

Audited Financial Statements
and Other Financial Information

Town of Richmond, Vermont

June 30, 2022



Proven Expertise & Integrity

TOWN OF RICHMOND, VERMONT

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JUNE 30, 2022

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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 as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Town of Richmond'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 as of June 30, 2022 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.

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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'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'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 60 through 64 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'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. 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 5, 2023, on our consideration of the Town of Richmond'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 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 the effectiveness of the Town of Richmond'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's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
January 5, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(UNAUDITED)

The following management's discussion and analysis of the Town of Richmond's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Town of Richmond's financial statements.

Financial Statement Overview

The Town of Richmond'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 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 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 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 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 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 presents five 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 town center reserve 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 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 the 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/(Asset), 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 and capital asset activity.

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 increased by \$1,128,727 from \$10,346,205 to \$11,474,932. The Town's total business-type net position increased by \$439,262 from \$6,342,491 to \$6,545,664.

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 - increased for governmental activities to a balance of \$3,259,601 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$1,204,447.

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

	Governmental Activities		Business-type Activities	
	2022	2021 (Restated)	2022	2021 (Restated)
Assets				
Current Assets	\$ 5,060,256	\$ 4,777,073	\$1,703,007	\$1,466,006
Noncurrent Assets - Capital	7,931,687	7,635,122	8,212,356	8,084,641
Total Assets	<u>12,991,943</u>	<u>12,412,195</u>	<u>9,915,363</u>	<u>9,550,647</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	214,432	304,876	45,775	65,520
Total Deferred Outflows of Resources	<u>214,432</u>	<u>304,876</u>	<u>45,775</u>	<u>65,520</u>
Liabilities				
Current Liabilities	360,574	742,265	581,634	229,317
Noncurrent Liabilities	1,100,389	1,615,268	2,775,863	3,041,755
Total Liabilities	<u>1,460,963</u>	<u>2,357,533</u>	<u>3,357,497</u>	<u>3,271,072</u>
Deferred Inflows of Resources				
Prepaid Taxes	900	1,223	-	-
Deferred Inflows Related to Pensions	269,580	12,110	57,977	2,604
Total Deferred Inflows of Resources	<u>270,480</u>	<u>13,333</u>	<u>57,977</u>	<u>2,604</u>
Net Position				
Net Investment in Capital Assets	7,101,539	6,619,782	5,341,217	5,018,987
Restricted	1,113,792	2,181,856	-	-
Unrestricted	3,259,601	1,544,567	1,204,447	1,323,504
Total Net Position	<u>\$ 11,474,932</u>	<u>\$ 10,346,205</u>	<u>\$ 6,545,664</u>	<u>\$ 6,342,491</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 12.26%, while total expenses decreased by 12.85%. The decrease in revenues was primarily due to capital grants and contributions and property taxes offset by an increase in grants and contributions not restricted to specific programs. The largest decrease in expenses was in education. Revenues for the Town's business-type activities decreased by 22.71% and expenses increased by 7.17%.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 281,381	\$ 249,208	\$ 1,245,491	\$ 1,236,037
Operating grants and contributions	279,873	246,821	-	-
Capital grants and contributions	3,205	335,818	-	377,064
<i>General revenues:</i>				
Property taxes	8,577,119	10,133,949	-	-
Grants and contributions not restricted to specific programs	531,784	198,351	-	-
Miscellaneous	178,511	64,939	2,854	1,961
Total revenues	<u>9,851,873</u>	<u>11,229,086</u>	<u>1,248,345</u>	<u>1,615,062</u>
Expenses				
Town administration	1,477,520	676,455	-	-
Assessors	88,758	38,251	-	-
Public works	825,477	1,257,669	-	-
Planning and zoning	185,107	139,605	-	-
Police department	549,991	687,504	-	-
Library department	265,095	246,287	-	-
Fire department	130,527	100,938	-	-
Recreation and trails	11,862	19,478	-	-
Charitable appropriations	108,781	120,345	-	-
Education	5,014,408	6,693,475	-	-
Unclassified	39,650	6	-	-
Water and sewer	-	-	1,039,022	975,271
Interest on long-term debt	25,970	29,019	6,150	-
Total expenses	<u>8,723,146</u>	<u>10,009,032</u>	<u>1,045,172</u>	<u>975,271</u>
Excess (deficiency) before transfers	1,128,727	1,220,054	203,173	639,791
Transfers	-	(5,556)	-	5,556
Change in net position	1,128,727	1,214,498	203,173	645,347
Net position - July 1, Restated	<u>10,346,205</u>	<u>9,131,707</u>	<u>6,342,491</u>	<u>5,697,144</u>
Net position - June 30	<u>\$ 11,474,932</u>	<u>\$ 10,346,205</u>	<u>\$ 6,545,664</u>	<u>\$ 6,342,491</u>

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,

	<u>2022</u>	<u>2021 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 15,250	\$ 17,816	\$ (2,566)
Assigned	-	91,000	(91,000)
Unassigned	848,517	611,423	237,094
Total General Fund	<u>\$ 863,767</u>	<u>\$ 720,239</u>	<u>\$ 143,528</u>
Highway Fund			
Restricted	\$ 940,838	\$ 661,182	\$ 279,656
Total Highway Fund	<u>\$ 940,838</u>	<u>\$ 661,182</u>	<u>\$ 279,656</u>
Town Center Reserve Fund:			
Committed	\$ 430,781	\$ 582,217	\$ (151,436)
Total Town Center Reserve Fund	<u>\$ 430,781</u>	<u>\$ 582,217</u>	<u>\$ (151,436)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 193,984	\$ 229,995	\$ (36,011)
Committed	82,738	-	82,738
Assigned	67,950	169,993	(102,043)
Capital Projects Funds:			
Restricted	-	458,387	(458,387)
Committed	1,112,066	511,360	600,706
Permanent Funds:			
Nonspendable	-	1,957	(1,957)
Restricted	164,351	164,307	44
Total Nonmajor Funds	<u>\$ 1,621,089</u>	<u>\$ 1,535,999</u>	<u>\$ 85,090</u>

The changes in total fund balances for the general fund, highway fund, town center reserve 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 \$125,313 and the sewer fund had an increase in net position for the year of \$77,860.

Budgetary Highlights

There was no difference between the original and final budget for the general fund. The difference between the original and final budget for the highway fund was due to the use of applied receipts.

The general fund actual revenues exceeded budgeted amounts by \$34,700. This was the result of all revenues being receipted within or in excess of budgeted amounts with the exception of intergovernmental revenues - railroad tax and charges for services.

The general fund actual expenditures were under budgeted amounts by \$199,739. All expenditure categories were within or under budgeted amounts with the exception of town administration.

The highway fund actual revenues exceeded budgeted amounts by \$74,011. This was the result of all revenues being receipted within or in excess of budgeted amounts with the exception of charges for services.

The highway fund actual expenditures were under budgeted amounts by \$205,645. All expenditure categories were within or under budgeted amounts with the exception of general expenses, vehicles, bridge repair, FEMA and stormwater.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town increased by \$65,867. This increase was the result of capital asset additions of \$1,430,973 less net disposals/transfers of \$380,156 and current year depreciation expense of \$984,950.

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

	2022	2021 (Restated)
Land and other assets not being depreciated	\$ 1,026,709	\$ 1,390,062
Buildings, building improvements and land improvements	1,494,899	1,204,043
Equipment, machinery and vehicles	1,287,245	1,856,546
Distribution/collection systems	6,205,842	5,585,438
Phosphorus upgrade	2,532,034	2,610,795
Infrastructure	3,597,314	3,431,292
Total	\$ 16,144,043	\$ 16,078,176

Debt

At June 30, 2022, the Town had \$3,701,287 in bonds and notes from direct borrowings payable versus \$4,080,994 last year. Refer to Note 7 of Notes to Financial Statements for more detailed information on debt.

Economic Factors and Next Year's Budgets and Rates

The 2022 - 2023 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2022 - 2023 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 five months, 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.

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,512,384	\$ 1,089,969	\$ 5,602,353
Accounts receivable (net of allowance for uncollectibles):			
Taxes	79,162	-	79,162
Liens	12,003	-	12,003
Other	90,911	548,981	639,892
Due from other governments	329,493	-	329,493
Prepaid items	21,892	78,468	100,360
Internal balances	14,411	(14,411)	-
Total current assets	<u>5,060,256</u>	<u>1,703,007</u>	<u>6,763,263</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	7,048,951	8,068,383	15,117,334
Total noncurrent assets	<u>7,931,687</u>	<u>8,212,356</u>	<u>16,144,043</u>
TOTAL ASSETS	<u>12,991,943</u>	<u>9,915,363</u>	<u>22,907,306</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	214,432	45,775	260,207
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>214,432</u>	<u>45,775</u>	<u>260,207</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,206,375</u>	<u>\$ 9,961,138</u>	<u>\$ 23,167,513</u>

STATEMENT A (CONTINUED)

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 108,201	\$ 72,560	\$ 180,761
Accrued payroll and expenses	58,906	9,549	68,455
Short-term note payable	-	303,096	303,096
Security deposit payable	1,284	-	1,284
Current portion of long-term obligations	192,183	196,429	388,612
Total current liabilities	<u>360,574</u>	<u>581,634</u>	<u>942,208</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bond payable	416,400	2,624,168	3,040,568
Notes from direct borrowings payable	228,556	51,714	280,270
Net pension liability	415,819	89,429	505,248
Accrued compensated absences	39,614	10,552	50,166
Total noncurrent liabilities	<u>1,100,389</u>	<u>2,775,863</u>	<u>3,876,252</u>
TOTAL LIABILITIES	<u>1,460,963</u>	<u>3,357,497</u>	<u>4,818,460</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	900	-	900
Deferred inflows related to pensions	269,580	57,977	327,557
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>270,480</u>	<u>57,977</u>	<u>328,457</u>
NET POSITION			
Net investment in capital assets	7,101,539	5,341,217	12,442,756
Restricted	1,113,792	-	1,113,792
Unrestricted	3,259,601	1,204,447	4,464,048
TOTAL NET POSITION	<u>11,474,932</u>	<u>6,545,664</u>	<u>18,020,596</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 13,206,375</u>	<u>\$ 9,961,138</u>	<u>\$ 23,167,513</u>

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

TOWN OF RICHMOND, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
Town administration	\$ 1,477,520	\$ 225,806	\$ -	\$ -	\$ (1,251,714)	\$ -	\$ (1,251,714)
Assessors	88,758	-	-	-	(88,758)	-	(88,758)
Public works	825,477	2,255	188,406	-	(634,816)	-	(634,816)
Planning and zoning	185,107	35,229	-	-	(149,878)	-	(149,878)
Police department	549,991	10,639	-	-	(539,352)	-	(539,352)
Library department	265,095	-	-	-	(265,095)	-	(265,095)
Fire department	130,527	-	-	-	(130,527)	-	(130,527)
Recreation and trails	11,862	7,452	-	-	(4,410)	-	(4,410)
Charitable appropriations	108,781	-	-	-	(108,781)	-	(108,781)
Education	5,014,408	-	-	-	(5,014,408)	-	(5,014,408)
Unclassified	39,650	-	91,467	3,205	55,022	-	55,022
Interest on long-term debt	25,970	-	-	-	(25,970)	-	(25,970)
Total governmental activities	8,723,146	281,381	279,873	3,205	(8,158,687)	-	(8,158,687)
Business-type activities:							
Water	261,865	386,322	-	-	-	124,457	124,457
Sewer	783,307	859,169	-	-	-	75,862	75,862
Total business-type activities	1,045,172	1,245,491	-	-	-	200,319	200,319
Total government	\$ 9,768,318	\$ 1,526,872	\$ 279,873	\$ 3,205	(8,158,687)	200,319	(7,958,368)

STATEMENT B (CONTINUED)

TOWN OF RICHMOND, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(8,158,687)	200,319	(7,958,368)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	8,577,119	-	8,577,119
Grants and contributions not restricted to specific programs	531,784	-	531,784
Miscellaneous	178,511	2,854	181,365
Total general revenues	9,287,414	2,854	9,290,268
Change in net position	1,128,727	203,173	1,331,900
NET POSITION - JULY 1, RESTATED	10,346,205	6,342,491	16,688,696
NET POSITION - JUNE 30	\$ 11,474,932	\$ 6,545,664	\$ 18,020,596

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

TOWN OF RICHMOND, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	Highway Fund	Community Development Fund	Town Center Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,857,727	\$ -	\$ -	\$ 490,276	\$ 164,381	\$ 4,512,384
Accounts receivable (net of allowance for uncollectibles):						
Taxes	79,162	-	-	-	-	79,162
Liens	12,003	-	-	-	-	12,003
Other	3,867	87,044	-	-	-	90,911
Notes receivable (net of allowance for uncollectibles)	-	-	308,628	-	-	308,628
Due from other governments	-	300,000	-	-	29,493	329,493
Prepaid items	15,250	6,642	-	-	-	21,892
Due from other funds	65,051	976,618	-	-	2,059,521	3,101,190
TOTAL ASSETS	\$ 4,033,060	\$ 1,370,304	\$ 308,628	\$ 490,276	\$ 2,253,395	\$ 8,455,663
LIABILITIES						
Accounts payable	\$ 38,968	\$ 49,291	\$ -	\$ 7,946	\$ 11,996	\$ 108,201
Accrued payroll and expenses	44,731	14,175	-	-	-	58,906
Security deposit payable	-	-	-	1,284	-	1,284
Due to other funds	3,036,139	-	-	50,265	375	3,086,779
TOTAL LIABILITIES	3,119,838	63,466	-	59,495	12,371	3,255,170
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes	900	-	-	-	-	900
Deferred tax revenue	43,507	-	-	-	-	43,507
Deferred revenue	5,048	366,000	308,628	-	619,935	1,299,611
TOTAL DEFERRED INFLOWS OF RESOURCES	49,455	366,000	308,628	-	619,935	1,344,018
FUND BALANCES						
Nonspendable	15,250	-	-	-	-	15,250
Restricted	-	940,838	-	-	358,335	1,299,173
Committed	-	-	-	430,781	1,194,804	1,625,585
Assigned	-	-	-	-	67,950	67,950
Unassigned	848,517	-	-	-	-	848,517
TOTAL FUND BALANCES	863,767	940,838	-	430,781	1,621,089	3,856,475
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,033,060	\$ 1,370,304	\$ 308,628	\$ 490,276	\$ 2,253,395	\$ 8,455,663

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

TOWN OF RICHMOND, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

	Total Governmental Funds
Total Fund Balances	\$ 3,856,475
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	7,931,687
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	43,507
Notes receivable	(308,628)
Deferred revenue	1,299,611
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	214,432
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(469,600)
Notes from direct borrowings payable	(360,548)
Accrued compensated absences	(46,605)
Net pension liability	(415,819)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(269,580)
Net position of governmental activities	\$ 11,474,932

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, 2022

	General Fund	Highway Fund	Community Development Fund	Town Center Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 7,004,303	\$ 1,576,309	\$ -	\$ -	\$ -	\$ 8,580,612
Intergovernmental revenues	108,857	188,406	-	-	202,859	500,122
Charges for services	159,156	2,255	-	112,518	7,452	281,381
Investment income	13,755	-	-	1,392	363	15,510
Miscellaneous revenues	50,709	17,620	-	-	94,672	163,001
TOTAL REVENUES	7,336,780	1,784,590	-	113,910	305,346	9,540,626
EXPENDITURES						
Current:						
Town administration	703,440	-	-	-	-	703,440
Assessors	88,758	-	-	-	-	88,758
Public works	-	1,180,898	-	-	-	1,180,898
Planning and zoning	185,107	-	-	-	-	185,107
Police department	549,991	-	-	-	-	549,991
Library department	265,095	-	-	-	-	265,095
Fire department	130,527	-	-	-	-	130,527
Recreation and trails	11,862	-	-	-	-	11,862
Charitable appropriations	108,781	-	-	-	-	108,781
Education	5,014,408	-	-	-	-	5,014,408
Unclassified	-	-	-	-	122,527	122,527
Capital outlay	-	151,884	-	240,244	215,000	607,128
Debt service:						
Principal	58,572	126,620	-	-	-	185,192
Interest	6,542	23,532	-	-	-	30,074
TOTAL EXPENDITURES	7,123,083	1,482,934	-	240,244	337,527	9,183,788
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	213,697	301,656	-	(126,334)	(32,181)	356,838
OTHER FINANCING SOURCES (USES)						
Transfers in	112,582	55,000	-	-	259,751	427,333
Transfers (out)	(182,751)	(77,000)	-	(25,102)	(142,480)	(427,333)
TOTAL OTHER FINANCING SOURCES (USES)	(70,169)	(22,000)	-	(25,102)	117,271	-
NET CHANGE IN FUND BALANCES	143,528	279,656	-	(151,436)	85,090	356,838
FUND BALANCES - JULY 1, RESTATED	720,239	661,182	-	582,217	1,535,999	3,499,637
FUND BALANCES - JUNE 30	\$ 863,767	\$ 940,838	\$ -	\$ 430,781	\$ 1,621,089	\$ 3,856,475

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, 2022

Net change in fund balances - total governmental funds (Statement E) \$ 356,838

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	1,057,380
Capital assets disposed	(11,954)
Depreciation expense	<u>(748,861)</u>
	<u>296,565</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>(90,444)</u>
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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	(3,493)
Deferred grants	314,740
	<u>311,247</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.

185,192

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>(257,470)</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 interest payable	4,104
Accrued compensated absences	(7,237)
Net pension liability	<u>329,932</u>
	<u>326,799</u>

Change in net position of governmental activities (Statement B) \$ 1,128,727

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

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

	Enterprise Funds		Total
	Water	Sewer	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,089,969	\$ -	\$ 1,089,969
Accounts receivable (net of allowance for uncollectibles)	380,489	168,492	548,981
Prepaid items	76,327	2,141	78,468
Due from other funds	-	1,003,295	1,003,295
Total current assets	<u>1,546,785</u>	<u>1,173,928</u>	<u>2,720,713</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	119,562	24,411	143,973
Buildings and improvements	93,418	487,888	581,306
Distribution and collection systems	4,803,091	1,993,155	6,796,246
Phosphorus upgrade	-	3,939,064	3,939,064
Vehicles and equipment	11,550	100,550	112,100
Total capital assets	<u>5,027,621</u>	<u>6,545,068</u>	<u>11,572,689</u>
Less: accumulated depreciation	<u>(808,914)</u>	<u>(2,551,419)</u>	<u>(3,360,333)</u>
Net capital assets	<u>4,218,707</u>	<u>3,993,649</u>	<u>8,212,356</u>
Total noncurrent assets	<u>4,218,707</u>	<u>3,993,649</u>	<u>8,212,356</u>
TOTAL ASSETS	<u>5,765,492</u>	<u>5,167,577</u>	<u>10,933,069</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	13,714	32,061	45,775
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>13,714</u>	<u>32,061</u>	<u>45,775</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,779,206</u>	<u>\$ 5,199,638</u>	<u>\$ 10,978,844</u>

STATEMENT G (CONTINUED)

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

	Enterprise Funds		Total
	Water	Sewer	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 26,268	\$ 46,292	\$ 72,560
Accrued payroll and related liabilities	9,549	-	9,549
Due to other funds	1,017,706	-	1,017,706
Short-term note payable	303,096	-	303,096
Current portion of long-term obligations	125,127	71,302	196,429
Total current liabilities	<u>1,481,746</u>	<u>117,594</u>	<u>1,599,340</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	2,155,279	468,889	2,624,168
Notes from direct borrowings payable	51,714	-	51,714
Accrued compensated absences	3,165	7,387	10,552
Net pension liability	26,775	62,654	89,429
Total noncurrent liabilities	<u>2,236,933</u>	<u>538,930</u>	<u>2,775,863</u>
TOTAL LIABILITIES	<u>3,718,679</u>	<u>656,524</u>	<u>4,375,203</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	17,358	40,619	57,977
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,358</u>	<u>40,619</u>	<u>57,977</u>
NET POSITION			
Net investment in capital assets	1,886,939	3,454,278	5,341,217
Unrestricted	156,230	1,048,217	1,204,447
TOTAL NET POSITION	<u>2,043,169</u>	<u>4,502,495</u>	<u>6,545,664</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 5,779,206</u>	<u>\$ 5,199,638</u>	<u>\$ 10,978,844</u>

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

TOWN OF RICHMOND, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Fund		Total
	Water	Sewer	
OPERATING REVENUES			
Charges for services	\$ 386,322	\$ 859,169	\$ 1,245,491
TOTAL OPERATING REVENUES	<u>386,322</u>	<u>859,169</u>	<u>1,245,491</u>
OPERATING EXPENSES			
Payroll, taxes and benefits	91,272	212,991	304,263
Supplies	7,706	109,039	116,745
Utilities	15,069	86,422	101,491
Contracted services	16,826	198,815	215,641
Equipment	253	70	323
Repairs and maintenance	2,313	35,820	38,133
Insurance	7,023	13,958	20,981
Other	3,164	2,192	5,356
Depreciation	118,239	117,850	236,089
TOTAL OPERATING EXPENSES	<u>261,865</u>	<u>777,157</u>	<u>1,039,022</u>
OPERATING INCOME (LOSS)	<u>124,457</u>	<u>82,012</u>	<u>206,469</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	856	1,998	2,854
Interest expense	-	(6,150)	(6,150)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>856</u>	<u>(4,152)</u>	<u>(3,296)</u>
CHANGE IN NET POSITION	125,313	77,860	203,173
NET POSITION - JULY 1, RESTATED	<u>1,917,856</u>	<u>4,424,635</u>	<u>6,342,491</u>
NET POSITION - JUNE 30	<u>\$ 2,043,169</u>	<u>\$ 4,502,495</u>	<u>\$ 6,545,664</u>

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

TOWN OF RICHMOND, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		Total
	Water	Sewer	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 102,760	\$ 860,413	\$ 963,173
Internal activity - receipts (payments) from/to other funds	108,479	(96,978)	11,501
Payments to employees	(83,327)	(216,707)	(300,034)
Payments to suppliers	(105,325)	(420,742)	(526,067)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	22,587	125,986	148,573
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	856	1,998	2,854
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	856	1,998	2,854
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Short term interim financing	303,096	-	303,096
Purchases of capital assets	(311,710)	(52,094)	(363,804)
Principal paid on capital debt	(124,775)	(69,740)	(194,515)
Interest paid on capital debt	-	(6,150)	(6,150)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(133,389)	(127,984)	(261,373)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(109,946)	-	(109,946)
CASH AND CASH EQUIVALENTS - JULY 1	1,199,915	-	1,199,915
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 1,089,969	\$ -	\$ 1,089,969
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ 124,457	\$ 82,012	\$ 206,469
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	118,239	117,850	236,089
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(283,562)	1,244	(282,318)
(Increase) decrease in prepaid items	(75,626)	(504)	(76,130)
(Increase) decrease in due from other funds	-	(96,978)	(96,978)
(Increase) decrease in deferred outflows of resources	5,913	13,832	19,745
Increase (decrease) in accounts payable	24,873	28,957	53,830
Increase (decrease) in payroll and related liabilities	6,608	(6,862)	(254)
Increase (decrease) in accrued interest	(2,218)	(2,879)	(5,097)
Increase (decrease) in due to other funds	108,479	-	108,479
Increase (decrease) in accrued compensated absences	96	226	322
Increase (decrease) in net pension liability	(21,250)	(49,707)	(70,957)
Increase (decrease) in deferred inflows of resources	16,578	38,795	55,373
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 22,587	\$ 125,986	\$ 148,573

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

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022

	Private Purpose Trust <u>Total</u>
ASSETS	
Cash and cash equivalents	\$ 31,645
TOTAL ASSETS	<u>\$ 31,645</u>
LIABILITIES	
Accounts payable	\$ -
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted	31,645
TOTAL NET POSITION	<u>31,645</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 31,645</u>

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

TOWN OF RICHMOND, VERMONT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Private Purpose Trust <u>Total</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 60
Total additions	<u>60</u>
DEDUCTIONS	
Other	<u>-</u>
Total deductions	<u>-</u>
CHANGE IN NET POSITION	60
NET POSITION - JULY 1	<u>31,585</u>
NET POSITION - JUNE 30	<u>\$ 31,645</u>

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Richmond, Vermont was incorporated under the laws of the State of Maine. 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, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

interest that previously was accounted for in accordance with the requirements of *Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 “Omnibus 2020.” The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 13-14)”. The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 “*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*”. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. 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 (general government, public safety, 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.).

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Community Development Fund is used to account for the activity of the Town providing loans to local businesses. There were no revenue sources for this fiscal year.
- d. The Town Center Reserve Fund is used to account for the activity of the Town Center building's operations and maintenance as well as capital projects for various Town-owned properties. The primary revenue source for this fund is rental income.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds:

- e. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- f. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- g. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended 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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
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:

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$969,385 for the year ended June 30, 2022.

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.

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

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 an inflow 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, 2022 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).

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.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2022, the Town's cash balances amounting to \$5,602,353 were comprised of deposits of \$5,697,949. 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, \$250,525 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$3,000,000 was collateralized by an irrevocable standby letter of credit and the remaining deposits of \$2,447,424 were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 5,687,366
Money market checking accounts	10,058
Savings accounts	525
	<u>\$ 5,697,949</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2022, the Town's has \$0 in investments.

Credit risk - Statutes for the State of Maine 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 Maine, 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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 65,051	\$ 3,036,139
Highway fund	976,618	-
Town Center Reserve fund	-	50,265
Enterprise funds	1,003,295	1,017,706
Nonmajor special revenue funds	941,475	375
Nonmajor capital projects funds	1,117,746	-
Nonmajor permanent funds	300	-
Totals	\$ 4,104,485	\$ 4,104,485

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

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, 2022 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 112,582	\$ 182,751
Highway fund	55,000	77,000
Town Center Reserve fund	-	25,102
Nonmajor special revenue funds	14,500	87,480
Nonmajor capital projects funds	245,251	55,000
Totals	\$ 427,333	\$ 427,333

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, 2022

NOTE 5 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2022 is as follows:

	Balance 7/1/21 (Restated)	Additions	Disposals/ Transfers	Balance 6/30/22
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 882,736	\$ -	\$ -	\$ 882,736
Construction in progress	363,353	4,849	(368,202)	-
	<u>1,246,089</u>	<u>4,849</u>	<u>(368,202)</u>	<u>882,736</u>
Depreciated assets:				
Buildings and improvements	1,953,126	346,214	-	2,299,340
Machinery and equipment	3,400,296	431,060	-	3,831,356
Infrastructure	5,157,377	643,459	(162,008)	5,638,828
	<u>10,510,799</u>	<u>1,420,733</u>	<u>(162,008)</u>	<u>11,769,524</u>
Less: accumulated depreciation	<u>(4,121,766)</u>	<u>(748,861)</u>	<u>150,054</u>	<u>(4,720,573)</u>
	<u>6,389,033</u>	<u>671,872</u>	<u>(11,954)</u>	<u>7,048,951</u>
Net capital assets	<u>7,635,122</u>	<u>676,721</u>	<u>(380,156)</u>	<u>7,931,687</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	6,812,991	5,391	(22,136)	6,796,246
Phosphorus upgrade	3,939,064	-	-	3,939,064
Machinery and equipment	112,100	-	-	112,100
	<u>11,445,461</u>	<u>5,391</u>	<u>(22,136)</u>	<u>11,428,716</u>
Less: accumulated depreciation	<u>(3,146,380)</u>	<u>(236,089)</u>	<u>22,136</u>	<u>(3,360,333)</u>
	<u>8,299,081</u>	<u>(230,698)</u>	<u>-</u>	<u>8,068,383</u>
Net capital assets	<u>8,443,054</u>	<u>(230,698)</u>	<u>-</u>	<u>8,212,356</u>
Total government	<u>\$ 16,078,176</u>	<u>\$ 446,023</u>	<u>\$ (380,156)</u>	<u>\$ 16,144,043</u>
<u>Current year depreciation:</u>				
Town administration				<u>\$ 748,861</u>
Subtotal governmental				<u>748,861</u>
Water				118,239
Sewer				117,850
Subtotal business-type				<u>236,089</u>
Total depreciation expense				<u>\$ 984,950</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - SHORT-TERM DEBT

Short term debt activity for the year ended June 30, 2022 was as follows:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22
<i>Business-type Activities:</i>				
Notes payable	\$ -	\$ 303,096	\$ -	\$ 303,096
	-	303,096	-	303,096

On July 20, 2021, the Town issued a loan agreement through Vermont Municipal Bond Bank to meet the interim financing needs of a capital project consisting of water main on Bridge Street, services and fire hydrants. The note allows principal draws up to \$400,000 at 0.00% interest per annum with a maturity date of October 1, 2022. As of June 30, 2022, there was an outstanding balance of \$303,096.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
<i>Governmental Activities:</i>					
Bonds payable	\$ 522,800	\$ -	\$ (53,200)	\$ 469,600	\$ 53,200
Notes from direct borrowings payable	492,540	-	(131,992)	360,548	131,992
	\$ 1,015,340	\$ -	\$ (185,192)	\$ 830,148	\$ 185,192
<i>Business-type Activities:</i>					
Bonds payable	\$ 2,962,226	\$ -	\$ (168,658)	\$ 2,793,568	\$ 169,400
Notes from direct borrowings payable	103,428	-	(25,857)	77,571	25,857
	\$ 3,065,654	\$ -	\$ (194,515)	\$ 2,871,139	\$ 195,257

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>		<u>Total</u>
		Water	Sewer	
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%. The bond matures in December of 2025.	\$ 40,000	\$ -	\$ -	\$ 40,000
2007 - \$360,050 General Obligation Bond. Annual principal payments range from \$11,671 to \$21,785 with a 0% interest rate. The bond matures in March of 2026.	-	-	84,608	84,608
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%. The bond matures in December of 2031.	429,600	260,624	204,776	895,000
2013 - \$345,746 General Obligation Bond. Annual principal payments range from \$14,323 to \$20,724 with a 0% interest rate. The bond matures in May of 2032.	-	-	189,881	189,881
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% interest rate. The bond matures in July of 2047.	-	980,326	-	980,326
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% interest rate. The bond matures in May of 2047.	-	628,498	-	628,498
2018 - \$120,211 General Obligation Bond. Annual principal payments in the amount of \$12,021 with a 0% interest rate. The bond matures in April of 2027.	-	-	60,106	60,106
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% interest rate. The bond matures in September of 2060.	-	384,749	-	384,749
Total bonds payable:	<u>\$ 469,600</u>	<u>\$ 2,254,197</u>	<u>\$ 539,371</u>	<u>\$ 3,263,168</u>
Notes from direct borrowings payable:				
2020 - Capital equipment note refinance for a dump truck. Annual principal payments in the amount of \$26,920 until the final payment of \$1,920. Interest is charged a fixed rate of 1.91% per annum. The capital equipment note matures in May of 2025.	\$ 55,761	\$ -	\$ -	\$ 55,761
2020 - Capital equipment note refinance for a dump truck. Annual principal payment ranging from \$24,000 to \$26,500. Interest is charged a fixed rate of 1.84% per annum. The capital equipment note matures in May of 2024.	50,500	-	-	50,500
2020 - Capital equipment note refinance for a grader. Annual principal payments in the amount of \$30,000. Interest is charged a fixed rate of 1.84% per annum. The capital equipment note matures in May of 2024.	60,000	-	-	60,000
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.	194,287	-	-	194,287
2020 - Capital equipment note for a water tank. Annual principal and interest payments ranging from \$28,322 to \$26,350. Interest is charged a fixed rate of 1.91% per annum. The capital equipment note matures in May of 2025.	-	77,571	-	77,571
Total notes from direct borrowings payable	<u>\$ 360,548</u>	<u>\$ 77,571</u>	<u>\$ -</u>	<u>\$ 438,119</u>

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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		Total
	Principal	Interest	Principal	Interest	
2023	\$ 53,200	\$ 18,969	\$ 131,992	\$ 7,237	\$ 211,398
2024	53,200	16,896	129,492	4,657	204,245
2025	53,200	14,752	50,491	2,102	120,545
2026	53,200	12,542	48,573	1,035	115,350
2027	43,200	10,503	-	-	53,703
2028-2032	213,600	24,109	-	-	237,709
	<u>\$ 469,600</u>	<u>\$ 97,771</u>	<u>\$ 360,548</u>	<u>\$ 15,031</u>	<u>\$ 942,950</u>
	Business-type Activities				
	Bonds Payable		Note from Direct Borrowings Payable		Total
	Principal	Interest	Principal	Interest	
2023	\$ 169,400	\$ 18,836	\$ 25,857	\$ 1,482	\$ 215,575
2024	170,158	17,075	25,857	990	214,080
2025	170,930	15,241	25,857	493	212,521
2026	171,718	13,339	-	-	185,057
2027	150,302	11,378	-	-	161,680
2028-2032	694,588	26,118	-	-	720,706
2033-2037	363,551	-	-	-	363,551
2038-2042	363,551	-	-	-	363,551
2043-2047	363,550	-	-	-	363,550
2048-2052	87,031	-	-	-	87,031
2053-2057	49,327	-	-	-	49,327
2058-2062	39,462	-	-	-	39,462
	<u>\$ 2,793,568</u>	<u>\$ 101,987</u>	<u>\$ 77,571</u>	<u>\$ 2,965</u>	<u>\$ 2,976,091</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, 2022 was \$6,150.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - LONG-TERM DEBT (CONTINUED)

All bonds 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 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2022 is as follows:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
<i>Governmental Activities:</i>					
Accrued compensated absences	\$ 39,368	\$ 7,237	\$ -	\$ 46,605	\$ 6,991
Net pension liability	745,751	87,471	(417,403)	415,819	-
	<u>\$ 785,119</u>	<u>\$ 94,708</u>	<u>\$ (417,403)</u>	<u>\$ 462,424</u>	<u>\$ 6,991</u>
<i>Business-type Activities:</i>					
Accrued compensated absences	\$ 10,230	\$ 1,494	\$ -	\$ 11,724	\$ 1,172
Net pension liability	160,386	18,812	(89,769)	89,429	-
	<u>\$ 170,616</u>	<u>\$ 20,306</u>	<u>\$ (89,769)</u>	<u>\$ 101,153</u>	<u>\$ 1,172</u>

Please see Notes 9 and 16 for detailed information on each of the other long-term obligations.

NOTE 9 - 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 long-term obligations 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, 2022, the Town's liability for compensated absences is \$58,329.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2022:

	Governmental Activities	Business-type Activities Water	Sewer
Invested in capital assets	\$ 12,652,260	\$ 5,027,621	\$ 6,545,068
Accumulated depreciation	(4,720,573)	(808,914)	(2,551,419)
Outstanding capital related debt	(830,148)	(2,331,768)	(539,371)
	\$ 7,101,539	\$ 1,886,939	\$ 3,454,278

NOTE 11 - RESTRICTED NET POSITION

At June 30, 2022, the Town had the following restricted net position:

Highway fund	\$ 940,838
Special revenue fund:	
Grants	8,603
Permanent funds:	
Cemetery funds	164,351
	\$ 1,113,792

NOTE 12 - NONSPENDABLE FUND BALANCES

At June 30, 2022, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 15,250

NOTE 13 - RESTRICTED FUND BALANCES

At June 30, 2022, the Town had the following restricted fund balances:

Highway fund	\$ 940,838
Nonmajor special revenue funds (Schedule C)	193,984
Nonmajor permanent funds (Schedule G)	164,351
	\$ 1,299,173

TOWN OF RICHMOND, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 14 - COMMITTED FUND BALANCES

At June 30, 2022, the Town had the following committed fund balances:

Town Center reserve fund	\$	430,781
Nonmajor special revenue funds (Schedule C)		82,738
Nonmajor capital projects funds (Schedule E)		<u>1,112,066</u>
		<u>\$ 1,625,585</u>

NOTE 15 - ASSIGNED FUND BALANCES

At June 30, 2022, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule C)	\$	<u>67,950</u>
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NOTE 16 - 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, 2020 (the most recent data available), the retirement system consisted of 15,548 participating members.

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 Schools and the Vermont School Boards Association.

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

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:

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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
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

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2021 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.250% of gross salary	5.625% of gross salary	10.750% of gross salary	12.100% of gross salary
Employer Contributions	4.750% of gross salary	6.250% of gross salary	8.000% of gross salary	10.600% 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, 2022 totaled \$79,750. The Town contributed \$84,130 for the year ended June 30, 2022. The Town's total payroll for the year ended June 30, 2022 for all employees covered under this plan was \$1,236,448.

Pension Liabilities

At June 30, 2022, the Town reported a liability of \$505,248 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2021 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the Town's proportion was 0.34328% for VMERS, which was a decrease of 0.01492% from its proportion measured as of June 30, 2020 for VMERS.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$17,982 for the VMERS plan. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,169	\$ -
Changes of assumptions	79,862	-
Net difference between projected and actual earnings on pension plan investments	-	297,908
Changes in proportion and differences between contributions and proportionate share of contributions	2,046	29,649
Contributions subsequent to the measurement date	84,130	-
Total	\$ 260,207	\$ 327,557

\$84,130 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	VMERS Plan
Plan year ended June 30:	
2022	\$ (7,149)
2023	(18,961)
2024	(39,741)
2025	(85,629)
2026	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2021 measurement date was determined by rolling forward the total pension liability as of June 30, 2020 to June 30, 2021. 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.

Inflation: 2.30%

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

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/C - 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2019.
- Group D - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

Healthy Post-Retirement - Retirees:

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.
- Group D - PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-Retirement:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2019.

Inactive Members: Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued 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 Group 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, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members.

Actuarial Cost Method: The Projected Benefit Cost Method is used. Normal contribution rates for each Group are equal to rates from the prior year, adjusted for increases or decreases in rates due to assumption changes or plan provision changes.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Non-US Equity - Small Cap	0.00%	0.00%
Emerging Markets Debt	4.00%	3.00%
Core Bonds	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%

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

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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	\$ 998,651	\$ 505,248	\$ 99,526

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 \(vermont.gov\)](http://Annual%20Comprehensive%20Financial%20Report%20|%20Department%20of%20Finance%20and%20Management%20(vermont.gov).).

NOTE 17 - 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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - 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 19 - LETTER OF CREDIT

At June 30, 2022, 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 expires at the close of business on August 9, 2022, authorizes one draw only, up to the amount of \$3,000,000. There were no draws for the year ended June 30, 2022.

NOTE 20 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 21 - RESTATEMENTS

In 2021, the Town determined that certain transactions were recorded incorrectly or omitted in the previous year, therefore restatements were required. A restatement was made to reduce the governmental activities by \$3,894 to correct capital assets and a restatement was made to reduce the business-type activities by \$367,233 to correct capital assets. The beginning net position for the governmental activities decreased from \$10,350,099 to \$10,346,205 and the net position for the business-type activities decreased from \$6,709,724 to \$6,342,491.

Additionally, the Town made a restatement from the general fund total fund balance to separate the highway fund and the grants fund for presentation on the financial statements. The beginning general fund total fund balance decreased from \$1,390,024 to \$720,239, the beginning highway fund total fund balance increased from \$0 to \$661,182 and the grants fund total fund balance increased from \$0 to \$8,603. The overall net result of these restatements was \$0.

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/(Asset)
- Schedule of Contributions - Pension
- Notes to Required Supplementary Information

TOWN OF RICHMOND, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 720,239	\$ 720,239	\$ 720,239	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	6,998,447	6,998,447	7,004,303	5,856
Intergovernmental revenues:				
State PILOT	4,879	4,879	4,879	-
Act 60 Reappraisal grant	14,500	14,500	14,934	434
Equalization grant	1,700	1,700	1,757	57
Railroad tax	3,700	3,700	3,601	(99)
Hold Harmless program	78,841	78,841	83,686	4,845
Charges for services	163,755	163,755	159,156	(4,599)
Interest income	5,000	5,000	13,755	8,755
Interest on taxes/penalties	31,000	31,000	42,499	11,499
Proceeds from sale of assets	3,260	3,260	5,024	1,764
Miscellaneous	100	100	3,186	3,086
Transfers from other funds	109,480	109,480	112,582	3,102
Amounts Available for Appropriation	<u>8,134,901</u>	<u>8,134,901</u>	<u>8,169,601</u>	<u>34,700</u>
Charges to Appropriations (Outflows):				
Town administration	628,048	628,048	703,440	(75,392)
Assessors	112,980	112,980	88,758	24,222
Planning and zoning	189,299	189,299	185,107	4,192
Police department	746,678	746,678	549,991	196,687
Library department	270,795	270,795	265,095	5,700
Fire department	168,393	168,393	130,527	37,866
Recreation and trails	16,499	16,499	11,862	4,637
Charitable appropriations	110,539	110,539	108,781	1,758
Education	5,014,408	5,014,408	5,014,408	-
Debt service:				
Principal	58,572	58,572	58,572	-
Interest	6,611	6,611	6,542	69
Transfers to Other Funds	182,751	182,751	182,751	-
Total Charges to Appropriations	<u>7,505,573</u>	<u>7,505,573</u>	<u>7,305,834</u>	<u>199,739</u>
Budgetary Fund Balance, June 30	<u>\$ 629,328</u>	<u>\$ 629,328</u>	<u>\$ 863,767</u>	<u>\$ 234,439</u>
Utilization of Unassigned Fund Balance	<u>\$ 91,000</u>	<u>\$ 91,000</u>	<u>\$ -</u>	<u>\$ (91,000)</u>

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

TOWN OF RICHMOND, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - HIGHWAY FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 661,182	\$ 661,182	\$ 661,182	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	1,576,309	1,576,309	1,576,309	-
Intergovernmental Revenues:				
State aid	113,500	113,500	154,310	40,810
Better roads grants	-	-	15,926	15,926
FEMA reimbursement	-	18,170	18,170	-
Charges for services	2,600	2,600	2,255	(345)
Miscellaneous revenues	-	-	17,620	17,620
Transfers from other funds	55,000	55,000	55,000	-
Amounts Available for Appropriation	<u>2,408,591</u>	<u>2,426,761</u>	<u>2,500,772</u>	<u>74,011</u>
Charges to Appropriations (Outflows):				
Payroll and benefits	468,154	468,154	441,349	26,805
Office expenses	3,924	3,924	582	3,342
Buildings and grounds	62,693	62,693	54,056	8,637
General expenses	18,000	18,000	18,701	(701)
Vehicles	81,100	81,100	89,773	(8,673)
Road maintenance	696,800	696,800	545,024	151,776
Bridge repair	-	-	575	(575)
FEMA	-	18,170	23,792	(5,622)
Stormwater	-	-	7,046	(7,046)
Capital outlay	189,586	189,586	151,884	37,702
Debt service:				
Principal	126,620	126,620	126,620	-
Interest	23,532	23,532	23,532	-
Transfers to other funds	77,000	77,000	77,000	-
Total Charges to Appropriations	<u>1,747,409</u>	<u>1,765,579</u>	<u>1,559,934</u>	<u>205,645</u>
Budgetary Fund Balance, June 30	<u>\$ 661,182</u>	<u>\$ 661,182</u>	<u>\$ 940,838</u>	<u>\$ 279,656</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/(ASSET)
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>								
Proportion of the net pension liability/(asset)	0.34%	0.36%	0.37%	0.36%	0.37%	0.35%	0.35%	0.35%
Proportionate share of the net pension liability/(asset)	\$ 505,248	\$ 906,137	\$ 640,774	\$ 513,000	\$ 440,234	\$ 456,034	\$ 268,497	\$ 32,043
Covered payroll	\$ 1,145,843	\$ 1,145,659	\$ 1,081,764	\$ 1,043,304	\$ 1,078,914	\$ 940,245	\$ 905,706	\$ 640,860
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	44.09%	79.09%	59.23%	49.17%	40.80%	48.50%	29.65%	5.00%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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

TOWN OF RICHMOND, VERMONT

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>								
Contractually required contribution	\$ 84,130	\$ 74,237	\$ 70,963	\$ 63,874	\$ 59,340	\$ 53,856	\$ 48,682	\$ 45,288
Contributions in relation to the contractually required contribution	<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>	<u>(45,288)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Covered payroll	\$ 1,236,448	\$ 1,145,843	\$ 1,145,659	\$ 1,081,764	\$ 1,043,304	\$ 1,078,914	\$ 940,245	\$ 905,706
Contributions as a percentage of covered payroll	6.80%	6.48%	6.19%	5.90%	5.69%	4.99%	5.18%	5.00%

* The amounts presented for each fiscal year are for those years for which information is available.

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, 2022

Changes of Assumptions

VMERS Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

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

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

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 330	\$ -	\$ 164,051	\$ 164,381
Due from other governments	29,493	-	-	29,493
Due from other funds	941,475	1,117,746	300	2,059,521
TOTAL ASSETS	\$ 971,298	\$ 1,117,746	\$ 164,351	\$ 2,253,395
LIABILITIES				
Accounts payable	\$ 6,316	\$ 5,680	\$ -	\$ 11,996
Due to other funds	375	-	-	375
TOTAL LIABILITIES	6,691	5,680	-	12,371
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	619,935	-	-	619,935
TOTAL DEFERRED INFLOWS OF RESOURCES	619,935	-	-	619,935
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	193,984	-	164,351	358,335
Committed	82,738	1,112,066	-	1,194,804
Assigned	67,950	-	-	67,950
Unassigned	-	-	-	-
TOTAL FUND BALANCES	344,672	1,112,066	164,351	1,621,089
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 971,298	\$ 1,117,746	\$ 164,351	\$ 2,253,395

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, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 202,859	\$ -	\$ -	\$ 202,859
Charges for services	7,452	-	-	7,452
Interest income	2	-	361	363
Other	85,542	3,205	5,925	94,672
TOTAL REVENUES	295,855	3,205	6,286	305,346
EXPENDITURES				
Capital outlay	175,000	40,000	-	215,000
Other	103,191	11,137	8,199	122,527
TOTAL EXPENDITURES	278,191	51,137	8,199	337,527
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,664	(47,932)	(1,913)	(32,181)
OTHER FINANCING SOURCES (USES)				
Transfers in	14,500	245,251	-	259,751
Transfers (out)	(87,480)	(55,000)	-	(142,480)
TOTAL OTHER FINANCING SOURCES (USES)	(72,980)	190,251	-	117,271
NET CHANGE IN FUND BALANCES	(55,316)	142,319	(1,913)	85,090
FUND BALANCES - JULY 1, RESTATED	399,988	969,747	166,264	1,535,999
FUND BALANCES - JUNE 30	\$ 344,672	\$ 1,112,066	\$ 164,351	\$ 1,621,089

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, 2022

	Reappraisal Fund	Records Restoration Fund	Adam Muller Flag Fund	Recreation Path Fund	Recreation (Soccer/Tennis) Fund	ARPA
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 330	\$ -
Due from other governments	-	-	-	-	-	-
Due from other funds	82,738	184,023	5,405	1,201	14,240	618,606
TOTAL ASSETS	<u>\$ 82,738</u>	<u>\$ 184,023</u>	<u>\$ 5,405</u>	<u>\$ 1,201</u>	<u>\$ 14,570</u>	<u>\$ 618,606</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 901
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>901</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	617,704
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>617,704</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	184,023	-	-	-	1
Committed	82,738	-	-	-	-	-
Assigned	-	-	5,405	1,201	14,570	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>82,738</u>	<u>184,023</u>	<u>5,405</u>	<u>1,201</u>	<u>14,570</u>	<u>1</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 82,738</u>	<u>\$ 184,023</u>	<u>\$ 5,405</u>	<u>\$ 1,201</u>	<u>\$ 14,570</u>	<u>\$ 618,606</u>

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Tree Replacement Fund	Richmond Fire Dept Fund	Richmond Free Library Fund	Lister Education Fund	Grants Fund	Andrews Community Forest Fund	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330
Due from other governments	-	10,583	2,286	-	16,624	-	29,493
Due from other funds	237	-	-	1,357	-	33,668	941,475
TOTAL ASSETS	\$ 237	\$ 10,583	\$ 2,286	\$ 1,357	\$ 16,624	\$ 33,668	\$ 971,298
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 5,415	\$ -	\$ 6,316
Due to other funds	-	-	-	-	375	-	375
TOTAL LIABILITIES	-	-	-	-	5,790	-	6,691
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	2,231	-	619,935
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	2,231	-	619,935
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	1,357	8,603	-	193,984
Committed	-	-	-	-	-	-	82,738
Assigned	237	10,583	2,286	-	-	33,668	67,950
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	237	10,583	2,286	1,357	8,603	33,668	344,672
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 237	\$ 10,583	\$ 2,286	\$ 1,357	\$ 16,624	\$ 33,668	\$ 971,298

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, 2022

	Reappraisal Fund	Records Restoration Fund	Adam Muller Flag Fund	Recreation Path Fund	Recreation (Soccer/Tennis) Fund	ARPA
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,970
Charges for services	-	-	-	-	7,452	-
Other	-	35,853	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>35,853</u>	<u>-</u>	<u>-</u>	<u>7,452</u>	<u>5,970</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	142	12,925	2,397	-	7,345	5,969
TOTAL EXPENDITURES	<u>142</u>	<u>12,925</u>	<u>2,397</u>	<u>-</u>	<u>7,345</u>	<u>5,969</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(142)</u>	<u>22,928</u>	<u>(2,397)</u>	<u>-</u>	<u>107</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	14,500	-	-	-	-	-
Transfers (out)	(87,480)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(72,980)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(73,122)	22,928	(2,397)	-	107	1
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>155,860</u>	<u>161,095</u>	<u>7,802</u>	<u>1,201</u>	<u>14,463</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 82,738</u>	<u>\$ 184,023</u>	<u>\$ 5,405</u>	<u>\$ 1,201</u>	<u>\$ 14,570</u>	<u>\$ 1</u>

TOWN OF RICHMOND, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Tree Replacement Fund	Richmond Fire Dept Fund	Richmond Free Library Fund	Lister Education Fund	Grants Fund	Andrews Community Forest Fund	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 196,889	\$ -	\$ 202,859
Charges for services	-	-	-	-	-	-	7,452
Interest income	-	2	-	-	-	-	2
Other	-	6,860	948	-	41,581	300	85,542
TOTAL REVENUES	-	6,862	948	-	238,470	300	295,855
EXPENDITURES							
Capital outlay	-	-	-	-	175,000	-	175,000
Other	-	7,294	1,459	30	63,470	2,160	103,191
TOTAL EXPENDITURES	-	7,294	1,459	30	238,470	2,160	278,191
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(432)	(511)	(30)	-	(1,860)	17,664
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	14,500
Transfers (out)	-	-	-	-	-	-	(87,480)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	(72,980)
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(432)	(511)	(30)	-	(1,860)	(55,316)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	237	11,015	2,797	1,387	8,603	35,528	399,988
FUND BALANCES (DEFICITS) - JUNE 30	\$ 237	\$ 10,583	\$ 2,286	\$ 1,357	\$ 8,603	\$ 33,668	\$ 344,672

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, 2022

	Fire Safety Equipment Fund	Police Reserve Fund	Library Reserve Fund	Fire Reserve Fund	Fire Impact Fees Fund	Sidewalk Reserve Fund
ASSETS						
Due from other funds	\$ 2,080	\$ 40,783	\$ 44,989	\$ 153,233	\$ 22,661	\$ 10,000
TOTAL ASSETS	\$ 2,080	\$ 40,783	\$ 44,989	\$ 153,233	\$ 22,661	\$ 10,000
LIABILITIES						
Accounts payable	\$ 2,080	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	2,080	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	40,783	44,989	153,233	22,661	10,000
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	-	40,783	44,989	153,233	22,661	10,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,080	\$ 40,783	\$ 44,989	\$ 153,233	\$ 22,661	\$ 10,000

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	Highway Reserve Fund	Bridge and Culvert Reserve Fund	Guardrail Reserve Fund	Railroad Street Project Fund	Conservation Fund	Total
ASSETS						
Due from other funds	\$ 93,701	\$ 344,926	\$ 9,016	\$ 7,069	389,288	\$ 1,117,746
TOTAL ASSETS	<u>\$ 93,701</u>	<u>\$ 344,926</u>	<u>\$ 9,016</u>	<u>\$ 7,069</u>	<u>\$ 389,288</u>	<u>\$ 1,117,746</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,600	\$ 5,680
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,600</u>	<u>5,680</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	93,701	344,926	9,016	7,069	385,688	1,112,066
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>93,701</u>	<u>344,926</u>	<u>9,016</u>	<u>7,069</u>	<u>385,688</u>	<u>1,112,066</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 93,701</u>	<u>\$ 344,926</u>	<u>\$ 9,016</u>	<u>\$ 7,069</u>	<u>\$ 389,288</u>	<u>\$ 1,117,746</u>

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, 2022

	Fire Safety Equipment Fund	Police Reserve Fund	Library Reserve Fund	Fire Reserve Fund	Fire Impact Fees Fund	Sidewalk Reserve Fund
REVENUES						
Other	\$ -	\$ -	\$ -	\$ -	\$ 2,405	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,405</u>	<u>-</u>
EXPENDITURES						
Capital outlay	40,000	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,405</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	40,000	22,500	12,000	46,395	-	10,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,000</u>	<u>22,500</u>	<u>12,000</u>	<u>46,395</u>	<u>-</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCES	-	22,500	12,000	46,395	2,405	10,000
FUND BALANCES - JULY 1	<u>-</u>	<u>18,283</u>	<u>32,989</u>	<u>106,838</u>	<u>20,256</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 40,783</u>	<u>\$ 44,989</u>	<u>\$ 153,233</u>	<u>\$ 22,661</u>	<u>\$ 10,000</u>

TOWN OF RICHMOND, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Highway Reserve Fund	Bridge and Culvert Reserve Fund	Guardrail Reserve Fund	Railroad Street Project Fund	Conservation Fund	Total
REVENUES						
Other	\$ -	\$ -	\$ -	\$ -	800	\$ 3,205
TOTAL REVENUES	-	-	-	-	800	3,205
EXPENDITURES						
Capital outlay	-	-	-	-	-	40,000
Other	-	-	2,488	-	8,649	11,137
TOTAL EXPENDITURES	-	-	2,488	-	8,649	51,137
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(2,488)	-	(7,849)	(47,932)
OTHER FINANCING SOURCES (USES)						
Transfers in	25,000	37,000	5,000	-	47,356	245,251
Transfers (out)	(55,000)	-	-	-	-	(55,000)
TOTAL OTHER FINANCING SOURCES (USES)	(30,000)	37,000	5,000	-	47,356	190,251
NET CHANGE IN FUND BALANCES	(30,000)	37,000	2,512	-	39,507	142,319
FUND BALANCES - JULY 1	123,701	307,926	6,504	7,069	346,181	969,747
FUND BALANCES - JUNE 30	\$ 93,701	\$ 344,926	\$ 9,016	\$ 7,069	\$ 385,688	\$ 1,112,066

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.

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2022

	Cemetery Funds	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 164,051	\$ 164,051
Due from other funds	300	300
TOTAL ASSETS	<u>\$ 164,351</u>	<u>\$ 164,351</u>
LIABILITIES		
Due to other funds	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	164,351	164,351
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>164,351</u>	<u>164,351</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 164,351</u>	<u>\$ 164,351</u>

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 PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Cemetery Funds	Total
	<u> </u>	<u> </u>
REVENUES		
Interest income	\$ 361	\$ 361
Other	5,925	5,925
TOTAL REVENUES	<u>6,286</u>	<u>6,286</u>
EXPENDITURES		
Other	8,199	8,199
TOTAL EXPENDITURES	<u>8,199</u>	<u>8,199</u>
NET CHANGE IN FUND BALANCES	(1,913)	(1,913)
FUND BALANCES - JULY 1	<u>166,264</u>	<u>166,264</u>
FUND BALANCES - JUNE 30	<u>\$ 164,351</u>	<u>\$ 164,351</u>

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 agency capacity for others and therefore are not available to support the Town's programs.

TOWN OF RICHMOND, VERMONT

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2022

	Edmunds Trust Fund	Shanyon Athletic Fund	Shanyon Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$ 24,993	\$ 3,196	\$ 3,456	\$ 31,645
TOTAL ASSETS	<u>\$ 24,993</u>	<u>\$ 3,196</u>	<u>\$ 3,456</u>	<u>\$ 31,645</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted	24,993	3,196	3,456	31,645
TOTAL NET POSITION	<u>24,993</u>	<u>3,196</u>	<u>3,456</u>	<u>31,645</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 24,993</u>	<u>\$ 3,196</u>	<u>\$ 3,456</u>	<u>\$ 31,645</u>

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

TOWN OF RICHMOND, VERMONT

COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Edmunds Trust Fund	Shanyon Athletic Fund	Shanyon Trust Fund	Total
ADDITIONS				
Investment earnings:				
Interest income	\$ 48	\$ 6	\$ 6	\$ 60
TOTAL REVENUES	<u>48</u>	<u>6</u>	<u>6</u>	<u>60</u>
DEDUCTIONS				
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	48	6	6	60
NET POSITION - JULY 1	<u>24,945</u>	<u>3,190</u>	<u>3,450</u>	<u>31,585</u>
NET POSITION - JUNE 30	<u>\$ 24,993</u>	<u>\$ 3,196</u>	<u>\$ 3,456</u>	<u>\$ 31,645</u>

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



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 as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Town of Richmond's basic financial statements and have issued our report thereon dated January 5, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Richmond's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Richmond'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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Richmond'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 in a separate letter dated January 5, 2023.

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

RHR Smith & Company

Buxton, Maine
January 5, 2023