments	357,305
Less: amount representing interest	<u>(20,651)</u>
Present value of minimum lease payments	\$ <u>336,654</u>

10. Fund balances:

As of June 30, 2018, the fund balance of the Capital Construction Fund is allocated as follows:

Highway paving	\$ 427,784
Highway equipment	58,637
Fire equipment	85,962
Building repair	82,617
Sidewalks	201,646
Stormwater	625,381
Dirt roads	(80,158)
Bridges and culverts	111,818
Sewer improvement	1,260,746
Water improvement	515,066
Emergency relief	<u>200,000</u>
	\$ <u>3,489,499</u>

11. Deficit fund balances:

As of June 30, 2018, the Police Fund has a deficit fund balance of \$68,823. Management intends to recover this deficit through budgetary savings in FY19, due to recent changes in police coverage for the Town.

As of June 30, 2018, the Capital Projects Fund had a deficit fund balance of \$288,960. Management intends to recover this deficit through loan proceeds to fund the fire station reconstruction.

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

11. Deficit fund balances (continued):

As of June 30, 2018, the Grants Fund had a deficit fund balance of \$32,262. Management intends to recover this deficit through transfers from the General Fund related to the local share of ongoing projects.

As of June 30, 2018, the Police Equipment Fund had deficit fund balance of \$21,699. Management intends to recover this deficit through the sale of the police department building.

12. Pension plan:

Vermont State Employees' Retirement System -

Plan description: The Town contributes to the Vermont State Employees' Retirement System (VSERS), a public employee defined benefit pension plan, administered by the State of Vermont. The VSERS is classified as a single employer plan, but does include employees of several municipal entities which are not components of the State of Vermont. Membership in the system is a condition of employment. State statutory provisions, found in Title 3, V.S.A. Chapter 16, govern eligibility for benefits, service requirements and benefit provisions. Management of VSERS is vested in the VSERS Retirement Board, a Board of Trustees consisting of eight members. VSERS issues annual financial information which is available and may be reviewed at the VSERS office, 109 State Street, Montpelier, Vermont 05609-6200 or by calling (802) 828-2305. The financial statements of VSERS are included in the State of Vermont Comprehensive Annual Financial Report (CAFR) and can be found on the Department of Finance and Management web page at www.finance.vermont.gov.

Benefits provided: VSERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits do vary between the groups included in the plan, but are determined for the members of each group as a percentage of average final compensation in a certain number of the highest consecutive years of service. Eligibility for benefits requires five years of service.

Contributions: State statutes grant the authority to the VSERS Retirement Board to review annually the contributions recommended by the VSERS actuary to preserve the financial integrity of the plan, and to submit this recommendation to the Governor and the legislature. Members are currently required to contribute 6.65% (Group F) of their annual covered salary and the Town contributes an additional 10.55% net of a credit for excess contributions of prior periods, as described below. The Town's contribution to VSERS for the years ended June 30, 2018, 2017, and 2016 were \$180,883, \$178,363, and \$132,613, respectively, which were equal to the required net contributions for each year. The members also contributed \$114,014 for the year ended June 30, 2018.

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

TOWN OF RANDOLPH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

12. Pension plan (continued):

Vermont State Employees' Retirement System (continued) -

Pension liabilities, deferred outflows of resources, deferred inflows of resources: These financial statements include the Town's proportionate share of the VSERS net pension liability, deferred outflows of resources for pension expense, deferred inflows of resources from investment earnings and contributions, and the related effects on government-wide net position and activities. The State of Vermont has provided the following information to all employers participating in VSERS, which is based on its calculation of the Town's .2802% proportionate share of the VSERS defined benefit plan as measured at June 30, 2017.

Town's share of VSERS net pension liability	\$ 2,013,039
Deferred outflows of resources - Deferred pension expense	\$ 1,007,123
Deferred inflows of resources - Deferred pension credits	\$ 337,192

The net pension liability is measured as the portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service, net of the pension plan's fiduciary net position. Most changes in the net pension liability are included in pension expense during the year. However, the effects of certain changes in the net pension liability are required to be included in pension expense over multiple years. Changes in the net pension liability not included in current pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions in 2018 are reported on the Government-wide Statement of Net Position as deferred outflows of resources because they were paid after the June 30, 2017 measurement date used by VSERS to value the plan.

Additional information: VSERS obtains an annual actuarial valuation for the pension plan. Detailed information is provided in that report for actuarial assumptions of inflation rates, salary increases, investment rates of return, mortality rates, discount rates, and the calculations used to develop annual contributions and the VSERS net position. Refer to those VSERS reports published on the State of Vermont website for complete details of the actuarial assumptions.

Required supplementary information: The Town adopted GASB Statement No 68 in FY 2015 and is developing the ten years of required supplementary information in schedules 3 and 4. This historical pension information includes the Town's Proportionate Share of Net Pension Liability of VSERS and Town's Contributions to VSERS.

TOWN OF RANDOLPH, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018

Schedule 1
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	<u>Debt</u>	<u>Library</u>	<u>Cemetery</u>	<u>Cemetery</u>	<u>Grants</u>	<u>Conservation</u>	<u>Recreation</u>	<u>Playground</u>
	<u>Service</u>	<u>Fund</u>	<u>Fund</u>	<u>Reserve</u>	<u>Fund</u>	<u>Commission</u>	<u>Reserve</u>	<u>Reserve</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
ASSETS								
Due from other funds	\$ 283,295	\$ 12,353	\$ 700	\$ 1,108	\$ -	\$ 13,669	\$ 5,001	\$ 12,769
Prepaid expenses	-	4,365	-	-	453	-	-	-
Grant receivable	-	-	-	-	118,200	-	-	-
Total assets	<u>\$ 283,295</u>	<u>\$ 16,718</u>	<u>\$ 700</u>	<u>\$ 1,108</u>	<u>\$ 118,653</u>	<u>\$ 13,669</u>	<u>\$ 5,001</u>	<u>\$ 12,769</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY								
LIABILITIES:								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 19,395	\$ -	\$ -	\$ -
Accounts payable	-	4,862	-	-	127,511	-	-	-
Total liabilities	<u>-</u>	<u>4,862</u>	<u>-</u>	<u>-</u>	<u>146,906</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:								
Deferred grant revenue	-	-	-	-	4,009	-	-	-
FUND EQUITY:								
Fund balances -								
Nonspendable	-	4,365	-	-	453	-	-	-
Restricted	-	-	-	-	-	-	5,001	12,769
Committed	283,295	7,491	700	1,108	-	13,669	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(32,715)	-	-	-
Total fund balances (deficit)	<u>283,295</u>	<u>11,856</u>	<u>700</u>	<u>1,108</u>	<u>(32,262)</u>	<u>13,669</u>	<u>5,001</u>	<u>12,769</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 283,295</u>	<u>\$ 16,718</u>	<u>\$ 700</u>	<u>\$ 1,108</u>	<u>\$ 118,653</u>	<u>\$ 13,669</u>	<u>\$ 5,001</u>	<u>\$ 12,769</u>

TOWN OF RANDOLPH, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018

Schedule 1
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	<u>Town Clerk Reserve Fund</u>	<u>Reappraisal Reserve Fund</u>	<u>Lister Reserve Fund</u>	<u>Fire Air Packs Reserve Fund</u>	<u>Police Equipment Fund</u>	<u>Totals</u>
ASSETS						
Due from other funds	\$ 77,446	\$ 179,949	\$ 2,371	\$ 982	\$ -	\$ 589,643
Prepaid expenses	-	-	-	-	-	4,818
Grant receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,200</u>
Total assets	<u>\$ 77,446</u>	<u>\$ 179,949</u>	<u>\$ 2,371</u>	<u>\$ 982</u>	<u>\$ -</u>	<u>\$ 712,661</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY						
LIABILITIES:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 21,699	\$ 41,094
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,373</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,699</u>	<u>173,467</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred grant revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,009</u>
FUND EQUITY:						
Fund balances -						
Nonspendable	-	-	-	-	-	4,818
Restricted	-	179,949	2,371	-	-	200,090
Committed	77,446	-	-	-	-	383,709
Assigned	-	-	-	982	-	982
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,699)</u>	<u>(54,414)</u>
Total fund balances (deficit)	<u>77,446</u>	<u>179,949</u>	<u>2,371</u>	<u>982</u>	<u>(21,699)</u>	<u>535,185</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 77,446</u>	<u>\$ 179,949</u>	<u>\$ 2,371</u>	<u>\$ 982</u>	<u>\$ -</u>	<u>\$ 712,661</u>

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

Schedule 2
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	Debt Service Fund	Library Fund	Cemetery Fund	Cemetery Reserve Fund	Grants Fund	Conservation Commission Fund	Recreation Reserve Fund	Playground Reserve Fund
REVENUES:								
Property taxes	\$ -	\$ 212,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	140,377	-	-	-
Investment income	823	-	-	-	-	16	1	-
Other	-	76,168	-	-	152,996	59	-	-
Total revenues	<u>823</u>	<u>288,893</u>	<u>-</u>	<u>-</u>	<u>293,373</u>	<u>75</u>	<u>1</u>	<u>-</u>
EXPENDITURES:								
Community development	-	-	-	-	59,841	50	-	-
Public safety	-	-	-	-	40,177	-	-	-
General government	-	206,738	-	-	32,393	-	-	-
Culture and recreation	-	81,904	-	-	162,627	1,428	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service - capital lease	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>288,642</u>	<u>-</u>	<u>-</u>	<u>295,038</u>	<u>1,478</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OR (EXPENDITURES)	823	251	-	-	(1,665)	(1,403)	1	-
OTHER FINANCING SOURCES (USES):								
Proceeds from long-term debt	-	-	-	-	-	-	-	-
Interfund transfers in (out), net	-	335	-	(6,000)	-	-	5,000	-
Total other financing sources (uses)	<u>-</u>	<u>335</u>	<u>-</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	823	586	-	(6,000)	(1,665)	(1,403)	5,001	-
FUND BALANCES (DEFICIT), July 1, 2017	<u>282,472</u>	<u>11,270</u>	<u>700</u>	<u>7,108</u>	<u>(30,597)</u>	<u>15,072</u>	<u>-</u>	<u>12,769</u>
FUND BALANCES (DEFICIT), June 30, 2018	<u>\$ 283,295</u>	<u>\$ 11,856</u>	<u>\$ 700</u>	<u>\$ 1,108</u>	<u>\$ (32,262)</u>	<u>\$ 13,669</u>	<u>\$ 5,001</u>	<u>\$ 12,769</u>

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

Schedule 2
Page 2 of 2

	Town Clerk Reserve <u>Fund</u>	Reappraisal Reserve <u>Fund</u>	Lister Reserve <u>Fund</u>	Fire Air Packs Reserve <u>Fund</u>	Police Equipment <u>Fund</u>	<u>Totals</u>
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,725
Intergovernmental	-	-	-	-	-	140,377
Investment income	-	-	-	-	-	840
Other	<u>9,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,749</u>	<u>247,456</u>
Total revenues	<u>9,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,749</u>	<u>601,398</u>
EXPENDITURES:						
Community development	-	-	-	-	-	59,891
Public safety	-	-	-	25,018	-	65,195
General government	7,512	-	-	-	-	246,643
Culture and recreation	-	-	-	-	-	245,959
Capital outlay	-	-	-	-	27,456	27,456
Debt service - capital lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,002</u>	<u>14,002</u>
Total expenditures	<u>7,512</u>	<u>-</u>	<u>-</u>	<u>25,018</u>	<u>41,458</u>	<u>659,146</u>
EXCESS OF REVENUES OR (EXPENDITURES)	1,972	-	-	(25,018)	(32,709)	(57,748)
OTHER FINANCING SOURCES (USES):						
Proceeds from long-term debt	-	-	-	-	302,456	302,456
Interfund transfers in (out), net	<u>3,500</u>	<u>5,000</u>	<u>-</u>	<u>21,000</u>	<u>-</u>	<u>28,835</u>
Total other financing sources (uses)	<u>3,500</u>	<u>5,000</u>	<u>-</u>	<u>21,000</u>	<u>302,456</u>	<u>331,291</u>
NET CHANGE IN FUND BALANCES	5,472	5,000	-	(4,018)	269,747	273,543
FUND BALANCES (DEFICIT), July 1, 2017	<u>71,974</u>	<u>174,949</u>	<u>2,371</u>	<u>5,000</u>	<u>(291,446)</u>	<u>261,642</u>
FUND BALANCES (DEFICIT), June 30, 2018	\$ <u>77,446</u>	\$ <u>179,949</u>	\$ <u>2,371</u>	\$ <u>982</u>	\$ <u>(21,699)</u>	\$ <u>535,185</u>

**TOWN OF RANDOLPH, VERMONT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY**

Schedule 3

**VSERS
JUNE 30, 2018**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Town's proportion of the net pension liability	0.2802%	0.2950%	0.3083%	0.2574%
Town's proportionate share of the net pension liability	\$ 2,013,039	\$ 2,160,106	\$ 1,680,546	\$ 905,127
Town's covered payroll	\$ 1,714,498	\$ 1,687,912	\$ 1,254,406	\$ 1,613,286
Town's proportionate share of the net pension liability as a percentage of its covered payroll	117.413%	127.975%	133.971%	56.105%
VSERS net position as a percentage of the total pension liability	71.99%	70.86%	74.88%	82.50%

**SCHEDULE OF TOWN'S CONTRIBUTIONS
VSERS**

Schedule 4

JUNE 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 180,883	\$ 178,363	\$ 177,351	\$ 127,561
Contributions in relation to the contractually required contribution	<u>180,883</u>	<u>178,363</u>	<u>177,351</u>	<u>127,561</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Town's covered payroll	\$ 1,714,498	\$ 1,687,912	\$ 1,254,406	\$ 1,613,286
Contributions as a percentage of covered payroll	10.550%	10.567%	14.138%	7.907%

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

The Selectboard
Town of Randolph, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Randolph, Vermont (the Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 19, 2019.

Internal Control Over Financial Reporting

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2018-001 and 2018-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

Town's Responses to Findings

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

Purpose of this Report

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

Montpelier, Vermont
February 19, 2019

*Mudgett, Perrot &
Hugh-Messie, P.C.*

**TOWN OF RANDOLPH, VERMONT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

2018-001 Capital asset, long-term debt and capital lease accounting

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

Management's response - Management has implemented procedures to identify necessary adjustments required to update capital asset listings and to reconcile long-term debt activity. However we request assistance from the auditors in making the necessary government-wide adjustments for these balances to be included in the financial statements.

2018-002 Balance sheet account reconciliations

The balance sheet accounts are used to record and report the value of assets, liabilities, deferred outflows/inflows and equity (net position or fund balance) for each fund and for the government-wide summary of the Town. Each balance sheet account should be reconciled regularly to ensure reports of the Town's financial position and activity are complete and accurate. Each balance sheet account should have appropriate supporting documentation. During our audit, we proposed adjusting journal entries to correct year end balances and related activity.

We recommend that all active balance sheet accounts such as cash, accounts receivable and accounts payable continue to be reconciled on a monthly basis and that other balance sheet accounts be monitored throughout the year and reconciled promptly at year end.

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