

**TOWN OF CORINTH, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2013**

TOWN OF CORINTH, VERMONT  
 AUDIT REPORT  
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**Independent Auditor's Report**

Selectboard  
Town of Corinth  
P.O. Box 461  
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***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Corinth, Vermont, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Corinth, Vermont's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town of Corinth, Vermont's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Corinth, Vermont's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Corinth, Vermont, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and Schedules 1 and 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

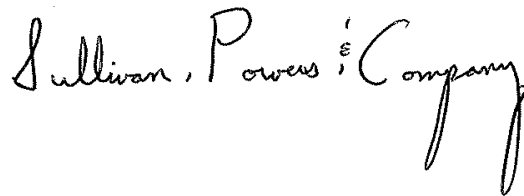
As described in Note I.F. to the financial statements, effective June 30, 2013, the Town of Corinth, Vermont implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position".

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Corinth, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by "Government Auditing Standards"***

In accordance with "Government Auditing Standards", we have also issued our report dated May 27, 2014 on our consideration of the Town of Corinth, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Corinth, Vermont's internal control over financial reporting and compliance.

May 27, 2014  
Montpelier, Vermont  
VT Lic. #92-000180

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Corinth (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal years ending June 30, 2013 and 2012.

### ***Financial Highlights***

- Assets exceeded liabilities on June 30, 2013 by \$5,118,344 (*net position*). Of this amount, \$473,123 (*unrestricted net position*) may be used by the various funds of the Town to meet the Town's ongoing obligations.
- The Town's total governmental activities net position increased by \$144,554.
- Fund Balances of Governmental Funds increased by \$85,993 up to a total of \$587,515 in fiscal year 2013. The General Fund had a total fund balance of \$165,996 of which \$133,576 was unassigned.

### ***Overview of the Town's Financial Statements:***

The annual financial report consists of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Corinth's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Corinth's assets and liabilities with the difference between the two reported as net position.

The *statement of activities* presents information showing how the Town's net position changed during the past fiscal year. The *statement of activities* is on the full accrual basis (i.e. all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows) whereas the *statement of revenues, expenditures and changes in fund balances - governmental funds* is on the modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current position and expenditures are recognized when the related liability is incurred). Thus in the *statement of activities*, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the Town of Corinth include general government, highways and streets, public safety and health, sanitation and cemetery. The government-wide financial statements can be found in Exhibits A and B of this report.

**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 has only one type of fund which is governmental funds.

**Notes to the financial statements.** The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This supplementary information includes the General and the Highway Funds budget/actual reports and combining statements for various funds. The supplementary information can be found immediately following the notes to the financial statements.

Government-Wide Financial Analysis

	Governmental Activities	
	FY2013	FY2012
Current and Other Assets	\$ 766,869	\$ 732,994
Capital Assets	4,744,495	4,538,865
Total Assets	<u>5,511,364</u>	<u>5,271,859</u>
Current Liabilities	63,208	70,147
Long-term Liabilities	328,162	225,772
Total Liabilities	<u>391,370</u>	<u>295,919</u>
Deferred Inflows of Resources	<u>1,650</u>	<u>2,150</u>
Net Position		
Net Investment in Capital Assets	4,423,139	4,318,863
Restricted	222,082	206,597
Unrestricted	473,123	448,330
Total Net Position	<u>\$5,118,344</u>	<u>\$4,973,790</u>

As stated above, assets exceeded liabilities by \$5,118,344 at the end of fiscal year 2013. Assets exceeded liabilities by \$4,973,790 at the end of fiscal year 2012.

The largest portion of the Town's net assets is in its investment in capital assets (86.4% - \$4,423,139). These assets are used to provide services to its citizens (e.g. land, buildings, equipment, and infrastructure). Therefore these assets are not available for future spending. A portion (4.4% - \$222,082) of the Town's net position is subject to restrictions on how they may be used (e.g. highway maintenance, Cemetery expenses, Home Improvement Loans and Library expenses). The remaining balance of unrestricted net position (9.2% - \$473,123) may be used to meet the government's ongoing obligations to citizens and creditors. Some of the amounts included in unrestricted net position have been assigned by management for particular purposes (e.g. capital projects).



	Governmental Activities	
	FY2013	FY2012
Revenues		
Program Revenues		
Charges for services	\$ 31,066	\$ 21,563
Operating grants and contributions	252,973	240,106
Capital grants and contributions	101,884	152,440
General Revenues		
Property taxes	792,896	838,886
Interest & Penalties on Delinquent Taxes	35,388	13,166
General State Grants	85,812	89,275
Investment Income	14,845	5,022
Other Revenues	7,050	3,513
Gain on Sale/Trade of Vehicle & Equipment	0	32,550
Total Revenues	<u>1,321,914</u>	<u>1,396,521</u>
Expenses		
Governmental activities		
General Government	233,849	233,148
Public Safety	110,854	90,237
Highways & Streets	803,110	766,076
Culture and Recreation	8,417	0
Sanitation	4,223	24,816
Cemetery	6,800	8,300
Interest on Long-term Debt	10,107	5,997
Total Expenses	<u>1,177,360</u>	<u>1,128,574</u>
Change in net position	144,554	267,947
Net position - Beginning of Year	<u>4,973,790</u>	<u>4,705,843</u>
Net position - End of Year	<u>\$ 5,118,344</u>	<u>\$ 4,973,790</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$144,554 in FY'13.

### *Financial Analysis of Major Governmental Funds*

#### **The General Fund** (Includes History Book Fund)

The General Fund balance increased \$48,158 from \$117,838 at the end of fiscal year 2012 to \$165,996 at the end of fiscal year 2013.

The total revenues budgeted were \$343,436 which included the use of \$54,000 surplus from the prior year cumulative fund balance; therefore, only \$289,436 was expected to be collected in revenues. The actual revenues collected were \$370,148 or \$80,712 more than anticipated. This was due to collecting an additional \$35,446 in taxes and the education tax billing fee, \$25,388 in excess interest on late tax payments mostly as the result of the tax sale held, \$12,700 in fees and an additional \$5,812 in Hold Harmless money and \$1,488 as a combination of monies for Restoration of Records, Household Hazardous Waste Grant, Misc Income and Interest on Savings.

A total of \$343,436 was budgeted for expenses of which only \$322,057 was actually spent resulting in a savings of \$21,379. The \$21,379 expense savings is made of up of under spending, several department such as: Selectmen - \$1,643; Town Report/Audit & Elections - \$3,246; Listers - \$3,632; Planning Administrator - \$1,264; Legal & Insurance - \$2,389; Solid Waste - \$7,777 and other department savings netted out to \$674.

### **The Highway Fund**

The Highway Fund ended fiscal year 2013 with a cumulative surplus of \$43,872. The prior year cumulative surplus was \$45,012 resulting in a current year loss of \$1,140. The Town planned on utilizing \$20,000 of prior year surplus, but only needed up using \$1,140.

There was a total of \$719,446 in revenues received. Of that total, \$77,242 was for unbudgeted revenues received as follows - \$27,470 FEMA Reimbursement for “Irene”; \$1,242 Miscellaneous Grant money; \$42,363 Highway State Aid Paving; \$5,422 and \$745 Miscellaneous Income. In addition, the Town received \$8,980 in excess funding in Highway State Aid.

Throughout the whole highway Expense budget there are under expended and over expended line items. A total of \$39,951 was under expended (those savings came from the following line items – health insurance, holiday pay, uniforms, retirement, workers comp insurance, property & casualty insurance, unemployment insurance, highway meetings and the largest savings was \$28,995 from materials – i.e. chloride, salt, sand, posts & guardrails). The total over expenditures equal \$107,237. (The line items included in the over expenditures are – gravel, signs, safety equipment, diesel fuel, equipment repairs/maintenance and Cookeville Box Culvert materials. A lot of this was due to an extreme mud season.

### **Other Funds**

The Town has the following reserve funds at June 30, 2013:

Highway Capital Fund	\$ 67,313
Cemetery Trust Fund	140,881
Reappraisal Fund	77,375
Town Planning Fund	1,163
Home Improvement Loan Fund	14,539
Conservation Commission Fund	5,527
Bridge Reserve Fund	59,443
Town Hall Maintenance Fund	12,061
Fire Station Fund	(3,559)
Library Endowment	<u>2,904</u>
<b>Total Other Funds</b>	<b><u>\$ 377,647</u></b>

## **Restricted Net Position and Reserved Fund Balances**

The restricted net position was \$222,082 on June 30, 2013. These funds are reserved for specific future expenses, such as highway maintenance, Cemetery expenses, Home Improvement loans and other purposes determined by trust or grant agreements.

The unassigned fund balance of the Governmental Funds was \$130,017 on June 30, 2013. These funds are available to address planned or unexpected expenses in the General Fund.

## **Capital Assets**

Governmental Capital Assets increased \$205,630 net of accumulated depreciation to a total of \$4,744,495 as of FY13. This was the result of purchasing a \$186,792 dump truck, road paving of \$133,209 and completion of the Cookeville box culvert for \$92,491.

## **Long Term Debt**

All of the long term debt identified below is a general obligation of the Town of Corinth. However, it has been the practice to fund repayment of the various obligations from their respective funds. As of June 30, 2013, the Town's Highway Capital Equipment Fund has four loans totaling \$321,356 - \$95,926 for the 2012 International Dump Truck; \$166,738 for the 2013 International Dump Truck; and \$58,692 for the John Deere Hitachi Excavator. The 2012 dump truck debt was new in 2013.

## ***Economic Factors and Next Year's Budget and Rates***

The following factors were considered in the development of budgets for FY 14:

- **General Fund:** The budget for FY 14 was increased less than .05%. Line items were level funded as much as possible and adjusted to closer reflect the actual amount expended in FY 14. Increases were made to line items which we had no control over costs (i.e. social security, retirement, health care, insurance costs and ambulance services).
- **Highway Fund:** There was about a 2.5% increase in the budget for FY 14 for the Highway Fund. The biggest increases were budgeted for labor, equipment repairs and maintenance and diesel fuel. The Town established a Capital Equipment Reserve Fund in FY13 using \$50,000 of general Highway surplus monies for this purpose. In FY14 this fund increased 21% to fund the purchase of a new loader and Hitachi excavator.

The following factors will influence budgets in future fiscal years.

- The need to update and replace capital equipment. The need to budget for uncontrolled costs such as diesel fuel, salt, road materials and health insurance.

This financial report is designed to provide a general overview of the Town of Corinth, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Corinth, PO Box 461, Corinth, Vermont 05039.

TOWN OF CORINTH, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 478,342
Investments	138,626
Receivables	111,189
Loans Receivable	14,359
Inventory	24,353
Capital Assets:	
Land	134,869
Construction in Progress	96,361
Other Capital Assets, (Net of Accumulated Depreciation)	4,513,265
Total Assets	5,511,364
<u>LIABILITIES</u>	
Accounts Payable	43,327
Accrued Payroll and Benefits Payable	12,279
Unearned Revenue	2,739
Accrued Interest Payable	4,863
Noncurrent Liabilities:	
Due within One Year	79,205
Due in More than One Year	248,957
Total Liabilities	391,370
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	1,650
Total Deferred Inflows of Resources	1,650
<u>NET POSITION</u>	
Net Investment in Capital Assets	4,423,139
Restricted	222,082
Unrestricted	473,123
Total Net Position	\$ 5,118,344

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

TOWN OF CORINTH, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues				Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Functions/Programs:					
Governmental Activities:					
General Government	\$ 233,849	\$ 28,226	\$ 10,805	\$ 0	\$ (194,818)
Public Safety	110,854	0	0	0	(110,854)
Highways and Streets	803,110	1,120	235,055	101,884	(465,051)
Culture and Recreation	8,417	320	6,163	0	(1,934)
Sanitation	4,223	0	0	0	(4,223)
Cemetery	6,800	1,400	950	0	(4,450)
Interest on Long-Term Debt	10,107	0	0	0	(10,107)
Total Governmental Activities	\$ 1,177,360	\$ 31,066	\$ 252,973	\$ 101,884	(791,437)
General Revenues:					
Property Taxes					792,896
Interest on Delinquent Taxes					35,388
General State Grants					85,812
Investment Income					14,845
Other Revenues					7,050
Total General Revenues					935,991
Change in Net Position					144,554
Net Position - July 1, 2012					4,973,790
Net Position - June 30, 2013					\$ 5,118,344

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

TOWN OF CORINTH, VERMONT  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2013

	General Fund	Highway Fund	Highway Capital Fund	Cemetery Trust Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 471,202	\$ 0	\$ 0	\$ 7,140	\$ 0	\$ 478,342
Investments	0	0	0	135,813	2,813	138,626
Receivables	111,189	0	0	0	0	111,189
Due from Other Funds	0	50,815	67,313	0	184,089	302,217
Loans Receivable	0	0	0	0	14,359	14,359
Inventory	3,164	21,189	0	0	0	24,353
<b>Total Assets</b>	<b>\$ 585,555</b>	<b>\$ 72,004</b>	<b>\$ 67,313</b>	<b>\$ 142,953</b>	<b>\$ 201,261</b>	<b>\$ 1,069,086</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 1,580	\$ 26,494	\$ 0	\$ 706	\$ 14,547	\$ 43,327
Accrued Payroll and Benefits Payable	9,112	1,638	0	1,366	163	12,279
Due to Other Funds	302,217	0	0	0	0	302,217
Unearned Revenue	0	0	0	0	2,739	2,739
<b>Total Liabilities</b>	<b>312,909</b>	<b>28,132</b>	<b>0</b>	<b>2,072</b>	<b>17,449</b>	<b>360,562</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Property Taxes and Interest	105,000	0	0	0	0	105,000
Prepaid Property Taxes	1,650	0	0	0	0	1,650
Unavailable Loans Receivable	0	0	0	0	14,359	14,359
<b>Total Deferred Inflows of Resources</b>	<b>106,650</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,359</b>	<b>121,009</b>
<b>FUND BALANCES</b>						
Nonspendable	3,164	21,189	0	7,400	2,800	34,553
Restricted	0	22,683	0	133,481	20,170	176,334
Assigned	29,256	0	67,313	0	150,042	246,611
Unassigned/(Deficit)	133,576	0	0	0	(3,559)	130,017
<b>Total Fund Balances</b>	<b>165,996</b>	<b>43,872</b>	<b>67,313</b>	<b>140,881</b>	<b>169,453</b>	<b>587,515</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 585,555</b>	<b>\$ 72,004</b>	<b>\$ 67,313</b>	<b>\$ 142,953</b>	<b>\$ 201,261</b>	

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.	4,744,495
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.	119,359
Long-Term and Accrued Liabilities, Including Bonds Payable, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.	(333,025)
<b>Net Position of Governmental Activities</b>	<b>\$ 5,118,344</b>

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

TOWN OF CORINTH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Highway Fund	Highway Capital Fund	Cemetery Trust Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property Taxes	\$ 218,076	\$ 477,700	\$ 94,300	\$ 0	\$ 51,820	\$ 841,896
Interest on Delinquent Taxes	35,388	0	0	0	0	35,388
Intergovernmental	90,415	240,477	0	0	28,795	359,687
Charges for Services	1,705	0	0	1,400	0	3,105
Permits, Licenses & Fees	22,660	1,120	0	0	195	23,975
Loan Repayments	0	0	0	0	2,452	2,452
Investment Income	191	149	108	14,119	278	14,845
Donations	0	0	0	950	0	950
Other	2,038	0	0	0	5,012	7,050
<b>Total Revenues</b>	<b>370,473</b>	<b>719,446</b>	<b>94,408</b>	<b>16,469</b>	<b>88,552</b>	<b>1,289,348</b>
<b>Expenditures:</b>						
General Government	203,798	0	0	0	31,517	235,315
Public Safety	107,295	0	0	0	3,559	110,854
Highways and Streets	0	540,086	10	0	12,538	552,634
Culture and Recreation	1,628	0	0	0	6,789	8,417
Sanitation	4,223	0	0	0	0	4,223
Cemetery	371	0	0	6,429	0	6,800
Capital Outlay:						
Highways and Streets	0	180,500	186,792	0	9,335	376,627
Debt Service:						
Principal	0	0	177,338	0	0	177,338
Interest	0	0	9,839	0	0	9,839
<b>Total Expenditures</b>	<b>317,315</b>	<b>720,586</b>	<b>373,979</b>	<b>6,429</b>	<b>63,738</b>	<b>1,482,047</b>
Excess/(Deficiency) of Revenues Over Expenditures	53,158	(1,140)	(279,571)	10,040	24,814	(192,699)
<b>Other Financing Sources/(Uses):</b>						
Proceeds of Long-Term Debt	0	0	278,692	0	0	278,692
Transfers In	0	0	0	5,000	0	5,000
Transfers Out	(5,000)	0	0	0	0	(5,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>(5,000)</b>	<b>0</b>	<b>278,692</b>	<b>5,000</b>	<b>0</b>	<b>278,692</b>
Net Change in Fund Balances	48,158	(1,140)	(879)	15,040	24,814	85,993
Fund Balances - July 1, 2012	117,838	45,012	68,192	125,841	144,639	501,522
Fund Balances - June 30, 2013	\$ 165,996	\$ 43,872	\$ 67,313	\$ 140,881	\$ 169,453	\$ 587,515

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

TOWN OF CORINTH, 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, 2013

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$	85,993
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$376,627) is allocated over their estimated useful lives and reported as depreciation expense (\$255,015). This is the amount by which capital outlays exceeded depreciation in the current period.		121,612
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, loss on disposal of assets, capital grants and donations) is to increase net position.		84,018
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the decrease in deferred revenues over last year.		(44,411)
The issuance of long-term debt (\$278,692) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$177,338) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(101,354)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount reflects the increase in the balances of these expenditures over last year.		<u>(1,304)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>144,554</u></u>

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



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The Town of Corinth, Vermont, (herein the "Town") operates under a Board of Selectmen form of government and provides the following services: public safety, highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, community development and general administrative services.

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Town of Corinth, Vermont (the "Town") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

### **A. The Financial Reporting Entity**

This report includes all of the funds of the Town of Corinth, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there are no entities that should be combined with the financial statements of the Town.

### **B. Basis of Presentation**

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a long-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

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

**Fund Financial Statements:** The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

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

Highway Fund – This fund accounts for the maintenance and operation of the Town highways.

Highway Capital Fund – This fund accounts for purchasing and financing of capital equipment for the Highway Department.

Cemetery Trust Fund – This fund accounts for the maintenance and operation of the Town cemeteries as well as the investment activity of its permanent funds.

### **C. Measurement Focus**

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

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

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**D. Basis of Accounting**

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

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

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and sales of capital assets are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

**E. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**F. New Pronouncement – Deferred Outflows/Inflows of Resources**

Effective June 30, 2013, the Town implemented GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”. GASB Statement No 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This statement amends the net asset reporting requirements in Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items which arise under the modified accrual basis of accounting and one type which arises under the accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, “unavailable revenue”, is reported in the statement of net position and governmental funds balance sheet. The governmental activities reports unavailable revenues from one source; prepaid taxes. The governmental funds report unavailable revenues from four sources; prepaid property taxes and unavailable property taxes, grants and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**G. Assets, Liabilities and Equity**

**1. Cash**

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess cash withdrawals are shown as due to other funds. Interest income is allocated based on the due to/from other funds balances.

**2. Investments**

The Town invests in investments as allowed by State Statute. Investments with readily determined fair values are reported at the fair values on the balance sheet. Unrealized gains and losses are included in revenue.

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**3. Receivables**

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

**4. Due to/from Other Funds**

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "due to/from other funds". The purpose for the interfund balances is to allow the Town to pool its cash deposits and obtain a higher interest rate.

**5. Inventories and Prepaid Expenses**

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the General Fund consist of history books the Town has on hand for sale. Inventories in the Highway Fund consist of fuel and materials.

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

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

**6. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with the fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 1	N/A
Buildings and Building Improvements	\$ 5,000	10-100 Years
Vehicles	\$ 1,000	3-25 Years
Machinery and Equipment	\$ 1,000	3-20 Years
Infrastructure	\$ 5,000	10-25 Years

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Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are acquired.

### **7. Compensated Absences**

It is the Town's policy to permit highway employees to accumulate earned but unused leave time. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

### **8. Long-term Liabilities**

Long-term liabilities include bonds payable, capital leases and other obligations such as compensated absences. Long-term liabilities are reported in the government-wide financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

### **9. Fund Equity**

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

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

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

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

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

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

### **III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. Budgetary Information**

The General Fund and Highway Fund budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The budgets presented herein are for the Town's "General Fund" and "Highway Fund" only and do not include the History Book Fund activity that is included with the General Fund.

#### **B. Budgeted Deficits**

The Town budgeted a current year's deficiency in the General Fund of \$54,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

The Town budgeted a current year's deficiency in the Highway Fund of \$20,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 2.

#### **C. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2013, expenditures in the Highway Fund exceeded appropriations by \$67,286. These over expenditures were funded by excess revenues and available fund balance.

### **IV. DETAILED NOTES ON ALL FUNDS**

#### **A. Cash and Investments**

The Town's cash and investments as of June 30, 2013 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$472,091
Deposits held by Investment Company	6,150
Cash on Hand	<u>101</u>
Total Cash	<u>478,342</u>

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Investments:

Certificates of Deposit	\$ 17,871
Mutual Funds – Equities	114,566
Common Stock	<u>6,189</u>
 Total Investments	 <u>138,626</u>
 Total Cash and Investments	 <u>\$616,968</u>

The Town has five (5) certificates of deposit at various banks ranging from \$459 to \$7,700 with interest rates ranging from 0.30% to 0.40%. All certificates of deposit will mature in fiscal year 2014.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The mutual funds and common stock are in the name of the Town are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town’s deposits and certificates of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured – FDIC/SPIC	\$293,926	\$337,665
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Notes and Bonds Held by the Bank’s Trust Department with a Security Interest Granted to the Town	<u>202,186</u>	<u>167,576</u>
Total	<u>\$496,112</u>	<u>\$505,241</u>

The difference between the book and the bank balances is due to reconciling items such as deposits in transit and outstanding checks.

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$472,091
Cash – Deposits held by Investment Company	6,150
Investments – Certificates of Deposit	<u>17,871</u>
Total	<u>\$496,112</u>



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**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit its exposure to interest rate risk. The Town's certificates of deposit and common stock are exempt from interest rate risk disclosure. The Town's mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure.

**Credit Risk**

Generally, credit risk that is the risk an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town's common stock and certificates of deposit are exempt from the credit risk analysis. The Town's mutual funds are open-ended and, therefore, are also excluded from the credit risk analysis.

**Concentration of Credit Risk**

The Town does not have any limitations on the amount that can be invested in any one issuer. The Town does not have any investment in any one issuer, other than mutual funds, that represent more than 5% of total investments.

**B. Receivables**

Receivables as of June 30, 2013, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>
Delinquent Taxes Receivable	\$ 108,351
Interest Receivable	13,187
Tax Sale Receivable	651
Allowance for Doubtful Accounts	<u>(11,000)</u>
Total	\$ <u><u>111,189</u></u>

**C. Loans Receivable**

Loans receivable totaling \$13,843 represent amounts due the Town under the Home Improvement Loan Fund. As of June 30, 2013, five (5) loans were outstanding with interest at 1% and maturity dates from October, 2000 to May, 2018. One loan that was due in October, 2000 is in arrears with a balance of \$2,663. There was also one other loan in arrears totaling \$1,492. The loans are secured by mortgages on the properties, therefore, management has determined that no allowance for uncollectible loans is needed. The Town also has accrued interest on these loans totaling \$516. Total loans receivable and accrued interest is \$14,359.

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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 134,869	\$ 0	\$ 0	\$ 134,869
Construction in Progress	48,203	140,649	92,491	96,361
Total Capital Assets, Not Being Depreciated	<u>183,072</u>	<u>140,649</u>	<u>92,491</u>	<u>231,230</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	397,604	0	0	397,604
Vehicles	926,627	186,792	0	1,113,419
Machinery and Equipment	89,298	0	0	89,298
Infrastructure	4,516,920	225,695	0	4,742,615
Totals	<u>5,930,449</u>	<u>412,487</u>	<u>0</u>	<u>6,342,936</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	59,501	10,031	0	69,532
Vehicles	316,854	77,448	0	394,302
Machinery and Equipment	60,255	3,802	0	64,057
Infrastructure	1,138,046	163,734	0	1,301,780
Totals	<u>1,574,656</u>	<u>255,015</u>	<u>0</u>	<u>1,829,671</u>
Total Capital Assets, Being Depreciated	<u>4,355,793</u>	<u>157,472</u>	<u>0</u>	<u>4,513,265</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,538,865</u>	<u>\$ 298,121</u>	<u>\$ 92,491</u>	<u>\$ 4,744,495</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 5,575
Highways and Streets	<u>249,440</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 255,015</u>

A vehicle in the amount of \$115,050 was acquired through an outstanding capital lease. \$3,736 has been amortized to highway operating expenses cumulatively through June 30, 2013. The amortization has been charged to depreciation expense.

**E. Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2013 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 302,217
Highway Fund	50,815	0
Highway Capital Fund	67,313	0
Other Governmental Funds	<u>184,089</u>	<u>0</u>
Total	<u>\$ 302,217</u>	<u>\$ 302,217</u>

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Interfund transfers during the year ended June 30, 2013 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Cemetery Trust Fund	\$ 5,000	Annual Contribution
Total		<u>\$ 5,000</u>	

**F. Unearned Revenue**

Unearned revenue in the Other Governmental Funds consists of \$2,739 of grant revenue received in advance.

**G. Deferred Inflows of Resources**

Deferred inflows of resources in the General Fund consists of \$105,000 of delinquent property taxes and interest not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$1,650 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$106,650.

Deferred inflows of resources in the Other Governmental Funds consists of \$14,359 of loans receivable and related accrued interest as described in Note IV.C.

**H. Long-term Liabilities**

The Town has notes payable to finance various capital projects and equipment purchases through the State of Vermont Municipal Equipment Loan Fund and local banks.

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

Long-term liabilities outstanding as of June 30, 2013 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, People's United Bank, 2012 International Dump Truck, Principal Payments of \$31,976 Plus Interest Payable on July 27 Annually, Interest at 3%, Due July, 2015	\$127,902	\$ 0	\$ 31,976	\$ 95,926

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, People's United Bank, Caterpillar Grader Refinancing, Principal Payments of \$22,500 Plus Interest Payable on November 21 Annually, Interest at 3.5%, Due and Paid November, 2012	\$ 22,500	\$ 0	\$ 22,500	\$ 0
Note Payable, People's United Bank, 2013 International Dump Truck, Principal Payments of \$11,738 Plus Interest Payable on November 15 Annually, Interest at 3%, Due November, 2017. \$110,000 of this Note was Refinanced with the State of Vermont Municipal Equipment Loan Fund	0	168,692	110,000	58,692
Note Payable, State of Vermont Municipal Equipment Loan Fund, 2013 International Dump Truck, Principal Payments of \$22,000 Plus Interest Payable on December 31 Annually, Interest at 2%, Due December, 2017	0	110,000	0	110,000
Capital Lease Payable, John Deere Financial, 2011 Hitachi Excavator, Principal and Interest Payments of \$15,350 Payable May 17 Annually, Interest at 3.3%, Due May, 2017	<u>69,600</u>	<u>0</u>	<u>12,862</u>	<u>56,738</u>
Total	<u>\$220,002</u>	<u>\$278,692</u>	<u>\$177,338</u>	<u>\$321,356</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Notes Payable	\$ 150,402	\$ 278,692	\$ 164,476	\$ 264,618	\$ 65,714
Capital Leases Payable	69,600	0	12,862	56,738	13,491
Compensated Absences Payable	<u>5,770</u>	<u>1,036</u>	<u>0</u>	<u>6,806</u>	<u>0</u>
Total	<u>\$ 225,772</u>	<u>\$ 279,728</u>	<u>\$ 177,338</u>	<u>\$ 328,162</u>	<u>\$ 79,205</u>

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Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Capital Leases
2014	\$ 65,714	\$ 6,844	\$ 15,350
2015	65,714	5,119	15,350
2016	65,714	3,366	15,350
2017	33,738	1,584	15,350
2018	33,738	792	0
Less: Imputed Interest	0	0	(4,662)
Total	<u>\$ 264,618</u>	<u>\$ 17,705</u>	<u>\$ 56,738</u>

**I. Fund Balances**

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard’s intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

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

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

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

Major Funds

General Fund:	
Nonspendable Inventory	\$ <u>3,164</u>
Highway Fund:	
Nonspendable Inventory	<u>21,189</u>
Cemetery Trust Fund:	
Nonspendable Cemetery Trust Fund Principal	<u>7,400</u>

Non-Major Funds

Permanent Fund:	
Nonspendable Library Trust Fund Principal	<u>2,800</u>
Total Nonspendable Fund Balances	\$ <u>34,553</u>

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

Major Funds

Highway Fund:	
Restricted for Highway Expenditures by Statute	\$ <u>22,683</u>
Cemetery Trust Fund:	
Restricted for Cemetery Trust Fund Expenditures by Endowments and Donations – Expendable Portion	<u>133,481</u>

Non-Major Funds

Special Revenue Funds:	
Restricted for Home Improvement Loan Fund by Grant Agreements (Source of Revenue is Grant Revenue)	14,539
Restricted for Conservation Commission Expenses by Donations (Source of Revenue is Donations)	<u>5,527</u>
Total Special Revenue Funds	20,066
Permanent Fund:	
Restricted for Library Trust Fund by Endowment – Expendable Portion	<u>104</u>
Total Non-Major Funds	<u>20,170</u>
Total Restricted Fund Balances	\$ <u>176,334</u>

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2014	\$ 25,000
Assigned for History Book Expenses	<u>4,256</u>
Total General Fund	<u>29,256</u>

Highway Capital Fund:

Assigned for Highway Capital Expenditures	<u>67,313</u>
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Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses (Source of Revenue is Grant Revenue)	77,375
Assigned for Town Planning Expenses (Source of Revenue is Grant Revenue and Permit Fees)	<u>1,163</u>
Total Special Revenue Funds	<u>78,538</u>

Capital Projects Funds:

Assigned for Bridge Reserve Expenditures	59,443
Assigned for Town Hall Maintenance Expenditures	<u>12,061</u>
Total Capital Projects Funds	<u>71,504</u>

Total Non-Major Funds	<u>150,042</u>
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Total Assigned Fund Balances	<u>\$246,611</u>
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The unassigned deficit of \$3,559 in the Fire Station Fund was funded in fiscal year 2014 with property taxes.

**J. Restricted Net Position**

The restricted net position of the Town as of June 30, 2013 consisted of the following:

Governmental Activities:

Restricted for Highway Expenditures by Statute	\$ 43,872
Restricted for Cemetery Expenses by Endowment	140,881
Restricted for Home Improvement Loans by Grant Agreements	28,898
Restricted for Conservation Commission by Donations	5,527
Restricted for Library by Endowment	<u>2,904</u>
Total Restricted Net Position	<u>\$222,082</u>

TOWN OF CORINTH, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013

**V. OTHER INFORMATION**

**A. BENEFIT PLAN**

All eligible employees of the Town are covered under the State of Vermont Municipal Employee's Retirement Plan. The Town participates in all of the following plans. Employees in Group A contribute 2.5% of their gross salary and the Town contributes 4%. Employees in Group B contribute 4.5% of their gross salary and the Town contributes 5%. Employees in Group DC, a defined contribution plan, contribute 5% of their gross salary and the Town contributes 5.125%.

The Town pays all costs accrued each year for the plans. The premise of Plans A and B are to provide a retirement plan covering municipal employees at a uniform State-wide contribution rate based upon an actuarial valuation of all State of Vermont municipal employees. Activity in these plans is done in the aggregate, not by municipality. Due to the nature of these pension plans, net position available for benefits as well as the present value of vested and nonvested plan benefits by municipality are not available. The premise of Group DC plan is to allow employees to have a choice in investing their retirement assets. Each employee will receive the value of their account upon retirement.

Total payroll for the year was \$250,104 while covered payroll was \$200,482. Pension expense for the years ended June 30, 2013, 2012 and 2011 were \$9,680, \$8,089 and \$8,462, respectively.

Additional information regarding the State of Vermont Municipal Employees' Retirement System is available upon request from the State of Vermont.

**B. PROPERTY TAXES**

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property tax bills are due in two installments on September 11 and February 12. On February 12, unpaid amounts become delinquent. On this day, the Town assesses an 8% penalty on all unpaid 1<sup>st</sup> installment taxes and a 3% penalty on all unpaid 2<sup>nd</sup> installment taxes. The month following the final installment date, an additional 5% penalty is assessed on all remaining unpaid 2<sup>nd</sup> installment taxes. Interest is calculated at 1% for the first (3) months and 1.5% thereafter. The tax rates for 2013 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.3099	1.3446
Town	.1533	.1533
Highway	.4028	.4028
Local Agreement	<u>.0051</u>	<u>.0051</u>
Total	<u>1.8711</u>	<u>1.9058</u>



TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

For the year ended June 30, 2013, the Town billed \$2,745,660 in property taxes of which \$1,935,494 was allocated to education property taxes, \$477,700 to the Highway Fund, \$94,300 to the Highway Capital Fund, \$15,000 to the Bridge Reserve Fund, \$35,570 to the Town Hall Maintenance Fund, \$500 to the Town Planning Fund, \$750 to the Conservation Commission Fund and \$186,346 to the General Fund. The General Fund reported \$218,076 in property tax revenue due primarily to a decrease in deferred property tax revenue.

**C. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and rate-setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town self insures itself for unemployment coverage. The Town must pay the Vermont Department of Employment and Training for any paid claims. Unemployment claims for the year ended June 30, 2013 were \$-0-.

**D. SUBSEQUENT EVENTS**

Subsequent to year end, the Town borrowed \$137,000 from People's United Bank to purchase a Caterpillar bucket loader. The terms require five (5) annual principal payments plus interest at 2.5% on September 20 each year. The first principal payment of \$23,300 was due and paid September 20, 2013. The remaining four (4) principal payments are due in the amount of \$28,425 beginning on September 20, 2014 with the final payment due on September 20, 2017.

TOWN OF CORINTH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Property Taxes	\$ 186,616	\$ 218,076	\$ 31,460
Interest on Delinquent Taxes	10,000	35,388	25,388
Education Tax Billing Fee	0	3,986	3,986
Hold Harmless	80,000	85,812	5,812
Town Fees	7,000	19,700	12,700
Restoration of Records Fees	550	1,662	1,112
Liquor Licenses	120	50	(70)
Dog Licenses	1,300	1,248	(52)
Hall Rental Income	1,000	1,385	385
Household Hazardous Waste Grant Income	2,000	617	(1,383)
Investment Income	50	186	136
Miscellaneous	800	2,038	1,238
<b>Total Revenues</b>	<b>289,436</b>	<b>370,148</b>	<b>80,712</b>
<b>Expenditures:</b>			
<b>Selectmen:</b>			
Selectmen Salaries	2,400	2,400	0
Administrative Assistant	2,000	1,050	950
Selectmen Financial Assistant	1,200	1,213	(13)
Social Security	430	344	86
Meetings	500	300	200
Discretionary	300	0	300
Miscellaneous	200	80	120
<b>Total Selectmen</b>	<b>7,030</b>	<b>5,387</b>	<b>1,643</b>
<b>Auditors:</b>			
Town Audit	11,600	9,100	2,500
Postage	550	308	242
Printing	2,750	2,874	(124)
<b>Total Auditors</b>	<b>14,900</b>	<b>12,282</b>	<b>2,618</b>
<b>Elections:</b>			
Payroll	2,700	2,322	378
Social Security	100	38	62
Retirement	20	0	20
Supplies	300	132	168
<b>Total Elections</b>	<b>3,120</b>	<b>2,492</b>	<b>628</b>
<b>Listers:</b>			
Payroll	17,000	15,638	1,362
Social Security	1,300	1,076	224
Supplies	600	190	410
Postage	200	181	19
Computer Supplies	2,325	2,296	29
Consultants - Tax Map Maintenance	2,500	1,010	1,490
Telephone	1,000	889	111
Dues & Meetings	500	520	(20)
Mileage	400	373	27

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TOWN OF CORINTH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable/ (Unfavorable)
Listers/(Cont'd):			
Appeals	\$ 100	\$ 0	\$ 100
Computer Equipment	500	808	(308)
Furniture & Equipment	200	0	200
Miscellaneous	0	12	(12)
Total Listers	<u>26,625</u>	<u>22,993</u>	<u>3,632</u>
Planning Administrator:			
Payroll	1,200	36	1,164
Social Security	100	0	100
Total Planning Administrator	<u>1,300</u>	<u>36</u>	<u>1,264</u>
Town Office:			
Town Clerk Salary	25,500	25,500	0
Assistant Clerk Salary	5,100	4,428	672
Town Treasurer Salary	25,500	25,500	0
Assistant Treasurer Salary	2,100	1,797	303
Social Security	4,450	4,343	107
Retirement	2,550	2,554	(4)
Health Insurance	16,250	13,996	2,254
Restoration of Records	2,500	4,671	(2,171)
Office Supplies	3,500	2,915	585
Office Postage	2,800	2,661	139
Computer Supplies	0	1,611	(1,611)
Mileage	200	183	17
Computer Consultant	500	371	129
Internet	450	512	(62)
Telephone	1,000	1,685	(685)
Meetings & Dues	660	370	290
Contracts	2,000	2,563	(563)
Furniture & Equipment	1,000	316	684
Total Town Office	<u>96,060</u>	<u>95,976</u>	<u>84</u>
Legal & Insurance:			
Legal Notices	500	145	355
Workman's Compensation	150	0	150
Bonds and Insurance	9,000	8,616	384
Legal Services	1,500	0	1,500
Total Legal & Insurance	<u>11,150</u>	<u>8,761</u>	<u>2,389</u>
Public Services:			
Abated Taxes	1,000	0	1,000
Ambulance Services	28,000	32,125	(4,125)
Orange County Animal Rescue	2,000	1,200	800
Animal Control	3,000	1,374	1,626
Board of Civil Authority Expenses	35	0	35
Blake Memorial Library	1,370	1,370	0
County Tax	30,000	28,625	1,375
Corinth-Topsham Emergency Response Team	6,500	6,500	0

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TOWN OF CORINTH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Public Services/(Cont'd):			
Debt Service	\$ 100	\$ 0	\$ 100
Fire Services	56,000	56,000	0
Emergency Management Coordinator	1,445	1,655	(210)
VLCT	2,180	2,180	0
Two Rivers Dues	<u>1,700</u>	<u>1,709</u>	<u>(9)</u>
 Total Public Services	 <u>133,330</u>	 <u>132,738</u>	 <u>592</u>
Appropriations:			
Adult Education	800	800	0
Central Vermont Community Action Council	300	300	0
American Red Cross	500	500	0
Council on Aging	400	400	0
Mentor Project of the Upper Valley	500	500	0
Visiting Nurse Alliance	6,250	6,250	0
Clara Martin Center	2,177	2,177	0
Northern Vermont Resource Conservation and Development	100	100	0
Green Up Vermont	100	100	0
Stagecoach	1,000	1,000	0
Orange East Senior Center	2,200	2,200	0
Green Mountain Economic Development	684	684	0
Northeast Slopes	1,460	1,460	0
Orange County Diversion Program	150	150	0
New Hope Food Shelf	400	400	0
Orange County Parent Center	500	500	0
Oxbow Senior Independence Program	300	300	0
Safeline	500	500	0
Sugar Maple Preschool	400	400	0
Vermont Center for Independent Living	170	170	0
Little River Health Center	<u>2,000</u>	<u>2,000</u>	<u>0</u>
 Total Appropriations	 <u>20,891</u>	 <u>20,891</u>	 <u>0</u>
Solid Waste Disposal/Transfer Station:			
Solid Waste Contract	12,000	0	12,000
Transfer Station Attendant	0	2,670	(2,670)
Social Security	0	200	(200)
Miscellaneous	<u>0</u>	<u>1,353</u>	<u>(1,353)</u>
 Total Solid Waste Disposal/Transfer Station	 <u>12,000</u>	 <u>4,223</u>	 <u>7,777</u>
Law Enforcement:			
Payroll	500	0	500
Hired Safety Services	8,000	8,218	(218)
Social Security	40	0	40
Supplies	50	223	(173)
Mileage	<u>50</u>	<u>0</u>	<u>50</u>
 Total Law Enforcement	 <u>8,640</u>	 <u>8,441</u>	 <u>199</u>

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TOWN OF CORINTH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable/ (Unfavorable)
Delinquent Tax Collector:			
Social Security	\$ 1,650	\$ 1,446	\$ 204
Retirement	1,075	1,020	55
Meetings	100	0	100
Total Delinquent Tax Collector	2,825	2,466	359
Health:			
Payroll	100	0	100
Social Security	15	0	15
Meetings	50	0	50
Officer Expenses	50	0	50
Total Health	215	0	215
Cemetery:			
Transfer to Cemetery Trust Fund	5,000	5,000	0
Supplies	350	371	(21)
Total Cemetery	5,350	5,371	(21)
Total Expenditures	343,436	322,057	21,379
Excess/(Deficiency) of Revenues Over Expenditures	\$ (54,000)	48,091	\$ 102,091
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
History Book Fund Income		325	
History Book Fund Expenses		(258)	
Change in Modified Accrual Basis Fund Balance		\$ 48,158	

The reconciling items are due to combining one (1) fund with the General Fund in order to comply with GASB Statement No. 54.

TOWN OF CORINTH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
HIGHWAY FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Property Taxes	\$ 477,700	\$ 477,700	\$ 0
State Highway Aid	155,000	163,980	8,980
Paving Grant	0	42,363	42,363
FEMA Reimbursement	0	27,470	27,470
Better Back Roads Grant	0	5,422	5,422
Miscellaneous Grants	0	1,242	1,242
Highway Receipts	0	745	745
Overweight Permits	400	375	(25)
Investment Income	200	149	(51)
<b>Total Revenues</b>	<b>633,300</b>	<b>719,446</b>	<b>86,146</b>
<b>Expenditures:</b>			
<b>Administration:</b>			
Payroll	1,950	1,950	0
Uniforms	4,100	4,458	(358)
Social Security	11,225	11,024	201
Retirement	6,200	6,124	76
Property & Casualty Insurance	5,400	6,298	(898)
Health Insurance	47,000	40,299	6,701
Holidays & Vacations	3,300	3,360	(60)
Unemployment Insurance	1,000	604	396
Personal Time	9,000	8,178	822
Workman's Compensation	8,200	7,219	981
Highway Meetings	500	60	440
<b>Total Administration</b>	<b>97,875</b>	<b>89,574</b>	<b>8,301</b>
<b>Highway Labor:</b>			
Labor	97,500	100,137	(2,637)
Overtime	18,000	17,710	290
Part-Time Labor	17,000	12,776	4,224
<b>Total Highway Labor</b>	<b>132,500</b>	<b>130,623</b>	<b>1,877</b>
<b>Materials:</b>			
Gravel	65,000	73,613	(8,613)
Chloride	12,000	6,475	5,525
Salt	38,500	35,180	3,320
Sand	35,000	31,222	3,778
Stone	3,000	1,831	1,169
<b>Total Materials</b>	<b>153,500</b>	<b>148,321</b>	<b>5,179</b>
<b>Patch and Paving:</b>	<b>145,000</b>	<b>137,074</b>	<b>7,926</b>
<b>Other Materials and Services:</b>			
Hired Services	15,000	14,223	777
Posts and Guardrails	4,500	0	4,500
Culverts	8,000	5,523	2,477
Signs	2,000	3,153	(1,153)
Other Materials	500	200	300
<b>Total Other Materials and Services</b>	<b>30,000</b>	<b>23,099</b>	<b>6,901</b>

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TOWN OF CORINTH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
HIGHWAY FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable/ (Unfavorable)
Garage:			
Supplies	\$ 150	\$ 103	\$ 47
Office Supplies	50	111	(61)
Office Equipment	150	0	150
Repairs & Maintenance	1,000	1,446	(446)
Equipment Purchase	0	260	(260)
Rubbish Removal	275	325	(50)
Electric	2,000	2,604	(604)
Telephone	1,600	1,370	230
Heat	1,000	290	710
	6,225	6,509	(284)
Total Garage			
Operating Supplies:			
Diesel Fuel	46,000	62,031	(16,031)
Gas, Oil & Chains	150	131	19
Small Tools & Equipment	1,500	1,314	186
	47,650	63,476	(15,826)
Total Operating Supplies			
Repairs and Maintenance:			
Equipment Maintenance	37,500	56,862	(19,362)
Mileage	500	517	(17)
Small Parts & Equipment	2,000	1,136	864
	40,000	58,515	(18,515)
Total Repairs and Maintenance			
Miscellaneous Equipment Purchases:	550	963	(413)
Safety Equipment Grant Expense:	0	2,829	(2,829)
Grant Projects:			
Materials - Cookeville Box Culvert	0	1,873	(1,873)
Hired Services - Cookeville Box Culvert	0	47,296	(47,296)
Materials - Eagle Hollow Road	0	1,521	(1,521)
Materials - Backway Road	0	8,913	(8,913)
	0	59,603	(59,603)
Total Grant Projects			
Total Expenditures	653,300	720,586	(67,286)
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(20,000)</u>	(1,140)	\$ <u>18,860</u>
Fund Balance - July 1, 2012		45,012	
Fund Balance - June 30, 2013		\$ 43,872	

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TOWN OF CORINTH, VERMONT  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Library Trust Fund	Total
<u>ASSETS</u>				
Investments	\$ 0	\$ 0	\$ 2,813	\$ 2,813
Due from Other Funds	103,894	80,104	91	184,089
Loans Receivable	<u>14,359</u>	<u>0</u>	<u>0</u>	<u>14,359</u>
Total Assets	<u>\$ 118,253</u>	<u>\$ 80,104</u>	<u>\$ 2,904</u>	<u>\$ 201,261</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,551	\$ 11,996	\$ 0	\$ 14,547
Accrued Payroll and Benefits Payable	0	163	0	163
Unearned Revenue	<u>2,739</u>	<u>0</u>	<u>0</u>	<u>2,739</u>
Total Liabilities	<u>5,290</u>	<u>12,159</u>	<u>0</u>	<u>17,449</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Loans Receivable	<u>14,359</u>	<u>0</u>	<u>0</u>	<u>14,359</u>
Total Deferred Inflows of Resources	<u>14,359</u>	<u>0</u>	<u>0</u>	<u>14,359</u>
<u>FUND BALANCES</u>				
Nonspendable	0	0	2,800	2,800
Restricted	20,066	0	104	20,170
Assigned	78,538	71,504	0	150,042
Unassigned/(Deficit)	<u>0</u>	<u>(3,559)</u>	<u>0</u>	<u>(3,559)</u>
Total Fund Balances	<u>98,604</u>	<u>67,945</u>	<u>2,904</u>	<u>169,453</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 118,253</u>	<u>\$ 80,104</u>	<u>\$ 2,904</u>	<u>\$ 201,261</u>

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TOWN OF CORINTH, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Library Trust Fund	Total
Revenues:				
Property Taxes	\$ 1,250	\$ 50,570	\$ 0	\$ 51,820
Intergovernmental	16,351	12,444	0	28,795
Permits, Licenses & Fees	195	0	0	195
Loan Repayments	2,452	0	0	2,452
Investment Income	166	94	18	278
Other	1,312	3,700	0	5,012
	<u>21,726</u>	<u>66,808</u>	<u>18</u>	<u>88,552</u>
Total Revenues				
Expenditures:				
General Government	7,178	24,339	0	31,517
Public Safety	0	3,559	0	3,559
Highways and Streets	0	12,538	0	12,538
Culture and Recreation	6,789	0	0	6,789
Capital Outlay:				
Highways and Streets	0	9,335	0	9,335
	<u>13,967</u>	<u>49,771</u>	<u>0</u>	<u>63,738</u>
Total Expenditures				
Net Change in Fund Balances	7,759	17,037	18	24,814
Fund Balances - July 1, 2012	<u>90,845</u>	<u>50,908</u>	<u>2,886</u>	<u>144,639</u>
Fund Balances - June 30, 2013	<u>\$ 98,604</u>	<u>\$ 67,945</u>	<u>\$ 2,904</u>	<u>\$ 169,453</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CORINTH, VERMONT  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	Reappraisal Fund	Town Planning Fund	Home Improvement Loan Fund	Shea Town Forest Fund	Conservation Commission Fund	Total
<u>ASSETS</u>						
Due from Other Funds	\$ 77,375	\$ 1,163	\$ 14,539	\$ 5,290	\$ 5,527	\$ 103,894
Loans Receivable	<u>0</u>	<u>0</u>	<u>14,359</u>	<u>0</u>	<u>0</u>	<u>14,359</u>
Total Assets	<u>\$ 77,375</u>	<u>\$ 1,163</u>	<u>\$ 28,898</u>	<u>\$ 5,290</u>	<u>\$ 5,527</u>	<u>\$ 118,253</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 2,551	\$ 0	\$ 2,551
Unearned Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,739</u>	<u>0</u>	<u>2,739</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,290</u>	<u>0</u>	<u>5,290</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Loans Receivable	<u>0</u>	<u>0</u>	<u>14,359</u>	<u>0</u>	<u>0</u>	<u>14,359</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>14,359</u>	<u>0</u>	<u>0</u>	<u>14,359</u>
<u>FUND BALANCES</u>						
Restricted	0	0	14,539	0	5,527	20,066
Assigned	<u>77,375</u>	<u>1,163</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>78,538</u>
Total Fund Balances	<u>77,375</u>	<u>1,163</u>	<u>14,539</u>	<u>0</u>	<u>5,527</u>	<u>98,604</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 77,375</u>	<u>\$ 1,163</u>	<u>\$ 28,898</u>	<u>\$ 5,290</u>	<u>\$ 5,527</u>	<u>\$ 118,253</u>

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TOWN OF CORINTH, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Reappraisal Fund	Town Planning Fund	Home Improvement Loan Fund	Shea Town Forest Fund	Conservation Commission Fund	Total
<b>Revenues:</b>						
Property Taxes	\$ 0	\$ 500	\$ 0	\$ 0	\$ 750	\$ 1,250
Intergovernmental	10,188	0	0	6,163	0	16,351
Permits, Licenses & Fees	0	195	0	0	0	195
Loan Repayments	0	0	2,452	0	0	2,452
Investment Income	75	1	75	9	6	166
Other	0	0	0	0	1,312	1,312
<b>Total Revenues</b>	<u>10,263</u>	<u>696</u>	<u>2,527</u>	<u>6,172</u>	<u>2,068</u>	<u>21,726</u>
<b>Expenditures:</b>						
General Government	0	178	7,000	0	0	7,178
Culture and Recreation	0	0	0	6,172	617	6,789
<b>Total Expenditures</b>	<u>0</u>	<u>178</u>	<u>7,000</u>	<u>6,172</u>	<u>617</u>	<u>13,967</u>
Net Change in Fund Balances	10,263	518	(4,473)	0	1,451	7,759
Fund Balances - July 1, 2012	<u>67,112</u>	<u>645</u>	<u>19,012</u>	<u>0</u>	<u>4,076</u>	<u>90,845</u>
Fund Balances - June 30, 2013	<u>\$ 77,375</u>	<u>\$ 1,163</u>	<u>\$ 14,539</u>	<u>\$ 0</u>	<u>\$ 5,527</u>	<u>\$ 98,604</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CORINTH, VERMONT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2013

	Bridge Reserve Fund	Better Back Roads Fund	Town Hall Maintenance Fund	Fire Station Fund	Total
<u>ASSETS</u>					
Due from Other Funds	\$ 64,145	\$ 0	\$ 15,959	\$ 0	\$ 80,104
Total Assets	<u>\$ 64,145</u>	<u>\$ 0</u>	<u>\$ 15,959</u>	<u>\$ 0</u>	<u>\$ 80,104</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 4,702	\$ 0	\$ 3,735	\$ 3,559	\$ 11,996
Accrued Payroll and Benefits Payable	<u>0</u>	<u>0</u>	<u>163</u>	<u>0</u>	<u>163</u>
Total Liabilities	<u>4,702</u>	<u>0</u>	<u>3,898</u>	<u>3,559</u>	<u>12,159</u>
Fund Balances:					
Assigned	59,443	0	12,061	0	71,504
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,559)</u>	<u>(3,559)</u>
Total Fund Balances/(Deficit)	<u>59,443</u>	<u>0</u>	<u>12,061</u>	<u>(3,559)</u>	<u>67,945</u>
Total Liabilities and Fund Balances	<u>\$ 64,145</u>	<u>\$ 0</u>	<u>\$ 15,959</u>	<u>\$ 0</u>	<u>\$ 80,104</u>

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TOWN OF CORINTH, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Bridge Reserve Fund	Better Back Roads Fund	Town Hall Maintenance Fund	Fire Station Fund	Total
Revenues:					
Property Taxes	\$ 15,000	\$ 0	\$ 35,570	\$ 0	\$ 50,570
Intergovernmental	0	12,444	0	0	12,444
Investment Income	69	0	25	0	94
Other	3,700	0	0	0	3,700
<b>Total Revenues</b>	<b>18,769</b>	<b>12,444</b>	<b>35,595</b>	<b>0</b>	<b>66,808</b>
Expenditures:					
General Government	0	0	24,339	0	24,339
Public Safety	0	0	0	3,559	3,559
Highways and Streets	94	12,444	0	0	12,538
Capital Outlay:					
Highways and Streets	9,335	0	0	0	9,335
<b>Total Expenditures</b>	<b>9,429</b>	<b>12,444</b>	<b>24,339</b>	<b>3,559</b>	<b>49,771</b>
Net Change in Fund Balances	9,340	0	11,256	(3,559)	17,037
Fund Balances - July 1, 2012	50,103	0	805	0	50,908
Fund Balances/(Deficit) - June 30, 2013	<u>\$ 59,443</u>	<u>\$ 0</u>	<u>\$ 12,061</u>	<u>\$ (3,559)</u>	<u>\$ 67,945</u>

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

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

Selectboard  
Town of Corinth  
P.O. Box 461  
Corinth, Vermont 05039

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, each major fund, and the aggregate remaining fund information of the Town of Corinth, Vermont, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Corinth, Vermont's basic financial statements, and have issued our report thereon dated May 27, 2014.

***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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***

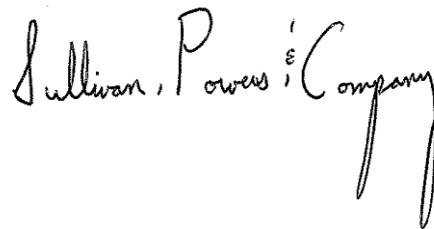
As part of obtaining reasonable assurance about whether the Town of Corinth, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

However, we noted certain other matters that we reported to the management of the Town of Corinth, Vermont in a separate letter dated May 27, 2014.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Corinth, Vermont's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Corinth, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

May 27, 2014  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' and 'C'.