

August 27, 2021

Answers to questions received from Robert "Bob" Gniadek – Finance Committee Chairman on August 26, 2021.

- 1) The land plot you provided a copy of in your material indicated 128 building lots at the Shores, however other numbers used in your report were 134 (or 135) EDUs, and then 10 users paid-in-full up front, 20 users paid in full after making some number of periodic payments and 109 currently (a/o 06/30/2021) continuing to make periodic payments, which add up to 139. I don't know if this includes the tax lien property or not, but in any event, these are the numbers I would like to understand and have reconciled. Do Whitewood or other non-Richmond Shores properties, if connected, factor into the EDU numbers?

The Statement of Town Meeting Action (exhibit B) document that I provided at the meeting lists the properties at the time (December 12, 2007) that had a sewer betterment associated with it and buildable lots that had a sewer betterment associated with it. The Statement of Town Meeting Action (exhibit B) does not include the 10 properties that were paid fully at the start, 8 Willow Road (104.0-0024-0000.0 as it was Town owned), and 0 East Beach Road (104.0-0040-0000.0 - not sure why this buildable lot was not included on the sheet).

With this being said; there should be 140 parcels in Town that are connected to the sewer system or have the potential to connect to the sewer system. The count is reconciled as follows:

10	Property owners paid-in-full up front who are not listed on the Statement of Town Meeting Action
124	Property owners who had a residence on the parcel and an associated lien on the property for an outstanding sewer betterment assessment as of December 12, 2007
4	Property owners who had a parcel of land and an associated lien on the property for an outstanding sewer betterment assessment as of December 12, 2007
1	The property owner (Shaun and Cindy Borden) of 8 Willow Road which the Town will be talking to soon to determine if they want to be billed for the sewer betterment assessment or have a deed restriction filed with the Berkshire Middle District Registry of Deeds
1	The parcel located at 0 East Beach Road (104.0-0040-0000.0) was never included in the Statement of Town Action and I am not certain as to why
140	Total properties as of December 12, 2007 that are or could be connected to the sewer system

Whitewood and other non-Richmond Shores properties are factored into the equation.

Regarding User Charges, to figure out the number of User Charges that the Town should be charging we need to look at the following:

- 140** **There are 140 potential properties that could be charged a User Charge if they all had an active connection to the sewer system**

- (5)** **There are five parcels of land that are currently being charged a sewer betterment assessment but do not have a residence on the parcel so no User Charge can be charged**

- (1)** **There is one lot that was just purchased (Borden) that is currently not being charged a sewer betterment assessment as the Town will be in talks with the owner to determine if they want to pay the assessment or opt for a Deed Restriction. If they do want to pay for the assessment, they would not be charged a User Charge until a residence is built**

- 134** **The total number of User Charges the Town can charge for and is currently doing so**

- 2) What was the estimated (if you have it) and actual (amount being depreciated) as-built cost of the sewer system? Is this amount being depreciated? What is the depreciation life of the system?**

I do not have this information but will reach out to the Auditors to see if it is available. I will keep you updated.

- 3) The reason that I claim the \$9,600 approved warrant article is double-counted is because the 2020 audit report shows the amount on the Statement of Revenue and Expenditures as an Operating Transfer (see page 24) and in the Statement of Cash Flow on the following page (25). This means that it is already included in the Cash balance that you are showing as a source of funds to be used for debt service.**

On Page 1 of the Sewer Enterprise Fund Informational Meeting sheet dated August 25, 2021 under #3 I stated that the estimated retained earnings for FY2021 to be certified by the Bureau of Accounts is \$266,303.00 which does in fact include the \$9,600.00 from the prior annual town meeting. Of this \$266,303.00; \$256,703.00 can be used for any legal expense associated with the sewer enterprise fund following all the proper steps to use these funds. \$9,600.00 of the \$266,303.00 can only be used for debt service expense as that is how it was voted at the annual town meeting. On Page 2 under item #4 I simply demonstrated that the betterments receivable and cash reserved for betterments were available for debt service leaving an estimated shortage of (\$7,932.00). If you then at a future town meeting voted to use the \$9,600.00 that was set aside for the debt service shortage an overage of \$1,668.00 would be created.

- 4) Where is the expense of sending our sewage to Pittsfield reflected in the budget or the Statement of Revenues and Expenditures? I know that a few years ago Pittsfield talked about a special assessment to allocate some of the cost of the sewage treatment plant upgrades to Richmond. That may not have happened but, surely there must be an annual cost for the sewage we put into the system.

The expenses associated with pumping the sewage to Pittsfield are part of the standard operating expenses of the Sewer Enterprise Fund. On the Statement of Revenues and Expenditures on Page 24 of the FY2020 audit they are listed under "Operating Expenses". Regarding how these expenses are budgeted annually they are also part of the standard operating expenses of the Sewer Enterprise Fund and are covered through revenues raised by the Sewer Enterprise Fund at the annual town meeting.