

**TOWN OF PLYMOUTH, VERMONT  
TABLE OF CONTENTS**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1-2</b>
Management Discussion and Analysis	3-6
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	7
Statement of Activities	8
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	9
Reconciliation of the Governmental Fund Balances to the Statement of Net Position – Governmental Activities	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund Types	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities – Governmental Activities	12
Notes to Financial Statements	13-28
<i>Compliance Reports:</i>	
Report on internal Control over Financial Reporting and Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	29-30
<i>Required Supplementary Information:</i>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	31
<i>Other Information:</i>	
Combining Balance Sheet – Other Governmental Funds	32
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds	33

# **Graham & Graham, P.C.**

Certified Public Accountants

Business Advisors & Management Consultants

**The Solution Group**

## **INDEPENDENT AUDITORS' REPORT**

To the Select Board  
Town of Plymouth, Vermont  
Plymouth, Vermont

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Plymouth, Vermont (the "Town") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Qualified Opinion on General Fund**

Management has not adopted a methodology for adequately recording and reconciling property tax revenue deposits and related payments received from taxpayers and others on delinquent taxes receivable in the General Fund and, accordingly, could not provide adequate documentation to support the sufficiency of property tax deposits recorded in these financial statements. The amount by which this departure would affect the assets, fund balance, and revenues of the General Fund has not been determined.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Town of Plymouth, Vermont, as of June 30, 2016, and the changes in financial position

15 North Main Street, Suite 204, Concord, NH 03301 • (603) 225-2944 Fax: (603) 856-7635

174 Court Street, PO Box 1661, Laconia, NH 03247 • (603) 527-8721 Fax: (603) 527-8187

PO Box 886, 6 Main St., Springfield, VT 05156 • (802) 885-5340 Fax: (802) 885-4999

162 North Main Street, Suite 206, Barre, VT 05641 • (802) 356-2423

Website: [www.grahamcpa.com](http://www.grahamcpa.com)

thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund other than the general fund, and the aggregate remaining fund information of the Town, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 6 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Graham & Graham, P.C.*

Graham & Graham, P.C.

Springfield, Vermont

January 16, 2017

VT Registration #92-0000282

NH Registration #659

ME Registration #FMF 10001129

**TOWN OF PLYMOUTH, VERMONT**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2016**

Function / Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total
Primary Government					
Governmental Activities:					
General government	\$ 608,777	\$ 208,988	\$ -	\$ -	\$ (399,789)
Public education	915,832	-	-	-	(915,832)
Public safety	277,566	-	-	-	(277,566)
Public Works	641,437	-	71,162	-	(570,275)
Recreation and free library	1,700	-	-	-	(1,700)
Community development	8,443	-	-	-	(8,443)
Disaster buyouts	2,000	-	-	3,818	1,818
Total functions and programs	<u>2,455,755</u>	<u>208,988</u>	<u>71,162</u>	<u>3,818</u>	<u>(2,171,787)</u>
General Revenues:					
Property taxes and delinquent charges levied				\$	2,449,411
Investment income					19,619
Miscellaneous					6,797
Total general revenues					<u>2,475,827</u>
Change in net position					304,040
Net position, beginning of year					<u>2,853,417</u>
Net position, end of year				\$	<u>3,157,457</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF PLYMOUTH, VERMONT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

	<u>General Fund</u>	<u>Highway and Building Funds</u>	<u>Non-major Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 675,896	\$ -	\$ 162,557	\$ 838,453
Investments	-	-	49,593	49,593
Receivables	183,236	-	-	183,236
Due from other funds	5,465	189,902	107,509	302,876
<b>TOTAL ASSETS</b>	<u>\$ 864,597</u>	<u>\$ 189,902</u>	<u>\$ 319,659</u>	<u>\$ 1,374,158</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 51,765	\$ -	\$ 19,000	\$ 70,765
Accrued liabilities	10,025	-	-	10,025
Due to other funds	297,411	-	5,465	302,876
<b>TOTAL LIABILITIES</b>	<u>359,201</u>	<u>-</u>	<u>24,465</u>	<u>383,666</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property taxes, penalties and interest	109,585	-	-	109,585
Total deferred inflows of resources	<u>109,585</u>	<u>-</u>	<u>-</u>	<u>109,585</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	97,805	97,805
Restricted:				
Perpetual care	-	-	68,867	68,867
Highway infrastructure and other purposes	-	189,902	-	189,902
Assigned	-	-	128,522	128,522
Unassigned	395,811	-	-	395,811
<b>TOTAL FUND BALANCES</b>	<u>395,811</u>	<u>189,902</u>	<u>295,194</u>	<u>880,907</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 864,597</u>	<u>\$ 189,902</u>	<u>\$ 319,659</u>	<u>\$ 1,374,158</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF PLYMOUTH, VERMONT**  
**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE**  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**June 30, 2016**

<b>Total fund balances from previous page</b>		\$ 880,907
Capital assets used in governmental activities are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds.		3,438,560
Accumulated depreciation has not been included in the governmental fund financial statements.		(1,135,038)
Net pension liability and related deferred inflows and outflows of resources not due or payable in the current period and, therefore, not reported in the funds.		(34,206)
Long-term capital leases payable are not due and payable in the current period and, therefore, are not reported in the funds.		(102,351)
Property taxes are not available to pay for current expenditures and, therefore, are deferred in the funds.		<u>109,585</u>
<b>Net position of governmental activities</b>		<b>\$ <u><u>3,157,457</u></u></b>

The accompanying notes are an integral part of these financial statements

**TOWN OF PLYMOUTH, VERMONT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2016**

	General Fund	Highway and Building Funds	Non-major Funds	Total
<b>REVENUES</b>				
Property taxes - current year	\$ 1,788,034	\$ -	\$ -	\$ 1,788,034
Property taxes - delinquent	393,180	-	-	393,180
Interest and penalties on delinquent taxes	49,354	-	-	49,354
State payments in lieu of taxes	109,258	-	-	109,258
Traffic and other ordinance fines	191,500	-	-	191,500
Federal grants	3,818	-	-	3,818
State of Vermont grants	71,162	-	-	71,162
Licenses, permits and fees for services	17,488	-	-	17,488
Miscellaneous	6,790	-	-	6,790
Investment income	-	-	19,627	19,627
<b>Total revenues</b>	<u>2,630,584</u>	<u>-</u>	<u>19,627</u>	<u>2,650,211</u>
<b>EXPENDITURES</b>				
<i>Public schools:</i>				
Payments to/on behalf of Plymouth Town School District	915,832	-	-	915,832
<i>Public Safety:</i>				
Law enforcement	199,282	-	-	199,282
Fire protection and emergency services	57,344	-	-	57,344
<b>Total public safety</b>	<u>256,626</u>	<u>-</u>	<u>-</u>	<u>256,626</u>
<i>Community and municipal infrastructure:</i>				
Road, highway, and bridge infrastructure	539,446	-	-	539,446
Curb recycling program	41,567	-	-	41,567
Library support	1,700	-	-	1,700
Listers	37,083	-	-	37,083
Taxes and assessments to regional organizations	61,682	-	-	61,682
Appropriated funds to local community organizations	8,443	-	-	8,443
<b>Total community and municipal development</b>	<u>689,921</u>	<u>-</u>	<u>-</u>	<u>689,921</u>
<i>Administration:</i>				
Selectboard and trustees of public funds	5,300	-	-	5,300
Town clerk and treasurer's office	29,642	-	56,429	86,071
Payroll and related benefits	147,229	-	-	147,229
Elections	560	-	-	560
Legal and professional fees	46,345	-	-	46,345
Municipal building operating costs	32,723	-	-	32,723
Planning and zoning	1,260	-	-	1,260
Insurance	96,116	-	-	96,116
<b>Total administration</b>	<u>359,175</u>	<u>-</u>	<u>56,429</u>	<u>415,604</u>
<b>Total expenditures</b>	<u>2,221,554</u>	<u>-</u>	<u>56,429</u>	<u>2,277,983</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>409,030</u>	<u>-</u>	<u>(36,802)</u>	<u>372,228</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,465	-	-	5,465
Transfers out	-	-	(5,465)	(5,465)
Disaster buyback program	(2,000)	-	-	(2,000)
Miscellaneous	(846)	-	-	(846)
<b>Total other financing sources (uses)</b>	<u>2,619</u>	<u>-</u>	<u>(5,465)</u>	<u>(2,846)</u>
<b>NET CHANGE IN FUND BALANCES</b>	411,649	-	(42,267)	369,382
<b>FUND BALANCES, beginning of year</b>	<u>(15,838)</u>	<u>189,902</u>	<u>337,461</u>	<u>511,525</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 395,811</u>	<u>\$ 189,902</u>	<u>\$ 295,194</u>	<u>\$ 880,907</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF PLYMOUTH, VERMONT**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**  
**For The Year Ended June 30, 2016**

<b>Total net change in fund balances - governmental funds</b>	<b>\$</b>	<b>369,382</b>
<p>Amounts reported for Governmental Activities in the Statement of  Activities are different because:</p>		
Governmental 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		43,936
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(8,238)
The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of principle of long-term debt consumes the current financial resources of governmental funds.		(102,350)
Contributions to the pension plan in the current fiscal year are deferred and not included on the Statement of Activities.		<u>1,310</u>
<b>NET CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u><u>304,040</u></u></b>

The accompanying notes are an integral part of these financial statements



**TOWN OF PLYMOUTH, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Town of Plymouth, Vermont (the "Town") was organized under Vermont Statutes to provide municipal services to the citizens of Plymouth, Vermont. The Select Board (the "Board") is the basic level of government which has oversight responsibility and control over all activities related to the Town. The Town's major operations include fire and police protection, emergency services, parks and recreation, public works and general administrative services.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

**A. REPORTING ENTITY**

The Town, for financial reporting purposes, includes all of the funds relevant to the operations of the Town of Plymouth, Vermont. The financial statements presented herein do not include entities which have been formed under applicable state laws or separate and distinct units of government apart from the Town.

The financial statements of the Town do not include those of separately administered entities that are not controlled by or dependent on the Town. Such control or dependence ("oversight responsibility") is determined on the basis of five basic characteristics; financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

The significant factors for exclusion are: the directors or trustees are elected directly by the registered voters or members; the Town cannot significantly influence the entities' operations; the entities have sole budgetary authority; the entities control surpluses and deficits; the Town is not responsible for the entities debts; and the entities are responsible for fiscal management and fee determination. Based on these criteria, the Town's reporting entity does not include other unreported entities for which the Town exercises no oversight responsibility and has no accountability for fiscal matters.

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The Town's police, fire protection, emergency services, parks and recreation, public works, and general administrative services are classified as governmental activities. The Town does not have any business-type activities to report in these financial statements.

**TOWN OF PLYMOUTH, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (fire, public works, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public works, community and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The Town does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.). All inter-fund activity has been eliminated in the basic financial statements.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**C. BASIC FINANCIAL STATEMENTS-FUND FINANCIAL STATEMENTS**

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Town electively added funds, as major funds, which either had debt outstanding or specific community focus. The non-major funds are combined in a column in the fund financial statements.

**1. Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

**TOWN OF PLYMOUTH, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

The Town reports these major governmental funds and fund types:

- a. The general fund is the Town's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- b. Cemetery Fund, Reappraisal Fund and Highway and Building Fund.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

**D. 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.

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred.

Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

**E. FINANCIAL STATEMENT AMOUNTS**

**1. Cash:**

Cash balances of most Town funds are deposited with and invested by the Town Treasurer and Clerk. The Town considers all investments with an original maturity of three (3) months or less to be cash equivalents. The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent.

**TOWN OF PLYMOUTH, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**2. Receivables:**

All receivables are reported net of estimated uncollectible amounts.

**3. Investments:**

The Town categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**4. Capital Assets:**

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Infrastructure assets are reported starting with the fiscal year ended December 31, 2004. The Town has elected not to report major general infrastructure assets retroactively.

Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations and have initial useful lives beyond a single reporting period. Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net position. Capital assets that are not being depreciated, such as land, are reported separately. Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the asset. Assets are depreciated on an individual basis for equipment and buildings.

The Board maintains a threshold level of \$5,000 or more for capitalizing capital assets. Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. All capital assets, other than land, are depreciated using the straight line method over the following useful lives:

Description	Estimated Useful Lives
Land improvements	10 – 25 years
Buildings and building improvements	25 – 50 years
Furniture, fixtures and equipment	5 – 10 years

**TOWN OF PLYMOUTH, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**5. Deferred Outflows of Resources**

The Town reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. Deferred outflows of resources reported in this year's financial statements include (1) a deferred amount arising from the refunding of enterprise fund bonds, (2) a deferred outflow of resources for contributions made to the Town's defined benefit pension plans between the measurement date of the net pension liabilities from those plans and the end of the Town's fiscal year, and (3) deferred outflows of resources related to the differences between the expected and actual demographics for the Town's single-employer defined benefit fund.

The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred amount related to the actuarial assumptions for demographic factors in the pension fund will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. No deferred outflows of resources affect the governmental funds financial statements in the current year.

**6. Deferred Inflows of Resources:**

The Town's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). Deferred inflows of resources are reported in the Town's various statements of net position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of one (1) year, including the current year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The Town will not recognize the related revenues until they are available (collected not later than 60 days after the end of the Town's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes and grants are reported in the governmental funds balance sheet.

**7. Property Tax Calendar and Revenues:**

Property taxes are levied (and the related tax rate is set) in July of its fiscal year, based upon the grand list of the Town Assessor as of April 1<sup>st</sup> of the previous fiscal year. The property tax due date calendar for these taxes is the 1<sup>st</sup> day of the months of September and February of the fiscal year assessed.

Property tax revenues are recognized in the fiscal year for which taxes have been levied to the extent that they become available, i.e., due or receivable, within the current fiscal year and collected within the current period or within 60 days of year-end.

Property taxes collected before the due date, and in advance of the year for which they are levied, are recorded as a prepaid tax liability as they are intended to finance the subsequent year's budget.

**TOWN OF PLYMOUTH, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

The tax rates for the fiscal year were as follows:

	Non-Residential	Residential
Education	\$ 1.53	\$ 1.72
Municipal	0.41	0.41
Total Tax Rate per \$100 Assessed Value	<u>\$ 1.94</u>	<u>\$ 2.13</u>

**8. Government-wide and Proprietary Fund Net Position:**

Government-wide and proprietary fund net positions are divided into three components:

- Net investment in capital assets-consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position-consist of assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the Town's parks endowment less related liabilities and deferred inflows of resources).
- Unrestricted-all other net position is reported in this category.

**9. Governmental Fund Balances:**

In the governmental fund financial statements, fund balances are classified as follows:

- **Non-spendable**-Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- **Restricted**-Amounts that can be spent only for specific purposes because of the Town Charter, the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed**-Amounts that can be used only for specific purposes determined by a formal action by Town's Select Board.
- **Assigned**-Amounts that are designated by management of the Town for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Select Board.
- **Unassigned**-All amounts not included in other spendable classifications.

**TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**10. Use of Restricted Resources:**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications committed and then assigned fund balances before using unassigned fund balances.

**11. Inter-fund Activity:**

Inter-fund activity is reported as loans, services provided, and reimbursements or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

The Town adopts a legal budget for its general fund at the annual Town meeting in March of each year for the ensuing fiscal year.

**B. BUDGETARY BASIS**

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

**NOTE 3 – CASH**

Custodial credit risk

It is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town's deposits are fully collateralized for the amounts in excess of FDIC insurance coverage.

The cash deposits in the Town's accounts as of June 30, 2016 consisted of the following, and are organized by the following risk categories: Category 1: FDIC Insured deposits or collateralized deposits with securities held in the Depositor's name; Category 2: Collateralized deposits held with the financial institution's name; Category 3: Uncollateralized deposits (such as cash on hand).

**TOWN OF PLYMOUTH, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 – CASH (continued)**

<u>Description</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Insured (FDIC Category 1)	\$ 250,000	\$ 250,000
Uninsured, collateralized by Bank, secured by eligible securities including Federal agency and U.S. Treasury notes	425,896	588,453
Totals	<u>\$ 675,896</u>	<u>\$ 838,453</u>

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

**NOTE 4 – PROPERTY TAXES RECEIVABLE**

The following summarizes tax collections during the fiscal year ended June 30, 2016:

	<u>Totals</u>
Balance – July 1, 2015	\$ 224,310
Gross tax levy, current fiscal year	3,876,649
Tax collections and credits	<u>(3,981,722)</u>
Balance – June 30, 2016	<u>\$ 119,237</u>

Amounts reported as unavailable revenue are taxes that were not collected as of August 31, 2016 in the amount of \$109,585. The difference between the receivable and the unavailable revenue amount of \$9,652 represents taxes collected in July and August 2016, and is recognized as revenue in the governmental fund financial statements at June 30, 2016.

**NOTE 5- DUE TO/FROM OTHER FUNDS**

The following schedule details items (due to) or due from between the governmental funds as of the balance sheet date:

<u>Fund</u>	<u>General Fund</u>	<u>Other Governmental</u>
Highway equipment reserve	\$ (189,902)	\$ 189,902
Office equipment reserve	(55,719)	55,719
Emergency fund	(35,000)	35,000
Record restoration reserve	(16,186)	16,186
Plymouth Press	(218)	218
Reappraisal fund	(5,457)	5,457
General fund – other	(394)	394
Total	<u>\$ (302,876)</u>	<u>\$ 302,876</u>



**TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 6 - INVESTMENTS**

The fair value of investments at June 30, 2016 is as follows:

<u>Investment Security Type</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>
Money market funds	\$ 7,427	Level 1
Mutual funds	42,165	Level 1
	<u>\$ 49,592</u>	

*Interest Rate Risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – State law with regard to cemeteries limits investments in domestic common or preferred stocks to no more than 35% of the portfolio. The rest may be invested in bonds of the United States or the State of Vermont, in bonds or notes issued in anticipation of taxes, loaned upon the first mortgage of real estate (limited to 60% of the value of the underlying real estate), or in the stock of a bank. The Town has no other investment policy that would limit its investments beyond any donor-imposed restrictions on certain endowment donations.

**NOTE 7 – CAPITAL ASSETS**

The following schedule details the changes in the Town’s capital assets:

<u>Description</u>	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2016</u>
Land, buildings and equipment	\$ 3,434,230	\$ 4,330	\$ -	\$ 3,438,560
Accumulated depreciation	<u>(894,657)</u>	<u>(240,381)</u>	<u>-</u>	<u>(1,135,038)</u>
Total capital assets, net	<u>\$ 2,539,573</u>	<u>\$ (236,051)</u>	<u>\$ -</u>	<u>\$ 2,303,522</u>

Depreciation expense was charged to governmental functions as follows:

	<u>Totals</u>
General government	\$ 124,069
Public safety	20,940
Public works	<u>95,372</u>
Balance – June 30, 2016	<u>\$ 240,381</u>

**TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 – RISK MANAGEMENT/COMMITMENTS AND CONTINGENCIES**

The Town is exposed to various risks of loss related to torts; theft, damage and destruction of its assets; injuries to employees and others; and natural disasters. These risks are provided for in various insurance contracts with the Vermont League of Cities and Towns' Property and Casualty Fund and Unemployment Insurance Trust.

Any claims under these policies have not exceeded coverage in any of the immediately preceding three fiscal years. If the insurance funds noted above should ever become insolvent, the Town could be liable for a proportionate share of the Fund's liabilities.

The Town receives grant support from various State, Local and Federal sources. These programs are subject to financial and compliance audits by these grantors. Management believes that any possible disallowed costs, if any, would not be material to these financial statements.

**NOTE 9 - CAPITAL LEASES**

The Town has entered into agreements to lease a snow plow and a truck with attachments. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. Lease payments of \$27,970 are due annually under the truck lease agreement through July 2016. Lease payments of \$40,032 are due annually under the snow plow agreement through December 2017.

The following schedule presents future minimum lease obligations, together with the present value of net minimum lease payments as of June 30, 2016:

Year Ending June 30,	Total Lease Payments
2017	\$ 68,002
2018	40,031
Total minimum lease payments	108,033
Less amounts representing interest	(5,682)
Present value of minimum lease payments	102,351
Less current portion	(63,702)
Non-current portion	\$ 38,649

**NOTE 10 – PENSION PLAN**

Summary of Significant Accounting Policies

*Pensions*

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS), and additions to/deductions from VMERS' fiduciary net position have been determined on the same basis as they are reported by VMERS.

**TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 10 – PENSION PLAN (Continued)**

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

*Plan Description*

The Vermont Municipal Employees' Retirement System 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 school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds.

An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2016, the retirement system consisted of 437 participating employers. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

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

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

**Summary of System Provisions**

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service
Average Final Compensation (AFC)	Group A – average annual compensation during the highest 5 consecutive years. Group B and C – average annual compensation during highest 3 consecutive years. Group D – average annual compensation during highest 2 consecutive years.
Service Retirement Allowance Eligibility	Group A – the earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B – the earlier of age 62 with 5 years of service or age 55 with 30 years of service.

**TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

Groups C and D – age 55 with 5 years of service.

Amount	Group A – 1.4% of AFC x service
	Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC.
	Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC.
	Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC
	Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above includes the portion of the allowance provided by member contributions.
Early Retirement Allowance Eligibility	Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.
Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement proceeds Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.
Vested Retirement Allowance Eligibility	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” described below.
Disability Retirement Allowance Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.
Death Benefit Eligibility	Death after 5 years of service.
Amount	For Groups A, B, C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor’s benefits under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.
Optional Benefit and Death after Retirement	For Groups A, B, C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member’s accumulated contributions are refunded.
Post-Retirement Adjustments	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.
Member Contributions	Group A – 2.5% effective July 1, 2000 (reduced from 3.0%)  Group B – 4.75% effective July 1, 2014 (increased from 4.625%)

**TOWN OF PLYMOUTH, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

Group C – 9.625% effective July 1, 2014 and 9.75% effective January 1, 2015 (increased from 9.5%)

Group D – 11.25% effective July 1, 2014 (increased from 11.25%)

**Employer Contributions**

Group A – 4.0%

Group B – 5.375% (changed from 5.125%) effective July 1, 2014

Group C – 6.875% from July 1, 2014 to December 31, 2014 (changed from 6.625% and then 7.0% effective January 1, 2015)

Group D – 9.75% effective July 1, 2014 (increased from 9.625%)

**Retirement Stipend**

\$25 per month payable at the option of the Board of Retirees.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the Town reported a liability of \$57,468 for its proportionate share of the Net Pension Liability.

The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Obligation 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 employers, actuarially determined.

At June 30, 2016, the Town's proportion was 0.07454%, which was the same its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Town recognized pension expense of \$9,337.

At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,817	\$ -
Change of assumptions	11,445	-
Net difference between projected and actual earnings on pension plan investments	11,102	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	493	(1,595)
Total	\$ 24,857	\$ (1,595)

**TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 10 – PENSION PLAN (continued)**

\$24,857 was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. \$1,595 was reported as deferred inflows of resources related to pensions resulting from various pension related deferral items. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2017	\$	4,371
2018		4,371
2019		10,148
Thereafter		-

The Town’s contribution history is as follows:

FY2016	FY2015	FY2014	FY2013
\$ 10,420	\$ 10,420	\$ 9,402	\$ 9,626

**Significant Actuarial Assumptions and Methods**

**Interest Rate:** A select-and-ultimate interest rate set, specified below. The interest rate set is restarted every year:

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

**Salary Increases:** 5% per year.

**Deaths:**

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

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

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

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

**TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 10 – PENSION PLAN (continued)**

*Cost-of-living Adjustments to Benefits Terminated Vested and Retired Participants:* Assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D.

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

*Asset Valuation Method:* Invested assets are reported at fair value.

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

*Inflation:* The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year. The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage.

The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Equity	31.50%	8.61%
Fixed Income	33.00%	1.91%
Alternatives	15.50%	6.93%
Multi-strategy	20.00%	4.88%

**Discount rate**

The discount rate used to measure the total pension liability was 7.95% to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

**TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 10 – PENSION PLAN (continued)**

***Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the entity's proportionate share of the net pension liability calculated using the discount rate of 7.95%, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

	<b>1% Decrease (6.95%)</b>	<b>Current Discount Rate (7.95%)</b>	<b>1% Decrease (8.95%)</b>
Town’s proportionate share of the net pension liability	\$ 114,789	\$ 57,468	\$ 9,417

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available as a part of the State of Vermont’s Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State’s Department of Finance & Management website at:

[http://finance.vermont.gov/reports\\_and\\_publications/CAFR](http://finance.vermont.gov/reports_and_publications/CAFR)

**NOTE 11 - SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through January 16, 2017, the date on which the financial statements were available to be issued.



# Graham & Graham, P.C.

Certified Public Accountants

Business Advisors & Management Consultants

**The Solution Group**

## 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 Select Board  
Town of Plymouth, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Plymouth, Vermont (the "Town"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 16, 2017.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we identified deficiencies in internal control that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

15 North Main Street, Suite 204, Concord, NH 03301 • (603) 225-2944 Fax: (603) 856-7635

174 Court Street, PO Box 1661, Laconia, NH 03247 • (603) 527-8721 Fax: (603) 527-8187

PO Box 886, 6 Main St., Springfield, VT 05156 • (802) 885-5340 Fax: (802) 885-4999

162 North Main Street, Suite 206, Barre, VT 05641 • (802) 356-2423

Website: [www.grahamcpa.com](http://www.grahamcpa.com)

we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 audit performed 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.

*GRAHAM & GRAHAM, P.C.*

Graham & Graham, P.C.  
Springfield, Vermont  
January 16, 2017  
VT Registration #92-0000282  
NH Registration #659  
ME Registration #FMF 10001129

**TOWN OF PLYMOUTH, VERMONT**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) SCHEDULE**  
**GENERAL FUND**  
**For The Year Ended June 30, 2016**  
**(Unaudited)**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes - current year	\$ 1,149,467	\$ 1,788,034	\$ 638,567
Property taxes - delinquent	-	393,180	393,180
Interest and penalties on delinquent taxes	-	49,354	49,354
State payments in lieu of taxes	-	109,258	109,258
Traffic and other ordinance fines	-	191,500	191,500
Federal grants	-	3,818	3,818
State of Vermont grants	-	71,162	71,162
Licenses, permits and fees for services	-	17,488	17,488
Miscellaneous	-	6,790	6,790
Total revenues	1,149,467	2,630,584	1,474,327
<b>EXPENDITURES</b>			
<i>Public schools:</i>			
Payments to/on behalf of Plymouth Town School District	15,000	915,832	(900,832)
<i>Public Safety:</i>			
Law enforcement	60,100	199,282	(139,182)
Fire protection and emergency services	54,050	57,344	(3,294)
Total public safety	114,150	256,626	(142,476)
<i>Community and municipal infrastructure:</i>			
Road, highway, and bridge infrastructure	544,529	539,446	5,083
Curb recycling program	16,000	41,567	(25,567)
Library support	1,700	1,700	-
Listers	35,000	37,083	(2,083)
Taxes and assessments to regional organizations	67,000	61,682	5,318
Appropriated funds to local community organizations	8,838	8,443	395
Total community and municipal development	673,067	689,921	(16,854)
<i>Administration:</i>			
Selectboard and trustees of public funds	4,950	5,300	(350)
Town clerk and treasurer's office	38,250	29,642	8,608
Payroll related benefits	117,600	147,229	(29,629)
Elections	2,500	560	1,940
Legal and professional fees	5,000	46,345	(41,345)
Municipal building operating costs	77,950	32,723	45,227
Planning and zoning	4,000	1,260	2,740
Insurance	97,000	96,116	884
Total administration	347,250	359,175	(11,925)
Total expenditures	1,149,467	2,221,554	(1,072,087)
Excess (deficiency) of revenues over (under) expenditures	-	409,030	402,240
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	5,465	(5,465)
<b>NON-OPERATING INCOME (EXPENDITURES)</b>			
Disaster buyback program	-	(2,000)	2,000
Miscellaneous	-	(846)	846
Total non-operating income (expense)	-	(2,846)	2,846
<b>NET CHANGE IN FUND BALANCES</b>	\$ -	411,649	\$ 399,394
<b>FUND BALANCES, beginning of year</b>		(15,838)	
<b>FUND BALANCES, end of year</b>		\$ 395,811	

The accompanying notes are an integral part of these financial statements

**TOWN OF PLYMOUTH, VERMONT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2016**

	Cemetery Fund	Reappraisal Fund	Office Equipment Reserve	Emergency Fund	Miscellaneous Funds	Record Restoration Fund	Permanent Fund	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 34,209	\$ 45,478	\$ -	\$ -	\$ -	\$ -	\$ 82,870	\$ 162,557
Investments	-	-	-	-	-	-	49,593	49,593
Due from other funds	-	-	55,719	35,000	604	16,186	-	107,509
<b>TOTAL ASSETS</b>	<u>\$ 34,209</u>	<u>\$ 45,478</u>	<u>\$ 55,719</u>	<u>\$ 35,000</u>	<u>\$ 604</u>	<u>\$ 16,186</u>	<u>\$ 132,463</u>	<u>\$ 319,659</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ 19,000	-	-	-	-	-	19,000
Due to other funds	-	5,465	-	-	-	-	-	5,465
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>24,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,465</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	97,805	97,805
Restricted:								
Perpetual care	34,209	-	-	-	-	-	34,658	68,867
Assigned	-	21,013	55,719	35,000	604	16,186	-	128,522
<b>TOTAL FUND BALANCES</b>	<u>34,209</u>	<u>21,013</u>	<u>55,719</u>	<u>35,000</u>	<u>604</u>	<u>16,186</u>	<u>132,463</u>	<u>295,194</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 34,209</u>	<u>\$ 45,478</u>	<u>\$ 55,719</u>	<u>\$ 35,000</u>	<u>\$ 604</u>	<u>\$ 16,186</u>	<u>\$ 132,463</u>	<u>\$ 319,659</u>

See Independent Auditor's Report

**TOWN OF PLYMOUTH, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2016**

	Cemetery Fund	Reappraisal Fund	Office Equipment Reserve	Emergency Fund	Miscellaneous Funds	Record Restoration Fund	Permanent Fund	Total
<b>REVENUES</b>								
Investment income	\$ 64	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ 19,555	\$ 19,627
Total revenues	<u>64</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,555</u>	<u>19,627</u>
<b>EXPENDITURES</b>								
Operations and equipment	-	56,429	-	-	-	-	-	56,429
Total expenditures	<u>-</u>	<u>56,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,429</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>64</u>	<u>(56,421)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,555</u>	<u>(36,802)</u>
<b>OTHER FINANCING USES</b>								
Transfers out	-	(5,465)	-	-	-	-	-	(5,465)
<b>NET CHANGE IN FUND BALANCES</b>	64	(61,886)	-	-	-	-	19,555	(42,267)
<b>FUND BALANCES, beginning of year</b>	<u>34,145</u>	<u>82,899</u>	<u>55,719</u>	<u>35,000</u>	<u>604</u>	<u>16,186</u>	<u>112,908</u>	<u>337,461</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 34,209</u>	<u>\$ 21,013</u>	<u>\$ 55,719</u>	<u>\$ 35,000</u>	<u>\$ 604</u>	<u>\$ 16,186</u>	<u>\$ 132,463</u>	<u>\$ 295,194</u>

See Independent Auditor's Report