

TOWN OF CORINTH, VERMONT

AUDIT REPORT

JUNE 30, 2019

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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, 2019 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, 2019 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

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that 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.

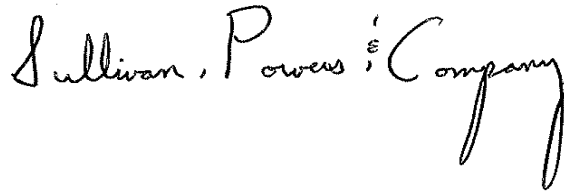
Other Information

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 May 19, 2021 on our consideration of the Town of Corinth, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Corinth, Vermont’s internal control over financial reporting and compliance.

May 19, 2021
Montpelier, Vermont
VT Lic. #92-000180

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

TOWN OF CORINTH, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 588,776
Investments	216,562
Receivables (Net of Allowance for Uncollectibles)	152,492
Loans Receivable	8,473
Due from School District	22,427
Prepaid Expenses	17,874
Inventory	23,539
Capital Assets:	
Land	134,666
Construction in Progress	34,730
Other Capital Assets, (Net of Accumulated Depreciation)	6,014,706
Total Assets	<u>7,214,245</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>28,994</u>
Total Deferred Outflows of Resources	<u>28,994</u>
<u>LIABILITIES</u>	
Accounts Payable	49,096
Accrued Payroll and Benefits Payable	7,954
Due to Others	32,840
Accrued Interest Payable	7,836
Noncurrent Liabilities:	
Due within One Year	106,598
Due in More than One Year	320,734
Total Liabilities	<u>525,058</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	7,928
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>7,111</u>
Total Deferred Inflows of Resources	<u>15,039</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	5,829,754
Restricted for:	
Highway Expenditures	224,608
Cemetery Trust Expenses	229,495
Home Improvement Loans	29,528
Other Purposes	10,296
Unrestricted	379,461
Total Net Position	<u>\$ 6,703,142</u>

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

TOWN OF CORINTH, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General Government	\$ 260,040	\$ 25,061	\$ 19,480	\$ 0	\$ (215,499)
Public Safety	105,885	0	0	0	(105,885)
Highways and Streets	989,333	325	202,990	7,309	(778,709)
Culture and Recreation	3,561	0	0	0	(3,561)
Sanitation	6,973	0	0	0	(6,973)
Cemetery	3,214	0	25,000	0	21,786
Interest on Long-term Debt	10,376	0	0	0	(10,376)
Total Primary Government	<u>\$ 1,379,382</u>	<u>\$ 25,386</u>	<u>\$ 247,470</u>	<u>\$ 7,309</u>	<u>(1,099,217)</u>
General Revenues:					
Property Taxes					1,012,569
Interest and Penalties on Delinquent Taxes					10,713
General State Grants					100,348
Unrestricted Investment Earnings					10,924
Other Revenues					5,254
Gain on Sale of Assets					4,970
Total General Revenues					<u>1,144,778</u>
Change in Net Position					45,561
Net Position - July 1, 2018					<u>6,657,581</u>
Net Position - June 30, 2019					<u>\$ 6,703,142</u>

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

TOWN OF CORINTH, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Highway Fund	Highway Capital Fund	Cemetery Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 573,047	\$ 0	\$ 0	\$ 15,729	\$ 0	\$ 588,776
Investments	0	0	0	213,766	2,796	216,562
Receivables (Net of Allowance for Uncollectibles)	117,723	32,000	0	0	2,769	152,492
Loans Receivable	0	0	0	0	8,473	8,473
Due from Other Funds	0	147,183	75,297	0	143,491	365,971
Due from School District	22,427	0	0	0	0	22,427
Prepaid Items	17,874	0	0	0	0	17,874
Inventory	1,943	21,596	0	0	0	23,539
Total Assets	<u>\$ 733,014</u>	<u>\$ 200,779</u>	<u>\$ 75,297</u>	<u>\$ 229,495</u>	<u>\$ 157,529</u>	<u>\$ 1,396,114</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 7,813	\$ 40,861	\$ 0	\$ 0	\$ 422	\$ 49,096
Accrued Payroll and Benefits Payable	4,142	3,812	0	0	0	7,954
Due to Other Funds	365,971	0	0	0	0	365,971
Due to Others	32,840	0	0	0	0	32,840
Total Liabilities	<u>410,766</u>	<u>44,673</u>	<u>0</u>	<u>0</u>	<u>422</u>	<u>455,861</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	7,928	0	0	0	0	7,928
Unavailable Property Taxes and Interest	100,000	0	0	0	0	100,000
Unavailable Loans Receivable	0	0	0	0	8,473	8,473
Unavailable Grants	0	6,795	0	0	0	6,795
Total Deferred Inflows of Resources	<u>107,928</u>	<u>6,795</u>	<u>0</u>	<u>0</u>	<u>8,473</u>	<u>123,196</u>
<u>FUND BALANCES</u>						
Nonspendable	19,817	21,596	0	7,400	2,796	51,609
Restricted	0	127,715	75,297	222,095	28,555	453,662
Committed	0	0	0	0	76,265	76,265
Assigned	40,769	0	0	0	41,018	81,787
Unassigned	153,734	0	0	0	0	153,734
Total Fund Balances	<u>214,320</u>	<u>149,311</u>	<u>75,297</u>	<u>229,495</u>	<u>148,634</u>	<u>817,057</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 733,014</u>	<u>\$ 200,779</u>	<u>\$ 75,297</u>	<u>\$ 229,495</u>	<u>\$ 157,529</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.						6,184,102
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.						115,268
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.						(435,168)
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.						21,883
Net Position of Governmental Activities						<u>\$ 6,703,142</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, 2019

	General Fund	Highway Fund	Highway Capital Fund	Cemetery Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 252,944	\$ 581,425	\$ 113,800	\$ 0	\$ 85,200	\$ 1,033,369
Interest and Penalties on Delinquent Taxes	13,413	0	0	0	0	13,413
Intergovernmental	105,587	239,329	0	0	14,241	359,157
Charges for Services	1,237	0	0	0	0	1,237
Permits, Licenses and Fees	22,603	325	0	0	25	22,953
Fines and Forfeits	1,196	0	0	0	0	1,196
Investment Income	883	243	98	9,413	287	10,924
Donations	0	0	0	25,000	0	25,000
Other	1,806	1,538	0	0	1,910	5,254
Total Revenues	<u>399,669</u>	<u>822,860</u>	<u>113,898</u>	<u>34,413</u>	<u>101,663</u>	<u>1,472,503</u>
Expenditures:						
General Government	236,072	0	0	0	9,132	245,204
Public Safety	103,937	0	0	0	1,948	105,885
Highways and Streets	0	626,025	5,900	0	0	631,925
Culture and Recreation	196	0	0	0	3,365	3,561
Sanitation	6,973	0	0	0	0	6,973
Cemetery	248	0	0	2,966	0	3,214
Capital Outlay:						
Highways and Streets	0	124,151	121,925	0	0	246,076
Public Safety	0	0	0	0	3,300	3,300
Debt Service:						
Principal	0	0	82,608	0	0	82,608
Interest	0	0	8,538	0	0	8,538
Total Expenditures	<u>347,426</u>	<u>750,176</u>	<u>218,971</u>	<u>2,966</u>	<u>17,745</u>	<u>1,337,284</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>52,243</u>	<u>72,684</u>	<u>(105,073)</u>	<u>31,447</u>	<u>83,918</u>	<u>135,219</u>
Other Financing Sources/(Uses):						
Proceeds from Sale of Equipment	0	0	21,270	0	0	21,270
Proceeds from Long-term Debt	0	0	119,947	0	0	119,947
Transfers In	0	0	0	5,500	7,500	13,000
Transfers Out	(13,000)	0	0	0	0	(13,000)
Total Other Financing Sources/(Uses)	<u>(13,000)</u>	<u>0</u>	<u>141,217</u>	<u>5,500</u>	<u>7,500</u>	<u>141,217</u>
Net Change in Fund Balances	39,243	72,684	36,144	36,947	91,418	276,436
Fund Balances - July 1, 2018	<u>175,077</u>	<u>76,627</u>	<u>39,153</u>	<u>192,548</u>	<u>57,216</u>	<u>540,621</u>
Fund Balances - June 30, 2019	<u>\$ 214,320</u>	<u>\$ 149,311</u>	<u>\$ 75,297</u>	<u>\$ 229,495</u>	<u>\$ 148,634</u>	<u>\$ 817,057</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, 2019

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)	\$ 276,436
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$249,376) is allocated over their estimated useful lives and reported as depreciation expense (\$369,496). This is the amount by which depreciation exceeded capital outlays in the current period.	(120,120)
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to increase net position.	(18,118)
The issuance of long-term debt (\$119,947) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$82,608) 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.	(37,339)
Governmental funds report employer pension contributions as expenditures (\$7,580). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$15,951) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(8,371)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(52,530)
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>5,603</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 45,561</u>

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

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The Town of Corinth, Vermont, (herein the "Town") operates under a Selectboard 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
JUNE 30, 2019

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.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund 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, 2019

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

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

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

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

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

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/Items

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

TOWN OF CORINTH, VERMONT
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Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses/items.

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

6. Pensions

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. 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 acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with the fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

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

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

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

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

9. Compensated Absences

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

10. Long-term Liabilities

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

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.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

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

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

Loans receivable differences arise because governmental funds report the issuance of loans receivable as expenditures and repayments of loans receivable as revenues, whereas government-wide statements report those transactions as increases and decreases in assets, respectively.

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, FEMA Fund, and State Grants Project Fund activity that is included with the Highway Fund.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$46,496 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

The Town budgeted a current year's deficiency of revenues over expenditures in the Highway Fund in the amount of \$14,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 2.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2019 consisted of the following:

Cash:

Deposits with Financial Institutions	\$573,704
Deposits held by Investment Company	14,971
Cash on Hand	<u>101</u>
Total Cash	<u>588,776</u>

Investments:

Certificates of Deposit	43,094
Mutual Funds – Equities	166,557
Common Stock	<u>6,911</u>
Total Investments	<u>216,562</u>

Total Cash and Investments	<u>\$805,338</u>
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The Town has five (5) certificates of deposit at various banks ranging from \$463 to \$25,114 with interest rates ranging from 0.30% to 1.24%. All certificates of deposit will mature in fiscal year 2020.

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.

TOWN OF CORINTH, VERMONT
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	<u>Book Balance</u>	<u>Bank Balance</u>
Insured – FDIC/SPIC	\$340,764	\$340,809
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>291,005</u>	<u>329,779</u>
Total	<u>\$631,769</u>	<u>\$670,588</u>

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$573,704
Cash – Deposits held by Investment Company	14,971
Investments – Certificates of Deposit	<u>43,094</u>
Total	<u>\$631,769</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 no other investments that exceed 5% of their total investments.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application." The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The Town has the following fair value measurements as of June 30, 2019:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual Funds - Equities	\$ 166,557	\$ 166,557	\$ 0	\$ 0
Common Stock	6,911	6,911	0	0
Total	\$ 173,468	\$ 173,468	\$ 0	\$ 0

B. Receivables

Receivables as of June 30, 2019, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

Delinquent Taxes Receivable	\$ 118,032
Interest Receivable	14,340
Tax Sale Receivable	1,233
Grants Receivable	34,769
Other Receivable	618
Allowance for Doubtful Accounts - Delinquent Taxes and Interest	(16,500)
Total	\$ 152,492

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

C. Loans Receivable

Loans receivable totaling \$7,752 represent amounts due to the Town under the Home Improvement Loan Fund. As of June 30, 2019, three (3) loans were outstanding with interest at 1% and maturity dates ranging 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 \$721. Total loans receivable and accrued interest is \$8,473.

D. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 134,666	\$ 0	\$ 0	\$ 134,666
Construction in Progress	31,430	3,300	0	34,730
Total Capital Assets, Not Being Depreciated	<u>166,096</u>	<u>3,300</u>	<u>0</u>	<u>169,396</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	427,163	0	0	427,163
Vehicles	1,234,058	116,047	19,400	1,330,705
Machinery and Equipment	146,378	7,033	12,312	141,099
Infrastructure	6,821,052	122,996	0	6,944,048
Totals	<u>8,628,651</u>	<u>246,076</u>	<u>31,712</u>	<u>8,843,015</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	121,363	9,280	0	130,643
Vehicles	381,464	89,322	7,600	463,186
Machinery and Equipment	95,727	6,118	5,994	95,851
Infrastructure	1,873,853	264,776	0	2,138,629
Totals	<u>2,472,407</u>	<u>369,496</u>	<u>13,594</u>	<u>2,828,309</u>
Total Capital Assets, Being Depreciated	<u>6,156,244</u>	<u>(123,420)</u>	<u>18,118</u>	<u>6,014,706</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,322,340</u>	<u>\$ (120,120)</u>	<u>\$ 18,118</u>	<u>\$ 6,184,102</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 11,650
Highways and Streets	<u>357,846</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 369,496</u>

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2019 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 365,971
Highway Fund	147,183	0
Highway Capital Fund	75,297	0
Non-Major Governmental Funds	<u>143,491</u>	<u>0</u>
Total	<u>\$ 365,971</u>	<u>\$ 365,971</u>

Interfund transfers during the year ended June 30, 2019 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Cemetery Trust Fund	\$ 5,500	Annual Contribution
General Fund	Computer Reserve Fund	<u>7,500</u>	Establish Fund
Total		<u>\$ 13,000</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$5,579 from the difference between the expected and actual experience, \$7,112 from changes in assumptions, \$7,444 from the difference between the projected and actual investment earnings, \$1,279 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 \$7,580 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 \$28,994.

G. Deferred Inflows of Resources

Deferred inflows of resources in the Governmental Activities consists of \$7,928 of prepaid property taxes, \$1,027 from the difference between the expected and actual experience and \$6,084 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 \$15,039.

Deferred inflows of resources in the General Fund consists of \$100,000 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 \$7,928 of prepaid property taxes. Total deferred inflows of resources in the General Fund are \$107,928.

TOWN OF CORINTH, VERMONT
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Deferred inflows of resources in the Highway Fund consist of \$6,795 of grant revenue not collected within sixty (60) days after year-end as this would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$8,473 of loans receivable and related accrued interest as these would not be available to liquidate current liabilities.

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, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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	\$ 91,436	\$ 0	\$ 30,479	\$ 60,957
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	52,608	0	17,536	35,072

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, People's United Bank, 2018 Dump Truck, Principal Payments of \$34,593 Plus Interest Payable Annually Beginning on October 28, 2018, Interest at 2.5%, Due October, 2022	\$172,965	\$ 0	\$ 34,593	\$138,372
Note Payable, People's United Bank, Tractor for Highway Department, Principal Payments of \$23,990 Plus Interest Payable on August 10 Annually, Interest at 3.15%, Due August, 2023	<u>0</u>	<u>119,947</u>	<u>0</u>	<u>119,947</u>
Total	<u>\$317,009</u>	<u>\$119,947</u>	<u>\$ 82,608</u>	<u>\$354,348</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Notes Payable	\$ 317,009	\$ 119,947	\$ 82,608	\$ 354,348	\$ 106,598
Compensated Absences Payable	16,200	0	7,441	8,759	0
Net Pension Liability	<u>65,294</u>	<u>0</u>	<u>1,069</u>	<u>64,225</u>	<u>0</u>
Total	<u>\$ 398,503</u>	<u>\$ 119,947</u>	<u>\$ 91,118</u>	<u>\$ 427,332</u>	<u>\$ 106,598</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.

Debt service requirements to maturity are as follows:

Year Ending June 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 106,598	\$ 9,573
2021	106,598	6,785
2022	58,583	3,997
2023	58,583	2,376
2024	<u>23,986</u>	<u>756</u>
Total	<u>\$ 354,348</u>	<u>\$ 23,487</u>

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

I. Fund Balances

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

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

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

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

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

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

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

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

Major Funds

General Fund:

Nonspendable Inventory	\$ 1,943
Nonspendable Prepaid Expenses	<u>17,874</u>
Total General Fund	<u>19,817</u>

Highway Fund:

Nonspendable Inventory	<u>21,596</u>
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TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Cemetery Trust Fund:	
Nonspendable Cemetery Trust Fund Principal	\$ <u>7,400</u>

Non-Major Funds

Permanent Fund:	
Nonspendable Library Trust Fund Principal	<u>2,796</u>

Total Nonspendable Fund Balances	\$ <u>51,609</u>
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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 2020	\$ 15,205
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	<u>112,510</u>
Total Highway Fund	<u>127,715</u>

Highway Capital Fund:	
Restricted for Highway Expenditures by Statute	<u>75,297</u>

Cemetery Trust Fund:	
Restricted for Cemetery Trust Fund Expenditures by Endowments and Donations – Expendable Portion	<u>222,095</u>

Non-Major Funds

Special Revenue Fund:	
Restricted for Home Improvement Loan Fund by Grant Agreements (Source of Revenue is Grant Revenue)	<u>21,055</u>

Capital Projects Fund:	
Restricted for Well-Drilling Expenditures for the Fire Station by Donations	<u>7,500</u>

Total Non-Major Funds	<u>28,555</u>
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Total Restricted Fund Balances	\$ <u>453,662</u>
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TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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	\$ 7,430
Committed for Conservation Commission Expenses by the Voters	<u>9,154</u>

Total Special Revenue Funds	<u>16,584</u>
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Capital Projects Fund:

Committed for Bridge Expenditures	1,966
Committed for Town Hall Maintenance Expenditures	31,694
Committed for Computer Equipment Expenditures	7,510
Committed for Fire Station Expenditures	<u>18,511</u>

Total Capital Projects Funds	<u>59,681</u>
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Total Committed Fund Balances	<u>\$76,265</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 2020	\$36,674
Assigned for History Book Expenses	<u>4,095</u>

Total General Fund	<u>40,769</u>
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Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	<u>41,018</u>
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Total Assigned Fund Balances	<u>\$81,787</u>
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TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

J. Restricted Net Position

The restricted net position of the Town as of June 30, 2019 consisted of the following:

Governmental Activities:

Inventories Restricted for Highway Use by Statute	\$ 21,596
Restricted for Highway Expenditures by Statute	127,715
Restricted for Highway Capital Expenditures by Statute	75,297
Restricted for Cemetery Trust Expenses by Endowments	229,495
Restricted for Home Improvement Loans by Grant Agreements	29,528
Restricted for Fire Station Well-Drilling by Donations	7,500
Restricted for Library Trust Expenses by Endowments	<u>2,796</u>
 Total Governmental Activities	 <u>\$493,927</u>

V. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plans

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, 2019, the retirement system consisted of 402 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, 2019

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

As of June 30, 2018, the measurement date selected by the State of Vermont, VMERS was funded at 82.60% and had a plan fiduciary net position of \$667,848,905 and a total pension liability of \$808,524,797 resulting in a net position liability of \$140,675,892. As of June 30, 2019, the Town's proportionate share of this was 0.0456% resulting in a net pension liability of \$64,225. The net pension liability was measured as of June 30, 2018, 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 municipalities, actuarially determined. The Town's proportion of 0.0456% was a decrease of 0.0083 from its proportion measured as of the prior year.

For the year ended June 30, 2019, the Town recognized pension expense of \$15,952.

As of June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,579	\$ 1,027
Changes in assumptions	7,112	0
Difference between projected and actual investment earnings	7,444	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,279	6,084
Town's required employer contributions made subsequent to the measurement date	7,580	0
	<u>\$ 28,994</u>	<u>\$ 7,111</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$7,580 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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, 2019

Year Ending <u>June 30</u>	
2020	\$10,278
2021	3,518
2022	231
2023	<u>276</u>
Total	<u>\$14,303</u>

Summary of System Provisions

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

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during the 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 Group 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, 2019

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 Groups B.

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

Member Contributions – Group A – 2.625%. Group B – 5.00%.

Employer Contributions – Group A – 4.125%. Group B – 5.625%.

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation.

Salary increases: 5% per year.

Mortality:

Death in Active Service: Groups A and B – 98% of RP-2006 blended 60% Blue Collar Employee, 40% Healthy Employee with generational improvement.

Healthy Post-Retirement: Groups A and B – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational improvement.

Disabled Post-Retirement: Groups A and B – RP-2006 Disabled Mortality Table with generational improvement.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Spouse's Age: Females three years younger than males.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.30% per annum for Group B members, (beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A and B who receive a disability retirement benefit). The January 1, 2019 COLA is assumed to be 1.30% for all groups.

Actuarial Cost Method: Entry age actuarial cost method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by salary, with normal cost determined using the plan of benefits applicable to each participant.

Actuarial Value of Assets: 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 market value of assets by more than 20%.

Inflation: 2.50%.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	18%	6.10%
Non-US Equity	16%	7.45%
Global Equity	9%	6.74%
Fixed Income	26%	2.25%
Real Estate	8%	5.11%
Private Markets	15%	7.60%
Hedge Funds	8%	3.86%

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$108,784	\$64,225	\$27,987

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.

Defined Contribution Plan

Employees in Group DC, a defined contribution plan, contribute 5% of their gross salary and the Town contributes 5.125%.

The Town pays all costs accrued each year for the plan. The premise of Plan DC is to allow employees to have a choice in investing their retirement assets. Each employee will receive the value of their account upon retirement.

Total covered payroll for Group DC was \$44,841. Pension expense for the years ended June 30, 2019, 2018, 2017 and 2016 were \$2,298, \$2,427, \$2,445 and \$2,247, respectively.

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 13 and February 10. On February 11, unpaid amounts become delinquent. On this day, the Town assesses an 8% penalty on all unpaid 1st installment taxes and a 3% penalty on all unpaid 2nd installment taxes. The month following the final installment date, an additional 5% penalty is assessed on all remaining unpaid 2nd installment taxes. Interest is assessed at .5% per month. The tax rates for 2019 were as follows:

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.3024	1.4394
Town	0.1665	0.1665
Highway	0.4810	0.4810
Fire Station	0.0376	0.0376
Local Agreement	<u>0.0070</u>	<u>0.0070</u>
Total	<u>1.9945</u>	<u>2.1315</u>

For the year ended June 30, 2019, the Town billed \$3,040,898 in property taxes of which \$2,016,971 was allocated to education property taxes, \$581,425 to the Highway Fund, \$113,800 to the Highway Capital Fund, \$1,500 to the Town Planning Fund, \$200 to the Conservation Commission Fund, \$15,000 to the Bridge Reserve Fund, \$13,000 to the Town Hall Maintenance Fund, \$55,500 to the Fire Station Fund and \$243,502 to the General Fund. The General Fund reported \$252,944 in property tax revenue due primarily to a decrease in deferred property tax revenue.

C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting 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 Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

D. Subsequent Events

On July 1, 2019, the Town received \$850,000 from a Public Safety Building Improvement General Obligation Bond from the Vermont Municipal Bond Bank for the construction of a new Fire Station. The Bond requires annual principal payments of \$42,500 beginning November 1, 2019 and matures on November 1, 2039.

On September 23, 2019, the Town received \$129,451 from a Capital Equipment Note from People's United Bank for the purchase of a 2020 Western Star for the Highway Department. This note is due September 23, 2024 with interest at 2.75%.

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, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 231,187	\$ 252,944	\$ 21,757
Interest on Delinquent Taxes	9,000	13,413	4,413
Education Tax Billing Fee	1,000	3,975	2,975
HS Late Filing Penalty	1,000	1,202	202
Hold Harmless	100,000	100,348	348
Town Fees	15,500	15,135	(365)
Restoration of Records Fees	1,300	1,237	(63)
Liquor Licenses	70	70	0
Dog Licenses	1,000	934	(66)
Hall Rental Income	2,000	1,042	(958)
Investment Income	400	872	472
Miscellaneous	1,000	1,806	806
Civil Fines	2,500	1,196	(1,304)
Equalization Income	500	1,024	524
Land Use Change Tax	0	4,215	4,215
Permit Application Fees	200	50	(150)
Total Revenues	366,657	399,463	32,806
Expenditures:			
Selectmen:			
Selectmen Salaries	3,000	2,500	500
Administrative Assistant	1,000	0	1,000
Selectmen Financial Assistant	1,200	1,156	44
Social Security	400	280	120
Meetings	300	0	300
Mileage	300	0	300
Miscellaneous	300	0	300
Total Selectmen	6,500	3,936	2,564
Auditors:			
Town Audit	11,100	12,130	(1,030)
Postage	500	0	500
Printing	2,400	2,086	314
Hired Services - Town Report	1,000	920	80
Total Auditors	15,000	15,136	(136)
Elections:			
Payroll	2,350	2,511	(161)
Social Security	75	21	54
Meetings	0	60	(60)
Postage	75	116	(41)
Printing	0	237	(237)
Total Elections	2,500	2,945	(445)
Listers:			
Payroll	21,600	17,766	3,834
Social Security	1,650	1,358	292
Supplies	200	253	(53)
Consultants - Tax Map Maintenance	1,500	1,500	0
Technology Dues and Support	1,150	1,047	103
Dues & Meetings	700	310	390
Mileage	400	369	31
Furniture & Equipment	200	0	200
Total Listers	27,400	22,603	4,797

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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, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Administrative Officer:			
Payroll	\$ 3,600	\$ 1,463	\$ 2,137
Social Security	275	112	163
Administrative Legal Notices	250	0	250
Administrative Meetings	150	155	(5)
Administrative Mileage	350	78	272
Zoning Postage	200	0	200
Supplies	100	0	100
Total Administrative Officer	4,925	1,808	3,117
Town Office:			
Town Clerk Salary	26,650	26,500	150
Assistant Clerk Salary	3,000	2,397	603
Town Treasurer Salary	23,000	24,006	(1,006)
Assistant Treasurer Salary	7,000	4,335	2,665
Social Security	4,600	4,442	158
Retirement	2,750	2,858	(108)
Health Insurance	19,000	18,535	465
Restoration of Records	3,000	2,965	35
Office Supplies	3,300	3,554	(254)
Mileage	250	179	71
Meetings & Dues	500	240	260
Furniture & Equipment	500	795	(295)
Total Town Office	93,550	90,806	2,744
Technology & Communications:			
Telephone	4,000	3,640	360
Website	1,000	783	217
Contract Maintenance	1,400	1,926	(526)
Technology Dues and Support	3,000	2,110	890
Postage	4,000	3,307	693
Supplies	100	16	84
Technology Equipment Purchases	200	0	200
Total Technology & Communications	13,700	11,782	1,918
Legal & Insurance:			
Legal Notices	500	0	500
Worker's Compensation	1,000	933	67
Unemployment Insurance	100	0	100
Bonds and Insurance	12,000	11,032	968
Legal Services	350	281	69
Total Legal & Insurance	13,950	12,246	1,704
Public Services:			
Abated Taxes	1,000	0	1,000
Ambulance Services	58,781	59,464	(683)
Animal Control	1,500	100	1,400
County Tax	35,000	32,237	2,763
East Corinth Volunteer Fire Department	55,000	27,500	27,500
Emergency Management	150	0	150
VLCT	2,600	2,593	7
Two Rivers Dues	2,000	1,982	18
CTERT	6,750	6,750	0
Fire Warden	1,000	589	411
Humane Society	500	0	500
Miscellaneous Expenses	100	65	35
Transfer to Computer Reserve Fund	7,500	7,500	0
Total Public Services	171,881	138,780	33,101

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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, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Appropriations:			
American Red Cross	\$ 500	\$ 500	\$ 0
Blake Memorial Library	2,740	2,740	0
Clara Martin Center	2,177	2,177	0
Council on Aging	600	600	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	750	750	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	500	500	0
Safeline	700	700	0
Stagecoach	1,000	1,000	0
Topsham-Corinth Little League	500	500	0
Vermont Green Up	100	100	0
Visiting Nurse Alliance	6,250	6,250	0
Vermont Rural Fire Protection	100	100	0
Total Appropriations	23,827	23,827	0
Town Hall Maintenance:			
Facility Manager Payroll	2,500	60	2,440
Social Security	320	286	34
Contract Maintenance	600	800	(200)
Rubbish Removal	120	133	(13)
Payroll Cleaning	4,200	3,745	455
Furniture and Equipment	1,000	0	1,000
Property Repairs and Maintenance	1,000	848	152
Supplies	600	422	178
Utilities	6,000	6,323	(323)
Improvements and Acquisitions	500	0	500
Total Town Hall Maintenance	16,840	12,617	4,223
Solid Waste Disposal/Transfer Station:			
Transfer Station Attendant	4,300	4,303	(3)
Social Security	330	330	0
Solid Waste	1,600	576	1,024
Supplies	50	1,464	(1,414)
Site Costs	0	300	(300)
Total Solid Waste Disposal/Transfer Station	6,280	6,973	(693)
Law Enforcement:			
Safety Services	10,000	9,534	466
Total Law Enforcement	10,000	9,534	466

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, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Delinquent Tax Collector:			
Social Security	\$ 1,000	\$ 1,339	\$ (339)
Meetings	125	0	125
Total Delinquent Tax Collector	1,125	1,339	(214)
Health:			
Supplies	0	150	(150)
Total Health	0	150	(150)
Cemetery:			
Worker's Compensation	0	248	(248)
Supplies	175	0	175
Appropriation	5,500	5,500	0
Total Cemetery	5,675	5,748	(73)
Total Expenditures	413,153	360,230	52,923
Excess/(Deficiency) of Revenues Over Expenditures	\$ (46,496)	39,233	\$ 85,729
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
History Book Fund Income		206	
History Book Fund Expenses		(196)	
Net Change in Fund Balance		39,243	
Fund Balance - July 1, 2018		175,077	
Fund Balance - June 30, 2019		\$ 214,320	

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 - BUDGETARY BASIS
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 581,425	\$ 581,425	\$ 0
Overweight Permits	300	325	25
Investment Income	100	243	143
Highway State Aid Grant Income	163,000	163,238	238
FEMA	0	29,580	29,580
Better Back Roads Grant Income	0	21,110	21,110
Miscellaneous Income	0	1,538	1,538
Total Revenues	744,825	797,459	52,634
Expenditures:			
Administration:			
Payroll	2,400	2,400	0
Uniforms	2,900	3,176	(276)
Social Security	12,700	12,789	(89)
Retirement	7,300	7,035	265
Property & Casualty Insurance	9,500	9,353	147
Health Insurance	71,530	67,063	4,467
Unemployment Insurance	500	331	169
Worker's Compensation	14,000	13,739	261
Highway Meetings	200	75	125
Highway Mileage	850	343	507
Permits	2,640	0	2,640
Miscellaneous	0	1,990	(1,990)
Total Administration	124,520	118,294	6,226
Highway Labor:			
Labor	110,150	106,898	3,252
Overtime	22,000	17,799	4,201
Part-Time Labor	20,000	24,824	(4,824)
Personal Time	7,855	11,425	(3,570)
Holiday Time	3,700	3,671	29
Jury Duty	0	160	(160)
Total Highway Labor	163,705	164,777	(1,072)
Materials:			
Gravel	60,000	67,428	(7,428)
Chloride	12,900	8,892	4,008
Salt	45,000	58,609	(13,609)
Sand	35,000	33,586	1,414
Stone	10,000	301	9,699
Total Materials	162,900	168,816	(5,916)
Patch and Paving:	160,000	123,578	36,422
Other Materials and Services:			
Hired Services	15,000	4,450	10,550
Posts and Guardrails	5,000	7,676	(2,676)
Culverts	10,000	8,028	1,972
Signs	2,500	933	1,567
Other Materials	1,000	900	100
Total Other Materials and Services	33,500	21,987	11,513

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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
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Garage:			
Supplies	\$ 300	\$ 356	\$ (56)
Repairs & Maintenance	5,000	1,771	3,229
Rubbish Removal	600	616	(16)
Electric	3,000	3,485	(485)
Telephone	1,700	1,695	5
Heat	500	1,071	(571)
Technology Equipment	0	240	(240)
Total Garage	11,100	9,234	1,866
Operating Supplies:			
Diesel Fuel	45,000	52,159	(7,159)
Gas, Oil & Chains	100	54	46
Small Tools & Equipment	3,500	4,624	(1,124)
Total Operating Supplies	48,600	56,837	(8,237)
Repairs and Maintenance:			
Equipment Maintenance	45,000	55,641	(10,641)
General Equipment	8,500	6,107	2,393
Total Repairs and Maintenance	53,500	61,748	(8,248)
Safety Equipment Grant Expense:	1,000	1,385	(385)
Total Expenditures	758,825	726,656	32,169
Excess/(Deficiency) of Revenues Over Expenditures	\$ (14,000)	70,803	\$ 84,803
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
FEMA Fund Income		3,377	
Better Back Roads Grant Fund Income		22,024	
Better Back Roads Grant Fund Expenses		(17,375)	
State Grant Projects Fund Expenses		(6,145)	
Net Change in Fund Balance		72,684	
Fund Balance - July 1, 2018		76,627	
Fund Balance - June 30, 2019		\$ 149,311	

The reconciling items are due to combining three (3) funds with the Highway Fund, the FEMA Fund, the Better Back Roads Grant Fund, and the State Grants Projects Fund.

TOWN OF CORINTH, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2019

	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.0456%	0.0539%	0.0509%	0.0600%	0.0584%
Town's Proportionate Share of the Net Pension Liability	\$ 64,225	\$ 65,294	\$ 65,458	\$ 46,290	\$ 5,331
Town's Covered Employee Payroll	\$ 146,490	\$ 157,947	\$ 172,443	\$ 151,993	\$ 167,293
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	43.8426%	41.3392%	37.9592%	30.4553%	3.1866%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

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

TOWN OF CORINTH, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 7,580	\$ 7,997	\$ 8,801	\$ 7,730	\$ 8,393
Contributions in Relation to the Actuarially Determined Contributions	<u>7,580</u>	<u>7,997</u>	<u>8,801</u>	<u>7,730</u>	<u>8,393</u>
Contribution Excess/(Deficiency)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Town's Covered Employee Payroll	\$ 146,490	\$ 157,947	\$ 172,443	\$ 151,993	\$ 167,293
Contributions as a Percentage of Town's Covered Employee Payroll	5.174%	5.063%	5.104%	5.086%	5.017%

Notes to Schedule

Valuation Date: June 30, 2018

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

TOWN OF CORINTH, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Library Trust Fund	Total
<u>ASSETS</u>				
Investments	\$ 0	\$ 0	\$ 2,796	\$ 2,796
Receivables	2,769	0	0	2,769
Loans Receivable	8,473	0	0	8,473
Due from Other Funds	<u>76,310</u>	<u>67,181</u>	<u>0</u>	<u>143,491</u>
Total Assets	\$ <u>87,552</u>	\$ <u>67,181</u>	\$ <u>2,796</u>	\$ <u>157,529</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ <u>422</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>422</u>
Total Liabilities	<u>422</u>	<u>0</u>	<u>0</u>	<u>422</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Loans Receivable	<u>8,473</u>	<u>0</u>	<u>0</u>	<u>8,473</u>
Total Deferred Inflows of Resources	<u>8,473</u>	<u>0</u>	<u>0</u>	<u>8,473</u>
<u>FUND BALANCES</u>				
Nonspendable	0	0	2,796	2,796
Restricted	21,055	7,500	0	28,555
Committed	16,584	59,681	0	76,265
Assigned	<u>41,018</u>	<u>0</u>	<u>0</u>	<u>41,018</u>
Total Fund Balances	<u>78,657</u>	<u>67,181</u>	<u>2,796</u>	<u>148,634</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>87,552</u>	\$ <u>67,181</u>	\$ <u>2,796</u>	\$ <u>157,529</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CORINTH, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Library Trust Fund	Total
Revenues:				
Property Taxes	\$ 1,700	\$ 83,500	\$ 0	\$ 85,200
Intergovernmental	14,241	0	0	14,241
Permits, Licenses and Fees	25	0	0	25
Investment Income	212	75	0	287
Other	1,910	0	0	1,910
Total Revenues	18,088	83,575	0	101,663
Expenditures:				
General Government	9,132	0	0	9,132
Public Safety	0	1,948	0	1,948
Culture and Recreation	3,365	0	0	3,365
Capital Outlay:				
Public Safety	0	3,300	0	3,300
Total Expenditures	12,497	5,248	0	17,745
Excess of Revenues Over Expenditures	5,591	78,327	0	83,918
Other Financing Sources:				
Transfer In	0	7,500	0	7,500
Total Other Financing Sources	0	7,500	0	7,500
Net Change in Fund Balances	5,591	85,827	0	91,418
Fund Balances/(Deficit) - July 1, 2018	73,066	(18,646)	2,796	57,216
Fund Balances - June 30, 2019	\$ 78,657	\$ 67,181	\$ 2,796	\$ 148,634

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CORINTH, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Town Planning Fund	Home Improvement Loan Fund	Conservation Commission Fund	Reappraisal Fund	Total
<u>ASSETS</u>					
Receivables	\$ 2,769	\$ 0	\$ 0	\$ 0	\$ 2,769
Loans Receivable	0	8,473	0	0	8,473
Due from Other Funds	<u>4,780</u>	<u>21,055</u>	<u>9,457</u>	<u>41,018</u>	<u>76,310</u>
Total Assets	<u>\$ 7,549</u>	<u>\$ 29,528</u>	<u>\$ 9,457</u>	<u>\$ 41,018</u>	<u>\$ 87,552</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ <u>119</u>	\$ <u>0</u>	\$ <u>303</u>	\$ <u>0</u>	\$ <u>422</u>
Total Liabilities	<u>119</u>	<u>0</u>	<u>303</u>	<u>0</u>	<u>422</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable Loans Receivable	<u>0</u>	<u>8,473</u>	<u>0</u>	<u>0</u>	<u>8,473</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>8,473</u>	<u>0</u>	<u>0</u>	<u>8,473</u>
<u>FUND BALANCES</u>					
Restricted	0	21,055	0	0	21,055
Committed	7,430	0	9,154	0	16,584
Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>41,018</u>	<u>41,018</u>
Total Fund Balances	<u>7,430</u>	<u>21,055</u>	<u>9,154</u>	<u>41,018</u>	<u>78,657</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,549</u>	<u>\$ 29,528</u>	<u>\$ 9,457</u>	<u>\$ 41,018</u>	<u>\$ 87,552</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, 2019

	Town Planning Fund	Home Improvement Loan Fund	Conservation Commission Fund	Reappraisal Fund	Total
Revenues:					
Property Taxes	\$ 1,500	\$ 0	\$ 200	\$ 0	\$ 1,700
Intergovernmental	5,537	0	0	8,704	14,241
Permits, Licenses and Fees	25	0	0	0	25
Investment Income	24	60	31	97	212
Other	<u>0</u>	<u>0</u>	<u>1,910</u>	<u>0</u>	<u>1,910</u>
Total Revenues	<u>7,086</u>	<u>60</u>	<u>2,141</u>	<u>8,801</u>	<u>18,088</u>
Expenditures:					
General Government	8,269	0	0	863	9,132
Culture and Recreation	<u>0</u>	<u>0</u>	<u>3,365</u>	<u>0</u>	<u>3,365</u>
Total Expenditures	<u>8,269</u>	<u>0</u>	<u>3,365</u>	<u>863</u>	<u>12,497</u>
Net Change in Fund Balances	(1,183)	60	(1,224)	7,938	5,591
Fund Balances - July 1, 2018	<u>8,613</u>	<u>20,995</u>	<u>10,378</u>	<u>33,080</u>	<u>73,066</u>
Fund Balances - June 30, 2019	\$ <u><u>7,430</u></u>	\$ <u><u>21,055</u></u>	\$ <u><u>9,154</u></u>	\$ <u><u>41,018</u></u>	\$ <u><u>78,657</u></u>

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TOWN OF CORINTH, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2019

	Bridge Reserve Fund	Town Hall Maintenance Fund	Fire Station Fund	Computer Reserve Fund	Total
<u>ASSETS</u>					
Due from Other Funds	\$ 1,966	\$ 31,694	\$ 26,011	\$ 7,510	\$ 67,181
Total Assets	<u>\$ 1,966</u>	<u>\$ 31,694</u>	<u>\$ 26,011</u>	<u>\$ 7,510</u>	<u>\$ 67,181</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Total Liabilities:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:					
Restricted	0	0	7,500	0	7,500
Committed	1,966	31,694	18,511	7,510	59,681
Total Fund Balances	<u>1,966</u>	<u>31,694</u>	<u>26,011</u>	<u>7,510</u>	<u>67,181</u>
Total Liabilities and Fund Balances	<u>\$ 1,966</u>	<u>\$ 31,694</u>	<u>\$ 26,011</u>	<u>\$ 7,510</u>	<u>\$ 67,181</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, 2019

	Bridge Reserve Fund	Town Hall Maintenance Fund	Fire Station Fund	Computer Reserve Fund	Total
Revenues:					
Property Taxes	\$ 15,000	\$ 13,000	\$ 55,500	\$ 0	\$ 83,500
Investment Income	<u>3</u>	<u>62</u>	<u>0</u>	<u>10</u>	<u>75</u>
Total Revenues	<u>15,003</u>	<u>13,062</u>	<u>55,500</u>	<u>10</u>	<u>83,575</u>
Expenditures:					
Public Safety	0	0	1,948	0	1,948
Capital Outlay:					
Public Safety	<u>0</u>	<u>0</u>	<u>3,300</u>	<u>0</u>	<u>3,300</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>5,248</u>	<u>0</u>	<u>5,248</u>
Excess of Revenue Over Expenditures	<u>15,003</u>	<u>13,062</u>	<u>50,252</u>	<u>10</u>	<u>78,327</u>
Other Financing Sources:					
Transfer In	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,500</u>	<u>7,500</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,500</u>	<u>7,500</u>
Net Change in Fund Balances	15,003	13,062	50,252	7,510	85,827
Fund Balances/(Deficit) - July 1, 2018	<u>(13,037)</u>	<u>18,632</u>	<u>(24,241)</u>	<u>0</u>	<u>(18,646)</u>
Fund Balances - June 30, 2019	\$ <u><u>1,966</u></u>	\$ <u><u>31,694</u></u>	\$ <u><u>26,011</u></u>	\$ <u><u>7,510</u></u>	\$ <u><u>67,181</u></u>

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Sullivan, Powers & Co., P.C.

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

Selectboard
Town of Corinth, 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, 2019, and the related notes to the financial statements, which collectively comprise the Town of Corinth, Vermont's basic financial statements and have issued our report thereon dated May 19, 2021.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified certain deficiencies in internal control that we consider to be material weaknesses and another that we consider to be a significant deficiency

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. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2019-01 and 2019-02 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2019-03 to be a significant deficiency.

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".

We also noted certain other matters that we reported to the management of the Town of Corinth, Vermont in a separate letter dated May 19, 2021.

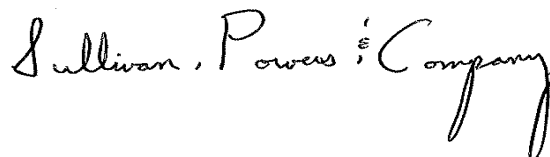
Town of Corinth, Vermont's Response to Deficiency in Internal Control

The Town of Corinth, Vermont has not responded to the deficiencies in internal control identified in our audit.

Purpose of this Report

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

May 19, 2021
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF CORINTH, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2019

Deficiencies in Internal Control:

Material Weaknesses:

2019-01 Grants Receivable/Deferred Inflows of Resources

Criteria:

Internal controls should be in place to ensure that the grants receivable and related deferred inflows of resources balances are recorded properly at year end.

Condition:

The grants receivable and related deferred inflows of resources accounts were not reconciled to the actual balances at year end which resulted in various adjustments.

Cause:

Unknown.

Effect:

The Town's grants receivable and related deferred inflows of resources balances were incorrect.

Recommendation:

We recommend that the Town reconcile the grants receivable and related deferred inflows of resources balances to supporting documentation at least annually in order to detect and correct errors.

2019-02 Review and Approval of Payroll Warrants

Criteria:

Internal controls should be in place to ensure that all payroll warrants are reviewed and approved by the Selectboard.

Condition:

It is the policy of the Town that the Selectboard reviews and approves the payroll warrants. There were several instances during the year that the payroll warrants were not reviewed and approved by the Selectboard.

TOWN OF CORINTH, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2019

Cause:

Unknown.

Effect:

The Town has expended funds without proper review and approval.

Recommendation:

We recommend the Town designate a member of the Selectboard to review and approve payroll warrants.

Significant Deficiencies:

2019-03 Review and Approval of General Journal Entries

Criteria:

Internal controls should be in place that require appropriate individuals to review and authorize all adjustments to the books of original entry to ensure that the adjustments are valid and appropriate. Also, internal controls should be in place to ensure that supporting documentation is maintained to support all journal entries.

Condition:

It is the policy of the Town to require the internal auditors to review and authorize adjustments to the books of original entry. However, multiple entries were made to incorrect general ledger accounts which resulted in additional adjustments. Also, all supporting documentation was not maintained for ease in monitoring.

Cause:

Unknown.

Effect:

This one deficiency in internal control structure could allow other working control policies to be circumvented.

Recommendation:

We recommend that the Town require appropriate officials to review all general journal entries to ensure that they are valid and appropriate. We also recommend that the Town maintain all supporting documentation.