

TOWN OF RICHMOND, VERMONT

AUDIT REPORT

JUNE 30, 2020

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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, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

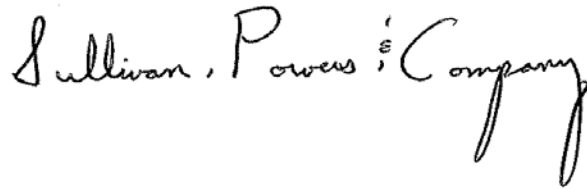
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Richmond, Vermont's basic financial statements. The combining fund financial statements, the Schedule of 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 January 22, 2021 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.

January 22, 2021
Montpelier, Vermont
VT Lic. #92-000180

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

**TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020. Please read it in conjunction with the Town's financial statements.

Financial Highlights

- The Town's combined general and business net position increased by \$788,447 as a result of this year's operations. While net position of our governmental activities increased by \$510,575, net position of our business-type activities increased by \$277,872. See page 11.
- The Town's governmental activities show General revenues were 3,405,533, program revenues were \$552,720, and operating expenses were 3,447,678. See page 11.
- The Town's business-type activities show general revenues were 14,154, program revenues were \$1,213,629, and operating expenses were \$949,911. See page 11.
- The General Fund reported a surplus this year of \$151,584, bringing the total fund balance to \$1,129,338 as of June 30, 2020. See page 13.
- Of the \$1,129,338, \$721,803 is restricted for the Highway Department, \$15,645 is non-spendable prepaid expenses and \$391,890 is unassigned. See page 12.

Using This Annual Report

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

Reporting the Town as a Whole

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

These two statements report the Town's net position which is the difference between assets and deferred outflows of resources and liabilities, deferred inflows of resources, and is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. In addition we still need to consider other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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 and Sewer Resource Departments charge 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, and fiduciary.

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

The Town reports 3 individual governmental funds which are considered major funds as seen on page 12. Data from 21 governmental funds are aggregated into a single column on the fund financial statements as seen on pages 60 through 65.

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

The Town as a Whole

The Town's combined net position was \$14,411,531 in FY19, and \$15,199,978 in FY20, for an increase of \$788,447. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities. See pages 10 and 11.

**TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Table 1 – Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2019	2020	2019	2020	2019	2020
Assets						
Current & Other	\$ 3,625,124	\$ 3,700,108	\$ 947,578	\$ 1,067,052	\$ 4,572,702	\$ 4,767,160
Capital assets	7,157,401	7,323,116	7,955,919	8,213,976	15,113,320	15,537,092
Deferred Outflows	205,916	195,488	30,791	33,395	236,707	228,883
TOTAL assets & deferred outflows	10,988,441	11,218,712	8,934,288	9,314,423	19,922,729	20,533,135
Liabilities						
Other	721,157	449,472	255,173	466,664	976,330	916,136
Long-term liabilities	1,633,152	1,625,685	2,891,516	2,782,573	4,524,668	4,408,258
Deferred Inflows	9,106	7,954	1,094	809	10,200	8,763
TOTAL liabilities & deferred inflows	2,363,415	2,083,111	3,147,783	3,250,046	5,511,198	5,333,157
Net position:						
Invested in capital assets,	5,734,566	6,025,984	4,955,455	5,341,464	10,690,021	11,367,448
Restricted	1,813,913	1,902,730	-	-	1,813,913	1,902,730
Unrestricted	1,076,547	1,206,887	831,050	722,913	1,907,597	1,929,800
TOTAL net position	\$ 8,625,026	\$ 9,135,601	\$ 5,786,505	\$ 6,064,377	\$ 14,411,531	\$ 15,199,978

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 \$1,076,547 on June 30, 2019 to \$1,206,887 on June 30, 2020, an increase of \$130,340. See page 10.

The unrestricted net position of our business-type activities went from \$831,050 on June 30, 2019 to \$722,913 on June 30, 2020. A decrease of 108,137. The Town generally can only use the net position to finance the continuing operations of the water and sewer operations. See page 10.

Table 2 - Change in Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2019	2020	2019	2020	2019	2020
REVENUES						
Program revenues:						
Operating Grants and Contributions	\$ 241,495	\$ 257,589	\$ 3,260	\$ -	\$ 244,755	\$ 257,589
Charges for services general	281,161	282,163	-	-	281,161	282,163
Charges for service water & sewer	-	-	937,411	1,196,079	937,411	1,196,079
Capital Grants & Contributions	107,123	12,968	723,231	17,550	830,354	30,518
General revenues:						
Property taxes	3,182,165	3,251,239	-	-	3,182,165	3,251,239
Penalties & Interest on Del. Taxes	30,371	34,112	-	-	30,371	34,112
General State Grants	85,751	86,907	-	-	85,751	86,907
Earnings from investments	37,748	38,433	5,516	7,115	43,264	45,548
Insurance Proceeds	1,750	-	-	-	1,750	-
Gain on Sale/Trade vehicles & equipment	110,282	-	-	-	110,282	-
Miscellaneous income	7,721	1,881	-	-	7,721	1,881
TOTAL REVENUES	4,085,567	3,965,292	1,669,418	1,220,744	5,754,985	5,186,036
PROGRAM EXPENSES						
General government	803,836	832,237	-	-	803,836	832,237
Public safety	794,578	911,731	-	-	794,578	911,731
Highways and streets	1,308,948	1,378,336	-	-	1,308,948	1,378,336
Culture and recreation	269,616	272,392	-	-	269,616	272,392
Community Development	83,127	-	-	-	83,127	-
Appropriations	-	-	-	-	-	-
Cemetery	-	795	-	-	-	795
Interest	45,585	52,187	-	-	45,585	52,187
Water & Sewer	-	-	790,822	949,911	790,822	949,911
TOTAL EXPENSES	3,305,690	3,447,678	790,822	949,911	4,096,512	4,397,589
Transfers	(52,613)	(7,039)	52,613	7,039	0	0
INCREASE IN NET POSTION	727,264	510,575	931,209	277,872	1,658,473	788,447

**TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Table 2 shows the change in net position for combined governmental and business activities in went from \$1,658,473 in FY19 to \$788,447 FY20, resulting in a decrease of \$870,026. See page 11.

Table 3 presents the cost of each of the Town's five largest 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 11.

Table 3 – Governmental Activities

	<u>2019</u>		<u>2020</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 803,836	\$ (588,378)	\$ 832,237	\$ (585,930)
Public safety	794,578	(725,648)	911,731	(858,211)
Highways and streets	1,308,948	(1,084,924)	1,378,336	(1,166,323)
Culture and recreation	269,616	(237,176)	272,392	(245,845)
Community Development	83,127	5,800	-	5,948
Interest	45,585	(45,585)	52,187	(52,187)
Totals	<u>\$ 3,305,690</u>	<u>\$ (2,675,911)</u>	<u>\$ 3,446,883</u>	<u>\$ (2,902,548)</u>

Business-type Budgetary Highlights

Water and sewer expenses were \$790,822 in FY19, and \$949,911 in FY20, resulting in an increase of \$159,089 in FY20. The increase was mostly 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. In addition, due to the concerns related to COVID, many processing plants stopped accepting septage. Richmond remained open, at one point being the only plant open in the state, which resulted in an increase of \$187,954 when compared to FY19. The increased septage coming in not only increased our revenue, but it also increased expenses related to the processing of the septage, such as more biosolid chemicals and the cost of hauling the processed septage away. See page 11.

We are also proud to say that Richmond started an apprenticeship program, in October of 2019, for new employees to participate in. This is 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 \$2,774,631 in FY19 and \$3,084,516 in FY20, an increase of \$151,584 in the Town's General Fund and \$158,301 from other funds. The following amounts come from pages 50 through 57, and are the highlights related to the revenue and expense variances.

- Town Administration: The budget came in at \$37,869 under budget mainly a result of charging casualty insurance to individual departments vs all of it going into the Administrative budget.
- Planning and Zoning: The budget came in \$23,115 under budget due to staff vacancy savings and a reduction in legal fees.
- Police: The budget came in \$85,657 under budget mostly due to staff vacancies in regards to wages and related equipment and supplies.
- Fire: Expenses came in under budget by \$16,928. This was mostly due to not purchasing anticipated Turnout gear and air packs and lower wages than predicted.
- Highway: The budget came in \$26,090 under budget, with a reduction in the health insurance costs and general expenditures from March through May due to COVID preventing us from doing projects that required more than one employee being in close proximity.

**TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Capital Asset and Debt Administration

Capital Assets Net

On June 30, 2020, the Town had \$15,537,092 invested in capital assets (See Table 4). This amount represents a net increase (including additions and depreciation) of \$423,772 from the prior year. See page 29 and 30.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Land	\$ 875,236	\$ 875,236	\$ 109,100	\$ 109,100	\$ 984,336	\$ 984,336
Construction in progress	17,730	174,972	34,873	496,583	52,603	671,555
Land Improvements	-	-	68,418	68,418	68,418	68,418
Buildings & improvements	1,966,187	1,979,887	512,888	512,888	2,479,075	2,492,775
Vehicles and equipment	3,166,690	3,399,798	103,600	112,100	3,270,290	3,511,898
Infrastructure	4,250,369	4,557,135	-	-	4,250,369	4,557,135
Water and sewer system	-	-	5,911,033	5,911,033	5,911,033	5,911,033
Phosphorus upgrade	-	-	3,939,064	3,939,064	3,939,064	3,939,064
Accumulated depreciation	<u>(3,118,811)</u>	<u>(3,663,912)</u>	<u>(2,723,057)</u>	<u>(2,935,210)</u>	<u>(5,841,868)</u>	<u>(6,599,122)</u>
Totals	<u>\$ 7,157,401</u>	<u>\$ 7,323,116</u>	<u>\$ 7,955,919</u>	<u>\$ 8,213,976</u>	<u>\$ 15,113,320</u>	<u>\$ 15,537,092</u>

This year's Capital Asset additions included:

Governmental Activities		Business-type Activities	
Airpacks	\$ 11,097	Infrastructure Bridge St. CIP	\$ 461,710
Town Center Aire Conditioner	13,700	Ford Ranger pick up	<u>8,500</u>
Ford cruiser Dodge Durango	40,214	Total	<u>\$ 470,210</u>
Retreatment @ town garage	8,881		
Retreatment @ Hinesburg Rd.	279,627		
Mitigation Dugway Rd	32,518		
Stormwater Bridge St	124,725		
Stormwater East Main St.	18,257		
Trench Box	9,195		
Dump Truck	<u>172,602</u>		
Total	<u>\$ 710,816</u>		

**TOWN OF RICHMOND, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Debt

On June 30, 2019 the Town had \$4,423,299 in bonds, notes and lines of credit outstanding versus \$4,169,644 on June 30, 2020, a decrease of \$253,655 - 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 33 through 37.

Table 5 – Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2019	2020	2019	2020	2019	2020
General obligation bonds	\$ 629,200	\$ 576,000	\$ 2,845,321	\$ 2,743,227	\$ 3,474,521	\$ 3,319,227
Notes payable	783,048	721,132	155,143	129,285	938,191	\$ 850,417
Capital Lease Payable	10,587	-	-	-	10,587	\$ -
Totals	\$ 1,422,835	\$ 1,297,132	\$ 3,000,464	\$ 2,872,512	\$ 4,423,299	\$ 4,169,644

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials consider many factors while setting the fiscal year 2022 budgets, tax rates, fees, and business-type activity rates. Some of those factors in fiscal year 2021 and 2022 are due to the impacts of the COVID pandemic. As we try to maintain Town Operations, we also need to protect both Town employees and the general public which may result in project delays. At the same time, we need to be very diligent and sensitive to the economic impacts which include the cost-of-living index and life style changes for everyone.

When adopting the budget for the 2021-2022 year, the Selectboard will look at 2020-2021 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 will also be starting a Town wide assessment of property values in the 2021-2022 year which will take approximately two years to complete.

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. If you have questions about this report or need additional financial information, contact the Town Manager at Town of Richmond, P.O. Box 285, Richmond, Vermont 05477.

TOWN OF RICHMOND, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 3,281,980	\$ 710,244	\$ 3,992,224
Receivables (Net of Allowance for Uncollectibles)	163,037	291,480	454,517
Note Receivable	302,576	0	302,576
Internal Balances	(63,130)	63,130	0
Prepaid Expenses	15,645	2,198	17,843
Capital Assets:			
Land	875,236	109,100	984,336
Construction in Progress	174,972	496,583	671,555
Other Capital Assets, (Net of Accumulated Depreciation)	<u>6,272,908</u>	<u>7,608,293</u>	<u>13,881,201</u>
Total Assets	<u>11,023,224</u>	<u>9,281,028</u>	<u>20,304,252</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>195,488</u>	<u>33,395</u>	<u>228,883</u>
Total Deferred Outflows of Resources	<u>195,488</u>	<u>33,395</u>	<u>228,883</u>
<u>LIABILITIES</u>			
Accounts Payable	117,603	258,416	376,019
Accrued Payroll and Benefits Payable	42,450	7,485	49,935
Unearned Revenue	14,905	0	14,905
Due to Delinquent Tax Collector	6,332	0	6,332
Due to Others	502	0	502
Accrued Interest Payable	10,887	6,841	17,728
Noncurrent Liabilities:			
Due within One Year	256,793	193,922	450,715
Due in More than One Year	<u>1,625,685</u>	<u>2,782,573</u>	<u>4,408,258</u>
Total Liabilities	<u>2,075,157</u>	<u>3,249,237</u>	<u>5,324,394</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	3,224	0	3,224
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>4,730</u>	<u>809</u>	<u>5,539</u>
Total Deferred Outflows of Resources	<u>7,954</u>	<u>809</u>	<u>8,763</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	6,025,984	5,341,464	11,367,448
Restricted:			
Highways and Streets	1,244,292	0	1,244,292
Community Development	302,576	0	302,576
Cemetery	162,782	0	162,782
Restoration of Records	119,555	0	119,555
Other Purposes	73,525	0	73,525
Unrestricted	<u>1,206,887</u>	<u>722,913</u>	<u>1,929,800</u>
Total Net Position	<u>\$ 9,135,601</u>	<u>\$ 6,064,377</u>	<u>\$ 15,199,978</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, 2020

	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	\$ 832,237	\$ 229,758	\$ 16,549	\$ 0	\$ (585,930)	\$ 0	\$ (585,930)
Public Safety	911,731	15,784	35,683	2,053	(858,211)	0	(858,211)
Highways and Streets	1,378,336	5,069	196,029	10,915	(1,166,323)	0	(1,166,323)
Culture and Recreation	272,392	17,219	9,328	0	(245,845)	0	(245,845)
Community Development	0	5,948	0	0	5,948	0	5,948
Cemetery	795	8,385	0	0	7,590	0	7,590
Interest on Long-term Debt	52,187	0	0	0	(52,187)	0	(52,187)
Total Governmental Activities	<u>3,447,678</u>	<u>282,163</u>	<u>257,589</u>	<u>12,968</u>	<u>(2,894,958)</u>	<u>0</u>	<u>(2,894,958)</u>
Business-type Activities:							
Water	237,266	360,931	0	17,550	0	141,215	141,215
Sewer	712,645	835,148	0	0	0	122,503	122,503
Total Business-type Activities	<u>949,911</u>	<u>1,196,079</u>	<u>0</u>	<u>17,550</u>	<u>0</u>	<u>263,718</u>	<u>263,718</u>
Total Primary Government	<u>\$ 4,397,589</u>	<u>\$ 1,478,242</u>	<u>\$ 257,589</u>	<u>\$ 30,518</u>	<u>(2,894,958)</u>	<u>263,718</u>	<u>(2,631,240)</u>
General Revenues:							
Property Taxes					3,251,239	0	3,251,239
Penalties and Interest on Delinquent Taxes					34,112	0	34,112
General State Grants					86,907	0	86,907
Unrestricted Investment Earnings					38,433	7,115	45,548
Other Revenues					1,881	0	1,881
Transfers:					(7,039)	7,039	0
Total General Revenues and Transfers					<u>3,405,533</u>	<u>14,154</u>	<u>3,419,687</u>
Change in Net Position					510,575	277,872	788,447
Net Position - July 1, 2019					<u>8,625,026</u>	<u>5,786,505</u>	<u>14,411,531</u>
Net Position - June 30, 2020					<u>\$ 9,135,601</u>	<u>\$ 6,064,377</u>	<u>\$ 15,199,978</u>

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

TOWN OF RICHMOND, VERMONT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2020

	General Fund	Community Development Fund	Town Center Maintenance Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 2,364,793	\$ 0	\$ 740,057	\$ 177,130	\$ 3,281,980
Receivables (Net of Allowance for Uncollectibles)	159,511	0	3,526	0	163,037
Note Receivable	0	302,576	0	0	302,576
Due from Other Funds	0	0	0	1,260,692	1,260,692
Prepaid Expenses	<u>15,645</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,645</u>
Total Assets	<u>\$ 2,539,949</u>	<u>\$ 302,576</u>	<u>\$ 743,583</u>	<u>\$ 1,437,822</u>	<u>\$ 5,023,930</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 114,923	\$ 0	\$ 0	\$ 2,680	\$ 117,603
Accrued Payroll and Benefits Payable	42,450	0	0	0	42,450
Due to Other Funds	1,108,081	0	215,741	0	1,323,822
Unearned Revenue	7,099	0	7,806	0	14,905
Due to Delinquent Tax Collector	6,332	0	0	0	6,332
Due to Others	<u>502</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>502</u>
Total Liabilities	<u>1,279,387</u>	<u>0</u>	<u>223,547</u>	<u>2,680</u>	<u>1,505,614</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Prepaid Property Taxes	3,224	0	0	0	3,224
Unavailable Property Taxes and Interest	62,000	0	0	0	62,000
Unavailable Grants	66,000	0	0	0	66,000
Unavailable Note Receivable	<u>0</u>	<u>302,576</u>	<u>0</u>	<u>0</u>	<u>302,576</u>
Total Deferred Inflows of Resources	<u>131,224</u>	<u>302,576</u>	<u>0</u>	<u>0</u>	<u>433,800</u>
<u>FUND BALANCES</u>					
Nonspendable	15,645	0	0	1,935	17,580
Restricted	721,803	0	0	810,416	1,532,219
Committed	0	0	0	467,514	467,514
Assigned	0	0	520,036	155,277	675,313
Unassigned	<u>391,890</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>391,890</u>
Total Fund Balances	<u>1,129,338</u>	<u>0</u>	<u>520,036</u>	<u>1,435,142</u>	<u>3,084,516</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,539,949</u>	<u>\$ 302,576</u>	<u>\$ 743,583</u>	<u>\$ 1,437,822</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.					7,323,116
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.					430,576
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.					(1,893,365)
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>190,758</u>
Net Position of Governmental Activities					<u>\$ 9,135,601</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, 2020

	General Fund	Community Development Fund	Town Center Maintenance Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 3,279,219	\$ 0	\$ 0	\$ 0	\$ 3,279,219
Penalties and Interest on Delinquent Taxes	37,232	0	0	0	37,232
Intergovernmental	295,198	0	0	0	295,198
Charges for Services	36,717	0	116,673	12,963	166,353
Permits, Licenses and Fees	72,821	0	0	43,631	116,452
Fines and Forfeits	14,134	0	0	0	14,134
Investment Income	31,115	0	5,926	1,392	38,433
Donations	2,600	0	0	11,016	13,616
Other	3,210	0	0	0	3,210
Total Revenues	3,772,246	0	122,599	69,002	3,963,847
Expenditures:					
General Government	770,973	0	9,544	25,930	806,447
Public Safety	749,839	0	0	6,130	755,969
Highways and Streets	936,274	0	0	1,500	937,774
Culture and Recreation	230,482	0	0	15,861	246,343
Cemetery	0	0	0	795	795
Capital Outlay:					
General Government	0	0	13,700	0	13,700
Public Safety	51,311	0	0	0	51,311
Highways and Streets	636,787	0	0	9,018	645,805
Debt Service:					
Principal	260,305	0	0	0	260,305
Interest	63,076	0	0	0	63,076
Total Expenditures	3,699,047	0	23,244	59,234	3,781,525
Excess of Revenues Over Expenditures	73,199	0	99,355	9,768	182,322
Other Financing Sources/(Uses):					
Proceeds from Long-term Debt	134,602	0	0	0	134,602
Transfers In	109,487	0	0	158,665	268,152
Transfers Out	(165,704)	0	(38,464)	(71,023)	(275,191)
Total Other Financing Sources/(Uses)	78,385	0	(38,464)	87,642	127,563
Net Change in Fund Balances	151,584	0	60,891	97,410	309,885
Fund Balances - July 1, 2019	977,754	0	459,145	1,337,732	2,774,631
Fund Balances - June 30, 2020	<u>\$ 1,129,338</u>	<u>\$ 0</u>	<u>\$ 520,036</u>	<u>\$ 1,435,142</u>	<u>\$ 3,084,516</u>

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, 2020

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)	\$	309,885
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$710,816) is allocated over their estimated useful lives and reported as depreciation expense (\$545,101). This is the amount by which capital outlays exceeded depreciation in the current period.		165,715
The issuance of long-term debt (\$134,602) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$260,305) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		125,703
Governmental funds report employer pension contributions as expenditures (\$63,420). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$172,169) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(108,749)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		21,445
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>(3,424)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>510,575</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, 2020

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 710,244	\$ 0	\$ 710,244
Receivables	88,340	203,140	291,480
Prepaid Expenses	2,198	0	2,198
Due from Other Funds	0	702,775	702,775
Total Current Assets	800,782	905,915	1,706,697
Noncurrent Assets:			
Capital Assets:			
Land	109,100	0	109,100
Construction in Progress	472,171	24,412	496,583
Land Improvements	68,418	0	68,418
Buildings and Building Improvements	25,000	487,888	512,888
Distribution and Collection Systems	3,927,469	1,983,564	5,911,033
Phosphorus Upgrade	0	3,939,064	3,939,064
Vehicles, Machinery and Equipment	11,550	100,550	112,100
Less: Accumulated Depreciation	(620,475)	(2,314,735)	(2,935,210)
Total Noncurrent Assets	3,993,233	4,220,743	8,213,976
Total Assets	4,794,015	5,126,658	9,920,673
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	10,049	23,346	33,395
Total Deferred Outflows of Resources	10,049	23,346	33,395
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	193,017	65,399	258,416
Accrued Payroll and Benefits Payable	2,245	5,240	7,485
Due to Other Funds	639,645	0	639,645
Accrued Interest Payable	3,216	3,625	6,841
Notes Payable - Current Portion	25,857	0	25,857
General Obligation Bonds Payable - Current Portion	99,053	69,012	168,065
Total Current Liabilities	963,033	143,276	1,106,309
Noncurrent Liabilities:			
Compensated Absences Payable	3,129	7,301	10,430
Net Pension Liability	28,194	65,359	93,553
Notes Payable - Noncurrent Portion	103,428	0	103,428
General Obligation Bonds Payable - Noncurrent Portion	1,966,051	609,111	2,575,162
Total Noncurrent Liabilities	2,100,802	681,771	2,782,573
Total Liabilities	3,063,835	825,047	3,888,882
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	244	565	809
Total Deferred Inflows of Resources	244	565	809
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,798,844	3,542,620	5,341,464
Unrestricted/(Deficit)	(58,859)	781,772	722,913
Total Net Position	\$ 1,739,985	\$ 4,324,392	\$ 6,064,377

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, 2020

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 360,931	\$ 835,148	\$ 1,196,079
Total Operating Revenues	<u>360,931</u>	<u>835,148</u>	<u>1,196,079</u>
Operating Expenses:			
Payroll and Benefits	82,552	191,960	274,512
Office Administrative Expenses	17,956	41,203	59,159
Professional Services	5,431	9,902	15,333
Supplies	2,375	3,705	6,080
Utilities	10,065	76,328	86,393
Repairs and Maintenance	18,097	42,297	60,394
Chemicals	410	76,683	77,093
Permits & Testing	2,717	2,414	5,131
Machinery and Equipment	1,522	0	1,522
Biosolids Disposal	0	116,769	116,769
Depreciation	78,517	133,636	212,153
Total Operating Expenses	<u>219,642</u>	<u>694,897</u>	<u>914,539</u>
Operating Income	<u>141,289</u>	<u>140,251</u>	<u>281,540</u>
Non-Operating Revenues/(Expenses):			
Investment Income	2,135	4,980	7,115
Interest Expense	(17,624)	(17,748)	(35,372)
Total Non-Operating Revenues/(Expenses)	<u>(15,489)</u>	<u>(12,768)</u>	<u>(28,257)</u>
Net Income Before Capital Contributions and Transfers	<u>125,800</u>	<u>127,483</u>	<u>253,283</u>
Capital Contributions and Transfers:			
Capital Contributions	17,550	0	17,550
Transfers In	0	7,039	7,039
Total Capital Contributions and Transfers	<u>17,550</u>	<u>7,039</u>	<u>24,589</u>
Change in Net Position	143,350	134,522	277,872
Net Position - July 1, 2019	<u>1,596,635</u>	<u>4,189,870</u>	<u>5,786,505</u>
Net Position - June 30, 2020	<u>\$ 1,739,985</u>	<u>\$ 4,324,392</u>	<u>\$ 6,064,377</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 370,046	\$ 820,753	\$ 1,190,799
Payments for Goods and Services	(63,467)	(335,985)	(399,452)
Payments for Interfund Services	(6,000)	(14,000)	(20,000)
Payments for Wages and Benefits	<u>(73,677)</u>	<u>(171,577)</u>	<u>(245,254)</u>
Net Cash Provided by Operating Activities	<u>226,902</u>	<u>299,191</u>	<u>526,093</u>
Cash Flows From Noncapital Financing Activities:			
(Increase)/Decrease in Due from Other Funds	0	(218,894)	(218,894)
Increase/(Decrease) in Due to Other Funds	175,905	0	175,905
Transfers Received from Other Funds	0	7,039	7,039
Proceeds from Grant Income	<u>3,260</u>	<u>0</u>	<u>3,260</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>179,165</u>	<u>(211,855)</u>	<u>(32,690)</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from Long-term Debt	164,385	0	164,385
Acquisition and Construction of Capital Assets	(272,557)	(5,950)	(278,507)
Principal Paid on Long-term Debt	(206,491)	(68,296)	(274,787)
Interest Paid on Long-term Debt	<u>(18,677)</u>	<u>(18,070)</u>	<u>(36,747)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(333,340)</u>	<u>(92,316)</u>	<u>(425,656)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	<u>2,135</u>	<u>4,980</u>	<u>7,115</u>
Net Cash Provided by Investing Activities	<u>2,135</u>	<u>4,980</u>	<u>7,115</u>
Net Increase in Cash	74,862	0	74,862
Cash - July 1, 2019	<u>635,382</u>	<u>0</u>	<u>635,382</u>
Cash - June 30, 2020	<u>\$ 710,244</u>	<u>\$ 0</u>	<u>\$ 710,244</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 141,289	\$ 140,251	\$ 281,540
Depreciation	78,517	133,636	212,153
(Increase)/Decrease in Receivables	9,115	(14,395)	(5,280)
(Increase)/Decrease in Prepaid Expenses	397	0	397
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	(812)	(1,792)	(2,604)
Increase/(Decrease) in Accounts Payable	(11,291)	19,316	8,025
Increase/(Decrease) in Accrued Payroll and Benefits Payable	726	1,698	2,424
Increase/(Decrease) in Compensated Absences Payable	858	2,002	2,860
Increase/(Decrease) in Net Pension Liability	8,187	18,676	26,863
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>(84)</u>	<u>(201)</u>	<u>(285)</u>
Net Cash Provided by Operating Activities	<u>\$ 226,902</u>	<u>\$ 299,191</u>	<u>\$ 526,093</u>

The Water Fund recognized a forgiveness of debt in the amount of \$17,550 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, 2020

	Private-Purpose Trust Funds
<u>ASSETS</u>	
Cash	\$ <u>31,527</u>
Total Assets	\$ <u><u>31,527</u></u>
<u>LIABILITIES AND NET POSITION</u>	
Liabilities:	\$ <u>0</u>
Net Position:	
Restricted:	
Held in Trust for Other Purposes	<u>31,527</u>
Total Net Position	<u>31,527</u>
Total Liabilities and Net Position	\$ <u><u>31,527</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, 2020

	Private-Purpose Trust Funds
Additions:	
Investment Income	\$ <u>303</u>
Total Additions	<u>303</u>
Deductions:	
	<u>0</u>
Change in Net Position	303
Net Position - July 1, 2019	<u>31,224</u>
Net Position - June 30, 2020	\$ <u><u>31,527</u></u>

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

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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

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

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

The Town reports on the following major governmental funds:

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

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

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

The Town reports on the following major enterprise funds:

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

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

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

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Additionally, the Town reports the following fund type:

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

C. Measurement Focus

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

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

D. Basis of Accounting

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

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

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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. 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.

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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

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

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

5. Pensions

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

6. Deferred Outflows/Inflows of Resources

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

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

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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.

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.

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10. Fund Equity

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

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

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

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

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

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

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

TOWN OF RICHMOND, VERMONT
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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, unbudgeted grant revenues and related expenditures and unbudgeted capital expenditures and related funding.

B. Budgeted Deficit

The Town elected to budget expenditures in excess of revenues by \$21,005 in the General Fund in order to utilize a portion of the prior year’s surpluses. This is reflected as a current year’s budgeted deficiency of revenues over expenditures on Schedule 1.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash

The Town’s cash as of June 30, 2020 consisted of the following:

Cash:		
Deposits with Financial Institutions		\$4,023,251
Cash on Hand		<u>500</u>
Total Cash		<u>\$4,023,751</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>3,773,151</u>	<u>3,779,632</u>
Total	<u>\$4,023,251</u>	<u>\$4,029,732</u>

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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.

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, 2020, 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	\$ 79,149	\$ 0	\$ 79,149
Penalties and Interest Receivable	26,864	0	26,864
Grants Receivable	66,000	0	66,000
Accounts Receivable	3,624	347	3,971
Billed Services	0	53,027	53,027
Unbilled Services	0	238,106	238,106
Allowance for Doubtful Accounts - Delinquent Taxes and Interest	<u>(12,600)</u>	<u>0</u>	<u>(12,600)</u>
	<u>\$ 163,037</u>	<u>\$ 291,480</u>	<u>\$ 454,517</u>

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C. Note Receivable

Note receivable as of June 30, 2020 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>(109,924)</u>
Reported Value at June 30, 2020	<u>\$ 302,576</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 875,236	\$ 0	\$ 0	\$ 875,236
Construction in Progress	<u>17,730</u>	<u>157,242</u>	<u>0</u>	<u>174,972</u>
Total Capital Assets, Not Being Depreciated	<u>892,966</u>	<u>157,242</u>	<u>0</u>	<u>1,050,208</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,966,187	13,700	0	1,979,887
Vehicles, Machinery and Equipment	3,166,690	233,108	0	3,399,798
Infrastructure	<u>4,250,369</u>	<u>306,766</u>	<u>0</u>	<u>4,557,135</u>
Totals	<u>9,383,246</u>	<u>553,574</u>	<u>0</u>	<u>9,936,820</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	720,158	41,201	0	761,359
Vehicles, Machinery and Equipment	1,193,923	256,243	0	1,450,166
Infrastructure	<u>1,204,730</u>	<u>247,657</u>	<u>0</u>	<u>1,452,387</u>
Totals	<u>3,118,811</u>	<u>545,101</u>	<u>0</u>	<u>3,663,912</u>
Total Capital Assets, Being Depreciated	<u>6,264,435</u>	<u>8,473</u>	<u>0</u>	<u>6,272,908</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,157,401</u>	<u>\$ 165,715</u>	<u>\$ 0</u>	<u>\$ 7,323,116</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 109,100	\$ 0	\$ 0	\$ 109,100
Construction in Progress	34,873	461,710	0	496,583
Total Capital Assets, Not Being Depreciated	143,973	461,710	0	605,683
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	0	0	5,911,033
Phosphorus Upgrade	3,939,064	0	0	3,939,064
Vehicles, Machinery and Equipment	103,600	8,500	0	112,100
Totals	10,535,003	8,500	0	10,543,503
Less Accumulated Depreciation for:				
Land Improvements	912	1,368	0	2,280
Buildings and Building Improvements	471,378	9,758	0	481,136
Distribution and Collection Systems	978,938	119,439	0	1,098,377
Phosphorus Upgrade	1,170,683	78,781	0	1,249,464
Vehicles, Machinery and Equipment	101,146	2,807	0	103,953
Totals	2,723,057	212,153	0	2,935,210
Total Capital Assets, Being Depreciated	7,811,946	(203,653)	0	7,608,293
Business-type Activities Capital Assets, Net	\$ 7,955,919	\$ 258,057	\$ 0	\$ 8,213,976

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 18,274	Water	\$ 78,517
Public Safety	110,332	Sewer	133,636
Highways and Streets	405,940		
Culture and Recreation	10,555		
Total Depreciation Expense - Governmental Activities	\$ 545,101	Total Depreciation Expense - Business-type Activities	\$ 212,153

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2020 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,108,081
Town Center Maintenance Fund	0	215,741
Non-Major Governmental Funds	1,260,692	0
Water Fund	0	639,645
Sewer Fund	702,775	0
Total	\$ 1,963,467	\$ 1,963,467

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Interfund transfers during the year ended June 30, 2020 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Reappraisal Fund	\$ 6,000	Appropriation
General Fund	Library Reserve Fund	8,000	Appropriation
General Fund	Fire Reserve Fund	28,500	Appropriation
General Fund	Highway Reserve Fund	27,700	Appropriation
General Fund	Bridge & Culvert Reserve Fund	37,000	Appropriation
General Fund	Guardrail Reserve Fund	5,000	Appropriation
General Fund	Conservation Fund	46,465	Appropriation
General Fund	Sewer Fund	7,039	Fund Debt Service
Town Center Maintenance Fund	General Fund	38,464	Fund Town Center Expenses
Jericho Road Improvement Fund	General Fund	46,023	Appropriation
Highway Reserve Fund	General Fund	<u>25,000</u>	Appropriation
Total		<u>\$ 275,191</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$70,898 from the difference between the expected and actual experience, \$37,272 from the difference between the projected and actual investment earnings, \$18,271 from changes in assumptions, \$5,627 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 \$63,420 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 \$195,488.

Deferred outflows of resources in the business-type activities consists of \$12,121 from the difference between the expected and actual experience, \$6,372 from the difference between the projected and actual investment earnings, \$3,123 from changes in assumptions, \$962 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 \$10,817 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 \$33,395.

Deferred outflows of resources in the Water Fund consists of \$3,653 from the difference between the expected and actual experience, \$1,920 from the difference between the projected and actual investment earnings, \$941 from changes in assumptions, \$290 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 \$3,245 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 \$10,049.

Deferred outflows of resources in the Sewer Fund consists of \$8,468 from the difference between the expected and actual experience, \$4,452 from the difference between the projected and actual investment earnings, \$2,182 from changes in assumptions, \$672 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 \$7,572 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 \$23,346.

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G. Unearned Revenue

Unearned revenue in the General Fund consists of \$7,099 of grant revenue received in advance.

Unearned revenue in the Town Center Maintenance Fund consists of \$7,806 of rental revenue received in advance.

H. Deferred Inflows of Resources

Total deferred inflows of resources in the governmental activities consists of \$3,224 of prepaid property taxes and \$4,730 from the difference between the expected and actual experience related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the governmental activities is \$7,954.

Deferred inflows of resources in the business-type activities consists of \$809 from the difference between the expected and actual experience related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the General Fund consists of \$62,000 of delinquent property taxes and interest on those taxes and \$66,000 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 \$3,224 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$131,224.

Deferred inflows of resources in the Community Development Fund consists of \$302,576 of a note receivable as this would not be available to liquidate current liabilities.

Deferred inflows of resources in the Water Fund consists of \$244 from the difference between the expected and actual experience related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the Sewer Fund consists of \$565 from the difference between the expected and actual experience related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

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.

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The Town enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the Town does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of inception date of the leases. Leases 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.

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.

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, 2020 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	\$ 70,000	\$ 0	\$ 10,000	\$ 60,000
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.	559,200	0	43,200	516,000

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Community Bank, Highway Equipment, Principal Payment of \$19,846 Plus Interest Payable on January 21, Interest at 2.42%, Due and Paid January, 2020	\$ 19,846	\$ 0	\$ 19,846	\$ 0
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 November, 2020	143,202	0	71,601	71,601
Note Payable, TD Bank, Fire Truck. During the Year, the Town Made a Principal Payment of \$48,571 and Refinanced the Remaining Balance of \$291,429 with the Union Bank	340,000	0	340,000	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	0	291,429	0	291,429
Note Payable, TD Bank, Grader. During the Year, the Town Made a Principal Payment of \$30,000 and Refinanced the Remaining Balance of \$120,000 with the Union Bank	150,000	0	150,000	0
Note Payable, Union Bank, Grader, Principal Payments of \$30,000 Plus Interest Payable on May 5 Annually, Interest at 1.84%, Due May, 2024	0	120,000	0	120,000
Note Payable, TD Bank, Dump Truck. During the Year, the Town Made a Principal Payment of \$26,500 and Refinanced the Remaining Balance of \$103,500 with the Union Bank	130,000	0	130,000	0
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	0	103,500	0	103,500

TOWN OF RICHMOND, VERMONT
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, TD Bank, Dump Truck. During the Year, the Town Refinanced the Full Balance of this Note with the Union Bank	\$ 0	\$134,602	\$134,602	\$ 0
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	0	134,602	0	134,602
Capital Lease Payable, Ford Motor Credit Co., Police Vehicle, Quarterly Principal and Interest Payments of \$3,485, Interest at 5.70%, Due and Paid May, 2020	<u>10,587</u>	<u>0</u>	<u>10,587</u>	<u>0</u>
Total Governmental Activities	<u>\$1,422,835</u>	<u>\$784,133</u>	<u>\$909,836</u>	<u>\$1,297,132</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.	\$ 339,248	\$ 0	\$ 26,208	\$ 313,040
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. The Town Made the July, 2019 Payment in June, 2019	1,055,736	0	0	1,055,736
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	703,918	0	25,140	678,778

TOWN OF RICHMOND, VERMONT
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Bridge Street Project, Authorized to \$800,000 but Eligible for \$400,000 Principal Forgiveness, Principal Payments of \$10,000 Payable on January 1 Annually Beginning January 1, 2021, 0% Interest, Due January, 2060. The Town Recognized \$17,550 of the Principal Forgiveness During the Year.	\$ 0	\$ 35,100	\$ 17,550	\$ 17,550
Note Payable, Community Bank, Water Tank, Principal Payments of \$25,858 Plus Interest Payable on November 7 Annually, Interest at 2.54%, Due November, 2024. The Town Made the Current Year Payment and Refinanced the Remaining Balance with the Union Bank During the Year.	155,143	0	155,143	0
Note Payable, Union Bank, Water Tank, Principal Payments of \$25,857 Plus Interest Payable on May 5 Annually Beginning May 5, 2021, Interest at 1.91%, Due May, 2025	<u>0</u>	<u>129,285</u>	<u>0</u>	<u>129,285</u>
Total Water Fund	<u>2,254,045</u>	<u>164,385</u>	<u>224,041</u>	<u>2,194,389</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.	266,552	0	20,592	245,960
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	96,169	0	12,021	84,148

TOWN OF RICHMOND, VERMONT
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Wastewater Treatment Project, Principal Payments Ranging from of \$19,342 to \$21,783 Plus an Administrative Fee Payable on March 1 Annually, 2% Administrative Fee, Due March, 2026	\$ 143,807	\$ 0	\$ 19,342	\$ 124,465
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Upgrades, Principal Payments Ranging from of \$16,341 to \$20,723 Plus an Administrative Fee Payable on May 1 Annually, 2% Administrative Fee, Due May, 2032	<u>239,891</u>	<u>0</u>	<u>16,341</u>	<u>223,550</u>
Total Sewer Fund	<u>746,419</u>	<u>0</u>	<u>68,296</u>	<u>678,123</u>
Total Business-type Activities	<u>\$3,000,464</u>	<u>\$164,385</u>	<u>\$292,337</u>	<u>\$2,872,512</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.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 629,200	\$ 0	\$ 53,200	\$ 576,000	\$ 53,200
Notes Payable	783,048	784,133	846,049	721,132	203,593
Capital Leases Payable	10,587	0	10,587	0	0
Compensated Absences Payable	23,812	14,313	0	38,125	0
Net Pension Liability	<u>446,310</u>	<u>100,911</u>	<u>0</u>	<u>547,221</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 1,892,957</u>	<u>\$ 899,357</u>	<u>\$ 909,836</u>	<u>\$ 1,882,478</u>	<u>\$ 256,793</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 2,845,321	\$ 35,100	\$ 137,194	\$ 2,743,227	\$ 168,065
Notes Payable	155,143	129,285	155,143	129,285	25,857
Compensated Absences Payable	7,570	2,860	0	10,430	0
Net Pension Liability	<u>66,690</u>	<u>26,863</u>	<u>0</u>	<u>93,553</u>	<u>0</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 3,074,724</u>	<u>\$ 194,108</u>	<u>\$ 292,337</u>	<u>\$ 2,976,495</u>	<u>\$ 193,922</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.

TOWN OF RICHMOND, VERMONT
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Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 256,793	\$ 37,062	\$ 193,922	\$ 31,549
2022	185,192	31,270	192,200	28,729
2023	185,192	26,683	185,392	25,808
2024	182,692	22,031	186,150	22,798
2025	75,492	2,579	186,921	19,694
2026-2030	284,571	54,251	689,820	57,034
2031-2035	127,200	8,689	446,266	5,398
2036-2040	0	0	314,225	0
2041-2045	0	0	314,225	0
2046-2050	0	0	163,391	0
Total	\$ <u>1,297,132</u>	\$ <u>182,565</u>	\$ <u>2,872,512</u>	\$ <u>191,010</u>

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.

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

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

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

Major Funds

General Fund:

Nonspendable Prepaid Expenses	<u>\$15,645</u>
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Non-Major Funds

Permanent Fund:

Nonspendable Cemetery Funds Fund Principal	<u>1,935</u>
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Total Nonspendable Fund Balances	<u>\$17,580</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>\$ 721,803</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)	119,555
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)	1,151
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)	12,103
Restricted for Richmond Free Library Expenses by Donations (Source of Revenue is Donations)	2,215

TOWN OF RICHMOND, VERMONT
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Special Revenue Funds/(Cont'd):	
Restricted for Lister Education by Grant Agreement (Source of Revenue is Grant Revenue)	\$ 2,548
Restricted for Andrews Community Forest Expenses by Donations (Source of Revenue is Donations)	<u>25,551</u>
Total Special Revenue Funds	<u>171,492</u>
Capital Projects Funds:	
Restricted for Jericho Road Improvements by Grant Agreement (Source of Revenue is Grant Revenue)	2,723
Restricted for Fire Department Improvements by Impact Fees (Source of Revenue is Impact Fees)	18,865
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Highway Capital Expenditures	180,563
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Bridge & Culvert Expenditures	270,926
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Guardrail Expenditures	<u>5,000</u>
Total Capital Projects Funds	<u>478,077</u>
Permanent Fund:	
Restricted for Cemetery Expenses by Fees and Donations (Source of Revenue is Fees and Donations)	<u>160,847</u>
Total Non-Major Funds	<u>810,416</u>
Total Restricted Fund Balances	<u>\$1,532,219</u>

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

Non-Major Funds

Capital Projects Funds:	
Committed for Police Reserve Expenditures by the Voters	\$ 8,283
Committed for Library Reserve Expenditures by the Voters	38,751
Committed for Fire Reserve Expenditures by the Voters	105,591
Committed for Railroad Street Project Expenditures by the Voters	7,069
Committed for Conservation Expenditures by the Voters	<u>307,820</u>
Total Committed Fund Balances	<u>\$467,514</u>

TOWN OF RICHMOND, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
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The fund balances in the following funds are assigned as follows:

Major Funds

Town Center Maintenance Fund:	
Assigned for Town Center Maintenance Expenditures	<u>\$520,036</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	141,231
Assigned for Soccer/Tennis Program Expenses	<u>14,046</u>
Total Non-Major Funds	<u>155,277</u>
Total Assigned Fund Balances	<u>\$675,313</u>

K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2020 consisted of the following:

Governmental Activities:	
Restricted for Highway Expenditures by Statute	\$1,244,292
Restricted for Community Development by Grant Agreement	302,576
Restricted for Restoration of Records by Statute	119,555
Restricted for Flag Replacement by Donations	7,802
Restricted for Recreation Path by Donations	1,151
Restricted for Tennis Program by Donations	330
Restricted for Tree Replacement by Donations	237
Restricted for Richmond Fire Department by Donations	12,103
Restricted for Richmond Free Library by Donations	2,215
Restricted for Lister Education by Grant Agreement	2,548
Restricted for Andrews Community Forest by Donations	25,551
Restricted for Jericho Road Improvements by Grant Agreement	2,723
Restricted for Fire Department Improvements by Impact Fees	18,865
Restricted for Cemetery Expenses by Fees and Donations	<u>162,782</u>
Total Governmental Activities	<u>\$1,902,730</u>

The designated net position of the Town as of June 30, 2020 consisted of the following:

Business-type Activities:	
Sewer Fund:	
Designated for Sewer Operations	<u>\$781,772</u>
Total Business-type Activities	<u>\$781,772</u>

The unrestricted deficit of \$58,859 in the Water Fund will be funded by future rate increases and operational surpluses.

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

The net position held in trust for various purposes in the Town's Private-Purpose Trust Funds as of June 30, 2020 consisted of the following:

Private-Purpose Trust Funds:

Restricted for Edmunds Trust Fund by Bequest to be Spent on Books	\$24,899
Restricted for Shanyon Athletic Fund by Bequest to be Spent on School Athletics	3,184
Restricted for Shanyon Trust Fund by Bequest to be Spent on Scholarships	<u>3,444</u>
Total Private-Purpose Trust Funds	<u>\$31,527</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, 2019, the measurement date selected by the State of Vermont, the retirement system consisted of 379 participating employers.

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

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

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

TOWN OF RICHMOND, VERMONT
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Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2019, the measurement date selected by the State of Vermont, VMERS was funded at 80.35% and had a plan fiduciary net position of \$709,465,831 and a total pension liability of \$882,957,638 resulting in a net position liability of \$173,491,807. As of June 30, 2020, the Town's proportionate share of this was 0.3693% resulting in a net pension liability of \$640,774. The net pension liability was measured as of June 30, 2019, 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 0.3693% was an increase of 0.0046 from its proportion measured as of the prior year.

For the year ended June 30, 2020, the Town recognized pension expense of \$206,961.

As of June 30, 2020, 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	\$ 83,019	\$ 5,539
Difference between projected and actual investment earnings on pension assets	43,644	0
Changes in assumptions	21,394	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,589	0
Town's required employer contributions made subsequent to the measurement date	<u>74,237</u>	<u>0</u>
	<u>\$ 228,883</u>	<u>\$ 5,539</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$74,237 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

TOWN OF RICHMOND, VERMONT
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Year Ending <u>June 30</u>	
2021	\$ 59,214
2022	32,622
2023	34,982
2024	<u>22,289</u>
Total	<u>\$149,107</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.

TOWN OF RICHMOND, VERMONT
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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 – 2.75%. Group B – 5.125%. Group C – 10.25%. Group D – 11.60%.

Employer Contributions – Group A – 4.25%. Group B – 5.75%. Group C – 7.50%. Group D – 10.10%.

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

TOWN OF RICHMOND, VERMONT
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JUNE 30, 2020

Significant Actuarial Assumptions and Methods

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

Salary increases: 5% per year.

Mortality:

Death in Active Service: Groups A, B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Employee and 40% Healthy Employee with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Mortality Table with generational projection using scale SSA-2017.

Healthy Post-Retirement: Groups A, B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Annuitant and 40% Healthy Annuitant with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Annuitant Table with generational projections using scale SSA-2017.

Disabled Post-Retirement: All Groups – RP-2006 Disabled Mortality Table with generational projection using scale SSA-2017.

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

Cost-of-Living Adjustments: 1.15% for Group A members and 1.30% for Groups B, C and D members. The January 1, 2019 and January 1, 2020 COLAs are 1.30% and 0.80%, 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: 2.50%

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

TOWN OF RICHMOND, VERMONT
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29%	6.90%
US Equity – Large Cap	4%	5.94%
US Equity – Small/Mid Cap	3%	6.72%
Non-US Equity – Large Cap	5%	6.81%
Non-US Equity – Small Cap	2%	7.31%
Emerging Markets Debt	4%	4.26%
Core Bond	14%	1.79%
Non-Core Bonds	6%	3.22%
Short Quality Credit	5%	1.81%
Private Credit	5%	6.00%
US TIPS	3%	1.45%
Core Real Estate	5%	4.26%
Non-Core Real Estate	3%	5.76%
Private Equity	10%	10.81%
Infrastructure/Farmland	2%	4.89%

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

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

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$1,050,773	\$640,774	\$301,371

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.

TOWN OF RICHMOND, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

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.

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, 2019, November 15, 2019, February 15, 2020 and May 15, 2020 and become delinquent on May 16, 2020. 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 2020 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	0.6943	0.6943
Education	<u>1.5947</u>	<u>1.7112</u>
Total	<u>2.2890</u>	<u>2.4055</u>

TOWN OF RICHMOND, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 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>
2021	\$ 93,666
2022	93,666
2023	93,666
2024	<u>15,611</u>
Total	\$ <u><u>296,609</u></u>

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes:			
Property Taxes	\$ 3,264,990	\$ 3,279,219	\$ 14,229
Delinquent Penalties and Interest	21,000	28,085	7,085
Interest on Current Taxes	8,000	9,147	1,147
State PILOT	3,800	4,879	1,079
Education Billing Fee Retained	0	15,067	15,067
Total Property Taxes	<u>3,297,790</u>	<u>3,336,397</u>	<u>38,607</u>
Intergovernmental:			
Highway State Aid	113,500	115,983	2,483
Railroad Tax	3,000	3,601	601
Current Use Program	78,000	78,427	427
Act 60 Reappraisal Grant	14,500	14,807	307
Equalization Grant	1,700	1,742	42
Total Intergovernmental	<u>210,700</u>	<u>214,560</u>	<u>3,860</u>
Fees, Licenses, and Permits:			
Liquor Licenses	1,200	970	(230)
Dog Licenses	5,100	3,685	(1,415)
Marriage Licenses	200	210	10
Overweight Permits	1,500	1,345	(155)
Access Permits	150	230	80
Vehicle Registration	250	168	(82)
Zoning Permits	20,000	18,397	(1,603)
Right of Way Permit	300	2,165	1,865
Field Use	400	739	339
Rentals & Bolton Fees	8,000	11,902	3,902
Total Fees, Licenses, and Permits	<u>37,100</u>	<u>39,811</u>	<u>2,711</u>
Charges for Goods and Services:			
Town Center Rent	25,400	22,444	(2,956)
Building Maintenance	11,000	16,020	5,020
Water and Sewer Administrative Charges	20,000	20,000	0
Water and Sewer Insurance Reimbursement	26,656	0	(26,656)
Town Clerk's Fees	18,000	27,702	9,702
Vault Time and Copies	3,000	3,530	530
Certified Copies	1,200	1,778	578
Total Charges for Goods and Services	<u>105,256</u>	<u>91,474</u>	<u>(13,782)</u>

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Police Revenues:			
Police Grants	\$ 13,000	\$ 0	\$ (13,000)
Local Fines	1,000	5,258	4,258
Police Receipts	900	630	(270)
CESU Contribution - SRO	34,000	12,469	(21,531)
Uniform Traffic Tickets	23,000	8,876	(14,124)
Police Short-term Contract	500	660	160
Police Bolton Contract	4,320	360	(3,960)
Police Sale of Town Property	500	0	(500)
Total Police Revenues	77,220	28,253	(48,967)
Other Revenues:			
Fire Department Efficiency VT Grant Income	0	2,600	2,600
Interest Income	10,000	31,115	21,115
VT Youth Project Donations	0	2,600	2,600
Miscellaneous - Highway	0	1,329	1,329
Miscellaneous	0	1,881	1,881
Transfer from Jericho Road Improvement Fund	46,023	46,023	0
Transfer from Highway Reserve Fund	25,000	25,000	0
Total Other Revenues	81,023	110,548	29,525
Total Revenues	3,809,089	3,821,043	11,954
Expenditures:			
Town Administration:			
Salaries - Administrative	230,490	230,340	150
Salaries - Delinquent Tax Collector	10,000	14,689	(4,689)
Health Insurance Opt Out	5,000	5,173	(173)
Election Expenses	1,500	383	1,117
Selectboard	3,750	3,750	0
SS/Medicare - Administration	19,191	20,229	(1,038)
Retirement	12,493	11,815	678
Health Insurance	19,747	22,057	(2,310)
Long-term Disability	1,273	1,304	(31)
Recognitions/Awards	1,000	998	2
Office Supplies	4,500	10,406	(5,906)
Recording Books	3,600	2,430	1,170
Postage	8,000	7,140	860
Office Equipment	3,000	2,221	779
Website Administration	1,200	1,025	175
Advertising Administration	4,000	2,009	1,991
Town Reports	3,000	3,448	(448)
Training and Education	1,000	398	602
Travel	200	415	(215)
Telephone/Internet	4,000	3,302	698
Association Dues	550	135	415

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Administration/(Cont'd):			
Contracted Services - Administrative	\$ 5,000	\$ 2,688	\$ 2,312
Contracted Services - Animal	2,500	2,542	(42)
Contracted Services - Election	3,500	1,267	2,233
Technology Support	15,000	17,114	(2,114)
Technology Equipment	2,000	3,070	(1,070)
Heat	8,500	6,848	1,652
Electricity	9,000	9,465	(465)
Water and Sewer	7,400	6,131	1,269
Trash Removal	1,800	2,139	(339)
Building Maintenance	11,000	16,020	(5,020)
Landscaping and Tree Maintenance	2,000	1,450	550
Membership Dues	5,917	5,917	0
Legal	12,000	9,491	2,509
Independent Auditors	28,500	29,679	(1,179)
Engineering Review	3,000	0	3,000
General Insurance	180,368	137,154	43,214
County Tax	22,000	22,224	(224)
Emergency Management	500	0	500
Flags	1,000	846	154
Fire Protection	45,637	50,300	(4,663)
Electric Vehicle Supply Equipment	1,800	0	1,800
Miscellaneous	0	35	(35)
	<u>705,916</u>	<u>668,047</u>	<u>37,869</u>
Total Town Administration			
Assessors:			
Office Supplies	2,000	0	2,000
Contracted Services	23,000	23,452	(452)
Tax Map Maintenance	1,500	0	1,500
Reappraisal Reserve	6,000	6,000	0
	<u>32,500</u>	<u>29,452</u>	<u>3,048</u>
Total Assessors			
Planning and Zoning:			
Salaries	67,337	60,816	6,521
SS/Medicare	5,185	4,822	363
Retirement	2,525	2,221	304
Health Insurance	18,051	12,789	5,262
Long-term Disability	344	242	102
Office Supplies	4,000	1,908	2,092
Postage	400	205	195
Advertising	3,000	4,426	(1,426)
Training and Education	800	494	306
Travel	600	326	274
Association Dues	0	375	(375)
Contracted Services	4,000	1,533	2,467
Video and Broadcasting	0	660	(660)
Legal	10,000	2,310	7,690
Regional Planning Dues	5,505	5,505	0
	<u>121,747</u>	<u>98,632</u>	<u>23,115</u>
Total Planning and Zoning			

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Police Department:			
Salaries	\$ 288,174	\$ 269,637	\$ 18,537
School Resource Officer	34,000	12,469	21,531
Overtime	40,000	14,698	25,302
Social Security/Medicare	27,887	22,540	5,347
Retirement	28,004	23,465	4,539
Health Insurance	96,560	88,587	7,973
Long-term Disability	2,001	1,556	445
Short-term Disability	0	455	(455)
Life Insurance	2,200	2,174	26
Constable Training	500	0	500
Uniforms	6,500	3,204	3,296
Office Supplies	2,760	1,227	1,533
Office Equipment	2,653	1,314	1,339
Computer - Office	4,000	5,509	(1,509)
Training and Education	4,000	3,436	564
Forensic Testing	0	108	(108)
Travel	500	0	500
Telephone	8,000	9,503	(1,503)
Polygraph Testing	700	0	700
Supplies	9,500	10,086	(586)
Equipment Repair	1,000	362	638
Gas and Diesel	20,000	15,043	4,957
Cruiser Repairs	6,000	6,488	(488)
Cruiser Equipment	4,000	4,736	(736)
Cruiser Tires	3,000	2,972	28
Cruiser Purchase/Lease	35,000	46,824	(11,824)
Cruiser Interest	4,099	493	3,606
Community Outreach	9,205	7,700	1,505
	<u>640,243</u>	<u>554,586</u>	<u>85,657</u>
Library Department:			
Salaries	146,952	146,519	433
Health Insurance Opt Out	10,000	10,042	(42)
Social Security/Medicare	12,085	11,294	791
Retirement	6,310	6,846	(536)
Health Insurance	840	838	2
Long-term Disability	624	650	(26)
Office Supplies	2,250	2,471	(221)
Postage	800	790	10
Computer	2,250	845	1,405
Training and Education	300	30	270
Travel	300	42	258

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Library Department/(Cont'd):			
Telephone	\$ 2,600	\$ 2,626	\$ (26)
Heat	3,000	2,402	598
Electricity	4,500	4,123	377
Water and Sewer	1,600	2,036	(436)
Maintenance	9,000	4,856	4,144
Books	17,000	13,663	3,337
Programs	1,200	1,045	155
Library Reserve	8,000	8,000	0
	<u>229,611</u>	<u>219,118</u>	<u>10,493</u>
Total Library Department			
Fire Department:			
Salaries	40,000	34,541	5,459
Social Security/Medicare	3,080	2,628	452
Medical	0	2,815	(2,815)
Training and Education	1,500	1,022	478
Travel	400	0	400
Telephone	3,500	2,764	736
Public Relations	500	522	(22)
Heat	2,500	2,366	134
Electricity	2,100	2,169	(69)
Water and Sewer	1,500	1,082	418
Maintenance	10,000	10,006	(6)
General/PACIF Insurance	5,366	6,988	(1,622)
Turnout Gear	9,000	1,337	7,663
Air Packs	15,000	14,352	648
Radio Repair	3,000	2,114	886
Radio Dispatch	6,000	4,640	1,360
Gas, Oil and Diesel Fuel	4,000	2,933	1,067
Pump Testing	1,500	0	1,500
Fleet Maintenance	11,000	9,526	1,474
Hose Testing	2,500	0	2,500
Equipment Repair	2,500	776	1,724
Supplies	3,000	2,529	471
Equipment Purchase	15,000	14,186	814
2018 Engine Principal	48,571	48,571	0
2018 Engine Interest	12,308	19,004	(6,696)
2005 Engine Principal	10,000	10,000	0
2005 Engine Interest	2,314	2,314	0
2015 Engine Principal	50,121	50,121	0
2015 Engine Interest	1,834	1,860	(26)
Fire Capital Reserve	28,500	28,500	0
	<u>296,594</u>	<u>279,666</u>	<u>16,928</u>
Total Fire Department			

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation & Trails:			
Salaries	\$ 2,500	\$ 2,702	\$ (202)
Social Security/Medicare	193	193	0
Association Dues	100	0	100
Electricity	700	659	41
Water and Sewer	1,300	1,274	26
Trash Removal	1,900	1,474	426
Park Maintenance	4,000	4,554	(554)
Trail Maintenance	1,000	489	511
Recreation Equipment	1,500	747	753
Conservation Commission Supplies	500	60	440
Special Events	500	0	500
Lake Iroquois District	600	1,500	(900)
Conservation Fund Reserve	46,465	46,465	0
Andrew Community Forest	500	0	500
	<u>61,758</u>	<u>60,117</u>	<u>1,641</u>
Total Recreation & Trails			
Charitable Appropriations:			
VT Family Network	500	500	0
Age Well	2,000	2,000	0
MMCTV	3,200	3,200	0
Lund	1,000	0	1,000
Richmond Community Band	400	400	0
Richmond Rescue	74,984	74,984	0
Hale & Hearty	4,100	4,100	0
Transportation Services - SSTA	1,000	844	156
UVM Home Health & Hospice	9,693	9,693	0
Vermont Center for Independent Living	375	0	375
Front Porch Forum	100	100	0
Committee on Temporary Shelter	1,000	1,000	0
Our Community Cares Camp	800	800	0
CUSI Domestic Task Force	7,505	7,505	0
Lake Iroquois Association	1,000	1,000	0
VT Youth Project	0	2,500	(2,500)
	<u>107,657</u>	<u>108,626</u>	<u>(969)</u>
Total Charitable Appropriations			
Highway Department:			
Salaries	305,767	289,576	16,191
Health Insurance Opt Out	10,000	12,244	(2,244)
Overtime	30,000	35,902	(5,902)
Social Security/Medicare	26,624	25,823	801
Retirement	18,673	19,073	(400)
Health Insurance	87,645	67,454	20,191
Long-term Disability	1,939	1,952	(13)
Uniforms	3,000	2,802	198
Office Supplies	1,000	519	481

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TOWN OF RICHMOND, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Department/(Cont'd):			
Travel	\$ 0	\$ 39	\$ (39)
Telephone	2,400	2,724	(324)
Education and Licenses	400	210	190
Heat	8,000	4,917	3,083
Electricity	2,000	1,931	69
Water and Sewer	2,200	2,037	163
Trash Removal	1,100	1,253	(153)
Maintenance	7,000	4,776	2,224
Street Lights	15,500	18,332	(2,832)
Radio	600	726	(126)
Radio Repair	300	0	300
Gas and Oil	3,500	3,949	(449)
Diesel Fuel	45,000	34,353	10,647
Truck Repairs	13,000	14,313	(1,313)
Excavator Repairs	1,500	1,483	17
Winter Maintenance Attachments	300	643	(343)
Grader Repairs	500	0	500
Loader Repairs	1,500	104	1,396
Pickup Repairs	1,000	454	546
Park Mower	500	612	(112)
Roadside Mower	500	485	15
Tractor	400	353	47
Utility Vehicle	1,500	3,570	(2,070)
Tire Chains	1,000	1,085	(85)
Tires	8,000	7,939	61
Small Equipment Repair	1,000	7,193	(6,193)
Equipment Rental	15,000	10,413	4,587
Engineering & Consulting	800	400	400
Small Equipment Purchases	7,000	5,858	1,142
Cutting Edges	10,000	9,899	101
Welding and Cutting Supplies	1,000	719	281
Wood Chip Rental	2,000	0	2,000
Miscellaneous Equipment Parts	1,000	0	1,000
Patching	1,000	740	260
Chloride	15,000	12,927	2,073
Miscellaneous Supplies	1,000	54	946
Sweeping	4,000	3,700	300
Centerline Paint and Shoulder	2,500	2,423	77
Signs	3,000	6,309	(3,309)
Culverts	6,500	6,970	(470)
Gravel and Aggregates	150,000	147,668	2,332
Salt	80,000	80,368	(368)
Sand	48,000	49,236	(1,236)
Retreatment	293,000	291,027	1,973
Stormwater and Sidewalks	115,000	153,271	(38,271)
Jericho Road Principal	43,200	43,200	0
Jericho Road Interest	21,806	21,806	0

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GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Department/(Cont'd):			
2015 Tandem Dump Truck Principal	\$ 19,844	\$ 19,846	\$ (2)
2015 Tandem Dump Truck Interest	480	458	22
Project 4a Millet Stormwater	7,046	7,039	7
2015 FY16 Tandem Dump Truck Principal	21,480	21,480	0
2015 FY16 Tandem Dump Truck Interest	393	797	(404)
2017 FY20 Grader Principal	30,000	30,000	0
2017 FY20 Grader Interest	5,220	7,863	(2,643)
2019 FY20 Tandem Dump Truck Principal	26,500	26,500	0
2019 FY20 Tandem Dump Truck Interest	4,251	6,803	(2,552)
2019 FY20 Tandem Dump Truck Deposit	25,000	0	25,000
2020 FY20 Tandem Dump Truck Interest	0	1,678	(1,678)
Highway Reserve - Capital	27,700	27,700	0
Bridge & Culvert Reserve	37,000	37,000	0
Guardrail Reserve	5,000	5,000	0
	<u>1,634,068</u>	<u>1,607,978</u>	<u>26,090</u>
Total Highway Department			
	<u>3,830,094</u>	<u>3,626,222</u>	<u>203,872</u>
Total Expenditures			
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ (21,005)</u>	194,821	<u>\$ 215,826</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Unbudgeted Special Grant Revenues		39,976	
Unbudgeted Special Grant Expenses		(26,382)	
Unbudgeted Highway Grant Revenues		20,714	
Unbudgeted Highway Grant Expenditures		(77,545)	
Unbudgeted Proceeds from Long-term Debt		134,602	
Unbudgeted Tandem Dump Truck Purchase		<u>(134,602)</u>	
Net Change in Fund Balance		151,584	
Fund Balance - July 1, 2019		<u>977,754</u>	
Fund Balance - June 30, 2020		<u>\$ 1,129,338</u>	

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

TOWN OF RICHMOND, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 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	0.3693%	0.3647%	0.3634%	0.3544%	0.3483%	0.3511%
Town's Proportionate Share of the Net Pension Liability	\$ 640,774	\$ 513,000	\$ 440,234	\$ 456,099	\$ 268,497	\$ 32,043
Town's Covered Employee Payroll	\$ 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	55.9306%	47.4225%	42.1961%	42.2739%	28.5561%	3.5379%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

Fiscal year 2015 was the first year of implementation, therefore, only six 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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 74,237	\$ 70,963	\$ 57,382	\$ 59,341	\$ 51,713	\$ 48,682
Contributions in Relation to the Actuarially Determined Contributions	<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>
Town's Covered Employee Payroll	\$ 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	6.480%	6.560%	5.500%	5.500%	5.500%	5.375%

Notes to Schedule

Valuation Date: June 30, 2019

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

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TOWN OF RICHMOND, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Funds Fund	Total
<u>ASSETS</u>				
Cash	\$ 14,648	\$ 0	\$ 162,482	\$ 177,130
Due from Other Funds	312,121	948,271	300	1,260,692
Total Assets	\$ 326,769	\$ 948,271	\$ 162,782	\$ 1,437,822
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 0	\$ 2,680	\$ 0	\$ 2,680
Total Liabilities	0	2,680	0	2,680
Fund Balances:				
Nonspendable	0	0	1,935	1,935
Restricted	171,492	478,077	160,847	810,416
Committed	0	467,514	0	467,514
Assigned	155,277	0	0	155,277
Total Fund Balances	326,769	945,591	162,782	1,435,142
Total Liabilities and Fund Balances	\$ 326,769	\$ 948,271	\$ 162,782	\$ 1,437,822

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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, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Funds Fund	Total
Revenues:				
Charges for Services	\$ 4,578	\$ 0	\$ 8,385	\$ 12,963
Permits, Licenses and Fees	41,578	2,053	0	43,631
Investment Income	3	0	1,389	1,392
Donations	11,016	0	0	11,016
Total Revenues	<u>57,175</u>	<u>2,053</u>	<u>9,774</u>	<u>69,002</u>
Expenditures:				
General Government	0	25,930	0	25,930
Public Safety	6,130	0	0	6,130
Highways and Streets	0	1,500	0	1,500
Culture and Recreation	6,536	9,325	0	15,861
Cemetery	0	0	795	795
Capital Outlay:				
Highways and Streets	0	9,018	0	9,018
Total Expenditures	<u>12,666</u>	<u>45,773</u>	<u>795</u>	<u>59,234</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>44,509</u>	<u>(43,720)</u>	<u>8,979</u>	<u>9,768</u>
Other Financing Sources/(Uses):				
Transfers In	6,000	152,665	0	158,665
Transfers Out	0	(71,023)	0	(71,023)
Total Other Financing Sources/(Uses)	<u>6,000</u>	<u>81,642</u>	<u>0</u>	<u>87,642</u>
Net Change in Fund Balances	<u>50,509</u>	<u>37,922</u>	<u>8,979</u>	<u>97,410</u>
Fund Balances - July 1, 2019	<u>276,260</u>	<u>907,669</u>	<u>153,803</u>	<u>1,337,732</u>
Fund Balances - June 30, 2020	<u>\$ 326,769</u>	<u>\$ 945,591</u>	<u>\$ 162,782</u>	<u>\$ 1,435,142</u>

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TOWN OF RICHMOND, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	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
ASSETS											
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 12,103	\$ 2,215	\$ 0	\$ 0	\$ 14,648
Due from Other Funds	<u>141,231</u>	<u>119,555</u>	<u>7,802</u>	<u>1,151</u>	<u>14,046</u>	<u>237</u>	<u>0</u>	<u>0</u>	<u>2,548</u>	<u>25,551</u>	<u>312,121</u>
Total Assets	<u>\$ 141,231</u>	<u>\$ 119,555</u>	<u>\$ 7,802</u>	<u>\$ 1,151</u>	<u>\$ 14,376</u>	<u>\$ 237</u>	<u>\$ 12,103</u>	<u>\$ 2,215</u>	<u>\$ 2,548</u>	<u>\$ 25,551</u>	<u>\$ 326,769</u>
LIABILITIES AND FUND BALANCES											
Liabilities:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:											
Restricted	0	119,555	7,802	1,151	330	237	12,103	2,215	2,548	25,551	171,492
Assigned	<u>141,231</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,046</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>155,277</u>
Total Fund Balances	<u>141,231</u>	<u>119,555</u>	<u>7,802</u>	<u>1,151</u>	<u>14,376</u>	<u>237</u>	<u>12,103</u>	<u>2,215</u>	<u>2,548</u>	<u>25,551</u>	<u>326,769</u>
Total Liabilities and Fund Balances	<u>\$ 141,231</u>	<u>\$ 119,555</u>	<u>\$ 7,802</u>	<u>\$ 1,151</u>	<u>\$ 14,376</u>	<u>\$ 237</u>	<u>\$ 12,103</u>	<u>\$ 2,215</u>	<u>\$ 2,548</u>	<u>\$ 25,551</u>	<u>\$ 326,769</u>

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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, 2020

	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
Revenues:											
Charges for Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,578	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,578
Permits, Licenses and Fees	0	41,578	0	0	0	0	0	0	0	0	41,578
Investment Income	0	0	0	0	0	0	3	0	0	0	3
Donations	0	0	0	0	0	0	7,550	2,604	0	862	11,016
Total Revenues	0	41,578	0	0	4,578	0	7,553	2,604	0	862	57,175
Expenditures:											
Public Safety	0	0	0	0	0	0	6,130	0	0	0	6,130
Culture and Recreation	0	0	0	0	2,868	0	0	3,159	0	509	6,536
Total Expenditures	0	0	0	0	2,868	0	6,130	3,159	0	509	12,666
Excess/(Deficiency) of Revenues Over Expenditures	0	41,578	0	0	1,710	0	1,423	(555)	0	353	44,509
Other Financing Sources:											
Transfers In	6,000	0	0	0	0	0	0	0	0	0	6,000
Total Other Financing Sources	6,000	0	0	0	0	0	0	0	0	0	6,000
Net Change in Fund Balances	6,000	41,578	0	0	1,710	0	1,423	(555)	0	353	50,509
Fund Balances - July 1, 2019	135,231	77,977	7,802	1,151	12,666	237	10,680	2,770	2,548	25,198	276,260
Fund Balances - June 30, 2020	\$ 141,231	\$ 119,555	\$ 7,802	\$ 1,151	\$ 14,376	\$ 237	\$ 12,103	\$ 2,215	\$ 2,548	\$ 25,551	\$ 326,769

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TOWN OF RICHMOND, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	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
ASSETS											
Due from Other Funds	\$ <u>2,723</u>	\$ <u>8,283</u>	\$ <u>38,751</u>	\$ <u>105,591</u>	\$ <u>18,865</u>	\$ <u>180,563</u>	\$ <u>270,926</u>	\$ <u>5,000</u>	\$ <u>7,069</u>	\$ <u>310,500</u>	\$ <u>948,271</u>
Total Assets	\$ <u>2,723</u>	\$ <u>8,283</u>	\$ <u>38,751</u>	\$ <u>105,591</u>	\$ <u>18,865</u>	\$ <u>180,563</u>	\$ <u>270,926</u>	\$ <u>5,000</u>	\$ <u>7,069</u>	\$ <u>310,500</u>	\$ <u>948,271</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts Payable	\$ <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>2,680</u>	\$ <u>2,680</u>
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>2,680</u>	<u>2,680</u>
Fund Balances:											
Restricted	2,723	0	0	0	18,865	180,563	270,926	5,000	0	0	478,077
Committed	<u>0</u>	<u>8,283</u>	<u>38,751</u>	<u>105,591</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,069</u>	<u>307,820</u>	<u>467,514</u>
Total Fund Balances	<u>2,723</u>	<u>8,283</u>	<u>38,751</u>	<u>105,591</u>	<u>18,865</u>	<u>180,563</u>	<u>270,926</u>	<u>5,000</u>	<u>7,069</u>	<u>307,820</u>	<u>945,591</u>
Total Liabilities and Fund Balances	\$ <u>2,723</u>	\$ <u>8,283</u>	\$ <u>38,751</u>	\$ <u>105,591</u>	\$ <u>18,865</u>	\$ <u>180,563</u>	\$ <u>270,926</u>	\$ <u>5,000</u>	\$ <u>7,069</u>	\$ <u>310,500</u>	\$ <u>948,271</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, 2020

	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	\$ 2,053	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,053
Total Revenues	0	0	0	0	2,053	0	0	0	0	0	2,053
Expenditures:											
General Government	0	0	0	0	0	0	0	0	0	25,930	25,930
Highways and Streets	0	0	0	0	0	0	1,500	0	0	0	1,500
Culture and Recreation	0	0	9,325	0	0	0	0	0	0	0	9,325
Capital Outlay:											
Highways and Streets	0	0	0	0	0	0	9,018	0	0	0	9,018
Total Expenditures	0	0	9,325	0	0	0	10,518	0	0	25,930	45,773
Excess/(Deficiency) of Revenues Over Expenditures	0	0	(9,325)	0	2,053	0	(10,518)	0	0	(25,930)	(43,720)
Other Financing Sources/(Uses):											
Transfers In	0	0	8,000	28,500	0	27,700	37,000	5,000	0	46,465	152,665
Transfers Out	(46,023)	0	0	0	0	(25,000)	0	0	0	0	(71,023)
Total Other Financing Sources/(Uses)	(46,023)	0	8,000	28,500	0	2,700	37,000	5,000	0	46,465	81,642
Net Change in Fund Balances	(46,023)	0	(1,325)	28,500	2,053	2,700	26,482	5,000	0	20,535	37,922
Fund Balances - July 1, 2019	48,746	8,283	40,076	77,091	16,812	177,863	244,444	0	7,069	287,285	907,669
Fund Balances - June 30, 2020	\$ 2,723	\$ 8,283	\$ 38,751	\$ 105,591	\$ 18,865	\$ 180,563	\$ 270,926	\$ 5,000	\$ 7,069	\$ 307,820	\$ 945,591

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TOWN OF RICHMOND, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2020

	<u>Edmunds Trust Fund</u>	<u>Shanyon Athletic Fund</u>	<u>Shanyon Trust Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ <u>24,899</u>	\$ <u>3,184</u>	\$ <u>3,444</u>	\$ <u>31,527</u>
Total Assets	\$ <u><u>24,899</u></u>	\$ <u><u>3,184</u></u>	\$ <u><u>3,444</u></u>	\$ <u><u>31,527</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>24,899</u>	<u>3,184</u>	<u>3,444</u>	<u>31,527</u>
Total Net Position	<u>24,899</u>	<u>3,184</u>	<u>3,444</u>	<u>31,527</u>
Total Liabilities and Net Position	\$ <u><u>24,899</u></u>	\$ <u><u>3,184</u></u>	\$ <u><u>3,444</u></u>	\$ <u><u>31,527</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, 2020

	Edmunds Trust Fund	Shanyon Athletic Fund	Shanyon Trust Fund	Total
Additions:				
Investment Income	\$ <u>239</u>	\$ <u>31</u>	\$ <u>33</u>	\$ <u>303</u>
Total Additions	<u>239</u>	<u>31</u>	<u>33</u>	<u>303</u>
Deductions:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	239	31	33	303
Net Position - July 1, 2019	<u>24,660</u>	<u>3,153</u>	<u>3,411</u>	<u>31,224</u>
Net Position - June 30, 2020	<u><u>\$ 24,899</u></u>	<u><u>\$ 3,184</u></u>	<u><u>\$ 3,444</u></u>	<u><u>\$ 31,527</u></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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Water User Receipts	\$ 304,185	\$ 307,234	\$ 3,049
Sale of Water from Hydrant	1,500	53	(1,447)
Hook on Fees	500	3,166	2,666
Fire Service Fees	50,300	50,300	0
Investment Income	1,500	2,135	635
Miscellaneous	0	178	178
Total Revenues	357,985	363,066	5,081
Expenses:			
Water Resources Administration Expenses:			
Salaries	55,361	52,792	2,569
Insurance Opt-out	0	1,529	(1,529)
Overtime	900	2,115	(1,215)
Social Security/Medicare	4,332	4,318	14
Municipal Retirement	3,199	3,245	(46)
Health Insurance	17,545	10,034	7,511
Long-term Disability	371	370	1
Uniforms	360	284	76
Office Supplies/Postage	210	600	(390)
Office Equipment	150	52	98
Computer	0	238	(238)
Advertising	150	0	150
Administrative Expense	6,000	6,000	0
Training/Education	750	654	96
Safety Training	90	29	61
Travel	300	0	300
Telephone	900	2,311	(1,411)
Association Dues	150	165	(15)
General Insurance	8,100	7,623	477
Total Water Resources Administration Expenses	98,868	92,359	6,509

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Water Operations Expenses:			
Personal Protective Equipment	\$ 500	\$ 34	\$ 466
Heat	600	387	213
Electricity	8,000	8,614	(614)
Trash Removal	500	702	(202)
Permits/Fees/License	1,500	2,717	(1,217)
Water Contracted	5,000	3,869	1,131
Equipment Rental	500	142	358
Engineering	2,000	1,420	580
Gas, Oil & Diesel Fuel	700	362	338
Fleet Maintenance	1,000	827	173
Water Line	25,000	5,200	19,800
Pumps/Tanks	5,000	0	5,000
Asphalt Repair	1,000	1,478	(478)
Equipment Purchase	500	1,522	(1,022)
Supplies	1,000	304	696
Meters	3,000	2,037	963
Water Treatment Chemicals	1,000	410	590
	<u>56,800</u>	<u>30,025</u>	<u>26,775</u>
Total Water Operations Expenses			
Water Capital Expenses:			
Short-term Capital Expenses	20,000	305	19,695
Water Capital Reserve	35,237	2,564	32,673
Distribution System	15,000	10,273	4,727
Water Reservoir Principal/Interest	37,705	0	37,705
Water Reservoir Gap Principal	25,857	25,858	(1)
East Main RF3-335 Principal/Interest	25,140	25,140	0
Long-term Debt	43,378	44,885	(1,507)
	<u>202,317</u>	<u>109,025</u>	<u>93,292</u>
Total Water Capital Expenses			
Total Expenses	<u>357,985</u>	<u>231,409</u>	<u>126,576</u>
Net Income	<u>\$ 0</u>	<u>131,657</u>	<u>\$ 131,657</u>
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(78,517)	
Principal Payments on Long-term Debt		77,206	
Debt Forgiveness		17,550	
Capital Outlay		2,550	
Change in Accrued Interest Payable		1,053	
Change in Compensated Absences Payable		(858)	
Change in Net Pension Liability - GASB 68		(7,291)	
		<u>143,350</u>	
Change in Net Position - Exhibit G		<u>\$ 143,350</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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Sewer User Receipts	\$ 405,652	\$ 407,183	\$ 1,531
Hook on Fees	1,000	976	(24)
Septage Receipts	190,000	426,534	236,534
Investment Income	3,500	4,980	1,480
Transfer In	0	7,039	7,039
Miscellaneous	0	455	455
Total Revenues	600,152	847,167	247,015
Expenses:			
Wastewater Resources Administration Expenses:			
Salaries	129,177	125,184	3,993
Insurance Opt-out	0	3,568	(3,568)
Overtime	2,100	0	2,100
Social Security/Medicare	10,108	15,010	(4,902)
Municipal Retirement	7,464	7,572	(108)
Health Insurance	40,938	21,078	19,860
Long-term Disability	866	863	3
Uniforms	840	414	426
Office Supplies/Postage	490	1,165	(675)
Office Equipment	350	142	208
Advertising	350	0	350
Administrative Expense	14,000	14,000	0
Training/Education	1,750	445	1,305
Safety Training	210	67	143
Travel	700	0	700
Telephone	2,100	3,117	(1,017)
Association Dues	350	385	(35)
Legal	0	2,809	(2,809)
General Insurance	18,900	18,659	241
Total Wastewater Resources Administration Expenses	230,693	214,478	16,215

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Wastewater Operations Expenses:			
Electricity	\$ 1,000	\$ 0	\$ 1,000
Pump Station Maintenance	1,800	0	1,800
Personal Protective Gear	500	1,255	(755)
Heat	13,000	6,630	6,370
Plant Electricity	34,200	37,490	(3,290)
WWTF Water Bill	16,000	29,530	(13,530)
Trash Removal	1,300	1,676	(376)
Permits/Fees/License	800	2,414	(1,614)
Wastewater Contracted	7,500	5,776	1,724
Biosolids Contracted	3,500	1,864	1,636
Equipment Rental	500	234	266
Biosolids Disposal/CSWD	60,000	116,769	(56,769)
Engineering	500	2,028	(1,528)
Gas, Oil & Diesel Fuel	1,800	1,002	798
Fleet Maintenance	2,500	2,743	(243)
Wastewater Facility Repair	6,000	22,596	(16,596)
Biosolids Facility Repair	6,000	3,704	2,296
Collection System Repair	4,000	349	3,651
Wastewater Chemicals	6,000	9,120	(3,120)
Biosolids Chemicals	35,000	67,563	(32,563)
Supplies	5,000	2,450	2,550
	206,900	315,193	(108,293)
Total Wastewater Operations Expenses			
Water Capital Expenses:			
Short-term Capital Expenses	43,000	12,097	30,903
Wastewater Capital Reserve	30,180	5,983	24,197
Collection System	10,000	775	9,225
RF1-101 Loan	12,081	12,021	60
Project 7a Sanitary Loan	14,092	21,139	(7,047)
Phosphorus Project Loan	22,220	22,220	0
Jericho Road Loan Principal	20,592	20,592	0
Jericho Road Loan Interest	10,394	10,394	0
	162,559	105,221	57,338
Total Water Capital Expenses			
Total Expenses	600,152	634,892	(34,740)
Net Income	\$ 0	212,275	\$ 212,275
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(133,636)	
Principal Payments on Long-term Debt		68,296	
Capital Outlay		5,950	
Change in Accrued Interest Payable		322	
Change in Compensated Absences Payable		(2,002)	
Change in Net Pension Liability - GASB 68		(16,683)	
Change in Net Position - Exhibit G		\$ 134,522	

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Richmond, Vermont, as of and for the year ended June 30, 2020, 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 January 22, 2021.

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 2020-01 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 January 22, 2021.

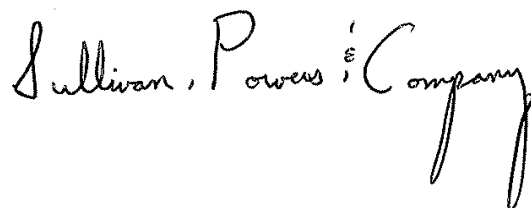
Town of Richmond, Vermont's Response to Deficiencies in Internal Control

The Town of Richmond, Vermont's response to the deficiencies 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.

January 22, 2021
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF RICHMOND, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2020

Deficiencies in Internal Control:

Material Weaknesses:

2020-01 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:

A number 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.



TOWN OF RICHMOND

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



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

Deficiencies in Internal Control: 2020-01 RECONCILIATION OF BALANCE SHEET ACCOUNTS

This has not come up as an issue during past audits because we have utilized Sullivan & Powers services for assistance during the fiscal year, as a charge outside of the audit. We took advantage of those visits to make adjusting entries and to address any questions that had come up since the beginning of the fiscal year.

Cause:

The cause for this year's deficiencies was a result of several factors. One was COVID which not only prevented meetings with Sullivan & Powers, but we also experienced an increased workload which resulted in less time to perform the review of our books, and thus adjusting entries were unable to be done by the first week of September.

We also started using reserves and unassigned funds to offset budget expense lines, and although I caught the expense transfers, I missed the revenue side. In addition, we did create a new fund for the Town Center rent and related expenses, which was split out from a very old existing fund. This led to confusion regarding the Due From/To account as a result of some very old reimbursements that were never made to the Town's General Fund.

Resolution:

Going forward, a monthly reconciliation of fund balances will be added to a list of monthly tasks when doing the Bank Reconciliations and review of the Due From/To accounts. After discussion with the Town Manager, we agree that we want to resume review of the current year during the current year. I don't believe it is necessary the first six months, however I believe it will be beneficial to do once or twice between January 1st and June 30th.

Connie Bona
Finance Director

1/25/2021
Date