

**TOWN OF CORINTH, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2016**

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, 2016, 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, 2016 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

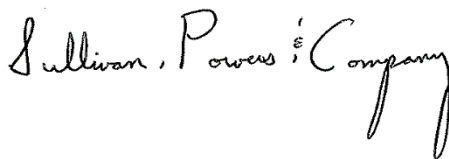
***Other Information***

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 April 18, 2017 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.

April 18, 2017  
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, 2016

The Town of Corinth (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal years ending June 30, 2016.

***Financial Highlights***

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources on June 30, 2016 by \$6,612,759 (*net position*). Of this amount, \$305,309 (*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 \$716,146.
- Fund Balances of Governmental Funds decreased by \$85,687 to a total of \$536,365 in fiscal year 2016. The General Fund had a total fund balance of \$192,140 of which \$137,892 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 changed during the past fiscal year. The *statement of activities* is on the full accrual basis (i.e. all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows) whereas the *statement of revenues, expenditures and changes in fund balances - governmental funds* is on the modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current position and expenditures are recognized when the related liability is incurred). Thus in the *statement of activities* revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

TOWN OF CORINTH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016

**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	
	FY2016	FY2015
Current and Other Assets	\$ 729,137	\$ 799,527
Capital Assets	6,372,129	5,436,160
Total Assets	<u>7,101,266</u>	<u>6,235,687</u>
Deferred Outflows of Resources	<u>27,841</u>	<u>8,393</u>
Current Liabilities	74,387	61,588
Long-term Liabilities	437,598	263,111
Total Liabilities	<u>511,985</u>	<u>324,699</u>
Deferred Inflows of Resources	<u>4,363</u>	<u>22,768</u>
Net Position		
Net Investment in Capital Assets	6,031,124	5,188,353
Restricted	276,326	306,746
Unrestricted	<u>305,309</u>	<u>401,514</u>
Total Net Position	<u>\$ 6,612,759</u>	<u>\$ 5,896,613</u>

As stated above assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,612,759 at the end of fiscal year 2016. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,896,613 at the end of fiscal year 2015.

The largest portion of the Town's net position is in its investment in capital assets (91.2% - \$6,031,124). These assets are used to provide services to its citizens (e.g. land, buildings, equipment, and infrastructure). Therefore these assets are not available for future spending. A portion (4.2% - \$276,326) 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 (4.6% - \$305,309) 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, 2016

	Governmental Activities	
	FY2016	FY2015
Revenues		
Program Revenues		
Charges for services	\$ 26,109	\$ 22,495
Operating grants and contributions	175,833	143,293
Capital grants and contributions	810,681	606,003
General Revenues		
Property taxes	895,236	867,326
Interest on Delinquent Taxes	22,580	42,747
General State Grants	98,162	92,995
Investment Income	4,002	8,756
Gain on Sale of Equipment	1,700	25,000
Other Revenues	4,443	5,456
	2,038,746	1,814,071
Expenses		
Governmental activities		
General Government	282,279	268,755
Public Safety	127,591	119,546
Highways and Streets	889,042	822,796
Culture and Recreation	3,044	7,493
Sanitation	3,341	3,365
Cemetery	8,713	9,487
Interest on Long-term Debt	8,590	7,344
	1,322,600	1,238,786
Change in net position	716,146	575,285
Net position - Beginning of Year	5,896,613	5,336,556
Less: GASB 68 Adjustment	0	(15,228)
Net position - End of Year	\$ 6,612,759	\$ 5,896,613

**Governmental activities.** Governmental activities increased the Town's net position by \$716,146 in fiscal year 2016.

TOWN OF CORINTH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016

***Financial Analysis of Major Governmental Funds***

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

The General Fund balance increased \$5,325 up from \$186,815 at the end of fiscal year 2015 to \$192,140 at the end of fiscal year 2016.

The total revenues budgeted were \$383,407 which included the use of \$30,000 surplus from the prior year cumulative fund balance; therefore, only \$353,407 was expected to be collected in revenues. The actual revenues collected were \$373,352 or \$19,945 more than anticipated. The majority of this was due to an excess of \$13,162 in Hold Harmless revenue.

A total of \$383,407 was budgeted for expenses. Of that total only \$366,295 was actually spent resulting in a surplus of \$17,112. Savings totaling \$18,529 came from the following categories – Selectmen; Elections; Listers; Town Office; Technology & Communications; Services & Financial; Town Hall Maintenance; Solid Waste Disposal/Transfer Station; Law Enforcement and Delinquent Tax Collector. Over expenditures only total \$1,417 and came from the remaining categories – Town Report & Auditors; Administrative Officer; Legal & Insurance and Cemetery.

**The Highway Fund (Includes Better Back Roads Grant Fund)**

The Highway Fund ended fiscal year 2016 with a cumulative surplus of \$71,930. The prior year cumulative surplus was \$59,931 resulting in a current year increase of \$11,999.

There was a total of \$745,970 in revenues received. Of that total \$39,370 represents excess revenues received over the budgeted amount of \$706,600. Most of the excess came from a State Structures Grant [\$37,485] that hadn't been budgeted for. Only \$1,535 came in under budget from Weight Permits, Miscellaneous Grant Income and Miscellaneous Income.

Total highway expenses for the year came in at \$733,971. Throughout the whole Highway Expense budget there are under expended and over expended line items which net out to a total of \$27,371 in over expenditures of the budget. The savings, totaling \$69,448, come from the following under expended categories (Highway Labor, Salt, Sand, Stone, Signs, Safety Equipment Grant Hired Services, and Operating Supplies). \$96,819 make up the total over expenditures in the following categories – Administration, Gravel, Patch and Pave; Chloride, Posts & Guardrails, Other Materials, Culverts, Garage; Equipment Repairs and Maintenance Vehicle Repairs and Maintenance and Highway Structures Grant are the largest over expenditures of \$41,842 coming from the Highway Structures Grant followed by \$26,148 coming from the Gravel line item.

TOWN OF CORINTH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016

**Other Funds**

The Town has the following reserve funds at June 30, 2016:

Highway Capital Fund	\$ 48,207
Cemetery Trust Fund	162,479
Reappraisal Fund	62,794
Town Planning Fund	3,932
Home Improvement Loan Fund	18,532
Conservation Commission Fund	10,121
Bridge Reserve Fund	(40,611)
Town Hall Maintenance Fund	4,035
Library Trust Fund	<u>2,806</u>
Total Other Funds	<u>\$272,295</u>

**Restricted Net Position and Reserved Fund Balances**

The restricted net position was \$276,326 on June 30, 2016. 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 \$137,892 on June 30, 2016. These funds are available to address planned or unexpected expenses in the General Fund.

**Capital Assets**

Governmental Capital Assets increased \$935,969 net of accumulated depreciation, a total of \$6,372,129 in fiscal year 2016. Among the items that contributed to this increase was the completion of Chicken Farm Bridge (\$847,110) paving a portion of Chelsea Road (\$125,506) and the purchase of a 2016 Dump Truck (192,341).

**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, 2016, the Town's Highway Capital Fund has six loans totaling \$379,372 - two loans totaling \$67,477 for the 2013 International Dump Truck; \$56,850 for a Caterpillar Bucket Loader; \$152,394 for a 2016 Dump Truck; \$87,680 for a 2016 F550 Truck and \$14,971 for the John Deere Hitachi Excavator.

TOWN OF CORINTH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016

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

The following factors were considered in the development of budgets for FY17:

- **General Fund:** The budget for FY17 was increased about 4.4%. Line items were level funded as much as possible and adjusted to closer reflect the actual amount expended in FY165. 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 added mileage and miscellaneous labor expense in the Selectmen's category, Town Report hired services \$1,000, increased hours for the Listers, Administrative Officer salary & social security, Treasurer's salary and a small increase of \$580 for the Ambulance and \$500 for CTERT.
- **Highway Fund:** There was about a 4.8% increase in the budget for FY17 for the Highway Fund. The biggest increase in the budget was for salt, culverts, garage, diesel fuel and equipment repairs and maintenance. The Town established a Capital Equipment Reserve fund in FY13 using \$50,000 of general Highway surplus monies for this purpose.
- The FY17 budget for the Capital Equipment reserve fund was level funded. The final payment on the Hitachie Excavator will be made in FY17. However, the Town took out two new loans, one loan was for the purchase of the 2016 Western Star Dump Truck, the other was for the purchase of the 2016 Ford F-550, these purchases resulted in an over expenditure in FY16 of \$11,892 leaving a cumulative surplus fund balance of \$48,207.

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.

**Requests for Information**

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, 2016

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 375,620
Investments	154,446
Receivables	166,936
Loans Receivable	10,739
Inventory	21,396
Capital Assets:	
Land	135,666
Construction in Progress	59,973
Other Capital Assets, (Net of Accumulated Depreciation)	6,176,490
Total Assets	7,101,266
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	27,841
Total Deferred Outflows of Resources	27,841
<u>LIABILITIES</u>	
Accounts Payable	57,744
Accrued Payroll and Benefits Payable	10,824
Accrued Interest Payable	5,819
Noncurrent Liabilities:	
Due within One Year	125,149
Due in More than One Year	312,449
Total Liabilities	511,985
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	3,465
Deferred Inflows of Resources Related to the Town's Participation in VMERS	898
Total Deferred Inflows of Resources	4,363
<u>NET POSITION</u>	
Net Investment in Capital Assets	6,031,124
Restricted for:	
Highway Expenditures	81,770
Cemetery Trust Expenses	162,479
Home Improvement Loans	29,271
Other Purposes	2,806
Unrestricted	305,309
Total Net Position	\$ 6,612,759

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

TOWN OF CORINTH, VERMONT  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2016

	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Functions/Programs:</b>					
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General Government	\$ 282,279	\$ 24,909	\$ 8,704	\$ 797	\$ (247,869)
Public Safety	127,591	0	0	0	(127,591)
Highways and Streets	889,042	315	163,390	809,884	84,547
Culture and Recreation	3,044	185	3,739	0	880
Sanitation	3,341	0	0	0	(3,341)
Cemetery	8,713	700	0	0	(8,013)
Interest on Long-term Debt	8,590	0	0	0	(8,590)
<b>Total Primary Government</b>	<b>\$ 1,322,600</b>	<b>\$ 26,109</b>	<b>\$ 175,833</b>	<b>\$ 810,681</b>	<b>(309,977)</b>
<b>General Revenues:</b>					
Property Taxes					895,236
Interest on Delinquent Taxes					22,580
General State Grants					98,162
Unrestricted Investment Earnings					4,002
Gain on Sale of Equipment					1,700
Other Revenues					4,443
<b>Total General Revenues</b>					<b>1,026,123</b>
<b>Change in Net Position</b>					<b>716,146</b>
<b>Net Position - July 1, 2015</b>					<b>5,896,613</b>
<b>Net Position - June 30, 2016</b>					<b>\$ 6,612,759</b>

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

TOWN OF CORINTH, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Highway Fund	Highway Capital Fund	Cemetery Trust Fund	Reappraisal Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash	\$ 361,755	\$ 0	\$ 0	\$ 13,865	\$ 0	\$ 0	\$ 375,620
Investments	0	0	0	151,640	0	2,806	154,446
Receivables	155,936	10,000	0	0	0	1,000	166,936
Loans Receivable	0	0	0	0	0	10,739	10,739
Due from Other Funds	0	95,805	48,207	0	62,794	36,254	243,060
Inventory	<u>2,566</u>	<u>18,830</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,396</u>
Total Assets	<u>\$ 520,257</u>	<u>\$ 124,635</u>	<u>\$ 48,207</u>	<u>\$ 165,505</u>	<u>\$ 62,794</u>	<u>\$ 50,799</u>	<u>\$ 972,197</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 5,863	\$ 49,823	\$ 0	\$ 1,263	\$ 0	\$ 795	\$ 57,744
Accrued Payroll and Benefits Payable	6,179	2,882	0	1,763	0	0	10,824
Due to Other Funds	<u>202,610</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,450</u>	<u>243,060</u>
Total Liabilities	<u>214,652</u>	<u>52,705</u>	<u>0</u>	<u>3,026</u>	<u>0</u>	<u>41,245</u>	<u>311,628</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Prepaid Property Taxes	3,465	0	0	0	0	0	3,465
Unavailable Property Taxes and Interest	110,000	0	0	0	0	0	110,000
Unavailable Loans Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,739</u>	<u>10,739</u>
Total Deferred Inflows of Resources	<u>113,465</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,739</u>	<u>124,204</u>
<u>FUND BALANCES/(DEFICIT)</u>							
Nonspendable	2,566	18,830	0	7,400	0	2,800	31,596
Restricted	0	53,100	48,207	155,079	0	18,538	274,924
Committed	0	0	0	0	0	14,053	14,053
Assigned	51,682	0	0	0	62,794	4,035	118,511
Unassigned/(Deficit)	<u>137,892</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(40,611)</u>	<u>97,281</u>
Total Fund Balances/(Deficit)	<u>192,140</u>	<u>71,930</u>	<u>48,207</u>	<u>162,479</u>	<u>62,794</u>	<u>(1,185)</u>	<u>536,365</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 520,257</u>	<u>\$ 124,635</u>	<u>\$ 48,207</u>	<u>\$ 165,505</u>	<u>\$ 62,794</u>	<u>\$ 50,799</u>	

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.	6,372,129
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.	120,739
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.	(443,417)
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.	<u>26,943</u>
Net Position of Governmental Activities	<u>\$ 6,612,759</u>

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

TOWN OF CORINTH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Highway Fund	Highway Capital Fund	Cemetery Trust Fund	Reappraisal Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Property Taxes	\$ 225,331	\$ 544,630	\$ 102,925	\$ 0	\$ 0	\$ 18,350	\$ 891,236
Interest on Delinquent Taxes	22,580	0	0	0	0	0	22,580
Intergovernmental	98,162	210,875	0	0	8,704	3,739	321,480
Charges for Services	8,311	0	0	700	0	0	9,011
Permits, Licenses and Fees	16,325	315	0	0	0	370	17,010
Loan Repayments	0	0	0	0	0	2,701	2,701
Loan Interest Income	0	0	0	0	0	88	88
Investment Income	229	150	28	3,460	86	49	4,002
Other	2,605	0	0	0	0	1,838	4,443
<b>Total Revenues</b>	<u>373,543</u>	<u>755,970</u>	<u>102,953</u>	<u>4,160</u>	<u>8,790</u>	<u>27,135</u>	<u>1,272,551</u>
<b>Expenditures:</b>							
General Government	230,924	0	0	0	34,349	5,681	270,954
Public Safety	127,591	0	0	0	0	0	127,591
Highways and Streets	0	590,491	0	0	0	8	590,499
Culture and Recreation	109	0	0	0	0	2,935	3,044
Sanitation	3,341	0	0	0	0	0	3,341
Cemetery	439	0	0	8,274	0	0	8,713
Capital Outlay:							
General Government	0	0	0	0	0	1,060	1,060
Highways and Streets	0	153,480	241,654	0	0	84,711	479,845
Debt Service:							
Principal	0	0	108,509	0	0	0	108,509
Interest	0	0	6,456	0	0	0	6,456
<b>Total Expenditures</b>	<u>362,404</u>	<u>743,971</u>	<u>356,619</u>	<u>8,274</u>	<u>34,349</u>	<u>94,395</u>	<u>1,600,012</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>11,139</u>	<u>11,999</u>	<u>(253,666)</u>	<u>(4,114)</u>	<u>(25,559)</u>	<u>(67,260)</u>	<u>(327,461)</u>
<b>Other Financing Sources/(Uses):</b>							
Proceeds from Long-term Debt	0	0	240,074	0	0	0	240,074
Proceeds from Sale of Equipment	0	0	1,700	0	0	0	1,700
Transfers In	0	0	0	4,000	0	5,069	9,069
Transfers Out	(5,814)	0	0	0	0	(3,255)	(9,069)
<b>Total Other Financing Sources/(Uses)</b>	<u>(5,814)</u>	<u>0</u>	<u>241,774</u>	<u>4,000</u>	<u>0</u>	<u>1,814</u>	<u>241,774</u>
<b>Net Change in Fund Balances</b>	<u>5,325</u>	<u>11,999</u>	<u>(11,892)</u>	<u>(114)</u>	<u>(25,559)</u>	<u>(65,446)</u>	<u>(85,687)</u>
Fund Balances - July 1, 2015	<u>186,815</u>	<u>59,931</u>	<u>60,099</u>	<u>162,593</u>	<u>88,353</u>	<u>64,261</u>	<u>622,052</u>
Fund Balances/(Deficit) - June 30, 2016	<u>\$ 192,140</u>	<u>\$ 71,930</u>	<u>\$ 48,207</u>	<u>\$ 162,479</u>	<u>\$ 62,794</u>	<u>\$ (1,185)</u>	<u>\$ 536,365</u>

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, 2016

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

Net change in fund balances - total government funds (Exhibit D)	\$	(85,687)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$480,905) is allocated over their estimated useful lives and reported as depreciation expense (\$308,132). This is the amount by which capital outlays exceeded depreciation in the current period.		172,773
The effect of a capital grant for the construction of a Town bridge by the State of Vermont is to increase net position.		762,399
The Town acquired land as a result of a tax sale purchase. This amount is the net effect on net position.		797
The issuance of long-term debt (\$240,074) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$108,509) 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.		(131,565)
The issuance of loans receivable (\$5,000) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$2,701) provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of loans receivable.		2,299
Governmental funds report employer pension contributions as expenditures (\$7,730). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$12,503) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(4,773)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		4,000
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.		<u>(4,097)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>716,146</u></u>

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

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

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

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

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

This report includes all of the activity of the Town of Corinth, Vermont. The financial 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 impose specific financial 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  
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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, 2016

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  
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**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. 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 from/to 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 from/to other funds.”

**5. Inventories and Prepaid Expenses**

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

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.

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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**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. 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. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

**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:

TOWN OF CORINTH, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

	<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.

### 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:

TOWN OF CORINTH, VERMONT  
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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.

### **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 and the Better Back Roads Grant Fund activity that is included with the Highway Fund.

#### **B. Budgeted Deficit**

The Town budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$30,000 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.

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

For the year ended June 30, 2016, expenditures in the Highway Fund exceeded appropriations by \$27,371. These over-expenditures were funded by excess revenues.



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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The Town's cash and investments as of June 30, 2016 consisted of the following:

Cash:

Deposits with Financial Institutions	\$365,184
Deposits held by Investment Company	10,334
Cash on Hand	<u>102</u>

Total Cash	<u>375,620</u>
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Investments:

Certificates of Deposit	17,865
Mutual Funds – Equities	127,436
Common Stock	<u>9,145</u>

Total Investments	<u>154,446</u>
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Total Cash and Investments	<u>\$530,066</u>
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The Town has five (5) certificates of deposit at various banks ranging from \$459 to \$7,700 with interest rates ranging from 0.30% to 1.09%. All certificates of deposit will mature in fiscal year 2017.

**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 cash and certificates of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured – FDIC/SPIC	\$282,820	\$290,914
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>110,563</u>	<u>104,826</u>
Total	<u>\$393,383</u>	<u>\$395,740</u>

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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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	\$365,184
Cash – Deposits held by Investment Company	10,334
Investments – Certificates of Deposit	<u>17,865</u>
Total	<u>\$393,383</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**

Concentration of credit risk is the risk that a large percentage of the Town’s investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town’s certificates of deposit are exempt from concentration of credit risk analysis. The Town’s mutual funds are open-ended and, therefore, are also excluded from the concentration of credit risk analysis. The Town has \$9,145, (100%), of their common stock invested in J.M. Smucker Company.

**B. Receivables**

Receivables as of June 30, 2016, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

Delinquent Taxes Receivable	\$ 148,425
Interest Receivable	25,860
Tax Sale Receivable	651
Grants Receivable	11,000
Allowance for Doubtful Accounts	<u>(19,000)</u>
Total	<u>\$ 166,936</u>

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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**C. Loans Receivable**

Loans receivable totaling \$10,101 represent amounts due to the Town under the Home Improvement Loan Fund. As of June 30, 2016, five (5) loans were outstanding with interest at 1% and maturity dates from October, 2000 to December, 2019. 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 \$638. Total loans receivable and accrued interest is \$10,739.

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 134,869	\$ 797	\$ 0	\$ 135,666
Construction in Progress	<u>600,051</u>	<u>907,083</u>	<u>1,447,161</u>	<u>59,973</u>
Total Capital Assets, Not Being Depreciated	<u>734,920</u>	<u>907,880</u>	<u>1,447,161</u>	<u>195,639</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	397,604	17,076	0	414,680
Vehicles	1,013,857	192,341	39,038	1,167,160
Machinery and Equipment	140,058	1,299	0	141,357
Infrastructure	<u>5,303,173</u>	<u>1,572,666</u>	<u>150,646</u>	<u>6,725,193</u>
Totals	<u>6,854,692</u>	<u>1,783,382</u>	<u>189,684</u>	<u>8,448,390</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	89,594	10,281	0	99,875
Vehicles	312,708	78,743	39,038	352,413
Machinery and Equipment	71,495	8,096	0	79,591
Infrastructure	<u>1,679,655</u>	<u>211,012</u>	<u>150,646</u>	<u>1,740,021</u>
Totals	<u>2,153,452</u>	<u>308,132</u>	<u>189,684</u>	<u>2,271,900</u>
Total Capital Assets, Being Depreciated	<u>4,701,240</u>	<u>1,475,250</u>	<u>0</u>	<u>6,176,490</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,436,160</u>	<u>\$ 2,383,130</u>	<u>\$ 1,447,161</u>	<u>\$ 6,372,129</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 14,368
Highways and Streets	<u>293,764</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 308,132</u>

At June 30, 2016, 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, 2016

**E. Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2016 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 202,610
Highway Fund	95,805	0
Highway Capital Fund	48,207	0
Reappraisal Fund	62,794	0
Non-Major Governmental Funds	36,254	40,450
 Total	\$ 243,060	\$ 243,060

Interfund transfers during the year ended June 30, 2016 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Cemetery Trust Fund	\$ 4,000	Annual Contribution
General Fund	Corinth 250th Anniversary Fund	1,814	Fund Excess Expenses
Shea Town Forest Fund	Conservation Commission Fund	3,255	Close Fund
Total		\$ 9,069	

**F. Deferred Outflows of Resources**

Deferred outflows of resources in the Governmental Activities consists of \$1,463 from the difference between the expected and actual experience, \$9,219 from changes in assumptions, \$8,943 from the difference between the projected and actual investment earnings, \$486 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) and \$7,730 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Governmental Activities is \$27,841.

**G. Deferred Inflows of Resources**

Deferred inflows of resources in the Governmental Activities consists of \$3,465 of prepaid property taxes and \$898 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). Total deferred inflows of resources in the Governmental Activities is \$4,363.

Deferred inflows of resources in the General Fund consists of \$110,000 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 \$3,465 of prepaid property taxes. Total deferred inflows of resources in the General Fund are \$113,465.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$10,739 of loans receivable and related accrued interest not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**H. Long-term Liabilities**

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

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

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.

It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements.

Long-term liabilities outstanding as of June 30, 2016 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 \$31,974 Plus Interest Payable on July 27 Annually, Interest at 3%, Due and Paid July, 2015	\$ 31,974	\$ 0	\$ 31,974	\$ 0
Note Payable, People's United Bank, 2013 International Dump Truck, Principal Payments of \$11,739 Plus Interest Payable on November 15 Annually, Interest at 3%, Due November, 2017.	35,216	0	11,739	23,477
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	66,000	0	22,000	44,000

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, People's United Bank, Caterpillar Bucket Loader, Principal Payments of \$28,425 Plus Interest Payable on September 20 Annually, Interest at 2.5%, Due September, 2017	\$ 85,275	\$ 0	\$ 28,425	\$ 56,850
Note Payable, People's United Bank, 2016 Dump Truck, Principal Payments of \$30,479 Plus Interest Payable on July 20 Annually, Interest at 2.25%, Due July, 2020	0	152,394	0	152,394
Note Payable, People's United Bank, 2016 F550 Truck, Principal Payments of \$17,536 Plus Interest Payable on March 14 Annually, Interest at 2.75%, Due March, 2021	0	87,680	0	87,680
Capital Lease Payable, John Deere Financial, 2011 Hitachi Excavator, Principal and Interest Payments of \$15,350 Payable on May 17 Annually, Interest at 3.3%, Due May, 2017	<u>29,342</u>	<u>0</u>	<u>14,371</u>	<u>14,971</u>
Total	<u>\$247,807</u>	<u>\$240,074</u>	<u>\$108,509</u>	<u>\$379,372</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Notes Payable	\$ 218,465	\$ 240,074	\$ 94,138	\$ 364,401	\$ 110,178
Capital Leases Payable	29,342	0	14,371	14,971	14,971
Compensated Absences Payable	9,973	1,963	0	11,936	0
Net Pension Liability	<u>5,331</u>	<u>40,959</u>	<u>0</u>	<u>46,290</u>	<u>0</u>
Total	<u>\$ 263,111</u>	<u>\$ 282,996</u>	<u>\$ 108,509</u>	<u>\$ 437,598</u>	<u>\$ 125,149</u>

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The change in the net pension liability is allocated to the function where the employee is charged.

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Capital Leases
2017	\$ 110,178	\$ 8,845	\$ 15,350
2018	110,178	6,175	0
2019	48,015	3,504	0
2020	48,015	2,336	0
2021	48,015	1,168	0
Total	364,401	22,028	15,350
Less: Imputed Interest	0	0	(379)
Total	\$ <u>364,401</u>	\$ <u>22,028</u>	\$ <u>14,971</u>

**I. Fund Balances**

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

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

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

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

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

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

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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>2,566</u>
Highway Fund:		
Nonspendable Inventory		<u>18,830</u>
Cemetery Trust Fund:		
Nonspendable Cemetery Trust Fund Principal		<u>7,400</u>

Non-Major Funds

Permanent Fund:		
Nonspendable Library Trust Fund Principal		<u>2,800</u>
	Total Nonspendable Fund Balances	<u>\$31,596</u>

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

Major Funds

Highway Fund:		
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid) – Designated to Reduce Property Taxes in Fiscal Year 2017		\$ 20,425
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)		<u>32,675</u>
	Total Highway Fund	<u>53,100</u>
Highway Capital Fund:		
Restricted for Highway Capital Expenditures by Statute		9,840
Restricted for F550 Truck Purchase by Unspent Bond Proceeds		<u>38,367</u>
	Total Highway Capital Fund	<u>48,207</u>
Cemetery Trust Fund:		
Restricted for Cemetery Trust Fund Expenditures by Endowments and Donations – Expendable Portion		<u>155,079</u>



TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

Non-Major Funds

Special Revenue Funds:

Restricted for Home Improvement Loan Fund by Grant Agreements (Source of Revenue is Grant Revenue)	\$ 18,532
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Permanent Fund:

Restricted for Library Trust Fund by Endowment – Expendable Portion	<u>        6</u>
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Total Non-Major Funds	<u>18,538</u>
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Total Restricted Fund Balances	<u>\$274,924</u>
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The fund balances in the following funds are committed as follows:

Non-Major Funds

Special Revenue Funds:

Committed for Town Planning Expenses by the Voters	\$ 3,932
Committed for Conservation Commission Expenses by the Voters	<u>10,121</u>

Total Committed Fund Balances	<u>\$14,053</u>
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The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2017	\$ 47,986
Assigned for History Book Expenses	<u>3,696</u>

Total General Fund	<u>51,682</u>
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Reappraisal Fund:

Assigned for Reappraisal Expenses	<u>62,794</u>
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Non-Major Funds

Capital Projects Funds:

Assigned for Town Hall Maintenance Expenditures	<u>4,035</u>
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Total Assigned Fund Balances	<u>\$118,511</u>
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The unassigned deficit of \$40,611 in the Bridge Reserve Fund will be funded with future property tax appropriations.

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**J. Restricted Net Position**

The restricted net position of the Town as of June 30, 2016 consisted of the following:

Governmental Activities:

Inventories Restricted for Highway Use by Statute	\$ 18,830
Restricted for Highway Expenditures by Statute	62,940
Restricted for Cemetery Trust Expenses by Endowments	162,479
Restricted for Home Improvement Loans by Grant Agreements	29,271
Restricted for Library Trust Expenses by Endowments	<u>2,806</u>
 Total Government Activities	 <u>\$276,326</u>

**V. OTHER INFORMATION**

**A. PENSION PLANS**

**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, 2016, the retirement system consisted of 436 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, 2016

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

As of June 30, 2015, the measurement date selected by the State of Vermont, VMERS was funded at 87.42% and had a plan fiduciary net position of \$535,903,742 and a total pension liability of \$612,999,552 resulting in a net pension liability of \$77,095,810. As of June 30, 2016, the Town's proportionate share of this was .0600% resulting in a liability of \$46,290. The net pension liability was measured as of June 30, 2015, 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, 2015, the Town's proportion of .0600% was an increase of 0.0016% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$12,503.

As of June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,463	\$ 0
Changes in assumptions	9,219	0
Difference between projected and actual investment earnings	8,943	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	486	898
Town's required employer contributions made subsequent to the measurement date	<u>7,730</u>	<u>0</u>
	<u>\$ 27,841</u>	<u>\$ 898</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$7,730 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

Year Ending <u>June 30</u>	
2017	\$ 3,672
2018	3,672
2019	3,672
2020	<u>8,197</u>
Total	<u>\$19,213</u>

**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”.

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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.

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 – 4.875% effective July 1, 2015 (increased from 4.75%).

Employer Contributions – Group A – 4.0%. Group B – 5.50% effective July 1, 2015 (increased from 5.375%).

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.

TOWN OF CORINTH, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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.

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.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

TOWN OF CORINTH, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.61%
Fixed Income	1.91%
Alternatives	6.93%
Multi-strategy	4.88%

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 7.95%, a decrease from 8.23% in the prior year. 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 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$92,461	\$46,290	\$7,585

**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 \$43,847. Pension expense for the years ended June 30, 2016, 2015 and 2014 were \$2,247, \$2,277 and \$2,164, respectively.

**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.

TOWN OF CORINTH, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

**B. PROPERTY TAXES**

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property tax bills are due in two installments on September 11 and February 9. On February 10, unpaid amounts become delinquent. On this day, the Town assesses an 8% penalty on all unpaid 1<sup>st</sup> installment taxes and a 3% penalty on all unpaid 2<sup>nd</sup> installment taxes. The month following the final installment date, an additional 5% penalty is assessed on all remaining unpaid 2<sup>nd</sup> installment taxes. Interest is calculated at 1% for the first (3) months and 1.5% thereafter. The tax rates for 2016 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.2810	1.3960
Town	0.1593	0.1593
Highway	0.4510	0.4510
Local Agreement	<u>0.0065</u>	<u>0.0065</u>
Total	<u>1.8978</u>	<u>2.0128</u>

For the year ended June 30, 2016, the Town billed \$2,861,452 in property taxes of which \$1,960,178 was allocated to education property taxes, \$544,630 to the Highway Fund, \$102,925 to the Highway Capital Fund, \$2,600 to the Town Planning Fund, \$500 for the Shea Town Forest Fund, \$250 to the Conservation Commission Fund, \$15,000 to the Bridge Reserve Fund, and \$235,369 to the General Fund. The General Fund reported \$225,331 in property tax revenue due primarily to an increase in deferred property tax revenue.

**C. RISK MANAGEMENT**

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

The Town 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.



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, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Property Taxes	\$ 231,187	\$ 225,331	\$ (5,856)
Interest on Delinquent Taxes	20,000	22,580	2,580
Education Tax Billing Fee	1,000	3,929	2,929
HS Late Filing Penalty	0	2,394	2,394
Hold Harmless	85,000	98,162	13,162
Town Fees	12,000	13,647	1,647
Restoration of Records Fees	1,000	1,142	142
Permit Application Fees	0	220	220
Liquor Licenses	70	70	0
Dog Licenses	1,000	1,246	246
Hall Rental Income	1,000	1,803	803
Investment Income	150	223	73
Miscellaneous	1,000	2,605	1,605
<b>Total Revenues</b>	<b>353,407</b>	<b>373,352</b>	<b>19,945</b>
<b>Expenditures:</b>			
<b>Selectmen:</b>			
Selectmen Salaries	3,000	3,000	0
Administrative Assistant	1,500	1,225	275
Selectmen Financial Assistant	1,500	1,266	234
Social Security	460	420	40
Meetings	300	0	300
Mileage	0	565	(565)
Miscellaneous	300	0	300
<b>Total Selectmen</b>	<b>7,060</b>	<b>6,476</b>	<b>584</b>
<b>Auditors:</b>			
Town Audit	10,400	10,592	(192)
Postage	500	431	69
Printing	3,000	3,074	(74)
Supplies	0	16	(16)
Hired Services - Town Report	0	928	(928)
<b>Total Auditors</b>	<b>13,900</b>	<b>15,041</b>	<b>(1,141)</b>
<b>Elections:</b>			
Payroll	1,500	774	726
Social Security	115	12	103
Postage	50	44	6
<b>Total Elections</b>	<b>1,665</b>	<b>830</b>	<b>835</b>
<b>Listers:</b>			
Payroll	12,500	12,500	0
Social Security	950	956	(6)
Supplies	500	55	445
Consultants - Tax Map Maintenance	2,500	2,716	(216)
Technology Dues and Support	1,800	1,069	731
Dues & Meetings	270	831	(561)
Mileage	0	410	(410)
Appeals	500	0	500
Furniture & Equipment	200	0	200
<b>Total Listers</b>	<b>19,220</b>	<b>18,537</b>	<b>683</b>

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Administrative Officer:</b>			
Payroll	\$ 1,000	\$ 1,250	\$ (250)
Social Security	77	96	(19)
Administrative Meetings	200	60	140
Administrative Mileage	100	65	35
Zoning Postage	23	0	23
<b>Total Administrative Officer</b>	<b>1,400</b>	<b>1,471</b>	<b>(71)</b>
<b>Town Office:</b>			
Town Clerk Salary	26,000	26,000	0
Assistant Clerk Salary	3,000	2,334	666
Town Treasurer Salary	27,040	27,040	0
Assistant Treasurer Salary	3,000	2,049	951
Social Security	4,525	4,393	132
Retirement	2,850	2,917	(67)
Health Insurance	15,750	14,811	939
Restoration of Records	3,500	3,740	(240)
Office Supplies	2,500	2,258	242
Mileage	150	156	(6)
Meetings & Dues	500	275	225
Furniture & Equipment	100	0	100
<b>Total Town Office</b>	<b>88,915</b>	<b>85,973</b>	<b>2,942</b>
<b>Technology &amp; Communications</b>			
Telephone	4,000	3,664	336
Website	1,000	839	161
Contract Maintenance	1,000	1,349	(349)
Technology Dues and Support	3,500	2,487	1,013
Postage	3,500	4,453	(953)
Supplies	150	0	150
Technology Equipment Purchases	200	85	115
<b>Total Technology &amp; Communications</b>	<b>13,350</b>	<b>12,877</b>	<b>473</b>
<b>Legal &amp; Insurance:</b>			
Legal Notices	250	289	(39)
Workman's Compensation	550	594	(44)
Unemployment Insurance	80	0	80
Bonds and Insurance	10,500	11,128	(628)
Legal Services	500	0	500
<b>Total Legal &amp; Insurance</b>	<b>11,880</b>	<b>12,011</b>	<b>(131)</b>
<b>Public Services:</b>			
Abated Taxes	1,000	0	1,000
Ambulance Services	50,000	48,529	1,471
Animal Control	3,000	1,086	1,914
Board of Civil Authority Expenses	0	363	(363)
County Tax	35,000	34,342	658
Corinth-Topsham Emergency Response Team	7,000	7,000	0
East Corinth Volunteer Fire Department	65,000	65,000	0
Emergency Management	300	0	300
VLCT	2,450	2,438	12
Two Rivers Dues	1,820	1,818	2
<b>Total Public Services</b>	<b>165,570</b>	<b>160,576</b>	<b>4,994</b>

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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, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Appropriations:			
American Red Cross	\$ 500	\$ 500	\$ 0
Blake Memorial Library	1,370	1,370	0
Clara Martin Center	2,177	2,177	0
Council on Aging	500	500	0
Adult Education	800	800	0
CAPSTONE	300	300	0
Green Mountain Economic Development	300	300	0
Little River Health Center	2,000	2,000	0
Mentor Project of the Upper Valley	500	500	0
Northeast Slopes	1,460	1,460	0
Orange County Parent Center	500	500	0
Orange County Diversion Program	150	150	0
Orange East Senior Center	2,200	2,200	0
OxBee Quilt Guild	200	200	0
Oxbow Senior Independence Program	300	300	0
Safeline	500	500	0
Stagecoach	1,000	1,000	0
Sugar Maple Preschool	400	400	0
Topsham-Corinth Little League	500	500	0
Vermont Green Up	100	100	0
Visiting Nurse Alliance	6,250	6,250	0
Vermont Center for Independent Living	170	170	0
Vermont Rural Fire Protection	100	100	0
<b>Total Appropriations</b>	<b>22,277</b>	<b>22,277</b>	<b>0</b>
Town Hall Maintenance:			
Facility Manager Payroll	2,500	0	2,500
Social Security	200	0	200
Contract Maintenance	650	550	100
Rubbish Removal	120	120	0
Cleaning Service	4,160	4,390	(230)
Contract Facility Manager	0	692	(692)
Furniture and Equipment	500	100	400
Property Repairs and Maintenance	4,000	3,838	162
Supplies	400	603	(203)
Utilities	7,700	4,711	2,989
<b>Total Town Hall Maintenance</b>	<b>20,230</b>	<b>15,004</b>	<b>5,226</b>
Solid Waste Disposal/Transfer Station:			
Transfer Station Attendant	3,250	3,066	184
Social Security	250	235	15
Supplies	50	40	10
<b>Total Solid Waste Disposal/Transfer Station</b>	<b>3,550</b>	<b>3,341</b>	<b>209</b>
Law Enforcement:			
Safety Services	6,000	5,061	939
Payroll	1,850	558	1,292
Social Security	150	43	107
Mileage	200	285	(85)
Supplies	200	29	171
<b>Total Law Enforcement</b>	<b>8,400</b>	<b>5,976</b>	<b>2,424</b>

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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, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Delinquent Tax Collector:			
Social Security	\$ 1,000	\$ 868	\$ 132
Retirement	500	598	(98)
Meetings	125	0	125
Total Delinquent Tax Collector	1,625	1,466	159
Cemetery:			
Supplies	365	268	97
Workman's Compensation	0	171	(171)
Appropriation	4,000	4,000	0
Total Cemetery	4,365	4,439	(74)
Total Expenditures	383,407	366,295	17,112
Excess/(Deficiency) of Revenues Over Expenditures	\$ (30,000)	7,057	\$ 37,057
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
History Book Fund Income		191	
History Book Fund Expenses		(109)	
History Book Fund Transfers Out		(1,814)	
Net Change in Fund Balance		5,325	
Fund Balance - July 1, 2015		186,815	
Fund Balance - June 30, 2016		\$ 192,140	

The reconciling items are due to combining one (1) fund, the History Book 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, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Property Taxes	\$ 544,630	\$ 544,630	\$ 0
State Highway Aid	160,000	163,390	3,390
Structures Grant Income	0	37,485	37,485
Miscellaneous Grants Income	1,000	0	(1,000)
Highway Receipts	500	0	(500)
Overweight Permits	350	315	(35)
Investment Income	120	150	30
<b>Total Revenues</b>	<b>706,600</b>	<b>745,970</b>	<b>39,370</b>
<b>Expenditures:</b>			
<b>Administration:</b>			
Payroll	2,400	2,400	0
Uniforms	2,500	2,775	(275)
Social Security	11,800	11,704	96
Retirement	6,500	6,587	(87)
Property & Casualty Insurance	8,000	8,517	(517)
Health Insurance	52,500	58,266	(5,766)
Unemployment Insurance	400	360	40
Workman's Compensation	8,500	9,216	(716)
Highway Meetings	200	75	125
Highway Mileage	500	670	(170)
Miscellaneous	0	184	(184)
<b>Total Administration</b>	<b>93,300</b>	<b>100,754</b>	<b>(7,454)</b>
<b>Highway Labor:</b>			
Labor	104,500	106,139	(1,639)
Overtime	19,000	14,755	4,245
Part-Time Labor	14,000	16,355	(2,355)
Personal Time	10,775	9,743	1,032
Holiday Time	3,600	3,599	1
<b>Total Highway Labor</b>	<b>151,875</b>	<b>150,591</b>	<b>1,284</b>
<b>Materials:</b>			
Gravel	60,000	86,148	(26,148)
Chloride	10,000	11,533	(1,533)
Salt	46,500	23,283	23,217
Sand	33,000	31,116	1,884
Stone	2,500	1,872	628
<b>Total Materials</b>	<b>152,000</b>	<b>153,952</b>	<b>(1,952)</b>
<b>Patch and Paving:</b>	<b>140,000</b>	<b>140,954</b>	<b>(954)</b>
<b>Other Materials and Services:</b>			
Hired Services	15,000	11,645	3,355
Posts and Guardrails	3,000	3,495	(495)
Culverts	8,000	8,441	(441)
Signs	2,500	1,040	1,460
Other Materials	1,000	1,280	(280)
<b>Total Other Materials and Services</b>	<b>29,500</b>	<b>25,901</b>	<b>3,599</b>

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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, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Garage:			
Supplies	\$ 300	\$ 237	\$ 63
Repairs & Maintenance	10,000	18,875	(8,875)
Technology Equipment Purchase	1,300	1,047	253
Rubbish Removal	375	535	(160)
Electric	2,700	2,395	305
Telephone	1,600	1,424	176
Heat	500	475	25
Total Garage	16,775	24,988	(8,213)
Operating Supplies:			
Diesel Fuel	65,000	28,430	36,570
Gas, Oil & Chains	150	3	147
Small Tools & Equipment	0	98	(98)
Total Operating Supplies	65,150	28,531	36,619
Repairs and Maintenance:			
Equipment Maintenance	37,500	58,136	(20,636)
Radios/Repeater	0	1,087	(1,087)
Small Parts & Equipment	3,500	3,513	(13)
General Equipment	16,000	2,704	13,296
Total Repairs and Maintenance	57,000	65,440	(8,440)
Safety Equipment Grant Expense:	1,000	0	1,000
Grant Projects:			
Materials - Goose Green Bridge	0	66	(66)
Materials - Cross Road	0	1,018	(1,018)
Hired Services - Goose Green Bridge	0	41,776	(41,776)
Total Grant Projects	0	42,860	(42,860)
Total Expenditures	706,600	733,971	(27,371)
Excess of Revenues Over Expenditures	\$ 0	11,999	\$ 11,999
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Better Back Roads Grant Fund Income		10,000	
Better Back Roads Grant Fund Expenses		(10,000)	
Net Change in Fund Balance		11,999	
Fund Balance - July 1, 2015		59,931	
Fund Balance - June 30, 2016		\$ 71,930	

The reconciling items are due to combining one (1) fund, the Better Back Roads Grant Fund, with the Highway Fund.

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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, 2016

	2016	2015
Total Plan Net Pension Liability	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.0600%	0.0584%
Town's Proportionate Share of the Net Pension Liability	\$ 46,290	\$ 5,331
Town's Covered Employee Payroll	\$ 151,993	\$ 167,293
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	30.4553%	3.1866%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.42%	98.32%

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net pension liability was lowered from 8.23% to 7.95%, due to the adoption by the Board of Trustees of a 7.95% expected future rate of return on assets for funding purposes.

Fiscal year 2015 was the first year of implementation, therefore, only two years are shown.

TOWN OF CORINTH, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 7,730	\$ 8,393
Contributions in Relation to the Actuarially Determined Contributions	<u>7,730</u>	<u>8,393</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 151,993	\$ 167,293
Contributions as a Percentage of Town's Covered Employee Payroll	5.086%	5.017%

**Notes to Schedule**

Valuation Date: June 30, 2015

Fiscal year 2015 was the first year of implementation, therefore, only two years are shown.



TOWN OF CORINTH, VERMONT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Library Trust Fund	Total
<u>ASSETS</u>				
Investments	\$ 0	\$ 0	\$ 2,806	\$ 2,806
Receivables	1,000	0	0	1,000
Loans Receivable	10,739	0	0	10,739
Due from Other Funds	<u>32,219</u>	<u>4,035</u>	<u>0</u>	<u>36,254</u>
Total Assets	<u>\$ 43,958</u>	<u>\$ 4,035</u>	<u>\$ 2,806</u>	<u>\$ 50,799</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 634	\$ 161	\$ 0	\$ 795
Due to Other Funds	<u>0</u>	<u>40,450</u>	<u>0</u>	<u>40,450</u>
Total Liabilities	<u>634</u>	<u>40,611</u>	<u>0</u>	<u>41,245</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Loans Receivable	<u>10,739</u>	<u>0</u>	<u>0</u>	<u>10,739</u>
Total Deferred Inflows of Resources	<u>10,739</u>	<u>0</u>	<u>0</u>	<u>10,739</u>
<u>FUND BALANCES/(DEFICIT)</u>				
Nonspendable	0	0	2,800	2,800
Restricted	18,532	0	6	18,538
Committed	14,053	0	0	14,053
Assigned	0	4,035	0	4,035
Unassigned/(Deficit)	<u>0</u>	<u>(40,611)</u>	<u>0</u>	<u>(40,611)</u>
Total Fund Balances/(Deficit)	<u>32,585</u>	<u>(36,576)</u>	<u>2,806</u>	<u>(1,185)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 43,958</u>	<u>\$ 4,035</u>	<u>\$ 2,806</u>	<u>\$ 50,799</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, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Library Trust Fund	Total
Revenues:				
Property Taxes	\$ 3,350	\$ 15,000	\$ 0	\$ 18,350
Intergovernmental	3,739	0	0	3,739
Permits, Licenses and Fees	370	0	0	370
Loan Repayments	2,701	0	0	2,701
Loan Interest Income	88	0	0	88
Investment Income	36	5	8	49
Other	1,838	0	0	1,838
	<u>12,122</u>	<u>15,005</u>	<u>8</u>	<u>27,135</u>
Total Revenues				
Expenditures:				
General Government	5,676	5	0	5,681
Highway and Streets	0	8	0	8
Culture and Recreation	2,924	0	11	2,935
Capital Outlay:				
General Government	0	1,060	0	1,060
Highways and Streets	0	84,711	0	84,711
	<u>8,600</u>	<u>85,784</u>	<u>11</u>	<u>94,395</u>
Total Expenditures				
Excess/(Deficiency) of Revenues Over Expenditures	<u>3,522</u>	<u>(70,779)</u>	<u>(3)</u>	<u>(67,260)</u>
Other Financing Sources/(Uses):				
Transfers In	5,069	0	0	5,069
Transfers Out	(3,255)	0	0	(3,255)
	<u>1,814</u>	<u>0</u>	<u>0</u>	<u>1,814</u>
Total Other Financing Sources/(Uses)				
Net Change in Fund Balances	5,336	(70,779)	(3)	(65,446)
Fund Balances - July 1, 2015	<u>27,249</u>	<u>34,203</u>	<u>2,809</u>	<u>64,261</u>
Fund Balances/(Deficit) - June 30, 2016	<u>\$ 32,585</u>	<u>\$ (36,576)</u>	<u>\$ 2,806</u>	<u>\$ (1,185)</u>

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TOWN OF CORINTH, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	Town Planning Fund	Home Improvement Loan Fund	Shea Town Forest Fund	Conservation Commission Fund	Corinth 250th Anniversary Fund	Total
<u>ASSETS</u>						
Receivables	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 0	\$ 1,000
Loans Receivable	0	10,739	0	0	0	10,739
Due from Other Funds	<u>3,932</u>	<u>18,532</u>	<u>291</u>	<u>9,464</u>	<u>0</u>	<u>32,219</u>
Total Assets	<u>\$ 3,932</u>	<u>\$ 29,271</u>	<u>\$ 291</u>	<u>\$ 10,464</u>	<u>\$ 0</u>	<u>\$ 43,958</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 291	\$ 343	\$ 0	\$ 634
Total Liabilities	<u>0</u>	<u>0</u>	<u>291</u>	<u>343</u>	<u>0</u>	<u>634</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Loans Receivable	<u>0</u>	<u>10,739</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,739</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>10,739</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,739</u>
<u>FUND BALANCES</u>						
Restricted	0	18,532	0	0	0	18,532
Committed	<u>3,932</u>	<u>0</u>	<u>0</u>	<u>10,121</u>	<u>0</u>	<u>14,053</u>
Total Fund Balances	<u>3,932</u>	<u>18,532</u>	<u>0</u>	<u>10,121</u>	<u>0</u>	<u>32,585</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,932</u>	<u>\$ 29,271</u>	<u>\$ 291</u>	<u>\$ 10,464</u>	<u>\$ 0</u>	<u>\$ 43,958</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, 2016

	Town Planning Fund	Home Improvement Loan Fund	Shea Town Forest Fund	Conservation Commission Fund	Corinth 250th Anniversary Fund	Total
<b>Revenues:</b>						
Property Taxes	\$ 2,600	\$ 0	\$ 500	\$ 250	\$ 0	\$ 3,350
Intergovernmental	0	0	2,739	1,000	0	3,739
Permits, Licenses and Fees	370	0	0	0	0	370
Loan Repayments	0	2,701	0	0	0	2,701
Loan Interest Income	0	88	0	0	0	88
Investment Income	4	21	4	7	0	36
Other	0	0	0	1,835	3	1,838
<b>Total Revenues</b>	<u>2,974</u>	<u>2,810</u>	<u>3,243</u>	<u>3,092</u>	<u>3</u>	<u>12,122</u>
<b>Expenditures:</b>						
General Government	676	5,000	0	0	0	5,676
Culture and Recreation	0	0	613	1,916	395	2,924
<b>Total Expenditures</b>	<u>676</u>	<u>5,000</u>	<u>613</u>	<u>1,916</u>	<u>395</u>	<u>8,600</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<u>2,298</u>	<u>(2,190)</u>	<u>2,630</u>	<u>1,176</u>	<u>(392)</u>	<u>3,522</u>
<b>Other Financing Sources/(Uses):</b>						
Transfers In	0	0	0	3,255	1,814	5,069
Transfers Out	0	0	(3,255)	0	0	(3,255)
<b>Total Other Financing Sources/(Uses)</b>	<u>0</u>	<u>0</u>	<u>(3,255)</u>	<u>3,255</u>	<u>1,814</u>	<u>1,814</u>
<b>Net Change in Fund Balances</b>	2,298	(2,190)	(625)	4,431	1,422	5,336
<b>Fund Balances/(Deficit) - July 1, 2015</b>	<u>1,634</u>	<u>20,722</u>	<u>625</u>	<u>5,690</u>	<u>(1,422)</u>	<u>27,249</u>
<b>Fund Balances - June 30, 2016</b>	<u>\$ 3,932</u>	<u>\$ 18,532</u>	<u>\$ 0</u>	<u>\$ 10,121</u>	<u>\$ 0</u>	<u>\$ 32,585</u>

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TOWN OF CORINTH, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2016

	Bridge Reserve Fund	Town Hall Maintenance Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<u>ASSETS</u>			
Due from Other Funds	\$ <u>          0</u>	\$ <u>      4,035</u>	\$ <u>      4,035</u>
Total Assets	\$ <u>          0</u>	\$ <u>      4,035</u>	\$ <u>      4,035</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$       161	\$           0	\$       161
Due to Other Funds	<u>      40,450</u>	<u>          0</u>	<u>      40,450</u>
Total Liabilities	<u>      40,611</u>	<u>          0</u>	<u>      40,611</u>
Fund Balances/(Deficit):			
Assigned	0	4,035	4,035
Unassigned/(Deficit)	<u>      (40,611)</u>	<u>          0</u>	<u>      (40,611)</u>
Total Fund Balances/(Deficit)	<u>      (40,611)</u>	<u>      4,035</u>	<u>      (36,576)</u>
Total Liabilities and Fund Balances	\$ <u>          0</u>	\$ <u>      4,035</u>	\$ <u>      4,035</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, 2016

	Bridge Reserve Fund	Town Hall Maintenance Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Property Taxes	\$ 15,000	\$ 0	\$ 15,000
Investment Income	<u>0</u>	<u>5</u>	<u>5</u>
Total Revenues	<u>15,000</u>	<u>5</u>	<u>15,005</u>
Expenditures:			
General Government	0	5	5
Highway and Streets	8	0	8
Capital Outlay:			
General Government	0	1,060	1,060
Highways and Streets	<u>84,711</u>	<u>0</u>	<u>84,711</u>
Total Expenditures	<u>84,719</u>	<u>1,065</u>	<u>85,784</u>
Net Change in Fund Balances	(69,719)	(1,060)	(70,779)
Fund Balances - July 1, 2015	<u>29,108</u>	<u>5,095</u>	<u>34,203</u>
Fund Balances/(Deficit) - June 30, 2016	<u>\$ (40,611)</u>	<u>\$ 4,035</u>	<u>\$ (36,576)</u>

See Disclaimer in Accompanying Independent Auditor's Report.

# Sullivan, Powers & Co., P.C.

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

Selectboard  
Town of Corinth, 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, 2016, 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 April 18, 2017.

### ***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***

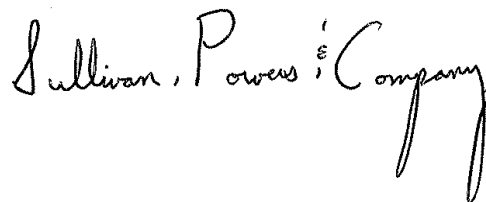
As part of obtaining reasonable assurance about whether the Town of Corinth, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 April 18, 2017.

### ***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.

April 18, 2017  
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.