

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE**



**TOWN OF VERNON,  
CONNECTICUT**

**FOR THE YEAR ENDED  
JUNE 30, 2019**

**PREPARED BY:  
THE FINANCE DEPARTMENT  
JEFFREY O'NEILL, FINANCE OFFICER  
FRANK ZITKUS, CONTROLLER**

**TOWN OF VERNON, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**INTRODUCTORY SECTION**

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OFFICE OF THE  
FINANCE DEPARTMENT

# TOWN OF VERNON

14 PARK PLACE, VERNON, CT 06066

Tel: (860) 870-3690

Fax: (860) 870-3587

March 27, 2020

To the Honorable Mayor,  
Members of the Town Council and  
Residents of the Town of Vernon, Connecticut:

Pursuant to the Charter, on an annual basis the Town Council shall designate an auditor or auditors to audit the books and accounts of the town. The Town of Vernon's financial statements have been audited by Mahoney Sabol & Company, LLP, a firm that provides comprehensive accounting, auditing, tax and business consulting services to a wide range of clients and industries. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2019 are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures contained within the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Mahoney Sabol and Company LLP concluded, based upon their audit, that there was a reasonable basis for rendering an "unmodified opinion" that the Town's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited governments internal controls and compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Vernon's separately issued Single Audit Report.

Generally accepted accounting principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Vernon's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Town of Vernon**

The Town of Vernon, located in the northeast part of the state, was originally part of Bolton, Connecticut and eventually incorporated as a separate township in October 1808. In 1965, the Town of Vernon, in its current form, was created when the Town, City of Rockville and the Vernon Fire District were consolidated. At that time,

the Town of Vernon assumed all assets and liabilities of each of the governmental units and a new Town Charter was adopted.

Since 1970, when the Charter was revised, the town operates under a Mayor-Town Council form of government. Policy making and legislative authority are vested in the Town Council consisting of twelve council members with the Mayor presiding over meetings and eligible to vote in the event of a tie. The Town Council is responsible, among other things, for passing ordinances, approving the budget, appointing committees, the Town Attorney, and hiring the Town Administrator. The Town Administrator is responsible for implementing the approved policies, ordinances and overseeing day to day operations of the government. The Mayor and Town Council are elected at large on a partisan basis to serve two-year terms with eight seats as the maximum amount for one political delegation.

The Town of Vernon provides a full range of services, including police and fire protection, ambulance services, construction and maintenance of streets and other infrastructure, solid waste and recycling services, and also offers a variety of human services, recreational activities and cultural events. The Town owns and operates wastewater treatment facility that serves approximately 80% of the Town's residents. This facility also accepts sanitary waste from portions of the surrounding towns of Tolland, Ellington, Manchester and South Windsor in accordance with the provisions of Intergovernmental Sewer Agreements between each of those communities and the Town.

The Town's educational system consists of five elementary schools, one middle school and one high school that includes a regional Vo-Ag on its campus.

The annual operating budget serves as the foundation for the Town of Vernon's financial planning and control. The appropriated budget is prepared by fund, function (e.g. Public Safety) and departments (e.g. Police). Department Heads may request transfers of appropriations within account classifications to the Finance Officer. Other transfers within a department and between departments require the approval of Town Council. Budget to actual comparisons are provided in this report for the general fund, the only legally adopted budget as prescribed by the Town Charter.

### **Local Economy**

The Town of Vernon is a residential community consisting of 18.6 square miles located 14 miles east of Hartford with an estimated population of 29,303 as of June 2019. Vernon is strategically located on Interstate 84 with four interchanges within the Town's borders providing convenient access to all areas of Connecticut, Massachusetts and New York. Bradley International Airport is 30 minutes from Vernon.

The Town continues to pursue economic development while facing the task of addressing the redevelopment of older mill properties. The issuance of building permits remained strong showing a 20% increase year over year as it relates to construction value. Planned investments in infrastructure, clean water management and public safety will have a positive effect locally and will factor into further economic recovery and stability of the region.

The local economic base serves the region as a commercial, governmental, legal and medical center. These sectors contributed to the Net Taxable Grand List growth for 2019; an increase of \$11,770,278. The tax base is moderately concentrated with the top ten taxpayers accounting for 14% of the Net Taxable Grand List. The top taxpayers are primarily comprised of apartments, shopping centers and utilities.



The 2019-2020 operating budget was approved by the Town Council, sent to the annual Town Meeting and adopted on April 23, 2019. A single mill rate was adopted; 39.63, which represented no change from the prior year.

Due to its healthy financial position supported by conservative budgeting and management practices that have contributed to consistent operating surpluses, Moody's Investor Service has assigned the Town of Vernon a credit rating of Aa2 – obligations are judged to be of high-quality and are subject to very low credit risk.

### **Long Range Planning**

The Town updates the six-year capital improvement plan to address community demands as part of the annual budget process. This Capital Improvement Plan will continue to be revised to address community demands, understanding that budgetary constraints imposed by varied economic factors requires the diligent pursuit of grants and alternative resources to fund capital needs.

Construction began in the summer of 2019 on the Water Pollution Control Facility upgrade project with financing for the project to be accomplished through a combination of grant funding and a loan from the Connecticut Clean Water Fund with participating towns contributing their agreed upon percentage of the total cost.

As a result of significant savings recognized during work completed under the road reconstruction and improvements ordinance adopted in 2013, additional road capacity was added in FY20. Therefore, the final bond offering planned was deferred and the town plans to issue the final general obligation bond in FY21 under the ordinance and authorized in January of 2014. Inclusive of additional roads added throughout the project, the Town will not issue the full amount of authorized bonds.

In addition to ongoing road improvements, town projects include reconstruction of sidewalks funded via a combination of town and LOTCIP grant funds while also continuing to work on various bridge replacements funded through town appropriations and other state grants. Also, funding was approved for state mandated replacement of the town's fueling station.

Vernon continues to address major rolling stock demands to replace equipment and vehicles that have met their useful life. Besides being better equipped to serve the residents, these efforts have resulted in stabilization of maintenance budgets for succeeding years. In the current fiscal year, included in this plan were an automated side loader refuse truck for Public Works, a new Class A Rescue/Pumper for the Fire Department and a combination flusher/vacuum truck for the Water Pollution Control Department.

### **Awards and Acknowledgements**

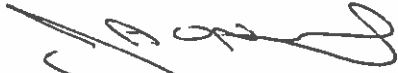
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Vernon for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the **twenty-eighth** consecutive year the Town has received this prestigious award which is valid for a one-year period. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

The Town believes its current report continues to meet the program requirements and we will be submitting it to the GFOA to be considered for another certificate.

The preparation of this annual financial report could not have been accomplished without a major effort and commitment from all members of the finance team. I would like to extend special recognition to Frank J. Zitkus, Controller, for his significant contribution in the completion of this report.

I would also like to thank the staff of Mahoney Sabol & Company, LLP, for their assistance and review of the document. And finally, we acknowledge the Mayor, Town Administrator and members of the Town Council for their continued interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jeffrey A. O'Neill', written in a cursive style.

Jeffrey A. O'Neill  
Finance Officer & Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Vernon  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

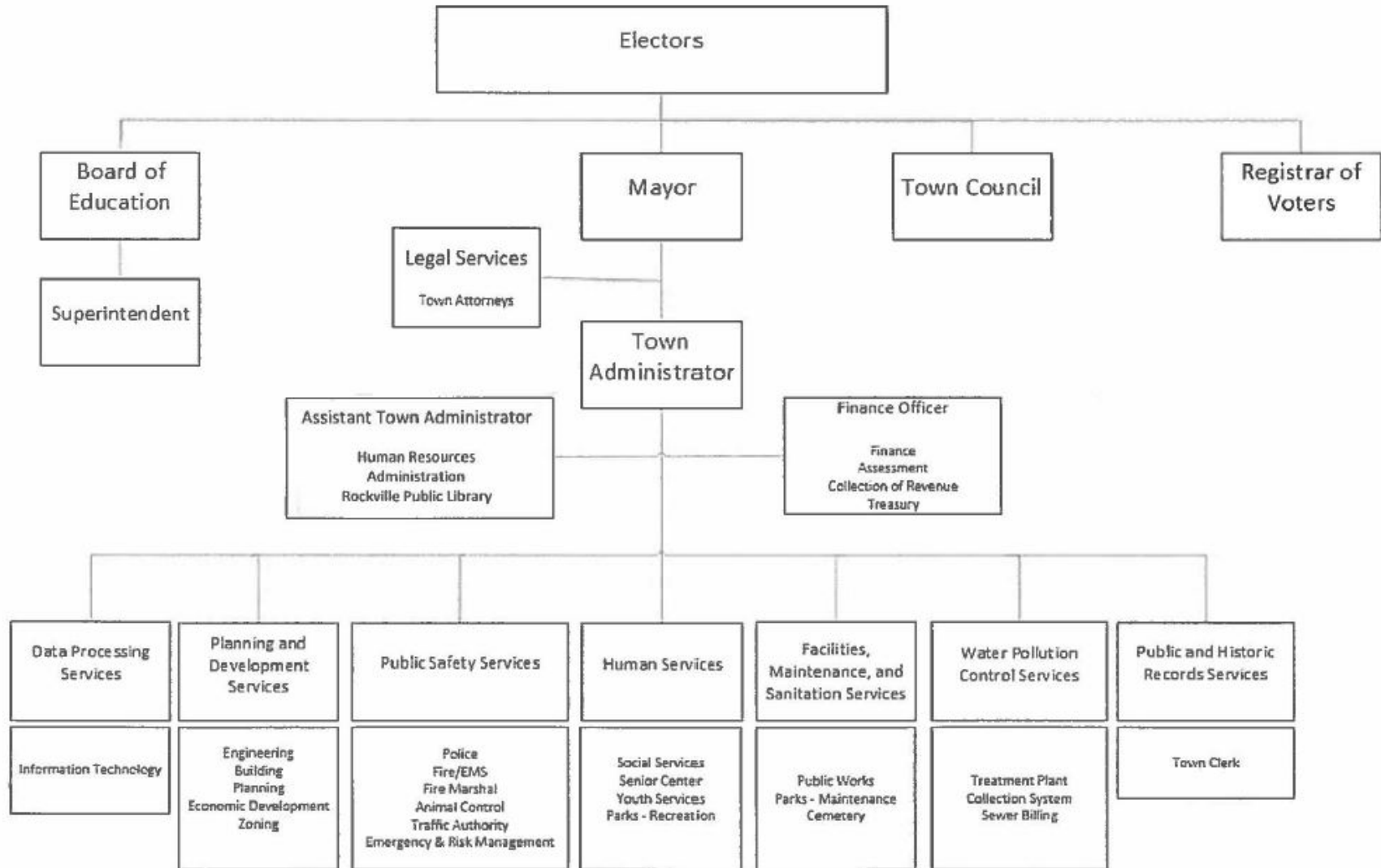
*Christopher P. Morill*

Executive Director/CEO



# Town of Vernon

Organizational Chart  
FY 2018-2019



**TOWN OF VERNON, CONNECTICUT**  
**LIST OF PRINCIPAL OFFICIALS**

**MAYOR**

Daniel A. Champagne

**TOWN COUNCIL**

Laura B. Bush  
William F. Campbell  
Julie Clay  
Thomas DiDio  
Linda Gessay  
Ann Letendre

Maryann Levesque  
Brian Motola  
Pauline Schaefer  
James Tedford  
Steve Wakefield, Mayor Pro Tempore  
Michael Wendus

**TOWN OFFICIALS**

Town Administrator  
Assistant Town Administrator  
Finance Officer / Treasurer  
Town Clerk  
Chief, Police  
Captain, Police  
Chief, Fire / Ambulance  
Director, Data Processing  
Director, Emergency Management  
Director, Library  
Director, Public Works  
Director, Recreation  
Director, Senior Center  
Director, Social Services  
Director, Waste Treatment  
Director, Youth Services  
Ambulance Coordinator  
Animal Control Officer  
Assessor  
Building Inspector  
Cemetery Superintendent  
Collector of Revenue  
Controller  
Finance Analyst  
Fire Marshal  
Registrar (D)  
Registrar (R)  
Town Attorney  
Town Engineer  
Town Planner  
Economic Development Coordinator

Michael J. Purcaro  
Dawn Maselek  
Jeffrey O'Neill  
Karen Daigle  
James Kenny  
John Kelley  
Stephen Eppler  
Robert Sigan  
Michael J. Purcaro  
Jennifer Johnston  
Dwight Ryniewicz  
Martin Sitler  
Maureen Gabriele  
Michelle Hill, Acting  
Robert Grasis  
Michelle Hill  
Jean Gauthier  
Craig P. Segar  
David A. Wheeler  
Steven Prattson  
Travis Clark  
Terry A. Hjarne  
Frank J. Zitkus  
Matthew Daskal  
Daniel Wasilewski  
Christopher Prue  
John K. Anderson  
Louis A. Spadaccini  
David Smith  
George McGregor  
Shaun Gately

**BOARD OF EDUCATION**

Michelle B. Arn  
Kevin Brown  
Patricia Buxton, Treasurer  
Anne H. Fischer, Chairperson

Latasha Hyatt  
Mark Kalina, Vice Chairperson  
Stephen Linton, Secretary  
Deborah Rodriguez

**EDUCATION OFFICIALS**

Superintendent of Schools  
Assistant Superintendent of Schools  
Director of Business and Finance

Dr. Joseph Macary  
Robert Testa  
Angela Wang

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## INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Vernon, Connecticut

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vernon, Connecticut (the "Town"), as of and for the year ended June 30, 2019, 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vernon, Connecticut, as of June 30, 2019, 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 on pages 3 through 18 and the information on pages 83 through 100 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section on pages i through viii, the combining and individual fund statements and schedules on pages 101 through 128, and the statistical section and trend data section on pages 129 through 158 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules 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 fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section and the trend data section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2020, 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.



Certified Public Accountants  
Glastonbury, Connecticut  
March 27, 2020



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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The management of the Town of Vernon, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. 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 on pages i - iv of this Comprehensive Annual Financial Report ("Report").

**Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$122.407 million (net position). Of this amount, \$30.375 million represents a deficit in the Town's unrestricted net position. This deficit is attributed to the Town's net pension and other post-employment benefits liabilities, which are being funded by the Town over time based on actuarially determined contributions.
- Net position of the Town's governmental activities totaled \$104.435 million, an increase of \$12.914 million over the prior year net position. Net position of the Town's business-type activities totaled \$17.972 million, a decrease of \$404 thousand over the prior year net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$32.709 million, an increase of \$2.425 million in comparison with the prior year. Of this amount, 73.75% or \$24.123 million is available for spending at the Town's discretion (committed, assigned, and unassigned fund balance).
- The fund balance of the Town's General Fund increased by \$2.517 million to \$23.871 million. The current year increase was accomplished by effectively managing appropriations by means of spending and hiring controls, and increased collections of current and prior taxes, charges for services and other revenue sources.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$19.297 million or 19.17% of total current year General Fund expenditures and other financing uses. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.3 months of General Fund operating expenditures.

**Overview of the Financial Statements**

This discussion and analysis is 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.

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Government-wide Financial Statements (*Continued*)**

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, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these other elements. 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 Town'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 result in cash flows in future fiscal periods.

Both of the government-wide financial statements are intended to 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 activities such as: education, public safety, maintenance and development of streets and buildings, sanitation, human services, recreation, public improvements, community planning and development, and general administration. The business-type activities of the Town include activities of the Town's wastewater treatment facility and rentals at Center 375.

The government-wide financial statements can be found on pages 19 and 20 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***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 the Town'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 Town'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.

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Fund Financial Statements (Continued)**

***Governmental Funds (Continued)***

The Town maintains several individual governmental 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, the Road Improvements Bond Fund, the Special Education Grants Fund and the Waste Treatment Plant Upgrade Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21 through 25 of this report.

***Proprietary Funds***

Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The Town uses an enterprise fund to account for the Town's wastewater operations and property rentals at Center 375. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for activities that provide supplies and services to the Town's governmental and business-type functions.

The basic proprietary fund financial statements can be found on pages 26 through 28 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 29 and 30 of this report.

**Notes to the Financial Statements**

The notes to the financial statements 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 on pages 31 through 82 of this report.

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules, and a statistical section that can be found on pages 83 through 158 of this report.

**Government-wide Financial Analysis**

**Net Position**

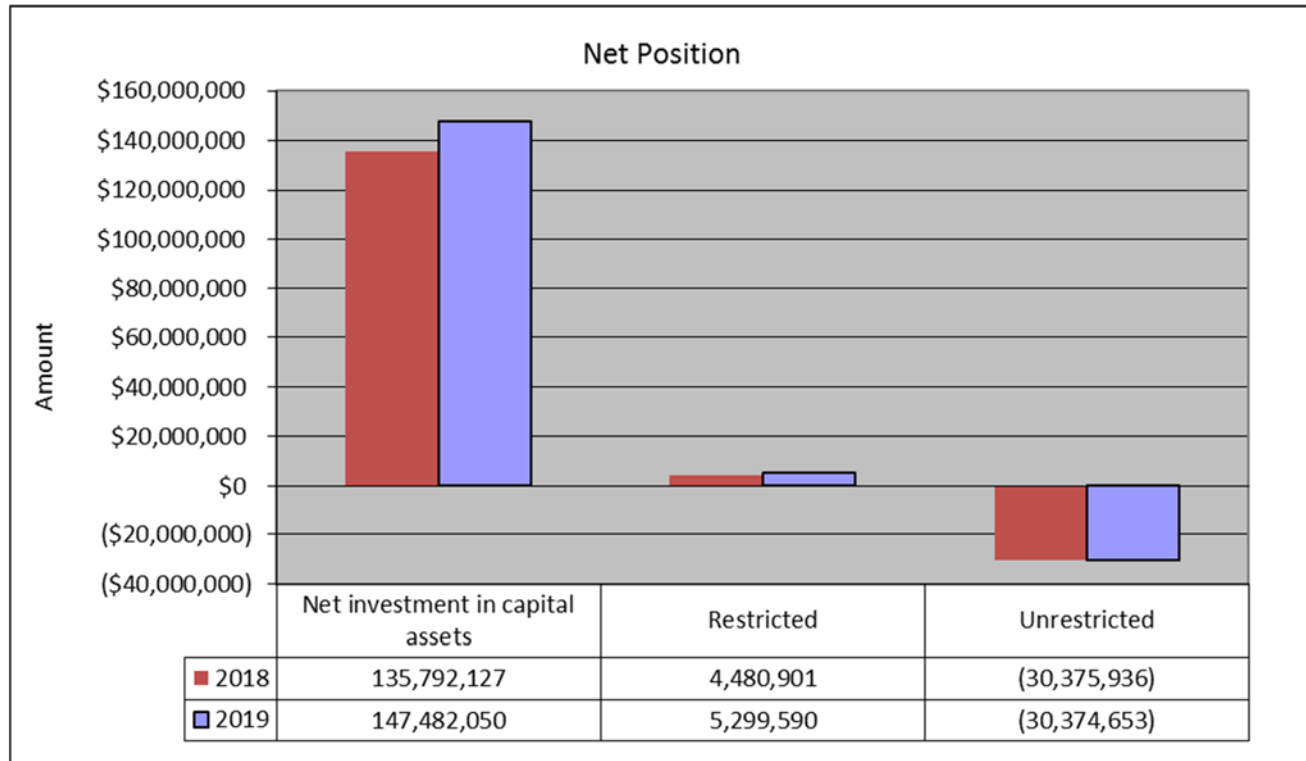
Over time, net position may serve as one measure of a government's financial position. The Town's total net position (governmental and business-type activities combined) totaled \$122.407 million as of June 30, 2019 and \$109.897 million as of June 30, 2018 and is summarized as follows.

	Net Position					
	June 30, 2019			June 30, 2018	2019 vs 2018	
	Governmental Activities	Business-type Activities	Total	Total		
					\$ Change	% Change
Current and other assets	\$ 48,975,228	\$ 14,289,663	\$ 63,264,891	\$ 63,186,243	\$ 78,648	0%
Capital assets	182,959,733	8,870,382	191,830,115	182,165,192	9,664,923	5%
Total assets	231,934,961	23,160,045	255,095,006	245,351,435	9,743,571	4%
Deferred outflows of resources	12,389,036	686,360	13,075,396	4,637,757	8,437,639	182%
Other liabilities	4,488,909	316,140	4,805,049	10,639,545	(5,834,496)	-55%
Long-term liabilities	121,202,499	5,155,564	126,358,063	116,257,114	10,100,949	9%
Total liabilities	125,691,408	5,471,704	131,163,112	126,896,659	4,266,453	3%
Deferred inflows of resources	14,198,015	402,288	14,600,303	13,195,441	1,404,862	11%
Net position:						
Net investment in capital assets	138,611,668	8,870,382	147,482,050	135,792,127	11,689,923	9%
Restricted	5,299,590	-	5,299,590	4,480,901	818,689	18%
Unrestricted	(39,476,684)	9,102,031	(30,374,653)	(30,375,936)	1,283	0%
Total net position	\$ 104,434,574	\$ 17,972,413	\$ 122,406,987	\$ 109,897,092	\$ 12,509,895	11%

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

**Government-wide Financial Analysis (Continued)**

**Net Position (Continued)**



As of June 30, 2019, 120.5% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

As of June 30, 2019, 4.3% of the Town's net position is subject to restrictions on how it may be used and are, therefore, presented as restricted net position.

The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Significant changes in the Town's financial position include increases in capital assets, relating to the construction of various bridge and road projects, school roof replacements, and the planning study for the Waste Treatment Plant upgrade. In addition, deferred outflows and inflows of resources and long-term liabilities were impacted by significant changes in the components of the Town's net pension and other post-employment benefit liabilities.

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

**Government-wide Financial Analysis (Continued)**

**Changes in Net Position**

Changes in net position for the years ended June 30, 2019 and 2018 are as follows.

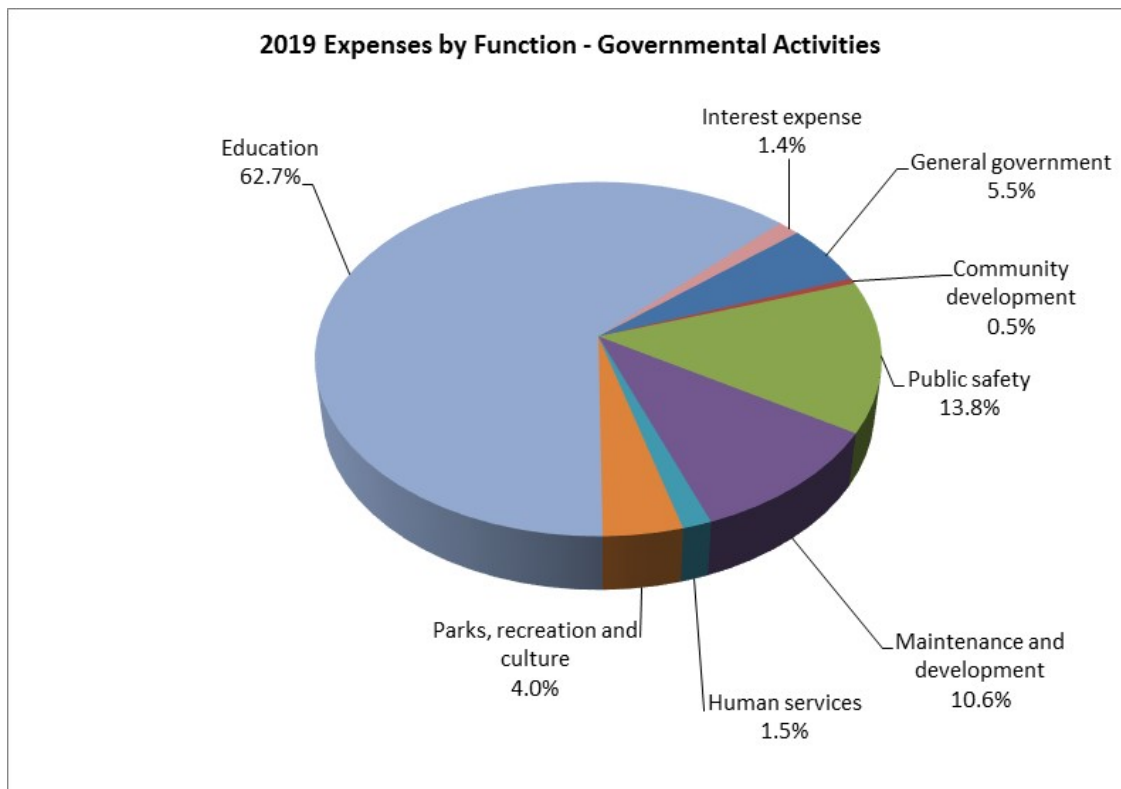
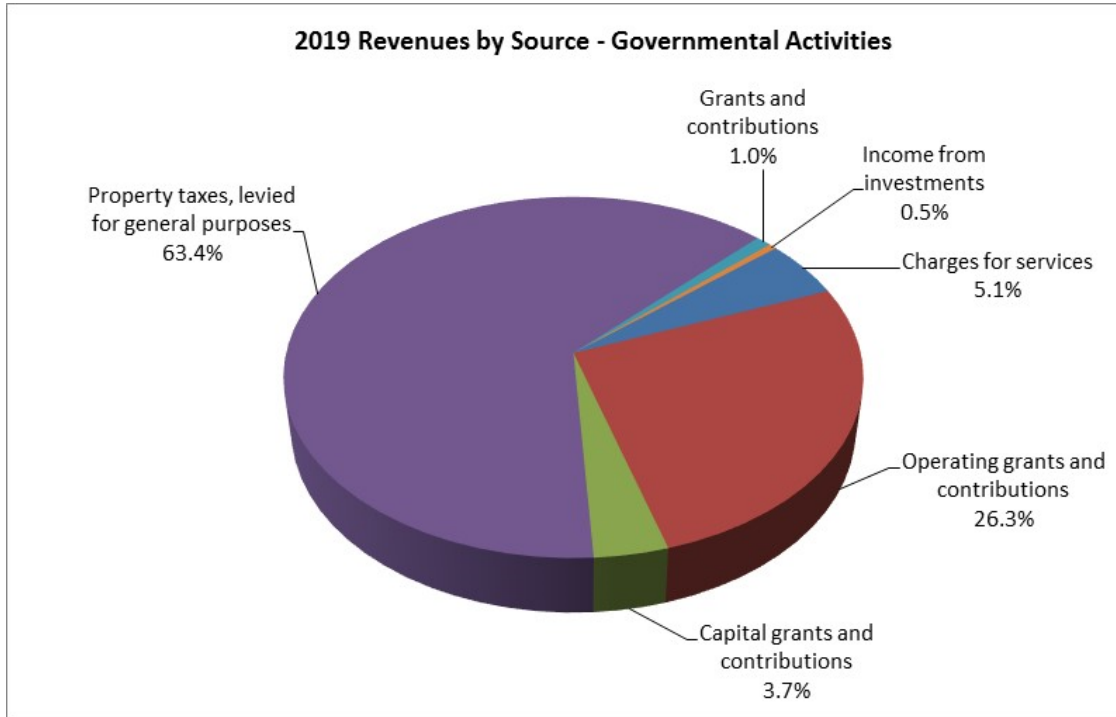
	<b>Changes in Net Position</b>					
	<b>For the Years Ended</b>					
	<b>June 30, 2019</b>			<b>June 30, 2018</b>	<b>2019 vs 2018</b>	
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 5,910,668	\$ 5,544,508	\$ 11,455,176	\$ 13,063,374	\$ (1,608,198)	-12.3%
Operating grants and contributions	30,416,836	-	30,416,836	38,655,654	(8,238,818)	-21.3%
Capital grants and contributions	4,230,984	132,186	4,363,170	3,017,931	1,345,239	44.6%
General revenues:						
Property taxes, levied for general purposes	73,175,891	-	73,175,891	70,636,382	2,539,509	3.6%
Grants and contributions	1,124,707	-	1,124,707	905,765	218,942	24.2%
Investment earnings	578,316	165,664	743,980	290,823	453,157	155.8%
Total revenues	<u>115,437,402</u>	<u>5,842,358</u>	<u>121,279,760</u>	<u>126,569,929</u>	<u>(5,290,169)</u>	<u>-4.2%</u>
<b>Expenses</b>						
General government	5,923,426	-	5,923,426	5,726,965	196,461	3.4%
Community development	434,475	-	434,475	516,403	(81,928)	-15.9%
Public safety	14,959,888	-	14,959,888	14,218,806	741,082	5.2%
Maintenance and development	11,444,665	-	11,444,665	12,373,159	(928,494)	-7.5%
Human services	1,602,732	-	1,602,732	1,321,334	281,398	21.3%
Parks, recreation and culture	4,371,420	-	4,371,420	3,226,817	1,144,603	35.5%
Education	64,151,384	-	64,151,384	64,668,435	(517,051)	-0.8%
Education - State Teachers' Retirement	3,681,941	-	3,681,941	10,649,640	(6,967,699)	-65.4%
Interest expense	1,535,696	-	1,535,696	1,563,477	(27,781)	-1.8%
Sewer	-	6,065,710	6,065,710	6,428,958	(363,248)	-5.7%
Center 375 (rental)	-	180,436	180,436	211,897	(31,461)	-14.8%
Total expenses	<u>108,105,627</u>	<u>6,246,146</u>	<u>114,351,773</u>	<u>120,905,891</u>	<u>(6,554,118)</u>	<u>-5.4%</u>
Change in net position before special item	7,331,775	(403,788)	6,927,987	5,664,038	1,263,949	22.3%
Special item - transfer of library operations	5,581,908	-	5,581,908	-	5,581,908	-
Change in net position	12,913,683	(403,788)	12,509,895	<u>\$ 5,664,038</u>	<u>\$ 6,845,857</u>	120.9%
Net position, beginning	91,520,891	18,376,201	109,897,092			
Net position, ending	<u>\$ 104,434,574</u>	<u>\$ 17,972,413</u>	<u>\$ 122,406,987</u>			

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**Government-wide Financial Analysis (Continued)**

**Change in Net Position *(Continued)***





**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**Government-wide Financial Analysis (Continued)**

**Change in Net Position *(Continued)***

***Governmental Activities***

Net position from governmental activities increased from \$91.521 million to \$104.435 million, an increase of \$12.914 million. Since the Town began preparing a statement of net position as of June 30, 2003, this is the fourteenth increase in the seventeen-year period.

Overall revenues decreased by \$4.878 million or 4.1% over the prior year. Key factors in this decrease were as follows:

- a decrease in operating grants and contributions of \$8.230 million primarily due to a reduction of \$6.968 million in the amount of on-behalf pension and OPEB expenses recognized by the State of Connecticut in connection with the Town's participation in the State of Connecticut State Teachers' Retirement System. This decrease also resulted in a direct decrease in education expenses; and
- a decrease in charges for services of \$1.019 million driven by a reduction of \$566 thousand in building permits; offset by
- an increase in property tax revenues of \$2,539,509 or 3.60%;
- an increase in capital grants of \$1.281 million primarily due to funding received towards upgrades to the Town's water treatment plant; and
- an increase in investment income of \$333 thousand due to increases in short-term interest rates.

Overall expenses decreased by \$6.159 million or 5.4% from the prior year. Key factors in this decrease were as follows:

- a decrease of \$6.968 million in on-behalf pension and OPEB expenses recognized by the State of Connecticut in connection with the Town's participation in the State of Connecticut State Teachers' Retirement System; offset by
- an increase in parks, recreation and culture expenses of \$1.145 million primarily due to costs incurred for the operation of the Town's library (see additional discussion below).

During July 2018, the assets, liabilities and operations of the Rockville Public Library were transferred to the Town. The library, previously operated as a nonprofit organization, now operates as a Town department. The transfer of operations to the Town resulted in the recognition of a special item in the amount of \$5.582 million, which reflects the carrying value of assets acquired over the liabilities assumed.

***Business-type Activities***

Revenues of the Town's business-type activities decreased by \$412 thousand or 6.6% and expenses decreased by \$395 thousand or 5.9%. The factors influencing revenue results were decreases in service charges of \$750 thousand (sewer use fee collections, due to a change in the billing schedule from quarterly to bi-annual, resulting in only three quarters billed and recognized as revenue in the current fiscal year) and operating grants and contributions of \$8 thousand; offset by increases in capital contributions of \$65 thousand, septic fees and other revenues of \$161 thousand and investment earnings of \$120 thousand.

The decrease in expenses of \$395 thousand is comprised of increases in utility costs of \$97 thousand, repair and maintenance costs of \$43 thousand, supplies and materials cost of \$67 thousand and administrative costs of \$40 thousand; which were offset by reductions to wages and benefits of \$428 thousand (due to reduced pension costs) and general administrative costs of \$179 thousand.

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**Financial Analysis of the Town'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 the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$32.709 million. Of total fund balance, \$19.159 million is either non-spendable, committed, restricted or assigned because it has been committed for construction contracts or has been set aside for capital purposes, trust fund purposes, special assessment debt service, prepaid items and inventory.

Included in the current year total change in fund balance is an increase of \$2.517 million in the Town's General Fund. The unassigned fund balance reflects an overall increase of \$2.351 million. The unassigned fund balance of the General Fund at June 30, 2019 is \$19.297 million, which represents 20.66% of the Town's estimated revenues for the ensuing year. Maintaining adequate fund balance reserves allows the Town flexibility when budgets are restricted, emergency funds are needed, and prevents cash flow problems and the related costs that can result. It is essential to have reserves available to provide funding support for major capital projects that await reimbursement from grant or bond proceeds and for debt avoidance when applying internal financing for capital equipment. In addition, income earned by keeping the funds invested assists in limiting the need for future tax increases.

The Town's other major governmental funds are the Road Improvements Bond Fund, the Special Education Grants Fund and the Waste Treatment Plant Upgrades Fund. The Road Improvements Bond Fund incurred \$3.444 million on roadway improvements costs during the current year resulting in a \$1.938 million fund balance deficit at year-end. The Town issued \$3.387 million in general obligation bonds in August 2018 to fund on-going road improvement costs and to retire the \$1.525 million bond anticipation notes outstanding as of year-end. The Special Education Grants Fund incurred costs of \$5.200 million during the fiscal year, offset by grant revenue of \$5.258 million. Available fund balance at June 30, 2019 totaled \$151 thousand. The Waste Treatment Plant Upgrade Fund incurred costs of \$2.546 million during the year, offset by grant receipts of \$1.456 million, and has a current fund balance deficit of \$3.357 million.

Changes in fund balances of Non-major Governmental Funds include the following:

*Nonmajor Special Revenue Funds* - there was an increase of \$373 thousand, with gains of \$49 thousand in the Ambulance Medical Services Fund, \$193 thousand in the Public Safety Complex Fund, \$48 thousand in the Cafeteria Fund, \$39 thousand in the Parks and Recreation Programs Fund and \$96 thousand in the Miscellaneous Special Revenue Fund. Fund balance decreases include \$39 thousand in the Insurance Exchange Fund, \$67 thousand in the Sewer Connections Fund and \$20 thousand in the Town Aid Road Fund.

*Nonmajor Debt Service Fund* - the Fund received a transfer in of \$951 thousand during the fiscal year and currently has \$1.415 million of fund balance available to cover future debt service requirements of the Waste Treatment Plant facility upgrades.

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**Financial Analysis of the Town's Funds (Continued)**

**Governmental Funds (*Continued*)**

*Nonmajor Capital Projects Funds* - there was a decrease of \$289 thousand ,including fund balance decreases of \$59 thousand in the Senior Center Acquisition and Renovations Fund, \$263 thousand in the School Roof Replacements and Renovations Fund, \$248 thousand in the Pleasantview Drive Bridge Renovations Fund, \$106 thousand in the Town Capital and Nonrecurring Fund, \$77 thousand in the South Street Reconstruction Fund and \$60 thousand in the Citizens Block Renovations Fund. Increases include \$125 thousand in the Dart Hill Road Bridge Reconstruction Fund, \$419 thousand in the Education Capital Nonrecurring Fund and \$49 thousand in the Main Street Bridge reconstruction Fund. The Permanent Trust Fund increased by \$1.334 million due primarily to a \$1.211 million Rockville Library Trust Endowment and an increase in the fair value of investments.

**Proprietary Funds**

The Town accounts for five proprietary funds, two as business-type activities and three as internal service funds. The Sewer User Fund and the Center 375 Fund are established as self-supporting business-type activities that reported a reduced change in net position of \$428 thousand for the year.

The Sewer User Fund is established for the operation and maintenance of the wastewater treatment plant. Quarterly bills for sewer usage and interest earned on investments generate its resources. The net decrease to the Sewer User Fund net position was \$434 thousand compared to a decrease of \$372 thousand in the prior year. The current year decrease is attributable to operating expenses exceeding operating revenues by \$702 thousand. The primary reason for the operating loss was due to a change from a quarterly billing of charges to a bi-annual billing. This resulted in only three quarterly billings recognized for the fiscal year, a reduction of \$750 thousand in charges from the prior year. The October 1, 2018 sewer rate was kept level at its prior year rate of \$5.99/1,000. An increase in treated waste helped mitigate the decrease in user fee collections. There was a combined \$161 thousand increase in septic fees, delinquent interest and other revenues. Other revenue, non-operating revenue and capital contributions were \$160 thousand higher than prior year. Operating expenses decreased \$367 thousand from the prior year primarily due to reduced wage and benefits costs of \$428 thousand, offset by an increase of \$117 thousand in utility costs and \$54 thousand in maintenance costs. The plant is in its twenty second year of operation since major renovations, and its latest upgrade is reported in the Governmental Activities.

Center 375 is a former elementary school renovated for the rental of office space to private firms and to Town departments. The renovation was conducted in a manner that would enable the Town to restore the building back to a school if enrollments so demanded. The result of the year's activity increased net position by \$6 thousand.

The Internal Service Funds are supported by department budgets.

The Data Processing Fund serves both the Town and school administrations, which equally support its operating expenses. Net position increased by \$117 thousand as contributions from the General Fund increased by \$101 thousand. A \$180 thousand decrease in the Fund's wage and benefit costs accounted for the majority of the \$78 thousand decrease in operating costs. The future needs of the department require continual upgrades to the various computer systems as well as maintaining a network for sharing common software and databases.

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**Financial Analysis of the Town's Funds (Continued)**

**Proprietary Funds (Continued)**

The Workers' Compensation Fund provides for self-insurance of workers' compensation and is supported by contributions from the General Fund and Sewer User Fund, as well as investment income. At fiscal year-end, revenue exceeded expenses by \$80 thousand, decreasing the prior year net position deficit from \$1.661 million to \$1.580 million. Contributions to the Fund were level from the prior year while claims incurred increased from \$691 thousand in the prior year to \$757 thousand in the current year. The allocation of adequate contributions in the next year to meet financial demands is based on actual experience.

The Medical Self-Insurance Fund, which became effective January 1, 2006, provides medical prescription coverage for employees and retirees. Effective July 1, 2007, dental coverage for general government employees and retirees became self-insured. Effective July 1, 2017, dental coverage for education employees and retirees became self-insured. The fund is supported by contributions from all covered participants and employer contributions. Contribution amounts are based upon historical experience of claims incurred and paid, and third-party administrators process the claims. Net position was \$1.044 million, an increase of \$108 thousand from the prior year, primarily due to favorable dental claims experience.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget amounted to an increase of \$2.778 million. Included in this amount is \$1.828 million of encumbrances carried forward from the previous fiscal year and \$950 thousand of current year budget amendments that can be classified as either pass-through additional appropriations or other additional appropriations.

*Pass-through additional appropriations* are those supported by revenue and other sources and amounted to \$393 thousand during the year, including \$14 thousand for capital equipment; \$199 thousand for collections remitted to the State of Connecticut by the Town Clerk for the community investment and historic preservation acts; \$174 thousand in police special services pay. Although these additional appropriations had revenue and other funding sources, they were legally appropriated from fund balance.

*Other additional appropriations* taken from fund balance amounted to \$557 thousand, including \$65 thousand for snow removal; \$87 thousand for tax refunds and reimbursements, \$250 thousand for sidewalk improvements, \$40 thousand for park improvements, \$58 thousand for information technology hardware, \$36 thousand for police equipment, \$18 thousand for primary worker wages and \$3 thousand for other costs.

Actual final expenditures totaled \$90.438 million and can be summarized as follows. The budgetary unexpended, unencumbered resulted in a favorable amount of \$1.287 million. Contained within this amount are favorable variances of \$175 thousand in general government spending; \$9 thousand in community development; \$354 thousand for police and firefighting services and other public safety expenditures; \$7 thousand in refuse and recycling collection and \$45 thousand in public works maintenance; \$81 thousand in human services expenditures; \$30 thousand for parks recreation administration and maintenance; \$62 thousand for FICA, \$245 thousand in group and municipal insurance; and \$237 thousand in contingency. As the fiscal year progresses, financial measures are taken to manage areas where additional costs are required, as well as projecting revenue shortfalls. One example is a hiring deferral to cover additional costs associated with the payment of compensated absences. Another is seeking out alternative revenue sources such as excess special education grants and Medicaid reimbursements to help offset the decrease in special education tuitions.

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**General Fund Budgetary Highlights (Continued)**

On the revenue side, final actual revenues exceeded the original budget by \$3.088 million due to favorable variances in the following categories: \$1.012 million in total tax collections including \$341 thousand in current taxes; intergovernmental revenues were \$939 thousand above estimates including \$177 thousand from excess special education and state agency placement grants. Charges for services were above estimates by \$608 thousand due in most part to the farmland preservation surcharge of \$115 thousand; police special services of \$202 thousand; and MERS receipts of \$47 thousand, which in turn are appropriated to cover respective costs. Town Clerk recording fees exceeded estimates by \$117 thousand. Education tuition receipts were above projections by \$25 thousand. Licenses and permits were below projections by \$71 thousand due primarily to an unfavorable building permits variance of \$76 thousand. Fines and penalties were \$3 thousand above projections. An increase in interest rates and enhanced cash management produced a surplus of \$398 thousand in investment income. Other financing sources were below original estimates by \$79 thousand and other revenue, which includes items such as education, insurance and gasoline reimbursements, were above estimates by \$191 thousand.

**Capital Asset and Debt Administration**

**Capital Assets**

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2019 totaled \$191.830 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, park facilities, vehicles and equipment, roads, bridges, storm water drainage and sewer lines. This amount represents a net increase (including additions and deductions) of \$9.665 million or 5.31% more than last year.

Major capital asset additions during the current fiscal year included the following:

- \$4.203 million in road reconstruction and improvements;
- \$2.546 million in engineering costs for the upgrade of the Waste Treatment Plant facility;
- \$1.259 million in bridge reconstruction costs;
- \$1.008 million minor capital improvements to the Town's educational facilities, including roof replacements;
- \$755 thousand in park improvements;
- \$417 thousand in sidewalk improvements;
- \$203 thousand in public safety improvements; and
- \$105 thousand in renovations to the new Senior Center facility.

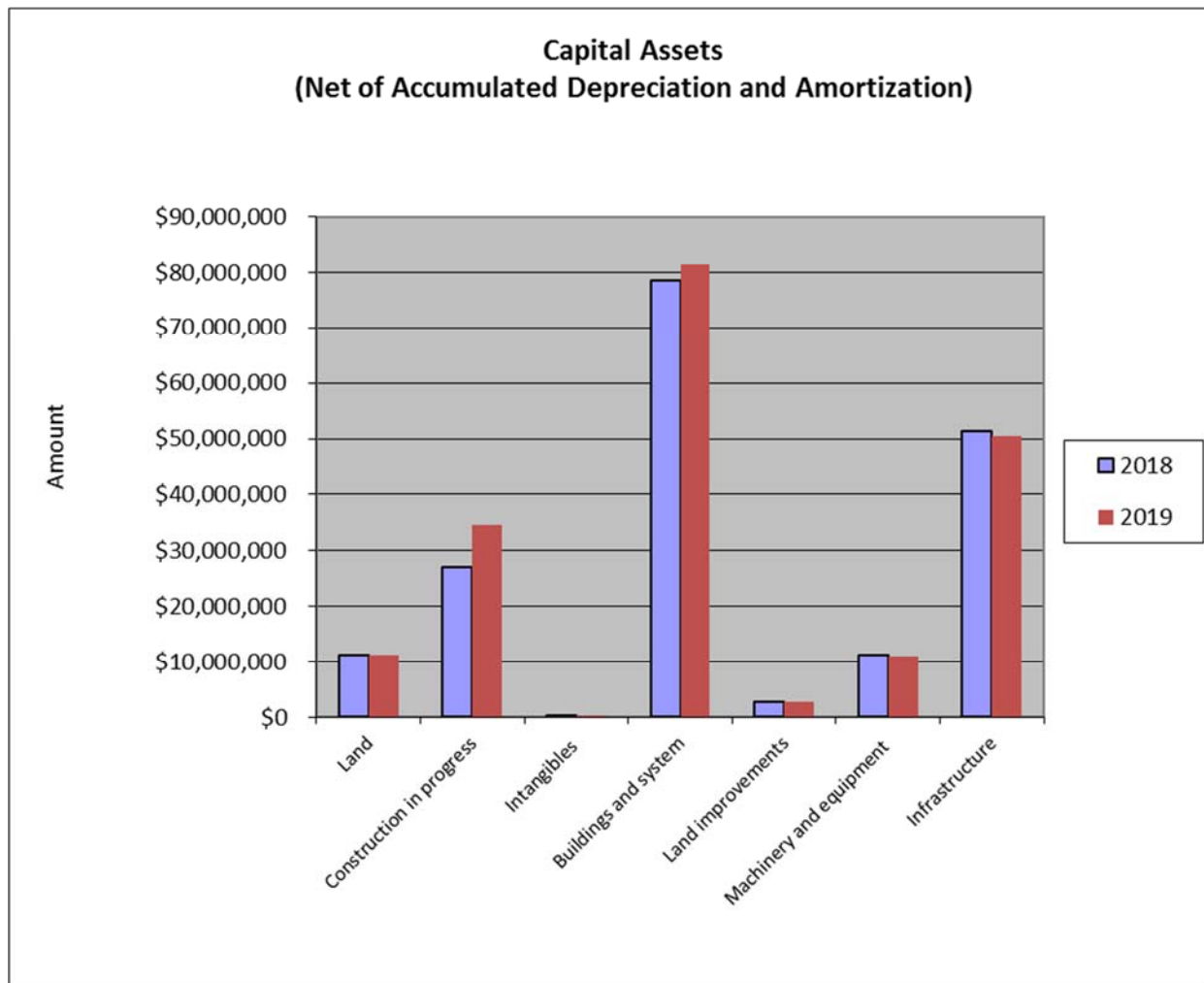
**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

**Capital Asset and Debt Administration (Continued)**

**Capital Assets (Continued)**

The following table is a two-year comparison of the investment in capital assets:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 9,868,228	\$ 9,866,728	\$ 1,322,840	\$ 1,322,840	\$ 11,191,068	\$ 11,189,568
Construction in progress	34,696,970	27,042,402	-	-	34,696,970	27,042,402
Intangibles	19,641	23,212	29,626	44,064	49,267	67,276
Buildings and system	80,502,207	77,414,116	992,882	1,114,932	81,495,089	78,529,048
Land improvements	2,713,987	2,647,381	124,312	133,727	2,838,299	2,781,108
Machinery and equipment	9,766,798	9,888,689	1,313,452	1,330,842	11,080,250	11,219,531
Infrastructure	45,391,902	46,050,958	5,087,270	5,285,301	50,479,172	51,336,259
Totals	<u>\$ 182,959,733</u>	<u>\$ 172,933,486</u>	<u>\$ 8,870,382</u>	<u>\$ 9,231,706</u>	<u>\$ 191,830,115</u>	<u>\$ 182,165,192</u>



Additional information on the Town's capital assets can be found in Note 4 to the financial statements beginning on page 44.

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

**Capital Asset and Debt Administration (Continued)**

**Debt Administration**

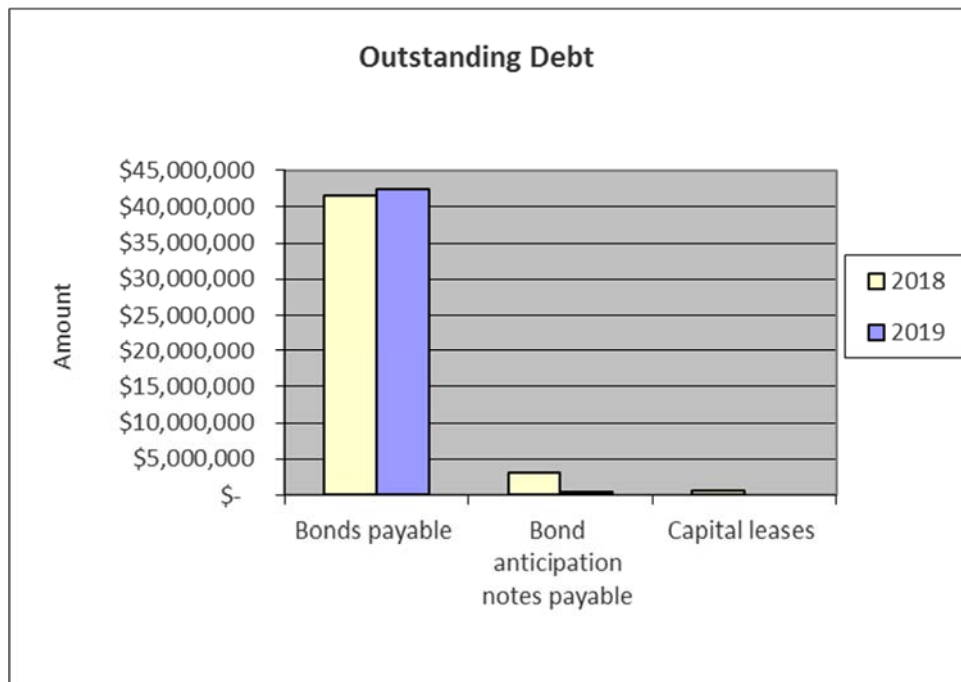
At the end of the current fiscal year, the Town had \$42.940 million in long-term bonds, notes and lease purchase obligations outstanding compared to \$45.477 million at the end of the prior fiscal year, a decrease of \$2.536 million or 5.58%. The following is a two-year comparison of long-term debt:

**Long-term Debt  
June 30, 2019**

	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 42,475,000	\$ -	\$ 42,475,000
Capital leases	465,300	-	465,300
Totals	<u>\$ 42,940,300</u>	<u>\$ -</u>	<u>\$ 42,940,300</u>

**Long-term Debt  
June 30, 2018**

	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 41,645,000	\$ -	\$ 41,645,000
Bond anticipation notes payable	3,138,000	-	3,138,000
Capital leases	693,718	-	693,718
Totals	<u>\$ 45,476,718</u>	<u>\$ -</u>	<u>\$ 45,476,718</u>



**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**Capital Asset and Debt Administration (Continued)**

**Debt Administration (Continued)**

During the current fiscal year long-term debt principal payments of \$4.398 million were made. In August 2018, the Town issued general obligation bonds of \$3.387 million to fund road reconstruction and improvement projects that commenced in fiscal year 2013-2014. Also in August 2018, the Town issued general obligation bonds of \$1.613 million to fund improvements to the new Senior Citizen Center facility. The August 2018 bond issues retired the June 30, 2018 bond anticipation notes of \$3.138 million.

The Town's Aa2 general obligation bond rating was reviewed and reaffirmed by Moody's Investors on July 23, 2018. The Town's prior ratings, from July 24, 2017, July 19, 2016, July 15, 2015 and March 26, 2012, were also Aa2. Moody's most recent rating, when considering recalibrations, is in essence, an equivalent rating that has been assigned to the Town's debt since 1994.

The State limits the amount of general obligation debt that municipalities can issue, utilizing a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below the state-imposed limit.

Additional information on the Town's long-term debt can be found in Note 8 to the financial statements beginning on page 47.

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

The Town's elected and appointed officials considered many factors when setting the fiscal year 2019-2020 budget tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The unemployment rate for the Town at year-end was 3.7%, 0.5% less than the prior year-end. This compares similarly with the State's unemployment rate of 3.7% and the national rate of 3.7%.

Although inflation in the Northeast Urban area has consistently been more than the national Consumer Price Index (CPI) for all urban consumers - U.S. towns' rate, the Town's CPI increase was 1.71% for fiscal year 2019 compared with the average U.S. town rate of 1.65%.

These indicators were also taken into account when adopting the General Fund budget for fiscal year 2019-2020. Total appropriations in the General Fund budget are \$93.421 million, an increase of \$1.249 million over the original 2018-2019 budget. Property taxes total \$72.592 million, a revenue increase of \$630 thousand from the prior year. In the next fiscal year, the estimated aid from the State of Connecticut is expected to increase by \$480 thousand to \$18.579 million, which represents 19.89% of total revenue in the General Fund.

The Town will use the increases in revenues to finance programs currently offered and to offset expected inflationary increases on program costs. Increases of \$726 thousand in education, \$327 thousand in debt service requirements, \$100 thousand in public safety, \$81 thousand in general government, \$37 thousand in maintenance and development and \$11 thousand in pension contributions, comprise the major increases in the fiscal year 2019-2020 budget. Decreases in the fiscal year 2019-2020 budget include \$22 thousand in group insurance, \$23 thousand in contingency costs, \$30 thousand in capital improvements and \$38 thousand in Library operational costs.



**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**Economic Factors and Next Year's Budget and Rates (Continued)**

The 2019-2020 Town budget experienced an overall 1.36% increase in appropriations with no change to the tax rate of 39.63. The Grand List for fiscal year 2019-2020 increased .54% providing \$390 thousand of additional funding. State grant funding is projected to provide \$18.579 million, an increase of \$480 thousand. While the Town continues to deliver current town and school services in a cost effective manner, funding for expanded senior center programs and activities are offered in the 2019-2020 budget.

Examples of cost containment measures include a shared services collaborative with the Town and school system employing sound risk management strategies which have resulted in reduced general liability and health insurance costs; fully self-insuring for dental and workers compensation costs; transitioning from a defined benefit to a defined contribution retirement plan for new employees; the acquisition of all streetlights using efficient LED lighting, and upgrading the Enterprise Resource Planning system to improve workflow efficiencies and reduce costs of materials such as office supplies which will continue into future years.

Concerning the Town's business-type activities, the Town will continue to preserve a favorable unrestricted net position. As a sustainable community, the town will continue to work to identify viable opportunities to reduce the impact and cost of energy usage, promoting natural resource options where applicable. Purchasing solar credits and searching out locations for new solar array installations are examples of initiatives that Vernon has and will continue to research and implement.

**Contacting the Town's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Vernon, 14 Park Place, Vernon, Connecticut 06066.

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## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF VERNON, CONNECTICUT**  
**STATEMENTS OF NET POSITION**  
**AS OF JUNE 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 39,232,494	\$ 12,610,131	\$ 51,842,625
Investments	3,066,468	-	3,066,468
Receivables:			
Property taxes and interest, net	2,151,397	-	2,151,397
User charges and interest, net	-	1,193,769	1,193,769
Grants and contracts	2,936,512	-	2,936,512
Other	691,986	-	691,986
Internal balances	(456,763)	456,763	-
Other	723,963	29,000	752,963
Noncurrent assets:			
Receivables:			
Loans	629,171	-	629,171
Capital assets:			
Non-depreciable	44,565,198	1,322,840	45,888,038
Depreciable, net	138,394,535	7,547,542	145,942,077
Total assets	<u>231,934,961</u>	<u>23,160,045</u>	<u>255,095,006</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on pension expense	8,121,937	533,450	8,655,387
Deferred charges on OPEB expense	4,267,099	152,910	4,420,009
Total deferred outflows of resources	<u>12,389,036</u>	<u>686,360</u>	<u>13,075,396</u>
<b>LIABILITIES</b>			
Accounts payable	3,271,767	316,140	3,587,907
Accrued interest payable	575,286	-	575,286
Accrued liabilities	325,684	-	325,684
Unearned revenue	316,176	-	316,176
Noncurrent liabilities:			
Due in one year	6,758,498	94,853	6,853,351
Due in more than one year	114,443,997	5,060,711	119,504,708
Total liabilities	<u>125,691,408</u>	<u>5,471,704</u>	<u>131,163,112</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advance tax collections	6,224,473	-	6,224,473
Deferred charges on OPEB expense	3,886,549	139,273	4,025,822
Deferred charges on pension expense	3,240,441	263,015	3,503,456
Deferred charge on refunding	846,552	-	846,552
Total deferred inflows of resources	<u>14,198,015</u>	<u>402,288</u>	<u>14,600,303</u>
<b>NET POSITION</b>			
Net investment in capital assets	138,611,668	8,870,382	147,482,050
Restricted for:			
Endowments:			
Nonexpendable	1,757,835	-	1,757,835
Expendable	2,160,643	-	2,160,643
Grants and other programs	1,381,112	-	1,381,112
Unrestricted	(39,476,684)	9,102,031	(30,374,653)
Total net position	<u>\$ 104,434,574</u>	<u>\$ 17,972,413</u>	<u>\$ 122,406,987</u>

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 5,923,426	\$ 1,611,470	\$ -	\$ -	\$ (4,311,956)	\$ -	\$ (4,311,956)
Community development	434,475	92,146	113,467	-	(228,862)	-	(228,862)
Public safety	14,959,888	1,770,204	83,112	-	(13,106,572)	-	(13,106,572)
Maintenance and development	11,444,665	235,363	469,575	3,499,155	(7,240,572)	-	(7,240,572)
Human services	1,602,732	153,985	109,320	-	(1,339,427)	-	(1,339,427)
Parks, recreation and culture	4,371,420	960,507	277,120	-	(3,133,793)	-	(3,133,793)
Education	64,151,384	1,086,993	25,682,301	731,829	(36,650,261)	-	(36,650,261)
Education - State Teachers' Retirement	3,681,941	-	3,681,941	-	-	-	-
Interest expense	1,535,696	-	-	-	(1,535,696)	-	(1,535,696)
Total governmental activities	<u>108,105,627</u>	<u>5,910,668</u>	<u>30,416,836</u>	<u>4,230,984</u>	<u>(67,547,139)</u>	<u>-</u>	<u>(67,547,139)</u>
Business-type activities:							
Sewer	6,065,710	5,378,154	-	132,186	-	(555,370)	(555,370)
Center 375 (building rental)	180,436	166,354	-	-	-	(14,082)	(14,082)
Total business-type activities	<u>6,246,146</u>	<u>5,544,508</u>	<u>-</u>	<u>132,186</u>	<u>-</u>	<u>(569,452)</u>	<u>(569,452)</u>
Total primary government	<u>\$ 114,351,773</u>	<u>\$ 11,455,176</u>	<u>\$ 30,416,836</u>	<u>\$ 4,363,170</u>	<u>(67,547,139)</u>	<u>(569,452)</u>	<u>(68,116,591)</u>
General revenues:							
Property taxes, levied for general purposes					73,175,891	-	73,175,891
Grants and contributions not restricted to specific programs					1,124,707	-	1,124,707
Investment earnings					578,316	165,664	743,980
Total general revenues					<u>74,878,914</u>	<u>165,664</u>	<u>75,044,578</u>
Change in net position before special item					7,331,775	(403,788)	6,927,987
Special item - transfer of library operations					<u>5,581,908</u>	<u>-</u>	<u>5,581,908</u>
Change in net position					12,913,683	(403,788)	12,509,895
Net position - beginning					<u>91,520,891</u>	<u>18,376,201</u>	<u>109,897,092</u>
Net position - ending					<u>\$ 104,434,574</u>	<u>\$ 17,972,413</u>	<u>\$ 122,406,987</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF VERNON, CONNECTICUT**  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2019

	General Fund	Road Improvements Bond Fund	Special Education Grants Fund	Waste Treatment Plant Upgrade Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 20,970,663	\$ 317,167	\$ 2,673,951	\$ -	\$ 12,264,389	\$ 36,226,170
Investments	-	-	-	-	3,066,468	3,066,468
Receivables:						
Property taxes, net	1,685,060	-	-	-	-	1,685,060
Grants and contracts	52,369	-	396,514	1,452,598	1,035,031	2,936,512
Loans	-	-	-	-	629,171	629,171
Assessments	-	-	-	-	508	508
Other	51,124	-	-	-	606,542	657,666
Due from other funds	10,593,644	-	20,875	-	1,446,979	12,061,498
Inventories	-	-	-	-	31,022	31,022
Prepaid items	587,300	-	-	-	1,050	588,350
Total assets	<u>\$ 33,940,160</u>	<u>\$ 317,167</u>	<u>\$ 3,091,340</u>	<u>\$ 1,452,598</u>	<u>\$ 19,081,160</u>	<u>\$ 57,882,425</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,050,129	\$ 755,106	\$ 158,529	\$ 173,977	\$ 1,025,297	\$ 3,163,038
Accrued liabilities	325,684	-	-	-	-	325,684
Due to other funds	467,822	1,499,916	2,372,677	4,636,022	2,906,993	11,883,430
Unearned revenue	316,176	-	-	-	-	316,176
Total liabilities	<u>2,159,811</u>	<u>2,255,022</u>	<u>2,531,206</u>	<u>4,809,999</u>	<u>3,932,290</u>	<u>15,688,328</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Advance tax collections	6,224,473	-	-	-	-	6,224,473
Unavailable revenue - property tax and interest	1,685,060	-	-	-	-	1,685,060
Unavailable revenue - grants and other	-	-	409,411	-	1,165,805	1,575,216
Total deferred inflows of resources	<u>7,909,533</u>	<u>-</u>	<u>409,411</u>	<u>-</u>	<u>1,165,805</u>	<u>9,484,749</u>
<b>FUND BALANCES</b>						
Nonspendable	3,254,535	-	-	-	1,789,907	5,044,442
Restricted	-	-	150,723	-	3,391,032	3,541,755
Committed	-	-	-	-	9,253,805	9,253,805
Assigned	1,319,062	-	-	-	-	1,319,062
Unassigned	19,297,219	(1,937,855)	-	(3,357,401)	(451,679)	13,550,284
Total fund balances	<u>23,870,816</u>	<u>(1,937,855)</u>	<u>150,723</u>	<u>(3,357,401)</u>	<u>13,983,065</u>	<u>32,709,348</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,940,160</u>	<u>\$ 317,167</u>	<u>\$ 3,091,340</u>	<u>\$ 1,452,598</u>	<u>\$ 19,081,160</u>	<u>\$ 57,882,425</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF VERNON, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2019**

Total fund balances for governmental funds		\$ 32,709,348
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		181,402,014
Deferred outflows and inflows of resources resulting from changes in the components of the Town's net pension and OPEB liabilities are reported in the statement of net position.		5,262,046
Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenues in the funds.		3,260,276
Long-term receivables are not available soon enough to pay for the current period's expenditures and, therefore, are not reported in the funds:		
Interest on property taxes receivables	\$ 754,337	
Less allowance for uncollectible accounts	<u>(288,000)</u>	
		466,337
Long-term liabilities and related amounts applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities and related amounts - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(575,286)	
Long-term debt:		
Bonds and notes payable	(42,475,000)	
Unamortized bond premium	(561,213)	
Deferred charges on refunding	(846,552)	
Other long-term liabilities:		
Capital lease obligations	(465,300)	
Compensated absences	(3,265,437)	
Termination benefits	(2,453,880)	
Claims payable	(370,065)	
Net pension liability	(60,384,431)	
Net OPEB liability	<u>(8,108,163)</u>	
Total long-term liabilities		(119,505,327)
An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. A portion of the assets and liabilities of the internal service funds are included in the governmental activities statement of net position.		<u>839,880</u>
Net position of governmental activities		<u><u>\$ 104,434,574</u></u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Road Improvements Bond Fund	Special Education Grants Fund	Waste Treatment Plant Upgrade Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 72,973,560	\$ -	\$ -	\$ -	\$ -	\$ 72,973,560
Grants and contracts	26,893,336	-	5,258,194	1,456,045	5,937,491	39,545,066
Charges for services	2,024,179	-	-	-	2,736,446	4,760,625
Contributions	-	-	-	-	193,065	193,065
Interest and dividend income	449,557	718	-	-	145,070	595,345
Net change in the fair value of investments	-	-	-	-	163,779	163,779
Other	755,315	-	-	-	473,017	1,228,332
Total revenues	<u>103,095,947</u>	<u>718</u>	<u>5,258,194</u>	<u>1,456,045</u>	<u>9,648,868</u>	<u>119,459,772</u>
<b>EXPENDITURES</b>						
Current:						
General government	3,958,019	-	-	-	4,647	3,962,666
Community development	237,348	-	-	-	93,643	330,991
Public safety	8,897,450	-	-	-	1,069,311	9,966,761
Maintenance and development	5,877,282	-	-	-	702,684	6,579,966
Human services	1,022,428	-	-	-	204,317	1,226,745
Parks, recreation and culture	1,814,408	-	-	-	865,805	2,680,213
Townwide	8,734,918	-	-	-	-	8,734,918
Education	60,608,276	-	5,199,708	-	3,263,631	69,071,615
Debt service	6,048,071	37,770	-	-	19,891	6,105,732
Capital outlays	223,674	3,406,565	-	2,546,266	5,445,887	11,622,392
Total expenditures	<u>97,421,874</u>	<u>3,444,335</u>	<u>5,199,708</u>	<u>2,546,266</u>	<u>11,669,816</u>	<u>120,281,999</u>
Excess (deficiency) of revenues over expenditures	5,674,073	(3,443,617)	58,486	(1,090,221)	(2,020,948)	(822,227)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of bonds	-	3,387,000	-	-	-	3,387,000
Premium on bonds issued	-	135,760	-	-	64,653	200,413
Repayment of notes	-	(1,525,000)	-	-	-	(1,525,000)
Transfer of library operations	-	-	-	-	1,184,443	1,184,443
Transfers in	65,425	-	-	-	3,568,132	3,633,557
Transfers out	(3,222,429)	-	-	-	(411,128)	(3,633,557)
Total other financing sources (uses)	<u>(3,157,004)</u>	<u>1,997,760</u>	<u>-</u>	<u>-</u>	<u>4,406,100</u>	<u>3,246,856</u>
Net change in fund balances	2,517,069	(1,445,857)	58,486	(1,090,221)	2,385,152	2,424,629
Fund balances - beginning	<u>21,353,747</u>	<u>(491,998)</u>	<u>92,237</u>	<u>(2,267,180)</u>	<u>11,597,913</u>	<u>30,284,719</u>
Fund balances - ending	<u>\$ 23,870,816</u>	<u>\$ (1,937,855)</u>	<u>\$ 150,723</u>	<u>\$ (3,357,401)</u>	<u>\$ 13,983,065</u>	<u>\$ 32,709,348</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF VERNON, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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Net change in fund balances - total governmental funds \$ 2,424,629

Total change in net position reported for governmental activities in the statement of activities is different because:

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. The amount by which capital additions exceeded depreciation and amortization in the current period is as follows:

Expenditures for capital assets	\$ 17,009,279	
Depreciation and amortization expense	(6,849,073)	
Net adjustment		10,160,206

Certain revenues are not susceptible to accrual and, therefore, are only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the receivable recognized in the government-wide statement of net position. 74,692

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Bonds issued	(1,862,000)	
Premium on bonds issued	(200,413)	
Principal repayments:		
Bonds and notes payable	4,170,000	
Capital lease financing	228,418	
Net adjustment		2,336,005

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are amortized as a component of pension and OPEB expense in the statement of activities. 5,650,043

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities. 280,797

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in unavailable revenues. 202,118  
(Continued)

*The accompanying notes are an integral part of these financial statements .*



**TOWN OF VERNON, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES *(Concluded)***  
**FOR THE YEAR ENDED JUNE 30, 2019**

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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	\$	36,722	
Amortization of bond premiums		40,833	
Amortization of deferred charges on refunding		94,063	
Compensated absences		182,325	
Termination benefits		(10,458)	
Claims payable		18,537	
Net OPEB liability		(755,262)	
Net pension liability		(7,821,567)	
			<u>\$ (8,214,807)</u>
Change in net position of governmental activities			<u>\$ 12,913,683</u> <i>(Concluded)</i>

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
**AS OF JUNE 30, 2019**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer User Fund</b>	<b>Nonmajor Center 375 Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 11,654,989	\$ 955,142	\$ 12,610,131	\$ 3,006,324
Receivables:				
User charges and interest, net	1,193,769	-	1,193,769	-
Other	-	-	-	33,812
Prepaid expenses	29,000	-	29,000	104,591
Total current assets	<u>12,877,758</u>	<u>955,142</u>	<u>13,832,900</u>	<u>3,144,727</u>
Capital assets:				
Non-depreciable	762,160	560,680	1,322,840	37,203
Depreciable, net	6,957,032	590,510	7,547,542	1,520,516
Total noncurrent assets	<u>7,719,192</u>	<u>1,151,190</u>	<u>8,870,382</u>	<u>1,557,719</u>
Total assets	<u>20,596,950</u>	<u>2,106,332</u>	<u>22,703,282</u>	<u>4,702,446</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on pension expense	533,450	-	533,450	-
Deferred charges on OPEB expense	152,910	-	152,910	-
Total deferred outflows of resources	<u>686,360</u>	<u>-</u>	<u>686,360</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	304,793	11,347	316,140	108,728
Claims payable	-	-	-	782,027
Compensated absences	94,853	-	94,853	43,750
Due to other funds	137,775	3,101	140,876	37,192
Total current liabilities	<u>537,421</u>	<u>14,448</u>	<u>551,869</u>	<u>971,697</u>
Noncurrent liabilities:				
Compensated absences	225,147	-	225,147	18,243
Claims payable	-	-	-	2,274,987
Net pension liability	4,545,011	-	4,545,011	-
Net OPEB liability	290,553	-	290,553	-
Total non-current liabilities	<u>5,060,711</u>	<u>-</u>	<u>5,060,711</u>	<u>2,293,230</u>
Total liabilities	<u>5,598,132</u>	<u>14,448</u>	<u>5,612,580</u>	<u>3,264,927</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred charges on OPEB expense	139,273	-	139,273	-
Deferred charges on pension expense	263,015	-	263,015	-
Total deferred inflows of resources	<u>402,288</u>	<u>-</u>	<u>402,288</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	7,719,192	1,151,190	8,870,382	1,520,516
Unrestricted	7,563,698	940,694	8,504,392	(82,997)
Total net position	<u>\$ 15,282,890</u>	<u>\$ 2,091,884</u>	<u>17,374,774</u>	<u>\$ 1,437,519</u>
Cumulative adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>597,639</u>	
Net position of business-type activities			<u>\$ 17,972,413</u>	

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer User Fund</b>	<b>Nonmajor Center 375 Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,585,317	\$ 165,721	\$ 4,751,038	\$ 3,396,503
Other	792,837	633	793,470	69,575
Total operating revenues	5,378,154	166,354	5,544,508	3,466,078
<b>OPERATING EXPENSES</b>				
Wages and benefits	2,640,356	6,235	2,646,591	1,054,485
Repairs, maintenance and rentals	324,514	17,030	341,544	477,967
Utilities	1,736,254	43,120	1,779,374	13,769
Supplies and materials	583,791	6,135	589,926	1,456
General and administrative	222,058	60,341	282,399	170,882
Claims incurred	-	-	-	1,252,313
Depreciation	573,434	47,575	621,009	206,882
Total operating expenses	6,080,407	180,436	6,260,843	3,177,754
Operating income (loss)	(702,253)	(14,082)	(716,335)	288,324
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Loss in disposal of asset	(9,862)	-	(9,862)	-
Interest income	145,718	19,946	165,664	17,032
Total non-operating revenues (expenses), net	135,856	19,946	155,802	17,032
Change in net position before capital contributions	(566,397)	5,864	(560,533)	305,356
Capital contributions	132,186	-	132,186	-
Change in net position	(434,211)	5,864	(428,347)	305,356
Net position - beginning, as originally reported	15,717,101	2,086,020		423,963
Adjustment (See Note 1)	-	-		708,200
Net position - beginning, as adjusted	15,717,101	2,086,020		1,132,163
Net position - ending	\$ 15,282,890	\$ 2,091,884		\$ 1,437,519
Net current year adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			24,559	
Net change in net position of business-type activities			\$ (403,788)	

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF VENRON, CONNECTICUT**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer User Fund</b>	<b>Nonmajor Center 375 Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for the following:				
Charges for services	\$ 6,398,346	\$ 165,721	\$ 6,564,067	\$ 3,393,704
Other operating revenues received	436,481	633	437,114	31,995
Cash paid for the following:				
Claims incurred	-	-	-	(1,016,129)
Employee wages and benefits	(2,507,616)	-	(2,507,616)	(1,010,766)
Goods and services	(2,834,674)	(193,168)	(3,027,842)	(739,424)
Net cash provided by (used in) operating activities	<u>1,492,537</u>	<u>(26,814)</u>	<u>1,465,723</u>	<u>659,380</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund activities	<u>(472,772)</u>	<u>(7,909)</u>	<u>(480,681)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	<u>(119,504)</u>	<u>(7,995)</u>	<u>(127,499)</u>	<u>(72,923)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	<u>145,718</u>	<u>19,946</u>	<u>165,664</u>	<u>17,032</u>
Net increase (decrease) in cash and cash equivalents	<u>1,045,979</u>	<u>(22,772)</u>	<u>1,023,207</u>	<u>603,489</u>
Cash and cash equivalents, beginning of year	<u>10,609,010</u>	<u>977,914</u>	<u>11,586,924</u>	<u>2,402,835</u>
Cash and cash equivalents, end of year	<u>\$ 11,654,989</u>	<u>\$ 955,142</u>	<u>\$ 12,610,131</u>	<u>\$ 3,006,324</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (702,253)	\$ (14,082)	\$ (716,335)	\$ 288,324
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	573,434	47,575	621,009	206,882
Changes in assets and liabilities:				
(Increase) decrease in receivables	1,428,023	-	1,428,023	(1,483)
Increase (decrease) in accounts payable	(42,536)	(60,307)	(102,843)	340,909
Decrease in accrued liabilities	(72,497)	-	(72,497)	(6,863)
Increase in net pension liability	697,247	-	697,247	-
Increase in net OPEB liability	24,513	-	24,513	-
Decrease in due to other funds	-	-	-	(120,301)
(Increase) decrease in prepaid expense	900	-	900	(48,088)
Increase in deferred outflows of resources	(425,039)	-	(425,039)	-
Increase in deferred inflows of resources	10,745	-	10,745	-
Net cash provided by (used in) operating activities	<u>\$ 1,492,537</u>	<u>\$ (26,814)</u>	<u>\$ 1,465,723</u>	<u>\$ 659,380</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets through capital contributions	\$ 132,186	\$ -	\$ 132,186	\$ -

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AS OF JUNE 30, 2019**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 660,876	\$ 318,267	\$ 641,670
Investments:			
Certificates of deposit	-	86,356	-
Fixed insurance contracts	12,646,280	-	-
Variable insurance contracts	50,947,209	-	-
Common stock	494,676	-	-
Mutual funds	2,042,685	127,513	-
Receivables	930	-	8,039
Total assets	<u>66,792,656</u>	<u>532,136</u>	<u>\$ 649,709</u>
<b>LIABILITIES</b>			
Due to others	-	-	\$ 629,725
Payables	23,416	28	19,984
Unearned revenue	73,215	-	-
Total liabilities	<u>96,631</u>	<u>28</u>	<u>\$ 649,709</u>
<b>NET POSITION</b>			
Restricted for pension, other post- employment benefits and other purposes	66,696,025	532,108	
Total net position	<u>\$ 66,696,025</u>	<u>\$ 532,108</u>	

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 5,177,906	\$ -
Employee	1,256,855	-
Retirees	598,200	-
State	78,895	-
Private	-	115,061
Other	6,305	-
Total contributions	<u>7,118,161</u>	<u>115,061</u>
Investment earnings:		
Net investment income (loss)	(2,242,815)	5,093
Less investment expenses	(313,027)	-
Total investment earnings	<u>(2,555,842)</u>	<u>5,093</u>
Total additions	<u>4,562,319</u>	<u>120,154</u>
<b>DEDUCTIONS</b>		
Benefit payments	7,784,702	-
Refunds of contributions	294,463	-
Awards expense	-	35,889
Administrative expenses	201,531	-
Total deductions	<u>8,280,696</u>	<u>35,889</u>
Change in net position	(3,718,377)	84,265
Net position - beginning	<u>70,414,402</u>	<u>447,843</u>
Net position - ending	<u><u>\$ 66,696,025</u></u>	<u><u>\$ 532,108</u></u>

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

The accounting policies of the Town of Vernon, Connecticut (the "Town"), conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

**Financial Reporting Entity**

The Town of Vernon, Connecticut, was incorporated in 1808. The Town has operated under a Mayor-Town Council form of government, with a full-time Town Administrator, since 1970 as prescribed by the Connecticut General Statutes and its charter, which was adopted October 13, 1964 and last revised November 6, 1990. The Town provides the following services: public safety (police, fire and ambulance), public works (public facility, street and infrastructure maintenance and solid waste disposal), parks and recreation, youth and social services, wastewater treatment, and education encompassing grades PreK-12.

The Town has considered all agencies, departments, commissions, boards (including the Board of Education), authorities and funds to determine the "financial reporting entity" of the Town. The "financial reporting entity" includes all the significant funds of the Town.

During July 2018, the assets, liabilities and operations of the Rockville Public Library were transferred to the Town. The library, previously operated as a nonprofit organization, now operates as a Town department. The transfer of operations to the Town resulted in the recognition of a special item in the amount of \$5,581,908, which reflects the carrying value of the assets acquired over the liabilities assumed.

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Government-wide and Fund Financial Statements *(Continued)***

**Fund Financial Statements *(Continued)***

The Town reports the following major governmental funds:

**General Fund** – This fund is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**Road Improvements Bond Fund** – This fund is used to account for the financial activity of reconstruction and improvements to certain town roads, as authorized by Town referendum and financed with debt proceeds.

**Special Education Grants Fund** – This fund is used to account for the financial activity of state and federal education related grants.

**Waste Treatment Plant Upgrade Fund** – This fund is used to account for the financial activity of the improvements to the waste water discharge system.

The Town reports the following major proprietary fund:

**Sewer User Fund** – This fund is used to account for the operations of the Town’s wastewater treatment facility.

In addition, the Town reports the following fund types:

**Special Revenue Funds** – These funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

**Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

**Capital Project Funds** – These funds account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

**Permanent Funds** – These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town’s programs.

**Enterprise Fund** – This fund accounts for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Internal Service Funds** – These funds accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis.

**Pension Trust Funds** – These funds are used to account for resources held in trust for the members and beneficiaries of the Town’s retirement and other post-employment benefit plans.



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Government-wide and Fund Financial Statements *(Continued)***

**Fund Financial Statements *(Continued)***

**Private Purpose Trust Funds** – These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

**Agency Funds** – These funds are used to account for resources held by the Town in a purely custodial capacity.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes, expenditure reimbursement grants, certain intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues when available. For expenditure reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal year. All other revenue items are considered to be measurable and available only when the cash is received.

The proprietary, pension trust and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds and of the Town's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Equity**

**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 three months or less from the date of acquisition.

**Investments**

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools and insurance contracts. Investments in certain external investment pools consist of money market mutual funds and investments in the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool/fund. Investments in pooled separate accounts consist of insurance contracts. Investments in these types of contracts are measured by the Town at contract value, which approximate fair value.

**Donor-Restricted Endowments**

The Town maintains certain endowments for the perpetual care and maintenance of cemeteries, its library and for various other purposes. The amount of net appreciation of endowments available for expenditure totaled \$248,558 for the year ended June 30, 2019. As of June 30, 2019, \$1,757,835 of the Town's \$3,918,478 in endowments are considered nonexpendable/nonspendable with the remaining balance of \$2,160,643 reported as a component of restricted net position/fund balance. The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions. Endowment expenditures are approved by the appropriate governing body.

**Property Taxes**

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest as of June 30, 2019 of \$166,000 and \$288,000, respectively.

**Sewer Assessments**

Sewer assessments levied by the Town are billed in installments annually on March 1. An installment lien is filed and is effective until the assessment is paid. Sewer assessment installments become delinquent 30 days after the installment is due at which time a delinquent lien is effective. Delinquent liens are continued by filing annually.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Equity *(Continued)***

**Loans**

The Town administers a federally funded rehabilitation loan program for eligible applicants. The loans do not accrue interest and repayment of the loans is deferred. The loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence/business. The loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2019, loans receivable totaled \$629,171 under this program.

**Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$300 for the Town and \$1,000 for the Board of Education and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	15-20
Buildings	45
Building improvements	10-30
Machinery and equipment	5-25
Computer software	5-10
Computer equipment	5-10
Vehicles	4-25
Infrastructure	15-50

Capital assets acquired under capital lease are amortized over the life of the lease term or estimated useful life of the asset, as applicable.

**Unearned Revenue**

This liability represents resources that have been received but not yet earned.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Equity *(Continued)***

**Deferred Outflows and Inflows of Resources**

Deferred outflows and inflows of resources represent either an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time. Deferred outflows and inflows of resources consists of deferred charges on pension and OPEB expenses reported in the government-wide financial statements. Deferred charges on pension and OPEB expenses result from changes in the components of the Town's net pension and OPEB liabilities and are amortized as a component of pension and OPEB expenses on a systematic and rational basis. Deferred inflows of resources also include deferred charges on refundings reported in the government-wide financial statements and unavailable revenues reported in the governmental funds financial statements. Deferred charges on refundings resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount has been deferred and is being amortized as a component of interest expense over the life of the related debt. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available.

**Compensated Absences**

Certain employees are compensated by a prescribed formula for absence due to vacation or sickness. The eligibility for vacation pay vests, and unused sick leave may only be accumulated to be used for future absences, although unused sick leave may be paid upon termination, death or retirement. The liability at June 30, 2019 is calculated by multiplying the current accumulated vacation and sick days earned and payable by the employees' current daily rate of pay. The Town's share of social security and medicare payroll taxes has also been estimated and added to the compensated absences accrual. The General Fund is the primary source of funding for compensated absences. Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal yearend.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Net Position and Fund Balance**

The government-wide statement of net position presents the Town's assets, deferred outflows and inflows of resources and liabilities, with net position as the residual of these other elements. Net position is reported in three categories:

***Net investment in capital assets*** – This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Equity *(Continued)***

**Net Position and Fund Balance *(Continued)***

***Restricted net position*** – This component of net position consists of amounts restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted net position*** – This component of net position is the net amount of the assets, liabilities, and deferred outflows/inflows of resources that do not meet the definition of the two preceding categories.

The Town's governmental funds report the following fund balance categories:

***Nonspendable*** – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

***Restricted*** – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

***Committed*** – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority of the Town and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. Commitments may be established, modified, or rescinded through resolutions approved by the Town Council.

***Assigned*** – Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts. Intent is expressed by the passing of a resolution by the Town Council or from a properly approved purchase order.

***Unassigned*** - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

***Net Position Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy, when committed, assigned and unassigned resources are available for use, that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). 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".

**Interfund Services Provided and Used**

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

**Interfund Transfers**

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

**Interfund Reimbursements**

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Implementation of Accounting Standards**

Effective July 1, 2018, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of this statement did not have a material effect on the Town's financial statements.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Implementation of Accounting Standards *(Continued)***

Effective July 1, 2018, the Town adopted the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). The Statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The adoption of this statement did not have a material effect on the Town's financial statements.

**Adjustment to Amounts Reported in Previously Issued Financial Statements**

The Town has reported the following adjustment to the beginning net position of its Data Processing Fund (a nonmajor internal service fund) as of July 1, 2018:

	<b>Governmental Activities</b>	
	<b>Data</b>	
	<b>Processing</b>	<b>Internal</b>
	<b>Fund</b>	<b>Service Funds</b>
Net position - beginning, as originally reported	\$ 1,149,717	\$ 423,963
Adjustment to remove the net pension liability previously allocated	708,200	708,200
Net position - beginning, as adjusted	<u>\$ 1,857,917</u>	<u>\$ 1,132,163</u>

This adjustment reflects the fact that pension contributions for employees charged to the Data Processing Fund are funded by the General Fund rather than from the Data Processing Fund. As such, the portion of the net pension liability previously allocated to the Data Processing Fund has been allocated directly to the governmental activities.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits as of June 30, 2019 is as follows:

<b>Government-wide statement of net position:</b>	
Cash and cash equivalents	\$ 51,842,625
<b>Statement of fiduciary net position:</b>	
Cash and cash equivalents	1,620,813
	<u>53,463,438</u>
Add: certificates of deposit presented as investments	115,689
Less: investments presented as cash equivalents	<u>(22,250,164)</u>
	<u>\$ 31,328,963</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)***

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$32,519,919 of the Town's bank balance of \$33,047,900 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 29,267,927
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>3,251,992</u>
	<u><u>\$ 32,519,919</u></u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

**Investments**

A reconciliation of the Town's investments as of June 30, 2019 is as follows:

**Government-wide statement of net position:**

Investments	\$ 3,066,468
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**Statement of fiduciary net position:**

Investments	<u>66,344,719</u>
	69,411,187
Less: certificates of deposit presented as investments	(115,689)
Add: investments presented as cash equivalents	<u>22,250,164</u>
	<u><u>\$ 91,545,662</u></u>



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)***

***Investments (Continued)***

As of June 30, 2019, the Town's investments consist of the following:

Investment Type	Valuation Basis	Value	Investment Maturities (In Years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:						
Governmental Activities:						
Short-Term Investment Fund	Net asset value	\$ 13,287,721	\$ 13,287,721	\$ -	\$ -	\$ -
Money market mutual funds	Net asset value	83,257	83,257	-	-	-
Business-Type Activities:						
Short-Term Investment Fund	Net asset value	8,424,952	8,424,952	-	-	-
Fiduciary Funds:						
Short-Term Investment Fund	Net asset value	290,795	290,795	-	-	-
Money market mutual funds	Net asset value	163,439	163,439	-	-	-
		22,250,164	\$ 22,250,164	\$ -	\$ -	\$ -
Other Investments:						
Governmental Activities:						
Common stock	Fair value	610,237				
Mutual funds	Fair value	2,426,898				
Fiduciary Funds:						
Common stock	Fair value	494,676				
Mutual funds	Fair value	2,170,198				
Variable insurance contracts	Contract value	50,947,209				
Fixed insurance contracts	Contract value	12,646,280				
		\$ 91,545,662				

**Interest Rate Risk**

The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)***

**Investments *(Continued)***

**Credit Risk *(Continued)***

The Town's investments in debt securities, whose ratings are required to be disclosed, were rated by Standard & Poor's as follows:

<u>Investment Type</u>	<u>AAA</u>	<u>Unrated</u>	<u>Total</u>
<b>Debt Securities:</b>			
<b><i>Governmental Activities:</i></b>			
Short-Term Investment Fund	\$ 13,287,721	\$ -	\$ 13,287,721
Money market mutual funds	-	83,257	83,257
<b><i>Business-Type Activities:</i></b>			
Short-Term Investment Fund	8,424,952	-	8,424,952
<b><i>Fiduciary Funds:</i></b>			
Short-Term Investment Fund	290,795	-	290,795
Money market mutual funds	-	163,439	163,439
	<u>\$ 22,003,468</u>	<u>\$ 246,696</u>	<u>\$ 22,250,164</u>

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments in external investment pools and mutual funds are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's other investments are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

**Concentrations of Credit Risk**

The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institution with which the Town will do business. The Town is only allowed to invest in those types of investments that are covered by the state of Connecticut Municipal Investment Act. The investment portfolio must be diversified so that potential losses on individual securities will be minimized. As of June 30, 2019, more than 10% of the Town's investments within its governmental activities, business-type activities and fiduciary funds were invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Investments</u>
<b><i>Governmental Activities:</i></b>			
State of CT Treasurer	Short-Term Investment Fund	\$ 13,287,721	81.0%
<b><i>Business-type Activities:</i></b>			
State of CT Treasurer	Short-Term Investment Fund	8,424,952	100.0%
<b><i>Fiduciary Funds:</i></b>			
PRIAC*	Variable Separate Accounts	50,947,209	76.4%
PRIAC*	Guaranteed Deposit Accounts	12,646,280	19.0%

\* Prudential Retirement Insurance and Annuity Company

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 3 - FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Town measures Level 2 investments based on quoted prices for similar investments in active markets. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2019, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b><i>Governmental Activities:</i></b>				
Common stock	\$ 610,237	\$ -	\$ -	\$ 610,237
Mutual funds	2,426,898	-	-	2,426,898
<b><i>Fiduciary Funds:</i></b>				
Common stock	494,676	-	-	494,676
Mutual funds	2,170,198	-	-	2,170,198
	<u>\$ 5,702,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,702,009</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2019 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 9,866,728	\$ 1,500	\$ -	\$ -	\$ 9,868,228
Construction in progress	27,042,402	10,907,461	-	(3,252,893)	34,696,970
Total capital assets, not being depreciated	36,909,130	10,908,961	-	(3,252,893)	44,565,198
Capital assets, being depreciated:					
Land improvements	7,697,214	177,319	-	90,591	7,965,124
Buildings and improvements	116,627,116	4,104,925	-	2,062,479	122,794,520
Machinery and equipment	47,805,372	1,800,775	(8,477)	37,251	49,634,921
Intangibles - computer software	412,276	-	-	-	412,276
Infrastructure	80,954,512	90,222	-	1,062,572	82,107,306
Total capital assets, being depreciated	253,496,490	6,173,241	(8,477)	3,252,893	262,914,147
Less accumulated depreciation and amortization for:					
Land improvements	5,049,833	201,304	-	-	5,251,137
Buildings and improvements	39,213,000	3,079,313	-	-	42,292,313
Machinery and equipment	37,916,683	1,959,917	(8,477)	-	39,868,123
Intangibles - computer software	389,064	3,571	-	-	392,635
Infrastructure	34,903,554	1,811,850	-	-	36,715,404
Total accumulated depreciation and amortization	117,472,134	7,055,955	(8,477)	-	124,519,612
Total capital assets, being depreciated, net	136,024,356	(882,714)	-	3,252,893	138,394,535
Governmental activities capital assets, net	<u>\$ 172,933,486</u>	<u>\$ 10,026,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,959,733</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

<b>Governmental Activities:</b>	
General government	\$ 222,155
Community development	50
Public safety	653,323
Maintenance and development	2,601,302
Human services	867
Parks, recreation and culture	1,115,021
Education	2,463,237
Total depreciation and amortization expense - governmental activities	<u>\$ 7,055,955</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 4 - CAPITAL ASSETS *(Continued)***

Capital asset activity for business-type activities for the year ended June 30, 2019 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,322,840	\$ -	\$ -	\$ 1,322,840
Total capital assets, not being depreciated	<u>1,322,840</u>	<u>-</u>	<u>-</u>	<u>1,322,840</u>
Capital assets, being depreciated:				
Buildings and system	6,516,242	7,994	-	6,524,236
Improvements other than building	278,230	-	-	278,230
Machinery and equipment	9,140,346	238,235	(90,278)	9,288,303
Intangibles - computer software	118,824	-	-	118,824
Infrastructure	11,406,024	13,456	-	11,419,480
Total capital assets, being depreciated	<u>27,459,666</u>	<u>259,685</u>	<u>(90,278)</u>	<u>27,629,073</u>
Less accumulated depreciation and amortization for:				
Buildings and system	5,401,310	130,044	-	5,531,354
Improvements other than building	144,503	9,415	-	153,918
Machinery and equipment	7,809,504	255,625	(90,278)	7,974,851
Intangibles - computer software	74,760	14,438	-	89,198
Infrastructure	6,120,723	211,487	-	6,332,210
Total accumulated depreciation and amortization	<u>19,550,800</u>	<u>621,009</u>	<u>(90,278)</u>	<u>20,081,531</u>
Total capital assets, being depreciated, net	<u>7,908,866</u>	<u>(361,324)</u>	<u>-</u>	<u>7,547,542</u>
Business-type activities capital assets, net	<u>\$ 9,231,706</u>	<u>\$ (361,324)</u>	<u>\$ -</u>	<u>\$ 8,870,382</u>

Depreciation and amortization expense was charged to the enterprise funds of the Town as follows:

<b>Business-Type Activities:</b>	
Sewer Use	\$ 573,434
Rental of building	<u>47,575</u>
Total depreciation and amortization expense - business-type activities	<u>\$ 621,009</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2019 are as follows:

Receivable Fund	Payable Fund	Amount
<b>Governmental Funds:</b>		
General Fund	Waste Treatment Plant Upgrade Fund	\$ 4,636,022
	Special Education Grants Fund	2,372,677
	Other Governmental Funds	1,906,961
	Road Improvements Bond Fund	1,499,916
	Sewer User Fund	137,775
	Internal Service Funds	37,192
	Other Enterprise Funds	3,101
		<u>10,593,644</u>
Special Education Grants Fund	Other Governmental Funds	<u>20,875</u>
Other Governmental Funds	General Fund	467,822
	Other Governmental Funds	979,157
		<u>1,446,979</u>
		<u><u>\$ 12,061,498</u></u>

Except as discussed below, the above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The General Fund has previously advanced funds to the Town Capital and Nonrecurring Fund, a nonmajor governmental fund. The purpose of the advances were to provide internal financing through the use of General Fund cash for the purchase of capital equipment in order to reduce the Town's overall borrowing costs. The Town funds each advance over a periods ranging from 5 to 12 years through annual appropriations for debt service in the General Fund. In March 2020, the Town subsequently authorized the permanent financing of these arrangements from the fund balance of the General Fund. Accordingly, the Town has reflected the outstanding balance on these borrowings in the amount of \$2,667,235 as nonspendable fund balance in the General Fund.

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2019 consisted of the following:

Transfers In	Transfers Out	Amount
<b>Governmental Funds:</b>		
General Fund	Other Governmental Funds	\$ 65,425
Other Governmental Funds	General Fund	3,222,429
	Other Governmental Funds	345,703
		<u>3,568,132</u>
		<u><u>\$ 3,633,557</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 7 - SHORT-TERM DEBT - BOND ANTICIPATION NOTES PAYABLE**

The following is a summary of terms and changes in bond anticipation notes payable for the year ended June 30, 2019:

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>						
Bond anticipation notes payable	1.0%	August 2018	<u>\$ 3,325,000</u>	<u>\$ -</u>	<u>\$ (3,325,000)</u>	<u>\$ -</u>

In August 2018, the Town retired the outstanding bond anticipation notes through proceeds from the issuance of general obligation bonds (see Note 8) and the use of available funds. The purpose of the notes were to provide short-term financing to fund authorized capital projects.

**NOTE 8 - LONG-TERM DEBT**

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 41,645,000	\$ 5,000,000	\$ (4,170,000)	\$ 42,475,000	\$ 4,500,000
Unamortized premiums	<u>401,633</u>	<u>200,413</u>	<u>(40,833)</u>	<u>561,213</u>	<u>-</u>
Total bonds and notes payable	<u>42,046,633</u>	<u>5,200,413</u>	<u>(4,210,833)</u>	<u>43,036,213</u>	<u>4,500,000</u>
Capital leases from direct borrowings:					
Fire trucks	615,302	-	(150,002)	465,300	152,523
Asphalt box reclaimer	<u>78,416</u>	<u>-</u>	<u>(78,416)</u>	<u>-</u>	<u>-</u>
Total capital leases from direct borrowings	<u>693,718</u>	<u>-</u>	<u>(228,418)</u>	<u>465,300</u>	<u>152,523</u>
	<u>\$ 42,740,351</u>	<u>\$ 5,200,413</u>	<u>\$ (4,439,251)</u>	<u>\$ 43,501,513</u>	<u>\$ 4,652,523</u>

Long-term debt above typically have been liquidated by the General Fund for governmental activities.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 8 - LONG-TERM DEBT *(Continued)***

**General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2019 is as follows:

<b>Purpose of Bonds</b>	<b>Fiscal Date of Issue</b>	<b>Original Issue</b>	<b>Interest Rates</b>	<b>Fiscal Maturity Date</b>	<b>Amount Outstanding</b>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	2011	\$ 3,755,000	2.00% - 3.75%	2026	\$ 1,785,000
General Obligation Refunding Bonds	2012	33,892,000	2.00% - 4.50%	2028	20,769,000
General Obligation Refunding Bonds	2012	793,000	2.00% - 4.50%	2028	416,000
General Obligation Bonds	2016	6,130,000	2.00% - 3.13%	2031	4,900,000
General Obligation Bonds	2017	6,350,000	2.00% - 4.00%	2032	5,500,000
General Obligation Bonds	2018	4,400,000	2.00% - 5.00%	2033	4,105,000
General Obligation Bonds	2018	5,000,000	3.00% - 5.00%	2033	5,000,000
					<u>\$ 42,475,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2019:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>		
	<b>Bonds Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 4,500,000	\$ 1,405,295	\$ 5,905,295
2021	4,510,000	1,226,807	5,736,807
2022	4,515,000	1,046,581	5,561,581
2023	4,610,000	863,743	5,473,743
2024	4,605,000	683,719	5,288,719
2025-2029	14,880,000	1,590,333	16,470,333
2030-2034	4,855,000	257,761	5,112,761
	<u>\$ 42,475,000</u>	<u>\$ 7,074,239</u>	<u>\$ 49,549,239</u>

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2019.



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 8 - LONG-TERM DEBT *(Continued)***

**General Obligation Bonds *(Continued)***

**Advanced Debt Refundings**

In prior years, the Town defeased general obligation bonds by creating separate irrevocable trusts. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trusts. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, is no longer counted in computing the Town's debt for statutory debt limit purposes. As of year end, the amount of defeased debt outstanding amounted to \$14,825,000 (net of \$7,500,000 called debt).

**Authorized/Unissued Debt**

The amount of authorized, unissued bonds at June 30, 2019 totaled to \$9,491,690 for general purposes, \$5,051,504 for schools and \$86,029,946 for sewers as disclosed below.

At a referendum held on November 4, 2004, Public Bond Improvements of \$21,609,000 were authorized to fund \$19,103,000 of roads, sidewalk and bridge reconstruction projects, \$1,295,000 of waste treatment plant improvements and \$1,211,000 of sewer system improvements. Of the \$21,609,000 authorization, the remaining unissued Public Bond Improvements authorization as of June 30, 2019 is \$741,690 for general purposes and \$57,946 for sewers.

At a referendum held on March 29, 2005, School Bond Improvements of \$68,322,000 were authorized to fund \$34,657,000 of additions and renovations to Rockville High School, \$11,519,000 of renovations to Vernon Center Middle School and \$22,146,000 of additions and renovations to the Town's five elementary schools. Of the \$68,322,000 authorization, the remaining unissued School Bond Improvements authorization as of June 30, 2019 is \$5,051,504 for schools.

On January 28, 2014, a referendum was held that appropriated \$27,637,000 for Road Reconstruction and Improvements. Of the \$27,637,000 authorization, the remaining unissued Road Reconstruction and Improvements authorization as of June 30, 2019 is \$8,388,000 for general purposes.

On February 21, 2017, a referendum was held that appropriated \$3,245,000 for the acquisition of property known as 135 Bolton Road and for design, reconstruction and improvements to such property for use as a Senior Center. Of the \$3,245,000 authorization, the remaining unissued Senior Center authorization as of June 30, 2019 is \$362,000 for general purposes.

On January 15, 2019, a referendum was held that appropriated \$85,972,000 for Waste Treatment Plant Facility Improvements. As of June 30, 2019, no debt has been issued against this appropriation, thus \$85,972,000 remains unissued for sewer purposes.

**Overlapping Debt**

A Bolton Lakes Regional Water Pollution Control Authority (BLRWPCA) sewer project was completed in 2016 with approximately \$6,291,000, or 29% of project costs attributable to the Town of Vernon. This proportionate cost was reduced by BLRWPCA grants and benefit assessments to \$2,701,277. In June 2016, the BLRWPCA issued a State of Connecticut Clean Water Fund loan obligation to finance project costs, allocating \$2,701,277 to Vernon, considered overlapping debt. At June 30, 2019, the overlapping debt balance is \$2,161,021.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 8 - LONG-TERM DEBT *(Continued)***

**Capital Leases from Direct Borrowings**

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of default. A summary of assets acquired through capital leases is as follows as of June 30, 2019:

	<b>Governmental Activities</b>
Equipment	\$ 1,972,354
Less: accumulated amortization	1,529,269
	<u>\$ 443,085</u>

Amortization expense relative to leased property under capital leases totaled \$230,913 for the year ended June 30, 2019 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2019 is as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2020	\$ 160,340
2021	160,340
2022	160,341
Total minimum lease payments	481,021
Less: amount representing interest	15,721
Present value of minimum lease payments	<u>\$ 465,300</u>

**NOTE 9 - OTHER LONG-TERM LIABILITIES**

Changes in other long-term liabilities for the year ended June 30, 2019 are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Compensated absences:					
Town	\$ 2,616,699	\$ 264,250	\$ (403,450)	\$ 2,477,499	\$ 743,212
Board of Education ("BOE")	831,063	-	(43,125)	787,938	264,085
Internal Service Fund	68,856	5,679	(12,541)	61,994	43,750
Total compensated absences	3,516,618	269,929	(459,116)	3,327,431	1,051,047
Termination benefits:					
BOE estimated retirement pay	1,995,015	102,817	(150,570)	1,947,262	116,725
BOE early retirement pay	448,407	217,391	(159,180)	506,618	145,976
Total termination benefits	2,443,422	320,208	(309,750)	2,453,880	262,701
Risk management:					
Claims payable	2,746,055	1,252,314	(941,353)	3,057,016	782,027
Heart and hypertension	388,602	-	(18,537)	370,065	10,200
Total risk management	3,134,657	1,252,314	(959,890)	3,427,081	792,227
Net pension liability	52,562,864	12,092,528	(4,270,961)	60,384,431	-
Net OPEB liability	7,352,901	1,359,956	(604,694)	8,108,163	-
Total long-term liabilities	<u>\$ 69,010,462</u>	<u>\$ 15,294,935</u>	<u>\$ (6,604,411)</u>	<u>\$ 77,700,986</u>	<u>\$ 2,105,975</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 9 - OTHER LONG-TERM LIABILITIES *(Continued)***

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Compensated absences	\$ 392,497	\$ 32,012	\$ (104,509)	\$ 320,000	\$ 94,853
Net pension liability	3,847,764	979,498	(282,251)	4,545,011	-
Net OPEB liability	266,040	44,513	(20,000)	290,553	-
	<u>\$ 4,506,301</u>	<u>\$ 1,056,023</u>	<u>\$ (406,760)</u>	<u>\$ 5,155,564</u>	<u>\$ 94,853</u>

Other long-term liabilities above typically have been liquidated by the General Fund for governmental activities and the Sewer Fund for business-type activities.

**Heart and Hypertension Claims**

Heart and hypertension outstanding claims, including an estimated \$136,265 of incurred, but not reported claims, totaled \$370,065 as of June 30, 2019. There are three heart and hypertension claims outstanding at year-end. Medical claims of \$12,866 were made during the year ended June 30, 2019.

**Termination Benefits**

A termination benefit is an incentive for the early termination of services and includes cash payments or healthcare provided by the Town that would otherwise not be provided. Expenditures are recognized in governmental funds when due and payable and recognized as an expense in government-wide financial statements when the employee accepts the early retirement offer.

**School Administrators**

As part of the early retirement incentive plan for school administrators, the Town offers to pay a percentage of the early retiree's health insurance premium and a cash payout. Such benefit provisions, included in the school administrators' bargaining agreement with the Vernon Board of Education, require Town Council approval. Currently, there are no former school administrator receiving this benefit.

In addition to healthcare termination benefits, cash payments are available to school administrator early retirees. There are 3 former school administrators receiving this benefit. The cost to the Town for the year ended June 30, 2019 was \$30,428. The early retirement liability of \$178,939 has been calculated based upon the discounted present value of expected future benefits and a 2.412% yield of investments that are expected to be used to finance such benefit payments.

**School Teachers**

The Town also offers an early retirement incentive plan for certified teachers in the form of cash payments. Benefit provisions, included in the school teachers' bargaining agreement with the Vernon Board of Education, require Town Council approval.

There are 33 former teachers receiving this benefit. The cost to the Town for the year ended June 30, 2019 was \$128,752. The early retirement liability of \$327,679 as of June 30, 2019 has been calculated based upon the discounted present value of expected future benefits and a 2.412% yield of investments that are expected to be used to finance such benefit payments.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 9 - OTHER LONG-TERM LIABILITIES *(Continued)***

**Estimated Retirement Pay**

Upon retirement, members of the School Administrators, Teachers, Librarians, Nurses and Supervisors bargaining units are eligible to receive up to 3 days of compensation for each year of service. Based upon historical evidence, approximately 75% of members of these bargaining units will become eligible for retirement pay. The early retirement pay liability totaled \$1,947,262 as of June 30, 2019. Paid benefits for the year ended June 30, 2019 were \$150,570.

**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund**

**Plan Description**

***Plan Administration***

The Town administers three single employer contributory defined benefit plans, the Town of Vernon Pension Plan (Town), the Town of Vernon Police Pension Plan (Police) and the Vernon Length of Service Award Program (LOSAP). These plans substantially cover all full-time employees, except certified employees of the Board of Education who are covered by the State Teachers' Retirement System, and members of the Town's Volunteer Fire Department ("VFD") based upon certain criterion. Although members of the VFD are not Town employees, the Town has recognized the VFD's commitment to protecting the lives and property of Vernon's residents with the establishment of a retirement plan known as the Town of Vernon Length of Service Award Program (LOSAP). The LOSAP provides a financial reward as an incentive for recruiting and retaining fire department volunteers. Plan benefits are established by the Town and may be amended only by the Town Council. The plans are considered to be a part of the Town's financial reporting entity and are included in the Town's financial statements as a pension trust fund. The plans do not issue stand-alone financial statements. The Town may terminate the LOSAP at any time.

Management of each plan is vested in the Board of Trustees (Pension Board), which consists of 4 individuals appointed by the Mayor, including a staff liaison.

***Plan Membership***

As of December 31, 2018, the measurement date, plan membership consisted of the following:

	<u><b>Town</b></u>	<u><b>Police</b></u>	<u><b>LOSAP</b></u>
Retirees and beneficiaries receiving benefits	219	58	23
Terminated plan members entitled to but not yet receiving benefits	223	5	53
Active plan members	<u>323</u>	<u>47</u>	<u>89</u>
	<u><u>765</u></u>	<u><u>110</u></u>	<u><u>165</u></u>

***Benefits Provided***

Plan benefits are established by the Town and may be amended only by the Town Council.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Plan Description *(Continued)***

**Benefits Provided *(Continued)***

**Police Employees**

The plan provides retirement and death benefits. Police officers receive 2.5% of their monthly average earnings times credited service up to a maximum of 28 years capped at 70%.

The normal retirement date for police officers hired before July 1, 2012 is attained at the completion of 20 years of service. The normal retirement date for police officers hired after July 1, 2012 is 25 years of service and age 50.

**Town Employees**

The normal retirement date for members of the Public Works (P.W.) and Parks and Water Pollution Control unions is attained at age 55 and 5 years of service or after 25 years of service. The normal retirement date for P.W. Supervisors is Rule 85 with a minimum retirement age of 58. The normal retirement date for members of the Police Civilian Support union is attained at age 55 and 10 years of service. The normal retirement date for non-bargaining Town Hall employees, Education Librarian and Education Secretarial and Maintenance employees is age 62 and 10 years of service or age 60 and 32 years of service. Professionals, Waste Treatment Plant (WTP) Supervisors, P.W. Clerical, Education Supervisors and Education School Nurse union employees attain normal retirement age at age 62 and 10 years of service. The normal retirement date for all other participants is attained at age 65 and 10 years of service.

Non-bargaining Town employees receive 2.2% of their monthly average earnings times credited service with a maximum of 32 years capped at 70%. Professional, P.W. Supervisors and Water Pollution Control Supervisors receive 2.2% of their monthly average earnings times credited service with a maximum of 35 years capped at 70%. Police civilian employees receive 2% of their monthly average earnings times credited service, with a maximum of 25 years capped at 50%. P.W. and Parks and Water Pollution Control receive 2.0% of their monthly average earnings times credited service with a maximum of 40 years capped at 70%. P.W. clerical and Education School Nurses receive 2.0% of their monthly average earnings times credited service, with a maximum of 30 years. Education Supervisors, Education Library and Education Secretarial and Maintenance receive 2.0% of their monthly average earnings times credited service with a maximum of 35 years capped at 70%. Education Cafeteria and Education Paraprofessionals receive 1.5% of their monthly average earnings times credited service for a maximum of 20 years.

**LOSAP**

The normal retirement date for volunteer firefighters is attained at age 65 with 10 years of credited service. A year of credited service is achieved based upon a point system established by the Fire Chief. A volunteer shall not be credited with more than 30 years of service. The benefit at normal retirement is equal to \$8 per month for each year of credited service to a maximum of \$240 per month. Effective July 1, 2017, the maximum years of credited service will increase to 35 years. Also effective July 1, 2017, the normal retirement benefit will be as follows: Years of service under 20 years, the benefit will be \$8 per month for each year of service; years of service from 20 to 29 years, the benefit will be \$10 per month for each year of service; years of service from 30 to 35 years, the benefit will be \$12 per month for each year of service.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Plan Description *(Continued)***

**Benefits Provided *(Continued)***

**Early Retirement**

Participants of the Town and Police Pension Plans may, upon 10 years of service, elect early retirement on a date which shall be within 10 years of normal retirement age. For the P.W. and Parks and the Water Pollution Control unions, this means a minimum age 55 or 25 years of credited service. The early retirement benefit is determined as for normal retirement, based on earnings and service to date of early retirement. Members of the Police Civilian Support union are ineligible for this benefit.

**Death Benefits**

Death benefits are payable to beneficiaries as determined by death before retirement or death after retirement provisions. For Police and Town participants, upon the death of a non-vested participant, there shall be payable to the beneficiary, a death benefit equal to the participant's contributions plus interest. A preretirement spousal death benefit is payable to vested participants who have been married five full years prior to death. The preretirement spousal death benefit is determined as for early retirement, based on earnings and credited service to the date of participant death. For volunteer firefighter department members, a preretirement spousal death benefit is payable to a member's surviving spouse in case of Death in the Line of Duty and is equal to the benefit the member would have received if the member had reached his normal retirement date and had elected to receive a 50% Joint and Survivor Annuity.

**Disability Benefits**

In the event of participant disability in the line of duty, volunteer fire department members may elect payment of an actuarial reduced retirement benefit commencing any time prior to the date of normal retirement.

**Contributions**

Contributions rates are established by the Town and may be amended only with Town Council approval. The Town is required to contribute the amount determined by the actuary, considering the member contributions.

*Town of Vernon Police Officers' Pension Plan* - Effective July 1, 2012, Police officers hired before July 1, 2012 are required to contribute 7.5% of their W-2 earnings to the plan and police officers hired after July 1, 2012 are required to contribute 8.5% of such earnings. Such contributions are credited with interest at a rate of 5.5% per annum. Effective July 1, 2017, new hires will be required to contribute 9.5% of earnings.

For the year ended June 30, 2019, the average active member contribution rate was 8.50% of annual base compensation, and the Town's average contribution rate was 38.41% of annual payroll.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Plan Description *(Continued)***

***Contributions (Continued)***

*Town of Vernon Pension Plan* - Non-bargaining Town Hall employees, P.W. Supervisors, School Librarians, School Supervisors, and Education Custodial, Secretarial and Maintenance and the Water Pollution Control nonunion members are required to contribute 7.0% of their earnings (pre-tax). The Professional, P.W. and Parks union, Public Works Clerical, and the Water Pollution Control Supervisors are required to contribute 7.5% of their earnings (pre-tax). Police Civilian Support union members are required to contribute 7.9% of their earnings (pre-tax). Members of the Education Nurses unions are required to contribute 6.5% of earnings (pre-tax). All other participants are required to contribute 4% of their earnings (post-tax). Such contributions are credited with interest at a rate of 6% per annum.

For the current fiscal year, the average active member contribution rate was 6.98% of annual base compensation, and the Town's average contribution rate was 16.87% of annual payroll.

*Town of Vernon LOSAP Pension Plan* - Members of the volunteer fire department are not required to contribute to the plan.

**Summary of Significant Accounting Policies**

The Town Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Town Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Town Plan.

*Investments* - Investments are generally reported at fair value, except for investments in external investment pools and insurance contracts. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. Investments in external investment pools, which are permitted to measure their investment holdings at amortized costs, are measured by the Plan at the net asset value per share as determined by the pools. Investments in pooled separate accounts consist of insurance contracts. Investments in these types of contracts are measured by the Town at contract value, which approximate fair value.

*Investment policy* - The Town and Police pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. The allocation for the LOSAP plan is developed by Town management and the investment advisor. It is the policy of the Town's Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

*Concentrations* - There were no investments in any one organization that represent 5% or more of the pension plans' net position.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Summary of Significant Accounting Policies *(Continued)***

*Rate of return* - For the year ended December 31, 2018, the annual money-weighted rate of return on the pension plan investments was as follows:

<u>Plan</u>	<u>Money-Weighted Rate of Return</u>
Police Plan	-4.50%
Town Plan	-4.20%
LOSAP Plan	-7.48%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Plan Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for each of the Town's plans as of and for the year ended December 31, 2018, the reporting date of the plans:

	<u>Town Plan</u>	<u>Police Plan</u>	<u>Volunteer Firefighters LOSAP</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,166	\$ 6,820	\$ 111,045	\$ 141,031
Investments	42,961,661	20,631,828	1,651,477	65,244,966
Total assets	<u>42,984,827</u>	<u>20,638,648</u>	<u>1,762,522</u>	<u>65,385,997</u>
<b>LIABILITIES</b>				
Payables	10,868	8,157	34	19,059
Total liabilities	<u>10,868</u>	<u>8,157</u>	<u>34</u>	<u>19,059</u>
<b>NET POSITION</b>				
Restricted for pension benefits	42,973,959	20,630,491	1,762,488	65,366,938
	<u>\$ 42,973,959</u>	<u>\$ 20,630,491</u>	<u>\$ 1,762,488</u>	<u>\$ 65,366,938</u>



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Plan Statements *(Continued)***

	<b>Town Plan</b>	<b>Police Plan</b>	<b>Volunteer Firefighters LOSAP</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 2,535,950	\$ 1,879,711	\$ 137,551	\$ 4,553,212
Plan members	881,387	375,468	-	1,256,855
Total contributions	<u>3,417,337</u>	<u>2,255,179</u>	<u>137,551</u>	<u>5,810,067</u>
Investment earnings:				
Net investment loss	(1,453,818)	(751,549)	(114,598)	(2,319,965)
Less investment expense	(209,538)	(103,489)	-	(313,027)
Total investment earnings	<u>(1,663,356)</u>	<u>(855,038)</u>	<u>(114,598)</u>	<u>(2,632,992)</u>
Total additions	<u>1,753,981</u>	<u>1,400,141</u>	<u>22,953</u>	<u>3,177,075</u>
<b>DEDUCTIONS</b>				
Benefit payments	3,905,481	3,008,005	62,585	6,976,071
Administrative expenses	101,640	67,440	21,797	190,877
Total deductions	<u>4,007,121</u>	<u>3,075,445</u>	<u>84,382</u>	<u>7,166,948</u>
Change in net position	(2,253,140)	(1,675,304)	(61,429)	(3,989,873)
Net position - beginning	<u>45,227,099</u>	<u>22,305,795</u>	<u>1,823,917</u>	<u>69,356,811</u>
Net position - ending	<u>\$ 42,973,959</u>	<u>\$ 20,630,491</u>	<u>\$ 1,762,488</u>	<u>\$ 65,366,938</u>

**Net Pension Liability**

The components of the net pension liability for each of the Town's plans were as follows:

	<b>Town</b>	<b>Police</b>	<b>LOSAP</b>	<b>Total</b>
Total pension liability	\$ 82,807,537	\$ 45,348,749	\$ 2,140,094	\$ 130,296,380
Plan fiduciary net position	<u>42,973,959</u>	<u>20,630,491</u>	<u>1,762,488</u>	<u>65,366,938</u>
Net pension liability	<u>\$ 39,833,578</u>	<u>\$ 24,718,258</u>	<u>\$ 377,606</u>	<u>\$ 64,929,442</u>
Plan fiduciary net position as a percentage of the total pension liability	51.90%	45.49%	82.36%	50.17%

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Net Pension Liability *(Continued)***

The Town's net pension liability for the current fiscal year was measured at December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The changes in net pension liability for each of the Town's plans were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Town Plan</b>			
Balance as of January 1, 2018	\$ 79,798,201	\$ 45,227,099	\$ 34,571,102
<b>Changes for the year:</b>			
Service cost	1,505,283	-	1,505,283
Interest	5,451,494	-	5,451,494
Differences between expected and actual experience	(41,960)	-	(41,960)
Contributions - employer	-	2,535,950	(2,535,950)
Contributions - employee	-	881,387	(881,387)
Net investment income	-	(1,663,356)	1,663,356
Benefit payments, including refunds	(3,905,481)	(3,905,481)	-
Administrative expense	-	(101,640)	101,640
<b>Net changes</b>	<u>3,009,336</u>	<u>(2,253,140)</u>	<u>5,262,476</u>
Balance as of December 31, 2018	<u>\$ 82,807,537</u>	<u>\$ 42,973,959</u>	<u>\$ 39,833,578</u>

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Police Plan</b>			
Balance as of January 1, 2018	\$ 43,879,584	\$ 22,305,795	\$ 21,573,789
<b>Changes for the year:</b>			
Service cost	783,253	-	783,253
Interest	2,968,071	-	2,968,071
Differences between expected and actual experience	728,178	-	728,178
Change in assumption	(2,332)	-	(2,332)
Contributions - employer	-	1,879,711	(1,879,711)
Contributions - employee	-	375,468	(375,468)
Net investment income	-	(855,038)	855,038
Benefit payments, including refunds	(3,008,005)	(3,008,005)	-
Administrative expense	-	(67,440)	67,440
<b>Net changes</b>	<u>1,469,165</u>	<u>(1,675,304)</u>	<u>3,144,469</u>
Balance as of December 31, 2018	<u>\$ 45,348,749</u>	<u>\$ 20,630,491</u>	<u>\$ 24,718,258</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

***Pension Trust Fund (Continued)***

**Net Pension Liability *(Continued)***

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>LOSAP Plan</b>			
Balance as of January 1, 2018	\$ 2,089,654	\$ 1,823,917	\$ 265,737
<b>Changes for the year:</b>			
Service cost	25,480	-	25,480
Interest	133,795	-	133,795
Differences between expected and actual experience	(46,250)	-	(46,250)
Contributions - employer	-	137,551	(137,551)
Net investment income	-	(114,598)	114,598
Benefit payments, including refunds	(62,585)	(62,585)	-
Administrative expense	-	(21,797)	21,797
<b>Net changes</b>	<b>50,440</b>	<b>(61,429)</b>	<b>111,869</b>
Balance as of December 31, 2018	<u>\$ 2,140,094</u>	<u>\$ 1,762,488</u>	<u>\$ 377,606</u>

*Actuarial assumptions* - The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	Town	Police	LOSAP
Inflation	1.50%	1.50%	N/A
Salary increases, including inflation	4.50%	4.00%	N/A
Investment rate of return, including inflation	7.00%	7.00%	6.50%
Discount rate	7.00%	7.00%	6.50%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Net Pension Liability *(Continued)***

Best estimates of arithmetic real rates of return for each major asset class included in each plan's target asset allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Town Long-term Expected Real Rate of Return</u>	<u>Police Long-term Expected Real Rate of Return</u>	<u>LOSAP Long-term Expected Real Rate of Return</u>
Large Cap Equity	8.00%	8.00%	8.50%
Mid Cap Equity	8.50%	8.50%	9.00%
Small Cap Equity	8.75%	8.75%	9.25%
International Equity	7.50%	7.50%	8.25%
Fixed Income	5.00%	5.00%	4.90%
Stable Value	N/A	4.60%	N/A
Real Estate/Commodities	4.60%	N/A	3.75%

*Discount rate* - The discount rate used to measure the total pension liability was 7.00% for the Town and Police plans and 6.50% for the LOSAP Plan. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. 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, each plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability, calculated using the discount rate of 7.00%, for the Police and Town plans, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Town Plan's net pension liability	\$ 48,582,874	\$ 39,833,578	\$ 32,545,197
Police Plan's net pension liability	\$ 30,280,974	\$ 24,718,258	\$ 20,114,015

The following presents the net pension (asset) liability, calculated using the discount rate of 6.50%, for the LOSAP plan, as well as what the net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
LOSAP Plan's net pension liability	\$ 662,967	\$ 377,606	\$ 73,338

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

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

For the year ended June 30, 2019, the Town recognized a collective pension expense of \$8,330,580 relating to the Town plan in the amount of \$5,373,521, the Police plan in the amount of \$2,861,265, and the LOSAP plan in the amount of \$95,794. The Town reported deferred outflows and inflows of resources as of June 30, 2019 related to all plans from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>	<b>Net</b>
<b>Town Plan</b>			
Difference between expected and actual experience	\$ 4,885,724	\$ (1,841,615)	\$ 3,044,109
Changes of assumptions and demographics	-	-	-
Difference between projected and actual earnings on plan investments	-	(673,960)	(673,960)
Total	<u>4,885,724</u>	<u>(2,515,575)</u>	<u>2,370,149</u>
<b>Police Plan</b>			
Difference between expected and actual experience	2,218,747	(825,861)	1,392,886
Changes of assumptions and demographics	366,970	-	366,970
Difference between projected and actual earnings on plan investments	864,977	-	864,977
Total	<u>3,450,694</u>	<u>(825,861)</u>	<u>2,624,833</u>
<b>LOSAP Plan</b>			
Difference between expected and actual experience	182,367	(162,020)	20,347
Changes of assumptions and demographics	-	-	-
Difference between projected and actual earnings on plan investments	136,602	-	136,602
Total	<u>318,969</u>	<u>(162,020)</u>	<u>156,949</u>
	<u><u>\$ 8,655,387</u></u>	<u><u>\$ (3,503,456)</u></u>	<u><u>\$ 5,151,931</u></u>

Amounts reported as deferred outflows and inflows of resources related to all plans will be recognized as a component of pension expense in future years as follows:

	<b>Amortization Pension Expense</b>			
	<b>Town Plan</b>	<b>Police Plan</b>	<b>LOSAP Plan</b>	<b>Total</b>
Year ended June 30,				
2020	\$ 358,237	\$ 1,639,753	\$ 53,836	\$ 2,051,826
2021	527,467	312,068	19,517	859,052
2022	488,249	182,333	24,201	694,783
2023	996,196	490,679	52,201	1,539,076
2024	-	-	1,210	1,210
Thereafter	-	-	5,984	5,984
	<u><u>\$ 2,370,149</u></u>	<u><u>\$ 2,624,833</u></u>	<u><u>\$ 156,949</u></u>	<u><u>\$ 5,151,931</u></u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**State of Connecticut Teachers' Retirement System**

**Plan Description**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan that provides retirement, Disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports. These reports can be obtained from the Connecticut Office of the State Comptroller.

**Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

*Normal Retirement:* Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit if 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derive from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

*Early Retirement:* Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years proceeding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

*Minimum Benefit:* Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

*Disability Retirement:* Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per years of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

*Pre-Retirement Death Benefit:* The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**State of Connecticut Teachers' Retirement System *(Continued)***

**Contributions**

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

**Administrative Expenses**

Administrative costs of the plan are funded by the State.

**Basis of Presentation**

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2018 based on an actuarial valuation performed as of June 30, 2018. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2018 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2019 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2019.

**Allocation Methodology**

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2018 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$7,765,665 or 0.610% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2019.

The components associated with the collective pension expense and deferred outflows and inflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2018. The portion of the collective pension expense allocated to the Town totaled \$9,017,887.

The total collective net pension liability of participating employers for the TRS was approximately \$13.164 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled approximately \$80,350,000 or 0.610% of the total collective net pension liability.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**State of Connecticut Teachers' Retirement System *(Continued)***

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25%-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

**Long-Term Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**State of Connecticut Teachers' Retirement System *(Continued)***

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative Investments	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bond	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
	100.0%	

**Proportionate Share of the Collective Net Pension Liability**

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2018 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	Discount Rates		
	1% Decrease (7.00%)	Current (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability attributed to the Town	\$ 101,548,000	\$ 80,350,000	\$ 62,424,000

**Defined Contribution Plans**

**Establishment and Amendment**

The Vernon Town Council has authorized the establishment of 14 separate single-employer Defined Contribution Pension Plans for various qualifying bargaining unit members and certain non-affiliated employees. The Town Administrator is responsible for the administration of these plans and only the Town Council may approve amendments to each plan's provisions and contribution requirements.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Defined Contribution Plans *(Continued)***

The effective establishment dates for these fourteen plans are as follows:

<u>Effective Date</u>	<u>Plan</u>
July 1, 2009	Department of Public Works Clerical Bargaining Unit
January 1, 2010	Professional Employees Bargaining Unit
January 1, 2010	DPW Supervisors Bargaining Unit
January 1, 2010	Water Pollution Control Supervisors Bargaining Unit
August 4, 2010	Town Non-Union Employees
July 1, 2011	DPW Laborers/Parks/WPC Bargaining Unit
July 1, 2012	Police civilians Bargaining Unit
June 4, 2014	Board of Education No-Union Employees
July 1, 2014	Board of Education Cafeteria Employees
July 1, 2015	Board of Education Supervisors
July 1, 2016	Board of Education Nurses
July 1, 2016	Board of Education Librarians
January 1, 2017	Board of Education Secretarial / Custodial / Maintenance
January 1, 2018	Board of Education Paraprofessionals

**Contributions**

Employees are not required to contribute to the respective defined contribution plan. The required level of Employer contribution is dependent on the level of the Employee's contribution as follows:

<u>Plan</u>	<u>Employee Contribution</u>	<u>Employer Contribution</u>
DPW Clerical	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
Professionals	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
DPW Supervisors	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
WPC Supervisors	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
Town Non-Union	0% - 6.0% of wages	3% of wages
	6.0% or more of wages	5% of wages
DPW Laborers	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
Police Civilians	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
Education Non-Union	0% - 6.0% of wages	3% of wages
	6.0% or more of wages	5% of wages
Education Cafeteria	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
Education Supervisors	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
Education Nurses	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
Education Librarians	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
Education Secretarial / Custodial / Maintenance	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages
Education Paraprofessionals	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	4% of wages

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Defined Contribution Plans *(Continued)***

**Contributions *(Continued)***

Employee contributions and pension expense recognized by the employer for the year ended June 30, 2019 are as follows:

<b>Plan</b>	<b>Employee Contribution</b>	<b>Employer Pension Expense</b>
Professionals	\$ 78,492	\$ 43,438
Town Non-Union	87,708	73,975
DPW Laborers/Parks/WPC	101,355	54,583
Police Civilians	16,505	26,380
Education Non-Union	68,661	42,104
Education Cafeteria	662	353
Education Supervisors	662	2,896
Education Nurses	12,921	5,927
Education Librarians	1,339	714
Education Secretarial / Custodial / Maintenance	15,882	10,978
Education Paraprofessionals	5,494	5,690

**Vesting**

Town non-union and DPW Supervisors become fully vested in the Employer contribution after 5 years of credited service whereas all other eligible employees become fully vested after 10 years of credited service.

**Normal Retirement Age**

DPW Supervisors become eligible to retire upon age 58 and 27 years of service. DPW Laborers / Parks / WPC employees are eligible to retire at age 55 and 5 years of service. All other participants become eligible to retire at age 62 with 10 years of service, with the exception of Cafeteria employees who become eligible to retire at age 65 with 10 years of service.

**Assets**

Employee contributions are held in Trust, with the Town serving as trustee, for the exclusive benefit of Plan participants and their beneficiaries, in a qualified Deferred Compensation Plan. Employer contributions are held in Trust, with the Town serving as trustee, for the exclusive benefit of Plan participants and their beneficiaries, in a qualified 401a Money Purchase Plan.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Town has established an Other Post-Employment Benefit (OPEB) Trust Fund which incorporates a single-employer, post-retirement healthcare plans for the Town, Police and Board of Education employees. The plans provide medical, dental and prescription benefits for eligible retirees and their spouses. The Trust was established in June 2011.

The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Postemployment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

**Funding Policy**

The plan provides for medical, dental and prescription benefits for all eligible Town, Police and Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union agreements.

**Employees Covered by Benefit Terms**

At July 1, 2018, date of the most recent actuarial valuation, plan membership consisted of the following:

	<u>Police</u>	<u>Town</u>	<u>Board of Education</u>	<u>Total</u>
Active employees	30	151	378	559
Members receiving benefits	14	10	65	89
Spouses of retired members	3	3	15	21
Beneficiaries	-	2	6	8
Total	<u>47</u>	<u>166</u>	<u>464</u>	<u>677</u>

**Contributions**

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with State Statutes. The Town funds these benefits through contributions to an Other Post-Employment Benefits Trust Fund. Town contributions are based on an actuarially determined amount. Active employees are not required to contribute to the plan, however, retirees are required to contribute a portion of the cost of the benefits. For the year ended June 30, 2019, the Police, Town and Board of Education's contribution totaled \$624,694, which represented 1.60% of covered-employee payroll.

**Net OPEB Liability**

The Town's net OPEB liability reported as of June 30, 2019 totaled \$8,398,716. The net OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Net OPEB Liability *(Continued)***

*Actuarial Assumptions* – The total OPEB liability as of June 30, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.75%
Investment rate of return	6.50%
Discount rate	6.50%
Medical trend	
BOE Certified	6.40% to 4.30% over 57 years
BOE Non-Certified	
Pre-65	6.40% to 4.30% over 57 years
Post-65	3.90% to 4.30% over 54 years
Town	
Pre-65	6.40% to 4.30% over 69 years
Post-65	3.90% to 4.30% over 54 years
Police	
Pre-65	6.40% to 4.40% over 59 years
Post-65	3.90% to 4.70% over 78 years

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80 projected to the year 2020 using the BB improvement scale and further adjusted to grade in increase to rates over age 80, for all teachers and administrators, the PubS-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after commencement, for all police and the PubG-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement for all other employees.

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Arithmetic Rate of Return</b>	<b>Long-Term Expected Real Geometric Rate of Return</b>
U.S. Cash	3.10%	0.36%	0.35%
U.S. Core Bonds	19.80%	2.29%	2.13%
Non-U.S. Bonds	3.40%	0.38%	-0.17%
U.S. Large Caps	52.50%	4.33%	3.13%
Non-U.S. Equity	20.30%	5.81%	4.11%
Hedge FOF Conservative	0.90%	1.69%	1.52%

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Net OPEB Liability *(Continued)***

*Discount rate* - The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on the OPEB Plan's investments were applied to all periods of projected benefit payments to determine the OPEB Plan's total OPEB liability.

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of July 1, 2018	\$ 8,676,532	\$ 1,057,591	\$ 7,618,941
<b>Changes for the year:</b>			
Service cost	525,888	-	525,888
Interest	584,733	-	584,733
Differences between expected and actual experience	4,843,646	-	4,843,646
Change in assumptions	(4,483,302)	-	(4,483,302)
Contributions - employer	-	624,694	(624,694)
Net investment income	-	66,496	(66,496)
Benefit payments, including refunds	(419,694)	(419,694)	-
<b>Net changes</b>	<u>1,051,271</u>	<u>271,496</u>	<u>779,775</u>
Balance as of June 30, 2019	<u>\$ 9,727,803</u>	<u>\$ 1,329,087</u>	<u>\$ 8,398,716</u>

*Sensitivity of the net OPEB liability to changes in the discount rate* - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	Discount Rates		
	1% Decrease (5.50%)	Current (6.50%)	1% Increase (7.50%)
Net OPEB liability as of June 30, 2019	\$ 9,538,979	\$ 8,398,716	\$ 7,428,807

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Changes in the Net OPEB Liability *(Continued)***

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates* - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>Healthcare Cost Trend Rates</b>		
	<b>Current</b>		
	<b>1% Decrease</b>	<b>Trend Rate</b>	<b>1% Increase</b>
Net OPEB liability as of June 30, 2019	\$ 7,213,212	\$ 8,398,716	\$ 9,834,860

**OPEB Expense and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2019, the Town recognized OPEB expense of \$1,094,900. At June 30, 2019, the Town reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>	<b>Net</b>
Difference between expected and actual experience	\$ 4,349,396		\$ 4,349,396
Changes of assumptions and demographics	-	(4,025,822)	(4,025,822)
Difference between projected and actual earnings on plan investments	70,613	-	70,613
Total	<u>\$ 4,420,009</u>	<u>\$ (4,025,822)</u>	<u>\$ 394,187</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as a component of OPEB expense as follows:

	<b>Amortization OPEB Expense</b>
Year ended June 30,	
2020	\$ 59,711
2021	59,711
2022	59,713
2023	38,558
2024	36,770
Thereafter	139,724
	<u>\$ 394,187</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**OPEB Plan Financial Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Town's OPEB Plan as of and for the year ended June 30, 2019:

<b>Statement of Fiduciary Net Position</b>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 519,845
Investments	885,884
Receivables	930
Total assets	<u>1,406,659</u>
<b>LIABILITIES</b>	
Payables	4,357
Unearned revenue	73,215
Total liabilities	<u>77,572</u>
<b>NET POSITION</b>	
Restricted for other post-employment benefits	1,329,087
	<u><u>\$ 1,329,087</u></u>
<b>Statement of Changes in Fiduciary Net Position</b>	
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 624,694
Retirees	598,200
Total contributions	<u>1,308,094</u>
Investment earnings:	
Net investment income	77,150
Total additions	<u>1,385,244</u>
<b>DEDUCTIONS</b>	
Benefit payments	1,103,094
Administrative expenses	10,654
Total deductions	<u>1,113,748</u>
Change in net position	271,496
Net position - beginning	<u>1,057,591</u>
Net position - ending	<u><u>\$ 1,329,087</u></u>



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System**

**Plan Description**

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. These reports can be obtained from the Connecticut Office of the State Comptroller.

**Benefit Provisions**

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Contributions**

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Contributions *(Continued)***

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

**Administrative Expenses**

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

**Basis of Presentation**

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2018 based on an actuarial valuation performed as of June 30, 2018. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2018 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2019 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2019.

The components associated with the OPEB expense and deferred outflows and inflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2018.

**Allocation Methodology**

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2018.

For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$215,456 or 0.610% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2019.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2018. The portion of the collective negative OPEB expense allocated to the Town totaled \$(5,335,946).

The total collective net OPEB liability of participating employers for the TRS was approximately \$2.632 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$16,062,000 or approximately 0.610% of the total collective net OPEB liability.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.25%
Salary increases	3.25% -6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

**Long-Term Rate of Return**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2018.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Discount Rate *(Continued)***

In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**Proportionate Share of the Collective Net OPEB Liability**

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2018 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	Discount Rates		
	1% Decrease (2.87%)	Current (3.87%)	1% Increase (4.87%)
Proportionate share of the net OPEB liability attributed to the Town	\$ 19,073,000	\$ 16,062,000	\$ 13,660,000

*Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates* - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2018 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB liability attributed to the Town	\$ 13,461,000	\$ 16,062,000	\$ 19,516,000

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 12 - FUND BALANCE**

As of June 30, 2019, fund balances have been classified based on the following purposes:

	General Fund	Road Improvements Bond Fund	Special Education Grants Fund	Waste Treatment Plant Upgrade Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Cemetery Trust	\$ -	\$ -	\$ -	\$ -	\$ 1,757,835	\$ 1,757,835
Inventories and prepaid items	587,300	-	-	-	32,072	619,372
Internal lease obligations	2,667,235	-	-	-	-	2,667,235
Nonspendable total	3,254,535	-	-	-	1,789,907	5,044,442
Restricted for:						
Donor purpose restrictions	-	-	-	-	2,160,643	2,160,643
Grant programs	-	-	-	-	586,382	586,382
Sewer assessment	-	-	-	-	28	28
Cemeteries	-	-	-	-	114,345	114,345
Housing and community development	-	-	-	-	80,685	80,685
Education grants	-	-	150,723	-	409,645	560,368
Adult education	-	-	-	-	39,304	39,304
Restricted total	-	-	150,723	-	3,391,032	3,541,755
Committed to:						
Sewer repairs and maintenance	-	-	-	-	2,048,118	2,048,118
Insurance and medical	-	-	-	-	472,184	472,184
Community development	-	-	-	-	452,129	452,129
Police	-	-	-	-	165,184	165,184
Ambulance	-	-	-	-	300,076	300,076
Animal control	-	-	-	-	61,627	61,627
Human services	-	-	-	-	168,525	168,525
Maintenance for water runoff	-	-	-	-	51,726	51,726
Parks and recreation programs	-	-	-	-	365,340	365,340
Sidewalk development	-	-	-	-	2,701	2,701
Debt payments	-	-	-	-	1,414,609	1,414,609
Capital outlays	-	-	-	-	3,751,586	3,751,586
Committed total	-	-	-	-	9,253,805	9,253,805
Assigned to:						
General government:						
Administration and finance	5,453	-	-	-	-	5,453
Public safety:						
Police	47	-	-	-	-	47
Fire	3,644	-	-	-	-	3,644
Education	810,872	-	-	-	-	810,872
Compensated absences	322,000	-	-	-	-	322,000
Debt payments	177,046	-	-	-	-	177,046
Assigned total	1,319,062	-	-	-	-	1,319,062
Unassigned	19,297,219	(1,937,855)	-	(3,357,401)	(451,679)	13,550,284
	<u>\$ 23,870,816</u>	<u>\$ (1,937,855)</u>	<u>\$ 150,723</u>	<u>\$ (3,357,401)</u>	<u>\$ 13,983,065</u>	<u>\$ 32,709,348</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 12 - FUND BALANCE *(Continued)***

**Deficit Fund Balances**

The following funds have deficit equity balances as of June 30, 2019, which do not constitute a violation of statutory provisions:

<b>Fund</b>	<b>Amount</b>
Waste Treatment Plant Facilities Upgrade Fund	\$ (3,357,401)
Road Improvement Bond Fund	(1,937,855)
Workers' Compensation Fund	(1,580,512)
Public Safety Complex Grant-In-Aid Fund	(385,500)
School Roof Replacements and Renovations Fund	(20,123)
Cafeteria Fund	(7,574)
West Main Street Bridge Renovations Fund	(7,460)

The deficit in the Cafeteria Fund will be funded by future increases in food sale prices, other revenue and reducing operating costs. The deficit in the Public Safety Complex Grant-In-Aid Fund will be eliminated through future charges for services. The deficit in the West Main Street Bridge Reconstruction Fund will be funded with available current resources from other funds. The deficit in the Road Improvements Bond Fund will be funded by the issuance of general obligation bonds. The deficit in the Waste Treatment Plant Upgrade Fund will be funded by a combination of State grant and loan proceeds and contributions from neighboring towns that utilize the waste treatment facilities. The deficit in the Workers' Compensation Fund will be eliminated by future charges to other funds. The deficit in the School Roof Replacements and Renovations Fund will be funded with available local resources.

**NOTE 13 - RISK MANAGEMENT**

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation through a Workers' Compensation Fund. The fund, classified as an Internal Service Fund, is supported by contributions from the General and Sewer User Funds. Contribution amounts are based on historical experience of claims incurred and paid. Although the risk is retained by the Town, commercial insurance is purchased for individual claims in excess of \$450,000 for police and fire employees and \$425,000 for all other employees with no aggregate maximum per year. The claim accrual does not include other allocated or unallocated claims adjustment expenses. Settled claims have not exceeded commercial insurance coverage for each of the last three fiscal years. There has been no reduction in insurance coverage from the prior year.

CIRMA administers the claims processing for the Town, for which the Town pays a fee. Claims incurred are estimated by CIRMA by fiscal (contract) year. Claims outstanding at June 30 are based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 13 - RISK MANAGEMENT *(Continued)***

A summary of claims activity for Workers' Compensation claims transactions the years ended June 30, 2019 and 2018 are as follows:

<b>Year Ended June 30</b>	<b>Claims Payable, Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable, End of Year</b>
2019	\$ 2,713,010	\$ 757,145	\$ 448,105	\$ 3,022,050
2018	2,668,899	690,669	646,558	2,713,010

Claims payable at June 30, 2019 includes incurred, but not reported (IBNR) claims of \$867,106. Based on historical payment data, approximately 34.67% of claims payable (excluding IBNR) will be paid during the following fiscal year. Thus, \$747,063 of claims payable is considered as a current liability and the remaining \$1,407,881 is considered as a long-term liability. Claims payable includes \$132,742 of estimated incremental claims adjustment expenses, net of estimated subrogation recoveries.

The Town is also self-insured for the cost of medical prescriptions for its employees and retirees. The Town Council authorized the establishment of the Medical Self-Insurance Fund, an Internal Service Fund, which became effective January 1, 2006. Effective July 1, 2007, the Town became self-insured for the cost of dental for its general government employees and retirees. The fund is supported by contributions from all covered participants with the remaining support provided by the General Fund, Vernon Cemetery Fund (Special Revenue Fund), the Sewer User Fund (Enterprise Fund) and the Data Processing Fund (Internal Service Fund). Contribution amounts are based upon historical experience of claims incurred and paid. Effective July 1, 2017, the Town became self-insured for the cost of dental for its education employees and retirees.

A third party administers the prescription claims processing and the dental claims processing for the Town for which the Town pays a fee. Claims incurred and paid data are provided to the Town, which reimburses Maxor and Anthem for the costs of the claims and administrative expenses. At year end, claims payable represents the cost of claims incurred and paid by Maxor and Anthem that require reimbursement from the Town. Claims payable at June 30, 2019 includes incurred, but not reported claims of \$23,900.

A summary of claims activity for Medical Self-Insurance claims transactions the years ended June 30, 2019 and 2018 are as follows:

<b>Year Ended June 30</b>	<b>Claims Payable, Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable, End of Year</b>
2019	\$ 33,045	\$ 495,168	\$ 493,249	\$ 34,964
2018	11,940	485,763	464,658	33,045

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known by management. The Town's management believes it has meritorious defenses against these lawsuits and estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial condition of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, would not have a material adverse effect on the financial condition of the Town.

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2019 totaled \$997,062 and are included in assigned fund balance of the General Fund.

**NOTE 15 - TAX ABATEMENTS**

By Ordinance, the Town established a Reduction in Assessment Program pursuant to Connecticut General Statute 12-121(e), as amended, authorizing the Town Council to enter into a tax abatement agreement with any party owning or proposing to acquire an interest in real property in town that is on the town's certified vacant buildings list. Applicants to the program are required to provide a business plan for the property to be renovated and submit a fiscal impact study to the Town Administrator who makes a recommendation to the Town Council as to the amount and duration of the tax abatement. The Town Council may approve the abatement recommendation by a majority vote. The abatement becomes effective upon renovation completion and issuance of a certificate of occupancy.

The following table indicates the minimum value of an improvement that qualifies for a reduction and the maximum reduction period. The Town Council shall determine the specific reduction of the tax assessment for each project based upon the benefits to the Town.

<u>Cost of Improvements</u>	<u>Assessment Reduction</u>	<u>Term</u>
\$10 million and higher	Up to 100% of increased assessment	Up to 25 years
\$5 million - \$10 million	Up to 75% of increased assessment	Up to 15 years
\$1 million - \$5 million	Up to 50% of increased assessment	Up to 10 years
Less than \$1 million	Up to 25% of increased assessment	Up to 5 years

The Town has entered into the following active tax abatement agreements:

- Loom City Lofts LLC, with a 25-year duration. The amount of abated taxes range from \$7,500 in year 1 to \$15,246 in year 25. The amount of abated taxes for fiscal year 2018-2019 were \$8,195. The abated taxes are per the fourth year of the agreement.
- Shoppes at Eastview LLC, with a 7-year duration. The tax abatement for improvements will be 50% for the first four years of the agreement and 25% for the last three years of the agreement. The amount of abated taxes for fiscal year 2018-2019 was \$16,907. The abated taxes are per the fifth year of the agreement.
- Talcott Mill Landlord LLC, with a 20-year duration. The tax abatement for improvements will be 100% for the first 10 years of the agreement, 75% for years 11 to 15 and 50% for years 16 to 20. The amount of abated taxes for fiscal year 2018-2019 is \$18,117. The abated taxes are per the first year of the agreement.

Total tax abatements for year ended June 30, 2019 were \$43,219.



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 16 - RECENTLY ISSUED ACCOUNTING STANDARDS**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 17 - SUBSEQUENT EVENTS**

On August 30, 2019, the Town issued a \$47,819,947 Interim Funding Obligation, at a 2% interest rate, pursuant to a Project Loan and Project Grant Agreement between the Town and the State of Connecticut to finance up to \$85,972,000 of improvements to the Water Pollution Control Facility, which was authorized and approved at a Town referendum on January 15, 2019. The projected cost to complete the improvements at the time of this issuance is estimated at \$68,188,062 and will be additionally financed by a State Clean Water Fund grant of \$20,066,969 and a projected local contribution of \$301,146. Construction commenced shortly after July 1, 2019 and is expected to be completed by January 2023.

On March 25, 2020, the Town authorized an additional appropriation in the amount of \$2,986,198 to its fiscal year 2019-2020 capital improvement budget for the funding of vehicles purchased through internal leasing arrangements with the General Fund. The amount of the outstanding balance on the internal financing arrangements totaled \$2,667,235 as of June 30, 2019, which has been reported as a component of nonspendable fund balance in the General Fund. Accordingly, this subsequent appropriation has no effect on the Town's General Fund unassigned fund balance reported as of June 30, 2019.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF VERNON, CONNECTICUT**  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2019

	<b>Budgeted Amounts</b>			<b>Outstanding</b>	<b>Actual with</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Outstanding</b>	<b>Final Budget</b>
					<b>Encumbrances</b>	<b>Over (Under)</b>
<b>REVENUES</b>						
Property taxes	\$ 71,961,747	\$ 71,961,747	\$ 72,973,560	\$ -	\$ 72,973,560	\$ 1,011,813
Intergovernmental	18,098,485	18,098,485	19,037,020	-	19,037,020	938,535
Charges for services	834,105	834,105	1,442,282	-	1,442,282	608,177
Licenses and permits	494,700	494,700	423,922	-	423,922	(70,778)
Fines and penalties	30,000	30,000	33,170	-	33,170	3,170
Investment income	52,000	52,000	449,557	-	449,557	397,557
Other	555,913	555,913	755,315	-	755,315	199,402
Total revenues	92,026,950	92,026,950	95,114,826	-	95,114,826	3,087,876
<b>EXPENDITURES</b>						
Current:						
General government	3,536,133	4,138,925	3,958,019	5,453	3,963,472	(175,453)
Community development	259,062	246,749	237,348	-	237,348	(9,401)
Public safety	8,807,381	9,255,367	8,897,450	3,691	8,901,141	(354,226)
Maintenance and development	5,762,045	5,943,527	5,877,282	-	5,877,282	(66,245)
Human services	1,096,297	1,103,787	1,022,428	-	1,022,428	(81,359)
Parks, recreation and culture	1,598,199	1,843,788	1,814,408	-	1,814,408	(29,380)
Townwide	9,359,913	9,303,037	8,734,918	-	8,734,918	(568,119)
Debt service	6,256,814	6,227,819	6,048,071	177,046	6,225,117	(2,702)
Capital outlay	195,000	224,000	223,674	-	223,674	(326)
Education	53,108,528	53,437,942	52,627,155	810,872	53,438,027	85
Total expenditures	89,979,372	91,724,941	89,440,753	997,062	90,437,815	(1,287,126)
Excess (deficiency) of revenues over expenditures	2,047,578	302,009	5,674,073	(997,062)	4,677,011	4,375,002
<b>OTHER FINANCING SOURCES (USES)</b>						
Appropriation of Fund Balance	-	950,393	-	-	-	(950,393)
Appropriation of Prior Year Encumbrances	-	1,827,417	-	-	-	(1,827,417)
Transfers in	144,500	144,500	65,425	-	65,425	(79,075)
Transfers out	(2,192,078)	(3,224,319)	(3,222,429)	-	(3,222,429)	1,890
Total other financing sources (uses)	(2,047,578)	(302,009)	(3,157,004)	-	(3,157,004)	(2,854,995)
Net change in fund balances	\$ -	\$ -	\$ 2,517,069	\$ (997,062)	\$ 1,520,007	\$ 1,520,007

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY - UNAUDITED**  
**POLICE PENSION PLAN**  
**LAST SIX PLAN YEARS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total pension liability:						
Service cost	\$ 783,253	\$ 836,982	\$ 812,060	\$ 767,633	\$ 760,493	\$ 759,496
Interest	2,968,071	2,924,672	2,790,349	2,711,068	2,663,012	2,620,600
Differences between expected and actual experience	728,178	(220,230)	878,501	(304,928)	(288,635)	-
Changes of assumptions	(2,332)	-	-	1,833,919	1,214,064	-
Benefit payments, including refunds	(3,008,005)	(2,693,179)	(2,508,006)	(2,473,575)	(2,434,432)	(2,385,303)
Net change in total pension liability	1,469,165	848,245	1,972,904	2,534,117	1,914,502	994,793
Total pension liability - beginning	43,879,584	43,031,339	41,058,435	38,524,318	36,609,816	35,615,023
Total pension liability - ending	45,348,749	43,879,584	43,031,339	41,058,435	38,524,318	36,609,816
Plan fiduciary net position:						
Contributions - employer	1,879,711	1,839,551	1,730,812	1,639,455	1,515,199	1,348,338
Contributions - members	375,468	370,589	364,862	370,334	358,642	368,533
Net investment income	(855,038)	2,724,566	1,352,877	176,500	1,092,203	2,874,222
Benefit payments, including refunds	(3,008,005)	(2,693,179)	(2,508,006)	(2,473,575)	(2,434,432)	(2,210,603)
Administrative expense	(67,440)	(68,718)	(70,666)	(49,744)	(70,783)	(67,398)
Net change in plan fiduciary net position	(1,675,304)	2,172,809	869,879	(337,030)	460,829	2,313,092
Plan fiduciary net position - beginning	22,305,795	20,132,986	19,263,107	19,600,137	19,139,308	16,826,216
Plan fiduciary net position - ending	20,630,491	22,305,795	20,132,986	19,263,107	19,600,137	19,139,308
Town's net pension liability	<u>\$ 24,718,258</u>	<u>\$ 21,573,789</u>	<u>\$ 22,898,353</u>	<u>\$ 21,795,328</u>	<u>\$ 18,924,181</u>	<u>\$ 17,470,508</u>
Plan fiduciary net position as a percentage of total pension liability	45.49%	50.83%	46.79%	46.92%	50.88%	52.28%
Covered payroll	\$ 4,563,773	\$ 4,789,390	\$ 4,866,463	\$ 4,747,257	\$ 4,549,520	\$ 4,390,111
Town's net pension liability as a percentage of covered payroll	541.62%	450.45%	470.53%	459.11%	415.96%	397.95%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY - UNAUDITED**  
**TOWN PENSION PLAN**  
**LAST SIX PLAN YEARS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total pension liability:						
Service cost	\$ 1,505,283	\$ 1,658,692	\$ 1,510,406	\$ 1,464,780	\$ 1,396,502	\$ 1,355,480
Interest	5,451,494	5,338,478	5,055,024	4,604,469	4,540,614	4,472,890
Differences between expected and actual experience	(41,960)	(2,232,932)	1,507,303	135,086	(3,083,615)	-
Changes of assumptions	-	-	-	5,959,086	3,200,987	-
Benefit payments, including refunds	(3,905,481)	(3,786,932)	(3,781,356)	(3,280,576)	(2,935,096)	(2,814,688)
Net change in total pension liability	3,009,336	977,306	4,291,377	8,882,845	3,119,392	3,013,682
Total pension liability - beginning	79,798,201	78,820,895	74,529,518	65,646,673	62,527,281	59,513,599
Total pension liability - ending	82,807,537	79,798,201	78,820,895	74,529,518	65,646,673	62,527,281
Plan fiduciary net position:						
Contributions - employer	2,535,950	2,495,374	2,575,719	2,383,370	2,135,571	1,883,779
Contributions - members	881,387	950,310	930,892	1,032,684	1,031,071	1,001,400
Net investment income	(1,663,356)	5,244,052	2,457,038	352,500	1,981,432	4,782,653
Benefit payments, including refunds	(3,905,481)	(3,786,932)	(3,781,356)	(3,280,577)	(2,935,096)	(2,664,672)
Administrative expense	(101,640)	(105,945)	(114,432)	(89,656)	(101,919)	(93,140)
Net change in plan fiduciary net position	(2,253,140)	4,796,859	2,067,861	398,321	2,111,059	4,910,020
Plan fiduciary net position - beginning	45,227,099	40,430,240	38,362,379	37,964,058	35,852,999	30,942,979
Plan fiduciary net position - ending	42,973,959	45,227,099	40,430,240	38,362,379	37,964,058	35,852,999
Town's net pension liability	<u>\$ 39,833,578</u>	<u>\$ 34,571,102</u>	<u>\$ 38,390,655</u>	<u>\$ 36,167,139</u>	<u>\$ 27,682,615</u>	<u>\$ 26,674,282</u>
Plan fiduciary net position as a percentage of total pension liability	51.90%	56.68%	51.29%	51.47%	57.83%	57.34%
Covered payroll	\$ 14,477,456	\$ 14,795,233	\$ 15,411,202	\$ 14,789,154	\$ 14,933,089	\$ 14,895,476
Town's net pension liability as a percentage of covered payroll	275.14%	233.66%	249.11%	244.55%	185.38%	179.08%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY - UNAUDITED**  
**LOSAP RETIREMENT PLAN**  
**LAST SIX PLAN YEARS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total pension liability:						
Service cost	\$ 25,480	\$ 20,149	\$ 21,190	\$ 24,830	\$ 26,292	\$ 19,751
Interest	133,795	92,532	92,540	85,622	82,620	78,483
Differences between expected and actual experience	(46,250)	124,920	(27,545)	(13,707)	(31,211)	-
Changes in plan benefits and assumptions	-	451,934	-	-	-	-
Benefit payments, including refunds	(62,585)	(46,894)	(36,536)	(33,270)	(29,764)	(19,718)
Net change in total pension liability	50,440	642,641	49,649	63,475	47,937	78,516
Total pension liability - beginning	2,089,654	1,447,013	1,397,364	1,333,889	1,285,952	1,207,436
Total pension liability - ending	2,140,094	2,089,654	1,447,013	1,397,364	1,333,889	1,285,952
Plan fiduciary net position:						
Contributions - employer	137,551	53,605	52,289	39,924	37,752	34,172
Net investment income	(114,598)	263,129	135,693	(54,768)	54,828	204,365
Benefit payments, including refunds	(62,585)	(46,894)	(36,536)	(33,270)	(29,764)	(26,184)
Administrative expense	(21,797)	(20,777)	(18,545)	(18,745)	(18,516)	(15,668)
Net change in plan fiduciary net position	(61,429)	249,063	132,901	(66,859)	44,300	196,685
Plan fiduciary net position - beginning	1,823,917	1,574,854	1,441,953	1,508,812	1,464,512	1,267,827
Plan fiduciary net position - ending	1,762,488	1,823,917	1,574,854	1,441,953	1,508,812	1,464,512
Town's net pension liability (asset)	<u>\$ 377,606</u>	<u>\$ 265,737</u>	<u>\$ (127,841)</u>	<u>\$ (44,589)</u>	<u>\$ (174,923)</u>	<u>\$ (178,560)</u>
Plan fiduciary net position as a percentage of total pension liability	82.36%	87.28%	108.83%	103.19%	113.11%	113.89%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - UNAUDITED**  
**POLICE PENSION PLAN**  
**LAST SIX FISCAL YEARS**

	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
Actuarially determined contribution	\$ 1,879,711	\$ 1,839,551	\$ 1,730,812	\$ 1,639,455	\$ 1,515,199	\$ 1,348,338
Contributions in relation to the actuarially determined contribution	<u>1,879,711</u>	<u>1,839,551</u>	<u>1,730,812</u>	<u>1,639,455</u>	<u>1,515,199</u>	<u>1,348,338</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,563,773	\$ 4,789,390	\$ 4,866,463	\$ 4,747,257	\$ 4,549,520	\$ 4,390,111
Contributions as a percentage of covered payroll	41.19%	38.41%	35.57%	34.53%	33.30%	30.71%
Annual money-weighted rate of return, net of investment expense	-4.50%	13.60%	6.80%	0.20%	5.90%	14.60%

*See accompanying notes to required supplemental information.*



**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - UNAUDITED**  
**TOWN PENSION PLAN**  
**LAST SIX FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,535,950	\$ 2,495,374	\$ 2,525,719	\$ 2,383,370	\$ 2,135,571	\$ 1,883,779
Contributions in relation to the actuarially determined contribution	<u>2,535,950</u>	<u>2,495,374</u>	<u>2,575,719</u>	<u>2,383,370</u>	<u>2,135,571</u>	<u>1,883,779</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,477,456	\$ 14,795,233	\$ 15,411,202	\$ 14,789,154	\$ 14,933,089	\$ 14,895,476
Contributions as a percentage of covered payroll	17.52%	16.87%	16.71%	16.12%	14.30%	12.65%
Annual money-weighted rate of return, net of investment expense	-4.20%	13.00%	6.20%	0.20%	7.00%	13.50%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - UNAUDITED**  
**LOSAP RETIREMENT PLAN**  
**LAST SIX FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 126,652	\$ 53,605	\$ 52,289	\$ 39,924	\$ 37,752	\$ 34,172
Contributions in relation to the actuarially determined contribution	<u>137,551</u>	<u>53,605</u>	<u>52,289</u>	<u>39,924</u>	<u>37,752</u>	<u>34,172</u>
Contribution deficiency (excess)	<u>\$ (10,899)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Annual money-weighted rate of return, net of investment expense	-7.48%	15.39%	8.10%	-4.87%	2.48%	12.39%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - UNAUDITED**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
**LAST FIVE FISCAL YEARS**  
(Dollar amounts rounded to nearest thousand)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.61%	0.62%	0.62%	0.67%	0.67%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	80,350,000	83,461,000	88,052,000	73,579,000	68,009,000
Total	<u>\$ 80,350,000</u>	<u>\$ 83,461,000</u>	<u>\$ 88,052,000</u>	<u>\$ 73,579,000</u>	<u>\$ 68,009,000</u>
Town's covered payroll	\$ 25,515,732	\$ 25,080,501	\$ 24,483,381	\$ 24,474,960	\$ 25,165,084
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY - UNAUDITED**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**LAST THREE FISCAL YEARS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB liability</b>			
Service cost	\$ 525,888	\$ 314,481	\$ 295,287
Interest	584,733	541,389	514,729
Differences between expected and actual experience	4,843,646	-	-
Changes of assumptions	(4,483,302)	-	-
Benefit payments, including refunds	(419,694)	(381,807)	(455,185)
Net change in total OPEB liability	1,051,271	474,063	354,831
Total OPEB liability - beginning	8,676,532	8,202,469	7,847,638
Total OPEB liability - ending	9,727,803	8,676,532	8,202,469
<b>Plan fiduciary net position</b>			
Contributions - employer	624,694	586,807	660,185
Net investment income	66,496	(41,095)	4,205
Benefit payments, including refunds	(419,694)	(381,807)	(455,185)
Net change in plan fiduciary net position	271,496	163,905	209,205
Plan fiduciary net position - beginning	1,057,591	893,686	684,481
Plan fiduciary net position - ending	1,329,087	1,057,591	893,686
<b>Town's net OPEB liability</b>	<u><u>\$ 8,398,716</u></u>	<u><u>\$ 7,618,941</u></u>	<u><u>\$ 7,308,783</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	13.66%	12.19%	10.90%
Covered employee payroll	\$ 39,014,808	\$ 52,602,048	\$ 52,602,048
Town's net OPEB liability as a percentage of covered employee payroll	21.53%	14.48%	13.89%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - UNAUDITED**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**LAST THREE FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 826,134	\$ 770,427	\$ 719,304
Contributions in relation to the actuarially determined contribution	<u>624,694</u>	<u>586,807</u>	<u>660,185</u>
Contribution deficiency (excess)	<u>\$ 201,440</u>	<u>\$ 183,620</u>	<u>\$ 59,119</u>
Covered employee payroll	\$ 39,014,808	\$ 52,602,048	\$ 52,602,048
Contributions as a percentage of covered employee payroll	1.60%	1.12%	1.26%
Annual money-weighted rate of return, net of investment expense	6.06%	-4.60%	0.61%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - UNAUDITED**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
**LAST TWO FISCAL YEARS**  
(Dollar amounts rounded to nearest thousand)

	<u><b>2019</b></u>	<u><b>2018</b></u>
Proportion of the Net OPEB Liability attributed to the Town	0.61%	0.62%
Town's proportionate share of the Net OPEB Liability	\$ -	\$ -
State's proportionate share of the Net OPEB Liability attributed to the Town	<u>16,062,000</u>	<u>21,482,000</u>
Total	<u><u>\$ 16,062,000</u></u>	<u><u>\$ 21,482,000</u></u>
Town's covered employee payroll	\$ 25,515,732	\$ 25,080,501
Town's proportionate share of the Net OPEB Liability as a percentage of its covered employee payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the Total OPEB Liability	1.49%	1.79%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
BUDGETARY BASIS - GENERAL FUND**

**Budgetary Information**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund statement of revenues, expenditures and changes in fund balance on a budgetary basis:

- No later than March 15, the Mayor must submit an appropriated budget to the Town Council for review. The Town Council must hold two or more public hearings, the last of which shall be the annual Town Meeting, not later than April 30. The Town Council shall approve a budget to be presented at the Annual Town Meeting. The budget becomes effective only after it has been approved by a majority vote of qualified voters present and voting at the annual Town Meeting. The vote may neither increase nor decrease the budget as approved by Town Council. Within five days after the adoption of the budget, the Council must set the mill rate for the coming fiscal year.
- The Town Council is authorized to transfer any unencumbered appropriation balance or portion thereof from one department to another; however, such transfers must occur subsequent to March 31. Transfers within account classifications of a single department are approved by the Town's Finance Officer. Individual additional appropriations of less than 1/10 of 1% of the total budgeted expenditures are approved by Town Council.
- The Board of Education is authorized, under State law, to make any transfers necessary within the education budget at their discretion. Authorization for additional appropriations exceeding 1/10 of 1% of total budgeted expenditures requires a public hearing followed by Town Council approval in a special Town meeting. Revised budget amounts are reported as amended by the Town Council during the course of the year.
- Additional appropriations of \$950,393 were authorized during the fiscal year along with re-appropriations of \$1,827,417. The legal level of control, the level at which expenditures may not legally exceed appropriations, is at the department level.
- Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at yearend are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 1 - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**

**Budgetary Information (Continued)**

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2019:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses), Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 95,114,826	\$ 90,437,815	\$ (3,157,004)	\$ 1,520,007
"On-behalf" payments - State Teachers Retirement Fund	7,981,121	7,981,121	-	-
Encumbrances outstanding as of June 30, 2019	-	(997,062)	-	997,062
GAAP basis	<u>\$ 103,095,947</u>	<u>\$ 97,421,874</u>	<u>\$ (3,157,004)</u>	<u>\$ 2,517,069</u>

**NOTE 2 - SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - POLICE PENSION PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

*Assumption Changes* - The following assumption changes have had a significant effect on the measurement of the total pension liability.

- the investment rate of return was decreased in 2015 from 7.25% to 7.00%,
- the investment rate of return was decreased in 2014 from 7.50% to 7.25%.



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 3 - SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - TOWN PENSION PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

*Assumption Changes* - The following assumption changes have had a significant effect on the measurement of the total pension liability.

- the investment rate of return was decreased in 2015 from 7.25% to 7.00%,
- the investment rate of return was decreased in 2014 from 7.50% to 7.25%.

**NOTE 4 - SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - LOSAP RETIREMENT PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

*Assumption Changes* - The following assumption changes in 2018 had a significant effect on the measurement of the total pension liability.

- the mortality table was adjusted from the 2018 IRS Static Table Male and Female to the 2019 IRS Static Table Male and Female

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - POLICE PENSION PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial determined contribution rates are calculated as of January 1, six months prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2019 were determined from the January 1, 2018 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2019.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Asset valuation method	5 year smoother market
Inflation rate	1.50%
Salary increases	4.00%
Investment rate of return	7.00%

Mortality rates were based RP-2014 Blue Collar Mortality Table with Scale MP-2014.

**NOTE 6 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN PENSION PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial determined contribution rates are calculated as of January 1, six months prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2019 were determined from the January 1, 2018 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2019.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Asset valuation method	5 year smoother market
Inflation rate	1.50%
Salary increases	4.50%
Investment rate of return	7.00%

Mortality rates were based RP-2014 Blue Collar Mortality Table with Scale MP-2014.

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 7 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - LOSAP RETIREMENT PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial determined contribution rates are calculated as of July 1, prior to the end of the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2019 were determined from the July 1, 2018 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2019.

Actuarial Cost method	Frozen entry age
Amortization method	Level dollar, closed
Remaining amortization period	9 years
Asset valuation method	Fair Value
Inflation rate	N/A
Salary increases	6.50%
Investment rate of return	N/A

Mortality rates were based 2019 IRS Static Table Male and Female.

**NOTE 8 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

*Assumption Changes* - The following assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2019.

- the inflation assumption was reduced from 2.75% to 2.50%,
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.900%, and
- the annual rate of wage increase assumption was increased from 0.50% to 0.75%.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 9 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

*Assumption Changes* - There have been no changes in assumption terms that have had a significant effect on the measurement of the total OPEB liability.

**NOTE 10 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFITS PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial determined contribution rates are calculated as of July 1, one fiscal years prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2019 were determined from the July 1, 2018 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2019.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	Market value
Inflation rate	2.75%
Salary increases	3.50%
Investment rate of return	6.50%
Healthcare trend rates	Varies by group

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80 projected to the year 2020 using the BB improvement scale and further adjusted to grade in increase to rates over age 80, for all teachers and administrators, the PubS-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after commencement, for all police and the PubG-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement for all other employees.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

*Benefit Changes* – Effective July 1, 2018, the Plan changed the “base plan” to Medicare Advantage Plan for the purposes of determining retiree health care plan subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a system-sponsored health care plan for those who cancel their coverage or choose not to enroll in a health care coverage option on or after the effective date.

*Assumption Changes* – The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2019:

- the expected rate of return on Plan assets was changed from 4.25% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments;
- the discount rate used to measure Plan obligations and amortize supplemental costs was updated to match the expected rate of return on assets selected as of June 30, 2018;
- the long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods; and
- the percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a system-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## **GENERAL FUND**

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The General Fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Property Taxes:</b>				
Current year taxes	\$ 70,399,747	\$ 70,399,747	\$ 70,741,058	\$ 341,311
Prior year taxes	440,000	440,000	828,086	388,086
Supplemental motor vehicle tax	860,000	860,000	977,392	117,392
Interest and lien fees	250,000	250,000	415,659	165,659
Warrant revenue	6,000	6,000	4,920	(1,080)
Liens	6,000	6,000	6,429	429
Proceeds from tax lien sale	-	-	16	16
Total property taxes	<u>71,961,747</u>	<u>71,961,747</u>	<u>72,973,560</u>	<u>1,011,813</u>
<b>Intergovernmental:</b>				
Civil preparedness grant	14,549	14,549	14,690	141
Bullet Proof Vest grant	4,000	4,000	2,666	(1,334)
Library grant	-	-	807	807
Education cost sharing	17,503,165	17,503,165	17,658,498	155,333
Vocational Agriculture	107,667	107,667	107,667	-
Special Education Agency Placement	-	-	21,593	21,593
Special Education Excess Student Based	-	-	154,797	154,797
Regular Education State Agency Placement	-	-	956	956
Medicaid reimbursement	100,000	100,000	100,000	-
PILOT - Colleges and Hospitals	-	-	219,351	219,351
PILOT - State owned property	113,496	113,496	123,084	9,588
PILOT - Shelter rent	75,000	75,000	84,932	9,932
Tax relief - Disability exemption	3,364	3,364	3,439	75
Tax relief - Veterans exemption	19,194	19,194	18,797	(397)
Mashantucket Pequot and Mohegan grant	79,820	79,820	79,820	-
Telephone tax sharing	40,540	40,540	39,873	(667)
MRSF Stabilization Grant	-	-	330,755	330,755
Judicial reimbursements - Parking	50	50	100	50
Judicial reimbursements	530	530	1,180	650
Special reimbursements - Permits	110	110	-	(110)
Driving Under the Influence grant	13,000	13,000	37,210	24,210
Motor Vehicle Violation surcharge	12,000	12,000	28,970	16,970
Historic Document Preservation Grant	5,000	5,000	6,500	1,500
Other - State grants	7,000	7,000	1,335	(5,665)
Total intergovernmental revenue	<u>18,098,485</u>	<u>18,098,485</u>	<u>19,037,020</u>	<u>938,535</u>
<b>Charges for Services:</b>				
Town Clerk recording fees	430,000	430,000	547,182	117,182
Historic document preservation	10,000	10,000	30,260	20,260
Farmland Preservation surcharge	-	-	115,282	115,282
State Treasurer - MERS	20,655	20,655	67,635	46,980
Printing and copying fees	600	600	242	(358)
Library copy fees	-	-	903	903
Library printing fees	-	-	2,012	2,012
Finance administration fee	11,000	11,000	11,000	-
Planning and zoning fees	7,200	7,200	4,579	(2,621)
Conservation fees	1,800	1,800	1,320	(480)
Assessor fees	400	400	347	(53)
Police - Special services	10,000	10,000	212,422	202,422
Fingerprint fees	3,000	3,000	5,667	2,667
Other Public Safety	2,000	2,000	-	(2,000)
Fire Marshal - services	100	100	367	267
Historic Properties Certification fees	-	-	100	100
Solid Waste Collection fee	-	-	20,586	20,586
Recycling	20,000	20,000	35,374	15,374

*Continued*



**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Charges for services <i>(continued)</i> :				
Recycling bin promotion	\$ 4,000	\$ 4,000	\$ 19,875	\$ 15,875
Bulky waste pickup	20,000	20,000	20,540	540
MIRA reimbursement	-	-	1,323	1,323
Other maintenance and development	3,000	3,000	27,531	24,531
Yankee Gas - administrative allocation	1,000	1,000	9,835	8,835
Energy application administration	8,850	8,850	180	(8,670)
Housing Rehab Administration	500	500	616	116
Senior Center Membership fees	-	-	8,751	8,751
Tuition - Special education	20,000	20,000	15,124	(4,876)
Tuition - Next step	-	-	27,582	27,582
Tuition - Vo-ag	200,000	200,000	224,110	24,110
Tuition - Special education Vo-ag	50,000	50,000	22,803	(27,197)
Other - Education community	10,000	10,000	8,734	(1,266)
Total charges for services	834,105	834,105	1,442,282	608,177
Licenses and permits:				
Building permits	400,000	400,000	324,410	(75,590)
Zoning Review	500	500	950	450
ZBA Fees	1,200	1,200	485	(715)
Zoning Permits	5,000	5,000	5,275	275
Town Clerk - License surcharge	2,000	2,000	2,754	754
Refuse licensing	4,000	4,000	3,000	(1,000)
Transfer station permits	72,000	72,000	75,148	3,148
Driveway & road cut permits	10,000	10,000	11,900	1,900
Total licenses and permits	494,700	494,700	423,922	(70,778)
Fines and penalties:				
Parking tags	5,000	5,000	5,991	991
Library fines	-	-	6,686	6,686
Returned check charge	-	-	20	20
Zoning citations	25,000	25,000	20,473	(4,527)
Total fines and penalties	30,000	30,000	33,170	3,170
Gifts and contributions:				
Library donations	-	-	7,865	7,865
Investment income:				
General Fund	52,000	52,000	449,557	397,557
Other revenue:				
Purchasing Card Reimbursement	21,000	21,000	19,310	(1,690)
Rental income - Annex	24,000	24,000	24,000	-
Rental management fee	50,000	50,000	50,000	-
Rental income other	6,000	6,000	5,766	(234)
Library room rental	-	-	125	125
Proceeds from sale of property	16,000	16,000	209,088	193,088
Medical insurance reimbursement	312,664	312,664	295,345	(17,319)
Vision insurance reimbursements	7,649	7,649	8,266	617
Insurance reimbursements	-	-	1,770	1,770
Gasoline reimbursement	59,000	59,000	44,865	(14,135)
Refunds and reimbursements	-	-	3,820	3,820
Lease - Ellington pump station	6,600	6,600	7,165	565
Education	37,000	37,000	37,551	551
Miscellaneous	16,000	16,000	36,458	20,458
Library - miscellaneous	-	-	3,921	3,921
Total other revenues	555,913	555,913	747,450	191,537
Total revenues	92,026,950	92,026,950	95,114,826	3,087,876

*Continued*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Other Financing Sources:				
Appropriation of Fund Balance	\$ -	\$ 950,393	\$ -	\$ (950,393)
Reappropriation of Prior Year Encumbrances	-	1,827,417	-	(1,827,417)
Transfers in:				
Special Revenue Funds	144,500	144,500	65,425	(79,075)
Total other financing sources	144,500	2,922,310	65,425	(2,856,885)
Total revenues and other financing sources	<u>\$ 92,171,450</u>	<u>\$ 94,949,260</u>	<u>\$ 95,180,251</u>	<u>\$ 230,991</u>
				<i>Concluded</i>

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Outstanding</b>	<b>Total</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Expenditures</b>	<b>Encumbrances</b>	<b>Expenditures and Encumbrances</b>	<b>Final Budget Over (Under)</b>
General Government:						
Town Council	\$ 11,665	\$ 11,733	\$ 7,457	\$ -	\$ 7,457	\$ (4,276)
Probate court	13,655	17,296	14,511	-	14,511	(2,785)
Executive and administrative	739,949	787,061	751,938	2,439	754,377	(32,684)
Law	167,000	178,500	178,558	-	178,558	58
Registration	80,285	85,788	72,493	-	72,493	(13,295)
Elections - general	38,400	43,298	37,149	-	37,149	(6,149)
Elections - primary	1	22,180	19,854	-	19,854	(2,326)
Elections - referendum	6,500	6,321	5,215	-	5,215	(1,106)
Finance administration	509,474	536,464	535,428	-	535,428	(1,036)
Independent audit	72,644	72,894	72,894	-	72,894	-
Treasury	6,360	10,835	6,554	-	6,554	(4,281)
Purchasing	9,715	13,723	7,756	-	7,756	(5,967)
Assessment	296,044	300,266	296,795	-	296,795	(3,471)
Refunds - tax adjustments	21,000	107,590	107,590	-	107,590	-
Collector of Revenue	234,136	242,480	232,464	-	232,464	(10,016)
Town Clerk	272,025	480,174	433,817	3,014	436,831	(43,343)
Board of Assessment Appeals	2,700	2,910	2,907	-	2,907	(3)
Water Pollution Control Authority	6,889	6,889	6,889	-	6,889	-
Greater Hartford Transit District	4,377	4,377	4,377	-	4,377	-
Data processing	1,043,314	1,208,146	1,163,373	-	1,163,373	(44,773)
Total General Government	3,536,133	4,138,925	3,958,019	5,453	3,963,472	(175,453)
Community Development:						
Town planner - administrator	168,594	130,487	121,086	-	121,086	(9,401)
Community & economic development	90,468	116,262	116,262	-	116,262	-
Total Community Development	259,062	246,749	237,348	-	237,348	(9,401)
Public Safety:						
Police	6,380,228	6,616,160	6,447,011	47	6,447,058	(169,102)
School crossing guards	62,120	62,120	60,418	-	60,418	(1,702)
Traffic authority	196,000	247,389	153,546	-	153,546	(93,843)
Fire fighting and administration	669,405	765,861	707,417	3,644	711,061	(54,800)
Fire hydrants	732,432	768,275	780,206	-	780,206	11,931
Fire Marshal	158,085	142,964	109,710	-	109,710	(33,254)

*Continued*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Outstanding</b>	<b>Total</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Expenditures</b>	<b>Encumbrances</b>	<b>Expenditures and Encumbrances</b>	<b>Final Budget Over (Under)</b>
Public Safety (Continued) :						
Building inspection	\$ 420,651	\$ 432,320	\$ 419,916	\$ -	\$ 419,916	\$ (12,404)
Emergency Management	51,274	58,574	57,572	-	57,572	(1,002)
Animal control	137,186	161,704	161,654	-	161,654	(50)
Total Public Safety	8,807,381	9,255,367	8,897,450	3,691	8,901,141	(354,226)
Maintenance and Development:						
Public Works administration	702,723	712,614	708,670	-	708,670	(3,944)
General maintenance	1,393,894	1,364,146	1,337,614	-	1,337,614	(26,532)
Equipment maintenance	767,488	801,571	783,243	-	783,243	(18,328)
Maintenance of gov't buildings	829,146	880,738	875,936	-	875,936	(4,802)
Snow removal	242,236	316,776	312,896	-	312,896	(3,880)
Refuse collection and disposal	1,045,121	1,085,455	1,084,794	-	1,084,794	(661)
Recycling	344,544	389,661	383,240	-	383,240	(6,421)
Condominium refuse	4,803	4,803	4,762	-	4,762	(41)
Tree Warden	15,150	15,909	15,585	-	15,585	(324)
Leaf collection program	112,925	116,757	116,757	-	116,757	-
Engineering admin. services	304,015	255,097	253,785	-	253,785	(1,312)
Total Maintenance and Development	5,762,045	5,943,527	5,877,282	-	5,877,282	(66,245)
Human Services:						
North Central Health District	136,121	136,121	136,121	-	136,121	-
Hockanum Valley Community Council	180,000	180,000	180,000	-	180,000	-
Child Guidance Clinic	3,500	4,875	1,375	-	1,375	(3,500)
MARC, Inc. of Manchester	5,000	5,000	5,000	-	5,000	-
Cornerstone Foundation	3,500	3,500	3,500.00	-	3,500.00	-
Hartford Interval House	2,500	2,500	2,500	-	2,500	-
YWCA Sexual Assault Services	2,000	2,000	-	-	-	(2,000)
Social services administration	255,321	260,596	260,034	-	260,034	(562)
Youth services	217,202	218,020	212,097	-	212,097	(5,923)
Senior center	291,153	291,175	221,801	-	221,801	(69,374)
Total Human Services	1,096,297	1,103,787	1,022,428	-	1,022,428	(81,359)

*Continued*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Outstanding</b>	<b>Total</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Expenditures</b>	<b>Encumbrances</b>	<b>Expenditures and Encumbrances</b>	<b>Final Budget Over (Under)</b>
Parks, Recreation and Culture:						
Recreation administration	\$ 371,005	\$ 373,083	\$ 372,843	\$ -	\$ 372,843	\$ (240)
Public celebration	14,500	14,500	14,511	-	14,511	11
Parks maintenance	731,249	747,440	744,506	-	744,506	(2,934)
Art commission	4,440	4,440	4,300	-	4,300	(140)
Historical Society	6,200	6,200	6,200	-	6,200	-
Rockville Public Library	460,000	687,320	661,243	-	661,243	(26,077)
Invasive aquatic plant management	10,805	10,805	10,805	-	10,805	-
Total Parks, Recreation and Culture	1,598,199	1,843,788	1,814,408	-	1,814,408	(29,380)
Townwide:						
Social Security and Medicare	1,059,800	1,059,800	997,572	-	997,572	(62,228)
Pension	3,304,751	3,357,207	3,355,886	-	3,355,886	(1,321)
Group insurance	3,114,703	3,311,594	3,083,411	-	3,083,411	(228,183)
Unemployment compensation	21,400	34,646	17,403	-	17,403	(17,243)
Municipal insurance	1,026,193	1,034,577	1,034,577	-	1,034,577	-
Contingency	578,000	236,858	-	-	-	(236,858)
Housing Authority sewer subsidy	49,000	62,289	40,003	-	40,003	(22,286)
Vernon Cemetery Commission	206,066	206,066	206,066	-	206,066	-
Total Townwide	9,359,913	9,303,037	8,734,918	-	8,734,918	(568,119)
Debt Service:						
Principal	4,704,548	4,668,547	4,533,483	135,064	4,668,547	-
Interest	1,552,266	1,559,272	1,514,588	41,982	1,556,570	(2,702)
Total Debt Service	6,256,814	6,227,819	6,048,071	177,046	6,225,117	(2,702)
Capital Improvements - Town	195,000	224,000	223,674	-	223,674	(326)
Education:						
Regular instruction	17,098,913	17,255,885	17,002,143	238,408	17,240,551	(15,334)
Gifted and talented	-	13,199	12,608	-	12,608	(591)
Special Education instruction	5,736,619	5,733,909	5,824,469	4,075	5,828,544	94,635
Continuing Education	226,371	226,371	226,371	-	226,371	-
Special Education program support	2,670,000	2,679,035	2,905,792	-	2,905,792	226,757
Social Work services	600	550	731	-	731.00	181

*Continued*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Outstanding</b>	<b>Total</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Expenditures</b>	<b>Encumbrances</b>	<b>Expenditures and Encumbrances</b>	<b>Final Budget Over (Under)</b>
Education (Continued) :						
Guidance services	\$ 736,110	\$ 736,145	\$ 747,280	\$ 103	\$ 747,383	\$ 11,238
Health services	533,586	564,240	535,880	881	536,761	(27,479)
Psychological services	608,973	613,945	596,003	1,600	597,603	(16,342)
Speech pathology & audio services	620,018	578,107	571,780	209	571,989	(6,118)
Instructional program support	75,073	71,429	64,327	1,100	65,427	(6,002)
Library / Media services	309,110	294,916	296,637	496	297,133	2,217
Curriculum development	1,270,461	1,254,990	1,145,292	2,477	1,147,769	(107,221)
Superintendent's office	866,192	868,072	838,151	340	838,491	(29,581)
Board of Education - Elected	111,450	143,644	130,030	113	130,143	(13,501)
Principal office services	2,559,641	2,642,147	2,607,233	79,519	2,686,752	44,605
Business office	783,418	849,530	828,888	12,812	841,700	(7,830)
Building / Plant operations	4,340,573	5,085,980	4,516,353	428,225	4,944,578	(141,402)
Logistics and safety	357,298	458,539	371,257	40,230	411,487	(47,052)
Student transportation services	2,708,563	2,762,861	2,980,246	-	2,980,246	217,385
General control	72,782	72,782	75,608	-	75,608	2,826
Information systems	865,000	950,424	950,424	-	950,424	-
System-wide fringe benefits	9,655,637	8,936,557	8,794,905	-	8,794,905	(141,652)
Extra curricular student activities	608,773	614,768	595,784	284	596,068	(18,700)
Reserve for negotiation	293,367	29,917	8,963	-	8,963	(20,954)
Total Education	53,108,528	53,437,942	52,627,155	810,872	53,438,027	85
Total Expenditures	89,979,372	91,724,941	89,440,753	997,062	90,437,815	(1,287,126)
Other Financing Uses:						
Transfers Out:						
Special Revenue Funds	46,000	88,306	88,306	-	88,306	-
Capital Projects Funds	1,408,588	2,185,287	2,183,397	-	2,183,397	(1,890)
Debt Service Fund	737,490	950,726	950,726	-	950,726	-
Total Other Financing Uses	2,192,078	3,224,319	3,222,429	-	3,222,429	(1,890)
Total Expenditures and Other Financing Uses	\$ 92,171,450	\$ 94,949,260	\$ 92,663,182	\$ 997,062	\$ 93,660,244	\$ (1,289,016)
						Concluded

**TOWN OF VERNON, CONNECTICUT**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**  
**AS OF JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,970,663	\$ 24,300,526
Receivables:		
Property taxes, net	1,685,060	1,557,421
Grants and contracts	52,369	51,356
Other	51,124	123,319
Due from other funds	10,593,644	6,242,797
Prepaid items	587,300	558,850
Total assets	<u>\$ 33,940,160</u>	<u>\$ 32,834,269</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,050,129	\$ 1,258,498
Accrued liabilities	325,684	407,607
Due to other funds	467,822	795,529
Unearned revenue	316,176	362,618
Total liabilities	<u>2,159,811</u>	<u>2,824,252</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Advance tax collections	6,224,473	7,098,849
Unavailable revenues	1,685,060	1,557,421
Total deferred inflows of resources	<u>7,909,533</u>	<u>8,656,270</u>
<b>FUND BALANCES</b>		
Nonspendable	3,254,535	2,258,353
Assigned	1,319,062	2,149,417
Unassigned	19,297,219	16,945,977
Total fund balances	<u>23,870,816</u>	<u>21,353,747</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,940,160</u>	<u>\$ 32,834,269</u>

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Grand List Year	Balance Uncollected June 30, 2018	Current Levy	Lawful Corrections		Transfers To (From) Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2019
			Additions	Deductions			Taxes	Interest Liens and Fees	Total	
2017	\$ -	\$ 72,976,496	\$ 127,308	\$ 360,154	\$ 1,467	\$ 72,742,183	\$ 71,718,449	\$ 208,903	\$ 71,927,352	\$ 1,023,734
2016	1,000,554	-	93,721	64,028	73,197	957,050	589,037	113,631	702,668	368,013
2015	315,088	-	4,343	3,703	20,997	294,731	174,607	64,541	239,148	120,124
2014	96,227	-	329	892	575	95,089	42,219	21,139	63,358	52,870
2013	46,801	-	-	325	(2,438)	48,914	10,838	5,533	16,371	38,076
2012	34,658	-	-	434	(1,710)	35,934	3,377	2,365.00	5,742	32,557
2011	28,635	-	-	335	(915)	29,215	2,517	2,278	4,795	26,698
2010	33,049	-	-	-	(609)	33,658	1,195	1,169	2,364	32,463
2009	32,974	-	-	-	(429)	33,403	1,030	1,080	2,110	32,373
2008	30,669	-	-	-	(245)	30,914	582	721	1,303	30,332
2007	26,824	-	-	-	(880)	27,704	880	1,613	2,493	26,824
2006	24,837	-	-	-	(761)	25,598	761	1,567	2,328	24,837
2005	19,105	-	-	-	(452)	19,557	452	956	1,408	19,105
2004	11,627	-	-	-	(173)	11,800	173	426	599	11,627
2003	11,427	-	-	-	(418)	11,845	418	1,087	1,505	11,427
2002	10,946	-	-	10,946	-	-	-	-	-	-
	<u>\$ 1,723,421</u>	<u>\$ 72,976,496</u>	<u>\$ 225,701</u>	<u>\$ 440,817</u>	<u>\$ 87,206</u>	<u>\$ 74,397,595</u>	<u>\$ 72,546,535</u>	<u>\$ 427,009</u>	<u>\$ 72,973,544</u>	<u>\$ 1,851,060</u>



**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)  
AS OF JUNE 30, 2019

Total cash collections for the year ended  
June 30, 2019:

Town:	
Taxes	\$ 72,546,535
Interest and lien fees	427,009
Subtotal	<u>72,973,544</u>
Reimbursement for revenue loss:	
Tax relief (CGS 12-129d)	22,236
Base	<u><u>\$ 72,995,780</u></u>

	<b>General Purposes</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 164,240,505	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	328,481,010	-	-	-
3-3/4 times base	-	-	273,734,175	-	-
3-1/4 times base	-	-	-	237,236,285	-
3 times base	-	-	-	-	218,987,340
Total debt limitation	<u>164,240,505</u>	<u>328,481,010</u>	<u>273,734,175</u>	<u>237,236,285</u>	<u>218,987,340</u>
Indebtedness:					
Bonds payable	27,233,000	14,826,000	416,000	-	-
Authorized and unissued debt	<u>9,491,690</u>	<u>5,051,504</u>	<u>86,029,946</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>36,724,690</u>	<u>19,877,504</u>	<u>86,445,946</u>	<u>-</u>	<u>-</u>
Overlapping debt:					
Bolton Lakes Regional Water Pollution Control Authority:					
Notes payable	-	-	2,161,021	-	-
Authorized and unissued debt	<u>-</u>	<u>-</u>	<u>3,591,000</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>5,752,021</u>	<u>-</u>	<u>-</u>
Net indebtedness	<u>36,724,690</u>	<u>19,877,504</u>	<u>92,197,967</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 127,515,815</u></u>	<u><u>\$ 308,603,506</u></u>	<u><u>\$ 181,536,208</u></u>	<u><u>\$ 237,236,285</u></u>	<u><u>\$ 218,987,340</u></u>
Total capacity of borrowing (7 times base)	\$ 510,970,460				
Total present indebtedness	<u>148,800,161</u>				
Margin for additional borrowing	<u><u>\$ 362,170,299</u></u>				

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**CAPITAL PROJECTS FUND**

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**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CAPITAL PROJECT AUTHORIZATIONS**  
**AS OF JUNE 30, 2019**

<b>Project</b>	<b>Project Authorization</b>	<b>Expended To Date</b>	<b>Remaining Authorization</b>
<b>General Government:</b>			
ADA Building and Grounds Improvements	\$ 50,387	\$ -	\$ 50,387
Town Hall Renovations	862,720	546,602	316,118
<b>Planning and Community Development:</b>			
Citizens Block Building Renovations	377,290	68,602	308,688
Grove St Building Security Enhancements	30,000	-	30,000
<b>Public Safety:</b>			
Animal Control Shelter Renovations*	123,100	104,633	18,467
Police Department Elevator Repairs	16,000	-	16,000
Fox Hill Tower Communication Center Renovations	335,000	202,506	132,494
Firehouse Building Renovations	141,018	55,047	85,971
Prospect Street Firehouse Roof Replacement	50,000	-	50,000
<b>Maintenance and Development:</b>			
Road Reconstruction	30,107,238	24,678,023	5,429,215
Storm Drainage	66,000	-	66,000
Bridges	6,808,238	1,695,500	5,112,738
Sidewalk Reconstruction	770,000	441,369	328,631
Facility / Land Improvements	237,923	71,658	166,265
Waste Treatment Plant Facilities Studies	86,854,020	5,692,019	81,162,001
<b>Parks and Recreation:</b>			
Valley Falls Park Dam Design and Reconstruction*	844,500	707,898	136,602
Walkers Reservoir Dam Design and Reconstruction	115,000	2,175	112,825
Fox Hill Tower Renovations	16,000	15,348	652
Legion Field Parking Lot Paving*	127,513	127,513	-
Valley Falls Park Parking Lot Paving*	46,550	46,550	-
Park Office Facility Improvements	67,542	67,542	-
Open Space Land Acquisition	30,000	2,900	27,100
Park, Ball Field and Pool Improvements	435,000	225,243	209,757
<b>Human Services:</b>			
Senior Center Parking Lot Improvements*	139,975	139,975	-
Senior Center Building Improvements*	293,168	293,168	-
Senior Center Acquisition and Renovations	3,245,000	2,529,821	715,179
<b>Education:</b>			
Safe Routes to Schools	543,470	48,584	494,886
School Roof Replacements*	5,624,327	5,016,094	608,233
RHS Remediation*	20,000	6,773	13,227
Alliance 30 School Improvements and Equipment*	580,000	579,980	20
RHS Erosion and Sediment Control Improvements	100,000	30,900	69,100
Center Road School Access Drive Improvements	321,000	7,536	313,464
<b>Total</b>	<b>\$ 139,377,979</b>	<b>\$ 43,403,959</b>	<b>\$ 95,974,020</b>

\* Project completed during the fiscal year.

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## NONMAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each special revenue fund is as follows:

Fund	Funding Source	Function
Cafeteria	Sales of food, State and Federal subsidies	Operation of the school cafeterias
Town Clerk Special	Sportsmen license fees	State DEEP
Insurance Exchange	Casualty losses	Insurance claims and deductibles
Town Aid Road	State grant	General Town road maintenance and Connecticut Housing Partnership Program Grant
Dog License	Licenses and fees	Animal control program
Ambulance Medical Services	Ambulance services fees	Paramedic and collection agency costs
Library Programs and Activities	Program Fees and grants	Library programs and activities
Public Safety Complex Grant-in-Aid	State grant	Addition to ambulance building
Vernon Cemetery Commission	Lot sales, related income, Town Council appropriation	Cemetery maintenance
Special Education Excess Cost Reserve	State grant	Educational purposes
Adult Basic Education Tuition	State and local governments	Adult education
CDBG Small Cities	Federal grant - HUD and program income	Community development programs
Housing and Community Development	Federal grant - HUD and program income	Community development programs
Downstream	Developer fees	Improvements to storm drainage system
Miscellaneous Grants	Local, state and federal grants	Youth Service Bureau, State Asset Forfeiture and other grant programs
Miscellaneous Special Revenue	Various	Federal Forfeiture, Public Celebration and Special Youth Activities Funds
Sidewalk Development	Developer fees	Town sidewalks
Sewer Assessment	Levied sewer assessments	Sewer bonded debt service
Sewer Connections	Sewer construction and permit fees	Sewer repairs, maintenance and related expenditures
Medical Savings Reserve	Town and demutualization proceeds	Medical claims and expenses
Brownfield Mills Remediation Projects	State grants	Community and Economic development programs
Parks and Recreation Programs	Program Fees	Parks and Recreation programs
Senior Center Programs and Activities	Program Fees	Senior Citizen programs and activities

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**NONMAJOR GOVERNMENTAL FUNDS (Continued)**

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**DEBT SERVICE FUND**

This fund is used to account for resources used to pay off the sewer related bonds.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Senior Center Acquisition and Renovations	General Obligation Debt proceeds	Acquisition and renovations for a new Senior Center
School Roof Replacements and Renovations	State grant and local funds	Replacement of school roofs
Pleasantview Drive Bridge Renovations Project 146-200	Federal grant and local funds	Renovation of bridge
Spring Street Bridge Renovations Project 146-159	State and Federal grants	Renovation of bridge
Phoenix Street Bridge Renovations Project 146-181	State and Federal grants	Renovation of bridge
Dart Hill Road Bridge Renovations	Federal grant and local funds	Renovation of bridge
Education Capital and Nonrecurring	Town Council appropriations, State grants	Capital improvements in school system
Alliance 20 Improvements	State Alliance District grant	School building and grounds improvements and equipment
South Street Reconstruction	Federal grant and local funds	Roadway reconstruction
West Main Street Bridge Renovation	Federal grant and local funds	Renovation of bridge
Town and School Improvement Projects	Local re-designated available funds	Various public and school projects
Main Street Bridge Reconstruction	Federal grant and local funds	Renovation of bridge
Citizens Block Renovations	State grant and local funds	Renovations to Citizens Block Building
Town Capital and Nonrecurring	Grants and General Fund appropriation	Capital projects or equipment acquisition.

**PERMANENT FUNDS**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Cemetery Trust	Investment income	Perpetual care
Memorial Trust	Investment income	Memorial care
Rockville Library Endowment Trust	Investment income, donations	Library capital improvements and specific purposes
Senior Center Endowment Trust	Investment income, donations	Senior Center memorials and specific purposes

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2019**

	<b>Nonmajor Special Revenue Funds</b>							
	<b>Cafeteria Fund</b>	<b>Town Clerk Special Fund</b>	<b>Insurance Exchange Fund</b>	<b>Town Aid Road Fund</b>	<b>Dog License Fund</b>	<b>Ambulance Medical Services Fund</b>	<b>Library Programs and Activities Fund</b>	<b>Public Safety Complex Grant-In-Aid Fund</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 24,491	\$ 406	\$ 70,514	\$ 526,015	\$ 66,353	\$ 378,561	\$ 50,815	\$ -
Investments	25,306	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	171,177	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	10,485	-	4,231	-	-	507,981	3,158	-
Due from other funds	42,629	155	-	-	6,834	-	-	31,000
Inventories	31,022	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 305,110</u>	<u>\$ 561</u>	<u>\$ 74,745</u>	<u>\$ 526,015</u>	<u>\$ 73,187</u>	<u>\$ 886,542</u>	<u>\$ 53,973</u>	<u>\$ 31,000</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 2,654	\$ 561	\$ -	\$ 33,363	\$ 10,574	\$ 18,891	\$ 2,748	\$ -
Due to other funds	296,722	-	29,584	-	986	59,594	3,520	416,500
Total liabilities	<u>299,376</u>	<u>561</u>	<u>29,584</u>	<u>33,363</u>	<u>11,560</u>	<u>78,485</u>	<u>6,268</u>	<u>416,500</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	13,308	-	-	-	-	507,981	6,573	-
<b>FUND BALANCES</b>								
Nonspendable	31,022	-	-	-	-	-	-	-
Restricted	-	-	-	492,652	-	-	-	-
Committed	-	-	45,161	-	61,627	300,076	41,132	-
Unassigned	(38,596)	-	-	-	-	-	-	(385,500)
Total fund balances	<u>(7,574)</u>	<u>-</u>	<u>45,161</u>	<u>492,652</u>	<u>61,627</u>	<u>300,076</u>	<u>41,132</u>	<u>(385,500)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 305,110</u>	<u>\$ 561</u>	<u>\$ 74,745</u>	<u>\$ 526,015</u>	<u>\$ 73,187</u>	<u>\$ 886,542</u>	<u>\$ 53,973</u>	<u>\$ 31,000</u>

*Continued*

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**AS OF JUNE 30, 2019**

	<b>Nonmajor Special Revenue Funds</b>							
	<b>Vernon Cemetery Commission Fund</b>	<b>Special Education Excess Cost Reserve Fund</b>	<b>Adult Basic Education Tuition Fund</b>	<b>CDBG Small Cities Fund</b>	<b>Housing and Community Development Fund</b>	<b>Downstream Fund</b>	<b>Miscellaneous Grants Fund</b>	<b>Miscellaneous Special Revenue Fund</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 95,148	\$ 359,193	\$ 70,493	\$ 52,903	\$ 29,450	\$ 51,726	\$ 175,073	\$ 936,665
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	49,480	-	5,800	-	-	12,247	-
Loans	-	-	-	531,016	98,155	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	71,902	7,050
Due from other funds	28,772	-	2,083	-	-	-	15,000	31,505
Inventories	-	-	-	-	-	-	-	-
Prepaid items	1,050	-	-	-	-	-	-	-
Total assets	<u>\$ 124,970</u>	<u>\$ 408,673</u>	<u>\$ 72,576</u>	<u>\$ 589,719</u>	<u>\$ 127,605</u>	<u>\$ 51,726</u>	<u>\$ 274,222</u>	<u>\$ 975,220</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 3,438	\$ 4,453	\$ 33,272	\$ 6,852	\$ -	\$ -	\$ 95,309	\$ 5,288
Due to other funds	6,137	54,220	-	616	-	-	25,538	10,615
Total liabilities	<u>9,575</u>	<u>58,673</u>	<u>33,272</u>	<u>7,468</u>	<u>-</u>	<u>-</u>	<u>120,847</u>	<u>15,903</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	-	-	531,016	98,155	-	-	-
<b>FUND BALANCES</b>								
Nonspendable	1,050	-	-	-	-	-	-	-
Restricted	114,345	350,000	39,304	51,235	29,450	-	153,375	-
Committed	-	-	-	-	-	51,726	-	959,317
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>115,395</u>	<u>350,000</u>	<u>39,304</u>	<u>51,235</u>	<u>29,450</u>	<u>51,726</u>	<u>153,375</u>	<u>959,317</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 124,970</u>	<u>\$ 408,673</u>	<u>\$ 72,576</u>	<u>\$ 589,719</u>	<u>\$ 127,605</u>	<u>\$ 51,726</u>	<u>\$ 274,222</u>	<u>\$ 975,220</u>

*Continued*

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**AS OF JUNE 30, 2019**

	<b>Nonmajor Special Revenue Funds</b>							
	<b>Sidewalk Development Fund</b>	<b>Sewer Assessment Fund</b>	<b>Sewer Connections Fund</b>	<b>Medical Savings Reserve Fund</b>	<b>Brownfield Mills Remediation Projects Fund</b>	<b>Parks and Recreation Programs Fund</b>	<b>Senior Center Programs and Activities Fund</b>	<b>Total</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,701	\$ 2,925	\$ 2,055,078	\$ 427,023	\$ 8,633	\$ 260,824	\$ 22,682	\$ 5,667,672
Investments	-	-	-	-	-	-	-	25,306
Receivables:								
Grants and contracts	-	-	-	-	40,136	-	-	278,840
Loans	-	-	-	-	-	-	-	629,171
Assessments	-	508	-	-	-	-	-	508
Other	-	28	1,707	-	-	-	-	606,542
Due from other funds	-	-	-	-	-	-	-	157,978
Inventories	-	-	-	-	-	-	-	31,022
Prepaid items	-	-	-	-	-	-	-	1,050
Total assets	<u>\$ 2,701</u>	<u>\$ 3,461</u>	<u>\$ 2,056,785</u>	<u>\$ 427,023</u>	<u>\$ 48,769</u>	<u>\$ 260,824</u>	<u>\$ 22,682</u>	<u>\$ 7,398,089</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ 6,960	\$ -	\$ 40,137	\$ 10,367	\$ 657	\$ 275,524
Due to other funds	-	2,925	-	-	8,632	114,222	974	1,030,785
Total liabilities	<u>-</u>	<u>2,925</u>	<u>6,960</u>	<u>-</u>	<u>48,769</u>	<u>124,589</u>	<u>1,631</u>	<u>1,306,309</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	508	1,707	-	-	-	6,557	1,165,805
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	32,072
Restricted	-	28	-	-	-	-	-	1,230,389
Committed	2,701	-	2,048,118	427,023	-	136,235	14,494	4,087,610
Unassigned	-	-	-	-	-	-	-	(424,096)
Total fund balances	<u>2,701</u>	<u>28</u>	<u>2,048,118</u>	<u>427,023</u>	<u>-</u>	<u>136,235</u>	<u>14,494</u>	<u>4,925,975</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,701</u>	<u>\$ 3,461</u>	<u>\$ 2,056,785</u>	<u>\$ 427,023</u>	<u>\$ 48,769</u>	<u>\$ 260,824</u>	<u>\$ 22,682</u>	<u>\$ 7,398,089</u>

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**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**AS OF JUNE 30, 2019**

	<b>Nonmajor Capital Projects Funds</b>						
	<b>Nonmajor Debt Service Fund</b>	<b>Senior Center Acquisition and Renovations Fund</b>	<b>School Roof Replacements and Renovations Fund</b>	<b>Pleasantview Dr Bridge Renovation Project 146-200 Fund</b>	<b>Spring Street Bridge Renovations Project 146-159 Fund</b>	<b>Phoenix Street Bridge Renovations Project 146-181 Fund</b>	<b>Dart Hill Road Bridge Renovations Project 146-20x Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,201,373	\$ 527,239	\$ 343,335	\$ 21,645	\$ -	\$ 6,999	\$ 493,196
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	126,212	35,208	-	-	-
Loans	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	213,236	-	446,800	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 1,414,609</u>	<u>\$ 527,239</u>	<u>\$ 916,347</u>	<u>\$ 56,853</u>	<u>\$ -</u>	<u>\$ 6,999</u>	<u>\$ 493,196</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 13,739	\$ -	\$ 30,418	\$ -	\$ -	\$ 2,054
Due to other funds	-	8,086	936,470	-	-	-	24,171
Total liabilities	<u>-</u>	<u>21,825</u>	<u>936,470</u>	<u>30,418</u>	<u>-</u>	<u>-</u>	<u>26,225</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	-	-	-
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	1,414,609	505,414	-	26,435	-	6,999	466,971
Unassigned	-	-	(20,123)	-	-	-	-
Total fund balances	<u>1,414,609</u>	<u>505,414</u>	<u>(20,123)</u>	<u>26,435</u>	<u>-</u>	<u>6,999</u>	<u>466,971</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,414,609</u>	<u>\$ 527,239</u>	<u>\$ 916,347</u>	<u>\$ 56,853</u>	<u>\$ -</u>	<u>\$ 6,999</u>	<u>\$ 493,196</u>

*Continued*

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**AS OF JUNE 30, 2019**

	<b>Nonmajor Capital Projects Funds</b>						
	<b>Education Capital and Nonrecurring Fund</b>	<b>Alliance 20 Improvements Fund</b>	<b>South Street Reconstruction Fund</b>	<b>West Main St Bridge Renovations Fund</b>	<b>Town and School Improvements Projects Fund</b>	<b>Main St Bridge Renovations Fund</b>	<b>Citizens Block Renovations Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 836,752	\$ 20	\$ 150,584	\$ 2,887	\$ 4,222	\$ 16,197	\$ 240,688
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	256,628	11,974	-	11,790	-
Loans	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	399,963	-	-	-	-	52,000	-
Inventories	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 1,236,715</u>	<u>\$ 20</u>	<u>\$ 407,212</u>	<u>\$ 14,861</u>	<u>\$ 4,222</u>	<u>\$ 79,987</u>	<u>\$ 240,688</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 7,536	\$ 20	\$ 257,477	\$ -	\$ -	\$ 15,115	\$ -
Due to other funds	446,800	-	24,216	22,321	-	-	-
Total liabilities	<u>454,336</u>	<u>20</u>	<u>281,693</u>	<u>22,321</u>	<u>-</u>	<u>15,115</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	-	-	-
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	782,379	-	125,519	-	4,222	64,872	240,688
Unassigned	-	-	-	(7,460)	-	-	-
Total fund balances	<u>782,379</u>	<u>-</u>	<u>125,519</u>	<u>(7,460)</u>	<u>4,222</u>	<u>64,872</u>	<u>240,688</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,236,715</u>	<u>\$ 20</u>	<u>\$ 407,212</u>	<u>\$ 14,861</u>	<u>\$ 4,222</u>	<u>\$ 79,987</u>	<u>\$ 240,688</u>

*Continued*

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Concluded)**  
**AS OF JUNE 30, 2019**

	<b>Nonmajor Capital Projects Funds</b>		<b>Nonmajor Permanent Funds</b>					<b>Total Nonmajor Governmental Funds</b>
	<b>Town Capital and Nonrecurring Fund</b>	<b>Total</b>	<b>Cemetery Trust Fund</b>	<b>Memorial Trust Fund</b>	<b>Rockville Library Trust Fund</b>	<b>Senior Center Endowment Trust Fund</b>	<b>Total</b>	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,842,676	\$ 4,486,440	\$ 829,040	\$ 7,839	\$ 32,817	\$ 39,208	\$ 908,904	\$ 12,264,389
Investments	-	-	1,859,802	-	1,181,360	-	3,041,162	3,066,468
Receivables:								
Grants and contracts	314,379	756,191	-	-	-	-	-	1,035,031
Loans	-	-	-	-	-	-	-	629,171
Assessments	-	-	-	-	-	-	-	508
Other	-	-	-	-	-	-	-	606,542
Due from other funds	177,002	1,075,765	-	-	-	-	-	1,446,979
Inventories	-	-	-	-	-	-	-	31,022
Prepaid items	-	-	-	-	-	-	-	1,050
Total assets	<u>\$ 2,334,057</u>	<u>\$ 6,318,396</u>	<u>\$ 2,688,842</u>	<u>\$ 7,839</u>	<u>\$ 1,214,177</u>	<u>\$ 39,208</u>	<u>\$ 3,950,066</u>	<u>\$ 19,081,160</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 423,414	\$ 749,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,025,297
Due to other funds	382,556	1,844,620	28,772	-	2,816	-	31,588	2,906,993
Total liabilities	<u>805,970</u>	<u>2,594,393</u>	<u>28,772</u>	<u>-</u>	<u>2,816</u>	<u>-</u>	<u>31,588</u>	<u>3,932,290</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	-	-	-	-	-	-	1,165,805
<b>FUND BALANCES</b>								
Nonspendable	-	-	1,752,835	5,000	-	-	1,757,835	1,789,907
Restricted	-	-	907,235	2,839	1,211,361	39,208	2,160,643	3,391,032
Committed	1,528,087	3,751,586	-	-	-	-	-	9,253,805
Unassigned	-	(27,583)	-	-	-	-	-	(451,679)
Total fund balances	<u>1,528,087</u>	<u>3,724,003</u>	<u>2,660,070</u>	<u>7,839</u>	<u>1,211,361</u>	<u>39,208</u>	<u>3,918,478</u>	<u>13,983,065</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,334,057</u>	<u>\$ 6,318,396</u>	<u>\$ 2,688,842</u>	<u>\$ 7,839</u>	<u>\$ 1,214,177</u>	<u>\$ 39,208</u>	<u>\$ 3,950,066</u>	<u>\$ 19,081,160</u>
								<i>Concluded</i>

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds							
	Cafeteria Fund	Town Clerk Special Fund	Insurance Exchange Fund	Town Aid Road Fund	Dog License Fund	Ambulance Medical Services Fund	Library Programs and Activities Fund	Public Safety Complex Grant-In-Aid Fund
<b>REVENUES</b>								
Grants and contracts	\$ 1,181,427	\$ -	\$ -	\$ 403,495	\$ -	\$ -	\$ -	\$ -
Charges for services	441,473	4,647	-	-	21,717	1,130,657	2,211	-
Contributions	-	-	-	-	100	-	19,740	-
Interest and dividend income	436	-	-	-	-	-	16	-
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Other	1,437	-	21,231	-	-	-	-	-
Total revenues	1,624,773	4,647	21,231	403,495	21,817	1,130,657	21,967	-
<b>EXPENDITURES</b>								
Current:								
General government	-	4,647	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	13,448	877,090	-	-
Maintenance and development	-	-	60,539	423,241	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	18,863	-
Education	1,618,938	-	-	-	-	-	20,720	-
Debt service	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	12,016	-	-
Total expenditures	1,618,938	4,647	60,539	423,241	13,448	889,106	39,583	-
Excess (deficiency) of revenues over expenditures	5,835	-	(39,308)	(19,746)	8,369	241,551	(17,616)	-
<b>OTHER FINANCING SOURCES (USES)</b>								
Premium on bonds issued	-	-	-	-	-	-	-	-
Transfer of library operations	-	-	-	-	-	-	58,748	-
Transfers in	42,306	-	-	-	-	-	-	193,000
Transfers out	-	-	-	-	-	(193,000)	-	-
Total other financing sources (uses)	42,306	-	-	-	-	(193,000)	58,748	193,000
Net change in fund balances	48,141	-	(39,308)	(19,746)	8,369	48,551	41,132	193,000
Fund balances - beginning	(55,715)	-	84,469	512,398	53,258	251,525	-	(578,500)
Fund balances - ending	\$ (7,574)	\$ -	\$ 45,161	\$ 492,652	\$ 61,627	\$ 300,076	\$ 41,132	\$ (385,500)

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**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds							
	Vernon Cemetery Commission Fund	Special Education Excess Cost Reserve Fund	Adult Basic Education Tuition Fund	CDBG Small Cities Fund	Housing and Community Development Fund	Downstream Fund	Miscellaneous Grants Fund	Miscellaneous Special Revenue Fund
<b>REVENUES</b>								
Grants and contracts	\$ -	\$ 69,473	\$ 1,065,820	\$ 5,800	\$ -	\$ -	\$ 315,811	\$ -
Charges for services	94,138	-	-	-	-	-	-	97,607
Contributions	150	-	-	-	-	-	-	145,840
Interest and dividend income	246	-	-	-	-	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Other	2,775	-	-	51,258	-	-	337,577	58,739
Total revenues	97,309	69,473	1,065,820	57,058	-	-	653,388	302,186
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Community development	-	-	-	85,647	-	-	-	7,996
Public safety	96,543	-	-	-	-	-	23,110	59,120
Maintenance and development	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	79,849	80,549
Parks, recreation and culture	-	-	-	-	-	-	-	86,224
Education	-	15,253	1,058,353	-	-	-	550,367	-
Debt service	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	96,543	15,253	1,058,353	85,647	-	-	653,326	233,889
Excess (deficiency) of revenues over expenditures	766	54,220	7,467	(28,589)	-	-	62	68,297
<b>OTHER FINANCING SOURCES (USES)</b>								
Premium on bonds issued	-	-	-	-	-	-	-	-
Transfer of library operations	-	-	-	-	-	-	-	-
Transfers in	27,747	-	-	-	-	-	-	46,000
Transfers out	-	(54,220)	-	-	-	-	-	(18,736)
Total other financing sources (uses)	27,747	(54,220)	-	-	-	-	-	27,264
Net change in fund balances	28,513	-	7,467	(28,589)	-	-	62	95,561
Fund balances - beginning	86,882	350,000	31,837	79,824	29,450	51,726	153,313	863,756
Fund balances - ending	\$ 115,395	\$ 350,000	\$ 39,304	\$ 51,235	\$ 29,450	\$ 51,726	\$ 153,375	\$ 959,317

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**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds							
	Sidewalk Development Fund	Sewer Assessment Fund	Sewer Connections Fund	Medical Savings Reserve Fund	Brownfield Mills Remediation Projects Fund	Parks and Recreation Programs Fund	Senior Center Programs and Activities Fund	Total
<b>REVENUES</b>								
Grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ 46,272	\$ -	\$ -	\$ 3,088,098
Charges for services	-	2,925	49,993	-	-	829,046	52,954	2,727,368
Contributions	-	-	-	-	-	5,330	-	171,160
Interest and dividend income	-	-	33,341	8,375	-	-	-	42,414
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	473,017
Total revenues	-	2,925	83,334	8,375	46,272	834,376	52,954	6,502,057
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	4,647
Community development	-	-	-	-	-	-	-	93,643
Public safety	-	-	-	-	-	-	-	1,069,311
Maintenance and development	-	-	150,108	-	46,272	-	-	680,160
Human services	-	-	-	-	-	-	43,919	204,317
Parks, recreation and culture	-	-	-	-	-	751,869	-	856,956
Education	-	-	-	-	-	-	-	3,263,631
Debt service	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	12,016
Total expenditures	-	-	150,108	-	46,272	751,869	43,919	6,184,681
Excess (deficiency) of revenues over expenditures	-	2,925	(66,774)	8,375	-	82,507	9,035	317,376
<b>OTHER FINANCING SOURCES (USES)</b>								
Premium on bonds issued	-	-	-	-	-	-	-	-
Transfer of library operations	-	-	-	-	-	-	-	58,748
Transfers in	-	-	-	-	-	18,736	-	327,789
Transfers out	-	(2,925)	-	-	-	(62,500)	-	(331,381)
Total other financing sources (uses)	-	(2,925)	-	-	-	(43,764)	-	55,156
Net change in fund balances	-	-	(66,774)	8,375	-	38,743	9,035	372,532
Fund balances - beginning	2,701	28	2,114,892	418,648	-	97,492	5,459	4,553,443
Fund balances - ending	\$ 2,701	\$ 28	\$ 2,048,118	\$ 427,023	\$ -	\$ 136,235	\$ 14,494	\$ 4,925,975

*Continued*

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVNERMENTAL FUNDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Capital Projects Funds						
	Nonmajor Debt Service Fund	Senior Center Acquisition and Renovations Fund	School Roof Replacements and Renovations Fund	Pleasantview Dr Bridge Renovation Project 146-200 Fund	Spring Street Bridge Renovations Project 146-159 Fund	Phoenix Street Bridge Renovations Project 146-181 Fund	Dart Hill Road Bridge Renovations Project 146-20x Fund
REVENUES							
Grants and contracts	\$ -	\$ -	\$ 669,386	\$ 996,074	\$ -	\$ -	\$ 127,427
Charges for services	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Interest and dividend income	17,029	848	-	-	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	17,029	848	669,386	996,074	-	-	127,427
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	19,891	-	-	-	-	-
Capital outlays	-	105,072	932,650	1,244,285	-	-	2,054
Total expenditures	-	124,963	932,650	1,244,285	-	-	2,054
Excess (deficiency) of revenues over expenditures	17,029	(124,115)	(263,264)	(248,211)	-	-	125,373
OTHER FINANCING SOURCES (USES)							
Premium on bonds issued	-	64,653	-	-	-	-	-
Transfer of library operations	-	-	-	-	-	-	-
Transfers in	950,726	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	950,726	64,653	-	-	-	-	-
Net change in fund balances	967,755	(59,462)	(263,264)	(248,211)	-	-	125,373
Fund balances - beginning	446,854	564,876	243,141	274,646	-	6,999	341,598
Fund balances - ending	\$ 1,414,609	\$ 505,414	\$ (20,123)	\$ 26,435	\$ -	\$ 6,999	\$ 466,971

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVNERMENTAL FUNDS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Capital Projects Funds						
	Education Capital and Nonrecurring Fund	Alliance 20 Improvements Fund	South Street Reconstruction Fund	West Main St Bridge Renovations Fund	Town and School Improvements Projects Fund	Main St Bridge Renovations Fund	Citizens Block Renovations Fund
<b>REVENUES</b>							
Grants and contracts	\$ -	\$ 62,443	\$ 372,644	\$ -	\$ -	\$ 9,804	\$ -
Charges for services	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Interest and dividend income	-	-	-	-	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	-	62,443	372,644	-	-	9,804	-
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlays	18,986	62,443	450,419	-	67,542	12,633	59,852
Total expenditures	18,986	62,443	450,419	-	67,542	12,633	59,852
Excess (deficiency) of revenues over expenditures	(18,986)	-	(77,775)	-	(67,542)	(2,829)	(59,852)
<b>OTHER FINANCING SOURCES (USES)</b>							
Premium on bonds issued	-	-	-	-	-	-	-
Transfer of library operations	-	-	-	-	-	-	-
Transfers in	437,639	-	-	-	-	52,000	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	437,639	-	-	-	-	52,000	-
Net change in fund balances	418,653	-	(77,775)	-	(67,542)	49,171	(59,852)
Fund balances - beginning	363,726	-	203,294	(7,460)	71,764	15,701	300,540
Fund balances - ending	\$ 782,379	\$ -	\$ 125,519	\$ (7,460)	\$ 4,222	\$ 64,872	\$ 240,688

*Continued*



**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVNERMENTAL FUNDS *(Concluded)*  
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Capital Projects Funds		Nonmajor Permanent Funds					Total Nonmajor Governmental Funds
	Town Capital and Nonrecurring Fund	Total	Cemetery Trust Fund	Memorial Trust Fund	Rockville Library Trust Fund	Senior Center Endowment Trust Fund	Total	
<b>REVENUES</b>								
Grants and contracts	\$ 611,615	\$ 2,849,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,937,491
Charges for services	9,078	9,078	-	-	-	-	-	2,736,446
Contributions	-	-	10,775	-	-	11,130	21,905	193,065
Interest and dividend income	-	848	52,169	-	32,097	513	84,779	145,070
Net changes in the fair value of investments	-	-	98,545	-	65,234	-	163,779	163,779
Other	-	-	-	-	-	-	-	473,017
Total revenues	620,693	2,859,319	161,489	-	97,331	11,643	270,463	9,648,868
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	4,647
Community development	-	-	-	-	-	-	-	93,643
Public safety	-	-	-	-	-	-	-	1,069,311
Maintenance and development	-	-	22,524	-	-	-	22,524	702,684
Human services	-	-	-	-	-	-	-	204,317
Parks, recreation and culture	-	-	-	-	8,849	-	8,849	865,805
Education	-	-	-	-	-	-	-	3,263,631
Debt service	-	19,891	-	-	-	-	-	19,891
Capital outlays	2,475,119	5,431,055	-	-	2,816	-	2,816	5,445,887
Total expenditures	2,475,119	5,450,946	22,524	-	11,665	-	34,189	11,669,816
Excess (deficiency) of revenues over expenditures	(1,854,426)	(2,591,627)	138,965	-	85,666	11,643	236,274	(2,020,948)
<b>OTHER FINANCING SOURCES (USES)</b>								
Premium on bonds issued	-	64,653	-	-	-	-	-	64,653
Transfer of library operations	-	-	-	-	1,125,695	-	1,125,695	1,184,443
Transfers in	1,799,978	2,289,617	-	-	-	-	-	3,568,132
Transfers out	(52,000)	(52,000)	(27,747)	-	-	-	(27,747)	(411,128)
Total other financing sources (uses)	1,747,978	2,302,270	(27,747)	-	1,125,695	-	1,097,948	4,406,100
Net change in fund balances	(106,448)	(289,357)	111,218	-	1,211,361	11,643	1,334,222	2,385,152
Fund balances - beginning	1,634,535	4,013,360	2,548,852	7,839	-	27,565	2,584,256	11,597,913
Fund balances - ending	\$ 1,528,087	\$ 3,724,003	\$ 2,660,070	\$ 7,839	\$ 1,211,361	\$ 39,208	\$ 3,918,478	\$ 13,983,065

*Concluded*

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## **INTERNAL SERVICE FUNDS**

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Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention activities.

### **DATA PROCESSING**

Provides data processing services, on a cost-reimbursement basis, to the Town's General Fund.

### **WORKERS' COMPENSATION**

Accounts for the receipt of General and Sewer User Fund contributions to fund general government, education and water pollution related incurred workers' compensation claims. Contribution amounts are based on historical experience of claims incurred and paid.

### **MEDICAL SELF-INSURANCE FUND**

Accounts for the cost of medical prescriptions for the Town's employees and retirees. Established effective January 1, 2006, the fund is supported by employee and employer contributions. Effective July 1, 2007, the Town became self-insured for the cost of dental for its general government employees and retirees. Contribution amounts are based upon historical experience of claims incurred and paid. Effective July 1, 2017, the Town became self-insured for the cost of dental for its education employees and retirees.

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**AS OF JUNE 30, 2019**

	<b>Data Processing Fund</b>	<b>Workers' Compensation Fund</b>	<b>Medical Self-Insurance Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 512,687	\$ 1,418,311	\$ 1,075,326	\$ 3,006,324
Receivables	-	30,653	3,159	33,812
Prepaid expenses	104,591	-	-	104,591
Total current assets	<u>617,278</u>	<u>1,448,964</u>	<u>1,078,485</u>	<u>3,144,727</u>
Capital assets:				
Non-depreciable	37,203	-	-	37,203
Depreciable, net	1,520,516	-	-	1,520,516
Total noncurrent assets	<u>1,557,719</u>	<u>-</u>	<u>-</u>	<u>1,557,719</u>
Total assets	<u>2,174,997</u>	<u>1,448,964</u>	<u>1,078,485</u>	<u>4,702,446</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	101,302	7,426	-	108,728
Claims payable	-	747,063	34,964	782,027
Compensated absences	43,750	-	-	43,750
Due to other funds	37,192	-	-	37,192
Total current liabilities	<u>182,244</u>	<u>754,489</u>	<u>34,964</u>	<u>971,697</u>
Noncurrent liabilities:				
Claims payable	-	2,274,987	-	2,274,987
Compensated absences	18,243	-	-	18,243
Total non-current liabilities	<u>18,243</u>	<u>2,274,987</u>	<u>-</u>	<u>2,293,230</u>
Total liabilities	<u>200,487</u>	<u>3,029,476</u>	<u>34,964</u>	<u>3,264,927</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,557,719	-	-	1,557,719
Unrestricted	416,791	(1,580,512)	1,043,521	(120,200)
Total net position	<u>\$ 1,974,510</u>	<u>\$ (1,580,512)</u>	<u>\$ 1,043,521</u>	<u>\$ 1,437,519</u>

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Data Processing Fund</b>	<b>Workers' Compensation Fund</b>	<b>Medical Self-Insurance Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,937,846	\$ 825,000	\$ 633,657	\$ 3,396,503
Other	217	69,082	276	69,575
Total operating revenues	<u>1,938,063</u>	<u>894,082</u>	<u>633,933</u>	<u>3,466,078</u>
<b>OPERATING EXPENSES</b>				
Wages and benefits	1,054,485	-	-	1,054,485
Repairs, maintenance and rentals	477,967	-	-	477,967
Utilities	13,769	-	-	13,769
Supplies and materials	1,456	-	-	1,456
General and administrative	66,911	62,568	41,403	170,882
Claims incurred	-	757,145	495,168	1,252,313
Depreciation	206,882	-	-	206,882
Total operating expenses	<u>1,821,470</u>	<u>819,713</u>	<u>536,571</u>	<u>3,177,754</u>
Operating income	116,593	74,369	97,362	288,324
<b>NON-OPERATING REVENUES</b>				
Interest income	-	5,928	11,104	17,032
Change in net position	116,593	80,297	108,466	305,356
Net position - beginning, as originally reported	1,149,717	(1,660,809)	935,055	423,963
Adjustment (see Note 1)	708,200	-	-	708,200
Net position - beginning, as adjusted	<u>1,857,917</u>	<u>(1,660,809)</u>	<u>935,055</u>	<u>1,132,163</u>
Net position - ending	<u>\$ 1,974,510</u>	<u>\$ (1,580,512)</u>	<u>\$ 1,043,521</u>	<u>\$ 1,437,519</u>

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Data Processing Fund</b>	<b>Workers' Compensation Fund</b>	<b>Medical Self-Insurance Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for the following:				
Charges for services	\$ 1,938,063	\$ 825,000	\$ 630,641	\$ 3,393,704
Other operating revenues received	-	30,950	1,045	31,995
Cash paid for the following:				
Claims incurred	-	(480,853)	(535,276)	(1,016,129)
Employee wages and benefits	(1,010,766)	-	-	(1,010,766)
Goods and services	(739,424)	-	-	(739,424)
Net cash provided by operating activities	<u>187,873</u>	<u>375,097</u>	<u>96,410</u>	<u>659,380</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	<u>(72,923)</u>	<u>-</u>	<u>-</u>	<u>(72,923)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	<u>-</u>	<u>5,928</u>	<u>11,104</u>	<u>17,032</u>
Net change in cash and cash equivalents	114,950	381,025	107,514	603,489
Cash and cash equivalents, beginning of year	397,737	1,037,286	967,812	2,402,835
Cash and cash equivalents, end of year	<u>\$ 512,687</u>	<u>\$ 1,418,311</u>	<u>\$ 1,075,326</u>	<u>\$ 3,006,324</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 116,593	\$ 74,369	\$ 97,362	\$ 288,324
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	206,882	-	-	206,882
Changes in assets and liabilities:				
Increase (decrease) in receivables	-	297	(1,780)	(1,483)
Increase in accounts payable	38,559	300,431	1,919	340,909
Increase in prepaid expenses	(48,088)	-	-	(48,088)
Decrease in accrued liabilities	(6,863)	-	-	(6,863)
Decrease in due to other funds	(119,210)	-	(1,091)	(120,301)
Net cash provided by operating activities	<u>\$ 187,873</u>	<u>\$ 375,097</u>	<u>\$ 96,410</u>	<u>\$ 659,380</u>

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## FIDUCIARY FUNDS

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Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

### **PENSION TRUST FUNDS**

A fiduciary fund type used to report resources that are required to be held in trust for the member and beneficiaries of defined benefit pension plans.

The Town has three pension plans covering substantially all of its employees, except teachers who are covered by the State Teachers' Retirement Fund. The Town Plan is a contributory defined benefit plan. The Police Plan is a contributory defined benefit plan. The LOSAP Plan is a non-contributory defined benefit plan for fire department volunteers.

### **OPEB TRUST FUNDS**

A fiduciary fund type is used to report resources accumulated for the payment of retiree health insurance costs in accordance with employee bargaining agreements.

### **PRIVATE-PURPOSE TRUST FUNDS**

To account for the activities of various restricted school awards.

### **AGENCY FUNDS**

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

**School Activity** – To account for the expenditure of educational extracurricular activities of the various schools. Financing is provided by individual fundraising projects.

**Miscellaneous Activity** – To account for activities of summer school, regional adult education and continuing education programs.

**Bid Bond Deposit** – A fund to account for bid bonds which are held to assure performance by contracted vendors on projects for the Town.

**C-PACE Benefit Assessments** – This fund receives Commercial Property Assessed Clean Energy program loan repayments on-behalf of the State from participating businesses which are remitted to Connecticut Green Bank.

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
AS OF JUNE 30, 2019

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	<b>School Activity Fund</b>	<b>Miscellaneous Activity Fund</b>	<b>Bid Bond Deposit Fund</b>	<b>C-PACE Benefit Assessments Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 278,476	\$ 189,037	\$ 172,273	\$ 1,884	\$ 641,670
Receivables	7,973	66	-	-	8,039
Total assets	<u>\$ 286,449</u>	<u>\$ 189,103</u>	<u>\$ 172,273</u>	<u>\$ 1,884</u>	<u>\$ 649,709</u>
<b>LIABILITIES</b>					
Due to others	\$ 286,449	\$ 169,119	\$ 172,273	\$ 1,884	\$ 629,725
Payables	-	19,984	-	-	19,984
Total liabilities	<u>\$ 286,449</u>	<u>\$ 189,103</u>	<u>\$ 172,273</u>	<u>\$ 1,884</u>	<u>\$ 649,709</u>

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Balance, July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, June 30, 2019</b>
<b>School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 293,134	\$ 401,359	\$ 416,017	\$ 278,476
Receivables	7,973	-	-	7,973
Total assets	<u>\$ 301,107</u>	<u>\$ 401,359</u>	<u>\$ 416,017</u>	<u>\$ 286,449</u>
Liabilities:				
Due to others	<u>\$ 301,107</u>	<u>\$ 401,359</u>	<u>\$ 416,017</u>	<u>\$ 286,449</u>
<b>Miscellaneous Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 213,827	\$ 226,668	\$ 251,458	\$ 189,037
Receivables	66	-	-	66
Total assets	<u>\$ 213,893</u>	<u>\$ 226,668</u>	<u>\$ 251,458</u>	<u>\$ 189,103</u>
Liabilities:				
Due to others	\$ 171,866	\$ 217,312	\$ 220,059	\$ 169,119
Payables	42,027	9,356	31,399	19,984
Total liabilities	<u>\$ 213,893</u>	<u>\$ 226,668</u>	<u>\$ 251,458</u>	<u>\$ 189,103</u>
<b>Bid Bond Deposit Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 238,086</u>	<u>\$ 6,900</u>	<u>\$ 72,713</u>	<u>\$ 172,273</u>
Liabilities:				
Due to others	<u>\$ 238,086</u>	<u>\$ 6,900</u>	<u>\$ 72,713</u>	<u>\$ 172,273</u>
<b>C-Pace Benefit Assessments Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 13,792</u>	<u>\$ 145,872</u>	<u>\$ 157,780</u>	<u>\$ 1,884</u>
Liabilities:				
Due to others	<u>\$ 13,792</u>	<u>\$ 145,872</u>	<u>\$ 157,780</u>	<u>\$ 1,884</u>
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 758,839	\$ 780,799	\$ 897,968	\$ 641,670
Receivables	8,039	-	-	8,039
Total assets	<u>\$ 766,878</u>	<u>\$ 780,799</u>	<u>\$ 897,968</u>	<u>\$ 649,709</u>
Liabilities:				
Due to others	\$ 724,851	\$ 771,443	\$ 866,569	\$ 629,725
Payables	42,027	9,356	31,399	19,984
Total liabilities	<u>\$ 766,878</u>	<u>\$ 780,799</u>	<u>\$ 897,968</u>	<u>\$ 649,709</u>



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## STATISTICAL SECTION

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This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

### CONTENTS:

#### **Financial Trends (Tables 1 - 4):**

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

#### **Revenue Capacity (Tables 5 - 7):**

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

#### **Debt Capacity (Tables 8 - 10):**

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

#### **Demographic and Economic Information (Table 11):**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

#### **Operating Information (Table 12 - 16):**

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information presented in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

**TOWN OF VERNON, CONNECTICUT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	FISCAL YEAR									
	(1) 2010	2011	2012	2013	2014	* 2015	2016	2017	2018	2019
Governmental Activities:										
Net investment in capital assets	\$ 93,272,100	\$ 95,834,210	\$ 102,048,034	\$ 107,081,145	\$ 111,596,204	\$ 117,079,226	\$ 113,236,903	\$ 121,663,258	\$ 126,560,421	\$ 138,611,668
Restricted for:										
Endowments:										
Expendable	-	409,284	394,323	510,963	599,215	599,304	557,664	712,370	826,421	2,160,643
Nonexpendable	1,698,091	1,500,092	1,696,935	1,696,935	1,707,760	1,718,860	1,718,860	1,743,985	1,757,835	1,757,835
Grant programs	351,960	361,873	93,400	409,496	420,308	409,919	374,621	550,518	1,157,220	586,382
Sewer assessment	-	-	-	89,392	20,152	10,464	84	28	28	28
Cemeteries	2,462,824	2,103,563	512,639	184,036	186,559	129,428	94,237	74,513	82,682	114,345
Housing and community development	-	-	-	29,450	29,450	112,257	113,984	119,000	109,274	80,685
Education programs	461,740	534,712	559,169	157,770	108,553	324,395	434,575	557,736	515,604	560,368
Adult education	-	-	-	-	-	72,671	17,298	41,239	31,837	39,304
Unrestricted	7,150,265	6,733,222	12,288,256	7,962,107	7,699,805	(38,202,259)	(30,420,414)	(35,404,457)	(39,520,431)	(39,476,684)
Total Net Position - Governmental Activities	105,396,980	107,476,956	117,592,756	118,121,294	122,368,006	82,254,265	86,127,812	90,058,190	91,520,891	104,434,574
Business-Type Activities:										
Net investment in capital assets	11,344,015	11,052,631	10,640,331	10,110,672	10,719,298	10,294,619	9,804,653	9,567,003	9,231,706	8,870,382
Unrestricted	4,110,256	5,612,991	6,851,173	8,121,996	9,203,267	7,490,120	8,543,715	9,403,122	9,144,495	9,102,031
Total Net Position - Business-Type Activities	15,454,271	16,665,622	17,491,504	18,232,668	19,922,565	17,784,739	18,348,368	18,970,125	18,376,201	17,972,413
Primary Government:										
Net investment in capital assets	104,616,115	106,886,841	112,688,365	117,191,817	122,315,502	127,373,845	123,041,556	131,230,261	135,792,127	147,482,050
Restricted for:										
Endowments:										
Expendable	-	-	394,323	510,963	599,215	599,304	557,664	712,370	826,421	2,160,643
Nonexpendable	1,698,091	1,909,376	1,696,935	1,696,935	1,707,760	1,718,860	1,718,860	1,743,985	1,757,835	1,757,835
Grant programs	351,960	361,873	93,400	409,496	420,308	409,919	374,621	550,518	1,157,220	586,382
Sewer assessment	-	-	-	89,392	20,152	10,464	84	28	28	28
Cemeteries	2,462,824	2,103,563	512,639	184,036	186,559	129,428	94,237	74,513	82,682	114,345
Housing and community development	-	-	-	29,450	29,450	112,257	113,984	119,000	109,274	80,685
Education programs	461,740	534,712	559,169	157,770	108,553	324,395	434,575	557,736	515,604	560,368
Adult education	-	-	-	-	-	72,671	17,298	41,239	31,837	39,304
Unrestricted	11,260,521	12,346,213	19,139,429	16,084,103	16,903,072	(30,712,139)	(21,876,699)	(26,001,335)	(30,375,936)	(30,374,653)
Total Net Position - Primary Government	\$ 120,851,251	\$ 124,142,578	\$ 135,084,260	\$ 136,353,962	\$ 142,290,571	\$ 100,039,004	\$ 104,476,180	\$ 109,028,315	\$ 109,897,092	\$ 122,406,987

\* Restated due to inclusion of pension liability, effective July 1, 2014.

(1) Net position components completely restated for fiscal year 2010 only.

Note: Accounting standards require reporting of net position into the following three components: net investment in capital assets; Restricted; and Unrestricted. Net position is restricted when an external party places a restriction on how such resources may be used.

TABLE 2

**TOWN OF VERNON, CONNECTICUT**  
**CHANGES IN NET POSITION**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Expenses:										
General government	\$ 6,002,872	\$ 5,633,603	\$ 5,374,112	\$ 5,907,367	\$ 5,497,317	\$ 5,673,665	\$ 6,397,451	\$ 6,076,452	\$ 5,726,965	\$ 5,923,426
Community development	1,631,589	2,057,937	638,976	419,554	605,573	548,397	603,740	497,261	516,403	434,475
Public safety	12,143,675	12,480,725	16,324,643	12,414,267	12,686,921	14,215,899	14,550,637	14,975,891	14,218,806	14,959,888
Maintenance and development	9,435,073	10,405,706	8,937,010	8,841,241	11,401,777	10,116,217	11,025,727	15,085,714	12,373,159	11,444,665
Human services	1,445,899	1,403,991	1,384,782	1,310,967	1,300,698	1,391,161	1,296,978	1,469,554	1,321,334	1,602,732
Parks, recreation and culture	2,487,532	2,610,713	2,391,015	2,657,811	2,552,523	2,661,919	2,614,666	3,182,850	3,226,817	4,371,420
Education	56,255,521	58,846,481	58,713,021	63,366,856	65,638,249	66,522,642	67,270,471	68,502,574	75,318,075	67,833,325
Interest on long-term debt	2,055,746	1,920,229	1,502,045	1,626,972	1,348,996	1,403,135	1,792,161	1,426,711	1,563,477	1,535,696
Total expenses	91,457,907	95,359,385	95,265,604	96,545,035	101,032,054	102,533,035	105,551,831	111,217,007	114,265,036	108,105,627
Program Revenues:										
Charges for services:										
General government	822,153	821,502	958,550	1,033,606	1,118,278	1,425,021	1,775,305	1,250,953	1,464,231	1,611,470
Community development	13,956	9,434	8,973	8,422	10,183	8,812	11,472	94,311	45,406	92,146
Public safety	1,258,051	1,254,690	1,137,357	1,092,752	1,291,753	1,204,428	1,496,729	2,053,102	2,377,758	1,770,204
Maintenance and development	564,608	569,932	617,746	590,490	469,094	556,001	525,845	528,937	726,735	235,363
Human services	-	-	-	-	-	-	-	79,352	123,453	153,985
Parks, recreation and culture	685,562	712,592	718,122	778,727	804,255	861,914	899,878	919,706	953,588	960,507
Education	1,217,369	1,078,802	1,129,934	984,549	1,060,476	1,045,766	1,256,755	1,166,626	1,238,827	1,086,993
Operating grants and contributions	30,312,483	30,019,905	32,226,232	29,920,655	31,446,928	32,660,452	33,703,632	35,384,900	38,647,706	30,416,836
Capital grants and contributions	3,850,322	2,770,498	8,082,486	835,929	4,390,500	2,637,723	2,103,224	3,750,012	2,950,461	4,230,984
Total program revenues	38,724,504	37,237,355	44,879,400	35,245,130	40,591,467	40,400,117	41,772,840	45,227,899	48,528,165	40,558,488
Net Program Expense	(52,733,403)	(58,122,030)	(50,386,204)	(61,299,905)	(60,440,587)	(62,132,918)	(63,778,991)	(65,989,108)	(65,736,871)	(67,547,139)
General revenues:										
Property taxes	54,100,377	57,508,605	57,711,708	58,971,919	62,672,181	64,166,823	66,111,585	68,129,637	70,636,382	73,175,891
Grants and contributions not restricted to specific programs	1,258,722	1,223,183	1,503,374	1,671,664	1,157,706	1,054,078	898,432	1,532,993	905,765	1,124,707
Investment income	192,081	281,909	35,105	135,297	146,202	37,394	(3,363)	256,856	245,173	578,316
Miscellaneous	900,553	1,188,309	1,079,316	1,005,114	700,385	830,872	635,159	-	-	-
Contributions to permanent funds	-	-	-	-	10,825	11,100	10,725	-	-	-
Gain on sale of assets	-	-	172,501	44,449	-	-	-	-	-	-
Transfers	(36,095)	-	-	-	-	-	-	-	-	-
Total general revenues	56,415,638	60,202,006	60,502,004	61,828,443	64,687,299	66,100,267	67,652,538	69,919,486	71,787,320	74,878,914
Special item - transfer of library operations	-	-	-	-	-	-	-	-	-	5,581,908
Total Change in Net Position	3,682,235	2,079,976	10,115,800	528,538	4,246,712	3,967,349	3,873,547	3,930,378	6,050,449	12,913,683
Net Position July 1 (as restated)	101,714,745 a	105,396,980	107,476,956	117,592,756	118,121,294	78,286,916 b	82,254,265	86,127,812	85,470,442 c	91,520,891
Net Position June 30	\$ 105,396,980	\$ 107,476,956	\$ 117,592,756	\$ 118,121,294	\$ 122,368,006	\$ 82,254,265	\$ 86,127,812	\$ 90,058,190	\$ 91,520,891	\$ 104,434,574

(Continued)

TABLE 2 (Continued)

**TOWN OF VERNON, CONNECTICUT**  
**CHANGES IN NET POSITION (Continued)**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Business-Type Activities:</b>										
Expenses:										
Sewer	\$ 5,488,272	\$ 5,607,772	\$ 5,644,652	\$ 5,644,174	\$ 5,370,748	\$ 4,614,237	\$ 5,240,935	\$ 5,657,815	\$ 6,428,958	\$ 6,065,710
Building rental	197,075	220,378	181,037	186,503	217,673	196,324	204,593	205,667	211,897	180,436
Total expenses	<u>5,685,347</u>	<u>5,828,150</u>	<u>5,825,689</u>	<u>5,830,677</u>	<u>5,588,421</u>	<u>4,810,561</u>	<u>5,445,528</u>	<u>5,863,482</u>	<u>6,640,855</u>	<u>6,246,146</u>
<b>Revenues:</b>										
Charges for services:										
Sewer use	6,025,610	6,484,860	6,226,800	6,198,859	5,985,632	5,698,447	5,818,367	5,989,522	5,967,655	5,378,154
Building rental	169,800	169,113	161,398	165,268	168,848	167,117	166,831	165,721	165,721	166,354
Operating grants and contributions	-	-	-	-	-	-	-	17,209	7,948	-
Capital grants and contributions	-	-	-	-	-	6,248	360	292,493	67,470	132,186
Total revenues	<u>6,195,410</u>	<u>6,653,973</u>	<u>6,388,198</u>	<u>6,364,127</u>	<u>6,154,480</u>	<u>5,871,812</u>	<u>5,985,558</u>	<u>6,464,945</u>	<u>6,208,794</u>	<u>5,676,694</u>
Net Program (Expenses) Revenues	510,063	825,823	562,509	533,450	566,059	1,061,251	540,030	601,463	(432,061)	(569,452)
<b>General revenues:</b>										
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Investment income	9,879	5,869	641	724	277	1,181	9,800	20,294	45,650	165,664
Miscellaneous	-	379,659	262,732	206,990	9,812	17,784	13,799	-	-	-
Capital contributions	-	-	-	-	1,113,749	-	-	-	-	-
Transfers	36,095	-	-	-	-	-	-	-	-	-
Total general revenues	<u>45,974</u>	<u>385,528</u>	<u>263,373</u>	<u>207,714</u>	<u>1,123,838</u>	<u>18,965</u>	<u>23,599</u>	<u>20,294</u>	<u>45,650</u>	<u>165,664</u>
Total Change in Net Position	556,037	1,211,351	825,882	741,164	1,689,897	1,080,216	563,629	621,757	(386,411)	(403,788)
Net Position July 1 (as restated)	14,898,234 a	15,454,271	16,665,622	17,491,504	18,232,668	16,704,523 b	17,784,739	\$ 18,348,368	\$ 18,762,612 c	\$ 18,376,201
Net Position, June 30	<u>\$ 15,454,271</u>	<u>\$ 16,665,622</u>	<u>\$ 17,491,504</u>	<u>\$ 18,232,668</u>	<u>\$ 19,922,565</u>	<u>\$ 17,784,739</u>	<u>\$ 18,348,368</u>	<u>\$ 18,970,125</u>	<u>\$ 18,376,201</u>	<u>\$ 17,972,413</u>
Total Change in Net Position	4,238,272	3,291,327	10,941,682	1,269,702	5,936,609	5,047,565	4,437,176	4,552,135	5,664,038	12,509,895
Net Position, July 1 (as restated)	116,612,979 a	120,851,251	124,142,578	135,084,260	136,353,962	94,991,439 b	100,039,004	\$ 104,476,180	\$ 104,233,054 c	\$ 109,897,092
Net Position, June 30	<u>\$ 120,851,251</u>	<u>\$ 124,142,578</u>	<u>\$ 135,084,260</u>	<u>\$ 136,353,962</u>	<u>\$ 142,290,571</u>	<u>\$ 100,039,004</u>	<u>\$ 104,476,180</u>	<u>\$ 109,028,315</u>	<u>\$ 109,897,092</u>	<u>\$ 122,406,987</u>

(Concluded)

a - Net position restated to allocate Internal Service Fund net assets from Governmental Activities to Business-Type Activities.

b - Net position restated to reflect cumulative effect on GASB No. 68 pension reporting.

c - Net position restated to reflect cumulative effect on GASB No. 75 Other Post Employment Benefits reporting.

TABLE 3

**TOWN OF VERNON, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fund Balances - Governmental Funds	FISCAL YEAR END									
	(1) 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund:</b>										
Nonspendable, as restated	\$ 957,000	\$ 857,747	\$ 714,782	\$ 625,082	\$ 957,770	\$ 1,464,018	\$ 1,448,917	\$ 1,925,692	\$ 2,258,353	\$ 3,254,535
Assigned	1,833,779	2,122,970	1,820,141	1,388,542	1,540,633	2,003,342	2,729,466	3,201,676	2,149,417	1,319,062
Unassigned, as restated	7,635,950	8,097,348	8,579,604	9,390,566	10,184,939	10,817,427	12,781,873	14,080,738	16,945,977	19,297,219
Total General Fund	<u>10,426,729</u>	<u>11,078,065</u>	<u>11,114,527</u>	<u>11,404,190</u>	<u>12,683,342</u>	<u>14,284,787</u>	<u>16,960,256</u>	<u>19,208,106</u>	<u>21,353,747</u>	<u>23,870,816</u>
<b>All Other Governmental Funds:</b>										
Nonspendable	1,728,555	1,941,521	1,728,792	1,733,192	1,736,239	1,749,521	1,740,472	1,775,492	1,787,893	1,789,907
Restricted	3,234,537	3,000,148	1,559,531	1,381,107	1,364,237	1,658,438	1,570,851	2,169,261	2,723,066	3,541,755
Committed	3,728,800	4,037,469	4,063,022	3,068,867	6,590,021	6,472,283	7,899,613	6,271,373	7,846,724	9,253,805
Assigned	352,654	443,291	499,582	892,047	180,000	180,000	180,000	-	-	-
Unassigned	(4,955,986)	(4,930,052)	(873,722)	(887,804)	(2,593,688)	(7,752,478)	(929,811)	(2,073,076)	(3,426,711)	(5,746,935)
Total Fund Balance - All Other Governmental Funds	<u>4,088,560</u>	<u>4,492,377</u>	<u>6,977,205</u>	<u>6,187,409</u>	<u>7,276,809</u>	<u>2,307,764</u>	<u>10,461,125</u>	<u>8,143,050</u>	<u>8,930,972</u>	<u>8,838,532</u>
<b>Total Governmental Funds:</b>										
Nonspendable	2,685,555	2,799,268	2,443,574	2,358,274	2,694,009	3,213,539	3,189,389	3,701,184	4,046,246	5,044,442
Restricted	3,234,537	3,000,148	1,559,531	1,381,107	1,364,237	1,658,438	1,570,851	2,169,261	2,723,066	3,541,755
Committed	3,728,800	4,037,469	4,063,022	3,068,867	6,590,021	6,472,283	7,899,613	6,271,373	7,846,724	9,253,805
Assigned	2,186,433	2,566,261	2,319,723	2,280,589	1,720,633	2,183,342	2,909,466	3,201,676	2,149,417	1,319,062
Unassigned	2,679,964	3,167,296	7,705,882	8,502,762	7,591,251	3,064,949	11,852,062	12,007,662	13,519,266	13,550,284
Total Fund Balances - Governmental Funds	<u>\$ 14,515,289</u>	<u>\$ 15,570,442</u>	<u>\$ 18,091,732</u>	<u>\$ 17,591,599</u>	<u>\$ 19,960,151</u>	<u>\$ 16,592,551</u>	<u>\$ 27,421,381</u>	<u>\$ 27,351,156</u>	<u>\$ 30,284,719</u>	<u>\$ 32,709,348</u>

NOTE: Prepared on the modified accrual basis of accounting.

(1) Fund balance components completely restated for fiscal year 2010 only.

TABLE 4

**TOWN OF VERNON, CONNECTICUT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Changes in Fund Balances - Governmental Funds	For the fiscal year ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Property taxes	\$ 54,241,727	\$ 57,387,268	\$ 57,327,038	\$ 58,939,088	\$ 62,683,962	\$ 64,116,182	\$ 66,502,928	\$ 67,962,636	\$ 70,116,452	\$ 72,973,560
Intergovernmental	34,675,196	33,737,936	41,746,995	32,106,379	36,692,587	36,041,125	36,498,965	39,922,904	37,434,993	39,545,066
Assessments	64,462	51,769	11,527	4,683	8,735	10,380	22,472	-	-	-
Charges for services	4,567,821	4,449,485	4,462,560	4,355,989	4,551,193	4,984,511	5,832,562	5,329,923	5,732,282	4,760,625
Gifts and contributions	1,552,800	434,480	630,479	781,887	534,642	650,683	553,044	190,596	424,619	193,065
Income on investments	192,081	280,957	35,009	135,176	146,145	40,012	73,098	92,952	151,891	595,345
Net change in fair value of investments	-	-	-	-	-	(2,618)	(76,461)	163,904	93,282	163,779
Other	836,091	1,136,540	1,067,789	1,000,431	691,650	820,492	978,613	1,415,424	1,127,797	1,228,332
Total Revenues	<u>96,130,178</u>	<u>97,478,435</u>	<u>105,281,397</u>	<u>97,323,633</u>	<u>105,308,914</u>	<u>106,660,767</u>	<u>110,385,221</u>	<u>115,078,339</u>	<u>115,081,316</u>	<u>119,459,772</u>
<b>Expenditures:</b>										
General government	3,014,195	3,053,491	3,284,356	3,248,285	3,434,887	3,597,134	3,700,966	3,651,238	3,863,391	3,962,666
Community development	1,500,051	1,953,760	629,269	301,852	491,759	440,127	468,123	352,377	391,321	330,991
Public safety	8,667,318	8,767,903	12,514,139	9,178,663	8,992,975	9,512,816	9,738,400	9,655,144	9,356,730	9,966,761
Maintenance and development	6,017,883	6,102,700	5,784,605	5,622,410	5,855,039	6,302,123	6,732,520	8,688,681	6,716,745	6,579,966
Human services	1,117,125	1,044,049	1,035,291	1,056,536	1,021,879	1,061,248	1,037,486	1,028,732	1,014,647	1,226,745
Parks, recreation and culture	2,045,589	2,058,075	1,943,657	2,023,123	2,258,749	2,163,123	2,256,867	2,351,919	2,564,368	2,680,213
Townwide	6,665,401	7,321,967	6,806,996	7,054,780	7,107,547	7,469,937	7,933,163	8,017,224	8,391,849	8,734,918
Education	55,878,652	58,090,674	58,693,310	61,283,091	64,217,906	65,031,245	65,260,728	66,060,717	68,175,233	69,071,615
Capital outlay	12,963,146	5,765,044	5,863,902	4,053,503	3,753,735	8,742,077	8,849,041	11,945,063	11,640,667	11,622,392
Debt service:										
Principal	3,412,148	3,796,764	4,644,693	4,659,209	4,408,742	4,356,238	4,649,173	4,394,641	4,074,861	4,533,483
Interest	2,074,716	1,941,450	1,959,138	1,397,144	1,397,144	1,352,299	1,499,107	1,458,645	1,527,426	1,572,249
Total Expenditures	<u>103,356,224</u>	<u>99,895,877</u>	<u>103,159,356</u>	<u>99,878,596</u>	<u>102,940,362</u>	<u>110,028,367</u>	<u>112,125,574</u>	<u>117,604,381</u>	<u>117,717,238</u>	<u>120,281,999</u>
Excess of Revenues over Expenditures	<u>(7,226,046)</u>	<u>(2,417,442)</u>	<u>2,122,041</u>	<u>(2,554,963)</u>	<u>2,368,552</u>	<u>(3,367,600)</u>	<u>(1,740,353)</u>	<u>(2,526,042)</u>	<u>(2,635,922)</u>	<u>(822,227)</u>
<b>Other Financing Sources (Uses):</b>										
Refunding bonds issued	-	-	34,685,000	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	(37,449,969)	-	-	-	-	-	-	-
Net original issue premium - Refunding	-	-	2,991,717	-	-	-	-	-	-	-
Bond proceeds	-	3,755,000	-	-	-	-	6,130,000	6,350,000	4,400,000	3,387,000
Bond anticipation notes	-	-	-	-	-	-	6,350,000	2,200,000	3,138,000	-
Bond / BAN premium and accrued interest	-	39,712	-	-	-	-	89,183	255,817	231,485	200,413
Repayment of notes	-	-	-	-	-	-	-	(6,350,000)	(2,200,000)	(1,525,000)
Transfer of library operations	-	-	-	-	-	-	-	-	-	1,184,443
Lease purchase of equipment	-	106,412	-	2,010,000	-	-	-	-	-	-
Sale of Assets	-	-	172,501	44,830	-	-	-	-	-	-
Transfers in	3,143,579	1,900,387	1,955,665	2,245,806	2,484,435	2,350,227	3,096,890	3,131,792	4,289,556	3,633,557
Transfers out	(3,179,674)	(2,328,916)	(1,955,665)	(2,245,806)	(2,484,435)	(2,350,227)	(3,096,890)	(3,131,792)	(4,289,556)	(3,633,557)
Net Other Financing Sources (Uses)	<u>(36,095)</u>	<u>3,472,595</u>	<u>399,249</u>	<u>2,054,830</u>	<u>-</u>	<u>-</u>	<u>12,569,183</u>	<u>2,455,817</u>	<u>5,569,485</u>	<u>3,246,856</u>
Net Change in Fund Balances	<u>\$ (7,262,141)</u>	<u>\$ 1,055,153</u>	<u>\$ 2,521,290</u>	<u>\$ (500,133)</u>	<u>\$ 2,368,552</u>	<u>\$ (3,367,600)</u>	<u>\$ 10,828,830</u>	<u>\$ (70,225)</u>	<u>\$ 2,933,563</u>	<u>\$ 2,424,629</u>
Debt Service as a percentage of noncapital expenditures	<u>6.06%</u>	<u>6.05%</u>	<u>7.09%</u>	<u>6.32%</u>	<u>5.81%</u>	<u>5.66%</u>	<u>6.00%</u>	<u>5.56%</u>	<u>5.31%</u>	<u>5.74%</u>
Debt Service as a percentage of total expenditures	<u>5.31%</u>	<u>5.74%</u>	<u>6.40%</u>	<u>6.06%</u>	<u>5.64%</u>	<u>5.19%</u>	<u>5.48%</u>	<u>4.98%</u>	<u>4.76%</u>	<u>5.08%</u>

NOTE: Schedule prepared on the modified accrual basis of accounting.

TABLE 5

**TOWN OF VERNON, CONNECTICUT**  
**TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
(In Thousands of Dollars)  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Grand List as of 10/1	Real Property				(3) Personal Property	(3) Motor Vehicles*	Total Assessed Value of All Property	Less Exemptions	Less** Phase in Adjustment	Net Assessed Value (Net Taxable Grand List)	(4) Total Direct Tax Rate (Mill Rate)****	Estimated Actual Value All Property	Ratio of Assessed Value to Estimated Actual Value
		(1) Residential	(1) Commercial/ Industrial	(1) Vacant / Use Assess.	(2) Total									
2019	2017	\$ 1,085,330	\$ 457,723	\$ 11,039	\$ 1,554,092	\$ 99,541	\$ 186,780	\$ 1,840,413	\$ 20,187	\$ -	\$ 1,820,226	39.63	\$ 2,955,054	62.28%
2018	2016	*** 1,083,608	447,502	11,878	1,542,988	86,312	183,244	1,812,544	17,713	-	1,794,831	38.55	2,576,069	70.36%
2017	2015	1,146,488	368,921	6,350	1,521,759	82,321	180,716	1,784,796	16,099	-	1,768,697	37.93	2,529,667	70.55%
2016	2014	1,142,602	367,152	6,425	1,516,179	89,335	180,314	1,785,828	18,745	-	1,767,083	36.91	2,565,109	69.62%
2015	2013	1,137,949	364,583	7,202	1,509,734	85,341	184,647	1,779,722	17,671	-	1,762,051	36.11	2,536,923	70.15%
2014	2012	1,133,280	359,258	7,470	1,500,008	75,767	176,322	1,752,097	17,716	-	1,734,381	35.40	2,418,110	72.46%
2013	2011	*** 1,130,299	355,469	8,646	1,494,414	82,581	181,538	1,758,533	20,093	-	1,738,440	33.63	2,501,860	70.29%
2012	2010	1,270,682	402,280	9,273	1,682,235	84,559	165,126	1,931,920	17,347	-	1,914,573	29.90	2,555,955	75.59%
2011	2009	1,262,353	402,533	8,889	1,673,775	81,908	157,390	1,913,073	18,434	-	1,894,639	30.02	2,474,000	77.33%
2010	2008	** 1,254,850	404,763	12,089	1,671,702	77,115	157,558	1,906,375	15,676	-	1,890,699	28.42	2,438,811	78.17%

\* Excludes assessed value on supplemental motor vehicle listings.

\*\* Phase-in of Real Property revaluation - Year 3 of 3 for fiscal year end June 30, 2010

\*\*\* Revaluation.

\*\*\*\* Represents blended mil rate.

(1) Includes public utility property.

(2) The latest real estate revaluation was effective for the October 1, 2016 Grand List. Real estate is assessed at 70% of estimated full value.

(3) The basis of assessment is 70% of estimated full value for personal property and motor vehicles which are assessed annually.

(4) Tax rate is per \$1,000 of assessed value.

Source of data: Town Assessor's office.

TABLE 6

**TOWN OF VERNON, CONNECTICUT**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2010**  
**(UNAUDITED)**

Taxpayer	Fiscal Years Ended June 30,					
	2019			2010		
	Taxable Assessed Value (10/01/17 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/08 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)
Chapman and Mansions LLC	\$ 76,185,800	1	4.19%	\$ 47,215,610	1	2.50%
Evandro Santini & Woodbrook LLC	49,702,670	2	2.73%	20,272,580	4	1.07%
Connecticut Water Company	28,575,489	3	1.56%	21,235,040	3	1.12%
Tri City Improvements, LLC	26,605,970	4	1.46%	30,287,560	2	1.60%
Prospect Rockville Hospital / ECHN	21,564,350	5	1.18%			
Connecticut Light & Power/Yankee Gas Co.	18,968,810	6	1.04%	17,211,260	5	0.91%
CE Vernon II, LLC	16,379,790	7	0.90%	15,571,120	6	0.82%
Boston Rockville / Boston Vernon	10,545,810	8	0.58%	7,987,170	8	0.42%
Briar Knoll Apartments	7,919,300	9	0.44%			
New West Apartments	6,801,750	10	0.37%			
Chapman Acres, LLC				9,005,420	7	0.48%
Parkwest Residents Association				7,679,770	9	0.41%
Kerensky, Schneider (Risley Trust)				6,842,300	10	0.36%
<b>Total Top 10 Taxpayers</b>	<u>263,249,739</u>		<u>14.46%</u>	<u>183,307,830</u>		<u>9.70%</u>
* Based on 10/1 Net Taxable Grand List of:	<u>\$ 1,820,225,893</u>			<u>\$ 1,890,699,101</u>		

Source: Town of Vernon, Tax Assessor's Department



TABLE 7

**TOWN OF VERNON, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Grand List Oct 1,	Current Year Levy			Current Levy Collected within the Fiscal Year of the Levy		Collections of Current Levy Subsequent Years	Total Levy Collections to Date			Uncollected Collectible Taxes June 30, 2019
		Original Current Year Levy	Adjustments to date	Adjusted Current Year Levy	Amount	Percentage of Original Levy		Amount	Percentage of Original Levy	Percentage of Adjusted Levy	
2019	2017	\$ 72,976,496	\$ (234,313)	\$ 72,742,183	\$ 71,718,449	98.3%	\$ -	\$ 71,718,449	98.3%	98.6%	\$ 1,023,734
2018	2016	69,992,863	363,775	70,356,638	69,399,587	99.2%	589,038	69,988,625	100.0%	99.5%	368,013
2017	2015	67,980,089	(302,086)	67,678,003	66,936,857	98.5%	621,022	67,557,879	99.4%	99.8%	120,124
2016	2014	65,976,102	(321,048)	65,655,054	65,021,214	98.6%	580,970	65,602,184	99.4%	99.9%	52,870
2015	2013	64,211,229	(276,969)	63,934,260	63,158,074	98.4%	738,110	63,896,184	99.5%	99.9%	38,076
2014	2012	62,079,457	11,366	62,090,823	61,327,304	98.8%	730,962	62,058,266	100.0%	99.9%	32,557
2013	2011	58,943,099	(351,084)	58,592,015	57,812,300	98.1%	753,017	58,565,317	99.4%	100.0%	26,698
2012	2010	57,542,153	(206,275)	57,335,878	56,603,238	98.4%	700,177	57,303,415	99.6%	99.9%	32,463
2011	2009	57,205,162	(133,336)	57,071,826	56,484,922	98.7%	554,531	57,039,453	99.7%	99.9%	32,373
2010	2008	53,957,129	(144,565)	53,812,564	53,268,067	98.7%	514,165	53,782,232	99.7%	99.9%	30,332

Note: The latest revaluation was effective for the year ended June 30, 2018. Property is taxed by the Town of Vernon only.

Source of Data:

Town of Vernon, Finance Department  
Town of Vernon, Tax Collector

TABLE 8

**TOWN OF VERNON, CONNECTICUT**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Governmental Activities							Total Primary Government	Estimated Actual Value of Property (in thousands of \$) (2)	Total Debt as a % of Estimated Actual Value of Property	Population (3)	Total Debt Per Capita	Per Capita Personal Income (4)	Total Debt as a % of Per Capita Personal Income	Personal Income as a % of Total Debt
	General Obligation Bonds				Unamortized Bond Premiums	Notes Payable	Leases Payable								
	General Purpose	School	Sewer	Total											
2019	\$ 27,233,000	\$ 14,826,000	\$ 416,000	\$ 42,475,000	\$ 561,213	\$ -	\$ 465,300	\$ 43,501,513	\$ 2,955,054	1.47%	29,303	\$ 1,485	n/a	n/a	n/a
2018	27,464,000	16,850,000	469,000	44,783,000	401,633	-	693,718	45,878,351	2,576,069	1.78%	29,289	1,566	56,614	2.77%	0.12%
2017	23,904,000	18,733,000	523,000	43,160,000	228,933	-	918,516	44,307,449	2,529,667	1.75%	29,148	1,520	54,818	2.77%	0.12%
2016	23,053,000	20,480,000	577,000	44,110,000	-	826,194	1,139,748	46,075,942	2,565,109	1.80%	28,959	1,591	52,466	3.03%	0.11%
2015	11,488,500	22,084,500	632,000	34,205,000	-	2,454,022	1,357,473	38,016,495	2,536,923	1.50%	29,098	1,306	52,311	2.50%	0.14%
2014	12,410,000	23,693,000	687,000	36,790,000	-	4,049,643	1,579,841	42,419,484	2,418,110	1.75%	29,161	1,455	49,598	2.93%	0.12%
2013	13,317,000	25,275,000	743,000	39,335,000	-	5,613,695	1,798,543	46,747,238	2,501,860	1.87%	29,122	1,605	47,623	3.37%	0.10%
2012	14,182,000	27,003,000	1,005,000	42,190,000	-	7,160,338	46,109	49,396,447	2,555,955	1.93%	29,179	1,693	47,524	3.56%	0.10%
2011	15,508,000	29,723,000	1,324,000	46,555,000	-	8,695,599	75,395	55,325,994	2,474,000	2.24%	29,205	1,894	45,645	4.15%	0.08%
2010	13,927,000	29,300,000	1,613,000	44,840,000	-	10,210,277	188,094	55,238,371	2,438,811	2.26%	30,182	1,830	43,503	4.21%	0.08%

Source of data:

(1) Town of Vernon, Finance Department.

(2) Estimated Actual Value of Property provided by State Office of Policy and Management and Town Assessor's Office.

(3) Population estimates are provided by the Connecticut Department of Public Health except for the Fiscal Year (FY) 2011/12 population estimate which was provided by the U.S. Census Bureau.

(4) Per capita income is for Tolland County, of which Vernon is part of. Per capita income for fiscal year-end 2019 is not available.

n/a - Information is not yet available.

Note: The Town of Vernon's per capita income for fiscal year ending 2012 per the U.S. Census Bureau was \$33,784.

TABLE 9

**TOWN OF VERNON, CONNECTICUT**  
**RATIO OF NET GENERAL OBLIGATION DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Total General Obligation Bonds (1)	Unamortized General Obligation Bond Premiums	Other General Obligation Debt				Total Net General Obligation Debt	Net General Obligation Debt as a % of Estimated Actual Value of Property (2)	Net General Obligation Debt Per Capita (3)
			Notes Payable	Less Funds Provided by Surrounding Municipalities	Leases Payable	Total Net Other General Debt			
2019	\$ 42,475,000	\$ 561,213	\$ -	\$ -	\$ 465,300	\$ 1,026,513	\$ 43,501,513	1.47%	\$ 1,485
2018	44,783,000	401,633	-	-	693,718	1,095,351	45,878,351	1.78%	1,566
2017	43,160,000	228,933	-	-	918,516	1,147,449	44,307,449	1.75%	1,520
2016	44,110,000	-	826,194	(177,837)	1,139,748	1,788,105	45,898,105	1.79%	1,585
2015	34,205,000	-	2,454,022	(528,225)	1,357,473	3,283,270	37,488,270	1.48%	1,288
2014	36,790,000	-	4,049,643	(871,680)	1,579,841	4,757,804	41,547,804	1.72%	1,425
2013	39,335,000	-	5,613,695	(1,208,340)	1,798,543	6,203,898	45,538,898	2.22%	1,564
2012	42,190,000	-	7,160,338	(1,538,339)	46,109	5,668,108	47,858,108	1.87%	1,640
2011	46,555,000	-	8,695,599	(1,861,809)	75,395	6,909,185	53,464,185	2.16%	1,831
2010	44,840,000	-	10,210,277	(2,178,880)	188,094	8,219,491	53,059,491	2.18%	1,758

(1) See Table 8 for components of General Obligation Bonds.

(2) Estimated Actual Value of Property - See Table 5.

(3) Population - See Table 8.

TABLE 10

**TOWN OF VERNON, CONNECTICUT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Debt limit	\$ 379,667,540	\$ 401,786,343	\$ 401,538,851	\$ 411,836,390	\$ 437,941,686
Total net debt applicable to limit	74,112,799	70,017,242	63,497,343	55,338,576	76,292,782
Legal Debt Margin	<u>\$ 305,554,741</u>	<u>\$ 331,769,101</u>	<u>\$ 338,041,508</u>	<u>\$ 356,497,814</u>	<u>\$ 361,648,904</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>19.52%</u>	<u>17.43%</u>	<u>15.81%</u>	<u>13.44%</u>	<u>17.42%</u>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Debt limit	\$ 449,852,739	\$ 464,838,675	\$ 477,242,262	\$ 492,664,200	\$ 510,970,460
Total net debt applicable to limit	70,000,325	68,645,611	71,058,289	70,458,225	148,800,161
Legal Debt Margin	<u>\$ 379,852,414</u>	<u>\$ 396,193,064</u>	<u>\$ 406,183,973</u>	<u>\$ 422,205,975</u>	<u>\$ 362,170,299</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>15.56%</u>	<u>14.77%</u>	<u>14.89%</u>	<u>14.30%</u>	<u>29.12%</u>

Source: Town of Vernon, Finance Department

TABLE 11

**TOWN OF VERNON, CONNECTICUT**  
**DEMOGRAPHIC AND ECONOMIC DATA**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>(1) Median Age</b>	<b>(2) Personal Income (in thousands of dollars)</b>	<b>(2) Per Capita Personal Income</b>	<b>School Enrollment</b>	<b>Annual Change in School Enrollment</b>	<b>Unemployment Rate (June 30,)</b>	<b>Labor Force (June 30,)</b>
2019	29,303	n/a	n/a	n/a	3,106	31	3.7%	17,641
2018	29,289	38.1	8,544,286	56,614	3,075	-111	4.2%	17,418
2017	29,148	39.2	8,302,286	54,818	3,186	18	4.9%	17,454
2016	28,959	39.5	7,928,531	52,466	3,168	-70	5.9%	17,208
2015	29,098	39.3	7,920,906	52,311	3,238	-79	5.2%	17,362
2014	29,161	40.4	7,507,486	49,598	3,317	-123	6.6%	17,047
2013	29,122	39.7	7,224,684	47,623	3,440	-110	7.5%	16,819
2012	29,179	40.5	7,220,143	47,524	3,550	-46	8.0%	17,444
2011	29,205	40.4	6,986,297	45,645	3,596	-107	8.4%	17,923
2010	30,182	40.4	6,664,680	43,503	3,703	119	8.4%	17,894

n/a - Information is not yet available.

Sources of data:

Population estimates are provided by the Connecticut Department of Public Health, except for fiscal year-ending 2012 which was provided by the U.S. Census Bureau

(1) Median Age data is shown for Tolland County, Connecticut of which Vernon is a part of. This information is provided by American FactFinder for years 2010 to 2018 (no longer available) and from Connecticut Demographics for 2019.

(2) Personal Income and Per Capita Personal Income are identified for Tolland County, Connecticut, of which Vernon is a part of. This information is provided by the Bureau of Economic Analysis, U.S. Department of Commerce and prior year estimates were all revised.

School Enrollment is provided by the Vernon Office of Superintendent of Schools.

Unemployment and Labor Force data are provided by the State Department of Labor.

TABLE 12

**TOWN OF VERNON, CONNECTICUT**  
**MAJOR EMPLOYERS**  
**FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2010**  
**(UNAUDITED)**

Major Employer	2019			2010		
	Number Employed	Rank	Percentage of Total Town Employment	Number Employed	Rank	Percentage of Total Town Employment
Town of Vernon	816	1	4.6%	835	1	4.7%
Rockville General Hospital	537	2	3.0%	559	2	3.1%
Visiting Nurse and Health Services	431	3	2.4%	458	3	2.6%
Stop & Shop	283	4	1.6%	184	8	1.0%
Vernon Manor	179	5	1.0%	178	10	1.0%
Rein's Delicatessen	155	6	0.9%	180	9	1.0%
Fox Hill Nursing and Rehabilitation	148	7	0.8%			
State of Connecticut	145	8	0.8%	227	6	1.3%
T. J. Maxx & Home Goods	125	9	0.7%			
Suburban Subaru	112	10	0.6%			
Ticket Network				260	4	1.5%
Price Chopper				250	5	1.4%
New England Mechanical Services				200	7	1.1%
Total	<u>2,931</u>		<u>16.6%</u>	<u>3,331</u>		<u>18.6%</u>
Labor Force			<u>17,641</u>			<u>17,894</u>

Source: Town of Vernon Economic Development Department

TABLE 13

**TOWN OF VERNON, CONNECTICUT**  
**MUNICIPAL EMPLOYMENT, BY BARGAINING UNIT**  
**JUNE 30, 2019**  
**(UNAUDITED)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Municipal Employment										
Board of Education	597	580	629	615	622	640	635	631	638	624
General Government	219	212	212	209	208	206	205	204	204	211
Total	<u>816</u>	<u>792</u>	<u>841</u>	<u>824</u>	<u>830</u>	<u>846</u>	<u>840</u>	<u>835</u>	<u>842</u>	<u>835</u>

	Bargaining Unit	Employees Covered at 6/30/2019	Current Contract Expiration Date
<u>Board of Education</u>			
Clerical / Custodial / Maintenance	Local 1303, AFSCME, AFL-CIO	66	6/30/19
Teachers	Vernon Education Association	307	6/30/21
School Administrators	Vernon School Administrators Association	19	6/30/22
School Nurses	Vernon School Nurses' Association	8	6/30/23
Cafeteria	United Food & Commercial Workers, Local 919, AFL-CIO	30	6/30/20
Plant Operation Supervisors	Local 818, Council #4, Supervisors	2	6/30/22
Service Aids & Teacher Assistants	Vernon Federation of Paraprofessionals	110	6/30/20
Librarians / Media Managers / Assistants	Local 1303-279, AFSCME, AFL-CIO	8	6/30/23
Non-Bargaining Employees	Not affiliated - salaried	47	n/a
	Total Board of Education	<u>597</u>	
<u>General Government</u>			
	Bargaining Unit		
Police officers	Vernon Police Association	48	6/30/22
Public Works/ Parks / Water Pollution	Local 1471, AFSCME, AFL-CIO	62	6/30/22 *
Public Works Supervisors	Local 818, AFSCME, AFL-CIO	5	6/30/21
Civilian Police Department Employees	Local 47, Connecticut Independent Laborers Union	13	6/30/20
Professionals	Local 818 Professionals, AFSCME, AFL-CIO	25	6/30/19
Professional Supervisors	Local 818 Professionals, AFSCME, AFL-CIO	8	6/30/22
Waste Treatment Plant Supervisors	Local 818, AFSCME, AFL-CIO	3	6/30/19
Non-Bargaining Employees	Not affiliated	55	n/a
	Total General Government	<u>219</u>	

Source of data:

Board of Education, Business Office.

General Government, Town Administration.

\* Subsequent to June 30, 2019, this bargaining agreement was ratified through June 30, 2022.

TABLE 14

**TOWN OF VERNON, CONNECTICUT**  
**MUNICIPAL FULL-TIME EMPLOYMENT BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Function / Program	Full-time Employment Positions - Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:										
Administrative	8	7	7	7	7	7	7	7	7	8
Finance	14	14	14	14	14	14	13	13	13	14
Town Clerk	3	3	3	3	3	3	3	3	3	4
Data processing	12	12	12	11	11	10	10	4	4	4
Community Development:										
Planning	2	2	2	2	2	2	2	2	2	2
Economic Development	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police	64	64	64	64	64	64	64	67	67	67
Fire / Ambulance	3	3	3	2	2	2	2	2	2	2
Building	6	7	7	7	6	5	5	5	5	5
Animal Control	2	2	2	2	2	2	2	2	2	2
Maintenance and development:										
Public Works	48	46	46	46	47	47	47	48	48	51
Engineering	3	4	4	4	4	4	4	4	4	4
Water Pollution Control	23	22	22	22	22	22	22	22	22	23
Human Services:										
Youth Services	3	3	4	3	3	3	3	3	3	3
Social Services	4	4	4	4	4	4	4	4	4	4
Senior Center	4	4	3	3	3	3	3	3	3	3
Parks and Recreation:										
Administration	5	5	5	5	5	5	5	6	6	6
Parks Maintenance	7	7	7	7	6	6	6	6	6	6
Library	5									
Townwide:										
Cemeteries	2	2	2	2	2	2	2	2	2	2
Subtotal Town Hall employees	219	212	212	209	208	206	205	204	204	211
Education	597	580	629	615	622	640	635	631	638	624
Total Full-Time Employees	816	792	841	824	830	846	840	835	842	835

Source: Vernon Finance Department and Vernon School Business Office.



TABLE 15

**TOWN OF VERNON, CONNECTICUT**  
 OPERATING INDICATORS BY FUNCTION/ PROGRAM  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Function/Program	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Community Development</b>										
Planning Administration:										
Number of Inland Wetland applications	8	8	7	10	9	7	9	8	7	12
Number of Planning/Zoning applications (both indicators based on calendar year)	14	22	20	17	14	22	22	19	26	29
<b>Public Safety</b>										
Police:										
Number of crimes	309	328	271	334	103	277	360	339	314	415
Number of motor vehicle infractions	749	1,463	949	789	1,010	678	1,002	1,108	1,126	1,567
Number of citations	3,094	5,231	4,070	3,304	3,517	3,465	5,206	4,814	6,157	6,674
Number of service calls (all indicators based on calendar year)	19,379	19,753	20,461	19,027	18,689	18,448	19,454	19,261	19,149	18,872
Building Inspection:										
Building permits issued	1,566	1,798	2,202	2,400	2,130	1,938	1,903	2,017	1,794	1,850
Building inspections conducted	2,368	3,150	2,661	4,812	5,514	7,596	7,594	7,669	6,350	6,343
<b>Maintenance and Development</b>										
General Maintenance:										
Miles of streets paved / reconstructed	13.38	10.06	18.02	14.94	15.30	10.21	1.64	1.11	6.02	0.98
Refuse Collection and Disposal:										
Tons of Municipal Solid Waste collected	7,441.00	7,339.10	7,151.56	7,187.91	7,158.84	7,178.17	6,740.80	7,641.02	7,570.10	8,177.00
Tons of Bulky Waste received	1,911.50	1,563.92	1,490.82	1,541.05	1,362.42	1,462.63	1,366.38	1,516.90	1,363.80	1,686.00
Recycling:										
Tons of Recyclables collected	2,304.90	2,433.18	2,490.23	2,566.03	2,462.33	2,528.12	2,510.82	2,492.44	2,442.90	1,877.00
Tons of Waste Motor Oil received	5.8	3.5	5.2	3.5	4.4	3.5	2.4	2.7	5.0	7.9
Tons of Metal received	233	199	215	158	159	162	162	168	185	275
Tons of Electronics received	73.8	68.8	71.2	73.0	72.0	74.8	69.5	78.0	19.8	21.0
Units of Lead Acid Batteries received	51	47	52	63	70	89	102	42	104	165
<b>Parks and Recreation</b>										
Recreation programs:										
Number of programs offered	107	104	100	108	112	108	89	94	97	89
Number of summer camp participants	2,876	2,321	2,669	2,756	2,696	2,618	2,378	2,301	2,042	1,971
<b>Townwide</b>										
Vernon Cemeteries:										
Number of cemetery lots sold	30	31	32	27	37	31	71	65	41	54
Number of burials / cremations	83	76	60	72	81	72	87	63	90	70
Water Pollution Control Facility:										
Average daily sewage treatment (thousands of gallons)	4,093	3,490	2,840	2,890	3,160	3,210	2,825	3,424	3,120	3,240

Source of data: Various town departments.

Note: No operating indicators are available/presented for general government, human services or education functions.

n/a = Information is not available or the information is not readily available at this time or the database for depicted years differs significantly from less recent years.

TABLE 16

**TOWN OF VERNON, CONNECTICUT**  
**CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

FUNCTION/PROGRAM	FISCAL YEAR ENDED JUNE 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	50	50	50	50	50	50	50	50	50	50
Number of fire / ambulance stations	6	6	6	6	6	6	6	6	6	6
Number of fire / ambulance volunteers	170	180	183	168	166	166	155	160	158	161
Maintenance and Development:										
Miles of improved roads	113.48	113.03	113.00	113.00	112.78	112.78	112.78	112.34	112.34	112.34
Miles of unimproved roads	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Miles of sanitary sewers	122.2	122.0	120.0	112.9	112.9	112.9	112.9	112.9	112	112
Number of sanitary sewer pump stations	7	7	7	7	7	7	7	7	7	7
Treatment capacity - million gallons/day	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Parks and Recreation:										
Number of parks	26	26	26	26	26	26	26	26	26	23
Acres of park land	582.52	582.52	582.52	582.52	582.52	582.52	582.52	582.52	579.52	570.42
Number of pools	2	2	2	2	2	2	2	2	2	2
Number of beaches	2	2	2	2	2	2	2	2	2	2
Education:										
Number of schools:										
Elementary	5	5	5	5	5	5	5	5	5	5
Middle	1	1	1	1	1	1	1	1	1	1
High / VOAG	1	1	1	1	1	1	1	1	1	1
Special Education	1	1	1	1	1	1	1	1	1	1
Townwide:										
Number of cemeteries maintained	5	5	5	5	5	5	5	5	5	5

Source of data: Various town departments.

Note: No capital asset indicators are available for general government, community development or human services functions.

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## **TREND DATA SECTION**

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This part of the Town's comprehensive annual financial report presents additional detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

TABLE 17

TOWN OF VERNON, CONNECTICUT  
GENERAL FUND  
BALANCE SHEETS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Assets</b>										
Cash and cash equivalents	\$ 20,970,663	\$ 24,300,526	\$ 15,394,454	\$ 13,861,671	\$ 12,656,001	\$ 12,682,587	\$ 9,068,082	\$ 11,160,475	\$ 11,307,402	\$ 10,483,361
Receivables:										
Property taxes	1,685,060	1,557,421	1,285,423	1,491,096	1,736,071	1,819,045	1,754,356	1,618,936	1,370,094	1,281,734
Grants and other	103,493	174,675	45,696	69,493	202,558	103,857	868,194	3,982,406	632,078	891,434
Due from other funds	10,593,644	6,242,797	5,309,418	5,417,912	8,326,930	3,359,413	3,746,953	2,105,434	2,255,426	4,092,563
Prepaid items	587,300	558,850	595,917	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	129,500	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 33,940,160</u>	<u>\$ 32,834,269</u>	<u>\$ 22,630,908</u>	<u>\$ 20,840,172</u>	<u>\$ 23,051,060</u>	<u>\$ 17,964,902</u>	<u>\$ 15,437,585</u>	<u>\$ 18,867,251</u>	<u>\$ 15,565,000</u>	<u>\$ 16,749,092</u>
<b>Liabilities</b>										
Accounts payable	\$ 1,050,129	\$ 1,258,498	\$ 958,331	\$ 1,054,590	\$ 1,129,926	\$ 1,243,216	\$ 936,300	\$ 857,826	\$ 1,039,133	\$ 1,203,518
Accrued wages and benefits	325,684	407,607	341,339	672,962	525,010	438,418	326,395	392,237	748,115	559,911
Due to other funds	467,822	795,529	767,767	667,277	501,580	234,446	844,442	788,442	804,219	2,464,181
Unearned revenue	316,176	362,618	306,216	319,882	301,386	293,879	289,007	297,872	288,810	309,740
<b>Total Liabilities</b>	<u>2,159,811</u>	<u>2,824,252</u>	<u>2,373,653</u>	<u>2,714,711</u>	<u>2,457,902</u>	<u>2,209,959</u>	<u>2,396,144</u>	<u>2,336,377</u>	<u>2,880,277</u>	<u>4,537,350</u>
<b>Deferred Inflows of Resources</b>										
Advanced tax collections	6,224,473	7,098,849	5,319	-	4,800,790	1,629,621	109,695	3,775,450	5,877	4,722
Unavailable revenues	1,685,060	1,557,421	1,043,830	1,165,205	1,507,581	1,441,980	1,527,556	1,640,897	1,600,781	1,780,291
<b>Total Deferred Inflows of Resources</b>	<u>7,909,533</u>	<u>8,656,270</u>	<u>1,049,149</u>	<u>1,165,205</u>	<u>6,308,371</u>	<u>3,071,601</u>	<u>1,637,251</u>	<u>5,416,347</u>	<u>1,606,658</u>	<u>1,785,013</u>
<b>Fund Equity</b>										
Nonspendable	3,254,535	2,258,353	1,925,692	1,448,917	1,464,018	957,770	625,082	714,782	857,747	957,000
Assigned	1,319,062	2,149,417	3,201,676	2,729,466	2,003,342	1,540,633	1,388,542	1,820,141	2,122,970	2,155,779
Unassigned	19,297,219	16,945,977	14,080,738	12,781,873	10,817,427	10,184,939	9,390,566	8,579,604	8,097,348	7,313,950
<b>Total fund equity</b>	<u>23,870,816</u>	<u>21,353,747</u>	<u>19,208,106</u>	<u>16,960,256</u>	<u>14,284,787</u>	<u>12,683,342</u>	<u>11,404,190</u>	<u>11,114,527</u>	<u>11,078,065</u>	<u>10,426,729</u>
<b>Total liabilities, deferred inflows of resources and fund equity</b>	<u>\$ 33,940,160</u>	<u>\$ 32,834,269</u>	<u>\$ 22,630,908</u>	<u>\$ 20,840,172</u>	<u>\$ 23,051,060</u>	<u>\$ 17,964,902</u>	<u>\$ 15,437,585</u>	<u>\$ 18,867,251</u>	<u>\$ 15,565,000</u>	<u>\$ 16,749,092</u>

Source: Town of Vernon, Finance Department.

TABLE 18

**TOWN OF VERNON, CONNECTICUT**  
**GENERAL FUND**  
**REVENUES BY SOURCE AND OTHER FINANCING SOURCES - GAAP BASIS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Revenues By Source								On-Behalf Payments	Other Financing Sources	Revenues and Other Financing Sources	
	Property Taxes	Intergovernmental	Charges for Services	Licenses and Permits	Gifts and Contributions	Fines and Penalties	Investment Income	Other			Total	Annual % Increase
2019 % of Total	\$ 72,973,560 70.7%	\$ 18,912,215 18.3%	\$ 1,567,087 1.5%	\$ 423,922 0.4%	\$ - 0.0%	\$ 33,170 0.0%	\$ 449,557 0.4%	\$ 755,315 0.7%	\$ 7,981,121 7.7%	\$ 65,425 0.1%	\$ 103,161,372 100.0%	4.3%
2018 % of Total	70,116,452 70.9%	19,101,973 19.3%	1,473,242 1.5%	985,405 1.0%	- 0.0%	101,419 0.1%	62,936 0.1%	577,141 0.6%	6,379,589 6.4%	133,003 0.1%	98,931,160 100.0%	2.6%
2017 % of Total	67,962,636 70.5%	19,688,630 20.4%	1,337,058 1.4%	800,744 0.8%	- 0.0%	21,716 0.0%	28,277 0.0%	456,813 0.5%	6,030,310 6.3%	73,286 0.1%	96,399,470 100.0%	1.0%
2016 % of Total	66,502,928 69.7%	19,224,840 20.1%	1,426,501 1.5%	1,557,541 1.6%	- 0.0%	111,596 0.1%	14,060 0.0%	510,816 0.5%	5,895,525 6.2%	237,180 0.2%	95,480,987 100.0%	2.8%
2015 % of Total	64,116,182 69.0%	19,415,486 20.9%	1,431,194 1.5%	831,371 0.9%	- 0.0%	94,347 0.1%	1,369 0.0%	490,685 0.5%	6,360,944 6.8%	167,162 0.2%	92,908,740 100.0%	2.0%
2014 % of Total	62,683,962 68.8%	19,327,891 21.2%	1,498,391 1.7%	531,337 0.6%	- 0.0%	21,903 0.0%	136 0.0%	480,030 0.5%	6,285,839 6.9%	222,961 0.2%	91,052,450 100.0%	4.6%
2013 % of Total	58,939,088 67.7%	20,104,837 23.1%	1,276,169 1.5%	547,833 0.6%	- 0.0%	18,615 0.0%	1,054 0.0%	416,345 0.5%	5,170,568 5.9%	572,915 0.7%	87,047,424 100.0%	-1.1%
2012 % of Total	57,327,038 65.1%	22,856,032 26.0%	1,341,318 1.5%	563,598 0.6%	- 0.0%	20,251 0.0%	2,810 0.0%	579,446 0.7%	4,982,679 5.7%	329,270 0.4%	88,002,442 100.0%	3.7%
2011 % of Total	57,387,268 67.6%	20,710,835 24.4%	1,386,203 1.6%	491,675 0.6%	- 0.0%	10,193 0.0%	27,227 0.0%	739,529 0.9%	3,865,043 4.6%	280,095 0.3%	84,898,068 100.0%	5.0%
2010 % of Total	54,241,727 67.1%	20,352,445 25.2%	1,561,369 1.9%	441,648 0.5%	- 0.0%	13,008 0.0%	42,113 0.1%	439,966 0.5%	3,523,113 4.4%	241,856 0.3%	80,857,245 100.0%	1.6%

Source: Town of Vernon, Finance Department

TABLE 19

**TOWN OF VERNON, CONNECTICUT**  
GENERAL FUND  
EXPENDITURES BY FUNCTION AND OTHER FINANCING USES - GAAP BASIS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Expenditures by Function										Other Financing Uses	Expenditures and Other Financing Uses	
	General Government	Community Develop.	Public Safety	Maintenance and Develop.	Human Services	Parks, Recreation and Culture	Townwide	Education & On-Behalf Payments	Capital Outlay	Debt Service		Total	Annual % Increase
2019 % of Total	\$ 3,958,019 3.9%	\$ 237,348 0.3%	\$ 8,897,450 8.8%	\$ 5,877,282 5.8%	\$ 1,022,428 1.0%	\$ 1,814,408 1.8%	\$ 8,734,918 8.7%	\$ 60,608,276 60.2%	\$ 223,674 0.2%	\$ 6,048,071 6.0%	\$ 3,222,429 3.2%	\$ 100,644,303 100.0%	4.0%
2018 % of Total	3,858,068 4.0%	308,006 0.3%	8,239,281 8.5%	5,721,529 5.9%	929,904 1.0%	1,601,828 1.7%	8,391,849 8.7%	59,077,409 61.0%	412,942 0.4%	5,538,195 5.7%	2,706,508 2.8%	96,785,519 100.0%	2.8%
2017 % of Total	3,645,882 3.9%	259,219 0.3%	8,533,042 9.1%	5,504,582 5.8%	915,790 1.0%	1,496,065 1.6%	8,017,224 8.5%	58,063,598 61.7%	257,845 0.3%	4,910,864 5.2%	2,547,509 2.7%	94,151,620 100.0%	1.5%
2016 % of Total	3,694,679 4.0%	248,607 0.3%	8,561,323 9.2%	5,408,134 5.8%	938,018 1.0%	1,430,950 1.5%	7,933,163 8.5%	56,591,613 61.0%	740,131 0.8%	4,399,190 4.7%	2,859,710 3.1%	92,805,518 100.0%	1.6%
2015 % of Total	3,590,896 3.9%	235,770 0.3%	8,525,361 9.3%	5,550,883 6.1%	962,959 1.1%	1,369,686 1.5%	7,469,937 8.2%	57,008,315 62.4%	363,926 0.4%	4,046,597 4.4%	2,183,065 2.4%	91,307,395 100.0%	1.7%
2014 % of Total	3,428,718 3.8%	221,149 0.3%	7,995,555 8.9%	5,431,695 6.1%	936,012 1.0%	1,329,070 1.5%	7,107,547 7.9%	56,788,058 63.3%	130,174 0.1%	4,143,846 4.6%	2,261,474 2.5%	89,773,298 100.0%	3.5%
2013 % of Total	3,230,952 3.7%	241,139 0.3%	8,169,618 9.4%	5,222,913 6.0%	974,251 1.1%	1,358,243 1.6%	7,054,780 8.1%	54,365,055 62.7%	57,787 0.1%	4,365,302 5.0%	1,717,721 2.0%	86,757,761 100.0%	-1.4%
2012 % of Total	3,277,010 3.7%	248,176 0.3%	11,428,754 13.0%	5,272,527 6.0%	934,675 1.1%	1,339,374 1.5%	6,806,996 7.7%	52,300,137 59.5%	77,995 0.1%	4,675,035 5.3%	1,605,301 1.8%	87,965,980 100.0%	4.4%
2011 % of Total	3,047,360 3.6%	210,671 0.3%	7,774,406 9.2%	5,757,991 6.8%	958,938 1.1%	1,343,872 1.6%	7,321,967 8.7%	52,089,429 61.8%	109,587 0.1%	4,053,738 4.8%	1,578,773 1.9%	84,246,732 100.0%	4.9%
2010 % of Total	3,003,175 3.7%	222,003 0.3%	7,698,462 9.6%	5,451,295 6.8%	923,368 1.1%	1,338,415 1.7%	6,138,804 7.6%	49,302,826 61.4%	264,740 0.3%	3,091,374 3.8%	2,901,723 3.6%	80,336,185 100.0%	1.4%

Source: Town of Vernon, Finance Department

TABLE 20

**TOWN OF VERNON, CONNECTICUT**  
**SEWER ASSESSMENTS BILLINGS AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year Ended June 30,</b>	<b>Current Assessment Receivable, July 1,</b>	<b>Assessment Billings</b>	<b>Assessment Collections</b>	<b>Current Assessment Receivable, June 30,</b>
2019	\$ 508	\$ 2,925	\$ 2,925	\$ 508
2018	508	70,500	70,500	508
2017	527	9,666	9,685	508
2016	834	16,400	16,707	527
2015	985	9,362	9,513	834
2014	1,016	8,597	8,628	985
2013	1,086	4,391	4,461	1,016
2012	825	11,253	10,992	1,086
2011	1,263	47,913	48,351	825
2010	792	59,201	58,730	1,263

Source: Town of Vernon, Water Pollution Control Department.  
Town of Vernon, Finance Department.

TABLE 21

**TOWN OF VERNON, CONNECTICUT**  
**CHANGES IN NET POSITION - PENSION TRUST FUND**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Additions:</b>										
Contributions:										
Employer	\$ 4,553,212	\$ 4,388,529	\$ 4,358,821	\$ 4,062,749	\$ 3,688,522	\$ 3,266,289	\$ 3,199,500	\$ 3,399,576	\$ 2,604,841	\$ 2,655,103
Employee	1,256,855	1,320,899	1,295,754	1,403,018	1,389,713	1,369,933	1,332,034	1,238,650	1,232,063	1,262,617
Net investment income (loss)	(2,632,992)	8,231,748	3,945,608	460,955	3,128,463	7,861,240	4,787,526	100,809	4,054,823	5,604,908
Total additions to Net Position	<u>3,177,075</u>	<u>13,941,176</u>	<u>9,600,183</u>	<u>5,926,722</u>	<u>8,206,698</u>	<u>12,497,462</u>	<u>9,319,060</u>	<u>4,739,035</u>	<u>7,891,727</u>	<u>9,522,628</u>
<b>Deductions:</b>										
Benefit payments / annuity purchases	6,681,608	6,292,742	6,295,600	5,561,889	5,051,222	4,839,395	4,340,495	4,061,246	3,678,415	3,269,875
Refunds of contributions	294,463	234,263	30,299	225,532	348,070	62,064	74,631	29,190	71,754	126,960
Administrative expense	190,877	195,440	203,643	144,869	191,218	176,206	178,039	174,509	156,607	140,276
Total deductions to Net Position	<u>7,166,948</u>	<u>6,722,445</u>	<u>6,529,542</u>	<u>5,932,290</u>	<u>5,590,510</u>	<u>5,077,665</u>	<u>4,593,165</u>	<u>4,264,945</u>	<u>3,906,776</u>	<u>3,537,111</u>
Change in Plan Net Position	<u>\$ (3,989,873)</u>	<u>\$ 7,218,731</u>	<u>\$ 3,070,641</u>	<u>\$ (5,568)</u>	<u>\$ 2,616,188</u>	<u>\$ 7,419,797</u>	<u>\$ 4,725,895</u>	<u>\$ 474,090</u>	<u>\$ 3,984,951</u>	<u>\$ 5,985,517</u>
Employer contributions as a percentage of covered payroll	<u>24.79%</u>	<u>22.77%</u>	<u>21.99%</u>	<u>19.85%</u>	<u>18.69%</u>	<u>16.59%</u>	<u>16.36%</u>	<u>17.87%</u>	<u>13.77%</u>	<u>13.76%</u>

Source: Town of Vernon, Finance Department



**TOWN OF VERNON, CONNECTICUT**  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL DEBT TO GENERAL FUND EXPENDITURES - GAAP BASIS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund expenditures	\$ 97,421,874	\$ 94,079,011	\$ 91,604,111	\$ 89,945,808	\$ 89,124,230	\$ 87,511,824	\$ 85,040,040	\$ 86,390,679	\$ 82,667,959	\$ 77,434,462
Debt service expenditures:										
Principal	\$ 4,533,483	\$ 4,074,861	\$ 3,505,186	\$ 3,021,345	\$ 2,760,617	\$ 2,771,437	\$ 3,126,102	\$ 2,921,774	\$ 2,301,286	\$ 1,280,829
Interest	1,514,588	1,463,334	1,405,678	1,377,845	1,285,880	1,372,409	1,239,200	1,753,261	1,752,452	1,810,545
Total debt service	\$ 6,048,071	\$ 5,538,195	\$ 4,910,864	\$ 4,399,190	\$ 4,046,497	\$ 4,143,846	\$ 4,365,302	\$ 4,675,035	\$ 4,053,738	\$ 3,091,374
Percentage of debt service expenditures to General Fund expenditures	6.21%	5.89%	5.36%	4.89%	4.54%	4.74%	5.13%	5.41%	4.90%	3.99%

Source of data: Town of Vernon, Finance Department.

TABLE 23

**TOWN OF VERNON, CONNECTICUT**  
**NET TAXABLE GRAND LIST AND PERCENTAGE CHANGE BY TAXABLE PROPERTY**  
**LAST TEN YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Grand List	Real Estate		Personal Property		Motor Vehicles*		Total All Property	
		Net Taxable Grand List	% Change	Net Taxable Grand List	% Change	Net Taxable Grand List	% Change	Net Taxable Grand List	% Change
2019	10/1/2017	\$ 1,543,962,088	0.71%	\$ 92,385,720	13.19%	\$ 183,878,085	2.11%	\$ 1,820,225,893	1.41%
2018	10/1/2016 ***	1,533,125,300	1.13%	81,619,137	8.69%	180,086,105	1.43%	1,794,830,542	1.48%
2017	10/1/2015	1,516,055,457	0.39%	75,094,698	-5.97%	177,546,348	0.27%	1,768,696,503	0.09%
2016	10/1/2014	1,510,155,882	0.45%	79,865,015	5.16%	177,061,631	-3.09%	1,767,082,528	0.29%
2015	10/1/2013	1,503,406,927	0.69%	75,942,989	13.70%	182,700,970	4.73%	1,762,050,886	1.60%
2014	10/1/2012	1,493,134,500	0.45%	66,792,040	-9.39%	174,454,325	-2.17%	1,734,380,865	-0.23%
2013	10/1/2011 ***	1,486,403,230	-11.28%	73,714,500	-4.54%	178,321,984	10.12%	1,738,439,714	-9.20%
2012	10/1/2010	1,675,422,920	0.53%	77,221,820	3.73%	161,928,532	5.47%	1,914,573,272	1.05%
2011	10/1/2009	1,666,654,720	0.13%	74,447,066	2.87%	153,537,018	-0.20%	1,894,638,804	0.21%
2010	10/1/2008 **	1,664,474,310	13.12%	72,373,200	1.54%	153,851,591	-3.48%	1,890,699,101	11.08%

\* Excludes assessed value on supplemental motor vehicle listings.

\*\* Phase-in of Real Property revaluation - year 3 of 3 effective for fiscal year end June 30, 2010.

\*\*\* Revaluation.

Source of data: Town Assessor and Town Clerk Offices.

**TOWN OF VERNON, CONNECTICUT**  
**PROPERTY TAX LEVIES, RATES, COLLECTIONS AND UNCOLLECTED TAXES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Grand List Oct 1,	Tax Rate (In Mills)	Original Current Year Levy	Adjusted Current Year Levy at Fiscal Year End	Adjusted Current Year Levy at June 30, 2019	Current Levy Collected within the Fiscal Year of the Levy		Collections of Current Levy, Subsequent Years	Total Levy Collections To Date	Uncollected Taxes		Total Levy Uncollected to Date	
						Amount	Percentage of Adjusted Levy			As of End of Each Fiscal Year	As of June 30, 2019	Percentage of Original Levy	Percentage of Adjusted Levy
2019	2017	39.63	\$ 72,976,496	\$ 72,742,183	\$ 72,742,183	\$ 71,718,449	98.6%	\$ -	\$ 71,718,449	\$ 1,023,734	\$ 1,023,734	1.72%	1.41%
2018	2016	38.55	* 69,992,863	70,400,141	70,356,638	69,399,587	98.6%	589,038	69,988,625	1,000,554	368,013	0.01%	0.52%
2017	2015	37.93	* 67,980,089	67,778,045	67,678,003	66,936,857	98.9%	621,022	67,557,879	841,188	120,124	0.62%	0.18%
2016	2014	36.91	65,976,102	65,758,703	65,655,054	65,021,214	99.0%	580,970	65,602,184	737,489	52,870	0.57%	0.08%
2015	2013	36.11	64,211,229	63,997,909	63,934,260	63,158,074	98.8%	738,110	63,896,184	839,835	38,076	0.49%	0.06%
2014	2012	35.40	62,079,457	62,210,620	62,090,823	61,327,304	98.8%	730,962	62,058,266	883,316	32,557	0.03%	0.05%
2013	2011	33.63	58,943,099	58,684,540	58,592,015	57,812,300	98.7%	753,017	58,565,317	872,240	26,698	0.64%	0.05%
2012	2010	29.90	57,542,153	57,407,016	57,335,878	56,603,238	98.7%	700,177	57,303,415	803,778	32,463	0.41%	0.06%
2011	2009	30.02	57,205,162	57,184,120	57,071,826	56,484,922	99.0%	554,531	57,039,453	699,198	32,373	0.29%	0.06%
2010	2008	28.42	53,957,129	53,909,593	53,812,564	53,268,067	99.0%	514,165	53,782,232	641,526	30,332	0.32%	0.06%

\* Represents a blended tax rate.

Note: The latest revaluation was effective for the year ended June 30, 2018. Property is taxed by the Town of Vernon only.

Source Data:

Town of Vernon, Tax Collector

Town of Vernon, Finance Department

TABLE 25

**TOWN OF VERNON, CONNECTICUT**  
**RATIOS OF DIRECT AND NET DEBT TO NET TAXABLE, FULL VALUE AND EQUALIZED GRAND LIST**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Governmental Activities		Grand List			Total Direct Debt as a % of			Total Net Debt as a % of		
			Net Taxable Grand List (2)	Full Value Grand List (2)	Equalized Net Taxable Grand List (3)	Net Taxable Grand List	Full Value Grand List	Equalized Net Taxable Grand List	Net Taxable Grand List	Full Value Grand List	Equalized Net Taxable Grand List
	Total Direct Debt (1)	Total Net Debt (1)									
2019	\$ 42,940,300	\$ 42,940,300	\$ 1,820,225,893	\$ 2,600,322,704	\$ 2,940,732,662	2.36%	1.65%	1.46%	2.36%	1.65%	1.46%
2018	45,476,718	45,476,718	1,794,830,542	2,564,043,631	2,564,921,991	2.53%	1.77%	1.77%	2.53%	1.77%	1.77%
2017	44,078,516	44,078,516	1,768,696,503	2,526,709,290	2,514,856,753	2.49%	1.74%	1.75%	2.49%	1.74%	1.75%
2016	46,075,942	45,898,105	1,767,082,528	2,524,403,611	2,546,983,355	2.61%	1.83%	1.81%	2.60%	1.82%	1.80%
2015	38,016,495	37,488,270	1,762,050,886	2,517,215,551	2,520,764,900	2.16%	1.51%	1.51%	2.13%	1.49%	1.49%
2014	42,419,484	41,547,804	1,734,380,865	2,477,686,950	2,402,677,895	2.45%	1.71%	1.77%	2.40%	1.68%	1.73%
2013	46,747,238	45,538,898	1,738,439,714	2,483,485,306	2,484,656,177	2.69%	1.88%	1.88%	2.62%	1.83%	1.83%
2012	49,396,447	47,858,108	1,914,573,272	2,735,104,674	2,540,965,785	2.58%	1.81%	1.94%	2.50%	1.75%	1.88%
2011	55,325,994	53,464,185	1,894,638,804	2,706,626,863	2,462,690,474	2.92%	2.04%	2.25%	2.82%	1.98%	2.17%
2010	55,238,371	53,059,491	1,890,699,111	2,700,998,730	2,455,538,731	2.92%	2.05%	2.25%	2.81%	1.96%	2.16%

Source of data:

(1) Town of Vernon, Finance Department.

(2) Net Grand List and Full Value Grand List provided by Town Assessor's Office.

(3) Equalized Net Grand List provided by State Office of Policy and Management.

TABLE 26

**TOWN OF VERNON, CONNECTICUT**  
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Building Permits (1)								Property Values (3)**				
	Residential		Industrial and Commercial		All Other *		Total Building Permits		Bank Deposits (2) (in thousands)	Industrial and (4)			
	Construction		Construction		Construction		Construction			(3)** Residential	Commercial	Nontaxable	
	#	Value	#	Value	#	Value	#	Value					
2019	2	\$ 255,000	14	\$ 9,089,279	1,550	\$ 29,769,533	1,566	\$ 39,113,812	\$ 1,546,649	\$ 1,594,607,731	\$ 935,761,488	\$ 208,852,180	
2018	5	625,000	16	8,146,100	1,777	24,008,540	1,798	32,779,640	1,491,469	1,534,732,201	640,021,431	206,610,920	
2017	10	1,450,000	23	11,905,338	1,862	28,474,582	1,895	41,829,920	1,442,317	1,557,385,628	582,880,643	231,613,320	
2016	9	1,308,200	27	48,995,999	2,364	31,212,032	2,400	81,516,231	1,294,291	1,523,952,459	647,748,690	231,510,180	
2015	16	2,100,600	50	11,502,039	2,064	19,536,294	2,130	33,138,932	1,488,947	1,549,748,720	592,059,742	231,375,068	
2014	11	1,368,500	76	7,120,134	1,851	14,408,001	1,938	22,896,635	1,271,012	1,554,753,889	493,430,505	231,289,640	
2013	16	1,998,000	80	5,741,017	1,807	19,899,840	1,903	27,638,857	1,002,845	1,606,255,471	506,433,643	229,212,099	
2012	13	1,954,000	89	6,504,974	1,915	19,704,831	2,017	28,163,805	892,262	1,647,973,312	540,385,815	279,872,330	
2011	23	2,569,000	103	4,583,919	1,668	13,263,268	1,794	20,416,187	816,121	1,517,985,824	598,948,165	270,568,720	
2010	34	5,618,507	99	4,408,402	1,717	13,352,039	1,850	23,378,948	782,363	1,677,860,407	405,017,402	236,654,310	

\* Includes municipal improvements, multi-family dwellings, mobile homes, garages, pools, alterations, additions, stoves, sheds, fences etc.

\*\* Excludes vacant land.

Sources: (1) Town of Vernon, Building Department.  
(2) Available on-line at [www.fdic.gov/sod](http://www.fdic.gov/sod).  
(3) State of Connecticut Office of Policy and Management sales / assessment ratio studies.  
(4) Town of Vernon, Assessor's Department.

TABLE 27

**TOWN OF VERNON, CONNECTICUT**  
U.S. BUREAU OF CENSUS STATISTICS  
JUNE 30, 2019  
(UNAUDITED)

Year	Population (1)	Density (2)	Age Characteristics (1)				Income Characteristics (1)		
			Age	2000	2010	% Change	Income	2010 Households	% of total
2010	29,179	1,569	Under 5	1,713	1,663	-2.9%	\$ 0 to 14,999	1,134	8.7%
2000	28,063	1,509	5-19	5,027	4,597	-8.6%	\$15,000 to 24,999	1,110	8.5%
1990	29,841	1,604	20-34	6,023	6,456	7.2%	\$25,000 to 34,999	993	7.6%
1980	27,974	1,504	35-54	8,647	8,227	-4.9%	\$35,000 to 49,999	2,023	15.5%
1970	27,237	1,464	55-64	2,747	3,683	34.1%	\$50,000 to 74,999	2,404	18.4%
1960	16,961	912	Over 65	3,906	4,553	16.6%	\$75,000 to 99,999	2,050	15.7%
1950	10,115	544					\$100,00 or more	3,317	25.6%
			Total	28,063	29,179	4.0%			
			Median	37.7	40.2		Total	13,031	100%

Years of School Completed, Persons Age 25 and Over (1)							
Educational Attainment	All Persons 2000		All Persons 2010		Income	2000	
	No.	%	No.	%		Households	% of total
Did not complete high school	2,782	14.2%	2,020	9.5%	\$ 0 to 14,999	1,355	11.0%
High school graduate	5,934	30.2%	6,451	30.4%	\$15,000 to 24,999	1,400	11.4%
Some college, no degree & Associate degree	5,660	28.8%	6,348	29.9%	\$25,000 to 34,999	1,520	12.4%
Bachelor, graduate of professional degree	5,253	26.8%	6,397	30.2%	\$35,000 to 49,999	2,098	17.1%
					\$50,000 to 74,999	2,864	23.2%
					\$75,000 to 99,999	1,571	12.8%
					\$100,00 or more	1,482	12.1%
Total	19,629	100%	21,216	100%			
Percent high school graduate or higher		85.8%		90.5%	Total	12,290	100%
Percent bachelor's degree or higher		26.8%		30.2%			

Housing Occupancy							
	All Housing Units 2000		All Housing Units 2010			2000	2010
	No.	% of total	No.	% of total			
Owner Occupied Housing Units	6,935	56.5%	7,532	58.0%	Median Income	\$ 47,816	\$ 62,115
Renter Occupied Housing Units	5,334	43.5%	5,444	42.0%	Mean Income	57,533	74,113
					Per Capita Income	25,150	33,784
					% below poverty level	5.8%	6.4%
Total	12,269	100%	12,976	100%			

Sources of Data:

- (1) U.S. Department of Commerce, Bureau of Census.  
(2) Population per square mile, based on an area of 18.6 square miles.

TABLE 28

**TOWN OF VERNON, CONNECTICUT**  
**LAND USE / ZONING STATISTICS**  
 JUNE 30, 2019  
 (UNAUDITED)

Category	LAND USE			EXISTING ZONING		
	# of Acres	% of Total	% of Developed / Committed Land	Category	# of Acres	% of Total
Residential	5,304	46.05%	53.67%	Residential	7,223	62.71%
Commercial / Industrial*	712	6.18%	7.21%	Business:		
Community Facilities / Institutional	352	3.06%	3.56%	Commercial / Industrial	872	7.57%
Open Space	1,904	16.53%	19.27%	Rockville Historic District	713	6.19%
R-O-W / Utilities	1,610	13.98%	16.29%	Other Special Zones	1,310	11.37%
Vacant	1,636	14.20%		No zone (right-of-way, water, other)	1,400	12.15%
Total	11,518	100.00%	100.00%	Total	11,518	100.00%

\* Includes Agriculture and Mixed Use total acreage of 95 and 16 acres, respectively.

Source: Land Use statistics from the Town's Plan of Conservation and Development and Existing Zoning from Town Planner's Office.

TABLE 29

**TOWN OF VERNON, CONNECTICUT**  
**SCHOOL FACILITIES AND ENROLLMENT DATA**  
 JUNE 30, 2019  
 (UNAUDITED)

School	Grades	Number of Classrooms	Total Floor Area (Sq. ft.)	School Capacity	School Enrollment as of 10/1/2018
Elementary Schools:					
Center Road	Pre-K to 5	33	75,122	825	493
Lake Street	Pre-K to 5	20	39,219	525	225
Maple Street	Pre-K to 5	23	39,920	525	273
Northeast	Pre-K to 5	19	41,500	525	224
Skinner Road	Pre-K to 5	21	45,350	525	332
Total Elementary Schools				2,925	1,547
Middle School	6 to 8	70	135,988	1,500	705
Rockville High and VO-AG	9 to 12	136	272,748	2,400	854
<b>Total In-District Enrollment</b>				<b>6,825</b>	<b>3,106</b>
Out of District	All	n/a	n/a	n/a	32
<b>Total Enrollment</b>				<b>6,825</b>	<b>3,138</b>

**ACTUAL  
 SCHOOL ENROLLMENTS  
 LAST TEN FISCAL YEARS**

<u>School Year *</u>	<u>Pre-K</u>	<u>K-5</u>	<u>6-8</u>	<u>9-12</u>	<u>TOTAL IN-DISTRICT</u>	<u>ANNUAL % CHANGE</u>	<u>OUT-OF-DISTRICT</u>
2009/10	124	1,638	802	1,139	3,703	3.32%	38
2010/11	129	1,620	768	1,079	3,596	-2.89%	38
2011/12	142	1,615	738	1,055	3,550	-1.28%	38
2012/13	172	1,595	697	976	3,440	-3.10%	48
2013/14	177	1,552	659	929	3,317	-3.58%	48
2014/15	177	1,535	649	877	3,238	-2.38%	46
2015/16	165	1,499	681	823	3,168	-2.16%	41
2016/17	146	1,480	712	848	3,186	0.57%	38
2017/18	135	1,445	703	792	3,075	-3.48%	34
2018/19	120	1,427	705	854	3,106	1.01%	32

\* As of October 1.

**PROJECTED  
 SCHOOL ENROLLMENTS  
 NEXT 5 FISCAL YEARS**

2019/20	174	1,421	641	829	3,065	-1.07%	41
2020/21	174	1,404	630	846	3,054	-0.36%	41
2021/22	174	1,397	619	836	3,026	-0.92%	41
2022/23	174	1,393	619	788	2,974	-1.72%	41
2023/24	174	1,389	605	794	2,962	-0.40%	41

School Classrooms, Capacity and Actual Enrollments: Vernon Superintendent of Schools Office.

\* Projected Enrollments: Prepared by Milone & MacBroom, dated March 2016.

School Square Footage: Per Code Information Sheets (updated to reflect recent school building projects).