

Audited Financial Statements
and Other Financial Information

Town of Richmond, Vermont

June 30, 2023



Proven Expertise & Integrity

TOWN OF RICHMOND, VERMONT

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JUNE 30, 2023

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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, 2023 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, 2023 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 October 30, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Richmond'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
October 30, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(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, 2023. 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, education and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Richmond 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, Schedule of Contributions - Pension and Notes to Required Supplementary Information.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total governmental net position increased by \$466,064 from \$11,758,891 to \$12,224,955. The Town's total business-type net position increased by \$555,915 from \$6,545,664 to \$7,101,579.

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 \$3,328,285 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$550,016.

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

	Governmental Activities		Business-type Activities	
	2022			
	2023	(Restated)	2023	2022
Assets				
Current Assets	\$ 5,028,492	\$ 5,060,256	\$1,802,652	\$1,703,007
Noncurrent Assets - Capital	8,661,059	8,215,646	8,286,673	8,212,356
Total Assets	13,689,551	13,275,902	10,089,325	9,915,363
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	309,674	214,432	65,097	45,775
Total Deferred Outflows of Resources	309,674	214,432	65,097	45,775
Liabilities				
Current Liabilities	403,807	360,574	307,721	581,634
Noncurrent Liabilities	1,340,328	1,100,389	2,739,602	2,775,863
Total Liabilities	1,744,135	1,460,963	3,047,323	3,357,497
Deferred Inflows of Resources				
Prepaid Taxes	3,878	900	-	-
Deferred Inflows Related to Pensions	26,257	269,580	5,520	57,977
Total Deferred Inflows of Resources	30,135	270,480	5,520	57,977
Net Position				
Net Investment in Capital Assets	8,016,103	7,385,498	5,531,390	5,341,217
Restricted	880,567	1,113,792	1,020,173	666,196
Unrestricted	3,328,285	3,259,601	550,016	538,251
Total Net Position	\$ 12,224,955	\$ 11,758,891	\$7,101,579	\$6,545,664

Revenues and Expenses

Revenues for the Town's governmental activities increased by 18.16%, while total expenses increased by 28.11%. The increase in revenues was primarily due to property taxes. The largest increase in expenses was in education. Revenues for the Town's business-type activities increased by 3.73% and expenses increased by 21.97%.

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 274,685	\$ 281,381	\$ 1,262,460	\$ 1,245,491
Operating grants and contributions	538,499	279,873	-	-
Capital grants and contributions	2,624	3,205	-	-
<i>General revenues:</i>				
Property taxes	10,100,014	8,577,119	-	-
Grants and contributions not restricted to specific programs	341,219	531,784	-	-
Miscellaneous	384,369	178,511	32,401	2,854
Total revenues	<u>11,641,410</u>	<u>9,851,873</u>	<u>1,294,861</u>	<u>1,248,345</u>
Expenses				
Town administration	1,620,732	1,477,520	-	-
Assessors	92,925	88,758	-	-
Public works	1,141,958	825,477	-	-
Planning and zoning	196,762	185,107	-	-
Police department	396,381	549,991	-	-
Library department	302,315	265,095	-	-
Fire department	198,039	130,527	-	-
Recreation and trails	26,660	11,862	-	-
Charitable appropriations	110,376	108,781	-	-
Education	6,649,765	5,014,408	-	-
Unclassified	419,095	39,650	-	-
Water and sewer	-	-	1,119,017	1,039,022
Interest on long-term debt	20,338	25,970	155,828	6,150
Total expenses	<u>11,175,346</u>	<u>8,723,146</u>	<u>1,274,845</u>	<u>1,045,172</u>
Excess (deficiency) before extraordinary items	466,064	1,128,727	20,016	203,173
Extraordinary items	-	-	535,899	-
Change in net position	466,064	1,128,727	555,915	203,173
Net position - July 1, Restated	<u>11,758,891</u>	<u>10,630,164</u>	<u>6,545,664</u>	<u>6,342,491</u>
Net position - June 30	<u>\$ 12,224,955</u>	<u>\$ 11,758,891</u>	<u>\$ 7,101,579</u>	<u>\$ 6,545,664</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,

	2023	2022	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 21,523	\$ 15,250	\$ 6,273
Unassigned	922,673	848,517	74,156
Total General Fund	\$ 944,196	\$ 863,767	\$ 80,429
Highway Fund			
Restricted	\$ 708,712	\$ 940,838	\$ (232,126)
Total Highway Fund	\$ 708,712	\$ 940,838	\$ (232,126)
Town Center Reserve Fund:			
Committed	\$ 255,419	\$ 430,781	\$ (175,362)
Total Town Center Reserve Fund	\$ 255,419	\$ 430,781	\$ (175,362)
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 16,410	\$ -	\$ 16,410
Restricted	198,158	193,984	4,174
Committed	30,532	82,738	(52,206)
Assigned	67,430	67,950	(520)
Unassigned	(7,807)	-	(7,807)
Capital Projects Funds:			
Committed	1,126,197	1,112,066	14,131
Permanent Funds:			
Restricted	171,855	164,351	7,504
Total Nonmajor Funds	\$ 1,602,775	\$ 1,621,089	\$ (18,314)

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 \$503,015 and the sewer fund had an increase in net position for the year of \$27,326.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$237,387. This was the result of all revenues being receipted within or in excess of budgeted amounts with the exception of intergovernmental revenues - railroad tax, charges for services and interest on taxes/penalties.

The general fund actual expenditures were under budgeted amounts by \$556,472. All expenditure categories were within or under budgeted amounts with the exception of the library department, recreation and trails, charitable appropriations and transfers to other funds.

The highway fund actual revenues exceeded budgeted amounts by \$465,434. 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 over budgeted amounts by \$201,810. All expenditure categories were over budgeted amounts with the exception of general expenses and road maintenance.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town increased by \$519,730. This increase was the result of capital asset additions of \$1,534,434 less current year depreciation expense of \$1,014,704.

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

	2023	2022 (Restated)
Land and other assets not being depreciated	\$ 1,026,709	\$ 1,026,709
Buildings, building improvements and land improvements	1,461,110	1,494,899
Equipment, machinery and vehicles	2,404,370	1,287,245
Distribution/collection systems	5,581,340	6,489,801
Phosphorus upgrade	2,453,253	2,532,034
Infrastructure	4,020,950	3,597,314
Total	\$ 16,947,732	\$ 16,428,002

Debt

At June 30, 2023, the Town had \$3,400,239 in bonds and notes from direct borrowings payable versus \$3,701,287 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 2023 - 2024 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2023 - 2024 as of the date this report was issued.

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

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager or Finance Director at 203 Bridge Street, Richmond, Vermont 05477.

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,880,620	\$ 1,513,949	\$ 5,394,569
Investments	1,000,000	-	1,000,000
Accounts receivable (net of allowance for uncollectibles):			
Taxes	64,211	-	64,211
Other	28,107	292,631	320,738
Due from other governments	4,383	-	4,383
Prepaid items	43,557	3,686	47,243
Internal balances	7,614	(7,614)	-
Total current assets	<u>5,028,492</u>	<u>1,802,652</u>	<u>6,831,144</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	882,736	143,973	1,026,709
Depreciable assets, net of accumulated depreciation	<u>7,778,323</u>	<u>8,142,700</u>	<u>15,921,023</u>
Total noncurrent assets	<u>8,661,059</u>	<u>8,286,673</u>	<u>16,947,732</u>
TOTAL ASSETS	<u>13,689,551</u>	<u>10,089,325</u>	<u>23,778,876</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>309,674</u>	<u>65,097</u>	<u>374,771</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>309,674</u>	<u>65,097</u>	<u>374,771</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,999,225</u>	<u>\$ 10,154,422</u>	<u>\$ 24,153,647</u>

STATEMENT A (CONTINUED)

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 204,141	\$ 101,161	\$ 305,302
Accrued payroll and expenses	9,487	7,991	17,478
Security deposit payable	1,284	-	1,284
Current portion of long-term obligations	188,895	198,569	387,464
Total current liabilities	403,807	307,721	711,528
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	363,200	2,531,426	2,894,626
Notes from direct borrowings payable	99,064	25,857	124,921
Net pension liability	842,915	177,189	1,020,104
Accrued compensated absences	35,149	5,130	40,279
Total noncurrent liabilities	1,340,328	2,739,602	4,079,930
TOTAL LIABILITIES	1,744,135	3,047,323	4,791,458
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	3,878	-	3,878
Deferred inflows related to pensions	26,257	5,520	31,777
TOTAL DEFERRED INFLOWS OF RESOURCES	30,135	5,520	35,655
NET POSITION			
Net investment in capital assets	8,016,103	5,531,390	13,547,493
Restricted	880,567	1,020,173	1,900,740
Unrestricted	3,328,285	550,016	3,878,301
TOTAL NET POSITION	12,224,955	7,101,579	19,326,534
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 13,999,225	\$ 10,154,422	\$ 24,153,647

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

TOWN OF RICHMOND, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 1,620,732	\$ 266,448	\$ -	\$ -	\$ (1,354,284)	\$ -	\$ (1,354,284)
Assessors	92,925	-	-	-	(92,925)	-	(92,925)
Public works	1,141,958	2,100	491,902	-	(647,956)	-	(647,956)
Planning and zoning	196,762	-	-	-	(196,762)	-	(196,762)
Police department	396,381	-	-	-	(396,381)	-	(396,381)
Library department	302,315	-	-	-	(302,315)	-	(302,315)
Fire department	198,039	-	-	-	(198,039)	-	(198,039)
Recreation and trails	26,660	6,137	-	-	(20,523)	-	(20,523)
Charitable appropriations	110,376	-	-	-	(110,376)	-	(110,376)
Education	6,649,765	-	-	-	(6,649,765)	-	(6,649,765)
Unclassified	419,095	-	46,597	2,624	(369,874)	-	(369,874)
Interest on long-term debt	20,338	-	-	-	(20,338)	-	(20,338)
Total governmental activities	11,175,346	274,685	538,499	2,624	(10,359,538)	-	(10,359,538)
Business-type activities:							
Water	411,920	397,831	-	-	-	(14,089)	(14,089)
Sewer	862,925	864,629	-	-	-	1,704	1,704
Total business-type activities	1,274,845	1,262,460	-	-	-	(12,385)	(12,385)
Total government	\$ 12,450,191	\$ 1,537,145	\$ 538,499	\$ 2,624	(10,359,538)	(12,385)	(10,371,923)

STATEMENT B (CONTINUED)

TOWN OF RICHMOND, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(10,359,538)	(12,385)	(10,371,923)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	10,100,014	-	10,100,014
Grants and contributions not restricted to specific programs	341,219	-	341,219
Miscellaneous	384,369	32,401	416,770
Total general revenues	10,825,602	32,401	10,858,003
Extraordinary items	-	535,899	535,899
Change in net position	466,064	555,915	1,021,979
NET POSITION - JULY 1, RESTATED	11,758,891	6,545,664	18,304,555
NET POSITION - JUNE 30	\$ 12,224,955	\$ 7,101,579	\$ 19,326,534

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

TOWN OF RICHMOND, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Highway Fund	Community Development Fund	Town Center Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,388,184	\$ -	\$ -	\$ 306,507	\$ 185,929	\$ 3,880,620
Investments	1,000,000	-	-	-	-	1,000,000
Accounts receivable (net of allowance for uncollectibles):						
Taxes	64,211	-	-	-	-	64,211
Other	28,107	-	-	-	-	28,107
Notes receivable (net of allowance for uncollectibles)	-	-	308,628	-	-	308,628
Due from other governments	-	-	-	-	4,383	4,383
Prepaid items	21,523	5,624	-	-	16,410	43,557
Due from other funds	1,184,172	795,923	-	-	2,646,145	4,626,240
TOTAL ASSETS	\$ 5,686,197	\$ 801,547	\$ 308,628	\$ 306,507	\$ 2,852,867	\$ 9,955,746
LIABILITIES						
Accounts payable	\$ 94,683	\$ 92,835	\$ -	\$ 5,798	\$ 10,825	\$ 204,141
Accrued payroll and expenses	9,487	-	-	-	-	9,487
Security deposit payable	-	-	-	1,284	-	1,284
Due to other funds	4,587,316	-	-	28,497	2,813	4,618,626
TOTAL LIABILITIES	4,691,486	92,835	-	35,579	13,638	4,833,538
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes	3,878	-	-	-	-	3,878
Deferred tax revenue	39,148	-	-	-	-	39,148
Deferred revenue	7,489	-	308,628	15,509	1,236,454	1,568,080
TOTAL DEFERRED INFLOWS OF RESOURCES	50,515	-	308,628	15,509	1,236,454	1,611,106
FUND BALANCES						
Nonspendable	21,523	-	-	-	16,410	37,933
Restricted	-	708,712	-	-	370,013	1,078,725
Committed	-	-	-	255,419	1,156,729	1,412,148
Assigned	-	-	-	-	67,430	67,430
Unassigned	922,673	-	-	-	(7,807)	914,866
TOTAL FUND BALANCES	944,196	708,712	-	255,419	1,602,775	3,511,102
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,686,197	\$ 801,547	\$ 308,628	\$ 306,507	\$ 2,852,867	\$ 9,955,746

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, 2023

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 3,511,102
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	8,661,059
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	39,148
Notes receivable	(308,628)
Deferred revenue	1,568,080
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	309,674
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(416,400)
Notes from direct borrowings payable	(228,556)
Accrued compensated absences	(41,352)
Net pension liability	(842,915)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(26,257)</u>
Net position of governmental activities	<u><u>\$ 12,224,955</u></u>

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

TOWN OF RICHMOND, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Highway Fund	Community Development Fund	Town Center Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 8,472,847	\$ 1,631,526	\$ -	\$ -	\$ -	\$ 10,104,373
Intergovernmental revenues	110,985	491,902	-	-	10,986	613,873
Charges for services	156,929	2,100	-	109,519	6,137	274,685
Investment income	99,876	-	-	7,765	1,724	109,365
Miscellaneous revenues	137,451	88,332	-	-	49,221	275,004
TOTAL REVENUES	8,978,088	2,213,860	-	117,284	68,068	11,377,300
EXPENDITURES						
Current:						
Town administration	746,128	-	-	-	-	746,128
Assessors	92,925	-	-	-	-	92,925
Public works	-	1,687,976	-	-	-	1,687,976
Planning and zoning	196,762	-	-	-	-	196,762
Police department	396,381	-	-	-	-	396,381
Library department	302,315	-	-	-	-	302,315
Fire department	198,039	-	-	-	-	198,039
Recreation and trails	26,660	-	-	-	-	26,660
Charitable appropriations	110,376	-	-	-	-	110,376
Education	6,649,765	-	-	-	-	6,649,765
Unclassified	-	-	-	292,646	126,449	419,095
Capital outlay	-	507,006	-	-	235,241	742,247
Debt service:						
Principal	-	133,666	-	-	-	133,666
Interest	-	20,338	-	-	-	20,338
TOTAL EXPENDITURES	8,719,351	2,348,986	-	292,646	361,690	11,722,673
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	258,737	(135,126)	-	(175,362)	(293,622)	(345,373)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	375,308	375,308
Transfers (out)	(178,308)	(97,000)	-	-	(100,000)	(375,308)
TOTAL OTHER FINANCING SOURCES (USES)	(178,308)	(97,000)	-	-	275,308	-
NET CHANGE IN FUND BALANCES	80,429	(232,126)	-	(175,362)	(18,314)	(345,373)
FUND BALANCES - JULY 1, RESTATED	863,767	940,838	-	430,781	1,621,089	3,856,475
FUND BALANCES - JUNE 30	\$ 944,196	\$ 708,712	\$ -	\$ 255,419	\$ 1,602,775	\$ 3,511,102

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, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (345,373)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,236,739
Depreciation expense	<u>(791,326)</u>
	<u>445,413</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	<u>95,242</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	(4,359)
Deferred grants	<u>268,469</u>
	<u>264,110</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	
	<u>185,192</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	<u>243,323</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	5,253
Net pension liability	<u>(427,096)</u>
	<u>(421,843)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 466,064</u>

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

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds		Total
	Water	Sewer	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,513,949	\$ -	\$ 1,513,949
Accounts receivable (net of allowance for uncollectibles)	135,286	157,345	292,631
Prepaid items	1,106	2,580	3,686
Due from other funds	-	1,145,248	1,145,248
Total current assets	<u>1,650,341</u>	<u>1,305,173</u>	<u>2,955,514</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	5,091,886	1,993,155	7,085,041
Phosphorus upgrade	-	3,939,064	3,939,064
Vehicles and equipment	20,450	100,550	121,000
Total capital assets	<u>5,325,316</u>	<u>6,545,068</u>	<u>11,870,384</u>
Less: accumulated depreciation	<u>(914,687)</u>	<u>(2,669,024)</u>	<u>(3,583,711)</u>
Net capital assets	<u>4,410,629</u>	<u>3,876,044</u>	<u>8,286,673</u>
Total noncurrent assets	<u>4,410,629</u>	<u>3,876,044</u>	<u>8,286,673</u>
TOTAL ASSETS	<u>6,060,970</u>	<u>5,181,217</u>	<u>11,242,187</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>19,490</u>	<u>45,607</u>	<u>65,097</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>19,490</u>	<u>45,607</u>	<u>65,097</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,080,460</u>	<u>\$ 5,226,824</u>	<u>\$ 11,307,284</u>

STATEMENT G (CONTINUED)
TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds		Total
	Water	Sewer	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 12,340	\$ 88,821	\$ 101,161
Accrued payroll and related liabilities	693	7,298	7,991
Due to other funds	1,152,862	-	1,152,862
Current portion of long-term obligations	126,931	71,638	198,569
Total current liabilities	<u>1,292,826</u>	<u>167,757</u>	<u>1,460,583</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	2,133,777	397,649	2,531,426
Notes from direct borrowings payable	25,857	-	25,857
Accrued compensated absences	1,539	3,591	5,130
Net pension liability	53,050	124,139	177,189
Total noncurrent liabilities	<u>2,214,223</u>	<u>525,379</u>	<u>2,739,602</u>
TOTAL LIABILITIES	<u>3,507,049</u>	<u>693,136</u>	<u>4,200,185</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,653	3,867	5,520
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,653</u>	<u>3,867</u>	<u>5,520</u>
NET POSITION			
Net investment in capital assets	2,124,235	3,407,155	5,531,390
Restricted	263,743	756,430	1,020,173
Unrestricted	183,780	366,236	550,016
TOTAL NET POSITION	<u>2,571,758</u>	<u>4,529,821</u>	<u>7,101,579</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 6,080,460</u>	<u>\$ 5,226,824</u>	<u>\$ 11,307,284</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, 2023

	Enterprise Fund		Total
	Water	Sewer	
OPERATING REVENUES			
Charges for services	\$ 397,831	\$ 864,629	\$ 1,262,460
Other	520	556	1,076
TOTAL OPERATING REVENUES	<u>398,351</u>	<u>865,185</u>	<u>1,263,536</u>
OPERATING EXPENSES			
Payroll, taxes and benefits	95,219	225,279	320,498
Supplies	7,647	87,784	95,431
Utilities	14,589	114,319	128,908
Contracted services	7,820	146,718	154,538
Equipment	12,009	1,868	13,877
Repairs and maintenance	10,889	83,040	93,929
Insurance	5,373	11,234	16,607
Other	12,141	59,710	71,851
Depreciation	105,773	117,605	223,378
TOTAL OPERATING EXPENSES	<u>271,460</u>	<u>847,557</u>	<u>1,119,017</u>
OPERATING INCOME (LOSS)	<u>126,891</u>	<u>17,628</u>	<u>144,519</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	6,259	25,066	31,325
Interest expense	(140,460)	(15,368)	(155,828)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(134,201)</u>	<u>9,698</u>	<u>(124,503)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND EXTRAORDINARY ITEMS	<u>(7,310)</u>	<u>27,326</u>	<u>20,016</u>
CAPITAL CONTRIBUTIONS AND EXTRAORDINARY ITEMS			
Capital contributions	297,695	-	297,695
Loan forgiveness	238,204	-	238,204
TOTAL CAPITAL CONTRIBUTIONS AND EXTRAORDINARY ITEMS	<u>535,899</u>	<u>-</u>	<u>535,899</u>
CHANGE IN NET POSITION	528,589	27,326	555,915
NET POSITION - JULY 1	<u>2,043,169</u>	<u>4,502,495</u>	<u>6,545,664</u>
NET POSITION - JUNE 30	<u>\$ 2,571,758</u>	<u>\$ 4,529,821</u>	<u>\$ 7,101,579</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, 2023

	Enterprise Funds		Total
	Water	Sewer	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 643,554	\$ 875,910	\$ 1,519,464
Internal activity - receipts (payments) from/to other funds	135,156	(141,953)	(6,797)
Payments to employees	(100,907)	(210,590)	(311,497)
Payments to suppliers	(312,452)	(462,583)	(775,035)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	365,351	60,784	426,135
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	6,259	25,066	31,325
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	6,259	25,066	31,325
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Loan forgiveness	238,204	-	238,204
Capital contributions	297,695	-	297,695
Purchase of capital assets	(297,695)	-	(297,695)
Debt proceeds	317,605	-	317,605
Principal paid on capital debt	(362,979)	(70,482)	(433,461)
Interest paid on capital debt	(140,460)	(15,368)	(155,828)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	52,370	(85,850)	(33,480)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	423,980	-	423,980
CASH AND CASH EQUIVALENTS - JULY 1	1,089,969	-	1,089,969
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 1,513,949	\$ -	\$ 1,513,949
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ 126,891	\$ 17,628	\$ 144,519
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	105,773	117,605	223,378
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	245,203	10,725	255,928
(Increase) decrease in prepaid items	75,040	(439)	74,601
(Increase) decrease in due from other funds	-	(141,953)	(141,953)
(Increase) decrease in deferred outflows of resources	(5,776)	(13,546)	(19,322)
Increase (decrease) in accounts payable	(13,928)	42,529	28,601
Increase (decrease) in payroll and related liabilities	(8,856)	7,298	(1,558)
Increase (decrease) in due to other funds	135,156	-	135,156
Increase (decrease) in short-term note payable	(303,096)	-	(303,096)
Increase (decrease) in accrued compensated absences	(1,626)	(3,796)	(5,422)
Increase (decrease) in net pension liability	26,275	61,485	87,760
Increase (decrease) in deferred inflows of resources	(15,705)	(36,752)	(52,457)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 365,351	\$ 60,784	\$ 426,135

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

TOWN OF RICHMOND, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023

	Private Purpose Trust <u>Total</u>
ASSETS	
Cash and cash equivalents	\$ 31,901
TOTAL ASSETS	<u>\$ 31,901</u>
LIABILITIES	
Accounts payable	\$ -
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted	<u>31,901</u>
TOTAL NET POSITION	<u>31,901</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 31,901</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, 2023

	Private Purpose Trust <u>Total</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 256
Total additions	<u>256</u>
DEDUCTIONS	
Other	<u>-</u>
Total deductions	<u>-</u>
CHANGE IN NET POSITION	256
NET POSITION - JULY 1	<u>31,645</u>
NET POSITION - JUNE 30	<u><u>\$ 31,901</u></u>

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

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

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

3. Fiduciary Funds:

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

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$325,121 for the year ended June 30, 2023.

Prepaid Items

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

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

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

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

Pension

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

Net Position

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

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

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

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

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

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

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

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenue and deferred revenue, which arises only under a modified accrual basis of accounting, qualify for reporting in this category. Accordingly, these items are reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

Property taxes attach as an enforceable lien on property owned as of April 1st. Elected listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2023 were payable in four equal installments due on the third Friday in August, November, February and May.

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

Program Revenues

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating/Nonoperating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

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

At June 30, 2023, the Town's cash balances amounting to \$5,426,470 were comprised of deposits of \$5,411,673. 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, \$470,398 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$4,941,275 was collateralized by an irrevocable standby letter of credit.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 5,191,275
Money market checking accounts	209,658
Savings accounts	10,740
	\$ 5,411,673

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, 2023, the Town's has \$1,000,000 in investments in certificates of deposit. \$250,000 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining \$750,000 was collateralized by stand by letters of credit.

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

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 1,184,172	\$ 4,587,316
Highway fund	795,923	-
Town Center Reserve fund	-	28,497
Enterprise funds	1,145,248	1,152,862
Nonmajor special revenue funds	1,514,680	2,813
Nonmajor capital projects funds	1,131,165	-
Nonmajor permanent funds	300	-
Totals	\$ 5,771,488	\$ 5,771,488

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, 2023 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ -	\$ 178,308
Highway fund	-	97,000
Nonmajor special revenue funds	23,003	-
Nonmajor capital projects funds	252,305	-
Nonmajor permanent funds	100,000	100,000
Totals	\$ 375,308	\$ 375,308

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, 2023

NOTE 5 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2023 is as follows:

	Balance 7/1/22 (Restated)	Additions	Disposals/ Transfers	Balance 6/30/23
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 882,736	\$ -	\$ -	\$ 882,736
	<u>882,736</u>	<u>-</u>	<u>-</u>	<u>882,736</u>
Depreciated assets:				
Buildings and improvements	2,299,340	30,000	-	2,329,340
Machinery and equipment	3,794,186	814,542	-	4,608,728
Infrastructure	5,959,957	392,197	-	6,352,154
	<u>12,053,483</u>	<u>1,236,739</u>	<u>-</u>	<u>13,290,222</u>
Less: accumulated depreciation	<u>(4,720,573)</u>	<u>(791,326)</u>	<u>-</u>	<u>(5,511,899)</u>
	<u>7,332,910</u>	<u>445,413</u>	<u>-</u>	<u>7,778,323</u>
Net capital assets	<u>8,215,646</u>	<u>445,413</u>	<u>-</u>	<u>8,661,059</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	6,796,246	288,795	-	7,085,041
Phosphorus upgrade	3,939,064	-	-	3,939,064
Machinery and equipment	112,100	8,900	-	121,000
	<u>11,428,716</u>	<u>297,695</u>	<u>-</u>	<u>11,726,411</u>
Less: accumulated depreciation	<u>(3,360,333)</u>	<u>(223,378)</u>	<u>-</u>	<u>(3,583,711)</u>
	<u>8,068,383</u>	<u>74,317</u>	<u>-</u>	<u>8,142,700</u>
Net capital assets	<u>8,212,356</u>	<u>74,317</u>	<u>-</u>	<u>8,286,673</u>
Total government	<u>\$ 16,428,002</u>	<u>\$ 519,730</u>	<u>\$ -</u>	<u>\$ 16,947,732</u>
<u>Current year depreciation:</u>				
Town administration				\$ 791,326
Subtotal governmental				<u>791,326</u>
Water				105,773
Sewer				117,605
Subtotal business-type				<u>223,378</u>
Total depreciation expense				<u>\$ 1,014,704</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - SHORT-TERM DEBT

Short term debt activity for the year ended June 30, 2023 was as follows:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23
<i>Business-type Activities:</i>				
Notes payable	\$ 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, 2023, the note was converted to long-term debt.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<i>Governmental Activities:</i>					
Bonds payable	\$ 469,600	\$ -	\$ (53,200)	\$ 416,400	\$ 53,200
Notes from direct borrowings payable	360,548	-	(131,992)	228,556	129,492
	\$ 830,148	\$ -	\$ (185,192)	\$ 644,956	\$ 182,692
<i>Business-type Activities:</i>					
Bonds payable	\$ 2,793,568	\$ 317,605	\$ (407,604)	\$ 2,703,569	\$ 172,143
Notes from direct borrowings payable	77,571	-	(25,857)	51,714	25,857
	\$ 2,871,139	\$ 317,605	\$ (433,461)	\$ 2,755,283	\$ 198,000

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.	\$ 30,000	\$ -	\$ -	\$ 30,000
2007 - \$360,050 General Obligation Bond. Annual principal payments range from \$11,671 to \$21,785 with a 0% fixed interest rate. The bond matures in March of 2026.	-	-	64,080	64,080
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.	386,400	234,416	184,184	805,000
2013 - \$345,746 General Obligation Bond. Annual principal payments range from \$14,323 to \$20,724 with a 0% fixed interest rate. The bond matures in May of 2032.	-	-	172,540	172,540
2018 - \$1,338,559 General Obligation Bond with principal forgiveness at closing of \$245,118. Annual principal payments in the amount of \$37,705 with a 0% fixed interest rate. The bond matures in July of 2047.	-	942,621	-	942,621
2018 - \$1,251,736 General Obligation Bond with principal forgiveness at closing of \$459,986. Annual principal payments in the amount of \$25,140 with a 0% fixed interest rate. The bond matures in May of 2047.	-	603,358	-	603,358
2018 - \$120,211 General Obligation Bond. Annual principal payments in the amount of \$12,021 with a 0% fixed interest rate. The bond matures in April of 2027.	-	-	48,085	48,085
2020 - \$789,228 General Obligation Bond with principal forgiveness at closing of \$394,614. Annual principal payments in the amount of \$9,865 with a 0% fixed interest rate. The bond matures in September of 2060.	-	374,884	-	374,884
2021 - \$317,605 General Obligation Bond with principal forgiveness at closing of \$238,204. Annual principal payments in the amount of \$1,985 with a 0% fixed interest rate. The bond matures in August of 2062.	-	79,401	-	79,401
Total bonds payable:	<u>\$ 416,400</u>	<u>\$ 2,234,680</u>	<u>\$ 468,889</u>	<u>\$ 3,119,969</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

	Governmental	Business-type Activities		Total
	Activities	Water	Sewer	
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.	\$ 28,840	\$ -	\$ -	\$ 28,840
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.	24,000	-	-	24,000
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.	30,000	-	-	30,000
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.	145,716	-	-	145,716
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.	-	51,714	-	51,714
Total notes from direct borrowings payable	<u>\$ 228,556</u>	<u>\$ 51,714</u>	<u>\$ -</u>	<u>\$ 280,270</u>

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

	Governmental Activities					
	Bonds Payable		Notes from Direct Borrowings Payable		Total	
	Principal	Interest	Principal	Interest		
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	43,200	8,652	-	-	51,852	
2029-2033	170,400	15,467	-	-	185,867	
	<u>\$ 416,400</u>	<u>\$ 78,812</u>	<u>\$ 228,556</u>	<u>\$ 7,794</u>	<u>\$ 731,562</u>	

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

	Business-type Activities				
	Bonds Payable		Note from Direct Borrowings Payable		Total
	Principal	Interest	Principal	Interest	
2024	\$ 172,143	\$ 17,075	\$ 25,857	\$ 990	\$ 216,065
2025	172,915	15,241	25,857	493	214,506
2026	173,703	13,339	-	-	187,042
2027	152,287	11,378	-	-	163,665
2028	140,641	26,118	-	-	166,759
2029-2033	638,567	-	-	-	638,567
2034-2038	373,476	-	-	-	373,476
2039-2043	373,476	-	-	-	373,476
2044-2048	348,335	-	-	-	348,335
2049-2053	59,252	-	-	-	59,252
2054-2058	59,252	-	-	-	59,252
2059-2063	39,522	-	-	-	39,522
	<u>\$ 2,703,569</u>	<u>\$ 83,151</u>	<u>\$ 51,714</u>	<u>\$ 1,483</u>	<u>\$ 2,839,917</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, 2023 was \$155,828.

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, 2023 is as follows:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<i>Governmental Activities:</i>					
Accrued compensated absences	\$ 46,605	\$ -	\$ (5,253)	\$ 41,352	\$ 6,203
Net pension liability	415,819	492,764	(65,668)	842,915	-
	<u>\$ 462,424</u>	<u>\$ 492,764</u>	<u>\$ (70,921)</u>	<u>\$ 884,267</u>	<u>\$ 6,203</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - OTHER LONG-TERM OBLIGATIONS (CONTINUED)

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<i>Business-type Activities:</i>					
Accrued compensated absences	\$ 11,724	\$ -	\$ (6,025)	\$ 5,699	\$ 570
Net pension liability	89,429	101,564	(13,804)	177,189	-
	<u>\$ 101,153</u>	<u>\$ 101,564</u>	<u>\$ (19,829)</u>	<u>\$ 182,888</u>	<u>\$ 570</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, 2023, the Town's liability for compensated absences is \$47,051.

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, 2023:

	Governmental Activities	Business-type Activities	
		Water	Sewer
Invested in capital assets	\$ 14,172,958	\$ 5,325,316	\$ 6,545,068
Accumulated depreciation	(5,511,899)	(914,687)	(2,669,024)
Outstanding capital related debt	<u>(644,956)</u>	<u>(2,286,394)</u>	<u>(468,889)</u>
	<u>\$ 8,016,103</u>	<u>\$ 2,124,235</u>	<u>\$ 3,407,155</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - RESTRICTED NET POSITION

At June 30, 2023, the Town had the following restricted net position:

Highway fund	\$ 708,712
Enterprise funds:	
Water fund	263,743
Sewer fund	756,430
Permanent funds:	
Cemetery funds	171,855
	<u>\$ 1,900,740</u>

NOTE 12 - NONSPENDABLE FUND BALANCES

At June 30, 2023, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 21,523
Nonmajor special revenue funds:	
Prepaid items	16,410
	<u>\$ 37,933</u>

NOTE 13 - RESTRICTED FUND BALANCES

At June 30, 2023, the Town had the following restricted fund balances:

Highway fund	\$ 708,712
Nonmajor special revenue funds (Schedule C)	198,158
Nonmajor permanent funds (Schedule G)	171,855
	<u>\$ 1,078,725</u>

NOTE 14 - COMMITTED FUND BALANCES

At June 30, 2023, the Town had the following committed fund balances:

Town Center reserve fund	\$ 255,419
Nonmajor special revenue funds (Schedule C)	30,532
Nonmajor capital projects funds (Schedule E)	1,126,197
	<u>\$ 1,412,148</u>

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - ASSIGNED FUND BALANCES

At June 30, 2023, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule C) \$ 67,430

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, 2021 (the most recent data available), the retirement system consisted of 16,158 participating members.

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

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 \(vermont.gov\)](https://www.vermont.gov/annual-comprehensive-financial-report).

Benefits Provided

The pension plan is divided into four membership groups:

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

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

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

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Contributions

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

TOWN OF RICHMOND, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2022 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.500% of gross salary	5.875% of gross salary	11.000% of gross salary	12.350% of gross salary
Employer Contributions	5.000% of gross salary	6.500% of gross salary	8.250% of gross salary	10.850% 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, 2023 totaled \$71,831. The Town contributed \$79,472 for the year ended June 30, 2023. The Town's total payroll for the year ended June 30, 2023 for all employees covered under this plan was \$1,222,657.

Pension Liabilities

At June 30, 2023, the Town reported a liability of \$1,020,104 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2021. 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, 2022, the Town's proportion was 0.33626% for VMERS, which was a decrease of 0.00702% from its proportion measured as of June 30, 2021 for VMERS.

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

For the year ended June 30, 2023, the Town recognized pension expense of \$88,531 for the VMERS plan. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,610	\$ -
Changes of assumptions	52,152	-
Net difference between projected and actual earnings on pension plan investments	165,614	-
Changes in proportion and differences between contributions and proportionate share of contributions	923	31,777
Contributions subsequent to the measurement date	79,472	-
Total	\$ 374,771	\$ 31,777

\$79,472 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	
2023	\$ 82,610
2024	62,235
2025	17,347
2026	101,331
2027	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2022 measurement date was determined by rolling forward the total pension liability as of June 30, 2021 to June 30, 2022. The total pension liability was calculated using the following actuarial assumptions:

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 - Beneficiaries:

- Groups A/B/C - 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.
- Group D - Pub-2010 Contingent Survivor 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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members. The January 1, 2023 COLA is 2.00% for Group A members and 3.00% 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.

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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Emerging Market Debt	4.00%	3.50%
Core Fixed Income	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.50%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	6.50%
Infrastructure/Farmland	4.00%	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 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:

TOWN OF RICHMOND, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 1,528,582	\$ 1,020,104	\$ 601,861

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://AnnualComprehensiveFinancialReport|DepartmentofFinanceandManagement.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.

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.

TOWN OF RICHMOND, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - LETTERS OF CREDIT

At June 30, 2023, the Town had outstanding irrevocable standby letters of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. The letters of credit, which expire at the close of business on August 9, 2023, authorizes one draw only, up to the amount of \$7,500,000 \$500,000 and \$500,000. There were no draws for the year ended June 30, 2023.

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 increase the governmental activities by \$283,959 to correct capital assets. The beginning net position for the governmental activities increased from \$11,474,932 to \$11,758,891.

Required Supplementary Information

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

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

TOWN OF RICHMOND, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 863,767	\$ 863,767	\$ 863,767	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	8,412,474	8,412,474	8,472,847	60,373
Intergovernmental revenues:				
State PILOT	4,879	4,879	4,942	63
Act 60 Reappraisal grant	15,000	15,000	15,003	3
Equalization grant	1,750	1,750	1,765	15
Railroad tax	3,800	3,800	3,600	(200)
Hold Harmless program	83,686	83,686	85,675	1,989
Charges for services	164,413	164,413	156,929	(7,484)
Interest income	7,000	7,000	99,876	92,876
Interest on taxes/penalties	25,000	25,000	20,228	(4,772)
Proceeds from sale of assets	5,000	5,000	8,695	3,695
Miscellaneous	17,699	17,699	108,528	90,829
Amounts Available for Appropriation	9,604,468	9,604,468	9,841,855	237,387
Charges to Appropriations (Outflows):				
Town administration	752,863	752,863	746,128	6,735
Assessors	104,500	104,500	92,925	11,575
Planning and zoning	205,310	205,310	196,762	8,548
Police department	767,996	767,996	396,381	371,615
Library department	281,496	281,496	302,315	(20,819)
Fire department	425,306	425,306	198,039	227,267
Recreation and trails	22,471	22,471	26,660	(4,189)
Charitable appropriations	114,421	114,421	110,376	4,045
Education	6,649,765	6,649,765	6,649,765	-
Transfers to other funds	130,003	130,003	178,308	(48,305)
Total Charges to Appropriations	9,454,131	9,454,131	8,897,659	556,472
Budgetary Fund Balance, June 30	\$ 150,337	\$ 150,337	\$ 944,196	\$ 793,859
Utilization of Assigned Fund Balance	\$ 289,250	\$ 289,250	\$ -	\$ (289,250)
Utilization of Unassigned Fund Balance	424,180	424,180	-	(424,180)
	\$ 713,430	\$ 713,430	\$ -	\$ (713,430)

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, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 940,838	\$ 940,838	\$ 940,838	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	1,631,526	1,631,526	1,631,526	-
Intergovernmental Revenues:				
State aid	113,500	113,500	121,137	7,637
Better roads grants	-	-	16,563	16,563
FEMA reimbursement	-	-	354,202	354,202
Charges for services	3,400	3,400	2,100	(1,300)
Miscellaneous revenues	-	-	88,332	88,332
Amounts Available for Appropriation	<u>2,689,264</u>	<u>2,689,264</u>	<u>3,154,698</u>	<u>465,434</u>
Charges to Appropriations (Outflows):				
Payroll and benefits	552,863	552,863	564,455	(11,592)
Office expenses	4,400	4,400	7,036	(2,636)
Buildings and grounds	49,813	49,813	50,337	(524)
General expenses	18,500	18,500	17,856	644
Vehicles	77,800	77,800	90,187	(12,387)
Road maintenance	760,200	760,200	711,535	48,665
Bridge repair	-	-	81,903	(81,903)
FEMA	-	-	164,667	(164,667)
Capital outlay	495,750	495,750	507,006	(11,256)
Debt service:				
Principal	264,512	264,512	133,666	130,846
Interest	20,338	20,338	20,338	-
Transfers to other funds	-	-	97,000	(97,000)
Total Charges to Appropriations	<u>2,244,176</u>	<u>2,244,176</u>	<u>2,445,986</u>	<u>(201,810)</u>
Budgetary Fund Balance, June 30	<u>\$ 445,088</u>	<u>\$ 445,088</u>	<u>\$ 708,712</u>	<u>\$ 263,624</u>
Utilization of Unassigned Fund Balance	<u>\$ 495,750</u>	<u>\$ 495,750</u>	<u>\$ -</u>	<u>\$ (495,750)</u>

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

TOWN OF RICHMOND, VERMONT

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>									
Proportion of the net pension liability/(asset)	0.34%	0.34%	0.36%	0.37%	0.36%	0.37%	0.35%	0.35%	0.35%
Proportionate share of the net pension liability/(asset)	\$ 1,020,104	\$ 505,248	\$ 906,137	\$ 640,774	\$ 513,000	\$ 440,234	\$ 456,034	\$ 268,497	\$ 32,043
Covered payroll	\$ 1,236,448	\$ 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	82.50%	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)	73.60%	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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>									
Contractually required contribution	\$ 79,472	\$ 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>(79,472)</u>	<u>(84,130)</u>	<u>(74,237)</u>	<u>(70,963)</u>	<u>(63,874)</u>	<u>(59,340)</u>	<u>(53,856)</u>	<u>(48,682)</u>	<u>(45,288)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,222,657	\$ 1,236,448	\$ 1,145,843	\$ 1,145,659	\$ 1,081,764	\$ 1,043,304	\$ 1,078,914	\$ 940,245	\$ 905,706
Contributions as a percentage of covered payroll	6.50%	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, 2023

Changes of Assumptions

VMERS Pension Plan:

The July 1, 2023 COLA assumption was increased from 2.00% to 3.00% for Groups B, C and D members.

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, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 14,374	\$ -	\$ 171,555	\$ 185,929
Due from other governments	4,383	-	-	4,383
Prepaid items	16,410	-	-	16,410
Due from other funds	1,514,680	1,131,165	300	2,646,145
TOTAL ASSETS	\$ 1,549,847	\$ 1,131,165	\$ 171,855	\$ 2,852,867
LIABILITIES				
Accounts payable	\$ 5,857	\$ 4,968	\$ -	\$ 10,825
Due to other funds	2,813	-	-	2,813
TOTAL LIABILITIES	8,670	4,968	-	13,638
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	1,236,454	-	-	1,236,454
TOTAL DEFERRED INFLOWS OF RESOURCES	1,236,454	-	-	1,236,454
FUND BALANCES				
Nonspendable	16,410	-	-	16,410
Restricted	198,158	-	171,855	370,013
Committed	30,532	1,126,197	-	1,156,729
Assigned	67,430	-	-	67,430
Unassigned	(7,807)	-	-	(7,807)
TOTAL FUND BALANCES	304,723	1,126,197	171,855	1,602,775
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,549,847	\$ 1,131,165	\$ 171,855	\$ 2,852,867

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, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 10,986	\$ -	\$ -	\$ 10,986
Charges for services	6,137	-	-	6,137
Interest income	5	-	1,719	1,724
Other	38,732	2,624	7,865	49,221
TOTAL REVENUES	<u>55,860</u>	<u>2,624</u>	<u>9,584</u>	<u>68,068</u>
EXPENDITURES				
Capital outlay	-	235,241	-	235,241
Other	118,812	5,557	2,080	126,449
TOTAL EXPENDITURES	<u>118,812</u>	<u>240,798</u>	<u>2,080</u>	<u>361,690</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(62,952)</u>	<u>(238,174)</u>	<u>7,504</u>	<u>(293,622)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	23,003	252,305	100,000	375,308
Transfers (out)	-	-	(100,000)	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>23,003</u>	<u>252,305</u>	<u>-</u>	<u>275,308</u>
NET CHANGE IN FUND BALANCES	(39,949)	14,131	7,504	(18,314)
FUND BALANCES - JULY 1	<u>344,672</u>	<u>1,112,066</u>	<u>164,351</u>	<u>1,621,089</u>
FUND BALANCES - JUNE 30	<u>\$ 304,723</u>	<u>\$ 1,126,197</u>	<u>\$ 171,855</u>	<u>\$ 1,602,775</u>

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, 2023

	Donations	Reappraisal Fund	Records Restoration Fund	Adam Muller Flag Fund	Recreation Path Fund	Recreation (Soccer/Tennis) Fund	ARPA	Opioid
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 349	\$ -	\$ -
Due from other governments	4,383	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Due from other funds	10	30,854	196,810	5,405	1,201	12,362	1,229,588	6,364
TOTAL ASSETS	\$ 4,393	\$ 30,854	\$ 196,810	\$ 5,405	\$ 1,201	\$ 12,711	\$ 1,229,588	\$ 6,364
LIABILITIES								
Accounts payable	\$ 42	\$ 322	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	42	322	9	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	-	-	-	-	-	1,229,588	6,364
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	1,229,588	6,364
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	196,801	-	-	-	-	-
Committed	-	30,532	-	-	-	-	-	-
Assigned	4,351	-	-	5,405	1,201	12,711	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	4,351	30,532	196,801	5,405	1,201	12,711	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,393	\$ 30,854	\$ 196,810	\$ 5,405	\$ 1,201	\$ 12,711	\$ 1,229,588	\$ 6,364

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Tree Replacement Fund	Richmond Fire Dept Fund	Richmond Free Library Fund	Lister Education Fund	Grants Fund	Legal	Andrews Community Forest Fund	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ 10,740	\$ 3,285	\$ -	\$ -	\$ -	\$ -	\$ 14,374
Due from other governments	-	-	-	-	-	-	-	4,383
Prepaid items	-	-	-	-	16,410	\$ -	-	16,410
Due from other funds	237	-	-	1,357	-	992	29,500	1,514,680
TOTAL ASSETS	\$ 237	\$ 10,740	\$ 3,285	\$ 1,357	\$ 16,410	\$ 992	\$ 29,500	\$1,549,847
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,492	\$ 992	\$ -	\$ 5,857
Due to other funds	-	-	-	-	2,813	-	-	2,813
TOTAL LIABILITIES	-	-	-	-	7,305	992	-	8,670
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	-	-	-	502	-	-	1,236,454
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	502	-	-	1,236,454
FUND BALANCES								
Nonspendable	-	-	-	-	16,410	-	-	16,410
Restricted	-	-	-	1,357	-	-	-	198,158
Committed	-	-	-	-	-	-	-	30,532
Assigned	237	10,740	3,285	-	-	-	29,500	67,430
Unassigned	-	-	-	-	(7,807)	-	-	(7,807)
TOTAL FUND BALANCES	237	10,740	3,285	1,357	8,603	-	29,500	304,723
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 237	\$ 10,740	\$ 3,285	\$ 1,357	\$ 16,410	\$ 992	\$ 29,500	\$1,549,847

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, 2023

	Donations	Reappraisal Fund	Records Restoration Fund	Adam Muller Flag Fund	Recreation Path Fund	Recreation (Soccer/Tennis) Fund	ARPA	Opioid
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	6,137	-	-
Other	4,402	-	24,788	-	-	2	4,120	-
TOTAL REVENUES	4,402	-	24,788	-	-	6,139	4,120	-
EXPENDITURES								
Capital outlay	-	-	-	-	-	-	-	-
Other	51	67,209	12,010	-	-	7,998	4,121	-
TOTAL EXPENDITURES	51	67,209	12,010	-	-	7,998	4,121	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,351	(67,209)	12,778	-	-	(1,859)	(1)	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	15,003	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	15,003	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	4,351	(52,206)	12,778	-	-	(1,859)	(1)	-
FUND BALANCES - JULY 1	-	82,738	184,023	5,405	1,201	14,570	1	-
FUND BALANCES - JUNE 30	\$ 4,351	\$ 30,532	\$ 196,801	\$ 5,405	\$ 1,201	\$ 12,711	\$ -	\$ -

TOWN OF RICHMOND, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Tree Replacement Fund	Richmond Fire Dept Fund	Richmond Free Library Fund	Lister Education Fund	Grants Fund	Legal	Andrews Community Forest Fund	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 10,986	\$ -	\$ -	\$ 10,986
Charges for services	-	-	-	-	-	-	-	6,137
Interest income	-	5	-	-	-	-	-	5
Other	-	3,873	1,547	-	-	-	-	38,732
TOTAL REVENUES	-	3,878	1,547	-	10,986	-	-	55,860
EXPENDITURES								
Capital outlay	-	-	-	-	-	-	-	-
Other	-	3,721	548	-	10,986	8,000	4,168	118,812
TOTAL EXPENDITURES	-	3,721	548	-	10,986	8,000	4,168	118,812
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	157	999	-	-	(8,000)	(4,168)	(62,952)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	8,000	-	23,003
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	8,000	-	23,003
NET CHANGE IN FUND BALANCES (DEFICITS)	-	157	999	-	-	-	(4,168)	(39,949)
FUND BALANCES (DEFICITS) - JULY 1	237	10,583	2,286	1,357	8,603	-	33,668	344,672
FUND BALANCES (DEFICITS) - JUNE 30	\$ 237	\$ 10,740	\$ 3,285	\$ 1,357	\$ 8,603	\$ -	\$ 29,500	\$ 304,723

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, 2023

	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	\$ 13,728	\$ 40,783	\$ 55,234	\$ 162,504	\$ 25,285	\$ 40,000
TOTAL ASSETS	<u>\$ 13,728</u>	<u>\$ 40,783</u>	<u>\$ 55,234</u>	<u>\$ 162,504</u>	<u>\$ 25,285</u>	<u>\$ 40,000</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	13,728	40,783	55,234	162,504	25,285	40,000
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>13,728</u>	<u>40,783</u>	<u>55,234</u>	<u>162,504</u>	<u>25,285</u>	<u>40,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,728</u>	<u>\$ 40,783</u>	<u>\$ 55,234</u>	<u>\$ 162,504</u>	<u>\$ 25,285</u>	<u>\$ 40,000</u>

TOWN OF RICHMOND, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Highway Reserve Fund	Bridge and Culvert Reserve Fund	Guardrail Reserve Fund	Railroad Street Project Fund	Conservation Fund	Total
ASSETS						
Due from other funds	\$ 118,701	\$ 381,926	\$ 14,016	\$ 7,069	271,919	\$ 1,131,165
TOTAL ASSETS	<u>\$ 118,701</u>	<u>\$ 381,926</u>	<u>\$ 14,016</u>	<u>\$ 7,069</u>	<u>\$ 271,919</u>	<u>\$ 1,131,165</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,968	\$ 4,968
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,968</u>	<u>4,968</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	118,701	381,926	14,016	7,069	266,951	1,126,197
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>118,701</u>	<u>381,926</u>	<u>14,016</u>	<u>7,069</u>	<u>266,951</u>	<u>1,126,197</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 118,701</u>	<u>\$ 381,926</u>	<u>\$ 14,016</u>	<u>\$ 7,069</u>	<u>\$ 271,919</u>	<u>\$ 1,131,165</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, 2023

	Fire Safety Equipment Fund	Police Reserve Fund	Library Reserve Fund	Fire Reserve Fund	Fire Impact Fees Fund	Sidewalk Reserve Fund
REVENUES						
Other	\$ -	\$ -	\$ -	\$ -	\$ 2,624	\$ -
TOTAL REVENUES	-	-	-	-	2,624	-
EXPENDITURES						
Capital outlay	26,272	-	-	45,729	-	-
Other	-	-	1,755	-	-	-
TOTAL EXPENDITURES	26,272	-	1,755	45,729	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26,272)	-	(1,755)	(45,729)	2,624	-
OTHER FINANCING SOURCES (USES)						
Transfers in	40,000	-	12,000	55,000	-	30,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	40,000	-	12,000	55,000	-	30,000
NET CHANGE IN FUND BALANCES	13,728	-	10,245	9,271	2,624	30,000
FUND BALANCES - JULY 1	-	40,783	44,989	153,233	22,661	10,000
FUND BALANCES - JUNE 30	\$ 13,728	\$ 40,783	\$ 55,234	\$ 162,504	\$ 25,285	\$ 40,000

TOWN OF RICHMOND, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Highway Reserve Fund	Bridge and Culvert Reserve Fund	Guardrail Reserve Fund	Railroad Street Project Fund	Conservation Fund	Total
REVENUES						
Other	\$ -	\$ -	\$ -	\$ -	-	\$ 2,624
TOTAL REVENUES	-	-	-	-	-	2,624
EXPENDITURES						
Capital outlay	-	-	-	-	163,240	235,241
Other	-	-	-	-	3,802	5,557
TOTAL EXPENDITURES	-	-	-	-	167,042	240,798
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(167,042)	(238,174)
OTHER FINANCING SOURCES (USES)						
Transfers in	25,000	37,000	5,000	-	48,305	252,305
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	25,000	37,000	5,000	-	48,305	252,305
NET CHANGE IN FUND BALANCES	25,000	37,000	5,000	-	(118,737)	14,131
FUND BALANCES - JULY 1	93,701	344,926	9,016	7,069	385,688	1,112,066
FUND BALANCES - JUNE 30	\$ 118,701	\$ 381,926	\$ 14,016	\$ 7,069	\$ 266,951	\$ 1,126,197

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, 2023

	Cemetery Funds	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 171,555	\$ 171,555
Due from other funds	300	300
TOTAL ASSETS	<u>\$ 171,855</u>	<u>\$ 171,855</u>
LIABILITIES		
Due to other funds	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	171,855	171,855
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>171,855</u>	<u>171,855</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 171,855</u>	<u>\$ 171,855</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, 2023

	Cemetery Funds	Total
REVENUES		
Interest income	\$ 1,719	\$ 1,719
Other	7,865	7,865
TOTAL REVENUES	<u>9,584</u>	<u>9,584</u>
EXPENDITURES		
Other	2,080	2,080
TOTAL EXPENDITURES	<u>2,080</u>	<u>2,080</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,504</u>	<u>7,504</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	100,000	100,000
Transfers (out)	<u>(100,000)</u>	<u>(100,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	7,504	7,504
FUND BALANCES - JULY 1	<u>164,351</u>	<u>164,351</u>
FUND BALANCES - JUNE 30	<u>\$ 171,855</u>	<u>\$ 171,855</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 custodial 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, 2023

	Edmunds Trust Fund	Shanyon Athletic Fund	Shanyon Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$ 25,195	\$ 3,222	\$ 3,484	\$ 31,901
TOTAL ASSETS	\$ 25,195	\$ 3,222	\$ 3,484	\$ 31,901
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
NET POSITION				
Restricted	25,195	3,222	3,484	31,901
TOTAL NET POSITION	25,195	3,222	3,484	31,901
TOTAL LIABILITIES AND NET POSITION	\$ 25,195	\$ 3,222	\$ 3,484	\$ 31,901

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, 2023

	Edmunds Trust Fund	Shanyon Athletic Fund	Shanyon Trust Fund	Total
ADDITIONS				
Investment earnings:				
Interest income	\$ 202	\$ 26	\$ 28	\$ 256
TOTAL REVENUES	<u>202</u>	<u>26</u>	<u>28</u>	<u>256</u>
DEDUCTIONS				
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	202	26	28	256
NET POSTION - JULY 1	<u>24,993</u>	<u>3,196</u>	<u>3,456</u>	<u>31,645</u>
NET POSITION - JUNE 30	<u><u>\$ 25,195</u></u>	<u><u>\$ 3,222</u></u>	<u><u>\$ 3,484</u></u>	<u><u>\$ 31,901</u></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, 2023 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 October 30, 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.

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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 December 6, 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
October 30, 2023