

TOWN OF CORINTH, VERMONT

AUDIT REPORT

JUNE 30, 2020

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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, 2020 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, 2020 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 April 10, 2023 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.

Sullivan, Powers & Co.

April 10, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF CORINTH, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 637,659
Restricted Cash Equivalents	745,844
Investments	227,920
Receivables (Net of Allowance for Uncollectibles)	173,300
Loans Receivable	12,679
Prepaid Expenses	53,798
Inventory	33,757
Capital Assets:	
Land	134,666
Construction in Progress	335,249
Other Capital Assets, (Net of Accumulated Depreciation)	5,895,100
Total Assets	<u>8,249,972</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>24,435</u>
Total Deferred Outflows of Resources	<u>24,435</u>
<u>LIABILITIES</u>	
Accounts Payable	261,963
Accrued Payroll and Benefits Payable	4,234
Due to Others	33,588
Accrued Interest Payable	8,380
Noncurrent Liabilities:	
Due within One Year	174,987
Due in More than One Year	1,136,639
Total Liabilities	<u>1,619,791</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	4,243
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>9,295</u>
Total Deferred Inflows of Resources	<u>13,538</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	5,883,655
Restricted for:	
Highway Expenditures	169,364
Cemetery Trust Expenses	239,389
Home Improvement Loans	17,042
Other Purposes	78,107
Unrestricted	253,521
Total Net Position	<u>\$ 6,641,078</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, 2020

	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	\$ 253,071	\$ 31,971	\$ 13,849	\$ 0	\$ (207,251)
Public Safety	125,189	0	0	0	(125,189)
Highways and Streets	1,166,763	1,114	201,078	151,981	(812,590)
Culture and Recreation	2,807	0	0	0	(2,807)
Sanitation	19,271	0	0	0	(19,271)
Cemetery	15,311	0	0	0	(15,311)
Interest on Long-term Debt	27,358	0	0	0	(27,358)
Total Primary Government	<u>\$ 1,609,770</u>	<u>\$ 33,085</u>	<u>\$ 214,927</u>	<u>\$ 151,981</u>	<u>(1,209,777)</u>
General Revenues:					
Property Taxes					1,010,092
Interest and Penalties on Delinquent Taxes					10,879
General State Grants					102,813
Unrestricted Investment Earnings					20,758
Other Revenues					<u>3,171</u>
Total General Revenues					<u>1,147,713</u>
Change in Net Position					(62,064)
Net Position - July 1, 2019					<u>6,703,142</u>
Net Position - June 30, 2020					<u>\$ 6,641,078</u>

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

TOWN OF CORINTH, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Highway Fund	Highway Capital Fund	Cemetery Trust Fund	Fire Station Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash	\$ 617,761	\$ 0	\$ 0	\$ 19,898	\$ 0	\$ 0	\$ 637,659
Restricted Cash Equivalents	0	0	0	0	745,844	0	745,844
Investments	0	0	0	225,124	0	2,796	227,920
Receivables (Net of Allowance for Uncollectibles)	152,101	18,430	0	0	0	2,769	173,300
Loans Receivable	0	0	0	0	0	12,679	12,679
Due from Other Funds	0	134,530	73,067	0	0	146,578	354,175
Prepaid Items	53,798	0	0	0	0	0	53,798
Inventory	1,869	31,888	0	0	0	0	33,757
Total Assets	\$ 825,529	\$ 184,848	\$ 73,067	\$ 245,022	\$ 745,844	\$ 164,822	\$ 2,239,132
<u>LIABILITIES</u>							
Accounts Payable	\$ 256,592	\$ 0	\$ 0	\$ 5,371	\$ 0	\$ 0	\$ 261,963
Accrued Payroll and Benefits Payable	2,368	1,624	0	242	0	0	4,234
Due to Other Funds	214,595	0	0	0	134,190	5,390	354,175
Due to Others	33,568	0	0	20	0	0	33,588
Total Liabilities	507,123	1,624	0	5,633	134,190	5,390	653,960
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Prepaid Property Taxes	4,243	0	0	0	0	0	4,243
Unavailable Property Taxes and Interest	134,500	0	0	0	0	0	134,500
Unavailable Loans Receivable	0	0	0	0	0	12,679	12,679
Unavailable Grants	0	13,860	0	0	0	0	13,860
Total Deferred Inflows of Resources	138,743	13,860	0	0	0	12,679	165,282
<u>FUND BALANCES</u>							
Nonspendable	55,667	31,888	0	7,400	0	2,796	97,751
Restricted	0	137,476	73,067	231,989	611,654	19,286	1,073,472
Committed	0	0	0	0	0	80,259	80,259
Assigned	55,955	0	0	0	0	49,802	105,757
Unassigned	68,041	0	0	0	0	(5,390)	62,651
Total Fund Balances	179,663	169,364	73,067	239,389	611,654	146,753	1,419,890
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 825,529	\$ 184,848	\$ 73,067	\$ 245,022	\$ 745,844	\$ 164,822	
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.							6,365,015
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.							161,039
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.							(1,320,006)
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.							15,140
Net Position of Governmental Activities							\$ 6,641,078

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, 2020

	General Fund	Highway Fund	Highway Capital Fund	Cemetery Trust Fund	Fire Station Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:							
Property Taxes	\$ 200,167	\$ 581,425	\$ 116,400	\$ 0	\$ 55,500	\$ 25,300	\$ 978,792
Interest and Penalties on Delinquent Taxes	7,679	0	0	0	0	0	7,679
Intergovernmental	103,834	310,324	0	0	0	48,498	462,656
Charges for Services	1,617	0	0	0	0	0	1,617
Permits, Licenses and Fees	22,967	385	0	0	0	2,239	25,591
Fines and Forfeits	729	0	0	0	0	0	729
Loan Repayment	0	0	0	0	0	942	942
Loan Interest Income	0	0	0	0	0	45	45
Investment Income	1,101	260	60	19,131	0	206	20,758
Other	1,577	318	0	0	0	1,231	3,126
Total Revenues	<u>339,671</u>	<u>892,712</u>	<u>116,460</u>	<u>19,131</u>	<u>55,500</u>	<u>78,461</u>	<u>1,501,935</u>
Expenditures:							
General Government	225,771	0	0	0	0	10,528	236,299
Public Safety	123,148	0	0	0	2,041	0	125,189
Highways and Streets	0	619,098	2,523	0	0	41,060	662,681
Culture and Recreation	64	0	0	0	0	2,743	2,807
Sanitation	19,271	0	0	0	0	0	19,271
Cemetery	574	0	0	14,737	0	0	15,311
Capital Outlay:							
Highways and Streets	0	253,561	129,506	0	0	0	383,067
Public Safety	0	0	0	0	300,519	0	300,519
Debt Service:							
Principal	0	0	106,595	0	0	0	106,595
Interest	0	0	9,517	0	17,297	0	26,814
Total Expenditures	<u>368,828</u>	<u>872,659</u>	<u>248,141</u>	<u>14,737</u>	<u>319,857</u>	<u>54,331</u>	<u>1,878,553</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(29,157)</u>	<u>20,053</u>	<u>(131,681)</u>	<u>4,394</u>	<u>(264,357)</u>	<u>24,130</u>	<u>(376,618)</u>
Other Financing Sources/(Uses):							
Proceeds from Long-term Debt	0	0	129,451	0	850,000	0	979,451
Transfers In	0	0	0	5,500	0	0	5,500
Transfers Out	(5,500)	0	0	0	0	0	(5,500)
Total Other Financing Sources/(Uses)	<u>(5,500)</u>	<u>0</u>	<u>129,451</u>	<u>5,500</u>	<u>850,000</u>	<u>0</u>	<u>979,451</u>
Net Change in Fund Balances	(34,657)	20,053	(2,230)	9,894	585,643	24,130	602,833
Fund Balances - July 1, 2019	<u>214,320</u>	<u>149,311</u>	<u>75,297</u>	<u>229,495</u>	<u>26,011</u>	<u>122,623</u>	<u>817,057</u>
Fund Balances/(Deficit) - June 30, 2020	\$ <u>179,663</u>	\$ <u>169,364</u>	\$ <u>73,067</u>	\$ <u>239,389</u>	\$ <u>611,654</u>	\$ <u>146,753</u>	\$ <u>1,419,890</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, 2020

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)	\$ 602,833
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$683,586) is allocated over their estimated useful lives and reported as depreciation expense (\$403,009). This is the amount by which depreciation exceeded capital outlays in the current period.	280,577
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to decrease net position.	(99,664)
The issuance of long-term debt (\$979,451) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$106,595) 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.	(872,856)
Governmental funds report employer pension contributions as expenditures (\$7,849). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$18,811) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(10,962)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	45,771
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>(7,763)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ (62,064)</u>

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

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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.

Fire Station Fund – This fund accounts for purchasing and financing capital equipment for the Fire Department.

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, 2020

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, 2020

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.

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:

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

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

9. Compensated Absences

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

10. Long-term Liabilities

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

11. Fund Equity

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

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

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

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

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

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

B. Budgeted Deficit

The Town budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$36,647 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 \$15,205 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.

TOWN OF CORINTH, VERMONT
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JUNE 30, 2020

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2020, expenditures in the Highway Fund exceeded appropriations by \$93,697. This was funded by excess revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2020 consisted of the following:

Restricted Cash Equivalents:

Money Market Mutual Fund – U.S. Government Securities	\$ <u>745,844</u>
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Unrestricted Cash:

Deposits with Financial Institutions	621,462
Deposits held by Investment Company	16,096
Cash on Hand	<u>101</u>

Total Unrestricted Cash	<u>637,659</u>
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Total Cash and Equivalents	<u>1,383,503</u>
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Investments:

Certificates of Deposit	37,325
Mutual Funds – Equities	184,246
Common Stock	<u>6,349</u>

Total Investments	<u>227,920</u>
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Total Cash and Investments	<u>\$1,611,423</u>
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The Town has five (5) certificates of deposit at various banks ranging from \$465 to \$25,253 with interest rates ranging from 0.30% to 0.45%. All certificates of deposit will mature in fiscal year 2021.

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 money market mutual funds, mutual funds and common stock in the name of the Town are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

TOWN OF CORINTH, VERMONT
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	<u>Book Balance</u>	<u>Bank Balance</u>
Insured – FDIC/SIPC	\$333,535	\$339,027
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution’s Agent	<u>341,348</u>	<u>366,970</u>
Total	<u>\$674,883</u>	<u>\$705,997</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	\$621,462
Cash – Deposits held by Investment Company	16,096
Investments – Certificates of Deposit	<u>37,325</u>
Total	<u>\$674,883</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 money market mutual funds, and 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 money market mutual funds, and 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 money market mutual funds and 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 money market mutual funds, and 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
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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, 2020:

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	\$ 184,246	\$ 184,246	\$ 0	\$ 0
Common Stock	6,349	6,349	0	0
Total	\$ 190,595	\$ 190,595	\$ 0	\$ 0

Restricted Cash Equivalents

In fiscal year 2020, the Town received an \$850,000 bond from the Vermont Municipal Bond Bank for the fire station construction project. Unspent bond proceeds and the interest earned are restricted for the related project or may be used to pay down the bond.

B. Receivables

Receivables as of June 30, 2020, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

Delinquent Taxes Receivable	\$ 151,777
Interest Receivable	16,854
Tax Sale Receivable	469
Grants Receivable	21,200
Allowance for Doubtful Accounts - Delinquent Taxes and Interest	<u>(17,000)</u>
Total	\$ <u>173,300</u>

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

Loans receivable totaling \$11,809 represent amounts due to the Town under the Home Improvement Loan Fund. As of June 30, 2020, four (4) loans were outstanding with interest at 1% and maturity dates ranging from October, 2000 to December, 2020. 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 \$870. Total loans receivable and accrued interest is \$12,679.

D. Capital Assets

Capital asset activity for the year ended June 30, 2020 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	34,730	300,519	0	335,249
Total Capital Assets, Not Being Depreciated	<u>169,396</u>	<u>300,519</u>	<u>0</u>	<u>469,915</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	427,163	0	0	427,163
Vehicles	1,330,705	180,414	424,292	1,086,827
Machinery and Equipment	141,099	0	5,642	135,457
Infrastructure	6,944,048	253,561	309,980	6,887,629
Totals	<u>8,843,015</u>	<u>433,975</u>	<u>739,914</u>	<u>8,537,076</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	130,643	9,280	0	139,923
Vehicles	463,186	108,995	276,093	296,088
Machinery and Equipment	95,851	3,246	4,764	94,333
Infrastructure	2,138,629	281,488	308,485	2,111,632
Totals	<u>2,828,309</u>	<u>403,009</u>	<u>589,342</u>	<u>2,641,976</u>
Total Capital Assets, Being Depreciated	<u>6,014,706</u>	<u>30,966</u>	<u>150,572</u>	<u>5,895,100</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,184,102</u>	<u>\$ 331,485</u>	<u>\$ 150,572</u>	<u>\$ 6,365,015</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 12,706
Highways and Streets	<u>390,303</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 403,009</u>

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2020 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 214,595
Highway Fund	134,530	0
Highway Capital Fund	73,067	0
Fire Station Fund	0	134,190
Non-Major Governmental Funds	<u>146,578</u>	<u>5,390</u>
Total	\$ <u>354,175</u>	\$ <u>354,175</u>

Interfund transfers during the year ended June 30, 2020 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Cemetery Trust Fund	\$ <u>5,500</u>	Annual Contribution
Total		\$ <u>5,500</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$8,868 from the difference between the expected and actual experience, \$2,285 from changes in assumptions, \$4,662 from the difference between the projected and actual investment earnings, \$771 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 \$7,849 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 \$24,435.

G. Deferred Inflows of Resources

Deferred inflows of resources in the Governmental Activities consists of \$4,243 of prepaid property taxes, \$592 from the difference between the expected and actual experience and \$8,703 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 \$13,538.

Deferred inflows of resources in the General Fund consists of \$134,500 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 \$4,243 of prepaid property taxes. Total deferred inflows of resources in the General Fund are \$138,743.

TOWN OF CORINTH, VERMONT
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Deferred inflows of resources in the Highway Fund consist of \$13,860 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 \$12,679 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, 2020 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	\$ 60,957	\$ 0	\$ 30,479	\$ 30,478
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	35,072	0	17,536	17,536

TOWN OF CORINTH, VERMONT
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	<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	\$138,372	\$ 0	\$ 34,593	\$ 103,779
Note Payable, People's United Bank, Tractor for Highway Department, Principal Payments of \$23,987 Plus Interest Payable on August 10 Annually, Interest at 3.15%, Due August, 2023	119,947	0	23,987	95,960
Note Payable, People's United Bank, 2020 Dump Truck, Principal Payments of \$28,890 Plus Interest Payable Annually Beginning on September 23, 2020, Interest at 2.75%, Due September, 2024	0	129,451	0	129,451
Bond Payable, Vermont Municipal Bond Bank, Fire Station, Principle Payments of \$42,500 Payable Annually Beginning November 2020, Interest at 2.77%, Payable, May 1 and November 1, Due November 2039	<u>0</u>	<u>850,000</u>	<u>0</u>	<u>850,000</u>
Total	<u>\$354,348</u>	<u>\$979,451</u>	<u>\$106,595</u>	<u>\$1,227,204</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	\$ 354,348	\$ 979,451	\$ 106,595	\$ 1,227,204	\$ 174,987
Compensated Absences Payable	8,759	7,219	0	15,978	0
Net Pension Liability	<u>64,225</u>	<u>4,219</u>	<u>0</u>	<u>68,444</u>	<u>0</u>
Total	<u>\$ 427,332</u>	<u>\$ 990,889</u>	<u>\$ 106,595</u>	<u>\$ 1,311,626</u>	<u>\$ 174,987</u>

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

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

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 174,987	\$ 31,338
2022	126,973	26,669
2023	126,973	23,750
2024	92,380	20,818
2025	68,391	18,730
2026-2030	212,500	78,681
2031-2035	212,500	5,051
2036-2039	212,500	1,670
Total	\$ <u>1,227,204</u>	\$ <u>206,707</u>

I. Fund Balances

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

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

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

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

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

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

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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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	\$ 1,869
Nonspendable Prepaid Items	<u>53,798</u>

Total General Fund	<u>55,667</u>
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Highway Fund:

Nonspendable Inventory	<u>31,888</u>
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Cemetery Trust Fund:

Nonspendable Cemetery Trust Fund Principal	<u>7,400</u>
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Non-Major Funds

Permanent Fund:

Nonspendable Library Trust Fund Principal	<u>2,796</u>
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Total Nonspendable Fund Balances	\$ <u>97,751</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 2021	\$ 46,500
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Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	<u>90,976</u>
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Total Highway Fund	<u>137,476</u>
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Highway Capital Fund:

Restricted for Highway Expenditures by Statute	<u>73,067</u>
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Cemetery Trust Fund:

Restricted for Cemetery Trust Fund Expenditures by Endowments and Donations – Expendable Portion	<u>231,989</u>
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Fire Station Fund:

Restricted for Fire Station Construction Expenditures by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds)	<u>611,654</u>
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TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Non-Major Funds

Special Revenue Fund:

Restricted for Home Improvement Loan Fund by Grant Agreements (Source of Revenue is Grant Revenue)	\$ 17,042
Restricted for Restoration of Records by State Statute (Source of Revenue is Recording Fees)	<u>2,244</u>

Total Non-Major Funds 19,286

Total Restricted Fund Balances \$1,073,472

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	\$10,309
Committed for Conservation Commission Expenses by the Voters	<u>9,128</u>

Total Special Revenue Funds 19,437

Capital Projects Fund:

Committed for Bridge Expenditures	9,467
Committed for Town Hall Maintenance Expenditures	41,769
Committed for Computer Equipment Expenditures	<u>9,586</u>

Total Capital Projects Funds 60,822

Total Committed Fund Balances \$80,259

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

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2021	\$ 51,860
Assigned for History Book Expenses	<u>4,095</u>

Total General Fund 55,955

Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	<u>49,802</u>
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Total Assigned Fund Balances \$105,757

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

The unassigned deficit in the Park and Ride Project Fund of \$5,390 will be funded with future grant proceeds.

J. Restricted Net Position

The restricted net position of the Town as of June 30, 2020 consisted of the following:

Governmental Activities:

Inventories Restricted for Highway Use by Statute	\$ 31,888
Restricted for Highway Expenditures by Statute	137,476
Restricted for Highway Capital Expenditures by Statute	73,067
Restricted for Cemetery Trust Expenses by Endowments	239,389
Restricted for Home Improvement Loans by Grant Agreements	17,042
Restricted for Restoration of Records by Statute	2,244
Restricted for Library Trust Expenses by Endowments	<u>2,796</u>

Total Governmental Activities	\$ <u>503,902</u>
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V. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2019, the measurement date selected by the State of Vermont, the retirement system consisted of 379 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.

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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.

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

As of June 30, 2019, the measurement date selected by the State of Vermont, VMERS was funded at 80.35% and had a plan fiduciary net position of \$709,465,831 and a total pension liability of \$882,957,638 resulting in a net position liability of \$173,491,807. As of June 30, 2020, the Town's proportionate share of this was 0.0395% resulting in a net pension liability of \$68,444. The net pension liability was measured as of June 30, 2019, 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 0.0395% was a decrease of 0.0061 from its proportion measured as of the prior year.

For the year ended June 30, 2020, the Town recognized pension expense of \$10,159.

As of June 30, 2020, 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	\$ 8,868	\$ 592
Changes in assumptions	2,285	0
Difference between projected and actual investment earnings	4,662	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	771	8,703
Town's required employer contributions made subsequent to the measurement date	7,849	0
	<u>\$ 24,435</u>	<u>\$ 9,295</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$7,849 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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, 2020

Year Ending <u>June 30</u>	
2021	\$3,976
2022	1,135
2023	1,124
2024	<u>1,056</u>
Total	<u>\$7,291</u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. 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 highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) 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. Groups C and D – Age 55 with five (5) 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. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. 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. Age 50 with twenty (20) years of service for Group D.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Groups A and B members, and payable without reduction to Group D members.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

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

Amount – For Groups A, B and C, 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. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.

Optional Benefit and Death after Retirement – For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

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, C and D.

Member Contributions – Group A – 2.75%. Group B – 5.125%. Group C – 10.25%. Group D – 11.60%.

Employer Contributions – Group A – 4.25%. Group B – 5.75%. Group C – 7.50%. Group D – 10.10%.

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

TOWN OF CORINTH, VERMONT
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JUNE 30, 2020

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, B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Employee and 40% Healthy Employee with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Mortality Table with generational projection using scale SSA-2017.

Healthy Post-Retirement: Groups A, B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Annuitant and 40% Healthy Annuitant with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Annuitant Table with generational projections using scale SSA-2017.

Disabled Post-Retirement: All Groups – RP-2006 Disabled Mortality Table with generational projection using scale SSA-2017.

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

Cost-of-Living Adjustments: 1.15% for Group A members and 1.30% for Groups B, C and D members. The January 1, 2019 and January 1, 2020 COLAs are 1.30% and 0.80%, respectively, 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.

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determine the contribution requirements.

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, 2019 are summarized in the following table:

TOWN OF CORINTH, VERMONT
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29%	6.90%
US Equity – Large Cap	4%	5.94%
US Equity – Small/Mid Cap	3%	6.72%
Non-US Equity – Large Cap	5%	6.81%
Non-US Equity – Small Cap	2%	7.31%
Emerging Markets Debt	4%	4.26%
Core Bond	14%	1.79%
Non-Core Bonds	6%	3.22%
Short Quality Credit	5%	1.81%
Private Credit	5%	6.00%
US TIPS	3%	1.45%
Core Real Estate	5%	4.26%
Non-Core Real Estate	3%	5.76%
Private Equity	10%	10.81%
Infrastructure/Farmland	2%	4.89%

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>
\$112,238	\$68,444	\$32,191

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%.

TOWN OF CORINTH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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 \$46,475. Pension expense for the years ended June 30, 2020, 2019, 2018 and 2017 were \$2,382, \$2,298, \$2,427 and \$2,445, 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 2020 were as follows:

	<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, 2020, the Town billed \$3,078,660 in property taxes of which \$2,062,616 was allocated to education property taxes, \$581,425 to the Highway Fund, \$116,400 to the Highway Capital Fund, \$200 to the Town Planning Fund, \$100 to the Conservation Commission Fund, \$7,500 to the Bridge Reserve Fund, \$10,000 to the Town Hall Maintenance Fund, \$55,500 to the Fire Station Fund, \$7,500 to the Computer Reserve Fund and \$237,419 to the General Fund. The General Fund reported \$200,167 in property tax revenue due primarily to an increase in deferred property tax revenue.

C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and 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.

TOWN OF CORINTH, VERMONT
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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.

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 231,323	\$ 200,167	\$ (31,156)
Interest on Delinquent Taxes	9,000	7,679	(1,321)
Education Tax Billing Fee	1,000	4,318	3,318
HS Late Filing Penalty	1,000	1,809	809
Hold Harmless	100,000	102,813	2,813
Town Fees	14,000	15,874	1,874
Restoration of Records Fees	1,300	0	(1,300)
Liquor Licenses	70	70	0
Dog Licenses	1,000	871	(129)
Hall Rental Income	2,000	1,492	(508)
Investment Income	400	1,091	691
Miscellaneous	1,500	1,577	77
Civil Fines	2,500	729	(1,771)
Equalization Income	500	1,021	521
Land Use Change Tax	0	0	0
Permit Application Fees	200	25	(175)
Total Revenues	365,793	339,536	(26,257)
Expenditures:			
Selectmen:			
Selectmen Salaries	3,000	3,000	0
Administrative Assistant	500	0	500
Selectmen Financial Assistant	1,200	3,201	(2,001)
Social Security	400	510	(110)
Meetings	300	195	105
Mileage	100	0	100
Miscellaneous	300	0	300
Total Selectmen	5,800	6,906	(1,106)
Auditors:			
Town Audit	11,500	12,744	(1,244)
Postage	600	0	600
Printing	2,100	2,289	(189)
Hired Services - Town Report	1,200	920	280
Total Auditors	15,400	15,953	(553)
Elections:			
Payroll	1,000	812	188
Social Security	77	0	77
Meetings	60	136	(76)
Postage	50	0	50
Total Elections	1,187	948	239
Listers:			
Payroll	21,600	11,206	10,394
Social Security	1,650	857	793
Supplies	200	5	195
Consultants - Tax Map Maintenance	1,500	1,250	250
Technology Dues and Support	1,150	1,620	(470)
Dues & Meetings	700	60	640
Mileage	400	0	400
Furniture & Equipment	200	2,523	(2,323)
Total Listers	27,400	17,521	9,879

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Administrative Officer:			
Payroll	\$ 3,000	\$ 664	\$ 2,336
Social Security	230	51	179
Administrative Legal Notices	100	0	100
Administrative Meetings	150	0	150
Administrative Mileage	275	34	241
Zoning Postage	100	0	100
Supplies	150	34	116
Total Administrative Officer	4,005	783	3,222
Town Office:			
Town Clerk Salary	26,650	27,392	(742)
Assistant Clerk Salary	3,000	1,675	1,325
Town Treasurer Salary	28,000	25,160	2,840
Assistant Treasurer Salary	10,000	8,504	1,496
Social Security	5,200	4,829	371
Retirement	3,100	2,911	189
Health Insurance	18,500	9,335	9,165
Restoration of Records	3,000	2,952	48
Office Supplies	2,500	2,123	377
Mileage	200	0	200
Meetings & Dues	500	115	385
Furniture & Equipment	1,000	0	1,000
Total Town Office	101,650	84,996	16,654
Technology & Communications:			
Telephone	4,000	3,577	423
Website	1,000	1,615	(615)
Contract Maintenance	900	2,024	(1,124)
Technology Dues and Support	3,200	2,174	1,026
Postage	5,000	1,479	3,521
Supplies	100	86	14
Technology Equipment Purchases	1,225	0	1,225
Total Technology & Communications	15,425	10,955	4,470
Legal & Insurance:			
Legal Notices	500	157	343
Worker's Compensation	1,000	931	69
Unemployment Insurance	100	0	100
Bonds and Insurance	12,000	11,811	189
Legal Services	1,000	0	1,000
Total Legal & Insurance	14,600	12,899	1,701
Public Services:			
Abated Taxes	1,000	0	1,000
Ambulance Services	60,148	60,148	0
Animal Control	750	0	750
County Tax	35,000	35,747	(747)
East Corinth Volunteer Fire Department	50,000	50,000	0
Emergency Management	100	0	100
VLCT	2,700	2,660	40
Two Rivers Dues	2,037	2,037	0
Fire Warden	500	0	500
Humane Society	250	0	250
Miscellaneous Expenses, BCA	200	0	200
Total Public Services	152,685	150,592	2,093

TOWN OF CORINTH, VERMONT
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	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
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	180	180	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
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
Public Health Council	136	136	0
Tri-Valley Transit	1,500	1,500	0
Vt Ctr Independent Living	170	170	0
Total Appropriations	24,363	24,363	0
Town Hall Maintenance:			
Facility Manager Payroll	4,200	3,505	695
Social Security	320	268	52
Contract Maintenance	600	400	200
Rubbish Removal	130	144	(14)
Furniture and Equipment	500	0	500
Property Repairs and Maintenance	2,000	115	1,885
Supplies	500	404	96
Utilities	6,000	4,160	1,840
Contract Facility	2,500	100	2,400
Total Town Hall Maintenance	16,750	9,096	7,654
Solid Waste Disposal/Transfer Station:			
Transfer Station Attendant	4,500	4,273	227
Social Security	345	315	30
Solid Waste	600	595	5
Supplies	50	408	(358)
Site Costs	0	12,340	(12,340)
Retirement Transfer Station	25	0	25
NEKWD Per Capita Fee	0	1,230	(1,230)
Utilities	0	110	(110)
Total Solid Waste Disposal/Transfer Station	5,520	19,271	(13,751)
Law Enforcement:			
Safety Services	10,000	12,955	(2,955)
Payroll, Constable	700	26	674
Social Security - Constable	55	2	53
Mileage - Constable	100	17	83
Total Law Enforcement	10,855	13,000	(2,145)

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Delinquent Tax Collector:			
Social Security	\$ 1,000	\$ 907	\$ 93
Meetings	125	0	125
Total Delinquent Tax Collector	1,125	907	218
Cemetery:			
Worker's Compensation	0	224	(224)
Supplies	175	350	(175)
Appropriation	5,500	5,500	0
Total Cemetery	5,675	6,074	(399)
Total Expenditures	402,440	374,264	28,176
Excess/(Deficiency) of Revenues Over Expenditures	\$ (36,647)	(34,728)	\$ 1,919
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
History Book Fund Income		135	
History Book Fund Expenses		(64)	
Net Change in Fund Balance		(34,657)	
Fund Balance - July 1, 2019		214,320	
Fund Balance - June 30, 2020		\$ 179,663	

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 581,425	\$ 581,425	\$ 0
Overweight Permits	300	385	85
Investment Income	100	260	160
Highway State Aid Grant Income	163,000	167,503	4,503
Highway State Aid - Paving	0	116,311	116,311
Better Back Roads Grant Income	0	13,244	13,244
Miscellaneous Income	500	318	(182)
VLCT & Misc. Grants	0	2,550	2,550
Total Revenues	745,325	881,996	136,671
Expenditures:			
Administration:			
Payroll	2,400	2,400	0
Uniforms	2,900	3,337	(437)
Social Security	12,700	13,206	(506)
Retirement	7,300	7,180	120
Property & Casualty Insurance	10,000	11,543	(1,543)
Health Insurance	66,125	62,634	3,491
Unemployment Insurance	500	235	265
Worker's Compensation	14,000	13,337	663
Highway Meetings	200	0	200
Highway Mileage	500	189	311
Permits	0	1,350	(1,350)
Total Administration	116,625	115,411	1,214
Highway Labor:			
Labor	110,150	112,168	(2,018)
Overtime	22,000	17,131	4,869
Part-Time Labor	20,000	28,601	(8,601)
Personal Time	7,855	9,310	(1,455)
Holiday Time	3,700	3,327	373
Total Highway Labor	163,705	170,537	(6,832)
Materials:			
Gravel	60,000	63,173	(3,173)
Chloride	12,900	6,959	5,941
Salt	50,000	47,629	2,371
Sand	35,000	28,515	6,485
Stone	5,000	0	5,000
Total Materials	162,900	146,276	16,624
Patch and Paving:	160,000	254,104	(94,104)
Other Materials and Services:			
Hired Services	20,000	14,269	5,731
Posts and Guardrails	5,000	3,585	1,415
Culverts	10,000	6,029	3,971
Signs	2,500	2,313	187
Other Materials	1,500	3,736	(2,236)
Total Other Materials and Services	39,000	29,932	9,068

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Garage:			
Supplies	\$ 300	\$ 252	\$ 48
Repairs & Maintenance	5,000	6,038	(1,038)
Rubbish Removal	600	661	(61)
Electric	3,000	3,073	(73)
Telephone	1,700	1,557	143
Heat	500	703	(203)
Total Garage	<u>11,100</u>	<u>12,284</u>	<u>(1,184)</u>
Operating Supplies:			
Diesel Fuel	50,000	41,154	8,846
Gas, Oil & Chains	200	1,066	(866)
Small Tools & Equipment	3,500	1,620	1,880
Total Operating Supplies	<u>53,700</u>	<u>43,840</u>	<u>9,860</u>
Repairs and Maintenance:			
Equipment Maintenance	45,000	69,499	(24,499)
General Equipment	8,500	12,344	(3,844)
Total Repairs and Maintenance	<u>53,500</u>	<u>81,843</u>	<u>(28,343)</u>
Total Expenditures	<u>760,530</u>	<u>854,227</u>	<u>(93,697)</u>
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(15,205)</u>	27,769	\$ <u>42,974</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Better Back Roads Grant Fund Income		4,571	
Better Back Roads Grant Fund Expenses		(4,572)	
State Grant Projects Fund Income		6,145	
State Grant Projects Fund Expenses		<u>(13,860)</u>	
Net Change in Fund Balance		20,053	
Fund Balance - July 1, 2019		<u>149,311</u>	
Fund Balance - June 30, 2020		\$ <u>169,364</u>	

The reconciling items are due to combining two (2) funds with the Highway 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, 2020

	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.0394%	0.0456%	0.0539%	0.0509%	0.0600%	0.0584%
Town's Proportionate Share of the Net Pension Liability	\$ 68,444	\$ 64,225	\$ 65,294	\$ 65,458	\$ 46,290	\$ 5,331
Town's Covered Employee Payroll	\$ 148,259	\$ 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	46.1652%	43.8426%	41.3392%	37.9592%	30.4553%	3.1866%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.35%	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 six years are shown.

TOWN OF CORINTH, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 7,849	\$ 7,580	\$ 7,997	\$ 8,801	\$ 7,730	\$ 8,393
Contributions in Relation to the Actuarially Determined Contributions	<u>7,849</u>	<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>	\$ <u>0</u>
Town's Covered Employee Payroll	\$ 148,259	\$ 146,490	\$ 157,947	\$ 172,443	\$ 151,993	\$ 167,293
Contributions as a Percentage of Town's Covered Employee Payroll	5.294%	5.174%	5.063%	5.104%	5.086%	5.017%

Notes to Schedule

Valuation Date: June 30, 2019

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

TOWN OF CORINTH, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	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	12,679	0	0	12,679
Due from Other Funds	<u>85,756</u>	<u>60,822</u>	<u>0</u>	<u>146,578</u>
Total Assets	\$ <u>101,204</u>	\$ <u>60,822</u>	\$ <u>2,796</u>	\$ <u>164,822</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ <u>0</u>	\$ <u>5,390</u>	\$ <u>0</u>	\$ <u>5,390</u>
Total Liabilities	<u>0</u>	<u>5,390</u>	<u>0</u>	<u>5,390</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Loans Receivable	<u>12,679</u>	<u>0</u>	<u>0</u>	<u>12,679</u>
Total Deferred Inflows of Resources	<u>12,679</u>	<u>0</u>	<u>0</u>	<u>12,679</u>
<u>FUND BALANCES</u>				
Nonspendable	0	0	2,796	2,796
Restricted	19,286	0	0	19,286
Committed	19,437	60,822	0	80,259
Assigned	49,802	0	0	49,802
Unassigned/(Deficit)	<u>0</u>	<u>(5,390)</u>	<u>0</u>	<u>(5,390)</u>
Total Fund Balances	<u>88,525</u>	<u>55,432</u>	<u>2,796</u>	<u>146,753</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>101,204</u>	\$ <u>60,822</u>	\$ <u>2,796</u>	\$ <u>164,822</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, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Library Trust Fund	Total
Revenues:				
Property Taxes	\$ 300	\$ 25,000	\$ 0	\$ 25,300
Intergovernmental	12,828	35,670	0	48,498
Permits, Licenses and Fees	2,239	0	0	2,239
Investment Income	126	80	0	206
Loan Repayment	942	0	0	942
Loan Interest Income	45	0	0	45
Other	1,231	0	0	1,231
Total Revenues	17,711	60,750	0	78,461
Expenditures:				
General Government	5,100	5,428	0	10,528
Highways and Streets	0	41,060	0	41,060
Culture and Recreation	2,743	0	0	2,743
Total Expenditures	7,843	46,488	0	54,331
Excess of Revenues Over Expenditures	9,868	14,262	0	24,130
Net Change in Fund Balances	9,868	14,262	0	24,130
Fund Balances - July 1, 2019	78,657	41,170	2,796	122,623
Fund Balances - June 30, 2020	\$ 88,525	\$ 55,432	\$ 2,796	\$ 146,753

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CORINTH, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Town Planning Fund	Home Improvement Loan Fund	Conservation Commission Fund	Reappraisal Fund	Restoration of Records Fund	Total
<u>ASSETS</u>						
Receivables	\$ 2,769	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,769
Loans Receivable	0	12,679	0	0	0	12,679
Due from Other Funds	7,540	17,042	9,128	49,802	2,244	85,756
Total Assets	\$ <u>10,309</u>	\$ <u>29,721</u>	\$ <u>9,128</u>	\$ <u>49,802</u>	\$ <u>2,244</u>	\$ <u>101,204</u>
<u>LIABILITIES</u>						
Liabilities:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Loans Receivable	0	12,679	0	0	0	12,679
Total Deferred Inflows of Resources	0	12,679	0	0	0	12,679
<u>FUND BALANCES</u>						
Restricted	0	17,042	0	0	2,244	19,286
Committed	10,309	0	9,128	0	0	19,437
Assigned	0	0	0	49,802	0	49,802
Total Fund Balances	10,309	17,042	9,128	49,802	2,244	88,525
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>10,309</u>	\$ <u>29,721</u>	\$ <u>9,128</u>	\$ <u>49,802</u>	\$ <u>2,244</u>	\$ <u>101,204</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, 2020

	Town Planning Fund	Home Improvement Loan Fund	Conservation Commission Fund	Reappraisal Fund	Restoration of Records Fund	Total
Revenues:						
Property Taxes	\$ 200	\$ 0	\$ 100	\$ 0	\$ 0	\$ 300
Intergovernmental	2,769	0	1,380	8,679	0	12,828
Permits, Licenses and Fees	0	0	0	0	2,239	2,239
Investment Income	10	0	6	105	5	126
Loan Repayment	0	942	0	0	0	942
Loan Interest Income		45	0	0	0	45
Other	0	0	1,231	0	0	1,231
Total Revenues	2,979	987	2,717	8,784	2,244	17,711
Expenditures:						
General Government	100	5,000	0	0	0	5,100
Culture and Recreation	0	0	2,743	0	0	2,743
Total Expenditures	100	5,000	2,743	0	0	7,843
Net Change in Fund Balances	2,879	(4,013)	(26)	8,784	2,244	9,868
Fund Balances - July 1, 2019	7,430	21,055	9,154	41,018	0	78,657
Fund Balances - June 30, 2020	<u>\$ 10,309</u>	<u>\$ 17,042</u>	<u>\$ 9,128</u>	<u>\$ 49,802</u>	<u>\$ 2,244</u>	<u>\$ 88,525</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CORINTH, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2020

	Bridge Reserve Fund	Town Hall Maintenance Fund	Computer Reserve Fund	Park and Ride Project Fund	Total
<u>ASSETS</u>					
Due from Other Funds	\$ 9,467	\$ 41,769	\$ 9,586	\$ 0	\$ 60,822
Total Assets	<u>\$ 9,467</u>	<u>\$ 41,769</u>	<u>\$ 9,586</u>	<u>\$ 0</u>	<u>\$ 60,822</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 5,390	\$ 5,390
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,390</u>	<u>5,390</u>
<u>FUND BALANCES</u>					
Committed	9,467	41,769	9,586	0	60,822
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,390)</u>	<u>(5,390)</u>
Total Fund Balances/(Deficit)	<u>9,467</u>	<u>41,769</u>	<u>9,586</u>	<u>(5,390)</u>	<u>55,432</u>
Total Liabilities and Fund Balances	<u>\$ 9,467</u>	<u>\$ 41,769</u>	<u>\$ 9,586</u>	<u>\$ 0</u>	<u>\$ 60,822</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, 2020

	Bridge Reserve Fund	Town Hall Maintenance Fund	Computer Reserve Fund	Park and Ride Project Fund	Total
Revenues:					
Property Taxes	\$ 7,500	\$ 10,000	\$ 7,500	\$ 0	\$ 25,000
Intergovernmental	0	0	0	35,670	35,670
Investment Income	<u>1</u>	<u>75</u>	<u>4</u>	<u>0</u>	<u>80</u>
Total Revenues	<u>7,501</u>	<u>10,075</u>	<u>7,504</u>	<u>35,670</u>	<u>60,750</u>
Expenditures:					
General Government	0	0	5,428	0	5,428
Highways and Streets	<u>0</u>	<u>0</u>	<u>0</u>	<u>41,060</u>	<u>41,060</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>5,428</u>	<u>41,060</u>	<u>46,488</u>
Excess/(Deficiency) of Revenue Over Expenditures	<u>7,501</u>	<u>10,075</u>	<u>2,076</u>	<u>(5,390)</u>	<u>14,262</u>
Net Change in Fund Balances	7,501	10,075	2,076	(5,390)	14,262
Fund Balances - July 1, 2019	<u>1,966</u>	<u>31,694</u>	<u>7,510</u>	<u>0</u>	<u>41,170</u>
Fund Balances/(Deficit) - June 30, 2020	<u>\$ 9,467</u>	<u>\$ 41,769</u>	<u>\$ 9,586</u>	<u>\$ (5,390)</u>	<u>\$ 55,432</u>

See Disclaimer in Accompanying Independent Auditor's Report.

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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, 2020, and the related notes to the financial statements, which collectively comprise the Town of Corinth, Vermont's basic financial statements and have issued our report thereon dated April 10, 2023.

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 2020-01 and 2020-02 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 2020-03 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 April 10, 2023.

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.

Sullivan, Powers & Co.

April 10, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF CORINTH, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2020

Deficiencies in Internal Control:

Material Weaknesses:

2020-01 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.

2020-02 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, 2020

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:

2020-03 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.