# TOWN OF CORINTH, VERMONT

# AUDIT REPORT

# FOR THE YEAR ENDED JUNE 30, 2023

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Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT

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

**Opinions**

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, 2023, 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.

We do not express an opinion on the financial statements of Town of Corinth, Vermont referred to above. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

**Basis for Disclaimer of Opinion**

Due to the involvement of our audit team in proposing various journal entries to address discrepancies and omissions in the Town's financial records, we found that our independence as auditors has been impacted. The Town's accounting staff faced challenges in preparing the financial statements and related entries, which led us to assist in proposing these adjustments. Normally, these tasks would be the responsibility of the Town's accounting personnel. As a result, our role extended beyond the scope of an auditor's traditional responsibilities, which has affected our ability to maintain the necessary independence required under Government Auditing Standards.

Given the impact on our independence, we are unable to perform an audit with the objectivity and impartiality expected, and we were unable to obtain sufficient appropriate audit evidence to form an opinion on the Town's financial statements. Consequently, this has resulted in a limitation to the scope of our audit.

**Emphasis of Matter – Restatement of Opening Balances**

As discussed in Note 1 to the financial statements, the balances as of June 30, 2022, have been restated to correct for misstatements identified in the 2023 audit. Although the 2022 financial statements are not included in this presentation, the revision impacts the beginning balances of the reporting period presented. Our opinion is not modified with respect to these matters.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Corinth, Vermont's ability to continue as a going concern for twelve (12) months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Town of Corinth, Vermont's financial statements in accordance with generally accepted auditing standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America (GAAP) require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 39-44, respectively, the Schedule of Proportionate Share of the Net Position Liability on Schedule 1 and the Schedule of Contributions on Schedule 2 and Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on Schedule 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 do not express an opinion or provide any assurance on the information because of the matter described in the Basis for Disclaimer of Opinion section.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Corinth's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the combining and individual nonmajor fund financial statements, in relation to the basic financial statements as a whole because of the matter described in the Basis for Disclaimer of Opinion section of our report.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Batchelder Associates, PC
License #945
Barre, Vermont
September 15, 2025

As management of the Town of Corinth, Vermont ("Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

## Financial Highlights

The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by $6,004,081 (*net position*). Of this amount, $185,697 (*unrestricted net position*) may be used by the various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors.

The Town's total net position for governmental activities decreased by $211,807.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $806,632, a decrease of $72,604 from the prior year end. Of the total ending fund balances, $167,944 is available for spending at the government's discretion. Of this amount, $67,250 is assigned and $100,694 is unassigned.

The Highway Fund reported a deficit this year of $76,663 which resulted in a fund balance of $99,705 as of June 30, 2023.

The Highway Capital Fund reported a deficit this year of $4,343 which resulted in a fund balance of $52,739 as of June 30, 2023.

The Cemetery Trust Fund reported a surplus this year of $12,230 which resulted in a fund balance of $244,880 as of June 30, 2023.

The Fire Station Fund reported a surplus this year of $520 which resulted in a fund balance of $92,378 as of June 30, 2023.

The Other Governmental Funds reported a surplus of $20,864 which resulted in a fund balance of $214,397 as of June 30, 2023.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### 1. Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, health and social services, conservation and development.

**Overview of the Financial Statements (continued)**

The government-wide financial statements are designed to include not only the Town itself *(known as the primary government),* but also any legally separate entities for which the Town is financially accountable *(known as component units*). The Town has no such entities that qualify as component units.

The government-wide financial statements can be found on page 9 and 10 of this report.

**2. Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be classified as governmental funds.

**A. Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains five (5) individual governmental funds, including the General Fund, eight (8) Special Revenue Funds, four (4) Capital Projects Funds, one (1) Permanent Fund and one (1) Fiduciary Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund all other Major Funds, Special Revenue Funds, Capital Projects Funds (which are considered to be non-major funds) and Fiduciary Funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds.

The basic governmental fund financial statements can be found on page 11 and 12 of this report.

**B. Proprietary Funds**

The Town has no Proprietary Funds.

**C. Fiduciary Funds**

The Town has one (1) Fiduciary Fund.

**3. Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

## 4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

**The Town as a Whole – Net Position**

*Governmental Activities* - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by $6,004,081 at the close of the fiscal year end.

By far the largest portion of the Town's net position, reflective of 85.15% of the balance, is the investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position of $185,697 may be used to meet the government's ongoing obligations to citizens and creditors. Included in unrestricted net position are amounts that management has committed and assigned for particular purposes, such as special revenue funds capital project funds and reserves for expenditures in subsequent years.

At the end of the current fiscal year, the Town is able to report positive balances in both categories of net position for the government as a whole.

| | Governmental Activities | |
|---|---|---|
| | 2023 | 2022 |
| Current and other assets | $ 1,448,166 | $ 1,246,761 |
| Capital assets, non-depreciable | 183,511 | 134,666 |
| Capital assets, depreciable | 5,918,206 | 6,281,589 |
| Total Assets | 7,549,883 | 7,663,016 |
| Deferred outflows of resources | 77,527 | 26,639 |
| Long-term liabilities outstanding | 1,004,690 | 1,033,555 |
| Other liabilities | 225,324 | 398,340 |
| Deferred inflows of resources | 393,315 | 41,872 |
| Total Liabilities | 1,623,329 | 1,473,767 |
| Net Position | | |
| Invested in capital assets, net of related debt | 5,112,446 | 5,263,129 |
| Restricted | 592,675 | 46,023 |
| Nonspendable | 46,013 | 824,336 |
| Assigned | 67,250 | 110,542 |
| Unrestricted | 185,697 | (28,142) |
| Total Net Position | $ 6,004,081 | $ 6,215,888 |

## The Town as a Whole – Changes in Net Position

Governmental activities decreased the Town's net position by $211,807 during the current fiscal year.

| | Governmental Activities | |
|---|---|---|
| | 2023 | 2022 |
| REVENUES | | |
| Program revenues | | |
| Charges for services | $ 33,942 | $ 205,214 |
| Operating grants and contributions | 326,986 | 329,272 |
| Capital grants and contributions | 6,602 | 36,304 |
| General revenues | | |
| Property taxes | 1,065,414 | 956,443 |
| Tax penalties and interest | 13,613 | 13,554 |
| Unrestricted investment earnings | 11,163 | 604 |
| Liscense and permits | 3,690 | - |
| Other revenues/loss | 52,771 | (39,057) |
| Total Revenues | 1,514,181 | 1,502,334 |
| EXPENSES | | |
| Governmental activities | | |
| General government | 320,005 | 345,834 |
| Public safety | 148,533 | 146,061 |
| Public works | 1,209,409 | 1,429,393 |
| Cemetery | 18,652 | 18,972 |
| Culture and recreation | 3,961 | 121 |
| Interest on long-term debt | 25,428 | 31,491 |
| Total Expenses | 1,725,988 | 1,971,872 |
| Change in net assets | (211,807) | (469,538) |
| Net position-beginning of year (restated) | 6,215,888 | 6,685,426 |
| Net position - end of year | $ 6,004,081 | $ 6,215,888 |

## Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $806,632 a decrease of $72,604 in comparison to the prior year.

### a. General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year the General Fund unrestricted balance was a surplus of $100,694. As a measure of the General Fund's liquidity, it would be useful to compare total fund balance to total general fund expenditures and operating transfers. The general fund balance represents 24.57% of the total general fund expenditures and operating transfers for the year ended June 30, 2023.

The General Fund balance decreased by $25,212 during the fiscal year.

### b. Special Revenue, Capital Projects and Permanent Funds

Special revenue, capital projects and permanent funds include the following funds:

Planning Commission Fund
Home Improvement Fund
Conservation Commission Fund
Reappraisal Fund
Restoration of Records Fund
Emerald Ash Borer Fund
ARPA Fund
Library Grant Fund
Bridge Reserve Fund
Town Hall Cap Improvement Fund
Computer Reserve Fund
State Gant Project Fund
Blake Memorial Library Fund

Total Other Governmental Fund balances are $214,397.

## Budget vs Actual

The table below compares actual to budget for the General Fund and Highway Fund. The most significant variances of actual to budget are as follows:

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| REVENUES | | | |
| General budget | $ 429,089 | $ 392,148 | $ (36,941) |
| Highway budget | 843,607 | 818,935 | (24,672) |
| EXPENDITURES | | | |
| General budget | $ 429,089 | $ 417,360 | $ 11,729 |
| Highway budget | 843,607 | 895,598 | (51,991) |

## Capital Asset and Debt Administration

### 1. Capital Assets

The Town's reinstated in capital assets for its governmental funds for the year ended, amounted to $6,101,717 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, furniture, vehicles, and equipment.

| | Governmental Activities | |
|---|---|---|
| | 2023 | 2022 |
| Land | $ 134,666 | $ 134,666 |
| Construction in progress | 48,845 | 48,845 |
| Buildings and improvements | 1,025,628 | 1,055,616 |
| Vehicles | 652,730 | 807,108 |
| Machinery and equipment | 33,449 | 35,814 |
| Infrastructure | 4,206,399 | 4,334,207 |
| Total Assets | $ 6,101,717 | $ 6,416,256 |

Additional information on the Town's capital assets can be found in Note 6 of the notes to financial statements.

### 2. Long-term Debt

At June 30, 2023, the Town had $1,143,966 in outstanding debt and long-term liabilities, versus $1,207,694 at June 30, 2022, a decrease of $63,728 as shown below:

| | Governmental Activities | |
|---|---|---|
| | 2023 | 2022 |
| Notes payable, bank | $ 989,271 | $ 1,148,244 |
| Uncompensated Absences | 14,896 | 15,166 |
| Net Pension Liability | 139,799 | 44,284 |
| Totals | $ 1,143,966 | $ 1,207,694 |

## Economic Factors and Next Year's Budgets and Rates

Recent data on Vermont economic conditions indicate that the performance of the Vermont economy has generally outperformed the developments in the U.S. economy overall during the past 12 to 18 months.

All of these factors were considered in preparing the Town's budget for the year ended June 30, 2023, and fiscal year ended June 30, 2024.

The Town approved a general fund budget for the year ended June 30, 2023 in the amount of $429,089 and for the fiscal year 2024 in the amount of $456,482. This represents an annualized increase of $28,393 (6.63%) from the approved budget for the prior fiscal year.

## Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance clerk, P.O. Box 461, 1387 Cookeville Road, Corinth, VT 05039. Or by email: Shirley Montagne, Finance Clerk at finance@corintvt.org.

TOWN OF CORINTH, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2023

| | Governmental Activities | Total |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 842,647 | $ 842,647 |
| Investments | 246,103 | 246,103 |
| Receivables (net of allowance for uncollectible accounts) | | |
| Taxes receivable | 210,268 | 210,268 |
| Grant receivable | 80,175 | 80,175 |
| Accounts receivable | 9,430 | 9,430 |
| Other receivable | 901 | 901 |
| Other current assets | 12,629 | 12,629 |
| Inventory | 46,013 | 46,013 |
| Capital assets (net of accumulated depreciation) | | |
| Land | 134,666 | 134,666 |
| Construction in progress | 48,845 | 48,845 |
| Building and building improvements | 1,025,628 | 1,025,628 |
| Vehicles | 652,730 | 652,730 |
| Machinery and equipments | 33,449 | 33,449 |
| Infrastructure | 4,206,399 | 4,206,399 |
| Total Assets | 7,549,883 | 7,549,883 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources related to the Town's participation in VMERS | 77,527 | 77,527 |
| Total Deferred Outflows of Resources | 77,527 | 77,527 |
| LIABILITIES | | |
| Accounts payable | 55,330 | 55,330 |
| Accrued Payroll and Benefits Payable | 26,462 | 26,462 |
| Accrued Interest Payable | 9,632 | 9,632 |
| Tax overpayments | 8,083 | 8,083 |
| Payroll liabilities | 1,355 | 1,355 |
| Other current liabilities | 82 | 82 |
| Due within one year | 124,380 | 124,380 |
| Non-current obligations | | |
| Pension liability | 139,799 | 139,799 |
| Due in more than one year | 864,891 | 864,891 |
| Total Liabilities | 1,230,014 | 1,230,014 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources related to the Town's participation in VMERS | 10,151 | 10,151 |
| Deferred grant revenue | 383,164 | 383,164 |
| Total Deferred Inflows of Resources | 393,315 | 393,315 |
| NET POSITION | | |
| Net investment in capital assets | 5,112,446 | 5,112,446 |
| Restricted | 592,675 | 592,675 |
| Nonspendable | 46,013 | 46,013 |
| Assigned | 67,250 | 67,250 |
| Unrestricted | 185,697 | 185,697 |
| Total Net Position | $ 6,004,081 | $ 6,004,081 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
STATEMENT OF ACTIVITIES
JUNE 30, 2023

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants | Program Revenues: Capital Grants & Contributions | Net (E Cha Governme Activitie |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| General government | $ 320,005 | $ 29,960 | $ 8,679 | $ 6,602 | $ (274 |
| Public safety | 148,533 | 637 | - | - | (147 |
| Public works | 1,209,409 | - | 318,307 | - | (891 |
| Cemetery | 18,652 | - | - | - | (18 |
| Cultural and recreation | 3,961 | 3,345 | - | - | ( |
| Interest on long-term debt | 25,428 | - | - | - | (25 |
| Total Governmental Activities | 1,725,988 | 33,942 | 326,986 | 6,602 | (1,358 |

| | |
|---|---|
| General revenues: | |
| Property taxes | 1,065 |
| Tax penalties and interest | 13 |
| Unrestricted investment earnings | 11 |
| Liscense and permits | 3 |
| Other revenues | 52 |
| Total General Revenues and Transfers | 1,146 |
| Change in net assets | (211 |
| Net position, July 1, 2022 (restated) | 6,215 |
| Net position, June 30, 2023 | $ 6,004 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

| | General Funds | Highway Fund | Highway Capital Fund | Cemetery Trust Fund | Fire Station Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Cash and equivalents | $ 840,690 | $ - | $ - | $ 1,957 | $ - | $ - | $ 842,647 |
| Investments | - | - | - | 244,097 | - | 2,006 | 246,103 |
| Receivables (net of allowance) | | | | | | | |
| Property taxes, interest and penalty receivable | 210,268 | - | - | - | - | - | 210,268 |
| Accounts receivable | - | - | - | - | - | 9,430 | 9,430 |
| Other receivable | - | - | - | - | - | 901 | 901 |
| Grant receivable | - | - | - | - | - | 80,175 | 80,175 |
| Inventory | 1,839 | 44,174 | - | - | - | - | 46,013 |
| Other current assets | 12,629 | - | - | - | - | - | 12,629 |
| Due from other funds | - | 86,648 | 52,739 | - | 92,378 | 659,501 | 891,266 |
| Total Assets | 1,065,426 | 130,822 | 52,739 | 246,054 | 92,378 | 752,013 | 2,339,432 |
| LIABILITIES | | | | | | | |
| Accounts payable | 27,978 | 27,076 | - | 275 | - | - | $ 55,329 |
| Accrued Payroll and Benefits Payable | 7,525 | 4,041 | - | - | - | - | 11,566 |
| Tax overpayments | 8,083 | - | - | - | - | - | 8,083 |
| Payroll liabilities | 956 | - | - | 399 | - | - | 1,355 |
| Other current liabilities | 82 | - | - | - | - | - | 82 |
| Due to other funds | 747,846 | - | - | 500 | - | 142,920 | 891,266 |
| Total Liabilities | 792,470 | 31,117 | - | 1,174 | - | 142,920 | 967,681 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred grant revenue | - | - | - | - | - | 394,696 | 394,696 |
| Deferred tax revenue | 170,423 | - | - | - | - | - | 170,423 |
| Total Deferred Inflows of Resources | 170,423 | - | - | - | - | 394,696 | 565,119 |
| FUND BALANCES | | | | | | | |
| Restricted | - | 55,531 | 52,739 | 244,880 | 92,378 | 147,147 | 592,675 |
| Nonspendable | 1,839 | 44,174 | - | - | - | - | 46,013 |
| Assigned | - | - | - | - | - | 67,250 | 67,250 |
| Unassigned | 100,694 | - | - | - | - | - | 100,694 |
| Total Fund Balances | 102,533 | 99,705 | 52,739 | 244,880 | 92,378 | 214,397 | 806,632 |
| Total Liabilities and Fund Balances | $ 1,065,426 | $ 130,822 | $ 52,739 | $ 246,054 | $ 92,378 | $ 752,013 | |

| | |
|---|---|
| Amounts reported for Government 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 | 6,101,717 |
| Represents deferred revenue recorded as deferred inflows in the governmental funds that are reclassified and recognized as revenue in the government-wide statements. | 181,953 |
| Long-term and accrued liabilities, including notes payable, net pension liability and accrued vacation are not due or payable in the current period and, therefore, are not reported in the funds | (1,153,597) |
| Deferred outflows and inflows of resources relating to the Town's participation in VMERS are applicable to future periods and, therefore, are not reported in the funds | 67,376 |
| Net position of Governmental Activities | $ 6,004,081 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2023

| | General Fund | Highway Fund | Highway Capital Fund | Cemetery Trust Fund | Fire Station Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| REVENUES | | | | | | | |
| Taxes | $ 234,228 | $ 598,653 | $ 115,470 | $ - | $ 61,721 | $ 29,100 | $ 1,039,172 |
| Tax penalties and interest | 13,613 | - | - | | - | - | 13,613 |
| Fees, licenses and permits | - | - | - | 3,690 | - | - | 3,690 |
| Intergovernmental revenues | 99,774 | 211,119 | 7,414 | | - | 15,280 | 333,587 |
| Charges for current services | 23,047 | 440 | - | | 637 | 9,818 | 33,942 |
| Interest | - | - | - | | - | 931 | 931 |
| Other revenues | 21,486 | 8,723 | 7,414 | 25,380 | - | - | 63,003 |
| Total Revenues | 392,148 | 818,935 | 130,298 | 29,070 | 62,358 | 55,129 | 1,487,938 |
| EXPENDITURES | | | | | | | |
| General government | 254,399 | 5,791 | - | - | - | 20,119 | 280,309 |
| Public safety | 148,433 | - | - | - | 100 | - | 148,533 |
| Public works | 12,718 | 727,200 | 9,221 | - | - | 10,185 | 759,324 |
| Conservation and development | - | - | - | - | - | 3,961 | 3,961 |
| Cemetery | 1,810 | - | - | 16,840 | - | - | 18,650 |
| Debt service expenditures | | | | | | | |
| Principal and lease payments | - | - | 116,473 | - | 42,500 | - | 158,973 |
| Interest | - | - | 8,947 | - | 19,238 | - | 28,185 |
| Capital expenditures | | | | | | | |
| Public works | - | 162,607 | - | - | - | - | 162,607 |
| Total Expenditures | 417,360 | 895,598 | 134,641 | 16,840 | 61,838 | 34,265 | 1,560,542 |
| Net change in fund balances | (25,212) | (76,663) | (4,343) | 12,230 | 520 | 20,864 | (72,604) |
| Fund balances, July 1, 2022 (restated) | 127,745 | 176,368 | 57,082 | 232,650 | 91,858 | 193,533 | 879,236 |
| Fund balances, June 30, 2023 | $ 102,533 | $ 99,705 | $ 52,739 | $ 244,880 | $ 92,378 | $ 214,397 | $ 806,632 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023

| | |
|---|---|
| Amounts reported for governmental activities in the statement of activities (page 10) are different because: | |
| Net change in fund balance - total government funds (page 12). | $ (72,604) |
| Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | (314,539) |
| Accrued compensation and pension expenses is not reflected in the government funds. | (12,636) |
| Government funds report note proceeds and repayment as revenue and expenditures, respectively. The statement of activities does not reflect these as current inflows and outflows, but shows on the statement of net position. | 161,730 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment reclassifies deferred property taxes that became available in the current year. | 26,242 |
| Change in net assets of governmental activities (page 10). | $ (211,807) |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
BALANCE SHEET
FIDUCIARY FUNDS
JUNE 30, 2023

| | Total |
|---|---|
| ASSETS | |
| Accounts receivable | $ - |
| Due from school | - |
| Total Assets | $ - |
| LIABILITIES | |
| Due to school | $ - |
| Total Liabilities | - |
| FUND BALANCES | |
| Restricted | - |
| Total Fund Balances | - |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ - |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

| | Total |
|---|---|
| ADDITIONS: | |
| Education taxes collected for other governments | $ 1,862,487 |
| Total Additions | 1,862,487 |
| DEDUCTIONS: | |
| Corinth portion school budget | 1,862,487 |
| Total Deductions | 1,862,487 |
| CHANGE IN NET POSITION | - |
| NET POSITION - JULY 1, 2022 (restated) | - |
| NET POSITION - JUNE 30, 2023 | $ - |

The notes to the financial statements are an integral part of this statement.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The accounting policies adopted by 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.

### *Restatement*

During the audit of the financial statements for the year ended June 30, 2023, the Town identified adjustments requiring a restatement of the opening balances as of July 1, 2022. Grant revenue originally recorded in the Highway Fund was reclassified to the Park and Ride Fund, certain fiscal year 2022 tax levy amounts that had been recorded in fiscal year 2023 were reclassified to the proper period, and Highway State Aid received for fiscal year 2022 that had been posted in fiscal year 2023 was similarly reclassified. In addition, a fixed asset previously classified as construction in progress was prematurely capitalized as a Fire Station Building, necessitating a correction to reclassify the asset and adjust related accumulated depreciation. These corrections restated the fiscal year 2022 fund balances and capital asset balances to properly reflect the Town's financial position at the start of the current year, with no effect on the current year's change in net position other than the adjustment of beginning balances.

The following summarizes the impact of the restatement on the fund balance as of June 30, 2022:

| | | |
|---|---|---|
| Fund balance as previously reported, net | $ | 6,492,693 |
| Restatement amounts | | |
| Depreciation | | 2,441 |
| Grant revenue | | (51,471) |
| Tax levy | | (227,775) |
| Fund balance as restated, net | $ | 6,215,888 |

### *The Financial Reporting Entity*

The Select Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Town is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There is no component units included within the reporting entity. A component unit is another operation in the Town that has a separately elected Board such as a town school district, cemetery, or library.

This report includes all of the funds of the Town. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. There are no agencies or entities that should be combined with the financial statements of the Town.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***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, liabilities, 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 longer-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.

Basic Financial Statements - Government-Wide Statements

The statement of net position and the statement of activities display information about 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; however, interfund services provided and used are not eliminated. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange 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 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.

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category - governmental, are presented. 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 non-major funds.

The Town reports on the following major governmental funds:

General Fund - This is the general operating fund of the Town. It accounts for all financial resources of the general government, except those not accounted for in another fund.

Highway Fund – This is the highways operating fund of the Town. It accounts for all financial resources for the town's highways and roads.

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 Funds - This fund accounts for purchasing and financing capital equipment for the Fire Department.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Measurement Focus***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide fund financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Fund equity (i.e., net total assets) is segregated into investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources. 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 assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

***Basis of Accounting***

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis of Accounting

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. Non-exchange 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.

Modified Accrual Basis of Accounting

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 acquisitions under capital leases 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.

***Cash and Cash Equivalents***

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six (6) months or less from the date of acquisition.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Budget Accounting***

The Town is required by state law to adopt a budget for the General and Highway Funds. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). The operating budget is prepared by the Select Board and approved by the Select Board at a properly warned meeting for presentation to the voters. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved by Town voters at a properly warned annual Town meeting. The voters vote on the total expense amount, but voters have discretion to change individual line items within the budget, thereby changing the total voted expense amount.

***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. 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 fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, 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:

| | Capitalization Threshold | | Estimated Service Life |
|---|---|---|---|
| Land improvements | $ | 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 type financial statements. Capital outlays in these funds are recorded as expenditures in the year they are paid.

***Accrued Compensated Balances***

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment.

Fund Financial Statements – Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts until paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the statement of net position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by its use by Town legislation or external restrictions by creditors, grantors, laws, or regulations of other governments.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Fund Balances***

The Town classifies its fund balances depicting the relative strength of the constraints that might control how specific amounts can be spent:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Town voters, in this case. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the Town Selectboard or by an official or body to which the Selectboard delegates the authority.

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

Nonspendable and Restricted funds are so-designated by external funds sources, such as in the case of the nonspendable Cemetery Trust Fund corpus, and also by the definitions of "nonspendable" contained in GASB Statement No. 54. Fund balances that are committed and assigned are so-designated by action of the voters or the Selectboard, respectively. Special revenue funds are by definition, created only to report a revenue source that is restricted or committed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to consider the most constrained fund balances to be expended first.

***Investments***

State statute does not restrict the types of investments the Town can make. All investments require the authorization of the Board of Selectmen. The Town's Cemetery Trust Fund holds investments.

In accordance with GASB 31, "Accounting and Financial Reporting for Certain Investments," investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

***Inventories and Prepaid Expenses/Item***

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Interfund Balances***

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (for the current portion of the interfund loans) or "advances to/from other funds" (for the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

***Pension Plans***

For purposes of measuring the proportionate share of the net pension liability and the related deferred outflow/inflows of resources and pension expenses, information about the fiduciary net position of the Vermont Municipal Employee's Retirement System (VMERS) plan and additions to/deductions from the VMERS fiduciary net position has 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 they are due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one (1) type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, report deferred outflows of resources from one (1) source; deferred outflows related to the Town's participation in the Vermont Municipal Employees Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

***Deferred Inflows of Resources***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one (1) type of items which arise under the modified accrual basis of accounting and two (2) types which arise under the accrual basis of accounting that qualify for reporting in this category. The statement of net position reports deferred inflows of resources from one (1) source; deferred inflows related to the Town's participation in the Vermont Employees Retirement System. The governmental funds balance sheet reports deferred inflows of resources from two (2) sources; deferred grant revenue and deferred tax revenue. 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.

***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 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. The most significant estimates used by the Town are the estimated useful lives used to calculate depreciation of property, plant, and equipment.

**NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

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

*Long-term revenue* differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report operating expenses (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 expense as an expense. Further, governmental funds report the

**NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)**

proceeds for the sale of capital assets as revenue, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

*Long-term debt* transaction differences arise because governmental funds report bond proceeds as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

A detailed explanation of the differences between governmental funds balance sheet and government-wide statement of net position is as follows:

| | Total Governmental Funds | Long-term Revenues/ Expenses | Capital-Related Items | Long-term Debt Transactions | Elimination of Due To/From | Statement of Net Position Total |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash | $ 842,647 | $ - | $ - | $ - | $ - | $ 842,647 |
| Investments | 246,103 | - | - | - | - | 246,103 |
| Receivable (net of allowance) | | | | | | |
| Taxes receivable | 210,268 | - | - | - | - | 210,268 |
| Accounts receivables | 9,430 | - | - | - | - | 9,430 |
| Other receivables | 901 | - | - | - | - | 901 |
| Grant receivables | 80,175 | - | - | - | - | 80,175 |
| Inventory | 46,013 | - | - | - | - | 46,013 |
| Other current assets | 12,629 | - | - | - | - | 12,629 |
| Due from other funds | 891,266 | - | - | - | (891,266) | - |
| Capital assets | - | - | 6,101,717 | - | - | 6,101,717 |
| Total assets | 2,339,432 | - | 6,101,717 | - | (891,266) | 7,549,883 |
| Deferred Outflows - pension sources | - | 77,527 | - | - | - | 77,527 |
| LIABILITIES | | | | | | |
| Accounts payable | 55,329 | - | - | - | - | 55,329 |
| Accrued payroll and withholdings | 11,566 | 14,897 | - | - | - | 26,463 |
| Accrued interest payable | - | 9,632 | - | - | - | 9,632 |
| Tax overpayments | 8,083 | - | - | - | - | 8,083 |
| Payroll liabilities | 1,355 | - | - | - | - | 1,355 |
| Other current liabilities | 82 | - | - | - | - | 82 |
| Due to other funds | 891,266 | - | - | - | (891,266) | - |
| Non-current obligations | - | - | - | 989,271 | - | 989,271 |
| Net pension liability | - | 139,799 | - | - | - | 139,799 |
| Total Liabilities | 967,681 | 164,328 | - | 989,271 | (891,266) | 1,230,014 |
| Deferred Inflows | | | | | | |
| Deferred grant revenue | 394,696 | (11,532) | - | - | - | 383,164 |
| Deferred property taxes | 170,423 | (170,423) | - | - | - | - |
| Pension resources | - | 10,151 | - | - | - | 10,151 |
| Total deferred inflows | 565,119 | (171,804) | - | - | - | 393,315 |
| NET ASSETS | | | | | | |
| Invested in capital assets | - | - | 6,101,717 | (989,271) | - | 5,112,446 |
| Restricted | 592,675 | - | - | - | - | 592,675 |
| Nonspendable | 46,013 | - | - | - | - | 46,013 |
| Assigned | 67,250 | - | - | - | - | 67,250 |
| Unrestricted | 100,694 | 85,003 | - | - | - | 185,697 |
| Total Net Assets | $ 806,632 | $ 85,003 | $ 6,101,717 | $ (989,271) | $ - | $ 6,004,081 |

**NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)**

A detailed explanation of the differences between governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities is as follows:

| | Total Governmental Funds | Long-term Revenues/ Expenses | Capital-Related Items | Long-term Debt Transactions | Statement of Net Assets Total |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Taxes | $ 1,039,172 | $ 26,243 | $ - | $ - | $ 1,065,415 |
| Tax penalties and interest | 13,613 | - | - | - | 13,613 |
| Fees, licenses and permits | 3,690 | - | - | - | 3,690 |
| Intergovernmental revenues | 333,587 | - | - | - | 333,587 |
| Charges for current services | 33,942 | - | - | - | 33,942 |
| Interest | 931 | - | - | - | 931 |
| Other revenues | 63,003 | - | | - | 63,003 |
| Total Revenues | 1,487,938 | 26,243 | - | - | 1,514,181 |
| EXPENDITURES | | | | | |
| Current expenditures | | | | | |
| General government | 280,309 | 12,907 | 26,789 | - | 320,005 |
| Public safety | 148,533 | - | - | - | 148,533 |
| Public works | 759,324 | (270) | 450,357 | | 1,209,411 |
| Cemetery | 18,650 | - | - | - | 18,650 |
| Conservation and development | 3,961 | - | - | - | 3,961 |
| Debt service expenditures | | | | | |
| Principal | 158,973 | - | - | (158,973) | - |
| Interest | 28,185 | (2,757) | - | - | 25,428 |
| Capital expenditures | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | 162,607 | - | (162,607) | - | - |
| Total Expenditures | 1,560,542 | 9,880 | 314,539 | (158,973) | 1,725,988 |
| Net Change in Fund Balances | $ (72,604) | $ 16,363 | $ (314,539) | $ 158,973 | $ (211,807) |

## NOTE 3. CASH AND INVESTMENTS

### *Cash and Investments*

The Town's cash and investments as of June 30, 2023 are as follows:

| | Governmental Activities |
|---|---|
| Cash: | |
| Deposits with financial institutions | $ 842,647 |
| Total cash | 842,647 |
| Investments: | |
| Mutual funds and corporate conds | 246,103 |
| Total cash and investments | $ 1,088,750 |

The cash deposits held at financial institutions and cash on hand can be categorized according to four (4) levels of risk:

Category 1 - Deposits which are insured or collateralized with securities held by the Town or by its agent in the Town's name (repurchase agreements).

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category 3 - Private commercial insurance protection or letters of credit for funds in excess of FDIC limits.

Category 4 - Deposits which are not collateralized or insured (includes cash on hand).

At June 30, 2023, the carrying amount of the Town's deposits with financial institutions was $842,647. Of the funds on deposit, $250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and was collateralized. The Town has a Tri-Party collateralization agreement between the custodian M&T Bank, the customer M&T Treasury and the sub-account Vermont Pool, of which the remainder is to collateralize its deposits, which exceed FDIC insurance limits.

Balances held in each area are as follows:

| | Book Balance | Bank Balance |
|---|---|---|
| Insured by FDIC | $ 250,000 | $ 250,000 |
| Category 1 | 592,647 | 609,683 |
| Total Deposits | $ 842,647 | $ 859,683 |

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amount of uninsured, and not collateralized cash could have been much higher than at year end.

## NOTE 3. CASH AND INVESTMENTS CONTINUED

***Cash and Investments (continued)***

None of the Town's cash deposits at year end is subject to credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. The Town does not have policies regarding custodial credit risk, credit risk, concentration of credit risk, interest risk, or foreign currency risk.

GASB Statement No. 40 requires the Town's investments to be categorized indicating the level of risk assumed by the Town at year end. Category 1 includes investments that are insured, registered or securities that are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments, which are held by a trust department or agent in the Town's name. At June 30, 2023, all the Town's investments were in Category 1.

## NOTE 4. RECEIVABLES

Accounts 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. Receivables as of June 30, 2023 are as follows:

| | Receivables | Allowance for Uncollectible Accounts | Net Receivables |
|---|---|---|---|
| Governmental Activities | | | |
| Delinquent taxes receivables | $ 216,915 | $ 17,800 | $ 199,115 |
| Due from tax payers | 11,153 | - | 11,153 |
| Accounts receivables | 9,430 | - | 9,430 |
| Grant receivables | 80,175 | - | 80,175 |
| Other receivables | 901 | - | 901 |
| | $ 318,574 | $ 17,800 | $ 300,774 |

Grants receivable represents amounts due from the State of Vermont for grants reimbursements. Based on experience and because the receivables are in accordance with formal agreements, the Town has not established an allowance for uncollectible receivables.

## NOTE 5. INTERFUND BALANCES AND TRANSFERS

***Interfund Balances***

Interfund balances at June 30, 2023:

| | Receivables | Payables |
|---|---|---|
| General fund | $ - | $ 747,846 |
| Highway Fund | 86,648 | - |
| Highway Capital Fund | 52,739 | - |
| Cemetery Trust Fund | - | 500 |
| Fire Station Fund | 92,378 | - |
| Special revenue fund | 528,603 | - |
| Capital Project Fund | 129,995 | 142,920 |
| Blake memorial library fund | 903 | - |
| Fiduciary fund | - | - |
| Total | $ 891,266 | $ 891,266 |

***Operating Interfund Transfers***

The Town occasionally transfers funds to cover expenditures made in one fund for which the revenues are in another fund. There are no transfers made by the town during the year ending June 30, 2023.

**NOTE 6. CAPITAL ASSET ACTIVITY**

Capital asset activity of the Town for the year ended June 30, 2023, is as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Governmental Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 134,666 | $ - | $ - | $ 134,666 |
| Construction in progress | 48,845 | - | - | 48,845 |
| Total capital assets, not being depreciated | 183,511 | - | - | 183,511 |
| Capital assets being depreciated: | | | | |
| Buildings/improvements | 1,255,516 | - | - | 1,255,516 |
| Vehicles | 1,341,627 | - | - | 1,341,627 |
| Machinery and Equipments | 135,457 | - | - | 135,457 |
| Infrastructure | 7,039,770 | 162,607 | - | 7,202,377 |
| Total capital assets, being depreciated | $ 9,772,370 | $ 162,607 | $ - | $ 9,934,977 |

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Less Accumulated Depreciation: | | | | |
| Buildings/improvements | $ 199,900 | $ 29,988 | $ - | $ 229,888 |
| Vehicles | 534,519 | 154,378 | - | 688,897 |
| Machinery and Equipments | 99,643 | 2,365 | - | 102,008 |
| Infrastructure | 2,705,563 | 290,415 | - | 2,995,978 |
| Total accumulated depreciation | 3,539,625 | 477,146 | - | 4,016,771 |
| Assets Being Depreciated, Net | 6,232,745 | (314,539) | - | 5,918,206 |
| Net Assets | $ 6,416,256 | $ (314,539) | $ - | $ 6,101,717 |

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---|
| General Government | $ 26,789 |
| Public Works | 450,357 |
| Total 2023 governmental depreciation expense | $ 477,146 |

## NOTE 7. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the Governmental Activities consists of $10,499 from the difference between the expected and actual experience, $7,147 from changes in assumptions, $22,696 from difference between projected and actual earnings on pension plan investments, $23,452 from Changes in proportional share of contributions and $13,733 of required employer pension contributions subsequent to the measurement date, as further described in Note 12. Total deferred outflows of resources in the Governmental Activities are $77,527.

## NOTE 8. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the Governmental Activities consists of $10,151 to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note 12 and $383,164 of deferred grant revenue. Total deferred inflows of resources in the Governmental Activities are $393,315.

Deferred inflows of resources in the Governmental Funds consists of $170,423 of delinquent property taxes (including penalties and interest on those taxes) that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities, $394,696 of deferred revenue. Total deferred inflows of resources in the Governmental Fund are $565,119.

## NOTE 9. LONG-TERM DEBT

Long-term debt consisted of the following:

| | Beginning Balance | Principal Payments | Ending Balance |
|---|---|---|---|
| 2018 Dump Truck, Principal Payments of $34,593 Plus Interest Payable Annually Beginning on October 28, 2018, Interest at 2.5% , Due October, 2022 | 34,593 | 34,593 | - |
| Tractor for Highway Department, Principal Payments of $23,990 Plus Interest Payable on August 10 Annually, Interest at 3.15% , Due August, 2023 | 47,980 | 23,990 | 23,990 |
| 2020 Dump Truck, Principal Payments of $25,890 Plus Interest Payable Annually Beginning on September 23, 2020, Interest at 2.75% , Due September, 2024 | 77,671 | 25,890 | 51,781 |
| Bond Bank, Fire Station, Principal Payments of $42,500 Plus Interest Payable Annually, Interest at 2.77% , Due November 2039 | 765,000 | 42,500 | 722,500 |
| 2022 130 G Grader, Pincipal Payments of $32,000 Plus Ineterest Payable Annualy, Interest at 2.50% , Due July 2028 | 223,000 | 32,000 | 191,000 |
| | $ 1,148,244 | $ 158,973 | $ 989,271 |

**NOTE 9. LONG-TERM DEBT (continued)**

Principle maturities on long-term debt are as follows:

| | Governmental Activities | | |
|---|---|---|---|
| Years ending | Principal | Interest | Total |
| June 30, 2024 | 124,380 | 25,593 | 149,973 |
| June 30, 2025 | 100,391 | 22,705 | 123,096 |
| June 30, 2026 | 74,500 | 20,538 | 95,038 |
| June 30, 2027-2031 | 307,500 | 78,695 | 386,195 |
| June 30, 2032-2036 | 212,500 | 43,956 | 256,456 |
| June 30, 2037-2040 | 170,000 | 10,613 | 180,613 |
| Total | $ 989,271 | $ 202,100 | $ 1,191,371 |

Long-term liabilities include notes payable. Long-term liabilities also include other obligations such as compensated absences and post-employment benefits. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

**NOTE 10. PROPERTY TAXES**

The Town is responsible for assessing and collecting its own property taxes, as well as taxes for the State for school purposes. Property taxes are assessed based on property valuations as of April 1 annually. Taxes were levied during May and were due and payable during September and December 2022, March, and May 2023.

During the tax year ended June 30, 2023, taxes were billed in four (4) installments. Taxes paid before the due date are allowed a 2% discount. Payments received after the due date are subject to an 8% penalty and 1% interest per month for the first three (3) months and 1.5% per month thereafter. Because unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale by the delinquent tax collector, the Town has not established an allowance for uncollectible taxes receivable.

As of June 30, 2023, delinquent taxes receivable was $199,115 inclusive of interest and penalties, with no allowance for uncollectible taxes.

The tax rates for FY2023 are as follows:

| | Homestead | Non-Homestead |
|---|---|---|
| Education | $ 1.3949 | $ 1.4962 |
| Town | 0.1595 | 0.1595 |
| Highway | 0.4808 | 0.4808 |
| Fire station | 0.0407 | 0.0407 |
| Local agreement | 0.0065 | 0.0065 |
| Total | $ 2.0824 | $ 2.1837 |

**NOTE 11. FUND BALANCE / NET POSITION CATEGORIES**

The fund balances/net position of the Town are categorized as follows:

| | Individual Funds Statements | Government-Wide Statements |
|---|---|---|
| | Governmental Funds | Governmental Activities |
| Nonspendable | | |
| General Fund | $ 1,839 | $ 1,839 |
| Highway Fund | 44,174 | 44,174 |
| | 46,013 | 46,013 |
| Restricted: | | |
| Highway Fund | 55,531 | 55,531 |
| Highway Capital Fund | 52,739 | 52,739 |
| Cemetery Trust Fund | 244,880 | 244,880 |
| Fire Station Fund | 92,378 | 92,378 |
| Planning Commission Fund | 11,688 | 11,688 |
| Conservation Commission Fund | 13,184 | 13,184 |
| Emerald Ash Borer Fund | 13,000 | 13,000 |
| Reappraisal Fund | 75,828 | 75,828 |
| Home Improvement Fund | 15,316 | 15,316 |
| Restoration of Records Fund | 6,176 | 6,176 |
| Library Grant Fund | 9,046 | 9,046 |
| Blake Memorial Library Fund | 2,909 | 2,909 |
| | 592,675 | 592,675 |
| Assigned: | | |
| Bridge Reserve Fund | 54,467 | 54,467 |
| Computer Reserve Fund | 23,586 | 23,586 |
| Town Hall Cap Improvement Fund | 51,942 | 51,942 |
| State Grant Fund | (62,745) | (62,745) |
| | 67,250 | 67,250 |
| Unassigned (governmental funds)/Unrestricted (business-type funds) | 100,694 | 185,697 |
| Invested in Capital Assets, Net of Related Debt | - | 5,112,446 |
| Total Fund Balances/Net Position | $ 806,632 | $ 6,004,081 |

## NOTE 12. PENSION PLAN

***Defined Benefit Plan***

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2022, the retirement system consisted of 359 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 (5) members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

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

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

As of June 30, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and had a plan fiduciary net position of $845,979,471 and a total pension liability of $1,149,351,427 resulting in a net pension liability of $303,371,956. As of June 30, 2023, the Town's proportionate share of this was 0.04608% resulting in a liability of $139,799. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2023, the Town's proportion of 0.04608% was an increase of 0.01599% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the Town recognized pension expense of $12,906.

**NOTE 12. PENSION PLAN (continued)**

As of June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

| | Deferred Outflow of | Deferred Inflow of |
|---|---|---|
| Difference between expected and actual experience | $ 10,499 | $ - |
| Changes in assumptions | 7,147 | - |
| Difference between projected and actual earnings on pension plan investments | 22,696 | - |
| Changes in proportional share of contributions | 23,452 | 10,151 |
| Town's required employer contributions made subsequent to the measurement date | 13,733 | - |
| | $ 77,527 | $ 10,151 |

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of $13,733 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending June 30th, | |
|---|---|
| 2023 | $ 14,186 |
| 2024 | $ 12,746 |
| 2025 | $ 6,609 |
| 2026 | $ 20,102 |
| | $ 53,643 |

**Summary of System Provisions**

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

Creditable Service – Service as a member plus purchased service.

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

Service Retirement Allowance:

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

**NOTE 12. PENSION PLAN (continued)**

**Summary of System Provisions (continued)**

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

Maximum benefit is 60% of AFC for Groups A and B 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 Group A and B.

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

Vested Retirement Allowance:

Eligibility: Five (5) years of service.

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

Disability Retirement Allowance:

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

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

Death Benefit:

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

Amount: For Groups A, 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.

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.

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 (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 2% for Group A and 3% for Group B.

Member Contributions: Group A – 3.50%
Group B – 5.875%

Employer Contributions: Group A – 5.00%
Group B – 6.50%

Retirement Stipend: $25 per month payable at the option of the Board of Retirees.

**NOTE 12. PENSION PLAN (continued)**

**Significant Actuarial Assumptions and Methods**

Interest Rate – 7.0% per annum.

Salary increases – Varying service-based rates from 0-10 years of service, then a single rate of 4.5% (includes assumed inflation of 2.30%) for all subsequent years.

Mortality:

Pre-retirement – 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee. generational projection using scale MP-2019.

Healthy post-retirement: 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with general projection using scale MP-2019.

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Healthy post-retirement – 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Disabled Post-retirement – PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

Spouse's Age: Females three (3) years younger than males.

Cost-of-Living Adjustments to Benefits - 1.1% per annum for Group A and 1.20% for Group B members. The January 1, 2021 COLA is assumed to be 2.00% for Group A and 2.30% for Group B.

Actuarial Cost Method – Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

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

Inflation- 2.30%

**NOTE 12. PENSION PLAN (continued)**

**Significant Actuarial Assumptions and Methods (continued)**

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 long-term expected rate of return by weighing 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, 2022, is summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Passive Global Equities | 24.00% | 4.30% |
| Active Global Equities | 5.00% | 4.30% |
| US Equity - L Cap | 4.00% | 3.25% |
| US Equity - S/M Cap | 3.00% | 3.75% |
| Non-US Developed Market Equities | 7.00% | 5.00% |
| Emering Markets Debt | 4.00% | 3.50% |
| Core Fixed Income | 19.00% | 0.00% |
| Private & Alt Credit | 10.00% | 4.75% |
| US Tips | 3.00% | -50.00% |
| Core Real Estate | 3.00% | 3.75% |
| Non-Core Real Estate | 4.00% | 6.00% |
| Private Equity | 10.00% | 5.50% |
| Infrastructure/Farmland | 4.00% | 4.25% |
| | 100.00% | |

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members) with scheduled increases through July 1, 2022. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. 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 net pension liability, calculated using the discount rate of 7.0%, as well as what the pension liability would be if it were calculated using a discount rate that is one percent lower (6.0%) or one percent higher (8.0%) than the current rate:

| 1% Decrease (6.0%) | Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|---|---|
| $209,482 | $139,799 | $82,481 |

**NOTE 12. PENSION PLAN (continued)**

**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.

**NOTE 13. RISK MANAGEMENT**

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

The Town is also a member of the Vermont League of Cities and Towns 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.

**NOTE. 14. SUBSEQUENT EVENTS**

Events of the Town have been evaluated from June 30, 2023 through the date of these financial statements for subsequent events which would impact the financial standing. There are no events that would significantly impact the presentation of these financial statements.

TOWN OF CORINTH, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NEW PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | |
|---|---|---|---|---|---|---|---|
| Total Plan Net Pension Liability | $ 303,371,956 | $ 147,184,198 | $ 252,974,064 | $ 173,491,807 | $ 140,675,892 | $ 121,155,552 | $ |
| Town's Proportion of the Net Pension Liability | 0.04608% | 0.03009% | 0.03790% | 0.03940% | 0.04560% | 0.05390% | |
| Town's Proportionate Share of the Net Pension Liability | $ 139,799 | $ 44,284 | $ 95,807 | $ 68,444 | $ 64,225 | $ 65,294 | $ |
| Town's Covered Employee Payroll | $ 236,423 | $ 215,040 | $ 122,612 | $ 148,259 | $ 146,490 | $ 157,947 | $ |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll | 59.13% | 20.59% | 78.14% | 46.17% | 43.84% | 41.34% | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 73.60% | 86.29% | 74.52% | 80.35% | 82.60% | 83.64% | |

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net position liability was lowered from **7.50% to 7.00%,** due to the adoption by the Board of Trustees of a **7.00%** expected future rate of return on assets for funding purposes.

Fiscal year 2015 was the first year of implementation, therefore, only nine (9) years are shown.

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Contractually Required Contribution (Actuarially Determined) | $ 10,987 | $ 11,385 | $ 6,689 | $ 7,849 | $ 7,580 | $ 7,997 |
| Contributions in Relation to the Actuarially Determined Contributions | 10,987 | 11,385 | 6,689 | 7,849 | 7,580 | 7,997 |
| Contribution Excess/(Deficiency) | $ - | $ - | $ - | $ - | $ - | $ - |
| Town's Covered Employee Payroll | $ 236,423 | $ 215,040 | $ 122,612 | $ 148,259 | $ 146,490 | $ 157,947 |
| Contributions as a Percentage of Town's Covered Employee Payroll | 4.65% | 5.29% | 5.46% | 5.29% | 5.17% | 5.06% |

**Notes to Schedule**

Valuation Date: June 30, 2022

Fiscal year 2015 was the first year of implementation, therefore, only nine (9) years are shown.

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
JUNE 30, 2023

| | Original and Final Budgeted Amounts | Actual Amounts | Variance Favorable (Unfavorable) |
|---|---|---|---|
| REVENUES | | | |
| Current Tax Levy, Town | $ 227,849 | $ 234,228 | $ 6,379 |
| Fund Bal Surplus, Gen Fun | 61,000 | - | (61,000) |
| Fees Due Town | 17,500 | 18,025 | 525 |
| Dog Licenses | 1,000 | 668 | (332) |
| Education Tax Billing Fee | 500 | - | (500) |
| Hall Rental | 1,000 | 1,165 | 165 |
| Liquor & Tobacco License | 140 | 255 | 115 |
| Permit Appl Fee, Gen Fund | 100 | 115 | 15 |
| Restoration of Records | 4,000 | (3,738) | (7,738) |
| HS Late Filing Penalty | 1,000 | - | (1,000) |
| Civil Fines, General Fund | 1,000 | - | (1,000) |
| Equalization Revenue | 500 | 1,021 | 521 |
| Interest Late/Delinq Tax | 10,000 | 13,614 | 3,614 |
| Interest on Savings | 1,000 | 10,231 | 9,231 |
| Hold Harmless Money | 100,000 | 99,774 | (226) |
| Land Use Change Tax | 1,000 | 3,851 | 2,851 |
| Recycling income | - | 1,450 | 1,450 |
| Misc Income | 1,500 | 11,489 | 9,989 |
| Total Revenues | 429,089 | 392,148 | (36,941) |
| EXPENDITURES | | | |
| Selectboard: | | | |
| Salary, Selectboard | 6,000 | 6,000 | - |
| Payroll, Admin Brd Clerk | 2,000 | 1,946 | 54 |
| Payroll, Finance Asst | 3,000 | 3,805 | (805) |
| SS & MCare, Selectboard | 660 | 912 | (252) |
| Meetings, Selectboard | 200 | 150 | 50 |
| Misc Expense, Selectboard | 200 | 4,899 | (4,699) |
| Total Selectmen | 12,060 | 17,712 | (5,652) |
| Auditors: | | | |
| Postage, Town Report | 350 | - | 350 |
| Printing, Town Report | 2,300 | 2,165 | 135 |
| Prof Ofc Serv, Auditors | 13,000 | 19,878 | (6,878) |
| Hired Services, Town Report | 1,100 | 1,538 | (438) |
| Total Auditors | 16,750 | 23,581 | (6,831) |
| Elections: | | | |
| Payroll, Elections | 100 | 503 | (403) |
| Payroll (A/P), Elections | 2,900 | 1,803 | 1,097 |
| SS & MCare, Elections | - | 38 | (38) |
| Meetings, Elections | - | - | - |
| Postage, Elections | 250 | - | 250 |
| Supplies, Elections | 600 | 17 | 583 |
| Total Elections | 3,850 | 2,361 | 1,489 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
JUNE 30, 2023

| | | | |
|---|---|---|---|
| Listers: | | | |
| Payroll, Listers | 17,500 | 14,327 | 3,173 |
| SS & MCare, Listers | 1,340 | 1,083 | 257 |
| Tech Dues & Support, List | 1,400 | 2,542 | (1,142) |
| Meetings, Listers | - | - | - |
| Mileage, Listers | 100 | - | 100 |
| Supplies, Listers | 300 | 123 | 177 |
| Consulting Services, Listers | 2,550 | 750 | 1,800 |
| Total Listers | 23,190 | 18,825 | 4,365 |
| Administrative Officer: | | | |
| Payroll, Admin Officer | 1,500 | - | 1,500 |
| SS & MCare, Admin Officer | 120 | - | 120 |
| Mileage, Admin Officer | 100 | - | 100 |
| Supplies, Admins Officer | - | 6 | (6) |
| Total Administrative Officer | 1,720 | 6 | 1,714 |
| Town Office: | | | |
| Payroll, Town Clerk | 27,050 | 27,014 | 36 |
| Payroll, Ass't Town Clerk | 3,000 | 2,636 | 364 |
| Payroll, Town Treas | 27,000 | 25,354 | 1,646 |
| Payroll, Ass't Town Treas | 14,000 | 6,380 | 7,620 |
| SS & MCare, Office | 5,435 | 4,647 | 788 |
| Retirement, Office | 1,500 | 1,777 | (277) |
| Health Insurance, Office | 13,000 | 14,926 | (1,926) |
| Furniture & Equip, Office | 500 | (395) | 895 |
| Meetings & Membership, Office | 150 | 280 | (130) |
| Mileage, Office | 100 | 312 | (212) |
| Supplies, Office | 2,000 | 1,524 | 476 |
| Preserve Records, Office | - | (6,310) | 6,310 |
| Total Town office | 93,735 | 78,145 | 15,590 |
| Technology & Communications: | | | |
| Telephone | 4,000 | 3,284 | 716 |
| Website | 1,500 | 969 | 531 |
| Contract Maintenance | 2,700 | 3,218 | (518) |
| Technology Dues and Support | 7,000 | 6,046 | 954 |
| Postage | 2,800 | 3,933 | (1,133) |
| Supplies | 100 | - | 100 |
| Technology Equipment Purchases | 200 | - | 200 |
| Total Technology & Communications | 18,300 | 17,450 | 850 |
| Legal & Insurance: | | | |
| Unemployment Insurance | 100 | - | 100 |
| Workers Comp, Legal & Ins | 1,000 | 805 | 195 |
| Bond Ins, Legal & Ins | 14,500 | 18,904 | (4,404) |
| Advertising Legal Notices | 250 | 85 | 165 |
| Legal Services, Legal & I | 1,000 | - | 1,000 |
| Total Legal & Insurance | 16,850 | 19,794 | (2,944) |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
JUNE 30, 2023

| | | | |
|---|---|---|---|
| Public Services: | | | |
| Abated Taxes | 1,000 | - | 1,000 |
| Ambulance Services | 71,000 | 75,701 | (4,701) |
| Animal Control | 750 | - | 750 |
| County Tax | 34,000 | 35,876 | (1,876) |
| East Corinth Volunteer Fire Department | 60,000 | 60,000 | - |
| Emergency Management | 100 | - | 100 |
| VLCT | 2,800 | - | 2,800 |
| Two Rivers Dues | 2,100 | - | 2,100 |
| CTERT | 7,000 | 7,000 | - |
| Fire Warden | 700 | - | 700 |
| Miscellaneous Expenses | 100 | - | 100 |
| Total Public Services | 179,550 | 178,577 | 973 |
| Appropriations: | | | |
| American Red Cross | 500 | 500 | - |
| Blake Memorial Library | 2,740 | 3,643 | (903) |
| Clara Martin Center | 2,177 | 2,177 | - |
| Council on Aging | 600 | 600 | - |
| Adult Education | 800 | 800 | - |
| Green Mountain Economic Development | 300 | 300 | - |
| Little River Health Center | 2,000 | 2,000 | - |
| Mentor Project of the Upper Valley | 500 | 500 | - |
| Northeast Slopes | 1,460 | 1,460 | - |
| Orange County Parent Center | 750 | 750 | - |
| Orange County Diversion Program | 350 | 350 | - |
| Orange East Senior Center | 3,500 | 3,500 | - |
| Safeline | 700 | 700 | - |
| Topsham-Corinth Little League | 500 | 500 | - |
| Vermont Green Up | 100 | 100 | - |
| Vermont Family Network | 250 | 250 | - |
| Visiting Nurse Alliance | 6,250 | 6,250 | - |
| Vt Ctr Independent Living | 170 | 170 | - |
| Vt Rural Fire Project | 100 | 100 | - |
| Public Health Council | 146 | 146 | - |
| Tri-Valley Transit | 1,500 | 1,500 | - |
| Total Appropriations | 25,393 | 26,296 | (903) |
| Town Hall Maintenance: | | | |
| Payroll Cleaning | 4,200 | 370 | 3,830 |
| Social Security | 336 | 614 | (278) |
| Contract Maintenance | 500 | 410 | 90 |
| Rubbish Removal | 150 | 136 | 14 |
| Furniture and Equipment | 250 | - | 250 |
| Property Repairs and Maintenance | 1,500 | 3,893 | (2,393) |
| Supplies | 500 | 1,068 | (568) |
| Utilities | 6,300 | 4,167 | 2,133 |
| Contract Facility | 2,500 | 7,290 | (4,790) |
| Total Town Hall Maintenance | 16,236 | 17,948 | (1,712) |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
JUNE 30, 2023

| | | | |
|---|---|---|---|
| Solid Waste Disposal/Transfer Station: | | | |
| Transfer Station Attendant | 4,500 | 4,158 | 342 |
| Site cost | - | 23 | (23) |
| Social Security | 360 | 319 | 41 |
| Solid Waste | 200 | 2,823 | (2,623) |
| Supplies | 50 | 6 | 44 |
| Retirement Transfer Station | 25 | - | 25 |
| Trans Station Utilities | - | - | - |
| NEKWD Per Capita Fee | 1,230 | 1,222 | 8 |
| Total Solid Waste Disposal/Transfer Station | 6,365 | 8,551 | (2,186) |
| Law Enforcement: | | | |
| Payroll, Constables | 500 | 143 | 357 |
| SS & MCare, Constables | 40 | 11 | 29 |
| Mileage, Constables | 50 | 21 | 29 |
| Supplies, Constables | - | - | - |
| OC Sheriff, Safety Serv | 11,000 | 5,057 | 5,943 |
| Total Law Enforcement | 11,590 | 5,232 | 6,358 |
| Delinquent Tax Collector | | | |
| Social Security | 1,300 | 1,069 | 231 |
| Total Delinquent Tax Collector | 1,300 | 1,069 | 231 |
| Health | | | |
| Supplies | 200 | - | 200 |
| Total Health | 200 | - | 200 |
| Cemetery | | | |
| Worker's Compensation | - | 145 | (145) |
| Supplies | 300 | 668 | (368) |
| Appropriations | 1,700 | 1,000 | 700 |
| Total Cemetery | 2,000 | 1,813 | 187 |
| Total Expenditures | 429,089 | 417,360 | 11,729 |
| Net change in fund balances | $ - | $ (25,212) | $ (25,212) |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HIGHWAY FUND
JUNE 30, 2023

| | Original and Final Budgeted Amounts | Actual Amounts | Variance Favorable (Unfavorable) |
|---|---|---|---|
| REVENUES | | | |
| Property Taxes | $ 672,107 | $ 598,653 | $ (73,454) |
| Overweight Permits | 500 | 440 | (60) |
| Highway State Aid Grant Income | 170,000 | 197,671 | 27,671 |
| Miscellaneous Income | 1,000 | 22,171 | 21,171 |
| Total Revenues | 843,607 | 818,935 | (24,672) |
| EXPENDITURES | | | |
| Administration: | | | |
| Payroll | 2,400 | 2,200 | 200 |
| Uniforms | 4,900 | 1,193 | 3,707 |
| Social Security | 15,952 | 16,164 | (212) |
| Retirement | 12,500 | 11,332 | 1,168 |
| Property & Casualty Insurance | 14,000 | 15,718 | (1,718) |
| Health Insurance | 91,236 | 91,843 | (607) |
| Unemployment Insurance | 500 | 692 | (192) |
| Worker's Compensation | 13,000 | 14,024 | (1,024) |
| Highway Meetings | - | 1,812 | (1,812) |
| Highway Mileage | - | 83 | (83) |
| Miscellaneous | - | 4,251 | (4,251) |
| Total Administration | 154,488 | 159,312 | (4,824) |
| Highway labor: | | | |
| Labor | 157,833 | 161,249 | (3,416) |
| Overtime | 20,000 | 26,305 | (6,305) |
| Part-Time Labor | 10,000 | 2,816 | 7,184 |
| Personal Time | 14,456 | 13,847 | 609 |
| Holiday Time | 6,230 | 5,968 | 262 |
| Medical Leave Time | - | - | - |
| Total Highway Labor | 208,519 | 210,185 | (1,666) |
| Material: | | | |
| Gravel | 60,000 | 75,669 | (15,669) |
| Chloride | 12,900 | 15,006 | (2,106) |
| Salt | 55,000 | 38,683 | 16,317 |
| Sand | 35,000 | 30,348 | 4,652 |
| Stone | - | - | - |
| Total Materials | 162,900 | 159,706 | 3,194 |
| Patching and Paving | 160,000 | 3,656 | 156,344 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HIGHWAY FUND
JUNE 30, 2023

| | | | |
|---|---|---|---|
| Other Materials and Services: | | | |
| Hired Services | 10,000 | 6,420 | 3,580 |
| Posts and Guardrails | 7,000 | - | 7,000 |
| Culverts | 10,000 | 7,316 | 2,684 |
| Signs | 1,500 | 828 | 672 |
| Other Materials | 1,500 | 6,067 | (4,567) |
| Total Other Materials and Services | 30,000 | 20,631 | 9,369 |
| Garage: | | | |
| Supplies | 300 | 295 | 5 |
| Repairs & Maintenance | 5,000 | 940 | 4,060 |
| Rubbish Removal | 700 | 950 | (250) |
| Electric | 2,500 | 2,900 | (400) |
| Telephone | 1,700 | 1,619 | 81 |
| Heat | 500 | 1,756 | (1,256) |
| Total Garage | 10,700 | 8,460 | 2,240 |
| Operating Supplies: | | | |
| Diesel Fuel | 50,000 | 67,598 | (17,598) |
| Gas, Oil & Chains | 5,000 | 1,085 | 3,915 |
| Small Tools & Equipment | 3,500 | - | 3,500 |
| Total Operating Supplies | 58,500 | 68,683 | (10,183) |
| Repairs and Maintenance: | | | |
| Equipment Maintenance | | | |
| General Equipment | 8,500 | 18,643 | (10,143) |
| Vehicle Repairs and Maintenance | 50,000 | 83,715 | (33,715) |
| Total Repairs and Maintenance | 58,500 | 102,358 | (43,858) |
| Capital outlay | | | |
| Public works | - | 162,607 | (162,607) |
| Total Expenditures | 843,607 | 895,598 | (51,991) |
| Net change in fund balances | $ - | $ (76,663) | $ (76,663) |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
BALANCE SHEET
OTHER FUNDS
JUNE 30, 2023

| | Special Revenue Fund | Capital Project Fund | Permanent Fund Blake Memorial Library Fund | Total |
|---|---|---|---|---|
| ASSETS | | | | |
| Investments | $ - | $ - | $ 2,006 | $ 2,006 |
| Accounts receivable | 9,430 | - | - | 9,430 |
| Other receivable | 901 | - | - | 901 |
| Grant receivable | - | 80,175 | - | 80,175 |
| Due from other funds | 528,603 | 129,995 | 903 | 659,501 |
| Total Assets | 538,934 | 210,170 | 2,909 | 752,013 |
| LIABILITIES | | | | |
| Deferred grant revenue | 394,696 | - | - | 394,696 |
| Due to other funds | - | 142,920 | - | 142,920 |
| Total Liabilities | 394,696 | 142,920 | - | 537,616 |
| FUND BALANCES | | | | |
| Restricted | 144,238 | - | 2,909 | 147,147 |
| Assigned | - | 67,250 | - | 67,250 |
| Total Fund Balances | 144,238 | 67,250 | 2,909 | 214,397 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 538,934 | $ 210,170 | $ 2,909 | $ 752,013 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
OTHER FUNDS
JUNE 30, 2023

| | Special Revenue Fund | Capital Project Fund | Permanent Fund Blake Memorial Library Fund | Total |
|---|---|---|---|---|
| REVENUES: | | | | |
| Property Taxes | $ 6,100 | $ 23,000 | $ - | $ 29,100 |
| Charge for service | 9,818 | - | - | 9,818 |
| Investment income | 923 | - | 8 | 931 |
| Grant income | 15,280 | - | - | 15,280 |
| Total Revenues | 32,121 | 23,000 | 8 | 55,129 |
| EXPENDITURES | | | | |
| General government | 16,572 | 3,547 | - | 20,119 |
| Public works | - | 10,185 | - | 10,185 |
| Community development | 3,961 | - | - | 3,961 |
| Total Expenditures | 20,533 | 13,732 | - | 34,265 |
| Net change in fund balances | 11,588 | 9,268 | 8 | 20,864 |
| Fund Balances - July 1, 2022 (restated) | 132,650 | 57,982 | 2,901 | 193,533 |
| Fund balances - June 30, 2023 | $ 144,238 | $ 67,250 | $ 2,909 | 214,397 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2023

SCHEDULE 7

| | Planning Commisision Fund | Conservation Commission Fund | Emerald Ash Borer Fund | Reappraisal Fund | Home Improvement Fund | Restoration of Records Fund | Library Grant Fund | ARPA Fund | Total |
|---|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | | |
| Accounst receivables | $ - | $ - | $ - | $ - | $ 9,430 | $ - | $ - | $ - | $ 9,430 |
| Other receivables | - | - | - | - | 901 | - | - | - | 901 |
| Due from other funds | 11,688 | 13,184 | 13,000 | 75,828 | 16,517 | 6,176 | 9,046 | 383,164 | 528,603 |
| Total Assets | 11,688 | 13,184 | 13,000 | 75,828 | 26,848 | 6,176 | 9,046 | 383,164 | 538,934 |
| LIABILITIES | | | | | | | | | |
| Deferred grant revenue | - | - | - | - | 11,532 | - | - | 383,164 | 394,696 |
| Total Liabilities | - | - | - | - | 11,532 | - | - | 383,164 | 394,696 |
| FUND BALANCES | | | | | | | | | |
| Restricted | 11,688 | 13,184 | 13,000 | 75,828 | 15,316 | 6,176 | 9,046 | - | 144,238 |
| Total Fund Balances | 11,688 | 13,184 | 13,000 | 75,828 | 15,316 | 6,176 | 9,046 | - | 144,238 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 11,688 | $ 13,184 | $ 13,000 | $ 75,828 | $ 26,848 | $ 6,176 | $ 9,046 | $ 383,164 | $ 538,934 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
SPECIAL REVENUE FUNDS
JUNE 30, 2023

| | Planning Commisision Fund | Conservation Commission Fund | Emerald Ash Borer Fund | Reappraisal Fund | Home Improvement Fund | Restoration of Records Fund | Library Grant Fund | ARPA Fund | Total |
|---|---|---|---|---|---|---|---|---|---|
| REVENUES: | | | | | | | | | |
| Property Taxes | $ 500 | $ 600 | $ 5,000 | $ - | $ - | $ - | $ - | $ - | $ 6,100 |
| Charge for service | 25 | 3,345 | - | - | - | 6,448 | - | - | 9,818 |
| Investment income | - | - | - | - | 923 | - | - | - | 923 |
| Grant income | - | - | - | 8,678 | - | - | - | 6,602 | 15,280 |
| Total Revenues | 525 | 3,945 | 5,000 | 8,678 | 923 | 6,448 | - | 6,602 | 32,121 |
| EXPENDITURES: | | | | | | | | | |
| General government | - | 2,873 | - | - | - | 7,097 | - | 6,602 | 16,572 |
| Community Development | 37 | - | - | - | 3,924 | - | - | - | 3,961 |
| Total Expenditures | 37 | 2,873 | - | - | 3,924 | 7,097 | - | 6,602 | 20,533 |
| Net Change in Fund Balances | 488 | 1,072 | 5,000 | 8,678 | (3,001) | (649) | - | - | 11,588 |
| Fund Balances - July 1, 2022 | 11,200 | 12,112 | 8,000 | 67,150 | 18,317 | 6,825 | 9,046 | - | 132,650 |
| Fund Balances - June 30, 2023 | $ 11,688 | $ 13,184 | $ 13,000 | $ 75,828 | $ 15,316 | $ 6,176 | $ 9,046 | $ - | $ 144,238 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2023

SCHEDULE 9

| | Bridge Resreve Fund | Computer Reserve Fund | Town Hall Cap Improvement Fund | State Grant Project Fund | Total |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Due from other funds | $ 54,467 | $ 23,586 | $ 51,942 | $ - | $ 129,995 |
| Grant receivable | - | - | - | 80,175 | 80,175 |
| Total Assets | 54,467 | 23,586 | 51,942 | 80,175 | 210,170 |
| LIABILITIES | | | | | |
| Due to other funds | | - | - | 142,920 | 142,920 |
| Total Liabilities | - | - | - | 142,920 | 142,920 |
| FUND BALANCES | | | | | |
| Assigned | 54,467 | 23,586 | 51,942 | (62,745) | 67,250 |
| Total Fund Balances | 54,467 | 23,586 | 51,942 | (62,745) | 67,250 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 54,467 | $ 23,586 | $ 51,942 | $ 80,175 | $ 210,170 |

The notes to the financial statements are an integral part of this statement.

TOWN OF CORINTH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
CAPITAL PROJECTS FUND
JUNE 30, 2023

SCHEDULE 10

| | Bridge Resreve Fund | Computer Reserve Fund | Town Hall Cap Improvement Fund | State Grant Project Fund | Total |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Property Taxes | $ 15,000 | $ 3,000 | $ 5,000 | $ - | $ 23,000 |
| Total Revenues | 15,000 | 3,000 | 5,000 | - | 23,000 |
| EXPENDITURES: | | | | | |
| General government | - | - | 3,547 | - | 3,547 |
| Public works | - | - | - | 10,185 | 10,185 |
| Total Expenditures | - | - | 3,547 | 10,185 | 13,732 |
| Net Change in Fund Balances | 15,000 | 3,000 | 1,453 | (10,185) | 9,268 |
| Fund Balances - July 1, 2022 (restated) | 39,467 | 20,586 | 50,489 | (52,560) | 57,982 |
| Fund Balances - June 30, 2023 | $ 54,467 | $ 23,586 | $ 51,942 | $ (62,745) | $ 67,250 |

The notes to the financial statements are an integral part of this statement.

Batchelder Associates, PC

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*

To the Selectboard
Town of Corinth, Vermont

We were engaged to audit, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Corinth, Vermont, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Corinth, Vermont's basic financial statements and have issued our report thereon dated September 15, 2025. Our report disclaims an opinion on such financial statements because of the involvement of our audit team in proposing various journal entries to address discrepancies and omissions in the Town's financial records, we found that our independence as auditors has been impacted. Given the impact on our independence, we are unable to perform an audit with the objectivity and impartiality expected, and we were unable to obtain sufficient appropriate audit evidence to form an opinion on the Town's financial statements.

**Report on Internal Control over Financial Reporting**

In connection with our engagement to audit the financial statements of Town of Corinth, Vermont, we considered Town of Corinth, Vermont's internal control over financial reporting (internal control) as a basis for designing 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 Town of Corinth, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. Given the limitations during our audit we did not identify any deficiencies in internal control that we consider 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 deficiencies described in the accompanying schedule of findings and questioned costs as items **2023-001 through 2023-004** to be significant deficiencies.

**Report on Compliance and Other Matters**

In connection with our engagement to audit the financial statements of Town of Corinth, Vermont, 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-004. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

**Town of Corinth, Vermont's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Corinth, Vermont's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. Town of Corinth, Vermont's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

**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 entity's internal control or on compliance. This report is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Batchelder Associates, PC
Barre, Vermont 05641
License #945
September 15, 2025

**Deficiencies in Internal Control:**

**Significant Deficiencies:**

**2023-001: Highway Inventory**

- **Finding Type:** Significant deficiency in internal controls over financial reporting.
- **Criteria:** Year-end physical inventory procedures should be in place to ensure accurate reporting of highway materials inventory in accordance with generally accepted accounting principles (GAAP).
- **Condition and Context:** The Town did not perform a highway inventory count as of June 30, 2023. Due to unavailability of proper inventory schedule, highway inventory balances couldn't be substantiated.
- **Cause of Condition:** Lack of established procedures for year-end inventory counts.
- **Effect of Condition:** The 2023 financial statements relied on indirect verification, which increases the risk of misstated balances.
- **Recommendation:** We recommend that the Town maintain proper record of conducting annual year-end highway inventory counts, with proper documentation and supervisory review.

**2023-002: Prepaid Taxes**

- **Finding Type:** Significant deficiency in internal controls over financial reporting.
- **Criteria:** Prepaid taxes should be reconciled at year-end, with supporting schedules prepared to substantiate balances.
- **Condition and Context:** As of June 30, 2023, prepaid property taxes were not reconciled, and no schedule was available to support the reported balance.
- **Cause of Condition:** Lack of reconciliation process and oversight.
- **Effect of Condition:** Risk of misstating prepaid tax liabilities and misrepresentation of related balances.
- **Recommendation:** We recommend implementing a formal reconciliation process for prepaid taxes at year-end, with management review and approval.

**2023-003: Cash Reconciliations**

- **Finding Type:** Significant deficiency in internal controls over financial reporting.
- **Criteria:** Cash balances should be reconciled on a monthly basis, with supervisory review to ensure accuracy and timeliness.
- **Condition and Context:** Variances in cash balances were noted during audit procedures. The Town's accountant had not reconciled these balances, and audit adjustments were necessary to correct the accounts.
- **Cause of Condition:** Inadequate reconciliation procedures and insufficient oversight of cash account reconciliations.
- **Effect of Condition:** Increased risk of errors or irregularities in cash balances not being detected or corrected timely.
- **Recommendation:** We recommend that reconciliations of all cash accounts be performed monthly and reviewed by someone independent of the preparer to ensure accuracy.

**2023-004: Accounts Payable – Search for Unrecorded Liabilities**

- **Finding Type:** Significant deficiency in internal controls over financial reporting.
- **Criteria:** Management should ensure that all year-end liabilities are recorded in the proper period through a formal cutoff review process.
- **Condition and Context:** During our search for unrecorded liabilities, we identified transactions that were not recorded in the proper fiscal year. Audit adjustments were required to record these expenses and liabilities.
- **Cause of Condition:** Lack of a comprehensive review of subsequent disbursements and invoices after year-end.
- **Effect of Condition:** Accounts payable and accrued expenses were misstated prior to audit adjustments, increasing the risk of material misstatements.

- **Recommendation:** We recommend the Town enhance its year-end closing process by performing a detailed review of disbursements and vendor invoices subsequent to year-end to ensure proper cutoff.

## STATUS OF PRIOR AUDIT FINDINGS
## AS OF JUNE 30, 2022

**Deficiencies in Internal Control:**

**Significant Deficiencies:**

**2022-01 Reconciliation of Balance Sheet Accounts**

- **Status:** Unresolved - The deficiency existed in 2022 and continued into 2023.

**2022-02 Review and Approval of Payroll Warrants**

- **Status:** Unresolved - The deficiency existed in 2022 and continued into 2023.

**2022-03 Review and Approval of General Journal Entries**

- **Status:** Unresolved - The deficiency existed in 2022 and continued into 2023.