

TOWN OF CORINTH, VERMONT

AUDIT REPORT

JUNE 30, 2014

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

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

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, 2014, 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 previously 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, 2014 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 9 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.

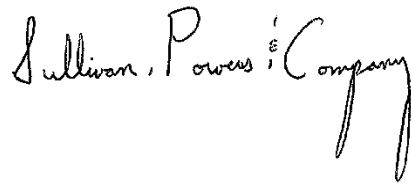
Other Information

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 March 23, 2015 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.

March 23, 2015
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'.

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

The Town of Corinth (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal year ending June 30, 2014.

Financial Highlights

- Assets exceeded liabilities and deferred inflows of resources on June 30, 2014 by \$5,336,556 (*net position*). Of this amount, \$409,056 (*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 \$218,212.
- Fund balances of governmental funds decreased by \$189,639 to a total of \$397,876 in fiscal year 2014. The General Fund had a total fund balance of \$99,264 of which \$81,761 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 the reader with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, liabilities and deferred inflows of resources with the difference between the assets and the liabilities and deferred inflows of resources 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, 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 include general government, public safety, highways and streets, culture and recreation, 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.

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This supplementary information includes 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	
	FY2014	FY2013
Current and Other Assets	\$ 837,252	\$ 766,869
Capital Assets	5,007,530	4,744,495
Total Assets	5,844,782	5,511,364
Current Liabilities	141,647	63,208
Long-term Liabilities	363,629	328,162
Total Liabilities	505,276	391,370
Deferred Inflows of Resources	2,950	1,650
Net Investment in Capital Assets	4,651,679	4,423,139
Restricted	275,821	222,082
Unrestricted	409,056	473,123
Total Net Position	\$ 5,336,556	\$ 5,118,344

As stated above, assets exceeded liabilities and deferred inflows of resources by \$5,336,556 at the end of fiscal year 2014. Assets exceeded liabilities by \$5,118,344 at the end of fiscal year 2013.

The largest portion of the Town's net position is in its investment in capital assets (87.2% - \$4,651,679). 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 (5.2% - \$275,821) of the Town's assets 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 (7.7% - \$409,056) 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).

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

	Governmental Activities	
	FY2014	FY2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 27,133	\$ 31,066
Operating Grants and Contributions	224,775	252,973
Capital Grants and Contributions	207,027	101,884
General Revenues:		
Property Taxes	871,379	792,896
Interest on Delinquent Taxes	23,497	35,388
General State Grants	84,505	85,812
Investment Income	24,283	14,845
Other Revenues	4,984	7,050
	1,467,583	1,321,914
Expenses:		
Governmental Activities:		
General Government	248,262	233,849
Public Safety	130,903	110,854
Highways and Streets	842,090	803,110
Culture and Recreation	8,446	8,417
Sanitation	3,362	4,223
Cemetery	6,422	6,800
Interest on Long-Term Debt	9,886	10,107
	1,249,371	1,177,360
Change in Net Position	218,212	144,554
Net Position - Beginning of Year	5,118,344	4,973,790
Net Position - End of Year	\$5,336,556	\$5,118,344

Governmental activities. Governmental activities increased the Town's net position by \$218,212 in fiscal year 2014.

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Financial Analysis of Major Governmental Funds

The General Fund (Includes History Book Fund)

The General Fund balance decreased \$66,732 from \$165,996 at the end of fiscal year 2013 to \$99,264 at the end of fiscal year 2014.

The total revenues budgeted were \$344,906 which included the use of \$25,000 surplus from the prior year cumulative fund balance; therefore, only \$319,906 was expected to be collected in revenues. The actual revenues collected were \$278,760 or \$41,146 less than anticipated. This was due to under collecting \$64,602 in taxes as a result of an increase in delinquent taxes. There were additional under collections of \$957 for Hold Harmless monies, Dog Licenses and Miscellaneous income. Excess revenues totaling \$24,413 were received in all the other revenue line items (Interest on late/delinquent taxes, Education Tax Billing Fee, Town Fees, Restoration of Records, Liquor Licenses, Hall Rent, Interest on Savings, and the transfer in from the Emergency Generator Fund).

A total of \$344,906 was budgeted for expenses; \$345,576 was actually spent resulting in a deficit of \$670. The following categories make up \$8,460 in over expenditures – Elections, Administrative Officer, Technology Dues and Support, Legal & Insurance, Public Services, Law Enforcement and Cemetery. Savings totaling \$7,790 were realized from the remaining categories – Selectmen, Auditors, Listers, Town Office, Solid Waste and the Delinquent Tax Collector.

The General Fund ended fiscal year 2014 with a \$66,732 deficit and an overall cumulative surplus of \$99,264.

The Highway Fund

The Highway Fund ended fiscal year 2014 with a cumulative surplus of \$6,417. The prior year cumulative surplus was \$43,872 resulting in a current year loss of \$37,455.

There was a total of \$690,405 in revenues received. Of that total, the total of excess revenues received over the budgeted amount was \$20,075 – State Highway Aid, Better Back Roads Grant, Miscellaneous Grants and Miscellaneous Income. Only \$365 came in under budget from Overweight Permits and Investment Income.

Total highway expenses equal \$727,860. Throughout the whole Highway Expense budget there are under expended and over expended line items which netted out to a total of \$57,530 in over expenditures of the budget. The savings, totaling \$14,776 come from under expended categories (Administration, Highway Labor, Materials and Services.) There are \$72,306 in over expenditures made up from the following categories – Patch and Paving, Garage expenses, Operating Supplies, Repairs & Maintenance of Vehicles and Equipment, Miscellaneous Equipment Purchases and Safety Equipment Grant and other Grant Projects.

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Other Funds

The Town has the following reserve funds as of June 30, 2014:

Highway Capital Fund	\$ 35,083
Cemetery Trust Fund	163,539
Reappraisal Fund	87,543
Town Planning Fund	652
Home Improvement Loan Fund	16,985
Shea Town Forest Fund	216
Conservation Commission Fund	5,051
Bridge Reserve Fund	(30,501)
Town Hall Maintenance Fund	13,549
Corinth 250 th Anniversary Fund	469
Park N' Ride Fund	(3,277)
Library Trust Fund	<u>2,886</u>
 Total Other Funds	 <u>\$ 292,195</u>

Restricted Net Position and Reserve Fund Balances

The restricted net position was \$275,821 on June 30, 2014. 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 \$38,247 on June 30, 2014. These funds are available to address planned or unexpected expenses in the General Fund.

Capital Assets

Governmental capital assets increased \$263,035 net of accumulated depreciation, a total of \$5,007,530 in fiscal year 2014. This was the result of purchasing a new 2013 Caterpillar Bucket Loader for \$137,000, road paving of \$135,245, \$8,285 for a Bale Chopper, the emergency generator at Waits River Valley School, a used 1985 Caterpillar road grader and infrastructure improvements on Page Hill Road for \$92,654.

Long-Term Debt

All of the long-term debt identified below is a general obligation of the Town. However, it has been the practice to fund repayment of the various obligations from their respective funds. As of June 30, 2014, the Town's Highway Capital Fund has five loans totaling \$355,851 - \$63,950 for the 2012 International Dump Truck; two loans totaling \$134,954 for the 2013 International Dump Truck; \$113,700 for a 2013 Caterpillar Bucket Loader and \$43,247 for a 2011 John Deere Hitachi Excavator. The Caterpillar Bucket Loader debt was new in 2014.

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Economic Factors and Next Year's Budget and Rates

The following factors were considered in the development of budgets for FY15:

- **General Fund:** The budget for FY15 was increased about 8.4%. Line items were level funded as much as possible and adjusted to closer reflect the actual amount expended in FY14. Increases were made to line items which we had no control over costs (i.e. social security, retirement, health care, insurance costs & ambulance services). Approximately 35% of the costs for Listers budget shifted to the Reappraisal Fund to support a new two year town wide reappraisal project. Also, on the recommendation of the auditors the general upkeep and maintenance of the Town Hall was re-categorized to the General Fund. The Town Hall Capital Improvement fund will be used for expensing capital improvement projects only.
- **Highway Fund:** There was about a .56% increase in the budget for FY15 for the Highway Fund. The biggest increase in the budget was for signs and diesel fuel. The Town established a Highway Capital 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, 2014

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 340,429
Investments	160,384
Receivables	304,905
Loans Receivable	12,064
Inventory	19,470
Capital Assets:	
Land	134,869
Construction in Progress	223,229
Other Capital Assets, (Net of Accumulated Depreciation)	4,649,432
Total Assets	5,844,782
<u>LIABILITIES</u>	
Accounts Payable	126,561
Accrued Payroll and Benefits Payable	6,314
Unearned Revenue	3,046
Accrued Interest Payable	5,726
Noncurrent Liabilities:	
Due within One Year	107,632
Due in More than One Year	255,997
Total Liabilities	505,276
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	2,950
Total Deferred Inflows of Resources	2,950
<u>NET POSITION</u>	
Net Investment in Capital Assets	4,651,679
Restricted for:	
Highway Expenses	39,997
Highway Capital Expenses	35,083
Cemetery Expenses	163,539
Home Loan Improvements	29,049
Other Purposes	8,153
Unrestricted	409,056
Total Net Position	\$ 5,336,556

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

TOWN OF CORINTH, VERMONT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 248,262	\$ 24,563	\$ 25,263	\$ 0	\$ (198,436)
Public Safety	130,903	0	0	0	(130,903)
Highways and Streets	842,090	1,125	198,284	207,027	(435,654)
Culture and Recreation	8,446	395	0	0	(8,051)
Sanitation	3,362	0	0	0	(3,362)
Cemetery	6,422	1,050	1,228	0	(4,144)
Interest on Long-Term Debt	9,886	0	0	0	(9,886)
Total Governmental Activities	\$ 1,249,371	\$ 27,133	\$ 224,775	\$ 207,027	(790,436)
General Revenues:					
Property Taxes					871,379
Interest on Delinquent Taxes					23,497
General State Grants					84,505
Investment Income					24,283
Other Revenues					4,984
Total General Revenues					1,008,648
Change in Net Position					218,212
Net Position - July 1, 2013					5,118,344
Net Position - June 30, 2014					\$ 5,336,556

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

TOWN OF CORINTH, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Highway Fund	Highway Capital Fund	Cemetery Trust Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 331,410	\$ 0	\$ 0	\$ 9,019	\$ 0	\$ 340,429
Investments	0	0	0	157,586	2,798	160,384
Receivables	185,157	33,580	0	0	86,168	304,905
Due from Other Funds	0	18,432	35,083	0	191,403	244,918
Loans Receivable	0	0	0	0	12,064	12,064
Inventory	2,848	14,393	0	0	2,229	19,470
	<u>\$ 519,415</u>	<u>\$ 66,405</u>	<u>\$ 35,083</u>	<u>\$ 166,605</u>	<u>\$ 294,662</u>	<u>\$ 1,082,170</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 4,166	\$ 25,638	\$ 0	\$ 1,381	\$ 95,376	\$ 126,561
Accrued Payroll and Benefits Payable	3,782	770	0	1,685	77	6,314
Due to Other Funds	240,253	0	0	0	4,665	244,918
Unearned Revenue	0	0	0	0	3,046	3,046
	<u>248,201</u>	<u>26,408</u>	<u>0</u>	<u>3,066</u>	<u>103,164</u>	<u>380,839</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	2,950	0	0	0	0	2,950
Unavailable Property Taxes and Interest	169,000	0	0	0	0	169,000
Unavailable Grant Revenue	0	33,580	0	0	85,861	119,441
Unavailable Loans Receivable	0	0	0	0	12,064	12,064
	<u>171,950</u>	<u>33,580</u>	<u>0</u>	<u>0</u>	<u>97,925</u>	<u>303,455</u>
<u>FUND BALANCES</u>						
Nonspendable	2,848	14,393	0	7,400	5,029	29,670
Restricted	0	0	35,083	156,139	22,338	213,560
Assigned	14,655	0	0	0	101,744	116,399
Unassigned/(Deficit)	81,761	(7,976)	0	0	(35,538)	38,247
	<u>99,264</u>	<u>6,417</u>	<u>35,083</u>	<u>163,539</u>	<u>93,573</u>	<u>397,876</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 519,415</u>	<u>\$ 66,405</u>	<u>\$ 35,083</u>	<u>\$ 166,605</u>	<u>\$ 294,662</u>	
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.						5,007,530
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.						300,505
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.						<u>(369,355)</u>
Net Position of Governmental Activities						<u>\$ 5,336,556</u>

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, 2014

	General Fund	Highway Fund	Highway Capital Fund	Cemetery Trust Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 145,779	\$ 514,530	\$ 79,250	\$ 0	\$ 67,820	\$ 807,379
Interest on Delinquent Taxes	23,497	0	0	0	0	23,497
Intergovernmental	88,724	174,639	0	0	25,263	288,626
Charges for Services	1,255	0	0	1,050	0	2,305
Permits, Licenses & Fees	17,415	1,125	0	0	25	18,565
Loan Repayments	0	0	0	0	4,340	4,340
Investment Income	213	110	48	23,614	298	24,283
Donations	0	0	0	0	1,228	1,228
Other	992	0	0	0	3,992	4,984
Total Revenues	277,875	690,404	79,298	24,664	102,966	1,175,207
Expenditures:						
General Government	216,966	0	0	0	21,639	238,605
Public Safety	115,336	0	0	0	15,567	130,903
Highways and Streets	0	582,578	0	0	0	582,578
Culture and Recreation	1,686	0	0	0	6,760	8,446
Sanitation	3,362	0	0	0	0	3,362
Cemetery	416	0	0	6,006	0	6,422
Capital Outlay:						
General Government	0	0	0	0	29,430	29,430
Highways and Streets	0	145,281	137,000	0	108,291	390,572
Debt Service:						
Principal	0	0	102,505	0	0	102,505
Interest	0	0	9,023	0	0	9,023
Total Expenditures	337,766	727,859	248,528	6,006	181,687	1,501,846
Excess/(Deficiency) of Revenues Over Expenditures	(59,891)	(37,455)	(169,230)	18,658	(78,721)	(326,639)
Other Financing Sources/(Uses):						
Proceeds of Long-Term Debt	0	0	137,000	0	0	137,000
Transfers In	1,285	0	0	4,000	4,126	9,411
Transfers Out	(8,126)	0	0	0	(1,285)	(9,411)
Total Other Financing Sources/(Uses)	(6,841)	0	137,000	4,000	2,841	137,000
Net Change in Fund Balances	(66,732)	(37,455)	(32,230)	22,658	(75,880)	(189,639)
Fund Balances - July 1, 2013	165,996	43,872	67,313	140,881	169,453	587,515
Fund Balances - June 30, 2014	\$ 99,264	\$ 6,417	\$ 35,083	\$ 163,539	\$ 93,573	\$ 397,876

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, 2014

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)	\$	(189,639)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$420,002) is allocated over their estimated useful lives and reported as depreciation expense (\$268,197). This is the amount by which capital outlays exceeded depreciation in the current period.		151,805
The net effect of various transactions involving capital assets (i.e., sales, loss on disposal of assets, capital grants and donations) is to increase net position. This amount is from a state capital grant for a bridge project.		111,230
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 increase in deferred revenues over last year.		181,146
The issuance of long-term debt (\$137,000) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$102,505) 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.		(34,495)
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>(1,835)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>218,212</u></u>

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

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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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 position) 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 position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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F. Future Changes in Accounting Standards

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, “Financial Reporting for Pension Plans” – an amendment of GASB Statement No. 27, effective for fiscal years beginning after June 15, 2014. This new accounting and reporting standard may impact the Town’s measurement and recognition of pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures in government-wide and/or enterprise fund financial statements. The requirements of this statement may require restating of beginning net position. The Town is currently not planning to early implement this Statement, and has made no estimation of the effect this Statement will have in the financial statements.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources 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.

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 “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds.”

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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/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 four (4) types of items which arise under the modified accrual basis of accounting and one (1) 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 statement of net position reports unavailable revenues from one (1) source; prepaid property taxes. The governmental funds report unavailable revenues from four (4) sources; prepaid property taxes, unavailable property taxes and interest, unavailable grant revenue, and unavailable loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. 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.

TOWN OF CORINTH, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

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

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.

8. 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.

9. 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.

10. Fund Equity

Fund equity is 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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

**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.

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 \$25,000 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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2014, expenditures in the General Fund exceeded appropriations by \$670. These over expenditures were funded by available fund balance.

For the year ended June 30, 2014, expenditures in the Highway Fund exceeded appropriations by \$57,530. 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, 2014 consisted of the following:

Cash:

Deposits with Financial Institutions	\$332,463
Deposits held by Investment Company	7,865
Cash on Hand	<u>101</u>
 Total Cash	 <u>340,429</u>

Investments:

Certificates of Deposit	17,850
Mutual Funds – Equities	136,140
Common Stock	<u>6,394</u>
 Total Investments	 <u>160,384</u>

Total Cash and Investments	<u>\$500,813</u>
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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 2015.

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 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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Book Balance</u>	<u>Bank Balance</u>
Insured – FDIC/SPIC	\$284,282	\$327,222
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>73,896</u>	<u>43,131</u>
Total	<u>\$358,178</u>	<u>\$370,353</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	\$332,463
Cash – Deposits held by Investment Company	7,865
Investments – Certificates of Deposit	<u>17,850</u>
Total	<u>\$358,178</u>

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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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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, 2014, 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	\$ 168,800
Interest Receivable	27,706
Tax Sale Receivable	651
Grants Receivable	119,748
Allowance for Doubtful Accounts	<u>(12,000)</u>
Total	\$ <u><u>304,905</u></u>

C. Loans Receivable

Loans receivable totaling \$11,508 represent amounts due the Town under the Home Improvement Loan Fund. As of June 30, 2014, six (6) 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 \$556. Total loans receivable and accrued interest is \$12,064.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

D. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 134,869	\$ 0	\$ 0	\$ 134,869
Construction in Progress	96,361	126,868	0	223,229
Total Capital Assets, Not Being Depreciated	<u>231,230</u>	<u>126,868</u>	<u>0</u>	<u>358,098</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	397,604	0	0	397,604
Vehicles	1,113,419	168,750	138,700	1,143,469
Machinery and Equipment	89,298	37,715	5,000	122,013
Infrastructure	4,742,615	227,899	0	4,970,514
Totals	<u>6,342,936</u>	<u>434,364</u>	<u>143,700</u>	<u>6,633,600</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	69,532	10,031	0	79,563
Vehicles	394,302	76,557	108,700	362,159
Machinery and Equipment	64,057	4,588	5,000	63,645
Infrastructure	1,301,780	177,021	0	1,478,801
Totals	<u>1,829,671</u>	<u>268,197</u>	<u>113,700</u>	<u>1,984,168</u>
Total Capital Assets, Being Depreciated	<u>4,513,265</u>	<u>166,167</u>	<u>30,000</u>	<u>4,649,432</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,744,495</u>	<u>\$ 293,035</u>	<u>\$ 30,000</u>	<u>\$ 5,007,530</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 9,657
Highways and Streets	<u>258,540</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 268,197</u>

At June 30, 2014, a vehicle in the amount of \$115,050 was being acquired through an existing capital lease. During the year, \$3,202 was amortized to highway operating expenses. The amortization has been charged to depreciation expense.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2014 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 240,253
Highway Fund	18,432	0
Highway Capital Fund	35,083	0
Other Governmental Funds	191,403	4,665
Total	\$ 244,918	\$ 244,918

Interfund transfers during the year ended June 30, 2014 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Cemetery Trust Fund	\$ 4,000	Annual Contribution
General Fund	Fire Station Fund	4,126	Annual Contribution
Emergency Generator Fund	General Fund	1,285	Return Unneeded Surplus
Total		\$ 9,411	

F. Unearned Revenue

Unearned revenue in the Other Governmental Funds consists of \$3,046 of grant revenue received in advance.

G. Deferred Inflows of Resources

Deferred inflows of resources in the General Fund consists of \$169,000 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 \$2,950 of prepaid property taxes. Total deferred inflows of resources in the General Fund are \$171,950.

Deferred inflows of resources in the Highway Fund consist of \$33,580 in grants receivable not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Other Governmental Funds consists of \$12,064 of loans receivable and related accrued interest as described in Note IV.C. and \$85,861 of grants receivable not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the Other Governmental Funds are \$97,925.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014 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	\$ 95,926	\$ 0	\$ 31,976	\$ 63,950
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 in 2013	58,692	0	11,738	46,954
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	110,000	0	22,000	88,000
Note Payable, People's United Bank, Caterpillar Bucket Loader, With The First Principal Payment of \$23,300, And Remaining Principal Payments of \$28,425 Plus Interest at 2.5% Due Annually, Due September, 2017	0	137,000	23,300	113,700

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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>56,738</u>	\$ <u>0</u>	\$ <u>13,491</u>	\$ <u>43,247</u>
Total	\$ <u>321,356</u>	\$ <u>137,000</u>	\$ <u>102,505</u>	\$ <u>355,851</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>
Governmental Activities					
Notes Payable	\$ 264,618	\$ 137,000	\$ 89,014	\$ 312,604	\$ 94,139
Capital Leases Payable	56,738	0	13,491	43,247	13,493
Compensated Absences Payable	<u>6,806</u>	<u>972</u>	<u>0</u>	<u>7,778</u>	<u>0</u>
Total	\$ <u>328,162</u>	\$ <u>137,972</u>	\$ <u>102,505</u>	\$ <u>363,629</u>	\$ <u>107,632</u>

Debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Capital Leases</u>
2015	\$ 94,139	\$ 7,962	\$ 15,350
2016	94,139	5,498	15,350
2017	62,163	3,005	15,350
2018	62,163	1,503	0
Less: Imputed Interest	<u>0</u>	<u>0</u>	<u>(2,803)</u>
Total	\$ <u>312,604</u>	\$ <u>17,968</u>	\$ <u>43,247</u>

I. Restricted Net Position

The restricted net position of the Town as of June 30, 2014 consisted of the following:

Governmental Activities:

Restricted for Highway Expenditures by Statute	\$ 39,997
Restricted for Highway Capital Expenditures by Statute	35,083
Restricted for Cemetery Expenses by Endowment	163,539
Restricted for Home Improvement Loans by Grant Agreements	29,049
Restricted for Shea Town Forest Fund by Donations	216
Restricted for Conservation Commission by Donations	5,051
Restricted for Library by Endowment	<u>2,886</u>
Total Restricted Net Position	<u>\$275,821</u>

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

J. 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.

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

Major Funds

General Fund:

Nonspendable Inventory	\$ <u>2,848</u>
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Highway Fund:

Nonspendable Inventory	<u>14,393</u>
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TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Cemetery Trust Fund:	
Nonspendable Cemetery Trust Fund Principal	\$ <u>7,400</u>

Non-Major Funds

Special Revenue Fund:	
Nonspendable Corinth 250 th Anniversary Fund Inventory	2,229

Permanent Fund:	
Nonspendable Library Trust Fund Principal	2,800

Total Nonspendable Fund Balances	\$ <u>29,670</u>
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The fund balances in the following funds are restricted as follows:

Major Funds

Highway Capital Fund:	
Restricted for Highway Capital Expenditures by Statute	\$ <u>35,083</u>

Cemetery Trust Fund:	
Restricted for Cemetery Trust Fund Expenditures by Endowments and Donations – Expendable Portion	156,139

Non-Major Funds

Special Revenue Funds:	
Restricted for Home Improvement Loan Fund by Grant Agreements (Source of Revenue is Grant Revenue)	16,985
Restricted for Shea Town Forest Fund by Donations (Source of Revenue is Donations)	216
Restricted for Conservation Commission Expenses by Donations (Source of Revenue is Donations)	5,051

Total Special Revenue Funds	22,252
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Permanent Fund:	
Restricted for Library Trust Fund by Endowment – Expendable Portion	86

Total Non-Major Funds	22,338
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Total Restricted Fund Balances	\$ <u>213,560</u>
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TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2015	\$ 10,000
Assigned for History Book Expenses	<u>4,655</u>
Total General Fund	<u>14,655</u>

Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses (Source of Revenue is Grant Revenue)	87,543
Assigned for Town Planning Expenses (Source of Revenue is Grant Revenue and Permit Fees)	<u>652</u>
Total Special Revenue Funds	<u>88,195</u>

Capital Projects Funds:

Assigned for Town Hall Maintenance Expenditures	<u>13,549</u>
Total Capital Projects Funds	<u>13,549</u>

Total Non-Major Funds 101,744

Total Assigned Fund Balances \$116,399

The unassigned deficit of \$1,760 in the Corinth 250th Anniversary Fund will be funded with the sale of inventory.

The unassigned deficit of \$30,501 in the Bridge Reserve Fund and \$3,277 in the Park N' Ride Fund was funded in fiscal year 2015 with the collection of grants receivable.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 4.625% of their gross salary and the Town contributes 5.125%. 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. The 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 \$251,577 while covered payroll was \$198,580. Pension expense for the years ended June 30, 2014, 2013 and 2012 were \$9,699, \$9,680 and \$8,089, 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 1st installment taxes and a 3% penalty on all unpaid 2nd installment taxes. The month following the final installment date, an additional 5% penalty is assessed on all remaining unpaid 2nd installment taxes. Interest is calculated at 1% for the first (3) months and 1.5% thereafter. The tax rates for 2014 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.2692	1.3921
Town	0.1798	0.1798
Highway	0.4160	0.4160
Local Agreement	<u>0.0051</u>	<u>0.0051</u>
Total	<u>1.8701</u>	<u>1.9930</u>

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

For the year ended June 30, 2014, the Town billed \$2,798,128 in property taxes of which \$1,931,993 was allocated to education property taxes, \$514,530 to the Highway Fund, \$79,250 to the Highway Capital Fund, \$15,000 to the Bridge Reserve Fund, \$20,570 to the Town Hall Maintenance Fund, \$16,000 to the Emergency Generator Fund, \$15,000 to the Fire Station Fund, \$1,000 to the 250th Anniversary Fund, \$250 to the Conservation Commission Fund and \$204,535 to the General Fund. The General Fund reported \$145,779 in property tax revenue due primarily to an increase 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, 2014 were \$459.

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, 2014

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 210,381	\$ 145,779	\$ (64,602)
Interest on Delinquent Taxes	10,000	23,497	13,497
Education Tax Billing Fee	0	3,824	3,824
Hold Harmless	85,000	84,505	(495)
Town Fees	10,000	14,949	4,949
Restoration of Records Fees	1,000	1,250	250
Liquor Licenses	50	70	20
Dog Licenses	1,200	1,146	(54)
Hall Rental Income	800	1,255	455
Investment Income	75	208	133
Transfer In from the Emergency Generator Fund	0	1,285	1,285
Miscellaneous	1,400	992	(408)
Total Revenues	319,906	278,760	(41,146)
Expenditures:			
Selectmen:			
Selectmen Salaries	2,400	2,400	0
Administrative Assistant	1,500	1,116	384
Selectmen Financial Assistant	1,500	1,218	282
Social Security	430	375	55
Meetings	500	140	360
Miscellaneous	500	295	205
Total Selectmen	6,830	5,544	1,286
Auditors:			
Town Audit	11,000	9,648	1,352
Postage	550	341	209
Printing	3,000	2,957	43
Total Auditors	14,550	12,946	1,604
Elections:			
Payroll	1,000	1,470	(470)
Social Security	75	32	43
Retirement	20	0	20
Supplies	100	53	47
Total Elections	1,195	1,555	(360)
Listers:			
Payroll	17,000	17,592	(592)
Social Security	1,300	1,467	(167)
Supplies	600	186	414
Postage	200	156	44
Computer Equipment Maintenance	1,300	656	644
Consultants - Tax Map Maintenance	2,500	1,445	1,055
Telephone	1,000	906	94
Technology Dues and Support	2,235	2,095	140
Dues & Meetings	1,000	805	195
Mileage	400	501	(101)
Appeals	100	0	100
Furniture & Equipment	200	46	154
Total Listers	27,835	25,855	1,980

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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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Administrative Officer:			
Administrative Meetings	\$ 0	\$ 25	\$ (25)
Administrative Mileage	0	40	(40)
Zoning Postage	<u>0</u>	<u>8</u>	<u>(8)</u>
Total Administrative Officer	<u>0</u>	<u>73</u>	<u>(73)</u>
Town Office:			
Town Clerk Salary	25,500	25,500	0
Assistant Clerk Salary	5,100	3,234	1,866
Town Treasurer Salary	26,000	26,000	0
Assistant Treasurer Salary	2,100	2,280	(180)
Social Security	4,445	4,391	54
Retirement	2,700	2,639	61
Health Insurance	17,475	15,420	2,055
Restoration of Records	2,500	2,516	(16)
Office Supplies	2,500	2,305	195
Office Postage	3,000	3,018	(18)
Mileage	200	150	50
Telephone and Internet	1,650	2,433	(783)
Meetings & Dues	660	1,390	(730)
Contracts	3,000	2,617	383
Furniture & Equipment	<u>500</u>	<u>1,075</u>	<u>(575)</u>
Total Town Office	<u>97,330</u>	<u>94,968</u>	<u>2,362</u>
Technology Dues and Support	<u>0</u>	<u>615</u>	<u>(615)</u>
Legal & Insurance:			
Legal Notices	500	114	386
Workman's Compensation	150	561	(411)
Unemployment Insurance	0	62	(62)
Bonds and Insurance	9,200	10,309	(1,109)
Legal Services	<u>1,000</u>	<u>151</u>	<u>849</u>
Total Legal & Insurance	<u>10,850</u>	<u>11,197</u>	<u>(347)</u>
Public Services:			
Abated Taxes	1,000	4,317	(3,317)
Ambulance Services	39,650	39,643	7
Animal Control	1,500	292	1,208
Board of Civil Authority Expenses	35	0	35
Blake Memorial Library	1,370	1,370	0
County Tax	30,000	33,222	(3,222)
Corinth-Topsham Emergency Response Team	6,750	6,750	0
East Corinth Volunteer Fire Department	60,000	60,000	0
Emergency Management Coordinator	1,600	319	1,281
Humane Society	1,500	0	1,500
VLCT	3,910	3,943	(33)
Transfer Out to Fire Station Fund	<u>0</u>	<u>4,126</u>	<u>(4,126)</u>
Total Public Services	<u>147,315</u>	<u>153,982</u>	<u>(6,667)</u>

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</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
Topsham-Corinth Little League	500	500	0
Vermont Center for Independent Living	170	170	0
Little River Health Center	2,000	2,000	0
	<u>21,391</u>	<u>21,391</u>	<u>0</u>
Total Appropriations			
Solid Waste Disposal/Transfer Station:			
Transfer Station Attendant	3,120	3,096	24
Social Security	240	241	(1)
Supplies	500	25	475
	<u>3,860</u>	<u>3,362</u>	<u>498</u>
Total Solid Waste Disposal/Transfer Station			
Law Enforcement:			
Sheriff Safety Services	8,000	7,334	666
Technology Equipment Purchases	0	260	(260)
Supplies	0	738	(738)
	<u>8,000</u>	<u>8,332</u>	<u>(332)</u>
Total Law Enforcement			
Delinquent Tax Collector:			
Social Security	765	846	(81)
Retirement	500	494	6
Meetings	135	0	135
	<u>1,400</u>	<u>1,340</u>	<u>60</u>
Total Delinquent Tax Collector			

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2014

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cemetery:			
Transfer to Cemetery Trust Fund	\$ 4,000	\$ 4,000	\$ 0
Workman's Compensation	0	161	(161)
Supplies	350	255	95
Total Cemetery	4,350	4,416	(66)
Total Expenditures	344,906	345,576	(670)
Excess/(Deficiency) of Revenues Over Expenditures	\$ (25,000)	(66,816)	\$ (41,816)
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
History Book Fund Income		400	
History Book Fund Expenses		(316)	
Change in Modified Accrual Basis Fund Balance		\$ (66,732)	

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, 2014

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 514,530	\$ 514,530	\$ 0
State Highway Aid	155,000	163,702	8,702
Better Back Roads Grant	0	9,936	9,936
Miscellaneous Grants	0	1,002	1,002
Highway Receipts	0	800	800
Overweight Permits	400	325	(75)
Investment Income	400	110	(290)
Total Revenues	670,330	690,405	20,075
Expenditures:			
Administration:			
Payroll	2,400	2,400	0
Uniforms	4,200	3,363	837
Social Security	12,000	11,477	523
Retirement	7,725	6,370	1,355
Property & Casualty Insurance	5,700	7,309	(1,609)
Health Insurance	49,125	50,575	(1,450)
Unemployment Insurance	750	397	353
Workman's Compensation	8,000	6,723	1,277
Highway Meetings	500	75	425
Highway Mileage	500	445	55
Total Administration	90,900	89,134	1,766
Highway Labor:			
Labor	100,425	103,375	(2,950)
Overtime	18,540	17,950	590
Part-Time Labor	20,000	14,216	5,784
Personal Time	9,450	8,626	824
Holiday Time	6,100	3,461	2,639
Total Highway Labor	154,515	147,628	6,887
Materials:			
Gravel	60,000	62,759	(2,759)
Chloride	10,000	6,539	3,461
Salt	36,500	39,416	(2,916)
Sand	33,000	30,705	2,295
Stone	3,000	1,647	1,353
Total Materials	142,500	141,066	1,434
Patch and Paving:	145,000	149,499	(4,499)
Other Materials and Services:			
Hired Services	15,000	8,370	6,630
Posts and Guardrails	3,000	0	3,000
Culverts	8,000	11,317	(3,317)
Signs	2,000	1,294	706
Other Materials	500	2,830	(2,330)
Total Other Materials and Services	28,500	23,811	4,689

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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, 2014

	Budget	Actual	Variance Favorable/ (Unfavorable)
Garage:			
Supplies	\$ 200	\$ 272	\$ (72)
Repairs & Maintenance	1,000	2,759	(1,759)
Technology Equipment Purchase	150	90	60
Rubbish Removal	315	376	(61)
Electric	2,500	2,930	(430)
Telephone	1,600	1,354	246
Heat	1,000	187	813
	6,765	7,968	(1,203)
Total Garage			
Operating Supplies:			
Diesel Fuel	50,000	67,742	(17,742)
Gas, Oil & Chains	150	61	89
Small Tools & Equipment	1,500	1,719	(219)
	51,650	69,522	(17,872)
Total Operating Supplies			
Repairs and Maintenance:			
Equipment Maintenance	37,500	54,311	(16,811)
Radios/Repeater	10,000	998	9,002
Small Parts & Equipment	2,000	1,372	628
	49,500	56,681	(7,181)
Total Repairs and Maintenance			
Miscellaneous Equipment Purchases:	0	4,785	(4,785)
Safety Equipment Grant Expense:	1,000	2,033	(1,033)
Grant Projects:			
Materials - Maplewood Rd	0	21,100	(21,100)
Hired Services - Maplewood Rd	0	14,633	(14,633)
	0	35,733	(35,733)
Total Grant Projects			
Total Expenditures	670,330	727,860	(57,530)
Excess/(Deficiency) of Revenues Over Expenditures	\$ 0	(37,455)	\$ (37,455)
Fund Balance - July 1, 2013		43,872	
Fund Balance - June 30, 2014		\$ 6,417	

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TOWN OF CORINTH, VERMONT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Library Trust Fund	Total
<u>ASSETS</u>				
Investments	\$ 0	\$ 0	\$ 2,798	\$ 2,798
Receivables	307	85,861	0	86,168
Due from Other Funds	113,545	77,770	88	191,403
Loans Receivable	12,064	0	0	12,064
Inventory	<u>2,229</u>	<u>0</u>	<u>0</u>	<u>2,229</u>
Total Assets	<u>\$ 128,145</u>	<u>\$ 163,631</u>	<u>\$ 2,886</u>	<u>\$ 294,662</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 654	\$ 94,722	\$ 0	\$ 95,376
Accrued Payroll and Benefits Payable	77	0	0	77
Unearned Revenue	3,046	0	0	3,046
Due to Other Funds	<u>1,388</u>	<u>3,277</u>	<u>0</u>	<u>4,665</u>
Total Liabilities	<u>5,165</u>	<u>97,999</u>	<u>0</u>	<u>103,164</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grant Revenue	0	85,861	0	85,861
Unavailable Loans Receivable	<u>12,064</u>	<u>0</u>	<u>0</u>	<u>12,064</u>
Total Deferred Inflows of Resources	<u>12,064</u>	<u>85,861</u>	<u>0</u>	<u>97,925</u>
<u>FUND BALANCES</u>				
Nonspendable	2,229	0	2,800	5,029
Restricted	22,252	0	86	22,338
Assigned	88,195	13,549	0	101,744
Unassigned/(Deficit)	<u>(1,760)</u>	<u>(33,778)</u>	<u>0</u>	<u>(35,538)</u>
Total Fund Balances	<u>110,916</u>	<u>(20,229)</u>	<u>2,886</u>	<u>93,573</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 128,145</u>	<u>\$ 163,631</u>	<u>\$ 2,886</u>	<u>\$ 294,662</u>

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TOWN OF CORINTH, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Library Trust Fund	Total
Revenues:				
Property Taxes	\$ 1,250	\$ 66,570	\$ 0	\$ 67,820
Intergovernmental	10,548	14,715	0	25,263
Permits, Licenses & Fees	25	0	0	25
Loan Repayments	4,340	0	0	4,340
Investment Income	201	90	7	298
Donations	1,228	0	0	1,228
Other	3,992	0	0	3,992
Total Revenues	<u>21,584</u>	<u>81,375</u>	<u>7</u>	<u>102,966</u>
Expenditures:				
General Government	2,537	19,102	0	21,639
Public Safety	0	15,567	0	15,567
Culture and Recreation	6,735	0	25	6,760
Capital Outlay:				
General Government	0	29,430	0	29,430
Highways and Streets	0	108,291	0	108,291
Total Expenditures	<u>9,272</u>	<u>172,390</u>	<u>25</u>	<u>181,687</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>12,312</u>	<u>(91,015)</u>	<u>(18)</u>	<u>(78,721)</u>
Other Financing Sources/(Uses):				
Transfers In	0	4,126	0	4,126
Transfers Out	0	(1,285)	0	(1,285)
Total Other Financing Sources/(Uses)	<u>0</u>	<u>2,841</u>	<u>0</u>	<u>2,841</u>
Net Change in Fund Balances	12,312	(88,174)	(18)	(75,880)
Fund Balances - July 1, 2013	<u>98,604</u>	<u>67,945</u>	<u>2,904</u>	<u>169,453</u>
Fund Balances/(Deficit) - June 30, 2014	<u>\$ 110,916</u>	<u>\$ (20,229)</u>	<u>\$ 2,886</u>	<u>\$ 93,573</u>

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TOWN OF CORINTH, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014

	Reappraisal Fund	Town Planning Fund	Home Improvement Loan Fund	Shea Town Forest Fund	Conservation Commission Fund	Corinth 250th Anniversary Fund	Total
ASSETS							
Receivables	\$ 0	\$ 0	\$ 0	\$ 307	\$ 0	\$ 0	\$ 307
Due from Other Funds	87,543	729	16,985	2,955	5,333	0	113,545
Loans Receivable	0	0	12,064	0	0	0	12,064
Inventory	0	0	0	0	0	2,229	2,229
Total Assets	<u>\$ 87,543</u>	<u>\$ 729</u>	<u>\$ 29,049</u>	<u>\$ 3,262</u>	<u>\$ 5,333</u>	<u>\$ 2,229</u>	<u>\$ 128,145</u>
LIABILITIES							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 282	\$ 372	\$ 654
Accrued Payroll and Benefits Payable	0	77	0	0	0	0	77
Unearned Revenue	0	0	0	3,046	0	0	3,046
Due to Other Funds	0	0	0	0	0	1,388	1,388
Total Liabilities	<u>0</u>	<u>77</u>	<u>0</u>	<u>3,046</u>	<u>282</u>	<u>1,760</u>	<u>5,165</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Loans Receivable	0	0	12,064	0	0	0	12,064
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>12,064</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,064</u>
FUND BALANCES							
Nonspendable	0	0	0	0	0	2,229	2,229
Restricted	0	0	16,985	216	5,051	0	22,252
Assigned	87,543	652	0	0	0	0	88,195
Unassigned/(Deficit)	0	0	0	0	0	(1,760)	(1,760)
Total Fund Balances	<u>87,543</u>	<u>652</u>	<u>16,985</u>	<u>216</u>	<u>5,051</u>	<u>469</u>	<u>110,916</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 87,543</u>	<u>\$ 729</u>	<u>\$ 29,049</u>	<u>\$ 3,262</u>	<u>\$ 5,333</u>	<u>\$ 2,229</u>	<u>\$ 128,145</u>

TOWN OF CORINTH, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Reappraisal Fund	Town Planning Fund	Home Improvement Loan Fund	Shea Town Forest Fund	Conservation Commission Fund	Corinth 250th Anniversary Fund	Total
Revenues:							
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250	\$ 1,000	\$ 1,250
Intergovernmental	10,083	0	0	465	0	0	10,548
Permits, Licenses & Fees	0	25	0	0	0	0	25
Loan Repayments	0	0	4,340	0	0	0	4,340
Investment Income	85	1	106	3	6	0	201
Donations	0	0	0	342	266	620	1,228
Other	0	0	0	0	1,375	2,617	3,992
Total Revenues	<u>10,168</u>	<u>26</u>	<u>4,446</u>	<u>810</u>	<u>1,897</u>	<u>4,237</u>	<u>21,584</u>
Expenditures:							
General Government	0	537	2,000	0	0	0	2,537
Culture and Recreation	0	0	0	594	2,373	3,768	6,735
Total Expenditures	<u>0</u>	<u>537</u>	<u>2,000</u>	<u>594</u>	<u>2,373</u>	<u>3,768</u>	<u>9,272</u>
Net Change in Fund Balances	10,168	(511)	2,446	216	(476)	469	12,312
Fund Balances - July 1, 2013	<u>77,375</u>	<u>1,163</u>	<u>14,539</u>	<u>0</u>	<u>5,527</u>	<u>0</u>	<u>98,604</u>
Fund Balances - June 30, 2014	<u>\$ 87,543</u>	<u>\$ 652</u>	<u>\$ 16,985</u>	<u>\$ 216</u>	<u>\$ 5,051</u>	<u>\$ 469</u>	<u>\$ 110,916</u>

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TOWN OF CORINTH, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2014

	Bridge Reserve Fund	Town Hall Maintenance Fund	Fire Station Fund	Park N' Ride Fund	Emergency Generator Fund	Total
<u>ASSETS</u>						
Receivables	\$ 82,584	\$ 0	\$ 0	\$ 3,277	\$ 0	\$ 85,861
Due from Other Funds	<u>63,093</u>	<u>14,080</u>	<u>597</u>	<u>0</u>	<u>0</u>	<u>77,770</u>
Total Assets	<u>\$ 145,677</u>	<u>\$ 14,080</u>	<u>\$ 597</u>	<u>\$ 3,277</u>	<u>\$ 0</u>	<u>\$ 163,631</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts Payable	\$ 93,594	\$ 531	\$ 597	\$ 0	\$ 0	\$ 94,722
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,277</u>	<u>0</u>	<u>3,277</u>
Total Liabilities	<u>93,594</u>	<u>531</u>	<u>597</u>	<u>3,277</u>	<u>0</u>	<u>97,999</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Grant Revenue	<u>82,584</u>	<u>0</u>	<u>0</u>	<u>3,277</u>	<u>0</u>	<u>85,861</u>
Total Deferred Inflows of Resources	<u>82,584</u>	<u>0</u>	<u>0</u>	<u>3,277</u>	<u>0</u>	<u>85,861</u>
Fund Balances:						
Assigned	0	13,549	0	0	0	13,549
Unassigned/(Deficit)	<u>(30,501)</u>	<u>0</u>	<u>0</u>	<u>(3,277)</u>	<u>0</u>	<u>(33,778)</u>
Total Fund Balances/(Deficit)	<u>(30,501)</u>	<u>13,549</u>	<u>0</u>	<u>(3,277)</u>	<u>0</u>	<u>(20,229)</u>
Total Liabilities and Fund Balances	<u>\$ 145,677</u>	<u>\$ 14,080</u>	<u>\$ 597</u>	<u>\$ 3,277</u>	<u>\$ 0</u>	<u>\$ 163,631</u>

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TOWN OF CORINTH, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Bridge Reserve Fund	Town Hall Maintenance Fund	Fire Station Fund	Park N' Ride Fund	Emergency Generator Fund	Total
Revenues:						
Property Taxes	\$ 15,000	\$ 20,570	\$ 15,000	\$ 0	\$ 16,000	\$ 66,570
Intergovernmental	0	0	0	0	14,715	14,715
Investment Income	70	20	0	0	0	90
Total Revenues	15,070	20,590	15,000	0	30,715	81,375
Expenditures:						
General Government	0	19,102	0	0	0	19,102
Public Safety	0	0	15,567	0	0	15,567
Capital Outlay:						
General Government	0	0	0	0	29,430	29,430
Highways and Streets	105,014	0	0	3,277	0	108,291
Total Expenditures	105,014	19,102	15,567	3,277	29,430	172,390
Excess/(Deficiency) of Revenue Over Expenditures	(89,944)	1,488	(567)	(3,277)	1,285	(91,015)
Other Financing Sources/(Uses):						
Transfers In	0	0	4,126	0	0	4,126
Transfers Out	0	0	0	0	(1,285)	(1,285)
Total Other Financing Sources/(Uses)	0	0	4,126	0	(1,285)	2,841
Net Change in Fund Balances	(89,944)	1,488	3,559	(3,277)	0	(88,174)
Fund Balances/(Deficit) - July 1, 2013	59,443	12,061	(3,559)	0	0	67,945
Fund Balances/(Deficit) - June 30, 2014	\$ (30,501)	\$ 13,549	\$ 0	\$ (3,277)	\$ 0	\$ (20,229)

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Sullivan, Powers & Co., P.C.

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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, 2014, 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 March 23, 2015.

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

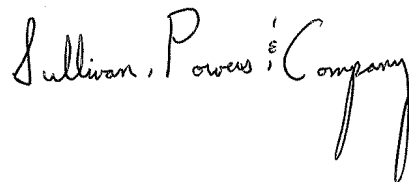
As part of obtaining reasonable assurance about whether the Town of Corinth, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 March 23, 2015.

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.

March 23, 2015
Montpelier, Vermont
VT Lic. #92-000180

Handwritten signature of Sullivan, Powers & Company in cursive script.