

TOWN OF CORINTH, VERMONT

AUDIT REPORT

JUNE 30, 2015

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

Selectboard
Town of Corinth, Vermont
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, 2015, 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, 2015 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.

Change in Accounting Principle

As described in Note I.F. to the financial statements, effective June 30, 2015, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27. As a result of this required change in accounting principle, the Town recorded a \$15,228 reduction in beginning net position of the Governmental Activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the budgetary comparison information on Schedules 1 and 2, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 3 and the Schedule of Contributions on Schedule 4 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.

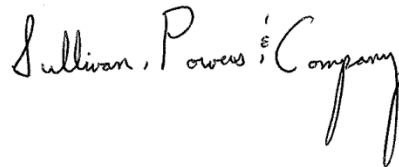
Other Information

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 4, 2016 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 4, 2016
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in black ink and is positioned to the right of the typed text.

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

The Town of Corinth (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal years ending June 30, 2015.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources on June 30, 2015 by \$5,896,613 (*net position*). Of this amount, \$401,514 (*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 \$575,285.
- Fund Balances of Governmental Funds increased by \$224,176 to a total of \$622,052 in fiscal year 2015. The General Fund had a total fund balance of \$186,815 of which \$169,215 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 of Corinth's finances, in a manner similar to a private-sector business.

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town has only one type of fund which is governmental funds.

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

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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 | |
|----------------------------------|----------------------------|--------------|
| | FY2015 | FY2014 |
| Current and Other Assets | \$ 799,527 | \$ 837,252 |
| Capital Assets | 5,436,160 | 5,007,530 |
| Total Assets | 6,235,687 | 5,844,782 |
| | | |
| Deferred Outflow of Resources | 8,393 | 0 |
| | | |
| Current Liabilities | 61,588 | 141,647 |
| Long-term Liabilities | 263,111 | 363,629 |
| Total Liabilities | 324,699 | 505,276 |
| | | |
| Deferred Inflows of Resources | 22,768 | 2,950 |
| | | |
| Net Position | | |
| Net Investment in Capital Assets | 5,188,353 | 4,651,679 |
| Restricted | 306,746 | 275,821 |
| Unrestricted | 401,514 | 409,056 |
| Total Net Position | \$ 5,896,613 | \$ 5,336,556 |

As stated above assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,896,613 at the end of fiscal year 2015. Assets exceeded liabilities and deferred inflows of resources by \$5,336,556 at the end of fiscal year 2014.

The largest portion of the Town's net position is in its investment in capital assets (88% - \$5,188,353). 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% - \$306,746) of the Town's net position is subject to restrictions on how it may be used (e.g. highway maintenance, Cemetery expenses, Home Improvement Loans and Library expenses). The remaining balance is unrestricted net position (6.8% - \$401,514) 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, 2015

| | Governmental Activities | |
|---|----------------------------|--------------|
| | FY2015 | FY2014 |
| Revenues | | |
| Program Revenues | | |
| Charges for services | \$ 22,495 | \$ 27,133 |
| Operating grants and contributions | 143,293 | 224,775 |
| Capital grants and contributions | 606,003 | 207,027 |
| General Revenues | | |
| Property taxes | 867,326 | 871,379 |
| Interest & Penalties on Delinquent Taxes | 42,747 | 23,497 |
| General State Grants | 92,995 | 84,505 |
| Investment Income | 8,756 | 24,283 |
| Gain on Sale of Equipment | 25,000 | 0 |
| Other Revenues | 5,456 | 4,984 |
| | 1,814,071 | 1,467,583 |
| Expenses | | |
| Governmental activities | | |
| General Government | 268,755 | 248,262 |
| Public Safety | 119,546 | 130,903 |
| Highways & Streets | 822,796 | 842,090 |
| Culture and Recreation | 7,493 | 8,446 |
| Sanitation | 3,365 | 3,362 |
| Cemetery | 9,487 | 6,422 |
| Interest on Long-term Debt | 7,344 | 9,886 |
| | 1,238,786 | 1,249,371 |
| Change in net position | 575,285 | 218,212 |
| Net position - Beginning of Year July 1, 2014 | 5,336,556 | 5,118,344 |
| Less: GASB 68 Adjustment | (15,228) | 0 |
| Net position - End of Year | \$ 5,896,613 | \$ 5,336,556 |

Governmental activities. Governmental activities increased the Town's net position by \$575,285 in fiscal year 2015.

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Financial Analysis of Major Governmental Funds

The General Fund (Includes History Book Fund)

The General Fund balance increased \$87,551 up from \$99,264 at the end of fiscal year 2014 to \$186,815 at the end of fiscal year 2015.

The total revenues budgeted were \$373,837 which included the use of \$10,000 surplus from the prior year cumulative fund balance; therefore, only \$363,837 was expected to be collected in revenues. The actual revenues collected were \$450,415 or \$86,578 more than anticipated. This was due to an excess of \$49,729 in property taxes which was the result of the March 2015 tax sale. An excess of \$22,747 came from Interest on Late and/or Delinquent taxes. Additionally \$15,420 in excess revenues were received in the following line items – Education Tax Billing Fee, Hold Harmless, Town Fees, Restoration of Records, Dog Licenses, Hall Rent and Investment Income. A small shortfall totaling \$1,318 was realized in the Liquor Licenses and Miscellaneous revenue line items.

A total of \$373,837 was budgeted for expenses. Of that total only \$362,961 was actually spent resulting in a surplus of \$10,876. Savings totaling \$12,872 came from the following categories – Listers; Administrative Officer; Technology & Communications; Legal & Insurance; Public Services; Solid Waste; Law Enforcement and Delinquent Tax Collector. Over expenditures only total \$1,996 and came from the remaining categories – Selectmen, Auditors, Elections, Town Office, and Cemetery Supplies.

The Highway Fund

The Highway Fund ended fiscal year 2015 with a cumulative surplus of \$59,931. The prior year cumulative surplus was \$6,417 resulting in a current year increase of \$53,514.

There was a total of \$875,808 in revenues received. Of that total \$214,733 represents excess revenues received over the budgeted amount of \$661,075. Most of the excess came from a State Aid Paving Grant [\$157,920] that hadn't been budgeted for and another \$8,521 was received as Highway State Aid funding over the budgeted amount. The remaining \$48,866 in excess revenues were again non-budgeted monies received as a State Grant for the Park'n Ride, Better Backs Roads funding, VLCT Grant and FEMA reimbursement monies. Only \$574 came in under budget from Weight Permits, Savings Interest and Miscellaneous Income. Additionally \$13,000 of prior surplus money was budgeted which means this money is intentionally not collected in order to reduce the cumulative surplus and the amount necessary to be raised in taxes.

Total highway expenses for the year came in at \$822,294. Throughout the whole Highway Expense budget there are under expended and over expended line items which net out to a total of \$148,219 in over expenditures of the budget. The savings, totaling \$17,680, come from two under expended categories (Garage and Operating Supplies). \$165,899 make up the total over expenditures in the following categories – Administration, Highway Labor, Materials, Other Materials & Services, Repairs & Maintenance, Safety Equipment Grant and Grant Projects done on Magoon Hill and Beaver Lodge Road, with the largest over expenditure of \$130,326 coming from the Patch & Paving category.

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Other Funds

The Town has the following reserve funds at June 30, 2015:

| | |
|---------------------------------------|-------------------|
| Cemetery Trust Fund | \$ 162,593 |
| Reappraisal Fund | 88,353 |
| Town Planning Fund | 1,634 |
| Home Improvement Loan Fund | 20,722 |
| Shea Town Forest Fund | 625 |
| Conservation Commission Fund | 5,690 |
| Corinth 250 th Anniversary | (1,422) |
| Bridge Reserve Fund | 29,108 |
| Town Hall Maintenance Fund | 5,095 |
| Highway Capital Fund | 60,099 |
| Library Endowment | <u>2,809</u> |
| Total Other Funds | \$ <u>375,306</u> |

Restricted Net Position and Reserved Fund Balances

The restricted net position was \$306,746 on June 30, 2015. 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 \$167,398 on June 30, 2015. These funds are available to address planned or unexpected expenses in the General Fund.

Capital Assets

Governmental Capital Assets increased \$428,630 net of accumulated depreciation, a total of \$5,436,160 in fiscal year 2015. This was the result of road paving of \$332,659 and \$18,045 for the purchase of a flatbed trailer, new desktop computers a network server and time clock. The 2006 Mack Truck was sold in April 2015 and has been removed from the Fixed Assets inventory list.

Long Term Debt

All of the long term debt identified below is a general obligation of the Town of Corinth. However, it has been the practice to fund repayment of the various obligations from their respective funds. As of June 30, 2015, the Town's Highway Capital Equipment Fund has five loans totaling \$247,807 - \$31,974 for the 2012 International Dump Truck; two loans totaling \$101,216 for the 2013 International Dump Truck; \$85,275 for a Caterpillar Bucket Loader and \$29,342 for the John Deere Hitachi Excavator.

TOWN OF CORINTH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Economic Factors and Next Year's Budget and Rates

The following factors were considered in the development of budgets for FY16:

- **General Fund:** The budget for FY16 was increased about 2.6%. Line items were level funded as much as possible and adjusted to closer reflect the actual amount expended in FY15. Increases were made to line items which we had no control over costs (i.e. social security, retirement, health care, insurance costs & ambulance services). Additional increases included a Salary increase for the Selectboard, increase in hours for the Assistant Town Treasurer, \$5,000 increase for the fire department and \$400 increase for Law Enforcement. Also, on the recommendation of the auditors the general upkeep and maintenance of the Town Hall has been re-categorized to the General Fund so the budget for FY16 includes \$20,230 for this re-classification. The Town Hall Capital Improvement fund will be used for expensing capital improvement projects only.
- **Highway Fund:** There was about an 8.4% increase in the budget for FY16 for the Highway Fund. The biggest increase in the budget was for salt, culverts, garage and diesel fuel. The Town established a Capital Equipment Reserve fund in FY13 using \$50,000 of general Highway surplus monies for this purpose. In FY16 this fund increased 3.2% mostly to cover the payment cost of the new loader.

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, 2015

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 493,198 |
| Investments | 152,401 |
| Receivables | 128,255 |
| Loans Receivable | 8,440 |
| Inventory | 17,233 |
| Capital Assets: | |
| Land | 134,869 |
| Construction in Progress | 600,051 |
| Other Capital Assets, (Net of Accumulated Depreciation) | <u>4,701,240</u> |
| Total Assets | <u>6,235,687</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Deferred Outflows of Resources Related to the Town's Participation in VMERS | <u>8,393</u> |
| Total Deferred Outflows of Resources | <u>8,393</u> |
| <u>LIABILITIES</u> | |
| Accounts Payable | 47,023 |
| Accrued Payroll and Benefits Payable | 8,141 |
| Unearned Revenue | 2,739 |
| Accrued Interest Payable | 3,685 |
| Noncurrent Liabilities: | |
| Due within One Year | 108,569 |
| Due in More than One Year | <u>154,542</u> |
| Total Liabilities | <u>324,699</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Prepaid Property Taxes | 5,132 |
| Deferred Inflows of Resources Related to the Town's Participation in VMERS | <u>17,636</u> |
| Total Deferred Inflows of Resources | <u>22,768</u> |
| <u>NET POSITION</u> | |
| Net Investment in Capital Assets | 5,188,353 |
| Restricted for: | |
| Highway Expenses | 45,768 |
| Highway Capital Expenses | 60,099 |
| Cemetery Expenses | 162,593 |
| Home Loan Improvements | 29,162 |
| Other Purposes | 9,124 |
| Unrestricted | <u>401,514</u> |
| Total Net Position | <u>\$ 5,896,613</u> |

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

TOWN OF CORINTH, VERMONT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

| | 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 | \$ 268,755 | \$ 21,850 | \$ 9,728 | \$ 0 | \$ (237,177) |
| Public Safety | 119,546 | 0 | 0 | 0 | (119,546) |
| Highways and Streets | 822,796 | 380 | 132,081 | 606,003 | (84,332) |
| Culture and Recreation | 7,493 | 265 | 1,484 | 0 | (5,744) |
| Sanitation | 3,365 | 0 | 0 | 0 | (3,365) |
| Cemetery | 9,487 | 0 | 0 | 0 | (9,487) |
| Interest on Long-term Debt | 7,344 | 0 | 0 | 0 | (7,344) |
| Total Governmental Activities | \$ 1,238,786 | \$ 22,495 | \$ 143,293 | \$ 606,003 | (466,995) |
| General Revenues: | | | | | |
| Property Taxes | | | | | 867,326 |
| Interest on Delinquent Taxes | | | | | 42,747 |
| General State Grants | | | | | 92,995 |
| Investment Income | | | | | 8,756 |
| Gain on Sale of Equipment | | | | | 25,000 |
| Other Revenues | | | | | 5,456 |
| Total General Revenues | | | | | 1,042,280 |
| Change in Net Position | | | | | 575,285 |
| Net Position - July 1, 2014, As Restated | | | | | 5,321,328 |
| Net Position - June 30, 2015 | | | | | \$ 5,896,613 |

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

TOWN OF CORINTH, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

| | General Fund | Highway Fund | Highway Capital Fund | Cemetery Trust Fund | Reappraisal Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|--------------|--------------|----------------------|---------------------|------------------|------------------------------|--------------------------|
| ASSETS | | | | | | | |
| Cash | \$ 476,389 | \$ 0 | \$ 0 | \$ 16,809 | \$ 0 | \$ 0 | \$ 493,198 |
| Investments | 0 | 0 | 0 | 149,592 | 0 | 2,809 | 152,401 |
| Receivables | 128,255 | 0 | 0 | 0 | 0 | 0 | 128,255 |
| Due from Other Funds | 0 | 75,049 | 60,099 | 0 | 88,353 | 78,514 | 302,015 |
| Loans Receivable | 0 | 0 | 0 | 0 | 0 | 8,440 | 8,440 |
| Inventory | 2,675 | 14,163 | 0 | 0 | 0 | 395 | 17,233 |
| Total Assets | \$ 607,319 | \$ 89,212 | \$ 60,099 | \$ 166,401 | \$ 88,353 | \$ 90,158 | \$ 1,101,542 |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 5,216 | \$ 27,735 | \$ 0 | \$ 1,171 | \$ 0 | \$ 12,901 | \$ 47,023 |
| Accrued Payroll and Benefits Payable | 3,958 | 1,546 | 0 | 2,637 | 0 | 0 | 8,141 |
| Unearned Revenue | 0 | 0 | 0 | 0 | 0 | 2,739 | 2,739 |
| Due to Other Funds | 300,198 | 0 | 0 | 0 | 0 | 1,817 | 302,015 |
| Total Liabilities | 309,372 | 29,281 | 0 | 3,808 | 0 | 17,457 | 359,918 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Prepaid Property Taxes | 5,132 | 0 | 0 | 0 | 0 | 0 | 5,132 |
| Unavailable Property Taxes and Interest | 106,000 | 0 | 0 | 0 | 0 | 0 | 106,000 |
| Unavailable Loans Receivable | 0 | 0 | 0 | 0 | 0 | 8,440 | 8,440 |
| Total Deferred Inflows of Resources | 111,132 | 0 | 0 | 0 | 0 | 8,440 | 119,572 |
| FUND BALANCES | | | | | | | |
| Nonspendable | 2,675 | 14,163 | 0 | 7,400 | 0 | 3,195 | 27,433 |
| Restricted | 0 | 45,768 | 60,099 | 155,193 | 0 | 27,046 | 288,106 |
| Assigned | 14,925 | 0 | 0 | 0 | 88,353 | 35,837 | 139,115 |
| Unassigned/(Deficit) | 169,215 | 0 | 0 | 0 | 0 | (1,817) | 167,398 |
| Total Fund Balances | 186,815 | 59,931 | 60,099 | 162,593 | 88,353 | 64,261 | 622,052 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 607,319 | \$ 89,212 | \$ 60,099 | \$ 166,401 | \$ 88,353 | \$ 90,158 | |
| 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. | | | | | | | 5,436,160 |
| Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds. | | | | | | | 114,440 |
| Long-Term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds. | | | | | | | (266,796) |
| Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds. | | | | | | | (9,243) |
| Net Position of Governmental Activities | | | | | | | \$ 5,896,613 |

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, 2015

| | General Fund | Highway Fund | Highway Capital Fund | Cemetery Trust Fund | Reappraisal Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|-----------------|-----------------|----------------------------|------------------------|---------------------|------------------------------------|--------------------------------|
| Revenues: | | | | | | | |
| Property Taxes | \$ 292,231 | \$ 505,050 | \$ 102,925 | \$ 0 | \$ 0 | \$ 30,120 | \$ 930,326 |
| Interest on Delinquent Taxes | 42,747 | 0 | 0 | 0 | 0 | 0 | 42,747 |
| Intergovernmental | 96,860 | 370,307 | 0 | 0 | 9,728 | 146,128 | 623,023 |
| Charges for Services | 2,530 | 0 | 0 | 0 | 0 | 0 | 2,530 |
| Permits, Licenses & Fees | 15,250 | 380 | 0 | 0 | 0 | 430 | 16,060 |
| Loan Repayments | 0 | 0 | 0 | 0 | 0 | 3,664 | 3,664 |
| Investment Income | 270 | 71 | 30 | 8,165 | 91 | 129 | 8,756 |
| Donations | 0 | 0 | 0 | 0 | 0 | 484 | 484 |
| Other | 797 | 0 | 0 | 0 | 0 | 4,659 | 5,456 |
| Total Revenues | 450,685 | 875,808 | 102,955 | 8,165 | 9,819 | 185,614 | 1,633,046 |
| Expenditures: | | | | | | | |
| General Government | 223,629 | 0 | 0 | 0 | 9,009 | 22,796 | 255,434 |
| Public Safety | 119,546 | 0 | 0 | 0 | 0 | 0 | 119,546 |
| Highways and Streets | 0 | 550,663 | 10 | 0 | 0 | 7 | 550,680 |
| Culture and Recreation | 173 | 0 | 0 | 0 | 0 | 7,320 | 7,493 |
| Sanitation | 3,365 | 0 | 0 | 0 | 0 | 0 | 3,365 |
| Cemetery | 376 | 0 | 0 | 9,111 | 0 | 0 | 9,487 |
| Capital Outlay: | | | | | | | |
| General Government | 16,045 | 0 | 0 | 0 | 0 | 0 | 16,045 |
| Highways and Streets | 0 | 271,631 | 500 | 0 | 0 | 97,260 | 369,391 |
| Debt Service: | | | | | | | |
| Principal | 0 | 0 | 108,044 | 0 | 0 | 0 | 108,044 |
| Interest | 0 | 0 | 9,385 | 0 | 0 | 0 | 9,385 |
| Total Expenditures | 363,134 | 822,294 | 117,939 | 9,111 | 9,009 | 127,383 | 1,448,870 |
| Excess/(Deficiency) of Revenues Over Expenditures | 87,551 | 53,514 | (14,984) | (946) | 810 | 58,231 | 184,176 |
| Other Financing Sources: | | | | | | | |
| Proceeds from Sale of Equipment | 0 | 0 | 40,000 | 0 | 0 | 0 | 40,000 |
| Total Other Financing Sources | 0 | 0 | 40,000 | 0 | 0 | 0 | 40,000 |
| Net Change in Fund Balances | 87,551 | 53,514 | 25,016 | (946) | 810 | 58,231 | 224,176 |
| Fund Balances - July 1, 2014 | 99,264 | 6,417 | 35,083 | 163,539 | 87,543 | 6,030 | 397,876 |
| Fund Balances - June 30, 2015 | \$ 186,815 | \$ 59,931 | \$ 60,099 | \$ 162,593 | \$ 88,353 | \$ 64,261 | \$ 622,052 |

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, 2015

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) | \$ | 224,176 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$385,436) is allocated over their estimated useful lives and reported as depreciation expense (\$283,896). This is the amount by which capital outlays exceeded depreciation in the current period. | | 101,540 |
| The net effect of various transactions involving capital assets (i.e., sales, loss on disposal of assets, capital grants and donations) is to decrease net position. | | (15,000) |
| The effect of donations of capital assets is to increase net position. The State of Vermont is currently constructing a bridge for the Town. | | 342,090 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the decrease in deferred revenues over last year. | | (186,065) |
| The issuance of long-term debt (\$-0-) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$108,044) 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. | | 108,044 |
| Governmental funds report employer pension contributions as expenditures (\$8,393). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$7,739) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense. | | 654 |
| 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>(154)</u> |
| Change in net position of governmental activities (Exhibit B) | \$ | <u><u>575,285</u></u> |

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

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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 is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other 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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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.

Reappraisal Fund – This fund accounts for the reappraisal activity of the Town.

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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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.

F. New Pronouncement – Pension Plans

Effective June 30, 2015, the Town implemented GASB Statement No. 68, “Financial Reporting for Pension Plans” – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town’s participation in the Vermont Municipal Employees’ Retirement System (VMERS) as well as additional disclosures and required supplemental information.

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.”

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

5. Inventories and Prepaid Expenses

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

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

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

6. Pensions

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

7. 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 statements element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities reports deferred outflows of resources from one source; deferred outflows related to the Town's participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three (3) types of items which arise under the modified accrual basis of accounting and two (2) types which arise under the accrual basis of accounting that qualify for reporting in this category. The governmental activities reports deferred inflows of resources from two (2) sources; prepaid property taxes and deferred inflows related to the Town's participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related. The governmental funds report unavailable revenues from three (3) sources; prepaid property taxes, unavailable property taxes and interest and unavailable loans receivable. These amounts are deferred and recognized as an inflow of resources in the future period that the amounts become available or to which they relate.

TOWN OF CORINTH, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

8. Capital Assets

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

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

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

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

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.

9. 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.

10. Long-term Liabilities

Long-term liabilities include bonds payable, capital leases and other obligations such as compensated absences and the Town's net pension liability. 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 liabilities on their balance sheets.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

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

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.

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition the accrual for the Town's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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 \$10,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

The Town budgeted a current year's deficiency in the Highway Fund of \$13,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 2.

C. Restatement of Net Position

Effective June 30, 2015, the Town implemented GASB Statement No. 68, "Financial Reporting for Pension Plans" – An amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town's participation in the Vermont Municipal Employees' Retirement System (VMERS) as well as additional disclosures and required supplemental information.

As a result of adopting this new accounting principle, beginning net position of the Governmental Activities was reduced by \$15,228 resulting from the proportionate share of the net pension liability of \$22,763 at June 30, 2014 net of the deferred outflows of resources of \$7,535 of required contributions made during fiscal year 2014. The Governmental Activities net position has been restated from \$5,336,556 to \$5,321,328.

D. Excess of Expenditures Over Appropriations

For the year ended June 30, 2015, expenditures in the Highway Fund exceeded appropriations by \$148,219. These over expenditures were funded by excess revenues and available fund balance.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2015 consisted of the following:

| | |
|--------------------------------------|----------------------|
| Cash: | |
| Deposits with Financial Institutions | \$484,123 |
| Deposits held by Investment Company | 8,974 |
| Cash on Hand | <u>101</u> |
| Total Cash | <u>493,198</u> |
| Investments: | |
| Certificates of Deposit | 17,865 |
| Mutual Funds – Equities | 128,031 |
| Common Stock | <u>6,505</u> |
| Total Investments | <u>152,401</u> |
| Total Cash and Investments | <u>\$645,599</u> |

The Town has five (5) certificates of deposit at various banks ranging from \$459 to \$7,835 with interest rates ranging from 0.30% to 0.40%. All certificates of deposit will mature in fiscal year 2016.

Custodial Credit Risk

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

| | <u>Book Balance</u> | <u>Bank Balance</u> |
|--|-------------------------|-------------------------|
| Insured – FDIC/SPIC | \$285,764 | \$288,990 |
| 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>225,198</u> | <u>257,427</u> |
| Total | <u>\$510,962</u> | <u>\$546,417</u> |

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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 | \$484,123 |
| Cash – Deposits held by Investment Company | 8,974 |
| Investments – Certificates of Deposit | <u>17,865</u> |
| Total | <u>\$510,962</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.

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, 2015, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

| | |
|---------------------------------|----------------------------|
| | Governmental Activities |
| Delinquent Taxes Receivable | \$ 124,088 |
| Interest Receivable | 16,516 |
| Tax Sale Receivable | 651 |
| Allowance for Doubtful Accounts | <u>(13,000)</u> |
| Total | <u>\$ 128,255</u> |

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

C. Loans Receivable

Loans receivable totaling \$7,844 represent amounts due to the Town under the Home Improvement Loan Fund. As of June 30, 2015, five (5) loans were outstanding with interest at 1% and maturity dates from October, 2000 to May, 2018. One loan that was due in October, 2000 is in arrears with a balance of \$2,663. There was also one other loan in arrears totaling \$1,492. The loans are secured by mortgages on the properties; therefore, management has determined that no allowance for uncollectible loans is needed. The Town also has accrued interest on these loans totaling \$596. Total loans receivable and accrued interest is \$8,440.

D. Capital Assets

Capital asset activity for the year ended June 30, 2015 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 | <u>223,229</u> | <u>439,350</u> | <u>62,528</u> | <u>600,051</u> |
| Total Capital Assets, Not Being Depreciated | <u>358,098</u> | <u>439,350</u> | <u>62,528</u> | <u>734,920</u> |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and Building Improvements | 397,604 | 0 | 0 | 397,604 |
| Vehicles | 1,143,469 | 0 | 129,612 | 1,013,857 |
| Machinery and Equipment | 122,013 | 18,045 | 0 | 140,058 |
| Infrastructure | <u>4,970,514</u> | <u>332,659</u> | <u>0</u> | <u>5,303,173</u> |
| Totals | <u>6,633,600</u> | <u>350,704</u> | <u>129,612</u> | <u>6,854,692</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Building Improvements | 79,563 | 10,031 | 0 | 89,594 |
| Vehicles | 362,159 | 65,161 | 114,612 | 312,708 |
| Machinery and Equipment | 63,645 | 7,850 | 0 | 71,495 |
| Infrastructure | <u>1,478,801</u> | <u>200,854</u> | <u>0</u> | <u>1,679,655</u> |
| Totals | <u>1,984,168</u> | <u>283,896</u> | <u>114,612</u> | <u>2,153,452</u> |
| Total Capital Assets, Being Depreciated | <u>4,649,432</u> | <u>66,808</u> | <u>15,000</u> | <u>4,701,240</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 5,007,530</u> | <u>\$ 506,158</u> | <u>\$ 77,528</u> | <u>\$ 5,436,160</u> |

Depreciation was charged as follows:

| | |
|---|-------------------|
| Governmental Activities: | |
| General Government | \$ 13,975 |
| Highways and Streets | <u>269,921</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 283,896</u> |

At June 30, 2015, 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, 2015

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2015 are as follows:

| <u>Fund</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|------------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 0 | \$ 300,198 |
| Highway Fund | 75,049 | 0 |
| Highway Capital Fund | 60,099 | 0 |
| Reappraisal Fund | 88,353 | 0 |
| Non-Major Governmental Funds | <u>78,514</u> | <u>1,817</u> |
| Total | <u>\$ 302,015</u> | <u>\$ 302,015</u> |

F. Unearned Revenue

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

G. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$8,393 of required employer pension contributions made subsequent to the measurement date, as further described in Note V.A.

H. Deferred Inflows of Resources

Deferred inflows of resources in the Governmental Activities consists of \$5,132 of prepaid property taxes, \$16,439 resulting from the difference between the projected and actual investment earnings and \$1,197 resulting from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A. Total deferred inflows of resources in the Governmental Activities is \$22,768.

Deferred inflows of resources in the General Fund consists of \$106,000 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 \$5,132 of prepaid property taxes. Total deferred inflows of resources in the General Fund are \$111,132.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$8,440 of loans receivable and related accrued interest as described in Note IV.C. as these would not be available to liquidate current liabilities.

I. 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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide financial statements.

Long-term liabilities outstanding as of June 30, 2015 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 | \$ 63,950 | \$ 0 | \$ 31,976 | \$ 31,974 |
| 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. | 46,954 | 0 | 11,738 | 35,216 |
| 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 | 88,000 | 0 | 22,000 | 66,000 |
| Note Payable, People's United Bank, Caterpillar Bucket Loader, Principal Payments of \$28,425 Plus Interest at 2.5% Due Annually, Due September, 2017 | 113,700 | 0 | 28,425 | 85,275 |

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

| | <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>43,247</u> | \$ <u>0</u> | \$ <u>13,905</u> | \$ <u>29,342</u> |
| Total | \$ <u>355,851</u> | \$ <u>0</u> | \$ <u>108,044</u> | \$ <u>247,807</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 | \$ 312,604 | \$ 0 | \$ 94,139 | \$ 218,465 | \$ 94,139 |
| Capital Leases Payable | 43,247 | 0 | 13,905 | 29,342 | 14,430 |
| Compensated Absences Payable | 7,778 | 2,195 | 0 | 9,973 | 0 |
| Net Pension Liability | <u>22,763</u> | <u>0</u> | <u>17,432</u> | <u>5,331</u> | <u>0</u> |
| Total | \$ <u>386,392</u> | \$ <u>2,195</u> | \$ <u>125,476</u> | \$ <u>263,111</u> | \$ <u>108,569</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> |
| 2016 | \$ 94,139 | \$ 5,498 | \$ 15,369 |
| 2017 | 62,163 | 3,005 | 15,369 |
| 2018 | 62,163 | 1,503 | 0 |
| Less: Imputed Interest | <u>0</u> | <u>0</u> | <u>(1,396)</u> |
| Total | \$ <u>218,465</u> | \$ <u>10,006</u> | \$ <u>29,342</u> |

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

J. Restricted Net Position

The restricted net position of the Town as of June 30, 2015 consisted of the following:

Governmental Activities:

| | |
|---|--------------|
| Restricted for Highway Expenses by Statute | \$ 45,768 |
| Restricted for Highway Capital Expenses by Statute | 60,099 |
| Restricted for Cemetery Expenses by Endowment | 162,593 |
| Restricted for Home Improvement Loans by Grant Agreements | 29,162 |
| Restricted for Shea Town Forest Fund by Donations | 625 |
| Restricted for Conservation Commission by Donations | 5,690 |
| Restricted for Library by Endowment | <u>2,809</u> |

Total Restricted Net Position \$306,746

K. 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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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>2,675</u> |
| Highway Fund: | |
| Nonspendable Inventory | <u>14,163</u> |
| 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 | <u>395</u> |
| Permanent Fund: | |
| Nonspendable Library Trust Fund Principal | <u>2,800</u> |
| Total Nonspendable Fund Balances | <u>\$ 27,433</u> |

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

Major Funds

| | |
|---|----------------|
| Highway Fund: | |
| Restricted for Highway Expenditures by Statute – Designated to Reduce Property Taxes in Fiscal Year 2016 | \$ 13,000 |
| Restricted for Highway Expenditures by Statute (Source of Revenue is Property Taxes and State Highway Aid) | <u>32,768</u> |
| Total Highway Fund | <u>45,768</u> |
| Highway Capital Fund: | |
| Restricted for Highway Capital Expenditures by Statute (Source of Revenue is Property Taxes and State Highway Aid) | <u>60,099</u> |
| Cemetery Trust Fund: | |
| Restricted for Cemetery Trust Fund Expenditures by Endowments and Donations – Expendable Portion | <u>155,193</u> |

TOWN OF CORINTH, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

Non-Major Funds

Special Revenue Funds:

| | |
|---|--------------|
| Restricted for Home Improvement Loan Fund by Grant Agreements (Source of Revenue is Grant Revenue) | \$ 20,722 |
| Restricted for Shea Town Forest Fund by Donations (Source of Revenue is Donations) | 625 |
| Restricted for Conservation Commission Expenses by Donations (Source of Revenue is Donations) | <u>5,690</u> |
| Total Special Revenue Funds | 27,037 |

Permanent Fund:

| | |
|--|---------------|
| Restricted for Library Trust Fund by Endowment – Expendable Portion | <u>9</u> |
| Total Non-Major Funds | <u>27,046</u> |

| | |
|--------------------------------|------------------|
| Total Restricted Fund Balances | <u>\$288,106</u> |
|--------------------------------|------------------|

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

Major Funds

General Fund:

| | |
|---|---------------|
| Assigned to Reduce Property Taxes in Fiscal Year 2016 | \$ 10,000 |
| Assigned for History Book Expenses | <u>4,925</u> |
| Total General Fund | <u>14,925</u> |

Reappraisal Fund:

| | |
|---|---------------|
| Assigned for Reappraisal Expenses (Source of Revenue is Grant Revenue) | <u>88,353</u> |
|---|---------------|

Non-Major Funds

Special Revenue Funds:

| | |
|---|--------------|
| Assigned for Town Planning Expenses (Source of Revenue is Grant Revenue and Permit Fees) | <u>1,634</u> |
|---|--------------|

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

| | |
|---|------------------|
| Capital Projects Funds: | |
| Assigned for Bridge Reserve Fund Expenditures | \$ 29,108 |
| Assigned for Town Hall Maintenance Expenditures | <u>5,095</u> |
| Total Capital Projects Funds | <u>34,203</u> |
| Total Non-Major Funds | <u>35,837</u> |
| Total Assigned Fund Balances | <u>\$139,115</u> |

The unassigned deficit of \$1,817 in the Corinth 250th Anniversary Fund will be funded with the sale of inventory and future transfers from the History Book Fund.

V. OTHER INFORMATION

A. PENSION PLAN

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2015, the retirement system consisted of 437 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

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

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

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2014, the measurement date selected by the State of Vermont, VMERS was funded at 98.32% and had a plan fiduciary net position of \$534,525,477 and a total pension liability of \$543,652,090 resulting in a net pension liability of \$9,126,613. As of June 30, 2015, the Town's proportionate share of this was 0.0584% resulting in a liability of \$5,331. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2014, the Town's proportion of 0.0584% was a decrease of 0.0041% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$7,739.

As of June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Changes in proportional share of contributions | \$ 0 | \$ 1,197 |
| Difference between projected and actual earnings on pension plan investments | 0 | 16,439 |
| Town's required employer contribution made subsequent to the measurement date | 8,393 | 0 |
| | \$ 8,393 | \$ 17,636 |

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$8,393 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending <u>June 30</u> | |
|-------------------------------|----------|
| 2016 | \$ 3,527 |
| 2017 | 3,527 |
| 2018 | 3,527 |
| 2019 | 3,527 |
| 2020 | 3,528 |
| Total | \$17,636 |

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Groups A and B provisions.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Group B – Average annual compensation during highest three (3) consecutive years.

Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service.

Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

Maximum benefit is 60% of AFC for Groups A and B. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Groups A and B.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Groups A and B members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability.

Death Benefit:

Eligibility – Death after five (5) years of service.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Amount – For Groups A and B, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement – For Groups A and B, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

Refund of Contribution – Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Group B.

Member Contributions – Group A – 2.5% effective July 1, 2000 (reduced from 3.0%). Group B – 4.75% effective July 1, 2014 (increased from 4.625%).

Employer Contributions – Group A – 4.0%. Group B – 5.375% effective July 1, 2014 (increased from 5.125%).

Retirement Stipend – \$25 per month payable at the option of the Board of Trustees.

Significant Actuarial Assumptions and Methods

Interest Rate – A select-and-ultimate interest rate set, specified as follows. The interest rate set is restarted every year.

| | |
|---------------|--------------------------|
| Year 1: 6.25% | Year 10: 8.50% |
| Year 2: 6.75% | Year 11: 8.50% |
| Year 3: 7.00% | Year 12: 8.50% |
| Year 4: 7.50% | Year 13: 8.50% |
| Year 5: 7.75% | Year 14: 8.50% |
| Year 6: 8.25% | Year 15: 8.50% |
| Year 7: 8.25% | Year 16: 8.75% |
| Year 8: 8.25% | Year 17 and later: 9.00% |
| Year 9: 8.50% | |

Salary increases – 5% per year.

Deaths:

Active participants – 50% of the probabilities in the 1995 Buck Mortality Tables for males and females.

Non-disabled retirees and terminated vested participants – The 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females.

Disabled retirees – RP-2000 Disabled Life Tables.

TOWN OF CORINTH, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

Beneficiaries – 1995 Buck Mortality Tables for males and females.

Spouse’s Age: – Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants – Assumed to occur at the rate of 1.5% per annum for Group A and 1.8% per annum for Group B members.

Actuarial Cost Method – Entry Age Normal – Level Percentage of Pay.

Asset Valuation Method – Invested assets are reported at fair value.

Note – For funding purposes – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

Inflation – The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

Long-term Expected Rate of Return:

The long-term expected rate of return on investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|--------------------|--------------------------------|---|
| Equity | 31.50% | 6.70% |
| Fixed Income | 33.00% | 2.94% |
| Alternatives | 15.50% | 6.26% |
| Multi-strategy | 20.00% | 5.98% |

TOWN OF CORINTH, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

Nominal long-term expected rates of return for these asset classes are equal to the sum of the expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate – The discount rate used to measure the total pension liability was 8.23%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (7.23%) or one percent higher (9.23%):

| <u>1% Decrease (7.23%)</u> | <u>Discount Rate (8.23%)</u> | <u>1% Increase (9.23)</u> |
|----------------------------|------------------------------|---------------------------|
| \$44,911 | \$5,331 | \$(27,875) |

Defined Contribution Plan

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 plan. The premise of Plan DC 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 covered payroll for Group DC was \$44,422. Pension expense for the year ended June 30, 2015 was \$2,277.

Additional Information

Additional information regarding the State of Vermont Municipal Employees’ Retirement System, including the details of the Fiduciary Net Position, 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 9 and February 10. On February 10, 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 2015 were as follows:

TOWN OF CORINTH, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

| | <u>Residential</u> | <u>Non-Residential</u> |
|-----------------|--------------------|------------------------|
| Education | 1.3468 | 1.3824 |
| Town | 0.1766 | 0.1766 |
| Highway | 0.4270 | 0.4270 |
| Local Agreement | <u>0.0066</u> | <u>0.0066</u> |
| Total | <u>1.9570</u> | <u>1.9926</u> |

For the year ended June 30, 2015, the Town billed \$2,875,281 in property taxes of which \$1,995,355 was allocated to education property taxes, \$505,050 to the Highway Fund, \$102,925 to the Highway Capital Fund, \$15,000 to the Bridge Reserve Fund, \$12,070 to the Town Hall Maintenance Fund, \$2,800 to the Town Planning Fund, \$250 to the Conservation Commission Fund and \$241,831 to the General Fund. The General Fund reported \$292,231 in property tax revenue due primarily to a decrease in deferred property tax revenue.

C. RISK MANAGEMENT

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

The Town is also a member of the Vermont League of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.

D. SUBSEQUENT EVENT

On July 20, 2015, Peoples United Bank approved a note in the amount of \$152,394 for the purchase of a 2016 Western Star dump truck. Annual principal and interest at 2.25% payments ranging from \$31,165 to \$33,908 are due and payable beginning July 20, 2016.

TOWN OF CORINTH, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Budget | Actual | Variance Favorable/ (Unfavorable) |
|-----------------------------------|----------------|----------------|---|
| Revenues: | | | |
| Property Taxes | \$ 242,502 | \$ 292,231 | \$ 49,729 |
| Interest on Delinquent Taxes | 20,000 | 42,747 | 22,747 |
| Education Tax Billing Fee | 1,200 | 3,865 | 2,665 |
| Hold Harmless | 85,000 | 92,995 | 7,995 |
| Town Fees | 12,000 | 12,953 | 953 |
| Restoration of Records Fees | 0 | 1,033 | 1,033 |
| Liquor Licenses | 185 | 70 | (115) |
| Dog Licenses | 0 | 1,194 | 1,194 |
| Hall Rental Income | 800 | 2,265 | 1,465 |
| Investment Income | 150 | 265 | 115 |
| Miscellaneous | 2,000 | 797 | (1,203) |
| Total Revenues | 363,837 | 450,415 | 86,578 |
| Expenditures: | | | |
| Selectmen: | | | |
| Selectmen Salaries | 2,400 | 2,400 | 0 |
| Administrative Assistant | 1,500 | 1,488 | 12 |
| Selectmen Financial Assistant | 1,500 | 1,305 | 195 |
| Social Security | 430 | 397 | 33 |
| Meetings | 300 | 125 | 175 |
| Mileage | 0 | 554 | (554) |
| Miscellaneous | 300 | 616 | (316) |
| Total Selectmen | 6,430 | 6,885 | (455) |
| Auditors: | | | |
| Town Audit | 10,100 | 10,565 | (465) |
| Postage | 500 | 337 | 163 |
| Printing | 3,000 | 3,239 | (239) |
| Total Auditors | 13,600 | 14,141 | (541) |
| Elections: | | | |
| Payroll | 1,500 | 1,692 | (192) |
| Social Security | 0 | 41 | (41) |
| Supplies | 150 | 73 | 77 |
| Total Elections | 1,650 | 1,806 | (156) |
| Listers: | | | |
| Payroll | 20,000 | 19,985 | 15 |
| Social Security | 1,530 | 1,530 | 0 |
| Supplies | 600 | 575 | 25 |
| Consultants - Tax Map Maintenance | 2,000 | 1,220 | 780 |
| Technology Dues and Support | 1,750 | 454 | 1,296 |
| Dues & Meetings | 500 | 431 | 69 |
| Mileage | 1,200 | 386 | 814 |
| Appeals | 100 | 0 | 100 |
| Furniture & Equipment | 200 | 0 | 200 |
| Total Listers | 27,880 | 24,581 | 3,299 |

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TOWN OF CORINTH, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Budget | Actual | Variance Favorable/ (Unfavorable) |
|--|----------------|----------------|---|
| Administrative Officer: | | | |
| Payroll | \$ 1,000 | \$ 555 | \$ 445 |
| Social Security | 77 | 33 | 44 |
| Administrative Meetings | 200 | 60 | 140 |
| Administrative Mileage | 100 | 43 | 57 |
| Zoning Postage | 23 | 0 | 23 |
| Total Administrative Officer | 1,400 | 691 | 709 |
| Town Office: | | | |
| Town Clerk Salary | 26,000 | 26,000 | 0 |
| Assistant Clerk Salary | 3,000 | 2,322 | 678 |
| Town Treasurer Salary | 27,040 | 27,040 | 0 |
| Assistant Treasurer Salary | 2,100 | 2,922 | (822) |
| Social Security | 4,450 | 4,459 | (9) |
| Retirement | 2,850 | 2,851 | (1) |
| Health Insurance | 14,700 | 15,191 | (491) |
| Restoration of Records | 3,500 | 3,500 | 0 |
| Office Supplies | 2,500 | 2,706 | (206) |
| Mileage | 200 | 66 | 134 |
| Meetings & Dues | 500 | 185 | 315 |
| Furniture & Equipment | 0 | 416 | (416) |
| Total Town Office | 86,840 | 87,658 | (818) |
| Technology & Communications | | | |
| Telephone | 3,700 | 3,641 | 59 |
| Website | 0 | 2,972 | (2,972) |
| Contract Maintenance | 3,000 | 911 | 2,089 |
| Technology Dues and Support | 500 | 3,348 | (2,848) |
| Postage | 3,200 | 3,144 | 56 |
| Technology Equipment Purchases | 21,000 | 15,998 | 5,002 |
| Total Technology & Communications | 31,400 | 30,014 | 1,386 |
| Legal & Insurance: | | | |
| Legal Notices | 500 | 313 | 187 |
| Workman's Compensation | 150 | 318 | (168) |
| Unemployment Insurance | 120 | 51 | 69 |
| Bonds and Insurance | 11,500 | 10,950 | 550 |
| Legal Services | 500 | 775 | (275) |
| Total Legal & Insurance | 12,770 | 12,407 | 363 |
| Public Services: | | | |
| Abated Taxes | 1,000 | 1,873 | (873) |
| Ambulance Services | 45,115 | 45,111 | 4 |
| Animal Control | 1,500 | 965 | 535 |
| Board of Civil Authority Expenses | 0 | 67 | (67) |
| County Tax | 35,000 | 31,020 | 3,980 |
| Corinth-Topsham Emergency Response Team | 6,750 | 6,750 | 0 |
| East Corinth Volunteer Fire Department | 60,000 | 60,000 | 0 |
| Fire Warden | 500 | 0 | 500 |
| Humane Society | 1,500 | 0 | 1,500 |
| VLCT | 2,375 | 2,432 | (57) |
| Two Rivers Dues | 1,765 | 1,763 | 2 |
| Total Public Services | 155,505 | 149,981 | 5,524 |

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TOWN OF CORINTH, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---------------|---------------|---|
| Appropriations: | | | |
| Adult Education | \$ 800 | \$ 800 | \$ 0 |
| Central Vermont Community Action Council | 300 | 300 | 0 |
| American Red Cross | 500 | 500 | 0 |
| Blake Memorial Library | 1,370 | 1,370 | 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 |
| Green Up Vermont | 100 | 100 | 0 |
| Stagecoach | 1,000 | 1,000 | 0 |
| Orange East Senior Center | 2,200 | 2,200 | 0 |
| Northeast Slopes | 1,460 | 1,460 | 0 |
| Orange County Diversion Program | 150 | 150 | 0 |
| Orange County Parent Center | 500 | 500 | 0 |
| OxBee Quilt Guild | 200 | 200 | 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>21,777</u> | <u>21,777</u> | <u>0</u> |
| Total Appropriations | | | |
| | <u>21,777</u> | <u>21,777</u> | <u>0</u> |
| Solid Waste Disposal/Transfer Station: | | | |
| Transfer Station Attendant | 3,120 | 3,120 | 0 |
| Social Security | 240 | 239 | 1 |
| Supplies | 250 | 6 | 244 |
| | <u>3,610</u> | <u>3,365</u> | <u>245</u> |
| Total Solid Waste Disposal/Transfer Station | | | |
| | <u>3,610</u> | <u>3,365</u> | <u>245</u> |
| Law Enforcement: | | | |
| Safety Services | 8,000 | 5,586 | 2,414 |
| Payroll | 0 | 618 | (618) |
| Social Security | 0 | 47 | (47) |
| Mileage | 0 | 258 | (258) |
| Technology Equipment Purchases | 0 | 175 | (175) |
| Supplies | 0 | 36 | (36) |
| | <u>8,000</u> | <u>6,720</u> | <u>1,280</u> |
| Total Law Enforcement | | | |
| | <u>8,000</u> | <u>6,720</u> | <u>1,280</u> |
| Delinquent Tax Collector: | | | |
| Social Security | 1,500 | 1,445 | 55 |
| Retirement | 1,000 | 1,016 | (16) |
| Meetings | 125 | 60 | 65 |
| Mileage | 0 | 38 | (38) |
| | <u>2,625</u> | <u>2,559</u> | <u>66</u> |
| Total Delinquent Tax Collector | | | |
| | <u>2,625</u> | <u>2,559</u> | <u>66</u> |

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TOWN OF CORINTH, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---------------------------|-------------------------|---|
| Cemetery Supplies | \$ <u>350</u> | \$ <u>376</u> | \$ <u>(26)</u> |
| Total Expenditures | <u>373,837</u> | <u>362,961</u> | <u>10,876</u> |
| Excess/(Deficiency) of Revenues Over Expenditures | \$ <u><u>(10,000)</u></u> | 87,454 | \$ <u><u>97,454</u></u> |
| Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting: | | | |
| History Book Fund Income | | 270 | |
| History Book Fund Expenses | | <u>(173)</u> | |
| Change in Modified Accrual Basis Fund Balance | | \$ <u><u>87,551</u></u> | |

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
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|----------------|----------------|---|
| Revenues: | | | |
| Property Taxes | \$ 505,050 | \$ 505,050 | \$ 0 |
| State Highway Aid | 155,000 | 163,521 | 8,521 |
| State Highway Aid - Paving | 0 | 157,920 | 157,920 |
| Park and Ride Grant | 0 | 1,081 | 1,081 |
| Better Back Roads Grant | 0 | 10,000 | 10,000 |
| Miscellaneous Grants | 0 | 1,059 | 1,059 |
| FEMA Reimbursement | 0 | 36,726 | 36,726 |
| Highway Receipts | 500 | 10 | (490) |
| Overweight Permits | 375 | 370 | (5) |
| Investment Income | 150 | 71 | (79) |
| Total Revenues | 661,075 | 875,808 | 214,733 |
| Expenditures: | | | |
| Administration: | | | |
| Payroll | 2,400 | 2,400 | 0 |
| Uniforms | 2,200 | 2,512 | (312) |
| Social Security | 12,000 | 11,895 | 105 |
| Retirement | 6,600 | 6,819 | (219) |
| Property & Casualty Insurance | 6,500 | 8,086 | (1,586) |
| Health Insurance | 50,000 | 49,678 | 322 |
| Unemployment Insurance | 600 | 486 | 114 |
| Workman's Compensation | 8,500 | 8,612 | (112) |
| Highway Meetings | 500 | 135 | 365 |
| Highway Mileage | 500 | 848 | (348) |
| Total Administration | 89,800 | 91,471 | (1,671) |
| Highway Labor: | | | |
| Labor | 104,500 | 107,991 | (3,491) |
| Overtime | 19,000 | 21,174 | (2,174) |
| Part-Time Labor | 14,000 | 13,076 | 924 |
| Personal Time | 10,775 | 7,701 | 3,074 |
| Holiday Time | 3,600 | 3,149 | 451 |
| Total Highway Labor | 151,875 | 153,091 | (1,216) |
| Materials: | | | |
| Gravel | 60,000 | 62,606 | (2,606) |
| Chloride | 10,000 | 3,704 | 6,296 |
| Salt | 36,500 | 53,100 | (16,600) |
| Sand | 33,000 | 31,047 | 1,953 |
| Stone | 2,500 | 3,499 | (999) |
| Total Materials | 142,000 | 153,956 | (11,956) |
| Patch and Paving: | 140,000 | 270,326 | (130,326) |
| Other Materials and Services: | | | |
| Hired Services | 15,000 | 15,323 | (323) |
| Posts and Guardrails | 3,000 | 0 | 3,000 |
| Culverts | 6,000 | 10,254 | (4,254) |
| Signs | 3,200 | 1,664 | 1,536 |
| Other Materials | 500 | 752 | (252) |
| Total Other Materials and Services | 27,700 | 27,993 | (293) |

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TOWN OF CORINTH, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|-------------|-----------|---|
| Garage: | | | |
| Supplies | \$ 250 | \$ 313 | \$ (63) |
| Repairs & Maintenance | 2,500 | 1,219 | 1,281 |
| Technology Equipment Purchase | 150 | 0 | 150 |
| Rubbish Removal | 350 | 376 | (26) |
| Electric | 2,700 | 2,786 | (86) |
| Telephone | 1,600 | 1,359 | 241 |
| Heat | 1,000 | 454 | 546 |
| Total Garage | 8,550 | 6,507 | 2,043 |
| Operating Supplies: | | | |
| Diesel Fuel | 62,000 | 46,504 | 15,496 |
| Gas, Oil & Chains | 150 | 251 | (101) |
| Small Tools & Equipment | 1,500 | 1,258 | 242 |
| Total Operating Supplies | 63,650 | 48,013 | 15,637 |
| Repairs and Maintenance: | | | |
| Equipment Maintenance | 37,500 | 53,740 | (16,240) |
| Radios/Repeater | 10,000 | 1,020 | 8,980 |
| Small Parts & Equipment | 2,000 | 684 | 1,316 |
| Total Repairs and Maintenance | 49,500 | 55,444 | (5,944) |
| Safety Equipment Grant Expense: | 1,000 | 2,118 | (1,118) |
| Grant Projects: | | | |
| Materials - Magoon Hill | 0 | 7,969 | (7,969) |
| Materials - Beaver Lodge | 0 | 1,761 | (1,761) |
| Hired Services - Beaver Lodge | 0 | 3,645 | (3,645) |
| Total Grant Projects | 0 | 13,375 | (13,375) |
| Total Expenditures | 674,075 | 822,294 | (148,219) |
| Excess/(Deficiency) of Revenues Over Expenditures | \$ (13,000) | 53,514 | \$ 66,514 |
| Fund Balance - July 1, 2014 | | 6,417 | |
| Fund Balance - June 30, 2015 | | \$ 59,931 | |

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TOWN OF CORINTH, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2015

| | | 2015 |
|---|----|-------------------------------|
| Total Plan Net Pension Liability | \$ | 9,126,613 |
| Town's Proportion of the Net Pension Liability | | 0.0584% |
| Town's Proportionate Share of the Net Pension Liability | \$ | 5,331 |
| Town's Covered Employee Payroll | \$ | 167,293 |
| Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll | | 3.1866% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 98.32% as of June 30, 2014 |

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: None.

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

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TOWN OF CORINTH, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2015

| | | 2015 |
|---|----|---------|
| Contractually Required Contribution (Actuarially Determined) | \$ | 8,393 |
| Contributions in Relation to the Actuarially Determined Contributions | | 8,393 |
| Contribution Excess/(Deficiency) | \$ | 0 |
| Covered - Employee Payroll | \$ | 167,293 |
| Contributions as a Percentage of Covered - Employee Payroll | | 5.017% |

Notes to Schedule

Valuation Date: June 30, 2014

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

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TOWN OF CORINTH, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

| | Special Revenue Funds | Capital Projects Funds | Permanent Fund Library Trust Fund | Total |
|---|-----------------------------|------------------------------|--|-------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u>ASSETS</u> | | | | |
| Investments | \$ 0 | \$ 0 | \$ 2,809 | \$ 2,809 |
| Due from Other Funds | 31,947 | 46,567 | 0 | 78,514 |
| Loans Receivable | 8,440 | 0 | 0 | 8,440 |
| Inventory | <u>395</u> | <u>0</u> | <u>0</u> | <u>395</u> |
| Total Assets | <u>\$ 40,782</u> | <u>\$ 46,567</u> | <u>\$ 2,809</u> | <u>\$ 90,158</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 537 | \$ 12,364 | \$ 0 | \$ 12,901 |
| Unearned Revenue | 2,739 | 0 | 0 | 2,739 |
| Due to Other Funds | <u>1,817</u> | <u>0</u> | <u>0</u> | <u>1,817</u> |
| Total Liabilities | <u>5,093</u> | <u>12,364</u> | <u>0</u> | <u>17,457</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unavailable Loans Receivable | <u>8,440</u> | <u>0</u> | <u>0</u> | <u>8,440</u> |
| Total Deferred Inflows of Resources | <u>8,440</u> | <u>0</u> | <u>0</u> | <u>8,440</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | 395 | 0 | 2,800 | 3,195 |
| Restricted | 27,037 | 0 | 9 | 27,046 |
| Assigned | 1,634 | 34,203 | 0 | 35,837 |
| Unassigned/(Deficit) | <u>(1,817)</u> | <u>0</u> | <u>0</u> | <u>(1,817)</u> |
| Total Fund Balances | <u>27,249</u> | <u>34,203</u> | <u>2,809</u> | <u>64,261</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 40,782</u> | <u>\$ 46,567</u> | <u>\$ 2,809</u> | <u>\$ 90,158</u> |

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TOWN OF CORINTH, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

| | Special Revenue Funds | Capital Projects Funds | Permanent Fund Library Trust Fund | Total |
|--|-----------------------------|------------------------------|--|------------------|
| Revenues: | | | | |
| Property Taxes | \$ 3,050 | \$ 27,070 | \$ 0 | \$ 30,120 |
| Intergovernmental | 1,000 | 145,128 | 0 | 146,128 |
| Permits, Licenses & Fees | 430 | 0 | 0 | 430 |
| Loan Repayments | 3,664 | 0 | 0 | 3,664 |
| Investment Income | 83 | 35 | 11 | 129 |
| Donations | 484 | 0 | 0 | 484 |
| Other | 4,646 | 13 | 0 | 4,659 |
| Total Revenues | <u>13,357</u> | <u>172,246</u> | <u>11</u> | <u>185,614</u> |
| Expenditures: | | | | |
| General Government | 2,249 | 20,547 | 0 | 22,796 |
| Highway and Streets | 0 | 7 | 0 | 7 |
| Culture and Recreation | 7,232 | 0 | 88 | 7,320 |
| Capital Outlay: | | | | |
| Highways and Streets | 0 | 97,260 | 0 | 97,260 |
| Total Expenditures | <u>9,481</u> | <u>117,814</u> | <u>88</u> | <u>127,383</u> |
| Net Change in Fund Balances | 3,876 | 54,432 | (77) | 58,231 |
| Fund Balances/(Deficit) - July 1, 2014 | <u>23,373</u> | <u>(20,229)</u> | <u>2,886</u> | <u>6,030</u> |
| Fund Balances - June 30, 2015 | <u>\$ 27,249</u> | <u>\$ 34,203</u> | <u>\$ 2,809</u> | <u>\$ 64,261</u> |

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TOWN OF CORINTH, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2015

| | Town Planning Fund | Home Improvement Loan Fund | Shea Town Forest Fund | Conservation Commission Fund | Corinth 250th Anniversary Fund | Total |
|---|--------------------------|-------------------------------------|-----------------------------|------------------------------------|--------------------------------------|------------------|
| <u>ASSETS</u> | | | | | | |
| Due from Other Funds | \$ 1,666 | \$ 20,722 | \$ 3,364 | \$ 6,195 | \$ 0 | \$ 31,947 |
| Loans Receivable | 0 | 8,440 | 0 | 0 | 0 | 8,440 |
| Inventory | 0 | 0 | 0 | 0 | 395 | 395 |
| Total Assets | <u>\$ 1,666</u> | <u>\$ 29,162</u> | <u>\$ 3,364</u> | <u>\$ 6,195</u> | <u>\$ 395</u> | <u>\$ 40,782</u> |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable | \$ 32 | \$ 0 | \$ 0 | \$ 505 | \$ 0 | \$ 537 |
| Unearned Revenue | 0 | 0 | 2,739 | 0 | 0 | 2,739 |
| Due to Other Funds | 0 | 0 | 0 | 0 | 1,817 | 1,817 |
| Total Liabilities | <u>32</u> | <u>0</u> | <u>2,739</u> | <u>505</u> | <u>1,817</u> | <u>5,093</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Unavailable Loans Receivable | 0 | 8,440 | 0 | 0 | 0 | 8,440 |
| Total Deferred Inflows of Resources | <u>0</u> | <u>8,440</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>8,440</u> |
| <u>FUND BALANCES</u> | | | | | | |
| Nonspendable | 0 | 0 | 0 | 0 | 395 | 395 |
| Restricted | 0 | 20,722 | 625 | 5,690 | 0 | 27,037 |
| Assigned | 1,634 | 0 | 0 | 0 | 0 | 1,634 |
| Unassigned/(Deficit) | 0 | 0 | 0 | 0 | (1,817) | (1,817) |
| Total Fund Balances | <u>1,634</u> | <u>20,722</u> | <u>625</u> | <u>5,690</u> | <u>(1,422)</u> | <u>27,249</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 1,666</u> | <u>\$ 29,162</u> | <u>\$ 3,364</u> | <u>\$ 6,195</u> | <u>\$ 395</u> | <u>\$ 40,782</u> |

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TOWN OF CORINTH, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

| | Town Planning Fund | Home Improvement Loan Fund | Shea Town Forest Fund | Conservation Commission Fund | Corinth 250th Anniversary Fund | Total |
|--|--------------------------|-------------------------------------|-----------------------------|------------------------------------|--------------------------------------|------------------|
| Revenues: | | | | | | |
| Property Taxes | \$ 2,800 | \$ 0 | \$ 0 | \$ 250 | \$ 0 | \$ 3,050 |
| Intergovernmental | 0 | 0 | 0 | 1,000 | 0 | 1,000 |
| Permits, Licenses & Fees | 430 | 0 | 0 | 0 | 0 | 430 |
| Loan Repayments | 0 | 3,664 | 0 | 0 | 0 | 3,664 |
| Investment Income | 1 | 73 | 3 | 6 | 0 | 83 |
| Donations | 0 | 0 | 363 | 50 | 71 | 484 |
| Other | 0 | 0 | 614 | 1,418 | 2,614 | 4,646 |
| Total Revenues | <u>3,231</u> | <u>3,737</u> | <u>980</u> | <u>2,724</u> | <u>2,685</u> | <u>13,357</u> |
| Expenditures: | | | | | | |
| General Government | 2,249 | 0 | 0 | 0 | 0 | 2,249 |
| Culture and Recreation | 0 | 0 | 571 | 2,085 | 4,576 | 7,232 |
| Total Expenditures | <u>2,249</u> | <u>0</u> | <u>571</u> | <u>2,085</u> | <u>4,576</u> | <u>9,481</u> |
| Net Change in Fund Balances | 982 | 3,737 | 409 | 639 | (1,891) | 3,876 |
| Fund Balances - July 1, 2014 | <u>652</u> | <u>16,985</u> | <u>216</u> | <u>5,051</u> | <u>469</u> | <u>23,373</u> |
| Fund Balances/(Deficit) - June 30, 2015 | <u>\$ 1,634</u> | <u>\$ 20,722</u> | <u>\$ 625</u> | <u>\$ 5,690</u> | <u>\$ (1,422)</u> | <u>\$ 27,249</u> |

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TOWN OF CORINTH, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2015

| | Bridge Reserve Fund | Town Hall Maintenance Fund | Park N' Ride Fund | Total |
|--|---------------------------|----------------------------------|-------------------------|-------------------------|
| <u>ASSETS</u> | | | | |
| Due from Other Funds | \$ <u>40,880</u> | \$ <u>5,687</u> | \$ <u>0</u> | \$ <u>46,567</u> |
| Total Assets | \$ <u><u>40,880</u></u> | \$ <u><u>5,687</u></u> | \$ <u><u>0</u></u> | \$ <u><u>46,567</u></u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ <u>11,772</u> | \$ <u>592</u> | \$ <u>0</u> | \$ <u>12,364</u> |
| Total Liabilities | <u>11,772</u> | <u>592</u> | <u>0</u> | <u>12,364</u> |
| Fund Balances: | | | | |
| Assigned | <u>29,108</u> | <u>5,095</u> | <u>0</u> | <u>34,203</u> |
| Total Fund Balances | <u>29,108</u> | <u>5,095</u> | <u>0</u> | <u>34,203</u> |
| Total Liabilities and Fund Balances | \$ <u><u>40,880</u></u> | \$ <u><u>5,687</u></u> | \$ <u><u>0</u></u> | \$ <u><u>46,567</u></u> |

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TOWN OF CORINTH, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

| | Bridge Reserve Fund | Town Hall Maintenance Fund | Park N' Ride Fund | Total |
|--|---------------------------|----------------------------------|-------------------------|------------------|
| Revenues: | | | | |
| Property Taxes | \$ 15,000 | \$ 12,070 | \$ 0 | \$ 27,070 |
| Intergovernmental | 82,584 | 0 | 62,544 | 145,128 |
| Investment Income | 42 | 10 | (17) | 35 |
| Other | <u>0</u> | <u>13</u> | <u>0</u> | <u>13</u> |
| Total Revenues | <u>97,626</u> | <u>12,093</u> | <u>62,527</u> | <u>172,246</u> |
| Expenditures: | | | | |
| General Government | 0 | 20,547 | 0 | 20,547 |
| Highway and Streets | 7 | 0 | 0 | 7 |
| Capital Outlay: | | | | |
| Highways and Streets | <u>38,010</u> | <u>0</u> | <u>59,250</u> | <u>97,260</u> |
| Total Expenditures | <u>38,017</u> | <u>20,547</u> | <u>59,250</u> | <u>117,814</u> |
| Net Change in Fund Balances | 59,609 | (8,454) | 3,277 | 54,432 |
| Fund Balances/(Deficit) - July 1, 2014 | <u>(30,501)</u> | <u>13,549</u> | <u>(3,277)</u> | <u>(20,229)</u> |
| Fund Balances - June 30, 2015 | <u>\$ 29,108</u> | <u>\$ 5,095</u> | <u>\$ 0</u> | <u>\$ 34,203</u> |

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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, Vermont
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, 2015, 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 4, 2016.

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 4, 2016.

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 4, 2016
Montpelier, Vermont
VT Lic. #92-000180

