



TOWN OF RICHMOND

RICHMOND TOWN CENTER
203 Bridge Street, P.O. Box 285
Richmond, Vermont 05477



October 31, 2022

Ronald H.R. Smith, Principal
RHR Smith & Company, CPAs
3 Old Orchard Road
Buxton, Maine 04093

Dear Ron:

This representation letter is provided in connection with your audit of the financial statements of the Town of Richmond which comprise

1. the respective financial position of **the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information as of June 30, 2022 and**
2. the respective changes in financial position and, where applicable,
3. cash flows for the period then ended and
4. the related notes to the financial statements (“disclosures”),

for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of **October 31, 2022** the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated **May 4, 2022**, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Town of Richmond, VT required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements and guarantees and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements for which U.S. GAAP requires adjustment to or disclosure in the financial statements.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements and we have not consulted a lawyer concerning litigation, claims or assessments.
9. Guarantees, whether written or oral, under which the Town or Richmond, VT is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Town of Richmond, VT from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Selectmen or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the Town of Richmond, VT and involves:
 - Management,
 - Employees who have significant roles in internal control or
 - Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town of Richmond, VT financial statements communicated by employees, former employees, regulators or others.

15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
16. We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements and we have not consulted a lawyer concerning litigation, claims or assessments.
17. We have disclosed to you the names and identity of the Town of Richmond, VT related parties and all the related party relationships and transactions, including any side agreements of which we are aware.
18. We have disclosed to you all of the Town of Richmond, VT COVID 19-enacted measures due to requirements of federal, state or local regulations, specifically as they relate to the overall process of the Town of Richmond, VT operations, finances and internal controls, both temporarily during this fiscal period and permanently.

Government-specific

19. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
20. We have identified to you any previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
21. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
22. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements and we have not consulted a lawyer concerning litigation, claims or assessments.
23. The Town of Richmond, VT has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or equity (fund balance and/or net position).
24. We are responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts and legal and contractual provisions for reporting specific activities in separate funds.
25. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance.
26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
27. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency or for reporting on noncompliance.
28. As part of your audit, you assisted with preparation of the financial statements, based on management's chart of accounts and trial balance and any adjusting, correcting and closing entries

that have been approved by management; draft Management's Discussion and Analysis and notes to the financial statements based on information determined and approved by management; maintaining depreciation schedules for which management has determined the method of depreciation, rate of depreciation and salvage value of the asset, all in conformity with U.S. generally accepted accounting principles, permissible non-attest services under the AICPA Code of Conduct and non-audit services under *Government Auditing Standards* for attest/audit engagements. We acknowledge our responsibility as it relates to those non-audit services, including that we:

- a. assume all management responsibilities;
- b. oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience;
- c. evaluate the adequacy and results of the services performed; and
- d. accept responsibility for the results of the services.

We have reviewed, approved and accepted responsibility for those financial statements and disclosures.

29. We have appropriately disclosed all information for conduit debt obligations in accordance with GASBS No 91.
30. The Town of Richmond, VT has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
31. The Town of Richmond, VT has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
32. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations, as well as joint ventures with an equity interest and properly disclose all other joint ventures and other related organizations.
33. The Town of Richmond, VT has identified all fiduciary activities required by GASBS No 84 and has presented them appropriately in the financial statements.
34. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.
35. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
36. Components of net position (net investment in capital assets, restricted and unrestricted) and classifications of fund balance (non-spendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
37. Investments, derivative instruments and land and other real estate held by endowments are properly valued.
38. Provisions for uncollectible receivables have been properly identified and recorded.
39. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities and allocations have been made on a reasonable basis.
40. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments or contributions to permanent fund principal.
41. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.
42. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

43. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
44. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated or amortized.
45. The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
46. Unused lines of credit, collateral pledged to secure debt, certain contractual debt terms (such as significant defaults or termination events), and direct borrowings and private placements have been properly disclosed.
47. We have appropriately disclosed the Town of Richmond's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
48. We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
49. We acknowledge that restatements were made to correct material a misstatement in a prior period that affects the comparative financial statements or comparative data presented.
50. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
51. With respect to any other supplementary information on which an in-relation-to opinion is issued,
 - a. We acknowledge our responsibility for presenting the other supplementary information in accordance with accounting principles generally accepted in the United States of America and we believe the other supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the other supplementary information have not changed from those used in the prior period and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the other supplementary information.
52. We acknowledge that oral communications were made by the auditor throughout and at the conclusion of the audit.

Signed:

Carmen Bona

Signed:

John H. [Signature]

Title:

Finance Director

Title:

Town Manager