

**TOWN OF RICHMOND, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2021**

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AUDIT REPORT  
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Independent Auditor's Report

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

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Richmond, Vermont, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Richmond, Vermont's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Richmond, Vermont, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principles***

As described in Note I.F. to the financial statements, effective June 30, 2021, the Town implemented GASB Statement No. 84, “Fiduciary Activities”.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 10, the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

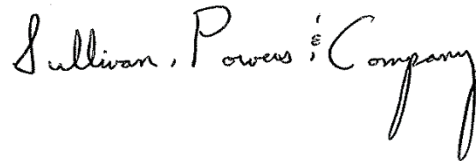
### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Richmond, Vermont’s basic financial statements. The combining fund financial statements, the Schedule of Revenues and Expenses – Budget (Non GAAP Budgetary Basis) and Actual – Water Fund on Schedule 12 and the Schedule of Revenues and Expenses – Budget (Non GAAP Budgetary Basis) and Actual – Sewer Fund on Schedule 13 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by “Government Auditing Standards”***

In accordance with “Government Auditing Standards”, we have also issued our report dated February 2, 2022 on our consideration of the Town of Richmond, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Richmond, Vermont’s internal control over financial reporting and compliance.

February 2, 2022  
Montpelier, Vermont  
VT Lic. #92-000180

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

**TOWN OF RICHMOND, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

The management's discussion and analysis of the Town of Richmond, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2021. In addition, it compares the fiscal year ended June 30, 2020 to the fiscal year ended June 30, 2021. Please read this analysis in conjunction with the Town's financial statements.

**Financial Highlights**

- The Town's combined general and business net position increased by \$1,859,845 as a result of this year's operations. While net position of our governmental activities increased by \$1,214,498, net position of our business-type activities increased by \$645,347. See page 12.
- The Town's governmental activities show General revenues were \$3,593,363, program revenues were \$942,248, and operating expenses were 3,315,557. See page 12.
- The Town's business-type activities show general revenues were \$1,961, program revenues were \$1,613,101, and operating expenses were \$975,271. See page 12.
- The General Fund reported a surplus this year of \$260,686, bringing the total fund balance to \$1,390,024 as of June 30, 2021. See page 14.
- Of the \$1,390,024, \$17,816 is non-spendable prepaid expenses, \$661,185 is restricted for the Highway Department, \$91,000 is assigned to Fiscal Year 22, and \$620,023 is unassigned for the General Fund. See page 13.

**Using This Annual Report**

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

***Reporting the Town as a Whole***

One of the most important questions asked about the Town's finances is, "Is the Town, as a whole, better or worse off as a result of the year's activities?" This question is answered with the Statement of Net Position and the Statement of Activities which include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the full accrual basis. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. In addition, we still need to consider other non-financial factors, such as changes in the Town's property tax base, and the Town's General and Water & Sewer Department infrastructure to assess the overall health of the Town.



**TOWN OF RICHMOND, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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

- Governmental activities - Most of the Town's basic services are reported here, including public safety, highway and streets, culture and recreation, community services, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities - The Town's Water Resource Department and Sewer Resource Department, charges a fee to customers to help finance services. The Town's Water Resource Department charges a fee to the Town for the portion of expenses that pertain to fire protection.

***Reporting the Town's Most Significant Funds***

The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State law and by bond covenants, however, the Town Selectboard establishes many other funds to help control and manage money for particular purposes, or to meet legal responsibilities for using certain taxes, grants, and other money. All of the Town's funds are categorized as governmental, proprietary, fiduciary.

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

The Town reports 3 individual governmental funds which are considered major funds as seen on page 13. Data from 21 governmental funds are aggregated into a single column on the fund financial statements as seen on pages 61 through 66.

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

**TOWN OF RICHMOND, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**The Town as a Whole**

The Town's combined net position was \$15,199,978 in FY20, and \$17,059,823 in FY21, for an increase of \$1,859,845. Our analysis below focuses on the net position (Table 1) of the Town's governmental and business-type activities. See page 11 and 12.

**Table 1 – Net Position**

	Governmental Activities		Business-type Activities		Total Government	
	2020	2021	2020	2021	2020	2021
<b>Assets</b>						
Current & Other	\$ 3,700,108	\$ 4,777,073	\$ 1,067,052	\$ 1,466,006	\$ 4,767,160	\$ 6,243,079
Capital assets	7,323,116	7,639,016	8,213,976	8,451,874	15,537,092	16,090,890
Deferred Outflows	195,488	304,876	33,395	65,520	228,883	370,396
<b>TOTAL assets &amp; deferred outflows</b>	<b>11,218,712</b>	<b>12,720,965</b>	<b>9,314,423</b>	<b>9,983,400</b>	<b>20,533,135</b>	<b>22,704,365</b>
<b>Liabilities</b>						
Other	449,472	742,265	466,664	229,317	916,136	971,582
Long-term liabilities	1,625,685	1,615,268	2,782,573	3,041,755	4,408,258	4,657,023
Deferred Inflows	7,954	13,333	809	2,604	8,763	15,937
<b>TOTAL liabilities &amp; deferred inflows</b>	<b>2,083,111</b>	<b>2,370,866</b>	<b>3,250,046</b>	<b>3,273,676</b>	<b>5,333,157</b>	<b>5,644,542</b>
<b>Net position:</b>						
Invested in capital assets	6,025,984	6,623,676	5,341,464	5,386,220	11,367,448	12,009,896
Restricted	1,902,730	2,181,856	-	-	1,902,730	2,181,856
Unrestricted	1,206,887	1,544,567	722,913	1,323,504	1,929,800	2,868,071
<b>TOTAL net position</b>	<b>\$ 9,135,601</b>	<b>\$ 10,350,099</b>	<b>\$ 6,064,377</b>	<b>\$ 6,709,724</b>	<b>\$ 15,199,978</b>	<b>\$ 17,059,823</b>
Net Position increase		\$ (1,214,498)		\$ (645,347)		\$ (1,859,845)
Net Position unrestricted increase		(337,680)		(600,591)		(938,271)

The unrestricted part of total net position of our governmental activities which can be used to finance day-to-day operations without constraints went from \$1,206,887 on June 30, 2020 to \$1,544,567 on June 30, 2021, an increase of \$337,680. See page 11.

The unrestricted net position of our business-type activities went from \$722,913 on June 30, 2020 to \$1,323,504 on June 30, 2021, an increase of \$600,591. The Town generally can only use the net position to finance the continuing operations of the water and sewer operations. See page 11.

**TOWN OF RICHMOND, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

Below, table 2 shows the change in net position for combined governmental and business activities going from \$788,447 in FY20 to \$1,859,845 in FY21, resulting in an increase of \$1,071,398. See page 12.

**Table 2 - Change in Net Position**

	Governmental Activities		Business-type Activities		Total Government	
	2020	2021	2020	2021	2020	2021
<b>REVENUES</b>						
<b>Program revenues:</b>						
Operating Grants and Contributions	\$ 257,589	\$ 357,222	\$ -	\$ -	\$ 257,589	\$ 357,222
Charges for services general	282,163	249,208	-	-	282,163	249,208
Charges for service water & sewer	-	-	1,196,079	1,236,037	1,196,079	1,236,037
Capital Grants & Contributions	12,968	335,818	17,550	377,064	30,518	712,882
<b>General revenues:</b>						
Property taxes	3,251,239	3,440,474	-	-	3,251,239	3,440,474
Penalties & Interest on Del. Taxes	34,112	24,232	-	-	34,112	24,232
General State Grants	86,907	87,950	-	-	86,907	87,950
Earnings from investments	38,433	10,418	7,115	1,961	45,548	12,379
Insurance Proceeds	-	4,315	-	-	-	4,315
Gain on Sale/Trade vehicles & equipment	-	5,215	-	-	-	5,215
Miscellaneous income	1,881	20,759	-	-	1,881	20,759
Transfers	(7,039)	(5,556)	7,039	5,556	-	-
<b>TOTAL REVENUES</b>	<b>3,958,253</b>	<b>4,530,055</b>	<b>1,227,783</b>	<b>1,620,618</b>	<b>5,186,036</b>	<b>6,150,673</b>
<b>PROGRAM EXPENSES</b>						
General government	832,237	854,311	-	-	832,237	854,311
Public safety	911,731	741,142	-	-	911,731	741,142
Highways and streets	1,378,336	1,378,014	-	-	1,378,336	1,378,014
Culture and recreation	272,392	313,065	-	-	272,392	313,065
Community Development	-	-	-	-	-	-
Appropriations	-	-	-	-	-	-
Cemetery	795	6	-	-	795	6
Interest	52,187	29,019	-	-	52,187	29,019
Water & Sewer	-	-	949,911	975,271	949,911	975,271
<b>TOTAL EXPENSES</b>	<b>3,447,678</b>	<b>3,315,557</b>	<b>949,911</b>	<b>975,271</b>	<b>4,397,589</b>	<b>4,290,828</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 510,575</b>	<b>\$ 1,214,498</b>	<b>\$ 277,872</b>	<b>\$ 645,347</b>	<b>\$ 788,447</b>	<b>\$ 1,859,845</b>

**Governmental Activities**

Table 3 presents the cost of each of the Town's largest five functions - general government, public safety, highways and streets, culture and recreation and community development, and interest - as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions. See page 12.

**Table 3 – Governmental Activities**

	2020		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 832,237	\$ (585,930)	\$ 854,311	\$ (525,408)
Public safety	911,731	(858,211)	741,142	(727,261)
Highways and streets	1,378,336	(1,166,323)	1,378,014	(812,288)
Culture and recreation	272,392	(245,845)	313,065	(288,479)
Community Development	-	5,948	-	6,052
Cemetery	-	-	6	3,094
Interest	52,187	(52,187)	29,019	(29,019)
<b>Totals</b>	<b>\$ 3,446,883</b>	<b>\$ (2,902,548)</b>	<b>\$ 3,315,557</b>	<b>\$ (2,373,309)</b>

**TOWN OF RICHMOND, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

***Business-type Budgetary Highlights***

Water and sewer expenses were \$949,911 in FY20, and \$975,271 in FY21, resulting in an increase of \$25,360 in FY20. The increase continues to be related to Septage haulers using us more as a result of the state enacting strict land application rules which prevented them from spreading waste in fields. The increased septage coming in also increases related expenses. See page 12.

Richmond started an apprenticeship program, in October of 2019, for new employees to participate in which continues to be a wonderful opportunity for employees to become certified in the field of water and wastewater management.

***General Fund Budgetary Highlights.***

As the Town completed the year the Statement of Revenues, Expenditures and Changes showed a combined fund balance of \$3,084,516 in FY20 and \$3,499,637 in FY21, an increase of \$415,121 in the Town's General, Town Center, and Non-Major funds. The following amounts come from pages 51 through 58, and are the highlights related to the revenue and expense variances.

Revenue:

- Property Taxes: Over budget by \$8,802 as a result of reclassifying Education Billing Fees Retained.
- Intergovernmental: Over budget by \$86,003 due to unanticipated State and Federal aid.
- Fees, Licenses and Permits: Under budget by \$13,617 largely due to COVID impacting rental space at the Library.
- Charges for Goods and Services: Under budget by \$9,248 due to restructuring Insurance reimbursement from the Water & Sewer Department.
- Police: Under budget by \$52,942 due to vacancies in staff resulting in less overtime and fewer traffic and parking tickets.
- Other Revenues: Under budget by \$5,893 mostly a result of a transfer of funds from the Highway reserve which will be corrected with FY22.

Expenses

- Town Administration: Over budget by \$5,717 mostly a result of building maintenance and computer systems.
- Planning & Zoning: Over budget by \$8,002 mostly related to staffing changes impacting wages and insurance. The Zoning Administrator position was increased from 20 to 30 hours per week.
- Police: Under budget by \$319,677 largely due to staff vacancies.
- Library: Under budget by \$25,533 due to wages and building maintenance being down. COVID had an impact on programs being offered.
- Fire Department: Under budget by \$62,722. The largest contributors for the decrease were wages, and fewer fleet and building maintenance expenses than expected.
- Recreation & Trails: Over budget by \$7,948 due to new lights being installed at the Round Church.
- Charitable Contributions: Under budget by \$7,982. CUSI never invoiced us.
- Highway Department: Under budget by \$164,418. A mild winter impacted Overtime, Salt, Sand. There were vacancy savings which impacted wages and health insurance.

**TOWN OF RICHMOND, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Capital Asset and Debt Administration**

***Capital Assets Net***

On June 30, 2021, the Town had \$16,090,890 invested in capital assets (See Table 4). This amount represents a net increase (including additions and depreciation) of \$553,798 from the prior year. See page 31.

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

	Governmental Activities		Business-type Activities		Totals	
	2020	2021	2020	2021	2020	2021
Land	\$ 875,236	\$ 882,736	\$ 109,100	\$ 109,100	\$ 984,336	\$ 991,836
Construction in progress	174,972	375,392	496,583	43,693	671,555	419,085
Land Improvements		-	68,418	68,418	68,418	68,418
Buildings & improvements	1,979,887	1,953,126	512,888	512,888	2,492,775	2,466,014
Vehicles and equipment	3,399,798	3,374,068	112,100	112,100	3,511,898	3,486,168
Infrastructure	4,557,135	5,175,460	-	-	4,557,135	5,175,460
Water and sewer system	-	-	5,911,033	6,812,991	5,911,033	6,812,991
Phosphorus upgrade	-	-	3,939,064	3,939,064	3,939,064	3,939,064
Accumulated depreciation	-	-	-	-	-	-
	<u>(3,663,912)</u>	<u>(4,121,766)</u>	<u>(2,935,210)</u>	<u>(3,146,380)</u>	<u>(6,599,122)</u>	<u>(7,268,146)</u>
Totals	<u>\$ 7,323,116</u>	<u>\$ 7,639,016</u>	<u>\$ 8,213,976</u>	<u>\$ 8,451,874</u>	<u>\$ 15,537,092</u>	<u>\$ 16,090,890</u>

This year's Capital Asset additions included:

Governmental Activities		Business-type Activities	
Fire - Turn Out Gear	6,516	Infrastructure Bridge St. CIP	8,820
Fire - Airpacks	15,429	Water West Main St.	84,594
Fire - Cutter	9,005	Water Ford Truck	51,046
Fire - Spreader	9,710	Total	<u>\$ 144,460</u>
Telescoping - Ram	7,205		
Ash Trees	7,500		
Highway - Garage Doors	27,985		
Highway - Retreatment Hinesburg Rd.	279,628		
Highway - Generator	13,692		
Town Center Electric Charging Station	20,260		
Round Church St. Lights	5,994		
Water Bridge Street	8,820		
Total	<u>\$ 411,744</u>		

***Debt***

On June 30, 2020 the Town had \$4,169,644 in bonds, notes and lines of credit outstanding versus \$4,080,994 on June 30, 2021, a decrease of \$88,650 - as shown in Table 5. This is a result of a police cruiser lease and a loan for body cameras finishing in Fiscal year 2019. We also took advantage of lower interest rates and refinanced all our short-term loans. See page 34 through 38.

**TOWN OF RICHMOND, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Table 5 – Outstanding Debt**

	Governmental Activities		Business-type Activities		Totals	
	2020	2021	2020	2021	2020	2021
General obligation bonds	\$ 576,000	\$ 522,800	\$ 2,743,227	\$ 2,962,226	\$ 3,319,227	\$ 3,485,026
Notes payable	721,132	492,540	129,285	103,428	850,417	\$ 595,968
Capital Lease Payable	-	-	-	-	-	\$ -
<b>Totals</b>	<b>\$ 1,297,132</b>	<b>\$ 1,015,340</b>	<b>\$ 2,872,512</b>	<b>\$ 3,065,654</b>	<b>\$ 4,169,644</b>	<b>\$ 4,080,994</b>

**Economic Factors and Next Year's Budgets and Rates**

The Town's elected and appointed officials consider many factors while reviewing fiscal year 21 findings, fiscal year 22 revenue and expenses, and planning fiscal year 23 budgets, tax rates, fees, and business-type activity rates. Some of the factors in fiscal year 2021 and 2022 continue to be due to the impacts of the COVID pandemic, including staffing related finances.

When adopting the budget for the 2022-2023 year, the Selectboard will look at 2021-2022 indicators such as the Consumer Price Index for All Urban Consumers (CPI-U) and the rate of new home construction and adjustments to property values due to a stabilizing housing market. We have started a Town wide assessment of property values in fiscal year 2022 which may take approximately two years to complete.

One of the biggest trends we have seen in fiscal year 21 and fiscal year 22 to date is a historical low in both Taxes and Water & Sewer delinquencies. However, as we are still in the pandemic Town staff and the Selectboard continue to monitor all expenses and revenues to make sure we remain on track.

Another highlight as we head into fiscal year 23 is employee compensation. Largely due to COVID, there has been a trend across the country where workers are changing careers or retiring. Richmond has not escaped this trend and is taking steps to monitor the situation and make adjustments as needed in order to maintain the level operations that is needed

The Selectboard will continue to monitor unassigned funds, both restricted and unrestricted, and reserve funds, and will consider using some of those funds to reduce property taxes raised.

**Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives and expends. If you have questions about this report or need additional financial information, you contact the Town Manager by email, [jarneson@richmondvt.gov](mailto:jarneson@richmondvt.gov) or by phone at 802-434-5170. You may also contact the Town's Finance Director at [cbona@richmondvt.gov](mailto:cbona@richmondvt.gov) or by phone at 802-336-2094.

TOWN OF RICHMOND, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 3,989,413	\$ 1,199,915	\$ 5,189,328
Receivables (Net of Allowance for Uncollectibles)	458,306	266,663	724,969
Note Receivable	308,628	0	308,628
Internal Balances	2,910	(2,910)	0
Prepaid Expenses	17,816	2,338	20,154
Capital Assets:			
Land	882,736	109,100	991,836
Construction in Progress	375,392	43,693	419,085
Other Capital Assets, (Net of Accumulated Depreciation)	<u>6,380,888</u>	<u>8,299,081</u>	<u>14,679,969</u>
Total Assets	<u>12,416,089</u>	<u>9,917,880</u>	<u>22,333,969</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>304,876</u>	<u>65,520</u>	<u>370,396</u>
Total Deferred Outflows of Resources	<u>304,876</u>	<u>65,520</u>	<u>370,396</u>
<u>LIABILITIES</u>			
Accounts Payable	492,413	19,902	512,315
Accrued Payroll and Benefits Payable	37,046	9,803	46,849
Unearned Revenue	15,884	0	15,884
Due to Delinquent Tax Collector	5,841	0	5,841
Due to Others	1,786	0	1,786
Accrued Interest Payable	4,104	5,097	9,201
Noncurrent Liabilities:			
Due within One Year	185,191	194,515	379,706
Due in More than One Year	<u>1,615,268</u>	<u>3,041,755</u>	<u>4,657,023</u>
Total Liabilities	<u>2,357,533</u>	<u>3,271,072</u>	<u>5,628,605</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	1,223	0	1,223
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>12,110</u>	<u>2,604</u>	<u>14,714</u>
Total Deferred Inflows of Resources	<u>13,333</u>	<u>2,604</u>	<u>15,937</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	6,623,676	5,386,220	12,009,896
Restricted:			
Highways and Streets	1,465,316	0	1,465,316
Community Development	308,628	0	308,628
Cemetery	166,264	0	166,264
Restoration of Records	161,095	0	161,095
Other Purposes	80,553	0	80,553
Unrestricted	<u>1,544,567</u>	<u>1,323,504</u>	<u>2,868,071</u>
Total Net Position	<u>\$ 10,350,099</u>	<u>\$ 6,709,724</u>	<u>\$ 17,059,823</u>

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

TOWN OF RICHMOND, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 854,311	\$ 222,545	\$ 87,466	\$ 18,892	\$ (525,408)	\$ 0	\$ (525,408)
Public Safety	741,142	8,776	3,714	1,391	(727,261)	0	(727,261)
Highways and Streets	1,378,014	3,370	246,821	315,535	(812,288)	0	(812,288)
Culture and Recreation	313,065	5,365	19,221	0	(288,479)	0	(288,479)
Community Development	0	6,052	0	0	6,052	0	6,052
Cemetery	6	3,100	0	0	3,094	0	3,094
Interest on Long-term Debt	29,019	0	0	0	(29,019)	0	(29,019)
Total Governmental Activities	<u>3,315,557</u>	<u>249,208</u>	<u>357,222</u>	<u>335,818</u>	<u>(2,373,309)</u>	<u>0</u>	<u>(2,373,309)</u>
Business-type Activities:							
Water	201,877	322,626	0	377,064	0	497,813	497,813
Sewer	<u>773,394</u>	<u>913,411</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>140,017</u>	<u>140,017</u>
Total Business-type Activities	<u>975,271</u>	<u>1,236,037</u>	<u>0</u>	<u>377,064</u>	<u>0</u>	<u>637,830</u>	<u>637,830</u>
Total Primary Government	<u>\$ 4,290,828</u>	<u>\$ 1,485,245</u>	<u>\$ 357,222</u>	<u>\$ 712,882</u>	<u>(2,373,309)</u>	<u>637,830</u>	<u>(1,735,479)</u>
General Revenues:							
Property Taxes					3,440,474	0	3,440,474
Penalties and Interest on Delinquent Taxes					24,232	0	24,232
General State Grants					87,950	0	87,950
Unrestricted Investment Earnings					10,418	1,961	12,379
Insurance Proceeds					4,315	0	4,315
Gain on Sale of Vehicles					5,215	0	5,215
Other Revenues					20,759	0	20,759
Transfers:					<u>(5,556)</u>	<u>5,556</u>	<u>0</u>
Total General Revenues and Transfers					<u>3,587,807</u>	<u>7,517</u>	<u>3,595,324</u>
Change in Net Position					1,214,498	645,347	1,859,845
Net Position - July 1, 2020					<u>9,135,601</u>	<u>6,064,377</u>	<u>15,199,978</u>
Net Position - June 30, 2021					<u>\$ 10,350,099</u>	<u>\$ 6,709,724</u>	<u>\$ 17,059,823</u>

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



TOWN OF RICHMOND, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Community Development Fund	Town Center Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 3,181,394	\$ 0	\$ 627,913	\$ 180,106	\$ 3,989,413
Receivables (Net of Allowance for Uncollectibles)	458,306	0	0	0	458,306
Note Receivable	0	308,628	0	0	308,628
Due from Other Funds	0	0	0	1,385,319	1,385,319
Prepaid Items	17,816	0	0	0	17,816
Total Assets	<u>\$ 3,657,516</u>	<u>\$ 308,628</u>	<u>\$ 627,913</u>	<u>\$ 1,565,425</u>	<u>\$ 6,159,482</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 453,603	\$ 0	\$ 781	\$ 38,029	\$ 492,413
Accrued Payroll and Benefits Payable	37,046	0	0	0	37,046
Due to Other Funds	1,347,868	0	34,541	0	1,382,409
Unearned Revenue	6,794	0	9,090	0	15,884
Due to Delinquent Tax Collector	5,841	0	0	0	5,841
Due to Others	502	0	1,284	0	1,786
Total Liabilities	<u>1,851,654</u>	<u>0</u>	<u>45,696</u>	<u>38,029</u>	<u>1,935,379</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid Property Taxes	1,223	0	0	0	1,223
Unavailable Property Taxes and Interest	47,000	0	0	0	47,000
Unavailable Grants	367,615	0	0	0	367,615
Unavailable Note Receivable	0	308,628	0	0	308,628
Total Deferred Inflows of Resources	<u>415,838</u>	<u>308,628</u>	<u>0</u>	<u>0</u>	<u>724,466</u>
<b>FUND BALANCES</b>					
Nonspendable	17,816	0	0	1,957	19,773
Restricted	661,185	0	0	844,086	1,505,271
Committed	0	0	582,217	511,360	1,093,577
Assigned	91,000	0	0	169,993	260,993
Unassigned	620,023	0	0	0	620,023
Total Fund Balances	<u>1,390,024</u>	<u>0</u>	<u>582,217</u>	<u>1,527,396</u>	<u>3,499,637</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,657,516</u>	<u>\$ 308,628</u>	<u>\$ 627,913</u>	<u>\$ 1,565,425</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:					
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.					7,639,016
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.					723,243
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.					(1,804,563)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.					<u>292,766</u>
Net Position of Governmental Activities					<u>\$ 10,350,099</u>

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

TOWN OF RICHMOND, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Community Development Fund	Town Center Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 3,451,674	\$ 0	\$ 0	\$ 0	\$ 3,451,674
Penalties and Interest on Delinquent Taxes	28,032	0	0	0	28,032
Intergovernmental	446,076	0	0	0	446,076
Charges for Services	53,981	0	95,954	6,750	156,685
Permits, Licenses and Fees	67,667	0	0	50,081	117,748
Fines and Forfeits	8,491	0	0	0	8,491
Investment Income	8,412	0	1,618	388	10,418
Donations	1,800	0	0	8,479	10,279
Other	6,447	0	0	35,941	42,388
<b>Total Revenues</b>	<b>4,072,580</b>	<b>0</b>	<b>97,572</b>	<b>101,639</b>	<b>4,271,791</b>
<b>Expenditures:</b>					
General Government	819,765	0	610	29,750	850,125
Public Safety	603,245	0	0	1,088	604,333
Highways and Streets	903,987	0	0	9,312	913,299
Culture and Recreation	206,061	0	781	23,845	230,687
Cemetery	0	0	0	6	6
Capital Outlay:					
General Government	20,260	0	0	7,500	27,760
Public Safety	47,865	0	0	12,253	60,118
Highways and Streets	735,220	0	0	51,046	786,266
Culture and Recreation	63,294	0	0	7,162	70,456
Debt Service:					
Principal	281,792	0	0	0	281,792
Interest	35,802	0	0	0	35,802
<b>Total Expenditures</b>	<b>3,717,291</b>	<b>0</b>	<b>1,391</b>	<b>141,962</b>	<b>3,860,644</b>
Excess/(Deficiency) of Revenues Over Expenditures	355,289	0	96,181	(40,323)	411,147
<b>Other Financing Sources/(Uses):</b>					
Insurance Proceeds	4,315	0	0	0	4,315
Proceeds from Sale of Vehicles	5,215	0	0	0	5,215
Transfers In	76,723	0	0	175,300	252,023
Transfers Out	(180,856)	0	(34,000)	(42,723)	(257,579)
<b>Total Other Financing Sources/(Uses)</b>	<b>(94,603)</b>	<b>0</b>	<b>(34,000)</b>	<b>132,577</b>	<b>3,974</b>
Net Change in Fund Balances	260,686	0	62,181	92,254	415,121
Fund Balances - July 1, 2020	1,129,338	0	520,036	1,435,142	3,084,516
Fund Balances - June 30, 2021	\$ 1,390,024	\$ 0	\$ 582,217	\$ 1,527,396	\$ 3,499,637

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

TOWN OF RICHMOND, VERMONT  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2021

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$	415,121
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$944,600) is allocated over their estimated useful lives and reported as depreciation expense (\$628,700). This is the amount by which capital outlays exceeded depreciation in the current period.		315,900
The issuance of long-term debt (\$-0-) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$281,792) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		281,792
Governmental funds report employer pension contributions as expenditures (\$62,853). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$159,375) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(96,522)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		292,667
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>5,540</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>1,214,498</u></u>

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

TOWN OF RICHMOND, VERMONT  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 1,199,915	\$ 0	\$ 1,199,915
Receivables	96,927	169,736	266,663
Prepaid Expenses	701	1,637	2,338
Due from Other Funds	0	906,317	906,317
Total Current Assets	<u>1,297,543</u>	<u>1,077,690</u>	<u>2,375,233</u>
Noncurrent Assets:			
Capital Assets:			
Land	109,100	0	109,100
Construction in Progress	19,281	24,412	43,693
Land Improvements	68,418	0	68,418
Buildings and Building Improvements	25,000	487,888	512,888
Distribution and Collection Systems	4,825,228	1,987,763	6,812,991
Phosphorus Upgrade	0	3,939,064	3,939,064
Vehicles, Machinery and Equipment	11,550	100,550	112,100
Less: Accumulated Depreciation	<u>(712,811)</u>	<u>(2,433,569)</u>	<u>(3,146,380)</u>
Total Noncurrent Assets	<u>4,345,766</u>	<u>4,106,108</u>	<u>8,451,874</u>
Total Assets	<u>5,643,309</u>	<u>5,183,798</u>	<u>10,827,107</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>19,627</u>	<u>45,893</u>	<u>65,520</u>
Total Deferred Outflows of Resources	<u>19,627</u>	<u>45,893</u>	<u>65,520</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,747	18,155	19,902
Accrued Payroll and Benefits Payable	2,941	6,862	9,803
Due to Other Funds	909,227	0	909,227
Accrued Interest Payable	2,218	2,879	5,097
Notes Payable - Current Portion	25,857	0	25,857
General Obligation Bonds Payable - Current Portion	<u>98,918</u>	<u>69,740</u>	<u>168,658</u>
Total Current Liabilities	<u>1,040,908</u>	<u>97,636</u>	<u>1,138,544</u>
Noncurrent Liabilities:			
Compensated Absences Payable	3,069	7,161	10,230
Net Pension Liability	48,025	112,361	160,386
Notes Payable - Noncurrent Portion	77,571	0	77,571
General Obligation Bonds Payable - Noncurrent Portion	<u>2,254,197</u>	<u>539,371</u>	<u>2,793,568</u>
Total Noncurrent Liabilities	<u>2,382,862</u>	<u>658,893</u>	<u>3,041,755</u>
Total Liabilities	<u>3,423,770</u>	<u>756,529</u>	<u>4,180,299</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>780</u>	<u>1,824</u>	<u>2,604</u>
Total Deferred Inflows of Resources	<u>780</u>	<u>1,824</u>	<u>2,604</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,889,223	3,496,997	5,386,220
Unrestricted	<u>349,163</u>	<u>974,341</u>	<u>1,323,504</u>
Total Net Position	<u>\$ 2,238,386</u>	<u>\$ 4,471,338</u>	<u>\$ 6,709,724</u>

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

TOWN OF RICHMOND, VERMONT  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 372,267	\$ 913,411	\$ 1,285,678
Total Operating Revenues	372,267	913,411	1,285,678
Operating Expenses:			
Payroll and Benefits	93,596	217,150	310,746
Office Administrative Expenses	25,986	50,791	76,777
Professional Services	2,994	21,200	24,194
Supplies	567	2,964	3,531
Utilities	13,665	77,366	91,031
Repairs and Maintenance	6,677	55,088	61,765
Chemicals	624	91,464	92,088
Permits & Testing	1,144	1,547	2,691
Machinery and Equipment	135	0	135
Biosolids Disposal	0	128,003	128,003
Depreciation	92,336	118,834	211,170
Total Operating Expenses	237,724	764,407	1,002,131
Operating Income	134,543	149,004	283,547
Non-Operating Revenues/(Expenses):			
Investment Income	588	1,373	1,961
Interest Expense	(13,794)	(8,987)	(22,781)
Total Non-Operating Revenues/(Expenses)	(13,206)	(7,614)	(20,820)
Net Income Before Capital Contributions and Transfers	121,337	141,390	262,727
Capital Contributions and Transfers:			
Capital Contributions	377,064	0	377,064
Transfers In	0	5,556	5,556
Total Capital Contributions and Transfers	377,064	5,556	382,620
Change in Net Position	498,401	146,946	645,347
Net Position - July 1, 2020	1,739,985	4,324,392	6,064,377
Net Position - June 30, 2021	\$ 2,238,386	\$ 4,471,338	\$ 6,709,724

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

TOWN OF RICHMOND, VERMONT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Water Fund	Sewer Fund	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 367,334	\$ 946,815	\$ 1,314,149
Payments for Goods and Services	(39,846)	(448,803)	(488,649)
Payments for Interfund Services	(11,513)	(26,864)	(38,377)
Payments for Wages and Benefits	(84,328)	(191,591)	(275,919)
Net Cash Provided by Operating Activities	<u>231,647</u>	<u>279,557</u>	<u>511,204</u>
<b>Cash Flows From Noncapital Financing Activities:</b>			
(Increase)/Decrease in Due from Other Funds	0	(203,542)	(203,542)
Increase/(Decrease) in Due to Other Funds	<u>269,582</u>	<u>0</u>	<u>269,582</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>269,582</u>	<u>(203,542)</u>	<u>66,040</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Proceeds from Long-term Debt	754,128	0	754,128
Acquisition and Construction of Capital Assets	(636,572)	(4,199)	(640,771)
Principal Paid on Long-term Debt	(114,910)	(69,012)	(183,922)
Interest Paid on Long-term Debt	(14,792)	(9,733)	(24,525)
Transfers Received from Other Funds	<u>0</u>	<u>5,556</u>	<u>5,556</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(12,146)</u>	<u>(77,388)</u>	<u>(89,534)</u>
<b>Cash Flows From Investing Activities:</b>			
Receipt of Interest and Dividends	<u>588</u>	<u>1,373</u>	<u>1,961</u>
Net Cash Provided by Investing Activities	<u>588</u>	<u>1,373</u>	<u>1,961</u>
Net Increase in Cash	489,671	0	489,671
Cash - July 1, 2020	<u>710,244</u>	<u>0</u>	<u>710,244</u>
Cash - June 30, 2021	<u>\$ 1,199,915</u>	<u>\$ 0</u>	<u>\$ 1,199,915</u>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income	\$ 134,543	\$ 149,004	\$ 283,547
Depreciation	92,336	118,834	211,170
(Increase)/Decrease in Receivables	(8,587)	33,404	24,817
(Increase)/Decrease in Prepaid Expenses	1,497	(1,637)	(140)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	(9,578)	(22,547)	(32,125)
Increase/(Decrease) in Accounts Payable	433	(47,244)	(46,811)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	696	1,622	2,318
Increase/(Decrease) in Compensated Absences Payable	(60)	(140)	(200)
Increase/(Decrease) in Net Pension Liability	19,831	47,002	66,833
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>536</u>	<u>1,259</u>	<u>1,795</u>
Net Cash Provided by Operating Activities	<u>\$ 231,647</u>	<u>\$ 279,557</u>	<u>\$ 511,204</u>

The Water Fund recognized a forgiveness of debt in the amount of \$377,064 from the State of Vermont.

There was \$191,703 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2020.

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

TOWN OF RICHMOND, VERMONT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2021

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Cash	\$ <u>31,585</u>	\$ <u>0</u>
Total Assets	\$ <u><u>31,585</u></u>	\$ <u><u>0</u></u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:	\$ <u>0</u>	\$ <u>0</u>
Net Position:		
Restricted:		
Held in Trust for Other Purposes	<u>31,585</u>	<u>0</u>
Total Net Position	<u>31,585</u>	<u>0</u>
Total Liabilities and Net Position	\$ <u><u>31,585</u></u>	\$ <u><u>0</u></u>

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

TOWN OF RICHMOND, VERMONT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
	<u>                    </u>	<u>                    </u>
Additions:		
Investment Income	\$          58	\$              0
Education Taxes Collected for Other Governments	<u>              0</u>	<u>      6,693,475</u>
Total Additions	<u>              58</u>	<u>      6,693,475</u>
Deductions:		
Education Taxes Distributed to Other Governments	<u>              0</u>	<u>      6,693,475</u>
Total Deductions	<u>              0</u>	<u>      6,693,475</u>
Change in Net Position	58	0
Net Position - July 1, 2020	<u>          31,527</u>	<u>                  0</u>
Net Position - June 30, 2021	<u><u>          31,585</u></u>	<u><u>                  0</u></u>

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



TOWN OF RICHMOND, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

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

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **A. The Financial Reporting Entity**

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

### **B. Basis of Presentation**

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

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

TOWN OF RICHMOND, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

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

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

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

The Town reports on the following major governmental funds:

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

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

Town Center Reserve Fund – This fund accounts for the resources used for the utilities and insurance of the Town Center building and the maintenance, planning and capital costs of the Town Center building, the library building, and the Town owned land each building occupies.

The Town reports on the following major enterprise funds:

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

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

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

TOWN OF RICHMOND, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

Additionally, the Town reports the following fund types:

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

Custodial Fund – This fund is used to report resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

### **C. Measurement Focus**

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

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

### **D. Basis of Accounting**

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

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

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

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

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

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

#### **E. Use of Estimates**

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

#### **F. New Pronouncement – Fiduciary Activities**

Effective June 30, 2021, the Town implemented GASB Statement No. 84, “Fiduciary Activities”. GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This required moving certain items previously recorded through a General Fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund. As a result, the collection and remittance of education taxes on behalf of other governments are now presented in a Custodial Fund.

TOWN OF RICHMOND, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity**

**1. Cash**

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

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds.

**2. Receivables**

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

**3. Internal Balances**

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

**4. Prepaid Expenses/Items**

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

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

**5. Pensions**

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

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 NOTES TO THE FINANCIAL STATEMENTS  
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**6. Deferred Outflows/Inflows of Resources**

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

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

**7. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 5,000	N/A
Buildings and Building Improvements	\$ 5,000	50 Years
Vehicles	\$ 5,000	4-20 Years
Machinery and Equipment	\$ 5,000	4-20 Years
Infrastructure	\$ 5,000	20-30 Years
Distribution and Collection Systems	\$ 5,000	50 Years
Phosphorus Upgrade	\$ 5,000	50 Years

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

TOWN OF RICHMOND, VERMONT  
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**8. Compensated Absences**

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

**9. Long-term Liabilities**

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

**10. Fund Equity**

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

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

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

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

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

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

Notes receivable differences arise because governmental funds report the issuance of notes receivable as expenditures and repayments of notes receivable as revenues, whereas government-wide statements report those transactions as increases and decreases in assets, respectively.

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

### **III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. Budgetary Information**

The General Fund budget is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The budget presented herein is for the Town's "General Fund" only and does not include the Special Grants Fund activity that is included with the General Fund and unbudgeted grant revenues and related expenditures.

#### **B. Budgeted Deficit**

The Town elected to budget expenditures in excess of revenues by \$25,000 in the General Fund in order to utilize a portion of the prior year's surpluses. This is reflected as a current year's budgeted deficiency of revenues over expenditures on Schedule 1.



TOWN OF RICHMOND, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash**

The Town's cash as of June 30, 2021 consisted of the following:

Cash:		
Deposits with Financial Institutions		\$5,220,413
Cash on Hand		<u>500</u>
Total Cash		<u>\$5,220,913</u>

**Custodial Credit Risk**

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

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 250,100	\$ 250,100
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit by the Federal Home Loan Bank of Pittsburgh	<u>4,970,313</u>	<u>4,891,287</u>
Total	<u>\$5,220,413</u>	<u>\$5,141,387</u>

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town has no investments subject to interest rate risk disclosure.

TOWN OF RICHMOND, VERMONT  
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**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have any policy to limit the exposure to credit risk. The Town has no investments subject to credit risk disclosure.

**Concentration of Credit Risk**

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town has no investments subject to concentration of credit risk disclosure.

**B. Receivables**

Receivables as of June 30, 2021, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Delinquent Taxes Receivable	\$ 72,916	\$ 0	\$ 72,916
Penalties and Interest Receivable	25,468	0	25,468
Grants Receivable	370,314	0	370,314
Accounts Receivable	2,208	4,001	6,209
Billed Services	0	36,957	36,957
Unbilled Services	0	225,705	225,705
Allowance for Doubtful Accounts - Delinquent Taxes and Interest	<u>(12,600)</u>	<u>0</u>	<u>(12,600)</u>
	<u>\$ 458,306</u>	<u>\$ 266,663</u>	<u>\$ 724,969</u>

**C. Note Receivable**

Note receivable as of June 30, 2021 consist of a loan to the Richmond Village Housing Limited Partnership for community development as follows:

Note Receivable, Richmond Village Housing Limited Partnership, Interest at 0%, Deferred Until April 30, 2029 When Annual Principal Installments of \$27,500 Begin, Secured by Real Estate	\$412,500
Less: Discount on Loan Receivable at 2%	<u>(103,872)</u>
Reported Value at June 30, 2021	<u>\$308,628</u>

TOWN OF RICHMOND, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 875,236	\$ 7,500	\$ 0	\$ 882,736
Construction in Progress	174,972	408,280	207,860	375,392
Total Capital Assets, Not Being Depreciated	<u>1,050,208</u>	<u>415,780</u>	<u>207,860</u>	<u>1,258,128</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,862,347	90,779	0	1,953,126
Vehicles, Machinery and Equipment	3,399,798	145,116	170,846	3,374,068
Infrastructure	4,674,675	500,785	0	5,175,460
Totals	<u>9,936,820</u>	<u>736,680</u>	<u>170,846</u>	<u>10,502,654</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	744,903	99,945	0	844,848
Vehicles, Machinery and Equipment	1,450,166	271,513	170,846	1,550,833
Infrastructure	1,468,843	257,242	0	1,726,085
Totals	<u>3,663,912</u>	<u>628,700</u>	<u>170,846</u>	<u>4,121,766</u>
Total Capital Assets, Being Depreciated	<u>6,272,908</u>	<u>107,980</u>	<u>0</u>	<u>6,380,888</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,323,116</u>	<u>\$ 523,760</u>	<u>\$ 207,860</u>	<u>\$ 7,639,016</u>

The Town reclassified \$117,540 of buildings and building improvements with accumulated depreciation of \$16,456 in the beginning balance column to infrastructure.

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 109,100	\$ 0	\$ 0	\$ 109,100
Construction in Progress	496,583	336,338	789,228	43,693
Total Capital Assets, Not Being Depreciated	<u>605,683</u>	<u>336,338</u>	<u>789,228</u>	<u>152,793</u>
Capital Assets, Being Depreciated:				
Land Improvements	68,418	0	0	68,418
Buildings and Building Improvements	512,888	0	0	512,888
Distribution and Collection Systems	5,911,033	901,958	0	6,812,991
Phosphorus Upgrade	3,939,064	0	0	3,939,064
Vehicles, Machinery and Equipment	112,100	0	0	112,100
Totals	<u>10,543,503</u>	<u>901,958</u>	<u>0</u>	<u>11,445,461</u>
Less Accumulated Depreciation for:				
Land Improvements	2,280	1,369	0	3,649
Buildings and Building Improvements	481,136	756	0	481,892
Distribution and Collection Systems	1,098,377	129,176	0	1,227,553
Phosphorus Upgrade	1,249,464	78,805	0	1,328,269
Vehicles, Machinery and Equipment	103,953	1,064	0	105,017
Totals	<u>2,935,210</u>	<u>211,170</u>	<u>0</u>	<u>3,146,380</u>
Total Capital Assets, Being Depreciated	<u>7,608,293</u>	<u>690,788</u>	<u>0</u>	<u>8,299,081</u>
Business-type Activities Capital Assets, Net	<u>\$ 8,213,976</u>	<u>\$ 1,027,126</u>	<u>\$ 789,228</u>	<u>\$ 8,451,874</u>

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Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 16,357	Water	\$ 92,336
Public Safety	110,540	Sewer	<u>118,834</u>
Highways and Streets	433,448		
Culture and Recreation	<u>68,355</u>		
 Total Depreciation Expense - Governmental Activities	 <u>\$ 628,700</u>	 Total Depreciation Expense - Business-type Activities	 <u>\$ 211,170</u>

**E. Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2021 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,347,868
Town Center Reserve Fund	0	34,541
Non-Major Governmental Funds	1,385,319	0
Water Fund	0	909,227
Sewer Fund	<u>906,317</u>	<u>0</u>
 Total	 <u>\$ 2,291,636</u>	 <u>\$ 2,291,636</u>

Interfund transfers during the year ended June 30, 2021 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Reappraisal Fund	\$ 14,500	Appropriation
General Fund	Police Reserve Fund	10,000	Appropriation
General Fund	Library Reserve Fund	8,000	Appropriation
General Fund	Fire Reserve Fund	28,500	Appropriation
General Fund	Highway Reserve Fund	25,000	Appropriation
General Fund	Bridge & Culvert Reserve Fund	37,000	Appropriation
General Fund	Guardrail Reserve Fund	5,000	Appropriation
General Fund	Conservation Fund	47,300	Appropriation
General Fund	Sewer Fund	5,556	Fund Debt Service
Town Center Reserve Fund	General Fund	34,000	Fund Town Center Expenses
Jericho Road Improvement Fund	General Fund	2,723	Close Fund
Fire Reserve Fund	General Fund	15,000	Fund Capital Purchase
Highway Reserve Fund	General Fund	<u>25,000</u>	Fund Capital Project
 Total		 <u>\$ 257,579</u>	

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**F. Deferred Outflows of Resources**

Deferred outflows of resources in the governmental activities consists of \$67,164 from the difference between the expected and actual experience, \$71,325 from the difference between the projected and actual investment earnings, \$99,981 from changes in assumptions, \$3,553 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$62,853 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the governmental activities is \$304,876.

Deferred outflows of resources in the business-type activities consists of \$14,444 from the difference between the expected and actual experience, \$15,339 from the difference between the projected and actual investment earnings, \$21,503 from changes in assumptions, \$765 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$13,469 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the business-type activities is \$65,520.

Deferred outflows of resources in the Water Fund consists of \$4,325 from the difference between the expected and actual experience, \$4,593 from the difference between the projected and actual investment earnings, \$6,439 from changes in assumptions, \$229 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$4,041 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Water Fund is \$19,627.

Deferred outflows of resources in the Sewer Fund consists of \$10,119 from the difference between the expected and actual experience, \$10,746 from the difference between the projected and actual investment earnings, \$15,064 from changes in assumptions, \$536 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$9,428 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Sewer Fund is \$45,893.

**G. Unearned Revenue**

Unearned revenue in the General Fund consists of \$6,794 of grant revenue received in advance.

Unearned revenue in the Town Center Reserve Fund consists of \$9,090 of rental revenue received in advance.

**H. Deferred Inflows of Resources**

Total deferred inflows of resources in the governmental activities consists of \$2,210 from the difference between the expected and actual experience and \$9,900 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). It also includes \$1,223 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$13,333.

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Deferred inflows of resources in the business-type activities consists of \$476 from the difference between the expected and actual experience and \$2,128 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the business-type activities is \$2,604.

Deferred inflows of resources in the General Fund consists of \$47,000 of delinquent property taxes and interest on those taxes and \$367,615 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$1,223 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$415,838.

Deferred inflows of resources in the Community Development Fund consists of \$308,628 of a note receivable as this would not be available to liquidate current liabilities.

Deferred inflows of resources in the Water Fund consists of \$143 from the difference between the expected and actual experience and \$637 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the Water Fund is \$780.

Deferred inflows of resources in the Sewer Fund consists of \$333 from the difference between the expected and actual experience and \$1,491 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the Sewer Fund is \$1,824.

### **I. Long-term Liabilities**

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

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

The State of Vermont offers a number of low and non-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Environmental Revolving Fund for water and sewer projects.

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

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

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

Long-term liabilities outstanding as of June 30, 2021 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, 2005 Fire Engine, Principal Payments of \$10,000 Payable on November 15 Annually, Interest Ranging From 4.33% to 4.58% Payable on May 15 and November 15, Due November, 2025	\$ 60,000	\$ 0	\$ 10,000	\$ 50,000
Bond Payable, Vermont Municipal Bond Bank, Jericho Road Project, Principal Payments of \$90,000 Payable on November 1 Annually, Interest Ranging from 0.804% to 5.084% Payable on May 1 and November 1, Due November, 2029. This is the Governmental Activities Portion of the Bond.	516,000	0	43,200	472,800
Note Payable, TD Bank, Fire Truck and Highway Equipment, Principal Payments of \$71,601 Plus Interest Payable on November 16 Annually, Interest at 1.83%, Due and Paid November, 2020	71,601	0	71,601	0
Note Payable, Union Bank, Fire Truck, Principal Payments of \$48,571 Plus Interest Payable on May 5 Annually, Interest at 2.13%, Due May, 2026	291,429	0	48,571	242,858
Note Payable, Union Bank, Grader, Principal Payments of \$30,000 Plus Interest Payable on May 5 Annually, Interest at 1.84%, Due May, 2024	120,000	0	30,000	90,000
Note Payable, Union Bank, Dump Truck, Principal Payments of \$26,500 Plus Interest Payable on May 5 Annually, Interest at 1.84%, Due May, 2024	103,500	0	26,500	77,000

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Union Bank, Dump Truck, Principal Payments of \$26,920 Plus Interest Payable on May 5 Annually, Interest at 1.91%, Due May, 2025. The Town Made an Additional \$25,000 Principal Payment During the Year.	\$ <u>134,602</u>	\$ <u>0</u>	\$ <u>51,920</u>	\$ <u>82,682</u>
Total Governmental Activities	\$ <u>1,297,132</u>	\$ <u>0</u>	\$ <u>281,792</u>	\$ <u>1,015,340</u>

Business-type Activities:

Water Fund:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Jericho Road Project, Principal Payments of \$90,000 Payable on November 1 Annually, Interest Ranging from 0.804% to 5.084% Payable on May 1 and November 1, Due November, 2029. This is the Water Fund Portion of the Bond.	\$ 313,040	\$ 0	\$ 26,208	\$ 286,832
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Tank Replacement, Principal Payments of \$37,705 Payable on July 1 Annually, 0% Interest, Due July, 2047	1,055,736	0	37,705	1,018,031
Bond Payable, State of Vermont Special Environmental Revolving Fund, East Main Street Water Line, Principal Payments of \$25,140 Payable on May 1 Annually, 0% Interest, Due May, 2047	678,778	0	25,140	653,638
Bond Payable, State of Vermont Special Environmental Revolving Fund, Bridge Street Project, Principal Payments of \$9,865 Payable on September 1 Annually Beginning September 1, 2021, 0% Interest, Due September, 2060. The Town Recognized \$377,064 of Principal Forgiveness During the Year.	17,550	754,128	377,064	394,614



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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Union Bank, Water Tank, Principal Payments of \$25,857 Plus Interest Payable on May 5 Annually, Interest at 1.91%, Due May, 2025	\$ <u>129,285</u>	\$ <u>0</u>	\$ <u>25,857</u>	\$ <u>103,428</u>
Total Water Fund	<u>2,194,389</u>	<u>754,128</u>	<u>491,974</u>	<u>2,456,543</u>
Sewer Fund:				
Bond Payable, Vermont Municipal Bond Bank, Jericho Road Project, Principal Payments of \$90,000 Payable on November 1 Annually, Interest Ranging from 0.804% to 5.084% Payable on May 1 and November 1, Due November, 2029. This is the Sewer Fund Portion of the Bond.	245,960	0	20,592	225,368
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Improvements, Principal Payments of \$12,021 Payable on April 1 Annually, 0% Interest, Due April, 2027	84,148	0	12,021	72,127
Bond Payable, State of Vermont Special Environmental Revolving Fund, Wastewater Treatment Project, Principal Payments Ranging from of \$19,731 to \$21,783 Plus an Administrative Fee Payable on March 1 Annually, 2% Administrative Fee, Due March, 2026	124,465	0	19,731	104,734
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Upgrades, Principal Payments Ranging from of \$16,668 to \$20,723 Plus an Administrative Fee Payable on May 1 Annually, 2% Administrative Fee, Due May, 2032	<u>223,550</u>	<u>0</u>	<u>16,668</u>	<u>206,882</u>
Total Sewer Fund	<u>678,123</u>	<u>0</u>	<u>69,012</u>	<u>609,111</u>
Total Business-type Activities	<u>\$2,872,512</u>	<u>\$754,128</u>	<u>\$560,986</u>	<u>\$3,065,654</u>

\* At June 30, 2020, the Town has an open line of credit with Union Bank for Bridge Street Project expenses authorized to \$500,000. The Town has not drawn on this line of credit.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds Payable	\$ 576,000	\$ 0	\$ 53,200	\$ 522,800	\$ 53,200
Notes Payable	721,132	0	228,592	492,540	131,991
Compensated Absences Payable	38,125	1,243	0	39,368	0
Net Pension Liability	<u>547,221</u>	<u>198,530</u>	<u>0</u>	<u>745,751</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 1,882,478</u>	<u>\$ 199,773</u>	<u>\$ 281,792</u>	<u>\$ 1,800,459</u>	<u>\$ 185,191</u>
<b>Business-type Activities</b>					
General Obligation Bonds Payable	\$ 2,743,227	\$ 754,128	\$ 535,129	\$ 2,962,226	\$ 168,658
Notes Payable	129,285	0	25,857	103,428	25,857
Compensated Absences Payable	10,430	0	200	10,230	0
Net Pension Liability	<u>93,553</u>	<u>66,833</u>	<u>0</u>	<u>160,386</u>	<u>0</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 2,976,495</u>	<u>\$ 820,961</u>	<u>\$ 561,186</u>	<u>\$ 3,236,270</u>	<u>\$ 194,515</u>

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The change in the net pension liability is allocated to the function where the employee is charged.

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 185,191	\$ 30,206	\$ 194,515	\$ 28,729
2023	185,192	25,590	195,257	25,808
2024	182,692	20,935	196,015	22,798
2025	103,692	16,296	196,787	19,694
2026	101,773	13,283	171,718	16,511
2027-2031	216,000	33,660	707,255	44,478
2032-2036	40,800	26	428,474	443
2037-2041	0	0	363,550	0
2042-2046	0	0	363,550	0
2047-2051	0	0	149,873	0
2052-2056	0	0	49,330	0
2057-2061	<u>0</u>	<u>0</u>	<u>49,330</u>	<u>0</u>
Total	<u>\$ 1,015,340</u>	<u>\$ 139,996</u>	<u>\$ 3,065,654</u>	<u>\$ 158,461</u>

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**J. Fund Balances**

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

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

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

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

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

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

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

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

Major Funds

General Fund:

Nonspendable Prepaid Items	\$17,816
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Non-Major Funds

Permanent Fund:

Nonspendable Cemetery Funds Fund Principal	<u>1,957</u>
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Total Nonspendable Fund Balances	<u>\$19,773</u>
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The fund balances in the following funds are restricted as follows:

Major Funds

General Fund:

Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	\$ <u>661,185</u>
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Non-Major Funds

Special Revenue Funds:

Restricted for Restoration of Records Expenses by Statute (Source of Revenue is Restoration Fees)	161,095
Restricted for Flag Replacement Expenses by Donations (Source of Revenue is Donations)	7,802
Restricted for Recreation Path Expenses by Donations (Source of Revenue is Donations)	1,201
Restricted for Tennis Program Expenses by Donations (Source of Revenue is Donations)	330
Restricted for Tree Replacement Expenses by Donations (Source of Revenue is Donations)	237
Restricted for Richmond Fire Department Expenses by Donations (Source of Revenue is Donations)	11,015
Restricted for Richmond Free Library Expenses by Donations (Source of Revenue is Donations)	2,797
Restricted for Lister Education by Grant Agreement (Source of Revenue is Grant Revenue)	1,387
Restricted for Andrews Community Forest Expenses by Donations (Source of Revenue is Donations)	<u>35,528</u>

Total Special Revenue Funds	<u>221,392</u>
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Capital Projects Funds:

Restricted for Fire Department Improvements by Impact Fees (Source of Revenue is Impact Fees)	20,256
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Highway Capital Expenditures	123,701
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Bridge & Culvert Expenditures	307,926
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Guardrail Expenditures	<u>6,504</u>

Total Capital Projects Funds	<u>458,387</u>
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Permanent Fund:

Restricted for Cemetery Expenses by Fees and Donations (Source of Revenue is Fees and Donations)	\$ <u>164,307</u>
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Total Non-Major Funds	\$ <u>844,086</u>
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Total Restricted Fund Balances	\$ <u>1,505,271</u>
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The fund balances in the following funds are committed as follows:

Major Funds

Town Center Reserve Fund:

Committed for Utilities and Insurance of the Town Center Building; and Maintenance, Planning and Capital Costs of the Town Center Building, the Library Building, and the Town Owned Land Each Building Occupies by the Voters	\$ <u>582,217</u>
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Non-Major Funds

Capital Projects Funds:

Committed for Police Reserve Expenditures by the Voters	18,283
Committed for Library Reserve Expenditures by the Voters	32,989
Committed for Fire Reserve Expenditures by the Voters	106,838
Committed for Railroad Street Project Expenditures by the Voters	7,069
Committed for Conservation Expenditures by the Voters	<u>346,181</u>

Total Non-Major Funds	<u>511,360</u>
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Total Committed Fund Balances	<u>\$1,093,577</u>
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The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2022	\$ <u>91,000</u>
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Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	155,860
Assigned for Soccer/Tennis Program Expenses	<u>14,133</u>

Total Non-Major Funds	<u>169,993</u>
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Total Assigned Fund Balances	<u>\$260,993</u>
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**K. Restricted and Designated Net Position**

The restricted net position of the Town as of June 30, 2021 consisted of the following:

Governmental Activities:

Restricted for Highway Expenditures by Statute	\$1,465,316
Restricted for Community Development by Grant Agreement	308,628
Restricted for Restoration of Records by Statute	161,095
Restricted for Flag Replacement by Donations	7,802
Restricted for Recreation Path by Donations	1,201
Restricted for Tennis Program by Donations	330
Restricted for Tree Replacement by Donations	237
Restricted for Richmond Fire Department by Donations	11,015
Restricted for Richmond Free Library by Donations	2,797
Restricted for Lister Education by Grant Agreement	1,387
Restricted for Andrews Community Forest by Donations	35,528
Restricted for Fire Department Improvements by Impact Fees	20,256
Restricted for Cemetery Expenses by Fees and Donations	<u>166,264</u>
Total Governmental Activities	<u>\$2,181,856</u>

The designated net position of the Town as of June 30, 2021 consisted of the following:

Business-type Activities:

Water Fund:

Designated for Short-term Capital Expenditures	\$ 95,270
Designated for Capital Expenditures	<u>66,359</u>
Total Water Fund	<u>161,629</u>

Sewer Fund:

Designated for Short-term Capital Expenditures	117,479
Designated for Collection System Expenditures	82,755
Designated for Capital Expenditures	<u>388,056</u>
Total Sewer Fund	<u>588,290</u>

Total Business-type Activities	<u>\$749,919</u>
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The net position held in trust for various purposes in the Town's Private-Purpose Trust Funds as of June 30, 2021 consisted of the following:

Private-Purpose Trust Funds:

Restricted for Edmunds Trust Fund by Bequest to be Spent on Books	\$24,945
Restricted for Shanyon Athletic Fund by Bequest to be Spent on School Athletics	3,190
Restricted for Shanyon Trust Fund by Bequest to be Spent on Scholarships	<u>3,450</u>
Total Private-Purpose Trust Funds	<u>\$31,585</u>

## V. OTHER INFORMATION

### A. Pension Plan

#### Defined Benefit Plan

##### Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2020, the measurement date selected by the State of Vermont, the retirement system consisted of 353 participating employers.

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

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

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

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

As of June 30, 2020, the measurement date selected by the State of Vermont, VMERS was funded at 74.52% and had a plan fiduciary net position of \$740,052,895 and a total pension liability of \$993,026,959 resulting in a net position liability of \$252,974,064. As of June 30, 2021, the Town's proportionate share of this was 0.3582% resulting in a net pension liability of \$906,137. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.3582% was a decrease of 0.0111 from its proportion measured as of the prior year.

For the year ended June 30, 2021, the Town recognized pension expense of \$209,347.

As of June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 81,608	\$ 2,686
Difference between projected and actual investment earnings on pension assets	86,664	0
Changes in assumptions	121,484	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,318	12,028
Town's required employer contributions made subsequent to the measurement date	<u>76,322</u>	<u>0</u>
	<u>\$ 370,396</u>	<u>\$ 14,714</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$76,322 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:



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Year Ending <u>June 30</u>	
2022	\$ 79,719
2023	81,973
2024	69,656
2025	<u>48,012</u>
Total	<u>\$279,360</u>

### Summary of System Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Groups B and D.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

#### Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

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

#### Early Retirement Allowance:

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

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

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Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

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

Death Benefit:

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

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

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

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

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Groups B, C and D.

Member Contributions – Group A – 3.00%. Group B – 5.375%. Group C – 10.50%. Group D – 11.85%.

Employer Contributions – Group A – 4.50%. Group B – 6.00%. Group C – 7.75%. Group D – 10.35%.

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

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**Significant Actuarial Assumptions and Methods**

Investment Rate of Return: 7.00%, net of pension plan investment expenses, including inflation, a decrease from 7.50% in the prior year.

Salary increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Mortality:

Pre-Retirement: Groups A, B and C – 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019. Group D – PubG-2010 General Employee above-median, with generational projection using scale MP-2019.

Healthy Post-retirement – Retirees: Groups A, B and C – 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019. Group D – PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

Healthy Post-retirement – Beneficiaries: Groups A, B and C – 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019. Group D – Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Disabled Post-retirement: All Groups – PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

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

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

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

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determine the contribution requirements.

Inflation: 2.30%

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Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29%	7.07%
US Equity – Large Cap	4%	6.19%
US Equity – Small/Mid Cap	3%	6.93%
Non-US Equity – Large Cap	5%	7.01%
Non-US Equity – Small Cap	2%	7.66%
Emerging Markets Debt	4%	3.66%
Core Bond	20%	0.39%
Private & Alternate Credit	10%	6.03%
US TIPS	3%	(0.20)%
Core Real Estate	5%	4.06%
Non-Core Real Estate	3%	6.43%
Private Equity	10%	11.27%
Infrastructure/Farmland	2%	5.44%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%, a decrease from 7.50% in the prior year. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

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<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$1,384,393	\$906,137	\$512,633

**Additional Information**

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

**B. Risk Management**

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

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

**C. Contingent Liabilities**

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

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

There is currently a pending claim against the Town where the Town's insurance carrier is providing defense. The Town is vigorously defending the claim. The Town and the insurer do not believe that the claim could exceed the insurance policy limits in the event of an unfavorable ruling.

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**D. Property Taxes**

The Town is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes were due and payable in four installments on August 15, 2020, November 15, 2020, February 15, 2021 and May 15, 2021 and become delinquent on May 16, 2021. The Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month for the first three (3) months and 1.5% per month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2021 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	0.7297	0.7297
Education	<u>1.6435</u>	<u>1.8184</u>
Total	<u>2.3732</u>	<u>2.5481</u>

**E. Operating Leases**

The Town entered into a twenty year lease, as lessor, with the U.S. Postal Service (USPS) through September, 2013. In August, 2013, the lease was renewed for an amended five-year term. In September, 2018, the lease was renewed for a second time through September, 2023. Rental income for the year ended June 30, 2021 was \$93,666.

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

<u>Year Ending June 30</u>	<u>USPS</u>
2022	\$ 93,666
2023	93,666
2024	<u>23,417</u>
Total	\$ <u>210,749</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
<b>Property Taxes:</b>			
Property Taxes	\$ 3,455,223	\$ 3,451,674	\$ (3,549)
Delinquent Penalties and Interest	21,000	19,662	(1,338)
Interest on Current Taxes	10,000	8,370	(1,630)
State PILOT	4,879	4,879	0
Education Billing Fee Retained	<u>0</u>	<u>15,319</u>	<u>15,319</u>
Total Property Taxes	<u>3,491,102</u>	<u>3,499,904</u>	<u>8,802</u>
<b>Intergovernmental:</b>			
Highway State Aid	113,500	168,458	54,958
Railroad Tax	3,500	3,601	101
Current Use Program	77,715	79,470	1,755
Act 60 Reappraisal Grant Income	14,500	14,875	375
Equalization Grant Income	1,700	1,750	50
Town Meeting Day Grant Income	0	753	753
LGFR Grant Income	0	6,511	6,511
Miscellaneous Grant Income	0	1,500	1,500
Better Back Roads Grant Income	<u>0</u>	<u>20,000</u>	<u>20,000</u>
Total Intergovernmental	<u>210,915</u>	<u>296,918</u>	<u>86,003</u>
<b>Fees, Licenses, and Permits:</b>			
Liquor Licenses	1,200	1,335	135
Dog Licenses	5,100	4,560	(540)
Marriage Licenses	200	180	(20)
Overweight Permits	1,200	1,425	225
Access Permits	300	615	315
Vehicle Registration	200	6	(194)
Zoning Permits	18,000	18,717	717
Right of Way Permit	800	1,330	530
Field Use	500	715	215
Rentals & Bolton Fees	<u>16,000</u>	<u>1,000</u>	<u>(15,000)</u>
Total Fees, Licenses, and Permits	<u>43,500</u>	<u>29,883</u>	<u>(13,617)</u>
<b>Charges for Goods and Services:</b>			
Town Center Utility Reimbursement	23,000	23,000	0
Building Maintenance	11,000	11,000	0
Water and Sewer Administrative Charges	30,000	30,000	0
Water and Sewer Insurance Reimbursement	23,959	0	(23,959)
Water and Sewer Audit Reimbursement	9,250	8,377	(873)
Town Clerk's Fees	18,000	31,960	13,960
Vault Time and Copies	3,000	3,168	168
Certified Copies	<u>1,200</u>	<u>2,656</u>	<u>1,456</u>
Total Charges for Goods and Services	<u>119,409</u>	<u>110,161</u>	<u>(9,248)</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Police Revenues:</b>			
Police Grants	\$ 8,000	\$ 0	\$ (8,000)
Local Fines	2,000	4,420	2,420
Police Receipts	1,000	285	(715)
CESU Contribution - SRO	39,800	0	(39,800)
Uniform Traffic Tickets	15,000	4,071	(10,929)
Police Short-term Contract	1,000	0	(1,000)
Police Sale of Town Property	2,000	5,215	3,215
Insurance Proceeds	0	1,867	1,867
<b>Total Police Revenues</b>	<b>68,800</b>	<b>15,858</b>	<b>(52,942)</b>
<b>Other Revenues:</b>			
Transfer from Jericho Road Improvement Fund	2,723	2,723	0
Transfer from Fire Reserve Fund	15,000	15,000	0
Transfer from Highway Reserve Fund	25,000	25,000	0
Interest Income	25,000	8,412	(16,588)
Library Donations	0	250	250
Recreation Donations	0	1,550	1,550
Insurance Proceeds	0	2,448	2,448
Miscellaneous - Recreation	0	30	30
Miscellaneous	0	6,417	6,417
<b>Total Other Revenues</b>	<b>67,723</b>	<b>61,830</b>	<b>(5,893)</b>
<b>Total Revenues</b>	<b>4,001,449</b>	<b>4,014,554</b>	<b>13,105</b>
<b>Expenditures:</b>			
<b>Town Administration:</b>			
Salaries - Administrative	240,696	242,191	(1,495)
Salaries - Delinquent Tax Collector	12,000	7,757	4,243
Health Insurance Opt Out	5,000	5,019	(19)
Election Expenses	1,500	958	542
Selectboard	3,750	3,750	0
SS/Medicare - Administration	19,843	20,419	(576)
Retirement	14,066	14,124	(58)
Health Insurance	26,423	26,625	(202)
Health Insurance HSA	1,000	4,162	(3,162)
Health Insurance HRA	1,120	240	880
Health Insurance Broker Fees	2,300	2,795	(495)
Long-term Disability	1,625	1,371	254
Recognitions/Awards	1,250	975	275
Office Supplies	4,500	5,851	(1,351)
Recording Books	3,600	3,518	82
Postage	8,000	8,407	(407)
Office Equipment	3,300	2,257	1,043
Website Administration	1,300	583	717
Advertising Administration	4,000	1,401	2,599
Town Reports	3,000	2,918	82
Training and Education	1,000	30	970
Travel	300	59	241
Telephone/Internet	3,800	4,013	(213)
Association Dues	350	285	65

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Administration/(Cont'd):			
Contracted Services - Administrative	\$ 8,500	\$ 8,509	\$ (9)
Contracted Services - Animal	3,000	2,588	412
Contracted Services - Election	5,500	2,758	2,742
Technology Support	12,500	20,120	(7,620)
Technology Equipment	2,500	4,850	(2,350)
Heat	8,500	6,941	1,559
Electricity	8,000	9,518	(1,518)
Electric Vehicle Charging Station	0	273	(273)
Water and Sewer	5,500	6,687	(1,187)
Trash Removal	1,800	1,786	14
Building Maintenance	11,000	18,859	(7,859)
Landscaping and Tree Maintenance	2,000	0	2,000
Membership Dues	6,161	6,161	0
Legal	10,000	34,661	(24,661)
Independent Auditors	29,070	27,922	1,148
Engineering Review	3,000	160	2,840
General Insurance	60,637	37,148	23,489
County Tax	22,000	22,654	(654)
Emergency Management	500	0	500
Flags	1,000	625	375
Fire Protection	51,000	49,641	1,359
Miscellaneous	0	39	(39)
	<u>615,891</u>	<u>621,608</u>	<u>(5,717)</u>
Total Town Administration			
Assessors:			
Office Supplies	850	0	850
Contracted Services	23,000	23,751	(751)
Tax Map Maintenance	1,500	0	1,500
Reappraisal Reserve	14,500	14,500	0
	<u>39,850</u>	<u>38,251</u>	<u>1,599</u>
Total Assessors			
Planning and Zoning:			
Salaries	67,922	70,791	(2,869)
SS/Medicare	5,230	5,722	(492)
Retirement	2,621	3,776	(1,155)
Health Insurance	19,669	25,684	(6,015)
Long-term Disability	325	327	(2)
Office Supplies	4,000	1,411	2,589
Postage	400	0	400
Advertising	4,500	2,297	2,203
Training and Education	800	45	755
Travel	600	228	372
Association Dues	500	199	301
Contracted Services	10,000	19,736	(9,736)
Video and Broadcasting	1,500	0	1,500
Legal	8,000	3,853	4,147
Regional Planning Dues	5,536	5,536	0
	<u>131,603</u>	<u>139,605</u>	<u>(8,002)</u>
Total Planning and Zoning			

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Police Department:			
Salaries	\$ 297,228	\$ 199,732	\$ 97,496
On-Call Hours	11,500	0	11,500
School Resource Officer	39,800	0	39,800
Overtime	35,000	4,776	30,224
Social Security/Medicare	29,532	16,739	12,793
Retirement	31,065	19,385	11,680
Health Insurance	96,557	59,972	36,585
Health Insurance Opt Out	0	2,308	(2,308)
Health Insurance HSA	500	1,387	(887)
Health Insurance HRA	560	560	0
Long-term Disability	3,157	951	2,206
Short-term Disability	0	780	(780)
Life Insurance	1,800	528	1,272
Constable Training	500	0	500
Uniforms	4,000	2,308	1,692
Office Supplies	2,500	1,273	1,227
Office Equipment	2,500	694	1,806
Computer - Office	4,000	3,831	169
General/PACIF Insurance	42,337	43,207	(870)
Training and Education	4,000	332	3,668
Forensic Testing	500	0	500
Travel	500	0	500
Telephone	10,000	8,556	1,444
Polygraph Testing	500	0	500
Supplies	9,500	1,737	7,763
Equipment Repair	1,500	362	1,138
Gas and Diesel	18,000	8,800	9,200
Cruiser Repairs	8,000	6,711	1,289
Cruiser Equipment	6,000	0	6,000
Cruiser Tires	3,500	1,999	1,501
Cruiser Purchase/Lease	42,000	0	42,000
Police Capital Reserve	10,000	10,000	0
Community Outreach	6,879	6,810	69
	<u>723,415</u>	<u>403,738</u>	<u>319,677</u>
Total Police Department			
Library Department:			
Salaries	156,933	148,788	8,145
Health Insurance Opt Out	5,000	6,192	(1,192)
Social Security/Medicare	12,469	12,084	385
Retirement	7,172	7,441	(269)
Health Insurance	28,809	19,681	9,128
Long-term Disability	661	625	36
Office Supplies	2,000	3,528	(1,528)
Postage	800	481	319
Computer	2,250	260	1,990
Training and Education	300	0	300
General/PACIF Insurance	6,826	7,105	(279)
Travel	300	0	300

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Library Department/(Cont'd):			
Telephone	\$ 2,600	\$ 2,669	\$ (69)
Heat	3,000	2,652	348
Electricity	4,500	3,259	1,241
Water and Sewer	2,000	1,605	395
Maintenance	10,000	6,016	3,984
Books	17,000	15,138	1,862
Programs	1,200	763	437
Library Reserve	8,000	8,000	0
	<u>271,820</u>	<u>246,287</u>	<u>25,533</u>
Total Library Department			
Fire Department:			
Salaries	45,000	31,471	13,529
Social Security/Medicare	3,465	2,677	788
Medical	4,000	0	4,000
Training and Education	2,000	307	1,693
Travel	600	0	600
Telephone	3,500	3,287	213
Public Relations	600	307	293
Heat	2,500	2,466	34
Electricity	2,100	1,889	211
Water and Sewer	1,500	1,949	(449)
Maintenance	20,000	2,726	17,274
General/PACIF Insurance	6,510	9,299	(2,789)
Turnout Gear	10,000	10,210	(210)
Air Packs	16,000	16,419	(419)
Radio Repair	3,000	2,388	612
Radio Dispatch	6,000	3,615	2,385
Gas, Oil and Diesel Fuel	4,000	1,986	2,014
Pump Testing	1,500	64	1,436
Fleet Maintenance	14,000	7,366	6,634
Hose Testing	2,500	0	2,500
Equipment Repair	4,000	818	3,182
Supplies	3,000	1,694	1,306
Equipment Purchase	30,000	26,596	3,404
2018 Engine Principal	48,571	48,571	0
2018 Engine Interest	10,550	6,044	4,506
2005 Engine Principal	10,000	10,000	0
2005 Engine Interest	1,790	1,790	0
2015 Engine Principal	50,121	50,121	0
2015 Engine Interest	917	942	(25)
Fire Capital Reserve	28,500	28,500	0
	<u>336,224</u>	<u>273,502</u>	<u>62,722</u>
Total Fire Department			

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	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Recreation &amp; Trails:</b>			
Salaries	\$ 2,800	\$ 4,626	\$ (1,826)
Social Security/Medicare	216	565	(349)
Association Dues	700	0	700
General/PACIF Insurance	562	586	(24)
Electricity	700	754	(54)
Water and Sewer	1,300	1,740	(440)
Trash Removal	1,300	1,354	(54)
Park Maintenance	1,500	8,822	(7,322)
Trail Maintenance	1,000	1,023	(23)
Recreation Equipment	4,000	2,246	1,754
Conservation Commission Supplies	500	0	500
Special Events	500	400	100
Lake Iroquois District	600	1,500	(900)
Conservation Fund Reserve	47,300	47,300	0
Andrews Community Forest	0	10	(10)
	<u>62,978</u>	<u>70,926</u>	<u>(7,948)</u>
<b>Total Recreation &amp; Trails</b>			
<b>Charitable Appropriations:</b>			
VT Family Network	500	0	500
GBIC	200	200	0
MMCTV	3,340	3,340	0
Lund	1,000	1,000	0
Richmond Community Band	400	400	0
Richmond Rescue	76,483	76,483	0
Hale & Hearty	4,100	4,100	0
Transportation Services - SSTA	1,100	979	121
UVM Home Health & Hospice	9,693	9,693	0
Vermont Center for Independent Living	375	750	(375)
Front Porch Forum	200	200	0
Committee on Temporary Shelter	1,000	1,000	0
Our Community Cares Camp	20,000	20,000	0
Steps Against Domestic Violence	1,200	1,200	0
CUSI Domestic Task Force	7,736	0	7,736
Lake Iroquois Association	1,000	1,000	0
	<u>128,327</u>	<u>120,345</u>	<u>7,982</u>
<b>Total Charitable Appropriations</b>			
<b>Highway Department:</b>			
Salaries	305,918	296,294	9,624
Health Insurance Opt Out	12,500	13,221	(721)
Overtime	45,000	33,088	11,912
Social Security/Medicare	27,983	26,927	1,056
Retirement	21,055	20,992	63
Health Insurance	67,959	55,978	11,981
Long-term Disability	1,994	1,582	412
Uniforms	3,000	2,832	168
Office Supplies	1,000	458	542

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Department/(Cont'd):			
Travel	\$ 200	\$ 94	\$ 106
Telephone	2,400	3,150	(750)
Education and Licenses	200	192	8
General/PACIF Insurance	42,404	42,248	156
Heat	8,000	7,136	864
Electricity	2,000	2,670	(670)
Water and Sewer	2,200	2,313	(113)
Trash Removal	1,000	1,256	(256)
Maintenance	47,000	45,830	1,170
Street Lights	17,000	18,494	(1,494)
Radio	600	0	600
Radio Repair	300	170	130
Gas and Oil	5,000	3,130	1,870
Diesel Fuel	48,000	26,977	21,023
Truck Repairs	13,000	14,911	(1,911)
Excavator Repairs	1,500	1,731	(231)
Winter Maintenance Attachments	300	0	300
Grader Repairs	500	466	34
Loader Repairs	1,500	434	1,066
Pickup Repairs	1,000	880	120
Park Mower	500	794	(294)
Roadside Mower	500	593	(93)
Tractor	400	368	32
Utility Vehicle	1,500	651	849
Tire Chains	1,000	1,247	(247)
Tires	8,000	7,916	84
Small Equipment Repair	1,000	907	93
Equipment Rental	15,000	8,982	6,018
Engineering & Consulting	800	0	800
Small Equipment Purchases	7,000	6,028	972
Cutting Edges	10,000	10,468	(468)
Welding and Cutting Supplies	1,000	748	252
Wood Chip Rental	2,000	1,340	660
Miscellaneous Equipment Parts	1,000	242	758
Patching	1,000	800	200
Chloride	15,000	14,974	26
Miscellaneous Supplies	1,000	999	1
Sweeping	4,000	4,000	0
Centerline Paint and Shoulder	3,500	2,302	1,198
Signs	3,000	3,519	(519)
Culverts	6,500	5,114	1,386
Gravel and Aggregates	150,000	102,461	47,539
Salt	95,000	67,306	27,694
Sand	40,000	26,879	13,121
Retreatment	293,000	293,882	(882)
Stormwater and Sidewalks	120,000	93,267	26,733
Jericho Road Principal	43,200	43,200	0
Jericho Road Interest	20,419	20,419	0

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TOWN OF RICHMOND, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Department/(Cont'd):			
Project 4a Millet Stormwater	\$ 7,046	\$ 5,556	\$ 1,490
2015 FY16 Tandem Dump Truck Principal	21,480	21,480	0
2015 FY16 Tandem Dump Truck Interest	393	404	(11)
2017 FY20 Grader Principal	30,000	30,000	0
2017 FY20 Grader Interest	4,176	2,150	2,026
2019 FY20 Tandem Dump Truck Principal	26,500	26,500	0
2019 FY20 Tandem Dump Truck Interest	3,602	1,854	1,748
2019 FY20 Tandem Dump Truck Principal	26,920	51,920	(25,000)
2020 FY20 Tandem Dump Truck Interest	3,392	2,199	1,193
Highway Reserve - Capital	25,000	25,000	0
Bridge & Culvert Reserve	37,000	37,000	0
Guardrail Reserve	5,000	5,000	0
Total Highway Department	<u>1,716,341</u>	<u>1,551,923</u>	<u>164,418</u>
Total Expenditures	<u>4,026,449</u>	<u>3,466,185</u>	<u>560,264</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ (25,000)</u>	548,369	<u>\$ 573,369</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Special Grants Fund Revenues		70,601	
Special Grants Fund Expenses		(72,216)	
Unbudgeted FEMA Storm Grant Revenues		73,678	
Unbudgeted FEMA Storm Grant Expenditures		<u>(359,746)</u>	
Net Change in Fund Balance		260,686	
Fund Balance - July 1, 2020		<u>1,129,338</u>	
Fund Balance - June 30, 2021		<u>\$ 1,390,024</u>	

The reconciling items are due to combining one (1) fund, the Special Grants Fund, with the General Fund and unbudgeted grant revenues and related expenditures.

TOWN OF RICHMOND, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
VMERS DEFINED BENEFIT PLAN  
JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.3582%	0.3693%	0.3647%	0.3634%	0.3544%	0.3483%	0.3511%
Town's Proportionate Share of the Net Pension Liability	\$ 906,137	\$ 640,774	\$ 513,000	\$ 440,234	\$ 456,099	\$ 268,497	\$ 32,043
Town's Covered Employee Payroll	\$ 1,145,843	\$ 1,145,659	\$ 1,081,764	\$ 1,043,304	\$ 1,078,914	\$ 940,245	\$ 905,706
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	79.0804%	55.9306%	47.4225%	42.1961%	42.2739%	28.5561%	3.5379%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions and Methods: The following changes were effective for the June 30, 2020 valuation date:

- The investment return assumption was lowered from 7.50% to 7.00%.
- The inflation assumption was lowered from 2.50% to 2.30%.
- The COLA assumption was lowered from 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C and D members.
- The mortality assumptions were updated as follows:
  - Pre-Retirement:
    - Groups A/B/C - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.
    - Group D - PubG-2010 General Employee above-median, with generational projection using scale MP-2019.
  - Healthy Post-Retirement - Retirees:
    - Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.
    - Group D - PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.
  - Healthy Post-Retirement - Beneficiaries:
    - Groups A/B/C - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.
    - Group D - Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.
  - Disabled Retirees:
    - All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.
- The salary scale assumption was revised for varying service based rates from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%.
- The active retirement rates were updated as follows:
  - Group A: Decreased the rates throughout all ages.
  - Group B: For females, slightly decreased the rates at younger ages and then increased the rates at later ages. For males, slightly decreased the rates at most ages.
  - Group C: Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.
  - Group D: For members with less than 20 years of service, increased the rates for ages 55-59.
- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age.
- The liability loan of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulated contributions. Inactive Members who are vested immediately become Deferred Members, and the liabilities for all Deferred Members are based on the accrued benefit.
- The termination rates were updated as follows:
  - Simplified female rates to one set of slightly reduced rates for all females.

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

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TOWN OF RICHMOND, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 76,322	\$ 74,237	\$ 70,963	\$ 57,382	\$ 59,341	\$ 51,713	\$ 48,682
Contributions in Relation to the Actuarially Determined Contributions	<u>76,322</u>	<u>74,237</u>	<u>70,963</u>	<u>57,382</u>	<u>59,341</u>	<u>51,713</u>	<u>48,682</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 1,145,843	\$ 1,145,659	\$ 1,081,764	\$ 1,043,304	\$ 1,078,914	\$ 940,245	\$ 905,706
Contributions as a Percentage of Town's Covered Employee Payroll	6.661%	6.480%	6.560%	5.500%	5.500%	5.500%	5.375%

**Notes to Schedule**

Valuation Date: June 30, 2020

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



TOWN OF RICHMOND, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Funds Fund	Total
<u>ASSETS</u>				
Cash	\$ 14,142	\$ 0	\$ 165,964	\$ 180,106
Due from Other Funds	383,028	1,001,991	300	1,385,319
Total Assets	\$ 397,170	\$ 1,001,991	\$ 166,264	\$ 1,565,425
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 5,785	\$ 32,244	\$ 0	\$ 38,029
Total Liabilities	5,785	32,244	0	38,029
Fund Balances:				
Nonspendable	0	0	1,957	1,957
Restricted	221,392	458,387	164,307	844,086
Committed	0	511,360	0	511,360
Assigned	169,993	0	0	169,993
Total Fund Balances	391,385	969,747	166,264	1,527,396
Total Liabilities and Fund Balances	\$ 397,170	\$ 1,001,991	\$ 166,264	\$ 1,565,425

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TOWN OF RICHMOND, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Funds Fund	Total
<b>Revenues:</b>				
Charges for Services	\$ 3,650	\$ 0	\$ 3,100	\$ 6,750
Permits, Licenses and Fees	48,690	1,391	0	50,081
Investment Income	0	0	388	388
Donations	8,479	0	0	8,479
Other	15,941	20,000	0	35,941
<b>Total Revenues</b>	<u>76,760</u>	<u>21,391</u>	<u>3,488</u>	<u>101,639</u>
<b>Expenditures:</b>				
General Government	8,311	21,439	0	29,750
Public Safety	1,088	0	0	1,088
Highways and Streets	0	9,312	0	9,312
Culture and Recreation	17,245	6,600	0	23,845
Cemetery	0	0	6	6
Capital Outlay:				
General Government	0	7,500	0	7,500
Public Safety	0	12,253	0	12,253
Highways and Streets	0	51,046	0	51,046
Culture and Recreation	0	7,162	0	7,162
<b>Total Expenditures</b>	<u>26,644</u>	<u>115,312</u>	<u>6</u>	<u>141,962</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>50,116</u>	<u>(93,921)</u>	<u>3,482</u>	<u>(40,323)</u>
<b>Other Financing Sources/(Uses):</b>				
Transfers In	14,500	160,800	0	175,300
Transfers Out	0	(42,723)	0	(42,723)
<b>Total Other Financing Sources/(Uses)</b>	<u>14,500</u>	<u>118,077</u>	<u>0</u>	<u>132,577</u>
<b>Net Change in Fund Balances</b>	<u>64,616</u>	<u>24,156</u>	<u>3,482</u>	<u>92,254</u>
Fund Balances - July 1, 2020	<u>326,769</u>	<u>945,591</u>	<u>162,782</u>	<u>1,435,142</u>
Fund Balances - June 30, 2021	<u>\$ 391,385</u>	<u>\$ 969,747</u>	<u>\$ 166,264</u>	<u>\$ 1,527,396</u>

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TOWN OF RICHMOND, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2021

	Reappraisal Fund	Records Restoration Fund	Adam Muller Flag Fund	Recreation Path Fund	Recreation (Soccer/Tennis) Fund	Tree Replacement Fund	Richmond Fire Department Fund	Richmond Free Library Fund	Lister Education Fund	Andrews Community Forest Fund	Total
<b>ASSETS</b>											
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 11,015	\$ 2,797	\$ 0	\$ 0	\$ 14,142
Due from Other Funds	<u>155,860</u>	<u>161,095</u>	<u>7,802</u>	<u>1,201</u>	<u>14,133</u>	<u>237</u>	<u>0</u>	<u>0</u>	<u>1,387</u>	<u>41,313</u>	<u>383,028</u>
Total Assets	<u>\$ 155,860</u>	<u>\$ 161,095</u>	<u>\$ 7,802</u>	<u>\$ 1,201</u>	<u>\$ 14,463</u>	<u>\$ 237</u>	<u>\$ 11,015</u>	<u>\$ 2,797</u>	<u>\$ 1,387</u>	<u>\$ 41,313</u>	<u>\$ 397,170</u>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,785	\$ 5,785
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,785</u>	<u>5,785</u>
<b>Fund Balances:</b>											
Restricted	0	161,095	7,802	1,201	330	237	11,015	2,797	1,387	35,528	221,392
Assigned	<u>155,860</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,133</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>169,993</u>
Total Fund Balances	<u>155,860</u>	<u>161,095</u>	<u>7,802</u>	<u>1,201</u>	<u>14,463</u>	<u>237</u>	<u>11,015</u>	<u>2,797</u>	<u>1,387</u>	<u>35,528</u>	<u>391,385</u>
Total Liabilities and Fund Balances	<u>\$ 155,860</u>	<u>\$ 161,095</u>	<u>\$ 7,802</u>	<u>\$ 1,201</u>	<u>\$ 14,463</u>	<u>\$ 237</u>	<u>\$ 11,015</u>	<u>\$ 2,797</u>	<u>\$ 1,387</u>	<u>\$ 41,313</u>	<u>\$ 397,170</u>

TOWN OF RICHMOND, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Reappraisal Fund	Records Restoration Fund	Adam Muller Flag Fund	Recreation Path Fund	Recreation (Soccer/Tennis) Fund	Tree Replacement Fund	Richmond Fire Department Fund	Richmond Free Library Fund	Lister Education Fund	Andrews Community Forest Fund	Total
<b>Revenues:</b>											
Charges for Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,650	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,650
Permits, Licenses and Fees	0	48,690	0	0	0	0	0	0	0	0	48,690
Donations	0	0	0	50	0	0	0	929	0	7,500	8,479
Other	129	0	0	0	0	0	0	0	0	15,812	15,941
<b>Total Revenues</b>	<b>129</b>	<b>48,690</b>	<b>0</b>	<b>50</b>	<b>3,650</b>	<b>0</b>	<b>0</b>	<b>929</b>	<b>0</b>	<b>23,312</b>	<b>76,760</b>
<b>Expenditures:</b>											
General Government	0	7,150	0	0	0	0	0	0	1,161	0	8,311
Public Safety	0	0	0	0	0	0	1,088	0	0	0	1,088
Culture and Recreation	0	0	0	0	3,563	0	0	347	0	13,335	17,245
<b>Total Expenditures</b>	<b>0</b>	<b>7,150</b>	<b>0</b>	<b>0</b>	<b>3,563</b>	<b>0</b>	<b>1,088</b>	<b>347</b>	<b>1,161</b>	<b>13,335</b>	<b>26,644</b>
Excess/(Deficiency) of Revenues Over Expenditures	129	41,540	0	50	87	0	(1,088)	582	(1,161)	9,977	50,116
<b>Other Financing Sources:</b>											
Transfers In	14,500	0	0	0	0	0	0	0	0	0	14,500
<b>Total Other Financing Sources</b>	<b>14,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,500</b>
<b>Net Change in Fund Balances</b>	<b>14,629</b>	<b>41,540</b>	<b>0</b>	<b>50</b>	<b>87</b>	<b>0</b>	<b>(1,088)</b>	<b>582</b>	<b>(1,161)</b>	<b>9,977</b>	<b>64,616</b>
<b>Fund Balances - July 1, 2020</b>	<b>141,231</b>	<b>119,555</b>	<b>7,802</b>	<b>1,151</b>	<b>14,376</b>	<b>237</b>	<b>12,103</b>	<b>2,215</b>	<b>2,548</b>	<b>25,551</b>	<b>326,769</b>
<b>Fund Balances - June 30, 2021</b>	<b>\$ 155,860</b>	<b>\$ 161,095</b>	<b>\$ 7,802</b>	<b>\$ 1,201</b>	<b>\$ 14,463</b>	<b>\$ 237</b>	<b>\$ 11,015</b>	<b>\$ 2,797</b>	<b>\$ 1,387</b>	<b>\$ 35,528</b>	<b>\$ 391,385</b>

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TOWN OF RICHMOND, VERMONT  
COMBINING BALANCE SHEET  
NON-MAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2021

	Jericho Road Improvement Fund	Police Reserve Fund	Library Reserve Fund	Fire Reserve Fund	Fire Impact Fees Fund	Highway Reserve Fund	Bridge & Culvert Reserve Fund	Guardrail Reserve Fund	Railroad Street Project Fund	Conservation Fund	Total
<u>ASSETS</u>											
Due from Other Funds	\$ <u>0</u>	\$ <u>18,283</u>	\$ <u>32,989</u>	\$ <u>106,838</u>	\$ <u>20,256</u>	\$ <u>141,011</u>	\$ <u>307,926</u>	\$ <u>6,504</u>	\$ <u>7,069</u>	\$ <u>361,115</u>	\$ <u>1,001,991</u>
Total Assets	\$ <u>0</u>	\$ <u>18,283</u>	\$ <u>32,989</u>	\$ <u>106,838</u>	\$ <u>20,256</u>	\$ <u>141,011</u>	\$ <u>307,926</u>	\$ <u>6,504</u>	\$ <u>7,069</u>	\$ <u>361,115</u>	\$ <u>1,001,991</u>
<u>LIABILITIES AND FUND BALANCES</u>											
Liabilities:											
Accounts Payable	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>17,310</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>14,934</u>	\$ <u>32,244</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,310</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,934</u>	<u>32,244</u>
Fund Balances:											
Restricted	0	0	0	0	20,256	123,701	307,926	6,504	0	0	458,387
Committed	<u>0</u>	<u>18,283</u>	<u>32,989</u>	<u>106,838</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,069</u>	<u>346,181</u>	<u>511,360</u>
Total Fund Balances	<u>0</u>	<u>18,283</u>	<u>32,989</u>	<u>106,838</u>	<u>20,256</u>	<u>123,701</u>	<u>307,926</u>	<u>6,504</u>	<u>7,069</u>	<u>346,181</u>	<u>969,747</u>
Total Liabilities and Fund Balances	\$ <u>0</u>	\$ <u>18,283</u>	\$ <u>32,989</u>	\$ <u>106,838</u>	\$ <u>20,256</u>	\$ <u>141,011</u>	\$ <u>307,926</u>	\$ <u>6,504</u>	\$ <u>7,069</u>	\$ <u>361,115</u>	\$ <u>1,001,991</u>

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TOWN OF RICHMOND, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Jericho Road Improvement Fund	Police Reserve Fund	Library Reserve Fund	Fire Reserve Fund	Fire Impact Fees Fund	Highway Reserve Fund	Bridge & Culvert Reserve Fund	Guardrail Reserve Fund	Railroad Street Project Fund	Conservation Fund	Total
Revenues:											
Permits, Licenses and Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,391	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,391
Other	0	0	0	0	0	0	0	0	0	20,000	20,000
Total Revenues	0	0	0	0	1,391	0	0	0	0	20,000	21,391
Expenditures:											
General Government	0	0	0	0	0	0	0	0	0	21,439	21,439
Highways and Streets	0	0	0	0	0	5,816	0	3,496	0	0	9,312
Culture and Recreation	0	0	6,600	0	0	0	0	0	0	0	6,600
Capital Outlay:											
General Government	0	0	0	0	0	0	0	0	0	7,500	7,500
Public Safety	0	0	0	12,253	0	0	0	0	0	0	12,253
Highways and Streets	0	0	0	0	0	51,046	0	0	0	0	51,046
Culture and Recreation	0	0	7,162	0	0	0	0	0	0	0	7,162
Total Expenditures	0	0	13,762	12,253	0	56,862	0	3,496	0	28,939	115,312
Excess/(Deficiency) of Revenues Over Expenditures	0	0	(13,762)	(12,253)	1,391	(56,862)	0	(3,496)	0	(8,939)	(93,921)
Other Financing Sources/(Uses):											
Transfers In	0	10,000	8,000	28,500	0	25,000	37,000	5,000	0	47,300	160,800
Transfers Out	(2,723)	0	0	(15,000)	0	(25,000)	0	0	0	0	(42,723)
Total Other Financing Sources/(Uses)	(2,723)	10,000	8,000	13,500	0	0	37,000	5,000	0	47,300	118,077
Net Change in Fund Balances	(2,723)	10,000	(5,762)	1,247	1,391	(56,862)	37,000	1,504	0	38,361	24,156
Fund Balances - July 1, 2020	2,723	8,283	38,751	105,591	18,865	180,563	270,926	5,000	7,069	307,820	945,591
Fund Balances - June 30, 2021	\$ 0	\$ 18,283	\$ 32,989	\$ 106,838	\$ 20,256	\$ 123,701	\$ 307,926	\$ 6,504	\$ 7,069	\$ 346,181	\$ 969,747

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF RICHMOND, VERMONT  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
 PRIVATE-PURPOSE TRUST FUNDS  
 JUNE 30, 2021

	<u>Edmunds Trust Fund</u>	<u>Shanyon Athletic Fund</u>	<u>Shanyon Trust Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ <u>24,945</u>	\$ <u>3,190</u>	\$ <u>3,450</u>	\$ <u>31,585</u>
Total Assets	\$ <u><u>24,945</u></u>	\$ <u><u>3,190</u></u>	\$ <u><u>3,450</u></u>	\$ <u><u>31,585</u></u>
<u>LIABILITIES AND NET POSITION</u>				
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Position:				
Restricted:				
Held in Trust for Other Purposes	<u>24,945</u>	<u>3,190</u>	<u>3,450</u>	<u>31,585</u>
Total Net Position	<u>24,945</u>	<u>3,190</u>	<u>3,450</u>	<u>31,585</u>
Total Liabilities and Net Position	\$ <u><u>24,945</u></u>	\$ <u><u>3,190</u></u>	\$ <u><u>3,450</u></u>	\$ <u><u>31,585</u></u>

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TOWN OF RICHMOND, VERMONT  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE-PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Edmunds Trust Fund	Shanyon Athletic Fund	Shanyon Trust Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Additions:				
Investment Income	\$ <u>      46</u>	\$ <u>      6</u>	\$ <u>      6</u>	\$ <u>      58</u>
Total Additions	<u>      46</u>	<u>      6</u>	<u>      6</u>	<u>      58</u>
Deductions:	<u>      0</u>	<u>      0</u>	<u>      0</u>	<u>      0</u>
Change in Net Position	46	6	6	58
Net Position - July 1, 2020	<u>24,899</u>	<u>3,184</u>	<u>3,444</u>	<u>31,527</u>
Net Position - June 30, 2021	<u>\$ 24,945</u>	<u>\$ 3,190</u>	<u>\$ 3,450</u>	<u>\$ 31,585</u>

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TOWN OF RICHMOND, VERMONT  
SCHEDULE OF REVENUES AND EXPENSES  
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL  
WATER FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Revenues:			
Water User Receipts	\$ 305,824	\$ 318,645	\$ 12,821
Sale of Water from Hydrant	1,500	489	(1,011)
Hook on Fees	500	3,447	2,947
Fire Service Fees	49,641	49,641	0
Investment Income	1,500	588	(912)
Miscellaneous	<u>0</u>	<u>45</u>	<u>45</u>
Total Revenues	<u>358,965</u>	<u>372,855</u>	<u>13,890</u>
Expenses:			
Water Resources Administration Expenses:			
Salaries	57,828	59,864	(2,036)
Insurance Opt-out	1,500	1,131	369
Overtime	900	2,546	(1,646)
Social Security/Medicare	4,592	4,967	(375)
Municipal Retirement	3,488	4,041	(553)
Health Insurance	8,200	8,522	(322)
Health Insurance HSA	1,500	1,399	101
Health Insurance HRA	400	0	400
Long-term Disability	412	397	15
Uniforms	400	203	197
Office Supplies/Postage	300	193	107
Office Equipment	200	0	200
Computer	0	58	(58)
Advertising	200	243	(43)
Administrative Expense	9,000	9,000	0
Audit	2,775	2,513	262
Training/Education	800	63	737
Safety Training	100	0	100
Travel	300	0	300
Telephone	900	1,614	(714)
Association Dues	200	194	6
Legal	0	1,050	(1,050)
General Insurance	<u>8,196</u>	<u>10,855</u>	<u>(2,659)</u>
Total Water Resources Administration Expenses	<u>102,191</u>	<u>108,853</u>	<u>(6,662)</u>

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TOWN OF RICHMOND, VERMONT  
SCHEDULE OF REVENUES AND EXPENSES  
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL  
WATER FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Water Operations Expenses:			
Personal Protective Equipment	\$ 500	\$ 0	\$ 500
Heat	600	459	141
Electricity	8,500	11,586	(3,086)
Trash Removal	800	1,462	(662)
Permits/Fees/License	1,900	1,144	756
Water Contracted	5,000	2,597	2,403
Equipment Rental	500	125	375
Engineering	2,000	272	1,728
Gas, Oil & Diesel Fuel	500	158	342
Fleet Maintenance	1,000	1,031	(31)
Water Line	20,000	5,279	14,721
Pumps/Tanks	5,000	367	4,633
Asphalt Repair	5,000	0	5,000
Equipment Purchase	500	135	365
Supplies	1,000	163	837
Meters	3,000	404	2,596
Water Treatment Chemicals	1,000	624	376
	<u>56,800</u>	<u>25,806</u>	<u>30,994</u>
Total Water Operations Expenses			
Water Capital Expenses:			
Short-term Capital Expenses	20,000	0	20,000
Water Capital Reserve	35,211	22,594	12,617
Distribution System	15,000	84,138	(69,138)
Water Reservoir Principal/Interest	37,705	37,705	0
Water Reservoir Gap Principal	25,857	25,857	0
Water Reservoir Gap Interest	2,465	2,404	61
East Main RF3-335 Principal/Interest	25,140	25,140	0
Jericho Road Project Loan Principal	26,208	26,208	0
Jericho Road Project Loan Interest	12,388	12,388	0
	<u>199,974</u>	<u>236,434</u>	<u>(36,460)</u>
Total Water Capital Expenses			
Total Expenses	<u>358,965</u>	<u>371,093</u>	<u>(12,128)</u>
Net Income	<u>\$ 0</u>	<u>1,762</u>	<u>\$ 1,762</u>
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(92,336)	
Principal Payments on Long-term Debt		114,910	
Debt Forgiveness		377,064	
Capital Outlay		106,732	
Change in Accrued Interest Payable		998	
Change in Compensated Absences Payable		60	
Change in Net Pension Liability - GASB 68		<u>(10,789)</u>	
Change in Net Position - Exhibit G		<u>\$ 498,401</u>	

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TOWN OF RICHMOND, VERMONT  
SCHEDULE OF REVENUES AND EXPENSES  
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL  
SEWER FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Sewer User Receipts	\$ 401,887	\$ 411,200	\$ 9,313
Hook on Fees	1,000	5,001	4,001
Septage Receipts	200,000	494,973	294,973
Investment Income	3,500	1,373	(2,127)
Transfer In	0	5,556	5,556
Miscellaneous	<u>0</u>	<u>2,237</u>	<u>2,237</u>
Total Revenues	<u>606,387</u>	<u>920,340</u>	<u>313,953</u>
<b>Expenses:</b>			
<b>Wastewater Resources Administration Expenses:</b>			
Salaries	134,933	139,543	(4,610)
Insurance Opt-out	3,500	2,639	861
Overtime	2,100	5,941	(3,841)
Social Security/Medicare	10,714	11,589	(875)
Municipal Retirement	8,138	9,428	(1,290)
Health Insurance	19,100	18,329	771
Health Insurance HSA	3,500	3,263	237
Health Insurance HRA	800	0	800
Long-term Disability	960	844	116
Uniforms	900	586	314
Office Supplies/Postage	500	424	76
Office Equipment	400	0	400
Computer	0	134	(134)
Advertising	400	0	400
Administrative Expense	21,000	21,000	0
Audit	6,475	5,864	611
Training/Education	1,800	1,780	20
Safety Training	300	0	300
Travel	700	0	700
Telephone	3,800	3,440	360
Association Dues	400	452	(52)
Legal	0	3,458	(3,458)
General Insurance	15,765	13,308	2,457
Miscellaneous	<u>0</u>	<u>345</u>	<u>(345)</u>
Total Wastewater Resources Administration Expenses	<u>236,185</u>	<u>242,367</u>	<u>(6,182)</u>

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TOWN OF RICHMOND, VERMONT  
SCHEDULE OF REVENUES AND EXPENSES  
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL  
SEWER FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Wastewater Operations Expenses:			
Electricity	\$ 1,000	\$ 0	\$ 1,000
Pump Station Maintenance	1,800	3,879	(2,079)
Personal Protective Gear	500	300	200
Heat	10,000	7,018	2,982
Plant Electricity	32,000	36,902	(4,902)
WWTF Water Bill	16,000	29,590	(13,590)
Trash Removal	1,500	3,411	(1,911)
Permits/Fees/License	800	1,547	(747)
Wastewater Contracted	7,500	6,339	1,161
Biosolids Contracted	4,500	3,027	1,473
Equipment Rental	500	70	430
Biosolids Disposal/CSWD	60,000	128,003	(68,003)
Engineering	500	11,764	(11,264)
Gas, Oil & Diesel Fuel	1,800	445	1,355
Fleet Maintenance	2,500	2,572	(72)
Wastewater Facility Repair	8,000	8,818	(818)
Biosolids Facility Repair	8,000	11,456	(3,456)
Collection System Repair	4,000	6,669	(2,669)
Wastewater Chemicals	6,000	8,824	(2,824)
Biosolids Chemicals	35,000	82,640	(47,640)
Supplies	5,000	2,664	2,336
	206,900	355,938	(149,038)
Total Wastewater Operations Expenses			
Water Capital Expenses:			
Short-term Capital Expenses	43,000	11,018	31,982
Wastewater Capital Reserve	32,287	0	32,287
Collection System	10,000	14,875	(4,875)
RF1-101 Loan	12,081	12,021	60
Project 7a Sanitary Loan	14,093	16,668	(2,575)
Phosphorus Project Loan	22,220	19,731	2,489
Jericho Road Project Loan Principal	20,592	20,592	0
Jericho Road Project Loan Interest	9,029	9,733	(704)
	163,302	104,638	58,664
Total Water Capital Expenses			
	606,387	702,943	(96,556)
Total Expenses			
Net Income	\$ 0	217,397	\$ 217,397
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(118,834)	
Principal Payments on Long-term Debt		69,012	
Capital Outlay		4,199	
Change in Accrued Interest Payable		746	
Change in Compensated Absences Payable		140	
Change in Net Pension Liability - GASB 68		(25,714)	
Change in Net Position - Exhibit G		\$ 146,946	

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# Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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802/223-2352  
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Fred Duplessis, CPA  
Richard J. Brigham, CPA  
Chad A. Hewitt, CPA  
Wendy C. Gilwee, CPA  
VT Lic. #92-000180

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Richmond, Vermont, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Richmond, Vermont's basic financial statements, and have issued our report thereon dated February 2, 2022.

### ***Internal Control Over Financial Reporting***

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

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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified a certain deficiency that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Richmond, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2021-01 to be a material weakness.

### ***Compliance and Other Matters***

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

We have also noted certain other matters that we reported in a separate letter to the management of the Town of Richmond, Vermont dated February 2, 2022.

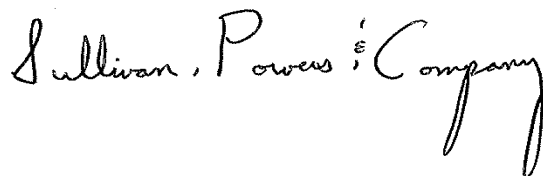
### ***Town of Richmond, Vermont's Response to Deficiency in Internal Control***

The Town of Richmond, Vermont's response to the deficiency in internal control identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Richmond, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

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

February 2, 2022  
Montpelier, Vermont  
VT Lic. #92-000180



TOWN OF RICHMOND, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
JUNE 30, 2021

Deficiencies in Internal Control:

Material Weaknesses:

2021-01 Reconciliation of Balance Sheet Accounts

*Criteria:*

Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documentation on a monthly basis in order to detect and correct errors in account balances.

*Condition:*

The majority of the Town's balance sheet accounts were not reconciled to the actual balances at year end which resulted in various adjustments to revenue and expenses.

*Cause:*

Unknown.

*Effect:*

The Town's account balances were incorrect.

*Recommendation:*

We recommend that all balance sheet accounts be reconciled to supporting documentation at least monthly in order to detect and correct errors.

**RESPONSE TO SCHEDULE OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER RECOMMENDATIONS.  
MANAGEMENTS RESPONSE TO DEFICIENCIES IN INTERNAL CONTROL**

**Deficiencies in Internal Control: 2021-01 RECONCILIATION OF BALANCE SHEET ACCOUNTS**

The Fiscal Year 20 audit revealed a material weakness in internal controls. Although half of the issues that occurred were addressed the Fiscal Year 21 audit lists the same deficiencies. After a meeting with Jordon Plummer from Sullivan & Powers, Josh Arneson Town Manager, and Connie Bona Finance Director we have a much better understanding of what is expected.

***Cause:***

The cause for this year's deficiencies was a result of misunderstanding what is expected and lack of time to perform final adjustments.

***Resolution:***

Going forward, more adjusting entries will be performed half way through the fiscal year, allowing more time and clarity at the end of the fiscal year. In addition, we will move the annual audit further into September to allow for revenues of the fiscal year being audited to be accounted for during the months of July and August and subsequent adjusting entries being made.

In addition, the Town will review, update, and create new finance policies on an annual basis.

\_\_\_\_\_  
Connie Bona  
Finance Director

\_\_\_\_\_  
Date