

Federal Compliance Audit

Town of Richmond, Vermont

June 30, 2025



Proven Expertise & Integrity

TOWN OF RICHMOND, VERMONT

CONTENTS

JUNE 30, 2025

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 13
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	14 - 15
STATEMENT B - STATEMENT OF ACTIVITIES	16 - 17
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	18
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	19
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	20
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	21
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	22 - 23
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	24
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	25
STATEMENT J - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	26
STATEMENT K - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	27
NOTES TO FINANCIAL STATEMENTS	28 - 57

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	58
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	59
SCHEDULE 1A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - HIGHWAY FUND	60
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	61
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	62
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	63

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	64
SCHEDULE A - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	65
SCHEDULE B - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	66
SPECIAL REVENUE FUNDS DESCRIPTION	67
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	68 - 69
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	70 - 71
CAPITAL PROJECTS FUNDS DESCRIPTION	72
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	73 - 74
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	75 - 76
PERMANENT FUNDS DESCRIPTION	77

SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	78
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	79
FIDUCIARY FUNDS DESCRIPTION	80
SCHEDULE I - COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS	81
SCHEDULE J - COMBINING STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS	82
<u>FEDERAL COMPLIANCE</u>	
FEDERAL COMPLIANCE DESCRIPTION	83
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	84
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	85
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	86 - 87
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE	88 - 90
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	91



INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Richmond
Richmond, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, 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, 2025 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Town of Richmond, Vermont as of June 30, 2025 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Richmond and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Richmond Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Richmond's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 13 and 58 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Richmond Vermont's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2026, 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 grants agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of Richmond Vermont's 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.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 29, 2026

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

(UNAUDITED)

The following 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, 2025. Please read it in conjunction with the Town of Richmond Vermont's financial statements.

Financial Statement Overview

The Town of Richmond Vermont's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Richmond Vermont are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include town administration, assessors, public works, planning and zoning, police department, library department, fire department, recreation and trails, charitable appropriations, education and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Richmond, Vermont include the water and sewer funds.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Richmond, Vermont, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Richmond, Vermont can be divided into three categories: governmental funds, proprietary and fiduciary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the

governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund's financial statement.

The Town of Richmond, Vermont presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, highway fund, community development fund and ARPA fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund and the highway fund are the only funds for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund and the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Highway Fund provide a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Richmond, Vermont maintains two proprietary funds, the water fund and the sewer fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town. These funds are not reflected in the government-wide statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Highway Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total governmental net position decreased by \$926,763 from \$12,477,454 to \$11,550,691. The Town's total business-type net position increased by \$124,289 from \$6,866,643 to \$6,742,354.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased for governmental activities to a balance of \$2,919,798 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$630,724.

Table 1
Town of Richmond, Vermont
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2024		2024	
	2025	(Restated)	2025	(Restated)
Assets				
Current Assets	\$ 4,077,112	\$ 5,435,062	\$ 1,768,414	\$ 1,677,359
Noncurrent Assets - Capital	8,866,963	8,765,792	7,894,344	8,116,667
Total Assets	<u>12,944,075</u>	<u>14,200,854</u>	<u>9,662,758</u>	<u>9,794,026</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	179,476	275,323	65,095	73,280
Total Deferred Outflows of Resources	<u>179,476</u>	<u>275,323</u>	<u>65,095</u>	<u>73,280</u>
Liabilities				
Current Liabilities	450,752	642,999	381,730	449,253
Noncurrent Liabilities	1,004,192	1,339,107	2,561,001	2,546,987
Total Liabilities	<u>1,454,944</u>	<u>1,982,106</u>	<u>2,942,731</u>	<u>2,996,240</u>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	117,916	16,617	42,768	4,423
Total Deferred Inflows of Resources	<u>117,916</u>	<u>16,617</u>	<u>42,768</u>	<u>4,423</u>
Net Position				
Net Investment in Capital Assets	8,464,597	8,303,527	5,401,825	5,559,384
Restricted	166,296	501,545	709,805	748,597
Unrestricted	2,919,798	3,672,382	630,724	558,662
Total Net Position	<u>\$ 11,550,691</u>	<u>\$ 12,477,454</u>	<u>\$ 6,742,354</u>	<u>\$ 6,866,643</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 13.51%, while total expenses increased by 21.62%. The increase in revenues was primarily due to property taxes. The largest increase in expenses was in public works and education. Revenues for the Town's business-type activities increased by 8.57% and expenses increased by 1.14%.

Table 2
Town of Richmond, Vermont
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2025	2024	2025	2024
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 18,769	\$ 298,602	\$ 1,178,760	\$ 1,146,284
Operating grants and contributions	879,252	536,292	-	-
Capital grants and contributions	-	86,235	-	-
<i>General revenues:</i>				
Property taxes	12,626,868	11,097,233	-	-
Grants and contributions not restricted to specific programs	125,914	146,193	-	-
Miscellaneous	677,538	457,958	158,164	85,106
Total revenues	14,328,341	12,622,513	1,336,924	1,231,390
Expenses				
Town administration	878,634	947,034	-	-
Assessors	34,000	75,851	-	-
Public works	3,754,515	2,106,281	-	-
Planning and zoning	240,299	232,701	-	-
Police department	594,876	493,581	-	-
Library department	352,861	332,830	-	-
Fire department	289,167	304,946	-	-
Recreation and trails	40,040	36,760	-	-
Charitable appropriations	101,054	109,005	-	-
Education	8,697,262	7,444,332	-	-
Unclassified	256,166	435,290	-	-
Water and sewer	-	-	1,440,438	1,382,050
Interest on long-term debt	16,230	24,496	20,775	62,677
Total expenses	15,255,104	12,543,107	1,461,213	1,444,727
Change in Net Position	(926,763)	79,406	(124,289)	(213,337)
Net Position - July 1, As Previously Reported	12,344,869	-	6,776,056	-
Net Position Correction	132,585	-	90,587	-
Net Position - July 1, As Restated	12,477,454	12,265,463	6,866,643	6,989,393
Net Position - June 30	\$ 11,550,691	\$ 12,344,869	\$ 6,742,354	\$ 6,776,056

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of Richmond, Vermont
Fund Balances - Governmental Funds
June 30,

	2025	2024	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 67,293	\$ 67,121	\$ 172
Unassigned	969,538	1,176,344	(206,806)
Total General Fund	<u>\$ 1,036,831</u>	<u>\$ 1,243,465</u>	<u>\$ (206,634)</u>
Highway Fund			
Nonspendable	\$ 6,679	\$ 5,506	\$ 1,173
Restricted	-	340,362	(340,362)
Unassigned (deficit)	(1,274,361)	-	(1,274,361)
Total Highway Fund	<u>\$ (1,267,682)</u>	<u>\$ 345,868</u>	<u>\$ (1,613,550)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 845	\$ 533	\$ 312
Restricted	597,666	495,026	102,640
Committed	59,974	44,982	14,992
Assigned	67,861	67,382	479
Unassigned (deficit)	(415)	(940)	525
Capital Projects Funds:			
Committed	2,393,548	1,013,844	1,379,704
Permanent Funds:			
Restricted	157,693	152,580	5,113
Total Nonmajor Funds	<u>\$ 3,277,172</u>	<u>\$ 1,773,407</u>	<u>\$ 1,503,765</u>

The changes in total fund balances for the general fund, highway fund and other governmental funds occurred due to the regular activity of operations.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The water fund had an increase in net position for the year of \$72,235 and the sewer fund had a decrease in net position for the year of \$196,524.

Budgetary Highlights

There was no difference between the original and final budget for the general fund and highway fund.

The general fund actual revenues exceeded budgeted amounts by \$574,448. This was the result of all revenues being receipted in excess of budgeted amounts with the exception of intergovernmental revenues - State - PILOT, intergovernmental railroad tax, intergovernmental - current use program, charges for services and interest on taxes/penalties.

The general fund actual expenditures were over budgeted amounts by \$781,082. All expenditure categories were within or over budgeted amounts with the exception of the assessors, planning and zoning, police department, fire department, recreation and trails and debt service - interest.

The highway fund actual revenues exceeded budgeted amounts by \$590,958. This was the result of all revenues being receipted in excess of budgeted amounts.

The highway fund actual expenditures were over budgeted amounts by \$2,204,508. All expenditure categories were within or over budgeted amounts with the exception of buildings and grounds, vehicles and stormwater.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2025, the net book value of capital assets recorded by the Town decreased by \$120,952. This decrease was the result of capital asset additions of \$900,384 less current year depreciation expense of \$1,021,358.

Table 4
Town of Richmond, Vermont
Capital Assets (Net of Depreciation)
June 30,

	2024	
	2025	(Restated)
Land and other assets not being depreciated	\$ 1,026,709	\$ 1,026,709
Buildings, building improvements and land improvements	2,969,022	2,969,022
Equipment, machinery and vehicles	5,337,582	5,273,336
Distribution/collection systems	7,265,756	7,249,914
Phosphorus upgrade	3,939,064	3,939,064
Infrastructure	7,485,711	6,665,415
Accumulated depreciation	(11,262,337)	(10,241,001)
Total	\$ 16,761,507	\$ 16,882,459

Debt

At June 30, 2025, the Town had \$2,894,885 in bonds and a note from direct borrowings payable versus \$3,019,548 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information on debt.

Economic Factors and Next Year's Budgets and Rates

The 2025 - 2026 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2025 - 2026 as of the date this report was issued.

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately one month, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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 or Finance Director at 203 Bridge Street, Richmond, Vermont 05477.

STATEMENT A

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,382,359	\$ 1,424,691	\$ 4,807,050
Accounts receivable (net of allowance for uncollectibles):			
Taxes	148,658	-	148,658
Other	128,953	324,895	453,848
Note receivable (net of allowance for uncollectible)	308,628	-	308,628
Prepaid items	74,817	52,525	127,342
Internal balances	33,697	(33,697)	-
Total current assets	<u>4,077,112</u>	<u>1,768,414</u>	<u>5,845,526</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	882,736	143,973	1,026,709
Depreciable assets, net of accumulated depreciation	<u>7,984,227</u>	<u>7,750,371</u>	<u>15,734,598</u>
Total noncurrent assets	<u>8,866,963</u>	<u>7,894,344</u>	<u>16,761,307</u>
TOTAL ASSETS	<u>12,944,075</u>	<u>9,662,758</u>	<u>22,606,833</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	179,476	65,095	244,571
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>179,476</u>	<u>65,095</u>	<u>244,571</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,123,551</u>	<u>\$ 9,727,853</u>	<u>\$ 22,851,404</u>

STATEMENT A (CONTINUED)
TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 314,620	\$ 107,755	\$ 422,375
Accrued expenses	22,277	95,924	118,201
Current portion of long-term obligations	113,855	178,051	291,906
Total current liabilities	<u>450,752</u>	<u>381,730</u>	<u>832,482</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	296,269	2,315,050	2,611,319
Net pension liability	663,961	240,814	904,775
Accrued compensated absences	43,962	5,137	49,099
Total noncurrent liabilities	<u>1,004,192</u>	<u>2,561,001</u>	<u>3,565,193</u>
TOTAL LIABILITIES	<u>1,454,944</u>	<u>2,942,731</u>	<u>4,397,675</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>117,916</u>	<u>42,768</u>	<u>160,684</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>117,916</u>	<u>42,768</u>	<u>160,684</u>
NET POSITION			
Net investment in capital assets	8,464,597	5,401,825	13,866,422
Restricted	166,296	709,805	876,101
Unrestricted	2,919,798	630,724	3,550,522
TOTAL NET POSITION	<u>11,550,691</u>	<u>6,742,354</u>	<u>18,293,045</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 13,123,551</u>	<u>\$ 9,727,853</u>	<u>\$ 22,851,404</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT B

TOWN OF RICHMOND, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total	
			Grants and Contributions	Grants and Contributions				
Governmental activities:								
Town administration	\$ 878,634	\$ 18,769	\$ -	\$ -	\$ (859,865)	\$ -	\$ (859,865)	
Assessors	34,000	-	-	-	(34,000)	-	(34,000)	
Public works	3,754,515	-	693,313	-	(3,061,202)	-	(3,061,202)	
Planning and zoning	240,299	-	-	-	(240,299)	-	(240,299)	
Police department	594,876	-	-	-	(594,876)	-	(594,876)	
Library department	352,861	-	-	-	(352,861)	-	(352,861)	
Fire department	289,167	-	-	-	(289,167)	-	(289,167)	
Recreation and trails	40,040	-	-	-	(40,040)	-	(40,040)	
Charitable appropriations	101,054	-	-	-	(101,054)	-	(101,054)	
Education	8,697,262	-	-	-	(8,697,262)	-	(8,697,262)	
Unclassified	256,166	-	185,939	-	(70,227)	-	(70,227)	
Interest on long-term debt	16,230	-	-	-	(16,230)	-	(16,230)	
Total governmental activities	<u>15,255,104</u>	<u>18,769</u>	<u>879,252</u>	<u>-</u>	<u>(14,357,083)</u>	<u>-</u>	<u>(14,357,083)</u>	
Business-type activities:								
Water	316,671	367,171	-	-	-	50,500	50,500	
Sewer	1,144,542	811,589	-	-	-	(332,953)	(332,953)	
Total business-type activities	<u>1,461,213</u>	<u>1,178,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(282,453)</u>	<u>(282,453)</u>	
Total government	<u><u>\$ 16,716,317</u></u>	<u><u>\$ 1,197,529</u></u>	<u><u>\$ 879,252</u></u>	<u><u>\$ -</u></u>	<u><u>(14,357,083)</u></u>	<u><u>(282,453)</u></u>	<u><u>(14,639,536)</u></u>	

STATEMENT B (CONTINUED)
TOWN OF RICHMOND, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(14,357,083)</u>	<u>(282,453)</u>	<u>(14,639,536)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	12,626,868	-	12,626,868
Grants and contributions not restricted to specific programs	125,914	-	125,914
Miscellaneous	<u>677,538</u>	<u>158,164</u>	<u>835,702</u>
Total general revenues	<u>13,430,320</u>	<u>158,164</u>	<u>13,588,484</u>
Change in net position	<u>(926,763)</u>	<u>(124,289)</u>	<u>(1,051,052)</u>
NET POSITION - JULY 1, AS PREVIOUSLY PRESENTED	12,344,869	6,776,056	19,120,925
NET POSITION CORRECTION	<u>132,585</u>	<u>90,587</u>	<u>223,172</u>
NET POSITION - JULY 1, AS RESTATED	<u>12,477,454</u>	<u>6,866,643</u>	<u>19,344,097</u>
NET POSITION - JUNE 30	<u><u>\$ 11,550,691</u></u>	<u><u>\$ 6,742,354</u></u>	<u><u>\$ 18,293,045</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RICHMOND, VERMONT

STATEMENT C

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Highway Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,850,726	\$ -	\$ -	\$ 531,633	\$ 3,382,359
Accounts receivable (net of allowance for uncollectibles):					
Taxes	148,658	-	-	-	148,658
Other	128,953	-	-	-	128,953
Notes receivable (net of allowance for uncollectibles)	-	-	-	308,628	308,628
Prepaid items	67,293	6,679	-	845	74,817
Due from other funds	2,060,667	-	-	3,134,896	5,195,563
TOTAL ASSETS	\$ 5,256,297	\$ 6,679	\$ -	\$ 3,976,002	\$ 9,238,978
LIABILITIES					
Accounts payable	\$ 75,759	\$ 202,979	\$ -	\$ 35,882	\$ 314,620
Accrued expenses	22,277	-	-	-	22,277
Due to other funds	4,081,681	1,071,382	-	8,803	5,161,866
TOTAL LIABILITIES	4,179,717	1,274,361	-	44,685	5,498,763
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	35,724	-	-	-	35,724
Deferred revenue	4,025	-	-	654,145	658,170
TOTAL DEFERRED INFLOWS OF RESOURCES	39,749	-	-	654,145	693,894
FUND BALANCES					
Nonspendable	67,293	6,679	-	845	74,817
Restricted	-	-	-	755,359	755,359
Committed	-	-	-	2,453,522	2,453,522
Assigned	-	-	-	67,861	67,861
Unassigned (deficit)	969,538	(1,274,361)	-	(415)	(305,238)
TOTAL FUND BALANCES	1,036,831	(1,267,682)	-	3,277,172	3,046,321
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,256,297	\$ 6,679	\$ -	\$ 3,976,002	\$ 9,238,978

See accompanying independent auditor's report and notes to financial statements.

STATEMENT D

TOWN OF RICHMOND, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

	Total Governmental Funds
Total Fund Balances	\$ 3,046,321
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, net of accumulated depreciation	8,866,963
Other long-term assets and liabilities are not available to pay for current period expenditures or revenues and therefore are deferred in the funds shown above:	
Taxes and liens receivable	35,724
Notes receivable	308,628
Deferred revenue	349,542
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	179,476
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(355,603)
Notes from direct borrowings payable	(46,763)
Accrued compensated absences	(51,720)
Net pension liability	(663,961)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(117,916)
Net position of governmental activities	<u>\$ 11,550,691</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RICHMOND, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Highway Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 10,779,420	\$ 1,849,946	\$ -	\$ -	\$ 12,629,366
Intergovernmental revenues	115,905	694,433	1,038,441	-	1,848,779
Charges for services	18,769	-	-	-	18,769
Investment income	134,488	-	-	12,810	147,298
Miscellaneous revenues	175,060	12,524	-	342,656	530,240
TOTAL REVENUES	11,223,642	2,556,903	1,038,441	355,466	15,174,452
EXPENDITURES					
Current:					
Town administration	879,461	-	-	-	879,461
Assessors	24,618	-	-	-	24,618
Public works	-	3,602,145	-	-	3,602,145
Planning and zoning	240,299	-	-	-	240,299
Police department	565,928	-	-	-	565,928
Library department	352,861	-	-	-	352,861
Fire department	190,337	-	-	-	190,337
Recreation and trails	40,040	-	-	-	40,040
Charitable appropriations	101,054	-	-	-	101,054
Education	8,697,262	-	-	-	8,697,262
Unclassified	149,177	-	-	106,061	255,238
Capital outlay	-	200,000	45,420	186,286	431,706
Debt service:					
Principal	48,572	45,120	-	-	93,692
Interest	2,042	14,188	-	-	16,230
TOTAL EXPENDITURES	11,291,651	3,861,453	45,420	292,347	15,490,871
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(68,009)	(1,304,550)	993,021	63,119	(316,419)
OTHER FINANCING SOURCES (USES)					
Transfers in	998,021	-	-	1,445,646	2,443,667
Transfers (out)	(1,136,646)	(309,000)	(993,021)	(5,000)	(2,443,667)
TOTAL OTHER FINANCING SOURCES (USES)	(138,625)	(309,000)	(993,021)	1,440,646	-
NET CHANGE IN FUND BALANCES	(206,634)	(1,613,550)	-	1,503,765	(316,419)
FUND BALANCES - JULY 1	1,243,465	345,868	-	1,773,407	3,362,740
FUND BALANCES - JUNE 30	\$ 1,036,831	\$ (1,267,682)	\$ -	\$ 3,277,172	\$ 3,046,321

See accompanying independent auditor's report and notes to financial statements.

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, 2025

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (316,419)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	864,444
Depreciation expense	<u>(763,273)</u>
	<u>101,171</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	<u>(95,847)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	(2,498)
Deferred grants	<u>(843,613)</u>
	<u>(846,111)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	
	<u>111,516</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	<u>(101,299)</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(5,115)
Net pension liability	<u>225,341</u>
	<u>220,226</u>
Change in net position of governmental activities (Statement B)	<u>\$ (926,763)</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT G
TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,424,691	\$ -	\$ 1,424,691
Accounts receivable (net of allowance for uncollectibles)	176,752	148,143	324,895
Prepaid items	40,937	11,588	52,525
Due from other funds	-	946,785	946,785
Total current assets	1,642,380	1,106,516	2,748,896
Noncurrent assets:			
Capital assets:			
Land and construction in progress	119,562	24,411	143,973
Buildings and improvements	93,417	487,888	581,305
Distribution and collection systems	5,141,600	2,158,028	7,299,628
Phosphorus upgrade	-	3,939,064	3,939,064
Vehicles and equipment	31,550	100,550	132,100
Total capital assets	5,386,129	6,709,941	12,096,070
Less: accumulated depreciation	(1,203,408)	(2,998,318)	(4,201,726)
Net capital assets	4,182,721	3,711,623	7,894,344
Total noncurrent assets	4,182,721	3,711,623	7,894,344
TOTAL ASSETS	5,825,101	4,818,139	10,643,240
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	19,490	45,605	65,095
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,490	45,605	65,095
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,844,591	\$ 4,863,744	\$ 10,708,335

STATEMENT G (CONTINUED)
TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025

	Enterprise Funds		
	Water	Sewer	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 14,247	\$ 93,508	\$ 107,755
Accrued expenses	94,546	1,378	95,924
Due to other funds	980,482	-	980,482
Current portion of long-term obligations	101,078	76,973	178,051
Total current liabilities	<u>1,190,353</u>	<u>171,859</u>	<u>1,362,212</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,931,971	383,079	2,315,050
Accrued compensated absences	1,471	3,666	5,137
Net pension liability	72,100	168,714	240,814
Total noncurrent liabilities	<u>2,005,542</u>	<u>555,459</u>	<u>2,561,001</u>
TOTAL LIABILITIES	<u>3,195,895</u>	<u>727,318</u>	<u>3,923,213</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	12,805	29,963	42,768
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>12,805</u>	<u>29,963</u>	<u>42,768</u>
NET POSITION			
Net investment in capital assets	2,149,847	3,251,978	5,401,825
Restricted	313,994	395,811	709,805
Unrestricted	172,050	458,674	630,724
TOTAL NET POSITION	<u>2,635,891</u>	<u>4,106,463</u>	<u>6,742,354</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 5,844,591</u>	<u>\$ 4,863,744</u>	<u>\$ 10,708,335</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT H

TOWN OF RICHMOND, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Fund		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 367,171	\$ 811,589	\$ 1,178,760
Other	1,125	121,674	122,799
TOTAL OPERATING REVENUES	368,296	933,263	1,301,559
OPERATING EXPENSES			
Payroll, taxes and benefits	127,467	296,783	424,250
Supplies	25,960	47,074	73,034
Utilities	15,397	68,457	83,854
Contracted services	-	42,168	42,168
Equipment	-	3,583	3,583
Repairs and maintenance	19,477	106,436	125,913
Insurance	6,950	17,322	24,272
Other	3,327	401,974	405,301
Depreciation	106,951	151,112	258,063
TOTAL OPERATING EXPENSES	305,529	1,134,909	1,440,438
OPERATING INCOME (LOSS)	62,767	(201,646)	(138,879)
NONOPERATING REVENUES (EXPENSES)			
Interest income	10,610	24,755	35,365
Interest expense	(11,142)	(9,633)	(20,775)
Transfers in	10,000	-	10,000
Transfers (out)	-	(10,000)	(10,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	9,468	5,122	14,590
CHANGE IN NET POSITION	72,235	(196,524)	(124,289)
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	2,524,686	4,251,370	6,776,056
NET POSITION CORRECTION	38,970	51,617	90,587
NET POSITION - JULY 1, AS RESTATED	2,563,656	4,302,987	6,866,643
NET POSITION - JUNE 30	\$ 2,635,891	\$ 4,106,463	\$ 6,742,354

See accompanying independent auditor's report and notes to financial statements.

STATEMENT I
TOWN OF RICHMOND, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Funds			Total
	Water	Sewer		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 375,365	\$ 937,891	\$ 1,313,256	
Internal activity - receipts (payments) from/to other funds	140,694	(94,648)	46,046	
Payments to employees	(114,133)	(260,490)	(374,623)	
Payments to suppliers	(70,775)	(701,631)	(772,406)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	331,151	(118,878)	212,273	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	10,872	24,898	35,770	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	10,872	24,898	35,770	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(35,940)	-	(35,940)	
Debt proceeds	-	179,611	179,611	
Principal paid on capital debt	(126,760)	(65,998)	(192,758)	
Interest paid on capital debt	(11,142)	(9,633)	(20,775)	
Transfers - debt service	10,000	-	10,000	
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(163,842)	103,980	(59,862)	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	178,181	-	178,181	
CASH AND CASH EQUIVALENTS - JULY 1	1,246,510	-	1,246,510	
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 1,424,691	\$	-	\$ 1,424,691
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 62,767	\$ (201,646)	\$ (138,879)	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	106,951	151,112	258,063	
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	7,069	4,628	11,697	
(Increase) decrease in prepaid items	(1,662)	(7,925)	(9,587)	
(Increase) decrease in inventory	38,970	-	38,970	
(Increase) decrease in due from other funds	-	(94,648)	(94,648)	
(Increase) decrease in deferred outflows of resources	2,450	5,735	8,185	
Increase (decrease) in accounts payable	(36,972)	(6,692)	(43,664)	
Increase (decrease) in payroll and related liabilities	(2,282)	(479)	(2,761)	
Increase (decrease) in due to other funds	140,694	-	140,694	
Increase (decrease) in accrued compensated absences	452	1,288	1,740	
Increase (decrease) in net pension liability	1,233	2,885	4,118	
Increase (decrease) in deferred inflows of resources	11,481	26,864	38,345	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 331,151	\$ (118,878)	\$ 212,273	

See accompanying independent auditor's report and notes to financial statements.

STATEMENT J

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025

	Private	Purpose Trust	Total
ASSETS			
Cash and cash equivalents	\$ 32,563		
TOTAL ASSETS	\$ 32,563		
LIABILITIES			
Accounts payable	\$ -		
TOTAL LIABILITIES			
NET POSITION			
Restricted		32,563	
TOTAL NET POSITION		32,563	
TOTAL LIABILITIES AND NET POSITION	\$ 32,563		

See accompanying independent auditor's report and notes to financial statements.

STATEMENT K

TOWN OF RICHMOND, VERMONT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Private	
	Purpose	Trust
	<u>Total</u>	
ADDITIONS		
Investment earnings:		
Interest	\$	339
Total additions		<u>339</u>
DEDUCTIONS		
Other		-
Total deductions		<u>-</u>
CHANGE IN NET POSITION		339
NET POSITION - JULY 1		<u>32,224</u>
NET POSITION - JUNE 30	\$	<u>32,563</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Richmond, Vermont was incorporated under the laws of the State of Vermont. The Town operates under the selectmen-manager form of government and provides the following services: town administration, assessors, public works, planning and zoning, police department, library department, fire department, recreation and trails, charitable appropriations and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2025, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 101 "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 102 "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. A disclosure should be made in the notes to financial statements if a government determines that those criteria for disclosures have been met for a concentration or constraint. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's water and sewer funds are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (Town administration and assessors', etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Highway Fund is used to account for highway department operations of the Town. Primary revenue sources are taxes and intergovernmental revenue.
- c. The ARPA Fund is used to account for the funds received under the American Rescue Plan Act. The primary revenue source for this fund is intergovernmental revenue.

Nonmajor Funds:

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Permanent Funds are used to account for assets held by the Town that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Town's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1 of the next calendar year. The operating budget includes proposed expenditures and the means of financing them.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the residents of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2025. Notes receivable was \$308,628 as of June 30, 2025. Accounts receivable netted with allowances for uncollectible accounts were \$453,848 for the year ended June 30, 2025.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery, equipment and vehicles	5 - 30 years

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions 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 Plan fiduciary net position has been determined on the same basis as they are reported by the VMERS Plan. 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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement 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/expenditure) until then. The Town has one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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. Deferred tax revenue and deferred revenue, which arises only under a modified accrual basis of accounting, qualify for reporting in this category. Accordingly, these items are reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

Property taxes attach as an enforceable lien on property owned as of April 1st. Elected listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2025 were payable in four equal installments due on the third Friday in August, November, February and May.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits.

At June 30, 2025, the Town's cash balances amounting to \$4,839,613 were comprised of deposits of \$4,808,429. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$457,335 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$4,351,094 was collateralized by an irrevocable standby letter of credit.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 4,617,214
Money market checking accounts	191,215
	<u>\$ 4,808,429</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2025, the Town's has \$0 in investments

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in various savings accounts and certificates of deposit.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2025 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 2,060,667	\$ 4,081,681
Highway fund	-	1,071,382
Enterprise funds	946,785	980,482
Nonmajor special revenue funds	736,581	8,803
Nonmajor capital projects funds	2,398,015	-
Nonmajor permanent funds	<u>300</u>	<u>-</u>
 Totals	 <u>\$ 6,142,348</u>	 <u>\$ 6,142,348</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2025 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 998,021	\$ 1,136,646
Highway fund	-	309,000
General fund	-	993,021
Enterprise funds	10,000	10,000
Nonmajor special revenue funds	25,000	5,000
Nonmajor capital projects funds	<u>1,420,646</u>	<u>-</u>
 Totals	 <u>\$ 2,453,667</u>	 <u>\$ 2,453,667</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2025 is as follows:

	Balance, 7/1/24 (Restated)	Additions	Disposals/ Transfers	Balance, 6/30/25
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 882,736	\$ -	\$ -	\$ 882,736
	<u>882,736</u>	<u>-</u>	<u>-</u>	<u>882,736</u>
Depreciated assets:				
Buildings and improvements	2,387,716	-	-	2,387,716
Machinery and equipment	5,127,263	44,148	-	5,171,411
Infrastructure	6,665,415	820,296	-	7,485,711
	<u>14,180,394</u>	<u>864,444</u>	<u>-</u>	<u>15,044,838</u>
Less: accumulated depreciation	(6,297,338)	(763,273)	-	(7,060,611)
	<u>7,883,056</u>	<u>101,171</u>	<u>-</u>	<u>7,984,227</u>
Net capital assets	<u>8,765,792</u>	<u>101,171</u>	<u>-</u>	<u>8,866,963</u>
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	109,100	-	-	109,100
Construction in progress	34,873	-	-	34,873
	<u>143,973</u>	<u>-</u>	<u>-</u>	<u>143,973</u>
Depreciated assets:				
Land, buildings and improvements	581,306	-	-	581,306
Distribution/collection systems	7,249,914	15,842	-	7,265,756
Phosphorus upgrade	3,939,064	-	-	3,939,064
Machinery and equipment	146,073	20,098	-	166,171
	<u>11,916,357</u>	<u>35,940</u>	<u>-</u>	<u>11,952,297</u>
Less: accumulated depreciation	(3,943,663)	(258,063)	-	(4,201,726)
	<u>7,972,694</u>	<u>(222,123)</u>	<u>-</u>	<u>7,750,571</u>
Net capital assets	<u>8,116,667</u>	<u>(222,123)</u>	<u>-</u>	<u>7,894,544</u>
Total government	<u>\$ 16,882,459</u>	<u>\$ (120,952)</u>	<u>\$ -</u>	<u>\$ 16,761,507</u>
<u>Current year depreciation:</u>				
Town administration				\$ 3,831
Public safety				27,206
Fire				98,830
Public works				585,108
Recreation				28,948
Cemetery				928
Town-wide				18,422
Subtotal governmental				<u>763,273</u>
Water				106,951
Sewer				<u>151,112</u>
Subtotal business-type				<u>258,063</u>
Total depreciation expense				<u>\$ 1,021,336</u>

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2025:

	Balance, 7/1/24 (Restated)	Additions	Deletions	Balance, 6/30/25	Current Portion
Governmental Activities:					
Bonds payable	\$ 414,817	\$ -	\$ (59,214)	\$ 355,603	\$ 59,334
Notes from direct borrowings payable	<u>99,065</u>	<u>-</u>	<u>(52,302)</u>	<u>46,763</u>	<u>46,763</u>
	<u><u>\$ 513,882</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (111,516)</u></u>	<u><u>\$ 402,366</u></u>	<u><u>\$ 106,097</u></u>
Business-type Activities:					
Bonds payable	\$ 2,479,809	\$ 179,611	\$ (166,901)	\$ 2,492,519	\$ 177,469
Notes from direct borrowings payable	<u>25,857</u>	<u>-</u>	<u>(25,857)</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 2,505,666</u></u>	<u><u>\$ 179,611</u></u>	<u><u>\$ (192,758)</u></u>	<u><u>\$ 2,492,519</u></u>	<u><u>\$ 177,469</u></u>

The following is a summary of the outstanding bonds and note from direct borrowings payable:

	Business-type Activities			
	Governmental Activities	Water	Sewer	Total
Bonds payable:				
2005 - \$215,000 General Obligation Bond. Annual principal payments of \$10,000 with a fixed interest rate ranging from 3.00% to 4.58% per annum. The bond matures in December of 2025.	\$ 10,000	\$ -	\$ -	\$ 10,000
2007 - \$360,050 General Obligation Bond. Annual principal payments range from \$11,671 to \$21,785 with a 0% fixed interest rate. The bond matures in March of 2026.	-	-	21,784	21,784
2011 - \$1,810,000 General Obligation Bond. Annual principal payments in the amount of \$37,705 with a fixed interest rate ranging from 4.66% to 0.08% per annum. The bond matures in December of 2031.	300,000	182,000	143,000	625,000
2013 - \$345,746 General Obligation Bond. Annual principal payments range from \$14,323 to \$20,724 with a 0% fixed interest rate. The bond matures in May of 2032.	45,603	-	91,207	136,810
2018 - \$1,338,559 General Obligation Bond with principal forgiveness at closing of \$245,118. Annual principal payments in the amount of \$37,705 with a 0% fixed interest rate. The bond matures in July of 2047.	-	867,212	-	867,212
2018 - \$1,251,736 General Obligation Bond with principal forgiveness at closing of \$459,986. Annual principal payments in the amount of \$25,140 with a 0% fixed interest rate. The bond matures in May of 2047.	-	553,078	-	553,078
2018 - \$120,211 General Obligation Bond. Annual principal payments in the amount of \$12,021 with a 0% fixed interest rate. The bond matures in April of 2027.	-	-	24,043	24,043
2020 - \$789,228 General Obligation Bond with principal forgiveness at closing of \$394,614. Annual principal payments in the amount of \$9,865 with a 0% fixed interest rate. The bond matures in September of 2060.	-	355,153	-	355,153
2021 - \$317,605 General Obligation Bond with principal forgiveness at closing of \$238,204. Annual principal payments in the amount of \$1,985 with a 0% fixed interest rate. The bond matures in August of 2062.	-	75,431	-	75,431

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

	Business-type Activities			
	Governmental Activities	Water	Sewer	Total
Bonds payable: (continued)				
2021- \$13,600 General Obligation Bond with principal forgiveness at closing of \$6,800. Annual principal payments in the amount of \$1,360 with a 0% fixed interest rate. The bond matures in August of 2030. At year end, \$9,900 has been drawn down.	-	-	9,900	9,900
2024 - \$230,700 General Obligation Bond with principal forgiveness at closing of \$115,350. Annual principal payments in the amount of \$11,535 with a fixed interest rate of 0.00% per annum. The bond matures in September of 2038.	-	-	169,711	169,711
Total bonds payable:	<u>\$ 355,603</u>	<u>\$ 2,032,874</u>	<u>\$ 459,645</u>	<u>\$ 2,848,122</u>
Note from direct borrowings payable:				
2020 - Capital equipment note refinance for a fire truck. Annual principal payments in the amount of \$48,571. Interest is charged a fixed rate of 2.13% per annum. The capital equipment note matures in May of 2026.	46,763	-	-	46,763
Total note from direct borrowings payable	<u>\$ 46,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,763</u>

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the following fiscal years ending June 30:

	Governmental Activities							
	Bonds Payable				Notes from Direct Borrowings Payable			
	Principal	Interest	Principal	Interest	Total			
2026	\$ 59,334	\$ 13,454	\$ 46,763	\$ 1,035	\$ 120,586			
2027	49,457	11,292	-	-	60,749			
2028	49,582	9,317	-	-	58,899			
2029	49,710	7,304	-	-	57,014			
2030	49,840	5,254	-	-	55,094			
2031-2035	<u>97,680</u>	<u>4,254</u>	<u>-</u>	<u>-</u>	<u>101,934</u>			
	<u><u>\$ 355,603</u></u>	<u><u>\$ 50,875</u></u>	<u><u>\$ 46,763</u></u>	<u><u>\$ 1,035</u></u>	<u><u>\$ 454,276</u></u>			

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2025 was \$20,775.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

<u>Business-type Activities</u>			
<u>Bonds Payable</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 177,469	\$ 15,163	\$ 192,632
2027	146,030	12,957	158,987
2028	134,259	10,702	144,961
2029	304,225	8,404	312,629
2030	134,775	6,064	140,839
2031-2035	491,837	4,985	496,822
2036-2040	373,476	-	373,476
2041-2045	373,476	-	373,476
2046-2050	222,645	-	222,645
2051-2055	59,252	-	59,252
2056-2060	59,252	-	59,252
2061-2065	15,823	-	15,823
	<u>\$ 2,492,519</u>	<u>\$ 58,275</u>	<u>\$ 2,550,794</u>

All bonds and note from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes or water/sewer user fees levied on all taxable property within the Town.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2025 is as follows:

	<u>Balance, 7/1/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 6/30/25</u>	<u>Current Portion</u>
<i>Governmental Activities:</i>					
Accrued compensated absences	\$ 46,605	\$ 5,115	\$ -	\$ 51,720	\$ 7,758
Net pension liability	889,302	103,300	(328,641)	663,961	-
	<u>\$ 935,907</u>	<u>\$ 108,415</u>	<u>\$ (328,641)</u>	<u>\$ 715,681</u>	<u>\$ 7,758</u>
<i>Business-type Activities:</i>					
Accrued compensated absences	\$ 3,774	\$ 2,045	\$ -	\$ 5,819	\$ 582
Net pension liability	236,696	37,466	(33,348)	240,814	-
	<u>\$ 240,470</u>	<u>\$ 39,511</u>	<u>\$ (33,348)</u>	<u>\$ 246,633</u>	<u>\$ 582</u>

Please see Notes 8 and 16 for detailed information on each of the other long-term obligations.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. Generally, the liability for these compensated absences are recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2025, the Town's liability for compensated absences is \$57,539. The change in the accrued compensated absences liability is presented as a net change.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2025:

	Governmental	Business-type Activities	
	Activities	Water	Sewer
Invested in capital assets	\$ 15,927,574	\$ 5,386,129	\$ 6,709,941
Accumulated depreciation	(7,060,611)	(1,203,408)	(2,998,318)
Outstanding capital related debt	(402,366)	(2,032,874)	(459,645)
	<u>\$ 8,464,597</u>	<u>\$ 2,149,847</u>	<u>\$ 3,251,978</u>

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2025, the Town had the following restricted net position:

Enterprise funds:	
Water fund	\$ 313,994
Sewer fund	395,811
Nonmajor special revenue funds:	
Grants	8,603
Nonmajor permanent funds:	
Cemetery funds	157,693
	<u>\$ 876,101</u>

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2025, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 67,293
Highway fund:	
Prepaid items	6,679
Nonmajor special revenue funds:	
Prepaid items	845
	<u>\$ 74,817</u>

NOTE 12 - RESTRICTED FUND BALANCES

At June 30, 2025, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule C)	597,666
Nonmajor permanent funds (Schedule G)	157,693
	<u>\$ 755,359</u>

NOTE 13 - COMMITTED FUND BALANCES

At June 30, 2025, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule C)	\$ 59,974
Nonmajor capital projects funds (Schedule E)	2,393,548
	<u>\$ 2,453,522</u>

NOTE 14 - ASSIGNED FUND BALANCES

At June 30, 2025, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule C)	\$ 67,861
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NOTE 15 - DEFICIT FUND BALANCE

At June 30, 2025, the Town had the following deficit fund balance

Highway fund	\$ 1,267,682
Nonmajor special revenue funds:	
Legal	415
	<u>\$ 1,268,097</u>

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - OVERSPENT APPROPRIATIONS

As of June 30, 2025, the Town was noncompliant with the board approved budget, overspending the entire allowed Highway Fund appropriation of \$1,965,945 by \$2,204,508 due to unreimbursed FEMA expenses. General Fund appropriation of \$2,949,956 was overspent by \$781,082.

NOTE 17 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2023 (the most recent data available), the retirement system consisted of 18,463 participating members.

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

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/finance/annual-comprehensive-financial-report).

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The Town participates in Groups B and D. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Benefit formula - Normal Service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2024 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	4.000% of gross salary	6.375% of gross salary	11.500% of gross salary	12.850% of gross salary
Employer Contributions	5.500% of gross salary	7.000% of gross salary	8.750% of gross salary	11.350% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2025 totaled \$93,696. The Town contributed \$102,882 for the year ended June 30, 2025. The Town's total payroll for the year ended June 30, 2025 for all employees covered under this plan was \$1,469,740.

Pension Liabilities

At June 30, 2025, the Town reported a liability of \$904,775 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2024 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2023. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2024, the Town's proportion was 0.27240% for VMERS, which was a decrease of 0.07915% from its proportion measured as of June 30, 2023 for VMERS.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the Town recognized pension revenue of \$28,195 for the VMERS plan. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,989	\$ -
Changes of assumptions	4,876	-
Net difference between projected and actual earnings on pension plan investments	22,318	-
Changes in proportion and differences between contributions and proportionate share of contributions	16,506	160,684
Contributions subsequent to the measurement date	<u>102,882</u>	<u>-</u>
Total	<u>\$ 244,571</u>	<u>\$ 160,684</u>

\$102,882 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan	
Plan year ended June 30:		
2025	\$ (14,507)	
2026	54,507	
2027	(44,356)	
2028	(14,639)	
2029	-	
Thereafter	-	

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2024 measurement date was determined by rolling forward the total pension liability as of June 30, 2023 to June 30, 2024. The total pension liability was calculated using the following actuarial assumptions:

Investment Rate of Return: 7.00%, net of pension plan investment expense, including inflation.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Inflation: 2.30%

Projected Salary Increases: Varying service-based rates ranging from 4.07% to 6.21%. Salary increases include an assumed inflation rate of 2.30%.

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement:

- Groups A/B - 60% PubG-2010 General Employee Amount-Weighted below-median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2021.
- Group C - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2021.
- Group D - PubS-2010 Public Safety Employee Amount-Weighted Below-Median, with generational projection using scale MP-2021.

Healthy Post-Retirement - Retirees:

- Groups A/B - PubG-2010 General Healthy Retiree Amount-Weighted Below Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021.
- Group C - PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021.
- Group D - PubS-2010 Public Safety Retiree Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

Healthy Post-Retirement - Beneficiaries:

- Pub-2010 Contingent Survivor Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Disabled Post-Retirement:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2021.

Inactive Members: Valuation liability equals 100% of accumulated contributions. Valuation liability for those who are vested is based on accrued benefit and members are assumed to retire 10% of the time each year from their Early Retirement Age until their Normal Retirement Age, then 100% of the time at their Normal Retirement age, with a deferred vested benefit.

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2025, COLA is expected to be 1.90% for Group A and 1.90% for Groups B, C and D. The January 1, 2024, COLA was 1.10% for Group A and 1.10% for Groups B, C and D.

Actuarial Cost Method: Entry age normal cost method.

Amortization Method: Amortization payments calculated to fully fund unfunded actuarial accrued liability with annual increases of 3% over a closed period. The amortization of unfunded actuarial accrued liability (UAAL) within the actuarially determined contribution rate calculation is based on the level percentage of pay required to amortize the UAAL over the 30-year closed period that began on July 1, 2008. As of July 1, 2023, the remaining amortization period is 15 years.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Valuation Method: The amount of the assets for valuation purposes equals the preliminary asset value plus 20% of the difference between market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses plus expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

The *long-term expected rate of return* on 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 investment expense and inflation) developed for each major asset class. These best estimate ranges were 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 rates of return for each major asset class included in the target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Agg Fixed Income	19.00%	1.70%
TIPS	2.00%	1.70%
Large/Mid Cap US Equity	4.00%	4.20%
Small Cap US Equity	3.00%	4.70%
Developed Large/Mid Cap International Equity	5.00%	5.95%
Global Equity	32.00%	5.25%
Core Real Estate	3.00%	3.45%
Non-Core Real Estate	4.00%	5.70%
Private Credit	11.00%	5.70%
Private Equity	11.00%	7.45%
Private Core Infrastructure	4.00%	4.95%
Agriculture/Farmland	2.00%	3.95%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 1,383,268	\$ 904,775	\$ 512,040

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/finance/annual-comprehensive-financial-report).

NOTE 18 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; environmental liability and natural disasters. The Town manages these risks through commercial insurance policies. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of insurance coverage in any of the past three years.

NOTE 19 - COMMITMENTS

In April 2025, the Town entered into a General Obligation Bond agreement with the Vermont Bond Bank totaling \$78,508. The agreement includes full principal forgiveness at closing and has a maturity date of May 2030. As of June 30, 2025, no

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 19 – COMMITMENTS (CONTINUED)

amounts had been drawn on this bond. The Town remains eligible to draw upon the full amount under the terms of the agreement.

NOTE 20 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 21 - COLLATERAL AGREEMENT

In accordance with Vermont statutes (24 V.S.A. §§ 1571 and 1575), public deposits in excess of federal deposit insurance must be secured by a collateral agreement with the depository institution. The Town has entered into a collateral agreement with Northfield Savings Bank on May 21, 2024, to protect deposits in excess of the limits insured by the Federal Deposit Insurance Corporation (FDIC).

As of June 30, 2025, the Town's total deposits were fully covered through a combination of FDIC insurance and a standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh in favor of the Town. This letter of credit is an acceptable form of collateral under Vermont law and secures all uninsured deposits held at Northfield Savings Bank.

NOTE 22 - STANDBY LETTER OF CREDIT

At June 30, 2025, the Town had an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD Bank, N.A. The letter of credit, which expire at the close of business on November 19, 2025, authorizes one draw only, up to the amount of \$7,000,000. There were no draws for the year ended June 30, 2025.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 23 - RESTATEMENTS

During fiscal year 2024, the Town identified discrepancies in certain balances related to governmental activities. To correct these variances, adjustments were made to increase accumulated depreciation and outstanding debt. Similar debt adjustments were also required for business-type activities. The restating transactions are summarized below:

	6/30/24	As Previously Reported	Net Position Correction	6/30/24 As Restated
Government-Wide:				
Governmental Activities	\$ 12,344,869	\$ 132,585	\$ 12,477,454	
Business-Type Activities	<u>6,776,056</u>	<u>90,587</u>	<u>6,866,643</u>	
	<u><u>\$ 19,120,925</u></u>	<u><u>\$ 223,172</u></u>	<u><u>\$ 19,344,097</u></u>	
 Governmental Funds:				
Major Funds:				
General Fund	\$ 1,243,465	\$ -	\$ 1,243,465	
Highway Fund	345,868	-	345,868	
Other Governmental Funds	<u>1,773,407</u>	<u>-</u>	<u>1,773,407</u>	
	<u><u>\$ 3,362,740</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,362,740</u></u>	

NOTE 24 - SUBSEQUENT EVENT

In July of 2025, the Town entered into a \$1,900,000 General Obligation Bond agreement with the Vermont Bond Bank, which includes \$950,000 of principal forgiveness at closing. The remaining \$950,000 principal balance carries a 0.00% fixed interest rate per annum and is repayable through annual principal payments of \$23,750. The bond matures in June of 2066.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Highway Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Notes to Required Supplementary Information

SCHEDULE 1

TOWN OF RICHMOND, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,243,465	\$ 1,243,465	\$ 1,243,465	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	10,777,788	10,777,788	10,779,420	1,632
Intergovernmental revenues:				
State PILOT	5,000	5,000	4,942	(58)
Act 60 Reappraisal grant	15,000	15,000	15,173	173
Equalization grant	1,765	1,765	1,785	20
Railroad tax	4,000	4,000	3,601	(399)
Current use program	85,000	85,000	70,791	(14,209)
Other	17,082	17,082	19,613	2,531
Charges for services	35,000	35,000	18,769	(16,231)
Interest income	110,000	110,000	134,488	24,488
Interest on taxes/penalties	20,000	20,000	18,918	(1,082)
Miscellaneous	138,394	138,394	156,142	17,748
Transfers from other funds	438,186	438,186	998,021	559,835
Amounts Available for Appropriation	<u>12,890,680</u>	<u>12,890,680</u>	<u>13,465,128</u>	<u>574,448</u>
Charges to Appropriations (Outflows):				
Town administration	829,033	829,033	879,461	(50,428)
Assessors	33,500	33,500	24,618	8,882
Planning and zoning	266,272	266,272	240,299	25,973
Police department	727,197	727,197	565,928	161,269
Library department	357,639	357,639	352,861	4,778
Fire department	186,081	186,081	190,337	(4,256)
Recreation and trails	41,797	41,797	40,040	1,757
Charitable appropriations	99,678	99,678	101,054	(1,376)
Unclassified	16,760	16,760	149,177	(132,417)
Education	8,697,262	8,697,262	8,697,262	-
Debt service:				
Principal	48,572	48,572	48,572	-
Interest	2,065	2,065	2,042	23
Transfers to other funds	341,359	341,359	1,136,646	(795,287)
Total Charges to Appropriations	<u>11,647,215</u>	<u>11,647,215</u>	<u>12,428,297</u>	<u>(781,082)</u>
Budgetary Fund Balance, June 30	\$ 1,243,465	\$ 1,243,465	\$ 1,036,831	\$ (206,634)

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE 1A
TOWN OF RICHMOND, VERMONT

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 345,868	\$ 345,868	\$ 345,868	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	1,849,945	1,849,945	1,849,946	1
Intergovernmental Revenues:				
State aid	113,500	113,500	128,428	14,928
Better roads grants	-	-	200,000	200,000
FEMA reimbursement	-	-	364,885	364,885
Other	-	-	1,120	1,120
Miscellaneous revenues	2,500	2,500	12,524	10,024
Amounts Available for Appropriation	<u>2,311,813</u>	<u>2,311,813</u>	<u>2,902,771</u>	<u>590,958</u>
Charges to Appropriations (Outflows):				
Payroll and benefits	615,751	615,751	652,014	(36,263)
Office expenses	40,423	40,423	44,556	(4,133)
Buildings and grounds	20,800	20,800	18,776	2,024
General expenses	20,800	20,800	22,088	(1,288)
Vehicles	96,000	96,000	84,759	11,241
Road maintenance	354,400	354,400	354,921	(521)
FEMA	-	-	2,030,944	(2,030,944)
Stormwater	449,546	449,546	394,087	55,459
Capital outlay	-	-	200,000	(200,000)
Debt service:				
Principal	45,120	45,120	45,120	-
Interest	14,105	14,105	14,188	(83)
Transfers to other funds	<u>309,000</u>	<u>309,000</u>	<u>309,000</u>	<u>-</u>
Total Charges to Appropriations	<u>1,965,945</u>	<u>1,965,945</u>	<u>4,170,453</u>	<u>(2,204,508)</u>
Budgetary Fund Balance, June 30	<u>\$ 345,868</u>	<u>\$ 345,868</u>	<u>\$ (1,267,682)</u>	<u>\$ (1,613,550)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RICHMOND, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

VMERS:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability/(asset)	0.27%	0.35%	0.34%	0.34%	0.36%	0.37%	0.36%	0.37%	0.35%	0.35%
Proportionate share of the net pension liability/(asset)	\$ 904,775	\$ 1,125,998	\$ 1,020,104	\$ 505,248	\$ 906,137	\$ 640,774	\$ 513,000	\$ 440,234	\$ 456,034	\$ 268,497
Covered payroll	\$ 1,309,927	\$ 1,222,657	\$ 1,236,448	\$ 1,145,843	\$ 1,145,659	\$ 1,081,764	\$ 1,043,304	\$ 1,078,914	\$ 940,245	\$ 905,706
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	69.07%	92.09%	82.50%	44.09%	79.09%	59.23%	49.17%	40.80%	48.50%	29.65%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	75.22%	74.01%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE 3

TOWN OF RICHMOND, VERMONT

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS

VMERS:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 102,882	\$ 88,420	\$ 79,472	\$ 84,130	\$ 74,237	\$ 70,963	\$ 63,874	\$ 59,340	\$ 53,856	\$ 48,682
Contributions in relation to the contractually required contribution	<u>(102,882)</u>	<u>(88,420)</u>	<u>(79,472)</u>	<u>(84,130)</u>	<u>(74,237)</u>	<u>(70,963)</u>	<u>(63,874)</u>	<u>(59,340)</u>	<u>(53,856)</u>	<u>(48,682)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,469,740	\$ 1,309,927	\$ 1,222,657	\$ 1,236,448	\$ 1,145,843	\$ 1,145,659	\$ 1,081,764	\$ 1,043,304	\$ 1,078,914	\$ 940,245
Contributions as a percentage of covered payroll	7.00%	6.75%	6.50%	6.80%	6.48%	6.19%	5.90%	5.69%	4.99%	5.18%

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RICHMOND, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

Changes of Assumptions

VMERS Pension Plan:

No changes in actuarial assumptions/methods effective for the June 30, 2024, actuarial valuation that impact GASB.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Combining Statement of Net Position - Fiduciary Funds - Private-Purpose Trust Funds
- Combining Statement of Changes in Net Position - Fiduciary Funds - Private-Purpose Trust Funds

SCHEDULE A

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 374,240	\$ -	\$ 157,393	\$ 531,633
Notes receivable (net of allowance for uncollectibles)	308,628	-	-	308,628
Prepaid items	845	-	-	845
Due from other funds	736,581	2,398,015	300	3,134,896
TOTAL ASSETS	\$ 1,420,294	\$ 2,398,015	\$ 157,693	\$ 3,976,002
LIABILITIES				
Accounts payable	\$ 31,415	\$ 4,467	\$ -	\$ 35,882
Due to other funds	8,803	-	-	8,803
TOTAL LIABILITIES	40,218	4,467	-	44,685
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	654,145	-	-	654,145
TOTAL DEFERRED INFLOWS OF RESOURCES	654,145	-	-	654,145
FUND BALANCES				
Nonspendable	845	-	-	845
Restricted	597,666	-	157,693	755,359
Committed	59,974	2,393,548	-	2,453,522
Assigned	67,861	-	-	67,861
Unassigned (deficit)	(415)	-	-	(415)
TOTAL FUND BALANCES	725,931	2,393,548	157,693	3,277,172
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,420,294	\$ 2,398,015	\$ 157,693	\$ 3,976,002

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RICHMOND, VERMONT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Interest income	\$ 8,265	\$ -	\$ 4,545	\$ 12,810
Other	183,875	156,717	2,064	342,656
TOTAL REVENUES	192,140	156,717	6,609	355,466
EXPENDITURES				
Capital outlay	-	186,286	-	186,286
Other	93,192	11,373	1,496	106,061
TOTAL EXPENDITURES	93,192	197,659	1,496	292,347
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	98,948	(40,942)	5,113	63,119
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	1,420,646	-	1,445,646
Transfers (out)	(5,000)	-	-	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	20,000	1,420,646	-	1,440,646
NET CHANGE IN FUND BALANCES	118,948	1,379,704	5,113	1,503,765
FUND BALANCES - JULY 1	606,983	1,013,844	152,580	1,773,407
FUND BALANCES - JUNE 30	\$ 725,931	\$ 2,393,548	\$ 157,693	\$ 3,277,172

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	July 4th Celebration	Reappraisal Fund	Records Restoration Fund	Adam Muller Flag Fund	Recreation Path Fund	Community Development Fund	<i>Moved from Major fund</i>	PFA Claims	Recreation (Soccer/Tennis) Fund	Town Center Reserve Fund	Opioid
ASSETS											
Cash and cash equivalents	\$ 10,538	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 353	\$ 354,911	\$ -
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	308,628	-	-	-	-
Prepaid items	845	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	59,982	238,036	1,543	1,244	-	-	3,139	12,391	-	13,041
TOTAL ASSETS	\$ 11,383	\$ 59,982	\$ 238,036	\$ 1,543	\$ 1,244	\$ 308,628	\$ 3,139	\$ 12,744	\$ 354,911	\$ 13,041	
LIABILITIES											
Accounts payable	\$ 947	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,284	\$ -	-
Due to other funds	-	-	-	-	-	-	-	-	-	8,803	-
TOTAL LIABILITIES	947	8	-	-	-	-	-	-	-	10,087	-
DEFERRED INFLOWS OF RESOURCES											
Deferred revenue	-	-	-	-	-	\$ 308,628	\$ -	-	-	8,195	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	308,628	\$ -	-	-	8,195	-
FUND BALANCES (DEFICITS)											
Nonspendable	845	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	238,036	-	-	-	-	-	-	336,629	13,041
Committed	-	59,974	-	-	-	-	-	-	-	-	-
Assigned	9,591	-	-	1,543	1,244	-	3,139	12,744	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	10,436	59,974	238,036	1,543	1,244	-	3,139	12,744	336,629	13,041	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)											
	\$ 11,383	\$ 59,982	\$ 238,036	\$ 1,543	\$ 1,244	\$ 308,628	\$ 3,139	\$ 12,744	\$ 354,911	\$ 13,041	

SCHEDULE C (CONTINUED)

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	Tree Replacement Fund	Richmond Fire Dept Fund	Richmond Free Library Fund	Lister Education Fund	Grants Fund	Legal	Andrews Community Forest Fund	Police K9	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ 8,438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 374,240
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	308,628
Prepaid items	-	-	-	-	-	-	-	-	845
Due from other funds	237	-	-	1,357	374,471	215	29,501	1,424	736,581
TOTAL ASSETS	\$ 237	\$ 8,438	\$ -	\$ 1,357	\$ 374,471	\$ 215	\$ 29,501	\$ 1,424	\$ 1,420,294
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ 28,546	\$ 630	\$ -	\$ -	\$ -	\$ 31,415
Due to other funds	-	-	-	-	-	-	-	-	8,803
TOTAL LIABILITIES	-	-	-	28,546	630	-	-	-	40,218
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue	-	-	-	-	337,322	-	-	-	654,145
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	337,322	-	-	-	654,145
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	845
Restricted	-	-	-	1,357	8,603	-	-	-	597,666
Committed	-	-	-	-	-	-	-	-	59,974
Assigned	237	8,438	-	-	-	-	29,501	1,424	67,861
Unassigned	-	-	-	-	-	(415)	-	-	(415)
TOTAL FUND BALANCES (DEFICITS)	237	8,438	-	1,357	8,603	(415)	29,501	1,424	725,931
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 237	\$ 8,438	\$ -	\$ 1,357	\$ 374,471	\$ 215	\$ 29,501	\$ 1,424	\$ 1,420,294

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RICHMOND, VERMONT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	July 4th Celebration	Reappraisal Fund	Records Restoration Fund	Adam Muller Flag Fund	Recreation Path Fund	Community Development Fund	Moved from Major fund PFA Claims	Recreation (Soccer/Tennis) Fund	Town Center Reserve Fund	Opioid
REVENUES										
Interest income	6	-	-	-	-	-	-	-	8,245	-
Other	9,589	-	23,934	-	43	-	3,139	2	128,718	14,483
TOTAL REVENUES	9,595	-	23,934	-	43	-	3,139	2	136,963	14,483
EXPENDITURES										
Other	5,785	8	1,226	-	-	-	-	4,951	66,514	-
TOTAL EXPENDITURES	5,785	8	1,226	-	-	-	-	4,951	66,514	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,810	(8)	22,708	-	43	-	3,139	(4,949)	70,449	14,483
OTHER FINANCING SOURCES (USES)										
Transfers in	-	15,000	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	15,000	-	-	-	-	-	-	-	(5,000)
NET CHANGE IN FUND BALANCES (DEFICIT)	3,810	14,992	22,708	-	43	-	3,139	(4,949)	70,449	9,483
FUND BALANCES (DEFICITS) - JULY 1	6,626	44,982	215,328	1,543	1,201	-	-	17,693	266,180	3,558
FUND BALANCES (DEFICITS) - JUNE 30	\$ 10,436	\$ 59,974	\$ 238,036	\$ 1,543	\$ 1,244	\$ -	\$ 3,139	\$ 12,744	\$ 336,629	\$ 13,041

SCHEDULE D (CONTINUED)

TOWN OF RICHMOND, VERMONT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Tree Replacement Fund	Richmond Fire Dept Fund	Richmond Free Library Fund	Lister Education Fund	Grants Fund	Legal	Andrews Community Forest Fund	Police K9	Total
REVENUES									
Interest income	-	14	-	-	-	-	-	-	8,265
Other	-	3,966	-	-	-	-	1	-	183,875
TOTAL REVENUES	-	3,980	-	-	-	-	1	-	192,140
EXPENDITURES									
Other	-	1,603	3,054	-	-	9,475	-	576	93,192
TOTAL EXPENDITURES	-	1,603	3,054	-	-	9,475	-	576	93,192
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	2,377	(3,054)	-	-	(9,475)	1	(576)	98,948
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	10,000	-	-	25,000
Transfers (out)	-	-	-	-	-	-	-	-	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	10,000	-	-	20,000
NET CHANGE IN FUND BALANCES (DEFICIT)	-	2,377	(3,054)	-	-	525	1	(576)	118,948
FUND BALANCES (DEFICITS) - JULY 1	237	6,061	3,054	1,357	8,603	(940)	29,500	2,000	606,983
FUND BALANCES (DEFICITS) - JUNE 30	\$ 237	\$ 8,438	\$ -	\$ 1,357	\$ 8,603	\$ (415)	\$ 29,501	\$ 1,424	\$ 725,931

See accompanying independent auditor's report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2025

	Fire Safety Equipment Fund	Police Reserve Fund	Library Reserve Fund	Fire Reserve Fund	Fire Impact Fees Fund	Special Projects Fund	Sidewalk Reserve Fund
ASSETS							
Due from other funds	\$ 15,319	\$ 40,783	\$ 69,849	\$ 294,897	\$ 34,013	\$ 795,811	\$ 65,000
TOTAL ASSETS	\$ 15,319	\$ 40,783	\$ 69,849	\$ 294,897	\$ 34,013	\$ 795,811	\$ 65,000
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	15,319	40,783	69,849	294,897	34,013	795,811	65,000
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	15,319	40,783	69,849	294,897	34,013	795,811	65,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,319	\$ 40,783	\$ 69,849	\$ 294,897	\$ 34,013	\$ 795,811	\$ 65,000

SCHEDULE E (CONTINUED)

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2025

	Highway Reserve Fund	Bridge and Culvert Reserve Fund	Guardrail Reserve Fund	Railroad Street Project Fund	Transportation Infrastructure Reserve	Conservation Fund	Total
ASSETS							
Due from other funds	\$ 186,802	\$ 473,926	\$ 21,108	\$ 7,069	\$ 25,000	\$ 368,438	\$ 2,398,015
TOTAL ASSETS	\$ 186,802	\$ 473,926	\$ 21,108	\$ 7,069	\$ 25,000	\$ 368,438	\$ 2,398,015
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,467	\$ 4,467
TOTAL LIABILITIES	-	-	-	-	-	4,467	4,467
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	186,802	473,926	21,108	7,069	25,000	363,971	2,393,548
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	186,802	473,926	21,108	7,069	25,000	363,971	2,393,548
TOTAL LIABILITIES AND FUND BALANCES	\$ 186,802	\$ 473,926	\$ 21,108	\$ 7,069	\$ 25,000	\$ 368,438	\$ 2,398,015

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RICHMOND, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Fire Safety Equipment Fund	Police Reserve Fund	Library Reserve Fund	Fire Reserve Fund	Fire Impact Fees Fund	Special Projects Fund	Sidewalk Reserve Fund
REVENUES							
Other	\$ -	\$ -	\$ -	\$ 152,950	\$ 656	\$ 3,111	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,950</u>	<u>656</u>	<u>3,111</u>	<u>-</u>
EXPENDITURES							
Capital outlay	14,880	-	-	121,300	-	-	-
Other	-	-	-	-	-	2,587	-
TOTAL EXPENDITURES	<u>14,880</u>	<u>-</u>	<u>-</u>	<u>121,300</u>	<u>-</u>	<u>2,587</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,880)</u>	<u>-</u>	<u>-</u>	<u>31,650</u>	<u>656</u>	<u>524</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	5,000	-	12,000	220,000	-	795,287	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>-</u>	<u>12,000</u>	<u>220,000</u>	<u>-</u>	<u>795,287</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(9,880)</u>	<u>-</u>	<u>12,000</u>	<u>251,650</u>	<u>656</u>	<u>795,811</u>	<u>-</u>
FUND BALANCES - JULY 1	<u>25,199</u>	<u>40,783</u>	<u>57,849</u>	<u>43,247</u>	<u>33,357</u>	<u>-</u>	<u>65,000</u>
FUND BALANCES - JUNE 30	<u>\$ 15,319</u>	<u>\$ 40,783</u>	<u>\$ 69,849</u>	<u>\$ 294,897</u>	<u>\$ 34,013</u>	<u>\$ 795,811</u>	<u>\$ 65,000</u>

SCHEDULE F (CONTINUED)

TOWN OF RICHMOND, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Highway Reserve Fund	Bridge and Culvert Reserve Fund	Guardrail Reserve Fund	Railroad Street Project Fund	Transportation Infrastructure Reserve	Conservation Fund	Total
REVENUES							
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,717
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,717</u>
EXPENDITURES							
Capital outlay	31,198	-	18,908	-	-	-	186,286
Other	-	-	-	-	-	8,786	11,373
TOTAL EXPENDITURES	<u>31,198</u>	<u>-</u>	<u>18,908</u>	<u>-</u>	<u>-</u>	<u>8,786</u>	<u>197,659</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(31,198)</u>	<u>-</u>	<u>(18,908)</u>	<u>-</u>	<u>-</u>	<u>(8,786)</u>	<u>(40,942)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	218,000	55,000	11,000	-	25,000	79,359	1,420,646
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>218,000</u>	<u>55,000</u>	<u>11,000</u>	<u>-</u>	<u>25,000</u>	<u>79,359</u>	<u>1,420,646</u>
NET CHANGE IN FUND BALANCES	<u>186,802</u>	<u>55,000</u>	<u>(7,908)</u>	<u>-</u>	<u>25,000</u>	<u>70,573</u>	<u>1,379,704</u>
FUND BALANCES - JULY 1	<u>-</u>	<u>418,926</u>	<u>29,016</u>	<u>7,069</u>	<u>-</u>	<u>293,398</u>	<u>1,013,844</u>
FUND BALANCES - JUNE 30	<u>\$ 186,802</u>	<u>\$ 473,926</u>	<u>\$ 21,108</u>	<u>\$ 7,069</u>	<u>\$ 25,000</u>	<u>\$ 363,971</u>	<u>\$ 2,393,548</u>

See accompanying independent auditor's report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Richmond, Vermont that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries.

SCHEDULE G

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2025

	Cemetery Funds	Total
ASSETS		
Cash and cash equivalents	\$ 157,393	\$ 157,393
Due from other funds	300	300
TOTAL ASSETS	\$ 157,693	\$ 157,693
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	-	-
FUND BALANCES		
Nonspendable	-	-
Restricted	157,693	157,693
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	157,693	157,693
TOTAL LIABILITIES AND FUND BALANCES	\$ 157,693	\$ 157,693

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE H

TOWN OF RICHMOND, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Cemetery Funds	Total
REVENUES		
Interest income	\$ 4,545	\$ 4,545
Other	2,064	2,064
TOTAL REVENUES	6,609	6,609
EXPENDITURES		
Other	1,496	1,496
TOTAL EXPENDITURES	1,496	1,496
NET CHANGE IN FUND BALANCES	5,113	5,113
FUND BALANCES - JULY 1	152,580	152,580
FUND BALANCES - JUNE 30	\$ 157,693	\$ 157,693

See accompanying independent auditor's report and notes to financial statements.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support the Town's programs.

SCHEDULE I
TOWN OF RICHMOND, VERMONT

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2025

	Edmunds Trust Fund	Shanyon Athletic Fund	Shanyon Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$ 25,718	\$ 3,288	\$ 3,557	\$ 32,563
TOTAL ASSETS	\$ 25,718	\$ 3,288	\$ 3,557	\$ 32,563
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Restricted	25,718	3,288	3,557	32,563
TOTAL NET POSITION	25,718	3,288	3,557	32,563
TOTAL LIABILITIES AND NET POSITION	\$ 25,718	\$ 3,288	\$ 3,557	\$ 32,563

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE J

TOWN OF RICHMOND, VERMONT

COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Edmunds Trust Fund	Shanyon Athletic Fund	Shanyon Trust Fund	Total
ADDITIONS				
Investment earnings:				
Interest income	\$ 268	\$ 33	\$ 38	\$ 339
TOTAL REVENUES	268	33	38	339
DEDUCTIONS				
Other	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCES	268	33	38	339
NET POSITION - JULY 1	25,450	3,255	3,519	32,224
NET POSITION - JUNE 30	\$ 25,718	\$ 3,288	\$ 3,557	\$ 32,563

See accompanying independent auditor's report and notes to financial statements.

Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- 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
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

TOWN OF RICHMOND, VERMONT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Award Information	AL #	Pass-Through Entity Name	Pass-Through Entity #	Passed-through to Subrecipients	Federal Expenditures
Other Programs (Treated individually for major program determination)					
United States Department of Agriculture					
Emergency Watershed Protection Program					
Emergency Watershed Protection Program	10.923	Vermont Agency of Natural Resources	NR241644XXXXC032	\$ -	\$ 13,200
Total United States Department of Agriculture				<u><u>\$ -</u></u>	<u><u>13,200</u></u>
Department of Transportation					
Highway Planning and Construction					
Highway Planning and Construction	20.205	Vermont Agency of Transportation	08100-ER0203	<u><u>\$ -</u></u>	<u><u>101,336</u></u>
Total Department of Transportation				<u><u>\$ -</u></u>	<u><u>101,336</u></u>
Department of the Treasury					
Coronavirus State and Local Fiscal recovery Funds					
Coronavirus State and Local Fiscal recovery Funds	21.027	Direct Vermont Agency of Natural Resource		<u><u>\$ -</u></u>	<u><u>1,071,350</u></u>
Coronavirus State and Local Fiscal recovery Funds	21.027	3AP-HQ6-RE5-GKQVV		<u><u>\$ -</u></u>	<u><u>10,026</u></u>
Total Department of the Treasury				<u><u>\$ -</u></u>	<u><u>1,081,376</u></u>
National Endowment for the Humanities					
Grants to States					
Grants to States	45.31	Vermont Libraries	01130LSTA.COURIER	<u><u>\$ -</u></u>	<u><u>684</u></u>
Total National Endowment for the Humanities				<u><u>\$ -</u></u>	<u><u>684</u></u>
United States Environmental Protection Agency					
Clean Water State Revolving Fund					
Clean Water State Revolving Fund	66.458	Vermont Agency of Environmental Conservation	RF-1-290-1-0	<u><u>\$ -</u></u>	<u><u>7,920</u></u>
Clean Water State Revolving Fund	66.458	Vermont Agency of Environmental Conservation	RF1-362-1-1	<u><u>\$ -</u></u>	<u><u>12,568</u></u>
Clean Water State Revolving Fund	66.458	Vermont Agency of Environmental Conservation	RF1-387-1-1	<u><u>\$ -</u></u>	<u><u>76,832</u></u>
Clean Water State Revolving Fund	66.458	Vermont Agency of Environmental Conservation	RF3-487	<u><u>\$ -</u></u>	<u><u>74,832</u></u>
Total Clean Water State Revolving Fund				<u><u>\$ -</u></u>	<u><u>172,152</u></u>
Total United States Environmental Protection Agency				<u><u>\$ -</u></u>	<u><u>172,152</u></u>
Department of Homeland Security					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Vermont Agency of Public Safety	DR4720	<u><u>\$ -</u></u>	<u><u>836,850</u></u>
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Vermont Agency of Public Safety	02140-84770-005	<u><u>\$ -</u></u>	<u><u>8,506</u></u>
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)				<u><u>\$ -</u></u>	<u><u>845,356</u></u>
Hazard Mitigation Grant					
Hazard Mitigation Grant	97.039	Vermont Agency of Emergency Management	02140-34720-004	<u><u>\$ -</u></u>	<u><u>16,495</u></u>
Total Hazard Mitigation Grant				<u><u>\$ -</u></u>	<u><u>16,495</u></u>
Total Department of Homeland Security				<u><u>\$ -</u></u>	<u><u>861,851</u></u>
Total Other Programs (Treated individually for major program determination)					<u><u>\$ 2,230,599</u></u>
Total Expenditures of Federal Awards				<u><u>\$ -</u></u>	<u><u>\$ 2,230,599</u></u>

TOWN OF RICHMOND, VERMONT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

• Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of Town of Richmond, Vermont under programs of the federal government for the year ended June 30, 2025. The federal awards activity presented in the Schedule includes all federal awards received directly from federal agencies as well as federal awards passed through other government agencies. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Since the Schedule presents only a selected portion of the operations of the Town of Richmond, Vermont, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Richmond, Vermont.

• Summary of Significant Accounting Policies

- Expenditures presented on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- The Town of Richmond, Vermont has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance



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
Richmond, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2025 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 29, 2026.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Richmond Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Richmond, Vermont's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on 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 noted certain other matters that we reported to management of the Town of Richmond, Vermont in a separate letter dated January 29, 2026.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 29, 2026



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Selectboard
Town of Richmond
Richmond, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Richmond, Vermont compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Richmond, Vermont's major federal programs for the year ended June 30, 2025. the Town of Richmond, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Richmond, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibility section of our report.

We are required to be independent of the Town of Richmond, Vermont and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Richmond, Vermont's compliance with the compliance requirements referred to above.

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Responsibilities of Management's for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Richmond, Vermont's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the Town of Richmond, Vermont's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Richmond, Vermont's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Richmond, Vermont's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Richmond, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Richmond, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 29, 2026

TOWN OF RICMOND, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

- *Federal Awards*
- Internal control over major programs:
- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State & Local Fiscal Recovery Funds (ARPA)
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None