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**2016**

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**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

FISCAL YEAR ENDED JUNE 30, 2016



**TOWN OF VERNON  
CONNECTICUT**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

of the

**TOWN OF VERNON,  
CONNECTICUT**

**FOR THE YEAR ENDED  
JUNE 30, 2016**

**PREPARED BY:  
THE FINANCE DEPARTMENT**

**JAMES LUDDECKE, FINANCE OFFICER/TREASURER**

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## **Introductory Section**

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**TOWN OF VERNON, CONNECTICUT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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**TOWN OF VERNON, CONNECTICUT**

**LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2016**

**MAYOR**

Daniel A. Champagne

**TOWN COUNCIL**

Kimberly Appleyard  
Laura B. Bush  
William F. Campbell  
Julie Clay  
Virginia M. Gingras  
Ann Letendre

Brian R. Motola  
Steven Peterson  
Pauline Schaefer  
James Tedford  
Steve Wakefield, Mayor Pro Tempore  
Michael A. Winkler

**TOWN OFFICIALS**

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

John D. Ward  
James M. Luddecke  
Bernice K. Dixon  
James Kenny  
John Kelley  
William M. Call  
Robert Sigan  
Michael J. Purcaro  
Robert Kleinhans  
Stephen Krajewski, Acting  
Sela Saunders  
Christine McFatter, Acting  
Robert Grasis  
Michelle Hill  
Jean Gauthier  
Craig P. Segar  
David A. Wheeler  
Dawn Maselek  
Lawrence Machia, Acting  
Alan B. West  
Terry A. Hjarne  
Frank J. Zitkus  
Matthew Daskal  
Adam Libros  
Christopher Prue  
John K. Anderson  
Louis A. Spadaccini  
David Smith  
Marina Rodriguez  
Shaun Gately

**BOARD OF EDUCATION**

Michelle B. Arn  
Laurie Bajorek  
Anne H. Fischer, Chairperson  
Linda Gessay, Secretary  
David Kemp, Vice-Chairman

Mark Kalina, Treasurer  
John Kopec  
Stephen Linton  
Thomasina Russell

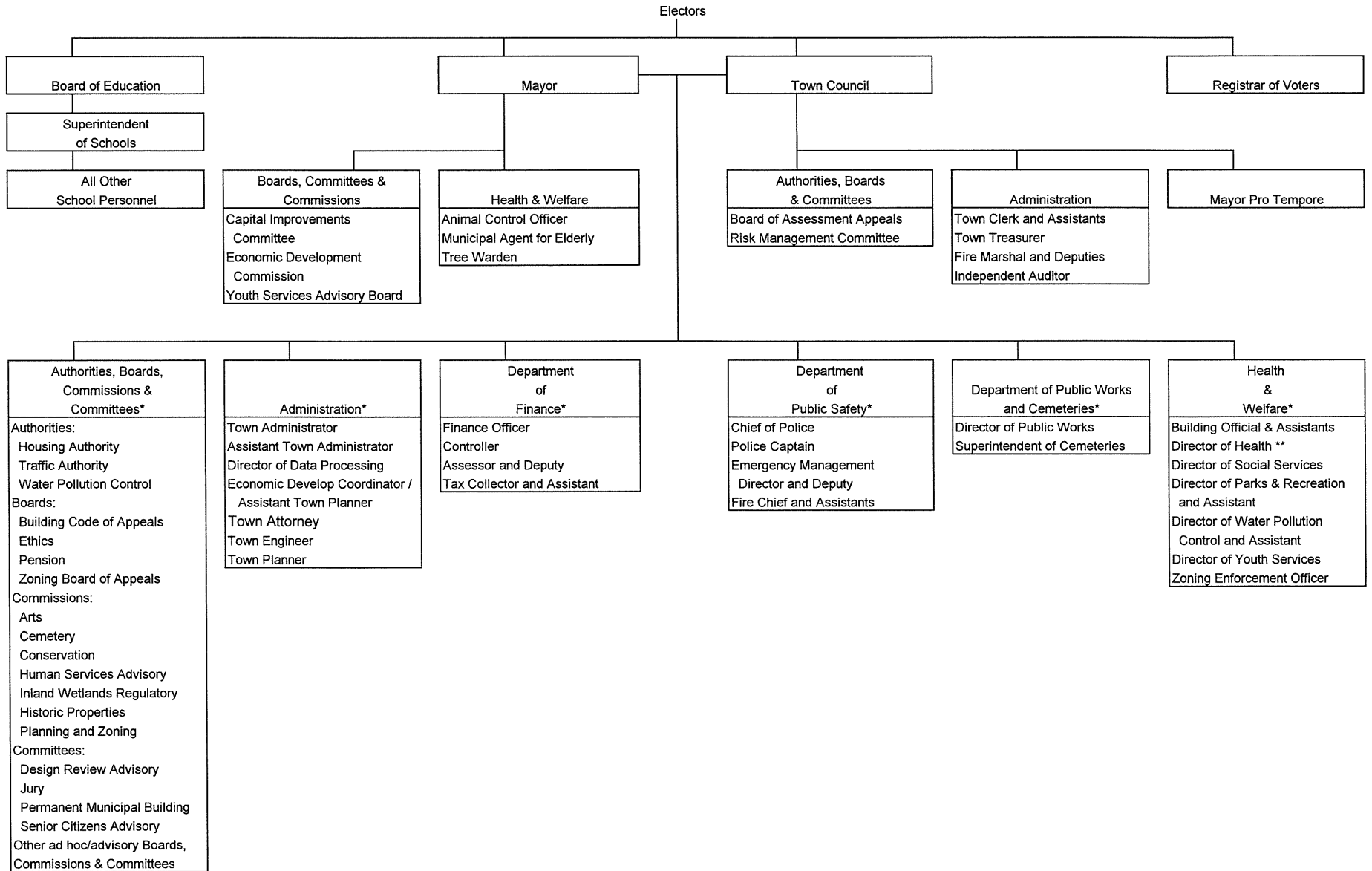
**EDUCATION OFFICIALS**

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

Joseph Macary  
Robert Testa  
Michael J. Purcaro

# TOWN OF VERNON, CONNECTICUT

## ORGANIZATION CHART



\* Mayor recommended, Town Council approved.

\*\* The Town is a member of the North Central District Health Department.





# TOWN OF VERNON

OFFICE OF THE  
FINANCE DEPARTMENT

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February 13, 2017

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Vernon, Connecticut, for the year ended June 30, 2016. This report was prepared in its entirety by the Town's Finance Department and consists of management's representations concerning the finances of the Town of Vernon. Consequently, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Town as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the Town's financial condition and the financial results of its operations have been made. To provide a reasonable basis for making these representations, management of the Town of Vernon has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable accounting information for the preparation of the Town of Vernon's financial statements in conformity with generally accepted accounting principles for governmental units as promulgated by various authoritative bodies through their publications, statements of position, and other pronouncements. These bodies include the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants, and the State of Connecticut Office of Policy and Management. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- the cost of control should not exceed the benefits likely to be derived and;
- the valuation of costs and benefits requires estimates and judgments by management.

The purpose of the CAFR extends beyond accepted requirements in an effort to present all the information necessary to meet the needs of many persons and groups with legitimate interests in the financial affairs of the Town.

The Town of Vernon Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the Town by independent certified public accountants selected by the Town Council. This requirement has been complied with and the Town's financial statements have been audited by CohnReznick LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2016, are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentations. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the Town's financial statements for the fiscal year ended June 30, 2016, 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 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 government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The state single audit, in conformity with legal requirements and internal controls for state assistance was also performed. These reports are available in the Town's separately issued Single Audit Report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements 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**

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, the 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, Vernon has operated under a Mayor-Town Council form of government with a full time professional Town Administrator. 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, auditing firms, and hiring the Town Administrator and other department heads. The Town Administrator is responsible for implementing the approved policies and ordinances, and for overseeing the day-to-day operations of the government. The Mayor and the Town Council are elected at large on a partisan basis to serve two-year terms. The maximum amount of seats for one political delegation is eight.

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, building maintenance; and also offers and supports a variety of human services, recreational activities and cultural events. The Town owns and operates an advanced wastewater treatment facility that serves approximately 80% of the Town's residents. With the capability of treating an average flow of 7.1 million gallons per day, the 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 for its residents consists of five elementary schools, one middle school, and one senior high school that includes a regional Vo-Ag school on its campus. In addition, Vernon has one parochial pre-school.

The annual operating budget serves as the foundation for the Town of Vernon's financial planning and control. Exhibit K, section II.A, in the Notes to the Basic Financial Statements (Notes) describes the budget process used by the Town. The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g. police). Department heads may request transfers of appropriations within account classifications to the Finance Officer. Other transfers within a department and between other departments, however, require the approval of the 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.

In addition to budget preparation and amendments, the Town maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted for the General Fund and as may be amended by the Town Council during the year. To aid in budgetary control, the Town maintains an encumbrance accounting system to record obligations by line item. Certification of funds available is required prior to issuance of purchase orders, which are recorded as encumbrances in the budgetary accounting system.

The various funds utilized by the Town of Vernon are further described in Exhibit K, section I.A, of the Notes. As demonstrated by the statements and schedules in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

## **Local Economy and Major Initiatives**

### **Local Economy**

The Town of Vernon is a residential community of 18.6 square miles located 14 miles east of Hartford on Interstate 84 in north central Connecticut. Interstate 84, traverses the Town, having four interchanges within the Town's borders, and connects with I-90, I-384, I-91 and I-291, which provide convenient highway access to all areas of Connecticut, Massachusetts and New York. Additional accessibility is provided by U.S. Route 44 and State Routes 30, 31, 74, and 83. National and international air service is provided by Bradley International Airport, which is only thirty minutes from Vernon. The well-situated access provided by Interstate 84 within the Greater Hartford area has contributed to Vernon's development as a residential suburban community and a regional commercial center for neighboring towns.

The economic base for Connecticut, as well as for Vernon, has had an overall change from that of manufacturing to retail commerce and professional services. Of the top fifteen firms in Vernon, 63.4% are employed in services, 28.6% are employed in retail sales and only 8.0% are employed in manufacturing and printing. Approximately 38.0% of this employment is with non-profit and public organizations. The largest Vernon employer is the Town of Vernon, which has 824 employees.

The second largest employer is Visiting Nurse and Health Services with 471 employees, followed by Rockville General Hospital with 457 employees, Stop and Shop with 316, New England Mechanical Services with 300, Vernon Manor with 175, Healthwise Medical Associates with 162, Price Chopper with 161, Rein's Delicatessen with 155 and the State of Connecticut with 145 employees.

In Vernon, the number of individuals employed by the top ten companies decreased by 48 or 1.49% during the past year. Increases in employment by the top ten employers include 25 at New England Mechanical Services and 2 at Healthwise Medical Associates. Top ten employers reporting decreases include 6 at the Town of Vernon, 60 at Price Chopper (the decrease may be attributable to the non-reporting of part-time employees) and 11 at Fox Hill Nursing and Rehabilitation. Employment at the other top 10 employers did not change.

Vernon's population for the year ended June 30, 2016, was 28,959 compared with 29,098 on June 30, 2015, a decrease of 139 or .48%. This decrease follows a decrease in population of 63 or .22% during the previous one-year period.

Approximately 82% of Vernon's labor force is employed outside the Town. On a regional basis, our residents' income is derived from major insurance firms, defense industries, financial institutions and capital goods producers. The Town's unemployment rate at June 30, 2016 was 5.9%, a .7% increase from the June 30, 2015 rate of 5.2%. The unemployment rate continues to be influenced by the modest growth in the overall economy. Vernon's unemployment rate compares similarly to that of the State of Connecticut, 5.8%, but higher than the national rate of 4.9%.

<b>Vernon Unemployment</b>		
<b>June 30th,</b>	<b>Rate</b>	<b>Change</b>
2016	5.9%	0.7%
2015	5.2%	-1.4%
2014	6.6%	-0.9%
2013	7.5%	-0.5%
2012	8.0%	-0.4%
2011	8.4%	0.0%
2010	8.4%	1.1%
2009	7.3%	1.8%
2008	5.5%	1.2%
2007	4.3%	0.1%

### **State Economy**

The Town of Vernon generally shares the same economic health as the State of Connecticut and the Hartford region, experiencing the growth in service producing sectors of the economy, as the recovery from the 2008 recession steadily improves, but at a very modest pace. The Connecticut Town Economic Index (CTEI) illustrates the comparison of economic health with the State and the region. CTEI measures each town's overall economic health, using four annual average indicators, which are: total business establishments; total employment; real wages; and the unemployment rate. The most recent CTEI, comparing the calendar years of 2015 and 2014, disclosed an increase in economic health for Vernon of 7.2; Hartford of 7.2; and the State of 7.3. Since 2012, Vernon has increased by 16.2, from 100.0 to 116.2. Across the state, business establishments grew by 1.6%; those employed increased by 0.6%; and nominal wages increased in 90% of the 169 cities and towns. When compared nationally, utilizing the State Economic Indexes (SEI), Connecticut ranks 38<sup>th</sup>, with a value of 118.9, which is below the national average of 124.1.

In a lesser degree of optimism, the current SEI is Connecticut's best since 2011, moving the ranking from 45<sup>th</sup> to 38<sup>th</sup>. For too long, Connecticut has been dependent on large employers for jobs and job growth. Recent movements in private sector employment has brought attention to further nurture job growth among businesses of all sizes. In this 'next generation' of economic development, according to a panel convened by the Capitol Region Council of Governments (CRCOG), the potential for Connecticut to experience growth in diverse industries is recurrently cited by successful enterprises. Advantages such as the labor pool and the ability to keep young people engaged in its workforce; the proximity to New York and Boston; access to capital and investments; support from community and political leaders; and the availability of competitive grants, are some of the areas acknowledged.

The State of Connecticut's own fiscal outlook is a continual struggle, although their FY 2017 projected deficit has moved back into the black, at \$23.3 million. Contributing factors included a one-time \$31.5 million lawsuit settlement; an upgrade in tax receipts; and interim budget cuts, inclusive of municipal aid. But there are projected budget deficits of \$1.42 billion in fiscal year 2018; and \$1.6 billion in fiscal year 2019. Both of those shortfalls represent 8% of their operating costs. The impact to the Town of Vernon, as well as other communities, most likely will be further reductions and/or a redistribution of aid based on the fiscal position of each municipality.

The October 1, 2015 grand list, effective for fiscal year 2016-17, increased by .09% from the prior year, which included an increase in real property of .39%, a decrease in personal property of 5.97% and an increase in motor vehicles of .27%. This follows a .29% increase in the prior year grand list. That increase included increases of .45% in real estate, 5.16% in personal property and a decrease of 3.09% in motor vehicles. Property taxes have been supported by strong collection rates, averaging 98.40% over the past ten years.

The number of building permits increased from 2,130 to 2,400, and the value of those permits increased from \$33,138,932 to \$81,516,231.

The 2016-2017 operating budget was approved by the Town Council and sent to the annual Town Meeting and adopted on April 26, 2016. The mil rate increased by 1.12 mils, or 3.03%, from 36.91 mils to 38.03 mils for real estate and personal property; and from 36.91 to 37.00 mils, or .24% for motor vehicles. This results in a blended mil rate increase of 2.78%. We will continue to provide the voters with information to make knowledgeable decisions, as we have a responsibility to educate our residents on the programs and services presently provided, as well as those proposed.

The local economic base serves the region as a commercial, governmental, legal, and medical center. Local employment in manufacturing has been replaced by employment in these service areas. This shift is revealed in the additions to the tax base as planned development and new construction are related to retail commerce and professional services.



In November 2011, the Vernon Planning and Zoning Commission adopted an updated Plan of Conservation and Development, which became effective January 30, 2012. The updated plan focuses, in part, on revitalization of the Rockville section and on pursuing economic development opportunities at two primary interchanges on I-84, at exits 66 and 67.

The economic areas for new development are downtown Rockville, Vernon Circle, Lafayette Square, the I-84 corridor, and the Gerber Farm area.

### **Rockville Section:**

The former Rockville mills section has made a transition from being primarily an industrial and commercial center to being a professional and governmental center. It is the site of local government, education, and State of Connecticut administrative offices and courthouses. The initial development of downtown Rockville occurred over one hundred years ago, creating its distinctive Victorian urban character and invaluable architecture. However, this also creates the need for reinvestment and modernization. The Planning and Zoning Commission has adopted a Village District Zone in the Rockville downtown area in an effort to ensure that future development is encouraged, but also be compatible with the historic attributes and character of this area. In addition to improvements to municipal and state buildings, the following recent advancements have been made. Remediation and selective demolition efforts are underway at the former Amerbelle Mill site, in an attempt to ready the site for redevelopment. The current plan is to prepare the site for commercial development. A parcel across the street from the Amerbelle Mill complex, known as 19 Grove Street, has undergone environmental site remediation, conducted by the Environmental Protection Agency. The EPA demolished long-vacated structures on the site, including the removal of remaining oil drums. This site is adjacent to the Paper Mill Pond, part of the Hockanum River, at the gateway to the downtown Rockville section. In addition to the Amerbelle Mill project, the long-awaited conversion of the former Roosevelt Mill into Loom City Lofts (68 residential units) was certified for occupancy in December 2015 and since the opening in 2016, they are near or at full occupancy; and the redevelopment of the former Hockanum Mill into 150,000 square feet of industrial space is on-going.

The Town of Vernon has actively supported the redevelopment of the Village Street area adjacent to Rockville General Hospital in supporting the Vernon Nonprofit Housing Corporation's (VNHC) rehabilitation of eleven structures on the street, by providing Community Development Block Grant (CDBG) funds to assist first time home buyers. The houses controlled by VNHC have received environmental remediation and new roofs. The VNHC has renovated and sold 7 units on Village Street and has an additional 5 on vacant lots to be developed. To further this effort of reinforcing neighborhood rehabilitation activities, Village and Orchard Streets have recently been reconstructed. Also funded by the CDBG program, several housing units received rehabilitation loans during the fiscal year totaling \$205,397.

The Rockville Public Library at 52 Union Street, a separate entity from the Town, received approval in April 2009 for a new addition to the existing facility. Construction commenced in June 2013 and was completed in September 2014, adding 3,785 square feet of finished area. In support of this effort, the Town worked with the Library to transfer resources from the Alice Maxwell Trust fund; and waived the \$45,210 building construction permit. In June 2015, the Mayor created a task force to evaluate the Library's financial outlook, and their findings were issued in April 2016. In the FY 2017 budget, the Town increased its annual support to the Library from \$310,000 to \$460,000. And scheduled for February, 2017, the Library will be connected to the Town's fiber system. The task force continues to meet with Library officials to improve fund raising efforts.

In October 2010, the PZC revised an adaptive re-use zoning regulation originally developed for conversion of obsolete mill buildings and made it applicable to any structure in Rockville built no later than 1910 and containing a minimum of 5,000 square feet. This amendment will allow old buildings that have outlived their original uses to be returned to economically viable uses. There are four Mill properties that were in the process of being redeveloped at fiscal year-end which may make use of this provision (Talcott Mill, Hockanum Mill, Amerbelle Mill and Roosevelt Mill). These projects are in various stages of redevelopment, and as previously noted, the Roosevelt Mill redevelopment, now known as Loom City Lofts, was completed in 2015 and opened for residential and commercial occupancy in 2016.

In October 2015, an additional appropriation of \$250,000 was approved to acquire and make improvements at 166 Union Street. The 1.01-acre parcel includes a vacant commercial building (former Salvation Army site), a detached garage and parking lot. The purchase provides an additional storage facility and a supplemental parking area for municipal vehicles. At 172 Union Street, a new Japanese restaurant will open in March 2017, upon the site of a former restaurant that had been closed for several years. Renovations to the Citizens Block building located on Park Place, nearby Town Hall, commenced in 2016. The Connecticut Water Company continues to upgrade its facilities at 10 Snipsic Street.

#### **Vernon Circle Area, Routes 30 and 83: Hartford Turnpike / Talcottville Road:**

The Vernon Circle area continues to make a positive adjustment to the regional shopping center development in the Buckland Hills section of Manchester, and Evergreen Park in South Windsor, just one highway exit west on I-84. The Tri-City Plaza has a successful retail mix of value-oriented stores.

The K-Mart Plaza, located on Pitkin Road and Route 30, and the Goodyear Tire Plaza, 378 Kelly Road, although both endured transition phases of businesses closing and new businesses opening, remain stable and attractive developments in promising locations. A Pet Valu store recently opened, as did the Yang Zi Jiang Restaurant, offering Chinese and Japanese food for takeout, delivery and catering. Scooter Pros, 99 Restaurant, Stop and Shop and Economy Oil on Hartford Turnpike, Dunkin Donuts, the Sunoco (converted to the Henny Penny convenience store) and Citgo service stations, Taco Bell, McDonald's, all on Talcottville Road, have all been renovated in recent years.

Activity at The Tri-City Plaza, with 300,038 square feet of retail space continues with the recent openings of a Wing Stop, Menchie's Frozen Yogurt and Moe's Southwest Grill. Also, Hartford HealthCare Facility now occupies a 31,024 square foot space, previously vacated by a supermarket. The Facility's services include access to primary and urgent care, as well as rehabilitation services. There are also specialty services such as for movement disorders and other neurological conditions.

A proposed 70-room hotel, (Home 2 Suites project), to be located at 355-361 Kelly Road across from Holiday Express, has been approved which would include upgraded service facilities. Home 2 Suites project received approval for a seven-year phase-in tax abatement. Holiday Express completed renovations in 2014 that included a ground floor indoor pool (that eliminated the first-floor rooms) and a new third floor resulting in a net increase of 4 rooms and 9,974 square feet of additional usable space. There is a clear pattern that as the vacancies in Vernon Circle become occupied, the available space on the periphery is being filled and is becoming more attractive for extended development.

An 84-residential unit complex at Talcott Mill, 47 Main Street, is under reconstruction. In addition, an enhancement project was recently completed along Main Street and Elm Hill Road in the historic section of Talcottville. Improvements include the development of a walking trail with informational signage, period lighting, the construction of an information center Kiosk, selective plantings, and entrance signage to the area. The project was 100% funded by the two federal grants, with exception of approximately \$12,800 for engineering and inspections costs.

At 135 Talcottville Road, where a former Blockbuster Video Store was razed, new construction in 2016 included a Starbucks, Farmington Bank and an AT&T retail store. A site plan of development on 243 Talcottville Road is proposed to construct 300 luxury rental apartment units at the former Lyman Farm. The site plan also proposes four commercial pad sites at the front of the parcel with the apartments to the rear.

Scranton POWERSPORTS LLC has renovated the former Santander bank located at 560 Talcottville Rd for retail sales. Additional development was approved in 2016 at 129-145 Talcottville Road to construct a 3,300 square foot Wendy's restaurant; a 3,200 square foot retail building; and a 90,000 square foot climate-controlled self-storage facility. A former Gem Jewelry store at 148 Talcottville Road and Battison's Laundry center at 179 Talcottville Road are being converted to a dentist office and AFC Urgent Care facility, respectfully. At 206 Talcottville Road, a 12,000 square foot retail plaza is under construction featuring a restaurant and several retail spaces. At 504 Talcottville Road, a site plan has been approved to raze a closed Pizza Hut and to replace it with a new O'Reilly Auto Parts store. At 613 Talcottville Road, Pamela's Patterns, a fashion sewing and fitting studio, opened in October, 2016.

In the recent past, several auto dealerships have been remodeled with additions. At 704 Talcottville Road, Olenders Automotive completed construction of an 8,900 square foot addition in 2014. This project received approval for a three-year tax abatement phase-in. Other recent renovations were located at 777 Talcottville Road, Scranton Motors has added 6,250 square feet to the existing structures; at 21 Hartford Turnpike, Key Hyundai has merged two lots and completely rebuilt their 20,737 square foot structure; and at 14 Hartford Turnpike, Suburban Subaru completed a 13,144 square foot renovation along with a 1,720 square foot addition.

A 3-acre portion of 400 Talcottville Road was subdivided to create 404 Talcottville Road where an 18,750 square foot Tractor Supply Company store was constructed in October 2012. The store offers a welcome addition to Vernon's retail base and offers a range of products not found elsewhere in Vernon. Also, at 400 Talcottville Road 6,500 square feet of medical office space was added along with 1,320 square feet of professional office space. The site at 404 Talcottville Road was re-subdivided into two parcels, including a 9,000 square foot Dollar General store that opened in April 2014 at 426 Talcottville Road.

The new owners of the former Heartland Plaza at 425 Talcottville Road continue restoration improvements and have made a remarkable visual change to the property. This highly visible and long-time vacant and blighted commercial structure has undergone a vibrant and aesthetically pleasing overhaul. The upgraded site, which currently includes an upscale Cardio Express exercise facility, a Verizon Wireless Center, a State Farm Agency, and the Great Harvest Bread Company, has dramatically improved the marketability of the area. This property has a tax abatement agreement with the Town.

Vernon Manor Health Care Center located at 180 Regan Road recently added 1,114 square feet to its facility and renovated 8,000 square feet of its facility.

Another Cumberland Farms store and gas station was constructed at a long-abandoned commercial site at 343 Hartford Turnpike and opened for business in August 2016. At 1,188 Hartford Turnpike, a second 9,000 square foot Dollar General Store was approved and constructed in 2016.

On Hartford Turnpike, Planning and Zoning has approved a proposal by Carter Chevrolet to develop a new dealership, next to Langan Volkswagen which should open in the summer of 2017. There are plans to renovate 95 Hartford Turnpike from the former Golfland, into another family friendly recreation facility. At 100 Windsor Avenue, Ray Seraphin Ford completed the addition of 2,862 square feet of space for a Quick Lane tire and auto center and completed a façade upgrade. Swiss Cleaners is expanding its operation at 35 Windsor Ave to include an 18,800 square-foot addition.

Recent approval was granted by the Town for an 8,250 square foot multi-use retail store at 444 Hartford Turnpike. Dunkin Donuts opened at this location in October 2014. At 428 Hartford Turnpike, St. Francis Medical Group recently opened an office for obstetrics and gynecology. At 520 Hartford Turnpike, Fiesta Mexicana opened at the former R-House site, infusing new energy and traffic into the plaza.

The Santini Villas apartment complex recently added 32 high-end residential units and a club house to their 1085 Hartford Turnpike development, and the construction of 66 units was recently completed at 1031 Hartford Turnpike. The developer has commenced construction on Grand Loft 3, a 254 unit luxury apartment complex with 92 units completed, and the remaining units under construction. In addition, numerous condominium units with nearby access to Routes 30 and 83 have previously been constructed.

#### **Lafayette Square:**

The Lafayette Square commercial area has been experiencing steady development. The 28,000 square foot complex at 10 Hyde Avenue, known as 30 Lafayette Square, was purchased and the new owners rejuvenated the property, both interior and exterior, inclusive of architectural improvements to the building façade. In June 2010, the owners received approval to add a building containing a 1,800 square foot restaurant for a Dunkin Donuts and a 2,800 square foot area of retail space within the plaza. The building was completed and opened early in 2011. Two proposals for assisted living elderly facilities of approximately 100 units each have been approved by the Planning and Zoning Commission (PZC), but no action has occurred. Ongoing construction at 65 Hyde Avenue continues for 76 luxury townhouse units at the new Bridlewood development. As part of this approval, the developer had offered to construct sidewalks from the new development along Route 30 to the Northeast School to safely accommodate school children. The sidewalk project is complete. At the shopping plaza on East Street, the Red Apple Supermarket gutted the interior and was completely renovated; and neighboring Nature's Grocer, a natural and organic food facility dedicated to a wheat-free and gluten-free environment, expanded its store within the plaza. The store's increasing customer base attracts customers from adjacent towns. An approved 16-lot residential subdivision off of Laurelwood Lane, in close proximity to Bolton Lake, has yet to be developed. A new 10-lot Jen Drive subdivision off of South Street was approved and is under construction.

**I-84 Corridor:**

The I-84 corridor offers potential for office park development around the Exit #66 interchange and retail development around the Exit #67 interchange. A Home Depot had received approval to build at exit #67 interchange site but has since abandoned their plans. This 15-acre site remains undeveloped with 11 acres of it now assessed as Public Act 490 open space. On the north side of Exit 67, the Planning and Zoning Commission significantly reduced a setback requirement within the mixed-use zone that substantially expands the buildable area within the zone. The Town has considered a Tax Increment Financing District that would bring water and sewer lines up to this location.

In October 2015, an additional appropriation of \$220,000 was approved to acquire a 7.04 vacant parcel of land located near I-84 on Tunnel Road for the development of a new Senior Center. The parcel, located close to I-84, is considered more centrally located for Vernon residents and its seniors. The Town is also pursuing a nearby 5.4 acre parcel, known as 135 Bolton Road. There is a 14,000 square foot building on the property. Acquisition and development costs are estimated at \$3,245,000. The current Senior Center location, which is adjacent to Town Hall, has insufficient parking and other access restrictions.

**Gerber Farm:**

With co-investments from the Town of Vernon, a bridge and access road for the new Hockanum Boulevard was constructed several years ago. The bridge and road provides access to the approximately 275-acre Gerber Farm area for development. The developer constructed a 424-luxury rental unit complex, the Mansions at Hockanum Crossing, and three industrial buildings amounting to 64,000 square feet. Subsequently, the construction of Mansion 2 occurred, a 280 luxury apartment complex. Nine additional apartment buildings were constructed at Mansions II, 95 Hockanum Boulevard in 2014. The project's total net assessment, considering its real estate, personal property and motor vehicles is approximately \$62,594,662, ranking as the largest taxable property in the Town of Vernon.

**Mill Properties (Amerbelle, Hockanum, Roosevelt and Talcottville Mills):**

Industrial development continually proves to be the most difficult economic challenge for municipalities in Connecticut as manufacturers leave the state and available employment declines. The decline of industry in Vernon relates to the lack of industrial land and the obsolescence of existing facilities, as well as to the general diminishing of manufacturing employment. With only 7.57% of the Town zoned for commercial and industrial use, the Town continues to pursue the possibility of merging parcels of land for industrial development while facing the additional task of addressing the redevelopment of older mill properties.

The Town received a \$9,000 state technical assistance grant to provide architectural adaptive reuse drawings for Talcottville Mill on 47 Main Street. The drawings were to be used to apply for federal and state tax credits and to establish potential construction costs for reuse of the mill. Owners of the former Mill have received approval for Federal and State historic property tax incentives and grants to allow them to convert the now vacant deteriorating site into an 84-unit residential complex. The project received local approvals in September 2012 and construction started in December of 2015 and is scheduled to be completed in 2017. Owners of a planned project planned for 68 residential units at 215 East Main Street the remediated former Roosevelt Mill site, also received historic property tax credits. Project construction was completed in December 2015 and opened in 2016 for residential and commercial use. Two businesses currently occupy a portion of the Hockanum Mill at 200 West Main Street. The owner continues to renovate and develop a warehouse in support of a computer retail store and motorcycle and service business. Amerbelle Mill located at Brooklyn and East Main Streets ceased operations and closed in August 2012. The Town Council has authorized \$150,000 to secure and winterize the complex due to public safety concerns.



The Town has recently taken ownership of this mill site and is working with the State of Connecticut and a private developer to revitalize the site into a financial service company headquarters. The Town has secured a \$4.3 million state of Brownfield grants in 2014 and 2015 to assist in this conversion by removing hazardous conditions and correcting structural building defects. This project is on-going. In addition, a \$200 thousand state Brownfield grant was awarded for environmental assessment of mill and industrial properties in Town. This assessment project began in August 2014 and was completed in 2016. And as stated in the Rockville Section, across the street from the Amerbelle campus, and bordering the Paper Mill pond, is 19 Grove Street, a strip site of former retail establishments and a lumber mill. The buildings were in disrepair and the Town has worked with EPA to clear and remediate the property, leaving an attractive parcel to add aesthetic value to the area.

### **National Economy:**

The structural harm from the Great Recession's aftermath persists, but the labor market has continued to strengthen and economic activity has expanded at a moderate pace. In December 2015, the Federal Reserve increased the federal funds target rate by 0.25%, the first increase since 2006, ending a seven year near-zero interest rate policy. The Federal Reserve Committee in an effort to foster price stability anticipates further gradual adjustments in monetary policy, to reach their target of a rise in inflation to 2 percent. The near target range for the federal funds rate is  $\frac{1}{2}$  to  $\frac{3}{4}$  percent; however, the actual path of the rate will depend on the economic outlook as informed by their incoming data. The shifting global economic landscape, including the strength of the U.S. dollar; trade policies; emerging market and developing economies; and the firming of oil prices following the agreement among OPEC members and several other major producers to limit supply, will all be influences throughout the calendar year 2017. As the Town prepares to finance major capital projects such as roads and the renovation of our wastewater treatment facility, we will continue to monitor monetary policy and its impact on permanent financing. It has been over thirty years since the 1986 Tax Reform Act, which set a threshold of less than \$10 million for bank qualified tax exempt bonds; and set the small issuer threshold at \$5 million annually in relation to "excess" arbitrage earnings. Municipal bonds have been the chief engine for roughly 75% of the infrastructure growth in this country. It is imperative that those thresholds be raised, and that Congress protects tax exempt financing.

For over three decades, with the exception of emergency management funding resolutions, there has been an erosion of federal domestic spending that has placed a serious burden on the budgets of state and municipal governments. Investments in infrastructure, such as our roads and bridges, clean water management and public safety will have a positive effect locally and will factor into an eventual long-term approach to economic recovery and stability. For the Town of Vernon, successful and continued pursuit of the economic development cited earlier in this section will enable the Town to take advantage of potential business expansions and demands for developmental sites. This also re-emphasizes the importance of capital investment in infrastructure improvements as an essential part of a comprehensive economic and residential development plan. Continued success in this undertaking will allow Vernon to meet the future with a stable and strengthened tax base.

## **Major Initiatives**

### **General Government:**

Renovations at the Town Hall Memorial Building continue, following the completion of extensive renovations to the third floor, which cost \$1,864,873. These renovations included an expanded Town Council Chambers and administrative offices and were funded primarily by three state grants. In a prior fiscal year, \$75,000 was authorized by the Town Council for an improved Town Council Chambers audio / visual system. The Town Council authorized an additional \$40,000 for this project in the current fiscal year and \$30,000 in fiscal year 2015/16. Project costs to date total \$18,532.

Renovations to the second floor mezzanine and former Town Council Chambers to serve the Finance Department commenced during the fiscal year and were completed in 2014. Funding for the project was provided by \$90,000 available from a designation in the Town Capital Nonrecurring Fund, along with an operating budget allocation of \$24,605. The renovations were completed at a cost of \$78,282.

Building renovations at 55 West Main Street that now house the Planning, Engineering and Economic Development Coordinator offices were completed recently at a cost of \$58,592. With the movement to 55 West Main Street, along with the Registrar of Voters to Center 375, from the first floor of Town Hall, a newly constructed, and much needed conference room was completed with the vacated space for the Probate Court; and in addition, the Social Services Department moved from a rented facility to the first floor.

Also on the first floor of Town Hall, \$16,111 is available for modifications to the Town Clerk's office and an additional \$190,000 is available to increase storage space in the Town Clerk's office by expanding the current vault.

Town Hall electrical and generator upgrade appropriations of \$40,000 and \$25,000, respectively, were approved in fiscal year 2013/14. Electrical and generator upgrade costs are \$25,850 and \$4,872 to date, respectively. Last fiscal year, available resources from the School Improvements Fund were authorized for a \$363,000 Town Hall Generator Upgrade and Expansion project that will also support the Senior Center, Town Hall Annex and Data Center. The generator project has yet to commence. In fiscal year 2016/17, a \$29,400 additional appropriation for a new boiler was authorized.

Americans with Disabilities Act (ADA) improvements to Town facilities and parks continued, and will proceed with available funds of \$64,519. These funds are all available in the Town Capital Nonrecurring Fund.

The Town Data Center, located on the second floor of the Town Hall Annex, operates as an internal service fund, and consolidates the general government and education IT functions. The Data Center was recently renovated to integrate and house the former school technology personnel, expanding the staff from four to ten. In response to expanding technology demands, the Town executed a four-year \$659,414 operating lease in October 2012 for the data center to acquire servers and storage that enabled the establishment of a unified network. In December 2015, an agreement was executed to replace the entire server and storage cluster and is financed by a \$798,959 five-year operating lease. The Data Center completed an extensive optic fiber infrastructure project last year connecting the greater part of general government and school system buildings at a cost of \$623,911. The majority of the project was being funded through the internal service fund, along with state grant funds of \$142,578. Additional optical fiber was extended to the Rockville Public Library, Community Arts Center and to various Fire Stations during fiscal year 2015/16 at a cost of \$48,700. In the prior fiscal year, available resources from the School Improvements Fund were authorized to fund a \$500,000 Town-wide Telephone System Upgrade project. This project commenced after June 30, 2016 and is nearly completed at this time at an approximate cost of \$500,000. Also, \$78,693 is available to implement a new document management system for both the general government and school system, with one of the objectives to reduce physical storage requirements.

### **Community Development:**

In a continued effort to support and initiate interest in economic development in Town, \$41,000 was appropriated to the Economic Development special revenue fund during the current fiscal year to finance targeted advertising and marketing efforts. Annual appropriations to this Fund commenced in 1999 and have funded several property reuse studies, retail façade improvements and the most recent Plan of Conservation and Development and its Downtown Association. In addition, continued appropriations have funded various planning, marketing and gateway enhancement initiatives. At June 30, 2016, \$152,592 is available to fund these initiatives. A fiscal year 2016/17, appropriation of \$41,000 further supports these efforts.

The Town received a \$300,000 Community Development Block Grant (CDBG) award for housing rehabilitation in fiscal year 2013/14, supplemented with an additional \$400,000 CDBG housing rehabilitation grant award in fiscal year 2012/13. For the two grants, expenditures total \$596,050 to date.

The Town is in the thirteenth year of a new housing rehabilitation grant / loan program that utilizes funds derived from former programs that produced loan program income. Participants that meet income requirements are eligible for projects involving owner occupied housing. A total of \$1,310 was expended this fiscal year, with \$83,965 as the available balance.

A Blight Reduction Special Revenue Fund was established recently to purchase or demolish blighted and unsafe structures in Town. Proceeds from the sale of Town-owned properties will fund these activities. Receipts of \$38,379 are currently available in this Fund. In recent years, the Town Council approved funding totaling \$199,927 for the demolition of certain foreclosed, blighted or fire damaged properties at Ward, Lawrence, McLean and High Streets, due primarily to public safety concerns; in addition to assisting the properties return to a collectable tax status and for provided parking use by the local hospital.

In August 2012, the operations at the Amerbelle Mill ceased. A court injunction permitted the Town access to the property and the Town Council subsequently authorized two \$75,000 appropriations to winterize and further secure the building for public safety concerns. Costs to secure and winterize the Mill through fiscal year 2015/16 total \$74,668. Prior to its closing, the Town secured and utilized a \$125,000 state grant to conduct an engineering and architectural feasibility study to determine the most effective building improvements for the Amerbelle Mill. In addition, the Town received a \$196,000 federal grant to fund a roof replacement and additional building improvements, which were recently completed. As noted previously, the Town subsequently took ownership of this property, and is working with the State and a private developer, while securing two state Brownfield grants totaling \$4.3 million to prepare this site for commercial development. The remediation costs to date total \$791,816, and the project is expected to be completed by the end of 2017. An additional \$200,000 state Brownfield grant was awarded to conduct environmental assessments of other mill and industrial sites in Town. Of these grant funds, \$197,825 have been expended to date.

As noted above, in the prior year, the Town received a \$9,000 state technical assistance grant to provide architectural adaptive reuse drawings for Talcottville Mill. Owners of this former Mill plan have begun construction of residential units with completion expected in 2017.

In the less recent past, the Town received two state grants totaling \$1,200,000 which provided funding for selective site demolition and environmental remediation at the former Roosevelt Mills located at 215 East Main Street. Those grant funds were preceded by federal Brownfield cleanup funds utilized for a site evaluation and remediation project that was also completed. As noted in the Mill Properties section, construction of residential units, for this former Mill site, were completed in late 2015.

Also, the Town used a \$20,000 state grant award to fund a feasibility study of the Citizens Block. The Town-owned Citizens Block is a primarily vacant commercial and mixed use 1879 building, adjacent to the 1867 senior center building, located next to Town Hall. This study required the use of \$17,303 from the Town's Economic Development Fund to complete. In 2014, the Town was awarded a \$400,000 state grant for replacement windows and other exterior / façade improvements. Restoration work commenced during the current year and \$41,495 has been expended to date. Project work will be completed in fiscal year 2016/17.

### **Public Safety:**

The fire department's 168 members, the largest volunteer force in the state, enable the Town to apply the savings from personnel costs to equipment needs. Although the members are not employees, the Town has recognized their commitment to protecting the lives and property of our residents, and has established a Length of Service Award Program (LOSAP). This is a non-qualified employer retirement plan that commenced on January 1, 2000. To attain normal retirement, a minimum of ten years of credited service is required, with maximum credited service of thirty years. Since inception, the Town has made its employer contribution to an investment fund set up exclusively for this program as follows:

<b>Year</b>	<b>Employer Contribution</b>
2000 through 2013	\$1,081,999
December 31, 2014	\$37,752
December 31, 2015	\$39,924

In the current fiscal year, 2 police vehicles were acquired at a cost of \$54,834. Last fiscal year, four police cruisers were purchased at a cost of \$108,694 and in fiscal year 2016/17, 2 additional police cruisers were scheduled to be purchased at a cost of \$56,000.

In fiscal year 2013/14, a police cruiser was purchased with fiscal year end 2013 encumbered funds and a \$33,253 DOJ federal grant funded the purchase of an AWD police utility vehicle and accessories. Other recent vehicle purchases, utilizing four federal grants, include two police department vehicles with digital video equipment, in-car laptops and cameras, also, a grant partially funded a hybrid police vehicle.

Fifty-one body cameras were acquired in fiscal year 2015/16 with the use of a \$30,000 federal Justice Assistance Grant and an additional appropriation of \$16,322. The State Asset Forfeiture Fund provided funding of three additional cameras in the prior year. Four vehicle mounted laptops were acquired in the current year at a cost of \$15,777.

In the summer of 2016, the police parking lot was improved and paved at a cost of \$99,083. The project was funded by a state municipal grant-in-aid. Construction of a police firing range was completed recently using General and State Asset Forfeiture funds. A \$29,017 base station repeater was purchased in fiscal year 2014/15, with partial funding provided by the State Asset Forfeiture Fund.

Other recent improvements include a Police Digital Radio System upgrade and a Fire Monitoring and Suppression System in the equipment systems room of the Police Department utilizing \$250,000 and \$16,250 of state Local Capital Improvement Program (LOCIP) funds, respectively. Preceding this radio system upgrade, the Town received and utilized a \$300,000 Department of Justice COPS Tech grant and a \$100,000 state LOCIP grant to fund the digital Police radio system. A federal \$2,826 DUI enforcement grant was used recently to fund DUI enforcement equipment.

In the current fiscal year, the Town entered into an agreement to acquire street lights from Eversource and retrofit them with LED lighting fixtures. The Town Council approved an authorization of \$912,462 to fund the acquisition and retrofit. This process is nearly completed with costs to date of \$796,481 as of December 2016.

Appropriations of \$25,000 for Firehouse renovations were approved in both the prior and current fiscal years. Renovation costs for the current year were \$6,564 and \$21,520 has been expended to date. A balance of \$28,480 is available to complete the renovations. An additional \$25,000 has been appropriated in the next fiscal year. Four air compressors were acquired in the last year at a cost of \$22,000. Extrication equipment was purchased recently costing \$27,275; and a new vehicle for the Fire Chief was acquired in the prior year at a cost \$27,121. In the current year, \$99,399 was expended for 15 SCBA units and \$81,825 was expended last year also for 15 SCBA units; an additional 15 SCBA units were purchased in the next fiscal year at a cost of \$102,675.

In fiscal year 2012/13, three fire trucks were acquired with proceeds of a ten-year lease purchase agreement at a cost of \$1,479,761. Accessory equipment for the trucks was purchased for \$25,380. Also in fiscal year 2012/13, the Town approved \$30,000 to complete the \$105,000 radio project undertaken by the fire department to comply with the FCC narrow banding requirement. Renovations to the \$225,000 LOCIP funded Fox Hill Communication Center project has commenced with \$3,400 being expended to date.



A retrofit to a 2003 ambulance with a new chassis and refurbished body was completed during fiscal year 2015/16 at a cost of \$104,883. Fiscal year 2015/16 and 2016/17 budgets appropriated funds to replace a 2008 ambulance, with a 2015 ambulance at the final cost of \$103,275. Also, a \$14,000 budget appropriation is available to acquire a used vehicle for the department. In the current year, \$2,697 of ambulance and emergency management equipment was purchased including a portable UHF radio the emergency management department. This equipment was partially supported by federal funds.

From February 2011 to January 2015, a period of four years, there were six weather events which resulted in federally declared disasters, making the Town eligible to received FEMA Public Assistance. The events included three historic snowstorms, in terms of record snowfall, a tropical storm resulting in damaging winds and flooding, a surprise October snowstorm that resulted in unprecedented tree damage and Superstorm Sandy which caused substantial tree damage as well. The Town's Emergency Operations Center and Shelter locations were utilized for most of these events. Claims for a snowstorm, tropical Storm Irene and snowstorm Alfred were prepared in 2011, Superstorm Sandy in 2012, snowstorm Charlotte in 2013 and for snowstorm Juno in 2015. The Town has successfully recouped approximately 75% of the costs of the five storms from FEMA to a total reimbursement of \$3,293,799, over the past five fiscal years. In addition, \$22,831 was recouped from the Federal Highway Transportation Administration for debris cleanup of federal-aid roads.

For the animal control facility, appropriations totaling \$123,100 for animal control renovations and caging has been approved by the Town Council. Project costs total \$104,633 to date.

#### **Maintenance and Development:**

On January 28, 2014 voters approved a public road improvement bond authorization of \$27,637,000 to fund improvements to over 200 Town roads. The Town issued general obligation bonds and bond anticipation notes in August 2015 for this project in the amounts of \$6,130,000 and \$6,350,000, respectively. In August 2016, the Town retired the bond anticipation note with the issuance of a \$6,350,000 general obligation bond. The Town also issued a \$2,200,000 bond anticipation note that will mature in August 2017. The authorizations / expenditures for the above projects through June 30, 2016 are as follows:

<b>Project</b>	<b>Amount Authorized</b>	<b>Expended Current Year</b>	<b>Expended Cumulative</b>
Roadway construction improvements	\$ 24,655,130	\$ 3,760,008	\$ 10,258,059
Equipment	200,000	21,645	123,873
DPW labor	1,596,870	133,536	361,889
Issuance costs	603,037	78,977	78,977
Accrued note interest	581,963	87,050	87,050
<b>Total:</b>	<b>\$ 27,637,000</b>	<b>\$ 4,081,216</b>	<b>\$ 10,909,848</b>

Current year costs incurred by the Road Improvements Bond Fund totaled \$4,081,216, including \$21,645 of equipment purchases, \$78,977 of bond and bond anticipation note issuance costs, and \$87,050 of bond anticipation note interest expense.

In addition to the roadway improvement expenditures incurred by the Road Improvements Fund noted above, the Town's Town Aid for Roads special revenue fund expended \$429,637 during the year, including \$226,890 for improving and \$102,531 for patching and crack sealing various Town roads. Also, \$14,304 of a prior fiscal year \$25,000 appropriation for road sealing has been expended to date. In fiscal year 2016/17, \$324,000 has been appropriated for road, sidewalk and parking lot improvements.

In the current fiscal year design work continued on the South Street reconstruction project. The design costs are estimated at \$464,500, and are funded by a 90% grant that requires a 10% or \$46,450 local match which has been funded. Project design costs to date total \$445,001 including a \$12,000 demand deposit paid to the State for their project design service costs. Right-of-way costs are estimated at \$355,000, requiring a 10% or \$35,500 local match. This amount has been disbursed. Construction costs are estimated at \$4,097,500. A Surface Transportation Program grant was awarded by the Capital Region Council of Governments (CRCOG) to provide 80% federal funding, 10% state funding and a local 10% estimated match of \$433,500 which includes a \$23,750 10% local match of state construction service costs. Of this match requirement, \$230,578 has been funded to date with an additional \$125,000 appropriated in fiscal year 2016/17. This project complements significant roadway and sidewalk improvements on a portion of nearby Vernon Avenue that were constructed by the State DOT in the recent past.

A \$925,000 LOCIP grant is earmarked to the Town for the construction of various new sidewalks throughout the Town. Design costs are the responsibility of the Town and construction costs are grant-eligible. Field survey of this project began in 2016. For sidewalk projects, the Town appropriated \$150,000 in fiscal year 2014/15; \$150,000 in fiscal year 2015/16; and \$35,000 in fiscal year 2016/17, for a combined total of \$335,000. These funds can be used for the local portion of the LOCIP grant, and for other sidewalk projects. Also, \$23,950 of a prior year \$25,000 appropriation in the Town Capital Nonrecurring Fund for sidewalk construction has been expended.

Design, re-design and construction inspection costs of \$715,189 and \$2,169,500 of construction costs were incurred for the **West Main Street Bridge** reconstruction project completed in 2015. Project costs were 80% federally funded and 20% locally funded.

The estimated cost for the replacement of the **Main Street Bridge** over the Tankerhoosen River is \$3,283,200. Funding for the replacement will be by an 80% federal grant of \$2,626,560, with the remaining 20%, or \$656,640, to be locally funded. Local funds of \$298,000 are currently appropriated and available; and the Town Council authorized that the remaining local share be provided by a state LOCIP grant. A November 2008 referendum to authorize such local funding was unsuccessful; therefore, requiring identification of these two local funding sources. Work on a preliminary design agreement for \$134,900 commenced last fiscal year with \$24,653 expended to date.

The State Department of Transportation completed the replacement of an existing bridge over the Hockanum River on Windsorville Road in 2016. All costs associated with this project for design and construction were state funded.

There is also a \$40,000 appropriation available in the Town Capital Nonrecurring Fund for design of the Dart Hill Road bridge reconstruction project.

In fiscal year 2015/16, the Town appropriated \$250,000 for the acquisition and improvements of the parcel located at 166 Union Street, comprised of a commercial building, a detached garage, and a parking lot. The property is to be used for a secure and environmentally acceptable storage area for permanent and sensitive information, and to house municipal vehicles and equipment, and for additional parking. The acquisition cost of the site was \$165,633, leaving \$84,367 available for building improvements, of which \$14,010 have been expended to date.

The Town continues to address major *rolling stock* demands in an effort to replace equipment and vehicles that have met their useful life. Besides being better equipped to serve the residents of Vernon, a favorable result of this effort is the stabilization to overall maintenance budgets for succeeding years.

In fiscal year 2015/16, the following maintenance vehicles were acquired: a \$243,492 refuse truck; a \$143,311 bucket loader; a \$68,945 grapple truck; a \$35,815 leaf machine; a \$25,584 pick-up truck; a \$16,887 trailer; and two plows at \$9,136 and \$5,709, respectively. In fiscal year 2016/17, a trail mounted vacuum for \$35,768 was also acquired.

Last year, 2 dump trucks with chassis and plows at a cost of \$328,600 and three additional pick-up trucks at \$109,253 were purchased with available funds.

In fiscal year 2013/14, several vehicles were acquired by the public works department including a \$30,000 aerial lift that will be used to maintain Town buildings; a \$51,440 mini excavator purchased with Road Improvement Bond funds for in-house road construction projects; a \$49,250 used refuse / recycling truck; a \$40,378 dump truck and three pickup trucks with plows at \$100,593, (one for the parks department, \$38,253). The combined cost of \$140,971 utilized \$133,236 of prior year-end encumbrances.

In fiscal year 2012/13, the Town entered into two capital lease purchase agreements totaling \$2,010,000 for the acquisition of two fire pumper trucks, a fire rescue truck, an automated refuse / recycling truck, an excavator, a loader mounted snow blower and a parks tractor. In the same year, a \$36,505 portable lift for fire apparatus was purchased, along with a front loading refuse truck at a cost of \$60,055.

In a prior year, an \$119,380 roadside mower was acquired with funding from the CL&P Municipal Brush Control program. In accordance with a participating agreement, the equipment is jointly used by the towns of Vernon, Coventry and Somers. CL&P (now Eversource) is reimbursing the Town for the total cost of the equipment over a five-year schedule, with the final remittance a receivable at June 30, 2016.

In the current year, two police cruisers were acquired at a cost of \$54,834. Last fiscal year, four police cruisers were purchased at a cost of \$108,694; and in fiscal year 2016/17, two additional cruisers are to be acquired with use of a \$56,000 budget appropriation. A police cruiser for \$23,832 was purchased in fiscal year 2013/14, along with an AWD police utility vehicle and accessories for \$33,253, funded by a Department of Justice federal grant award.

As noted above, in the prior year a new \$27,121 vehicle was acquired for the Fire Chief. A used, handicapped accessible Senior Center bus was also acquired last year for \$77,500.

The Ambulance Medical Services account in the Special Revenue Fund reserves funds to periodically replace each of the three ambulances that the department maintains. Reserves, accumulated over the past several years, have been used to fund the replacement of these ambulances. As noted above, new ambulances were also funded by General Fund appropriations, acquired at a cost of \$104,883 in the current year; and at a cost of \$103,275 in fiscal year 2016/17. A \$14,000 fiscal year 2015/16 appropriation to acquire a used vehicle for the Ambulance department is also available.

In the current year, the Vernon Cemeteries Special Revenue Fund acquired a leaf vacuum for \$2,998. In the last fiscal year, a new mower and mounted leaf blower were acquired at a cost of \$12,028. Additionally, \$39,888 was expended to repaint and restore the chapel at Grove Hill Cemetery.

**Bolton Lakes Wastewater Disposal:** The Town of Vernon and the neighboring Town of Bolton entered into a consent order with the Connecticut Department of Environmental Protection (CTDEP) on October 14, 1999, that required the towns to take the necessary steps to address wastewater disposal alternatives for the Bolton Lakes area. Voters in both towns approved a special referendum held on September 27, 2005, regarding ordinances that guarantee funding for the project. Construction, which has been phased in over a five-year period to maximize grant-funding sources, commenced in the Bolton area in the spring of 2009 and in Vernon in 2012. Project work in Vernon was completed in 2016. The final design and construction costs of the sewer system are approximately \$21,694,000, with 29% or \$6,291,000 attributable to Vernon and the remainder to Bolton. Federal and state grants and benefit assessments reduced Vernon's share to approximately \$2,702,000.

A State of Connecticut Clean Water Fund loan obligation was executed in June 2016 with \$2,701,277 of overlapping debt allocable to Vernon. Debt service for the project commenced at June 30, 2016.

In December 2016, the Town Council authorized a \$712,833 facilities planning contract relative to an upgrade to the Town's waste treatment plant facility. A state grant covering 55% of project costs, or \$392,058, will be supplemented to contributions from Vernon of \$230,188 and adjacent towns totaling \$90,587. Vernon's share of project costs will be funded with \$180,000 of available reserved funds and with a \$50,188 fiscal year 2016/17 appropriation.

### **Parks and Recreation:**

Recreation programs remain very popular with our residents as demand and participation increases. The Parks and Recreation department offers a wide variety of recreational programs totaling 108 in 2016. The Town has 582.5 acres dedicated to recreation, which consist of 26 parks, 35 miles of trails, two pools, two beaches on lakes providing swimming, a camp, boat launch, picnic areas, and fishing and ice skating. Additionally, the Town has a teen center, numerous playgrounds, baseball and softball diamonds, soccer fields, pavilions, a new fitness trail and tennis and basketball courts. The department is also responsible for maintaining the athletic fields throughout the public school system, which includes a lighted football field and track.

ADA improvement projects at Town parks continued into the current year including an acquisition of a new aquatic chair lift at Community Pool. Other recently completed ADA projects include improvements to sidewalks, ramps and handrails at the Lottie Fisk Building, Henry Park Pavilion, Camp Newhoca and Walkers Reservoir.

A \$20,000 appropriation was approved by the Town Council to establish a disc golf course at the Eckert's open space property. The project was completed last year at a cost of \$18,331. Also last year, a \$25,000 appropriation was approved for continued improvements at Valley Falls Barn and contributions of \$21,606 were received along with a \$20,000 appropriation to fund a Parks Fitness Trail. The Valley Falls Barn improvements project has yet to commence. The fitness trail was substantially completed in late 2016.

A generous contribution of \$114,250 from the Russell Hartmann Trust to fund a pavilion at Henry Park was utilized to construct a 40' by 60' pavilion, ramp and sidewalk. The Phyllis Skinner King family donated \$2,750 for the installation of railings on the stairways at both ends of the Henry Park Tower promenade. The project was completed in December, 2015.

The State Bonding Commission has authorized \$555,000 for design and construction activities on the Valley Falls dam and \$50,000 for design activities at the Walkers' Reservoir dam. The projects require local matching appropriations. Local appropriations of \$191,000 are available in the Town's Capital Nonrecurring Fund for the Valley Falls Park dam project which began design work during the current year. An additional \$98,000 for this project has been appropriated in fiscal year 2016/17. Project costs to date total \$20,258. Local appropriations of \$25,000 for design work and \$40,000 for reconstruction were approved by Town Council in the current year to fund the replacement of the Walkers' Reservoir dam. That project has yet to commence.

In the current year, a \$31,076 Parks skid loader was acquired along with a \$21,893 pick-up truck and two dump trucks with plows at a cost of \$43,006 each. Last year a gang mower and ballfield conditioner were purchased at a cost of \$95,775 and \$22,977, respectively. In fiscal year 2016/17, the department acquired a zero-turn tractor at a cost of \$7,597.

Softball field lights were replaced at Henry Park in fiscal year 2013/14 at a cost of \$116,000, utilizing available contributions; and, last year, irrigation, field material and fencing improvements were made to the softball field at a cost of \$46,482. Also, new playground swings were recently installed in Henry Park at a cost of \$49,185.

A \$27,620 designation of Downstream Funds has been fully utilized to fund invasive aquatic species surveys, management studies and removal from Valley Falls and Gages Brook Ponds, Walkers Reservoir, Middle and Lower Bolton Lakes and the Hockanum Marshes. Supplementing downstream funding, a new fiscal year 2014/15 budget was established for Invasive Aquatic Plant Management in the amount of \$19,000, to survey and combat aquatic invasive species, with \$10,632 utilized. An additional \$16,000 was appropriated in fiscal year 2015/16, with \$5,516 expended, and \$14,000 was appropriated for fiscal year 2016/17.

Other recent Town Council authorizations include \$16,000 for repairs to the Fox Hill Tower at Henry Park, of which \$9,058 have been expended to date; \$18,500 in state LOCIP grant funds to fund roof replacements at Camp Newhoca, with project costs to date of \$8,801. An additional \$105,000 has been appropriated for the Fox Hill Radio Tower in fiscal year 2016/17. The estimated cost of this project is \$330,000, and the net balance of \$225,000 was approved for LOCIP funding.

Other recently completed park improvements include the following: Federally funded enhancements to the Talcottville section of Town, totaling \$578,088, comprised of period lighting, sidewalks, signage, a kiosk and other land improvements; extensive renovations to the Vernon Community Arts Center at a final cost of \$1,794,846 were funded entirely by two state grants; and Valley Falls Nature Center improvements of \$69,040 were funded by state LOCIP grants.

### **Education:**

In December, 2014, the Town Council approved the transfer of available Rockville High School (RHS) project funds in the amount of \$1,170,000, to appropriate the net local share for school roof replacements at the Vernon Center Middle School (\$272,000) and Northeast (\$383,000) and Skinner Road (\$515,000) elementary schools. State progress payment grants of \$2,591,100 are available to fund the remainder of estimated project costs. Work on these projects commenced in October 2015, with cumulative project costs at June 30, 2016 of \$1,980,160.

In May 2015, the Town Council approved the transfer of available project funds in the amount of \$332,000 to pave the Vernon Center Middle School parking lots. This project was completed in the summer of 2015 at a cost of \$320,661.

Also, an internally financed lease for \$129,500 to acquire seven education vehicles was approved last year. All vehicles have now been acquired. In addition, a \$146,390 state grant funded the acquisition of vocational education equipment. That project was completed last year at a final cost of \$142,770.

During the 2015/16, fiscal year, the Town was awarded a \$1,225,000 “General Improvements to Alliance Districts School Buildings” state grant to fund building and grounds improvements and equipment at all seven Vernon schools. The project outlays commenced in 2016, with costs to date of \$225,782.

Also in fiscal year 2015/16, a LOCIP state grant project at Rockville High School for drainage improvements was authorized at an estimated cost of \$100,000.

In the current year, the Town Council authorized the following projects: \$15,000 for the RHS Athletic Area Ventilation Repairs (completed at a cost of \$15,000); \$20,000 for Rockville High School Remediation projects (on-going, costs to date total \$6,773); \$25,000 for Vernon Center Middle School Cafeteria Security Gates (completed at a cost of \$15,092); \$10,000 for Media Central Air Conditioning at Center Road School; (completed at a cost of \$9,820); and \$50,000 to replace an oil burner with a gas burner at the Education Central Office Building (completed at a cost of \$49,830). Also in the current year, \$15,989 was expended to complete the \$20,000 authorized RHS Library Media Room Ductwork repair project.

Several recent appropriations from the Education Capital Nonrecurring Fund have funded various school projects. Year-end education transfers to this Fund of \$394,000, \$53,306, \$50,404, \$83,000 and \$90,000 in the previous five fiscal years, and \$100,000 in the current fiscal year have provided funding for the following projects in past years: Two \$100,000 appropriations to repair the Vernon Center Middle School chimney (completed at a cost of \$175,229); \$80,000 to replace the boiler at the Education Central Administrative building (completed at a cost of \$39,230); \$10,000 to fund an insurance deductible for the RHS boiler replacement; \$50,000 to construct a natural gas line to the Education's Central Administration building (completed at a cost of \$2,951); \$25,000 for the Center Road School's gym wall re-pointing, recently completed; \$6,500 for Center Road School's bridge roof replacement; and \$27,906 for RHS bathroom repairs. A \$16,000 authorization to fund RHS track and tennis court repairs was also recently approved (completed at a cost of \$15,523). Current available resources in the Education Capital Nonrecurring Fund for future education projects total \$348,158.

The School system received recent approval for a "Safe Routes to School Infrastructure Program" 2012 federal grant, as administered by the Connecticut Department of Transportation in conjunction with the Capitol Region Council of Governments. The \$491,470 grant provides funding for pedestrian access upgrades for students to the Skinner Road Elementary School and includes sidewalks, trails, signage and pedestrian bridge improvements. A design consultant will be selected shortly to perform engineering design activities associated with this project. The Town Council has approved \$50,000 of available Education Capital Non-Recurring Funds to fund these design costs.

Also, the Vernon school system was awarded two state school security competitive grants totaling \$467,856 to fund safety and security improvements at each of the Vernon schools. Local matches of \$151,828 and \$32,010 are required and have been funded by \$107,924 of available Education Capital Nonrecurring Funds and a Town Council approved General Fund transfer-in of \$75,914. The projects commenced in fiscal year 2013/14, expending \$630,487 to date of the \$651,394 combined appropriation.

I would like to thank Joseph Macary, Superintendent of Schools, Michael Purcaro, Director of Business and Finance for Vernon schools, and their respective staffs, along with the Board of Education, for a coordinated effort in our financial initiatives and operations.

### **Long-Term Financial Planning**

In fiscal year 2011/12, the Town refunded \$36,190,000 of general obligation bonded debt in April 2012 with a \$34,685,000 general obligation bond issue. The refunding resulted in a net present value savings of \$2,789,733; and net budgetary savings of \$3,716,215. Also in fiscal year 2012/13, the Town entered into capital leases for the acquisition of several public safety and public works vehicles. The \$2,010,000 in capital leases were used to acquire two fire pumper trucks, a fire rescue truck, an automated refuse / recycling truck, an excavator, a loader mounted snow blower and a parks tractor. In August 2015, the Town issued \$6,130,000 of general obligation bonds and \$6,350,000 of general obligation bond anticipation notes (BANs) to finance recently approved and on-going improvements to over 200 Town roads. The BANs were retired with the issuance of an August 2016 general obligation bond issue of the same amount. Also in August 2016, \$2,200,000 of BANs were issued to continue financing the road project improvements. The BANs mature in August 2017. Also, in June 2016, the Bolton Lakes Regional Water Pollution Control Authority issued a Clean Water Fund loan obligation to finance sewer improvements at Bolton Lakes. Of that issuance, \$2,701,277 is considered overlapping debt of Town of Vernon. The overlapping debt matures in June 2035. Another general obligation bond issue is anticipated for August of 2017.

We will continue to revise the six-year capital improvement plan to address community demands, understanding that the budgetary constraints imposed by varied economic factors requires the diligent pursuit of grants and alternative resources to fund capital needs.

### **Relevant Financial Policies**

The Town's financial policies have been applied consistently with the prior year and had no notable current year effect on the financial statements. There were no developments at the State level that impacted the current year financial statements.

### **Awards**

The Government Finance Officers Association of the United States and Canada (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 year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Vernon has received a Certificate of Achievement for the last twenty-five consecutive years. We believe that our current report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgements**

The preparation of this report on a timely basis could not have been accomplished without the professional, efficient services of the dedicated members of the Finance Department. The preparation of a Comprehensive Annual Financial Report requires a major effort and I would like to extend special recognition to **Controller, Frank J. Zitkus**; and to express my appreciation for each of the following members of the department who assisted and contributed to the preparation of this report:

Penny Calcasola	Payroll Coordinator
Matthew Daskal	Financial Analyst
Diane Luddecke	Budget Analyst
Beverly States	Assistant Treasurer
Angela Wendus	Administrative Assistant
Laurie Zevallos	Accountant - Procurement



I would also like to thank the staff of CohnReznick LLP, for their assistance and review of the document. And finally, we acknowledge the Mayor, the Town Administrator, and the 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 "James M. Luddecke". The signature is fluid and cursive, with a long horizontal stroke at the end.

James M. Luddecke  
Finance Officer and Treasurer



Government Finance Officers Association

**Certificate of  
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Presented to

**Town of Vernon  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

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## **Financial Section**

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## INDEPENDENT AUDITOR'S REPORT

Town Council  
Town of Vernon

### 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, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the general fund budgetary comparison information and the pension and other post-employment benefit schedules on pages 31 to 46 and pages 119 to 146, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vernon, Connecticut's basic financial statements. The introductory section, supplemental schedules, statistical section and trend data section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental 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 supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, statistical and trend data sections 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 February 13, 2017, on our consideration of the Town of Vernon, Connecticut'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 of Vernon, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut  
February 13, 2017



OFFICE OF THE  
FINANCE DEPARTMENT

# TOWN OF VERNON

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## TOWN OF VERNON, CONNECTICUT

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016**

This discussion and analysis of the Town of Vernon, Connecticut's (Town) financial performance is provided by management as an overview of the Town's financial activities for the fiscal year ended June 30, 2016. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits A to K.

#### **FINANCIAL HIGHLIGHTS**

- The Town's total net position increased as a result of this year's operations. Net position of our governmental activities increased by \$3.874 million, or 4.71%; while net position of our business-type activities increased by \$563 thousand, or 3.17%.
- During the year, the Town generated tax and other revenues, totaling \$109.426 million, that was \$3.874 million more than the \$105.552 million in expenses for governmental activities.
- In the Town's business-type activities, revenues increased to \$6.009 million (an increase of \$119 thousand or 2.02%) while expenses increased by \$636 thousand (or 13.2%) resulting in an increased net position of \$563 thousand.
- Total combined cost of Town governmental and business-type activities increased by \$3.655 million from \$107.343 million to \$110.998 million.
- The General Fund reported a total fund balance this year of \$16.960 million, inclusive of unassigned fund balance in the amount of \$14.231 million.
- Revenues exceeded General Fund expenditures by \$2.675 million. This 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.
- The tax collection rate against the original levy was 98.6% and 98.9% against the adjusted levy.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits A and B, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements and the related notes are presented in Exhibits C to K. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

### Government-Wide Financial Statements

The analysis of the Town as a whole begins with Exhibits A and B, found in the Basic Financial Statements section of this report. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes to it. The Town's net position, the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is an indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, we divide the Town into two types of activities:

- *Governmental activities* — Most of the Town's basic services are reported here, including education, public safety, maintenance and development of streets and buildings, sanitation, human services, recreation, public improvements, community planning and development, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* — The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's operation of the wastewater treatment facility and rentals at Center 375 are reported here.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### ***Fund Financial Statements***

The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds — not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes (like the Ambulance Services Fund, Sewer Assessments Fund, and Cemetery Operations) or to show that it is meeting legal responsibilities for using funds for those purposes, and other money (like grants received for education from the State and Federal governments and accounted for in the Special Revenue Fund). The Town's funds are divided into three categories; governmental, proprietary and fiduciary.

- *Governmental funds (Exhibits C, D and E)* — Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and the governmental funds is described in the reconciliations on Exhibits C and E.
- *Proprietary funds (Exhibits F, G and H)* — When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide financial statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities — such as the Town's Data Processing Internal Service Fund.
- *Fiduciary funds (Exhibits I and J)* — The Town is the trustee, or fiduciary, for its employees' pension and other post-employment benefit plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### NET POSITION

The Town's combined net position increased from a year ago from \$100.039 million to \$104.476 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

**TABLE 1**  
**NET POSITION**  
**JUNE 30, 2016 AND 2015**  
**In Thousands**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current and other assets	\$ 37,425	\$ 30,563	\$ 11,970	\$ 10,915	\$ 49,395	\$ 41,478
Capital assets (net)	160,442	156,319	9,805	10,295	170,247	166,614
Total assets	197,867	186,882	21,775	21,210	219,642	208,092
Deferred outflows of resources	9,321	3,636	474	269	9,795	3,905
Noncurrent liabilities						
outstanding	105,201	85,953	3,516	3,011	108,717	88,964
Other liabilities	13,013	11,902	250	335	13,263	12,237
Total liabilities	118,214	97,855	3,766	3,346	121,980	101,201
Deferred inflows of resources	2,846	10,409	135	348	2,981	10,757
Net investment in capital assets	113,237	117,079	9,805	10,295	123,042	127,374
Restricted	3,311	3,377	-	-	3,311	3,377
Unrestricted	(30,420)	(38,202)	8,543	7,490	(21,877)	(30,712)
Total Net Position	\$ 86,128	\$ 82,254	\$ 18,348	\$ 17,785	\$ 104,476	\$ 100,039

#### **Governmental Activities**

Net position of the Town's *governmental activities* increased by \$3.874 million or 4.71%, (\$82.254 million compared to \$86.128 million).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Governmental Activities, continued**

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements — changed from (\$38.202) million to (\$30.420) million at the end of this year, an increase of \$7.782 million.

The change in governmental net position resulted primarily because of the following factors:

- 1) The positive operating results of the general fund of \$2.675 million
- 2) The increase in net position of the internal service funds applicable to governmental activities of \$589 thousand.
- 3) Capital assets activity, resulting in a net increase in net position of \$4.035 million, along with the impact of issued debt (\$12.480 million) was offset by an increase in the net pension liability of \$2.608 million and an increase in other long-term liabilities (compensated absences, retirement obligations, accrued interest, claims and net OPEB) of \$17 thousand and reduced by the impact of debt payment activity totaling \$4.515 million.

The largest portion of the Town's net position, \$113.237 million 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 residents; consequently, these assets are not available for future spending. An additional portion of the Town's net position, \$3.311 million or 3.80%, represents resources that are subject to restrictions on how they may be used.

### **Business-Type Activities**

In 2016, the net position of *business-type activities* increased by \$563 thousand or 3.17%, (\$18.348 million this year compared to \$17.785 million last year). Factoring into this change are increased wage and benefit costs of \$526 thousand offset with increased operating revenues of \$112 thousand in the Sewer User Fund. These and other favorable factors contributed to a \$568 thousand increase in Sewer User Fund net position exclusive of \$31 thousand of Internal Service Fund consolidated activities related to the Sewer User Fund. Center 375 rental revenues were consistent with prior year; however, operating costs were \$8 thousand higher than the prior year; therefore, the Fund experienced a \$35 thousand decrease in net position.

Although there are \$8.543 million in the unrestricted net position, these funds, however, cannot be used to make up for any decreases reported in governmental activities. The Town generally can only use this net position to finance the continuing operations of the wastewater treatment facility and Center 375.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### CHANGES IN NET POSITION

The Town's total revenues were \$115.424 million. The total cost of all programs and services was \$110.998 million. Our analysis below separately considers the operations of governmental and business-type activities.

**TABLE 2**  
**CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2016 AND 2015**  
**In Thousands**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenues:						
Program revenues:						
Charges for services	\$ 5,966	\$ 5,102	\$ 5,985	\$ 5,866	\$ 11,951	\$ 10,968
Operating grants and contributions	33,704	32,660			33,704	32,660
Capital grants and contributions	2,103	2,638			2,103	2,638
General revenues:						
Property taxes	66,112	64,167			66,112	64,167
Grants and contributions not restricted to specific programs	898	1,054			898	1,054
Investment income	(3)	37	10	1	7	38
Miscellaneous	635	831	14	23	649	854
Total revenues	109,415	106,489	6,009	5,890	115,424	112,379
Program Expenses:						
General government	6,397	5,674			6,397	5,674
Community development	604	548			604	548
Public safety	14,551	14,216			14,551	14,216
Maintenance and development	11,026	10,116			11,026	10,116
Human services	1,297	1,391			1,297	1,391
Park, recreation and culture	2,615	2,662			2,615	2,662
Education	67,270	66,523			67,270	66,523
Interest on long-term debt	1,792	1,403			1,792	1,403
Sewer user			5,241	4,614	5,241	4,614
Center 375 (rental)			205	196	205	196
Total program expenses	105,552	102,533	5,446	4,810	110,998	107,343
Increase (decrease) in net position before contributions to permanent funds	3,863	3,956	563	1,080	4,426	5,036
Contribution to permanent funds	11	11			11	11
Change in net position	3,874	3,967	563	1,080	4,437	5,047
Net position - July 1	82,254	78,287	17,785	16,705	100,039	94,992
Net position - June 30	\$ 86,128	\$ 82,254	\$ 18,348	\$ 17,785	\$ 104,476	\$ 100,039

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### Governmental Activities

As noted earlier, net position from governmental activities increased \$3.874 million. Since the Town began preparing a statement of net position as of June 30, 2003, this is the eleventh increase in the fourteen year period.

On the revenue side, key factors to the overall \$2.926 million increase from the prior year were as follows:

- Property tax revenues, which comprise 60.42% of the Town's governmental activities revenues, increased by \$1.945 million as a result of the increase in the adopted budget and related levy to fund increased appropriations.
- Charges for services increased by \$864 thousand, due primarily to increases of \$743 thousand in building permits, \$205 thousand in police special services, \$88 thousand in ambulance medical services, \$34 thousand in park and recreational programs, \$16 thousand in zoning citations and \$8 thousand in cafeteria food charges; offset by decreases of \$60 thousand in educational charges, \$40 thousand in town clerk recording fees, \$24 thousand in tuition receipts, \$24 thousand in zoning appeal fees and \$20 thousand in sewer connection charges.
- Operating grants and contributions increased by \$1.044 million, including increases of \$573 thousand in brownfield remediation grants, a \$226 thousand school improvements and equipment grant, \$163 thousand in community development grants, a \$152 thousand municipal grant-in-aid and \$123 thousand in cafeteria grants; offset by a reduction of \$73 thousand in public disaster assistance grants.
- Capital grants and contributions decreased by \$535 thousand due primarily to a \$1.529 million reduction in bridge reconstruction grants, a \$74 thousand decrease in street improvement grants, a \$243 thousand decrease in school security grant funding; offset by a \$1.365 million increase in school roof construction grants and a \$41 thousand grant for town building renovations.

For governmental activities, expenses increased \$3.019 million, or 2.94%, from the previous year. Of the total expenses of \$105.552 million, 63.73% are for educational services; 13.79% for public safety; 10.45% for maintenance and development; and 6.06% for general government.

Major expense factors include:

- The cost of educational services increased by \$747 thousand due primarily to increased general fund operating costs of \$49 thousand, including significant increases in special education and benefits costs offset by a significant reduction in regular education costs; in addition, special education grant costs increased by \$621 thousand and cafeteria operation costs increased \$61 thousand. These increases were offset by decreases in on-behalf retirement costs of \$465 thousand, \$29 thousand in education related grant costs and \$9 thousand in adult education costs. Increases in allocable net pension liability and internal service fund claim costs comprise the remainder of the educational service cost increase.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- General government costs increased by \$723 thousand, which included a general fund operating cost increase of \$104 thousand, including an increase in information technology costs of \$56 thousand, a \$227 thousand increase in medical insurance costs offset by a \$58 thousand decrease in municipal insurance costs. Increases in allocable net pension liability and internal service fund claim costs comprise the remainder of the \$723 thousand increase in general government service costs.
- Community development costs increased by \$56 thousand due primarily to increased building rehabilitation grant funded costs.
- Public safety costs increased by \$335 thousand due primarily to increases in general fund operating police service costs of \$64 thousand, firefighting operating service costs of \$15 thousand and building inspection service costs of \$12 thousand. Also, ambulance service costs increased \$50 thousand with the remainder of the increase attributable to allocable pension costs and internal service fund claim costs.
- Maintenance and development costs increased \$910 thousand due to increased general fund operating costs for maintenance of buildings, grounds and equipment, \$28 thousand, and increased costs for refuse and recycling services, \$74 thousand, offset by a \$306 thousand reduction in snow removal costs. Brownfield remediation costs and roadway maintenance costs increased by \$573 thousand and \$215 thousand, respectively. Increases in allocable net pension liability and internal service fund claim costs comprise the remainder of the \$910 thousand increase in maintenance and development service costs.
- Interest on long-term debt increased by \$389 thousand from the prior year based upon scheduled debt service payments.

Table 3 presents the cost of each of the Town's five largest programs — education, public safety, maintenance and development of streets and buildings, general government administration, interest on long-term debt and all other services — as well as each program's net cost (total cost less revenues generated by the activities.) The net cost shows the financial burden that was placed on the Town's taxpayers and other general revenues by each of these functions.

**TABLE 3**  
**GOVERNMENTAL ACTIVITIES**  
**YEARS ENDED JUNE 30, 2016 AND 2015**  
**In Thousands**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Education	\$ 67,270	\$ 66,523	\$ 32,787	\$ 33,309
Public safety	14,551	14,216	13,014	12,952
Maintenance and development	11,026	10,116	8,685	7,052
General government	6,397	5,674	4,600	4,242
Interest on long-term debt	1,792	1,403	1,434	1,045
All others	4,516	4,601	3,259	3,533
<b>Total</b>	<b>\$ 105,552</b>	<b>\$ 102,533</b>	<b>\$ 63,779</b>	<b>\$ 62,133</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### ***Business-type Activities***

Revenues of the Town's business-type activities (see Table 2) increased by 2.02%, or \$119 thousand (\$6.009 million in 2016 compared to \$5.890 million in 2015) and expenses increased by \$636 thousand from \$4.810 million in 2015 to \$5.446 in 2016. The factors influencing revenue results were: Increased service charges of \$119 thousand, comprising of increase in sewer use fees collections of \$15 thousand, septic fees of \$18 thousand, delinquent interest collections of \$88 thousand and a reduction in other charges of \$2 thousand; an increase in other revenue of \$5 thousand; and reduced capital contributions of \$5 thousand.

The increase in expenses of \$636 thousand is comprised of an increase in wages and benefits of \$530 thousand, due primarily to increased pension costs, repair and maintenance costs of \$18 thousand, supply and material costs of \$16 thousand, depreciation expense of \$6 thousand and general and administrative costs of \$77 thousand, offset by a reduction to utility costs of \$11 thousand.

### **TOWN FUNDS FINANCIAL ANALYSIS**

#### ***Governmental Funds***

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit C) reported a combined fund balance of \$27.421 million, which is an increase of \$10.829 million from last year's total. Of total fund balance, \$14.120 million is nonspendable, committed, restricted or assigned because it has been committed for construction contracts, and is set aside for capital projects and equipment, trust funds, special assessment debt service and inventory.

Included in this year's total change in fund balance is an increase of \$2.675 million in the Town's General Fund. The unassigned fund balance, which assigned \$726 thousand for encumbrances more than the prior year, reflects an overall increase of \$2.079 million. The unassigned fund balance of the General Fund at June 30, 2016 is \$14.231 million, which represents 16.01% of 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. Also, income earned by keeping the funds invested assists in limiting the need for future tax increases. The primary reasons for the General Fund's increase include some of the areas discussed in the governmental funds' highlights on the following page and as reported in Exhibit D.

The Town's other major governmental funds are the Road Improvements Bond and the School Roof Replacements and Renovations funds. The Road Improvements Bond fund incurred \$4.081 million on roadway improvements costs during the current year resulting in a \$1.668 million fund balance at year-end. The Town issued a \$6.130 million bond in August 2015 to substantially fund a prior year-end fund balance deficit and it also issued another bond in August 2016 to fund the remainder of that deficit and fiscal year 2015/16 costs. The School Roof Replacements and Renovation Fund incurred project costs of \$1.980 million offset by state grant proceeds of \$1.365 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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Changes in fund balances of Nonmajor Governmental Funds include the following: in the Special Revenue Fund, there was an increase of \$270 thousand, with gains of \$173 thousand in the Special Education Excess Cost Reserve fund, \$139 thousand in the Miscellaneous Special Revenue Fund, \$94 thousand in the Ambulance Medical Services Fund, and \$75 thousand in the Sewer Connections Fund. Fund balance decreases include \$89 thousand in the Special Education Grants Fund, \$55 thousand in the Adult Basic Education Tuition Fund, and \$35 thousand in the Vernon Cemetery Commission Fund. The Debt Service Fund experienced no change in fund balance for the year as debt service expenditures involved with the Waste Treatment Plant upgrade, were matched by debt service contributions from benefiting area municipalities; and from the General Fund which transfers the Town's portion of such debt annually to the Debt Service Fund. The Nonmajor Capital Projects Fund had an increase of \$43 thousand including fund balance increases of \$337 thousand increase in the Town Capital and Nonrecurring Fund and \$87 thousand in the South Street Reconstruction Fund and a decrease of \$321 thousand in the Town and School Improvement Projects Fund and \$40 thousand in the Education Capital and Nonrecurring Fund. The Permanent Trust Fund decreased by \$42 thousand due to a decrease in the fair value of investments.

### ***Proprietary Funds***

The Town accounts for five proprietary funds, two as Business-Type activities and three as Governmental Activities - Internal Service Funds, which are reported in Exhibits F, G and H. The Sewer User Fund and Center 375 are established as self-supporting Business-Type activities that reported a change in net position amounting to a \$533 thousand increase.

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 increase to the Sewer User Fund net position is \$568 thousand as compared to an increase of \$1.086 million in the prior year. The fiscal year 2015/16 increase is attributable to operating revenues exceeding operating expenses by \$547 thousand. The October 1, 2015 sewer rate was not increased from the prior Oct 1<sup>st</sup> and the level of treated flow from the prior year was approximately the same resulting in a small increase in user fee collections of \$15 thousand. There was an \$18 thousand increase in septic fees and an \$88 thousand increase in delinquent interest revenue. Other revenue, non-operating revenue and capital contributions were \$13 thousand lower than prior year. Operating expenses increased \$627 thousand from the prior year primarily due to a \$500 thousand increase in the Fund's net pension liability, \$26 thousand in wages and other benefits and \$101 thousand in other operating costs. The plant is in the nineteenth year of operation since major renovations, and the facility itself is reported in the Governmental Activities.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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**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 decreased net position by \$35 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 \$108 thousand as contributions from the General Fund increased by \$77 thousand. An increase in the Fund's net pension liability of \$124 thousand accounted for the majority of the \$90 thousand increase 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.

The **Workers' Compensation Fund** provides for self-insurance of workers' compensation and is supported by contributions from the General and Sewer User Funds, as well as investment income. At fiscal year-end, revenues exceeded expenses by \$468 thousand, decreasing the prior year net position deficit from \$1.128 million to \$659 thousand. Contributions to the Fund decreased by \$196 thousand from the prior year offset by a decrease in claims incurred from \$955 thousand to \$452 thousand. 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. 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 \$772 thousand, an increase of \$44 thousand from the prior year, primarily due to changes in prescription plan provisions, favorable dental claims and supplemental education prescription contributions.

### ***General Fund Budgetary Highlights***

Differences between the original budget and the final amended budget amounted to an increase of \$3.199 million. Included in this amount is \$1.610 million of encumbrances carried forward from the previous fiscal year (net of \$72 thousand of liquidated encumbrances) of which \$1.287 million were expended and \$323 thousand re-appropriated and \$1.589 million of current year budget amendments that can be classified as follows:

*Pass-through additional appropriations* are those supported by revenue and other sources, amounting to \$515 thousand during the year, including \$20 thousand for capital improvements; \$207 thousand for collections remitted to the state of Connecticut by the Town Clerk for the community investment and historic preservation acts; \$12 thousand for youth service part-time wages; \$171 thousand in police special services pay; and \$105 thousand for other items. Although these additional appropriations had revenue and other funding sources, they were legally appropriated from fund balance.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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*Other additional appropriations* amounting to \$1.074 million were taken from fund balance position including \$262 thousand for payments of compensated absences; \$250 thousand for the acquisition of 166 Union Street buildings and parcel, \$220 thousand for the acquisition of 133 Tunnel Road parcel, \$65 thousand to fund the reconstruction of Walkers' Reservoir dam, \$40 thousand for the Town Council Chamber audio / visual improvements project; \$59 thousand for pension contributions \$42 thousand for attorney costs; \$28 thousand for an April 2016 primary, \$22 thousand for snow removal and \$86 thousand in other costs. These additional appropriations include funds for police body cameras, security cameras at Henry Park and repairs to fire apparatus.

Actual final expenditures totaled \$86.910 million and can be summarized as follows. The budgetary unexpended, unencumbered resulted in a favorable amount of \$582 thousand. Contained within this amount are favorable variances of \$123 thousand in general government spending; \$138 thousand for police and firefighting services and other public safety expenditures; \$54 thousand in refuse and recycling collection; \$61 thousand in public works maintenance; \$53 thousand for parks recreation administration and maintenance; \$17 thousand for FICA, \$18 thousand in unemployment compensation and \$11 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.

On the revenue side, final actual revenues exceeded the original budget by \$2.885 million due to favorable variances in the following categories: \$1.129 million in total tax collections including \$338 thousand in current taxes and \$518 thousand of prior years' taxes as a tax sale helped boost prior years' tax collections; intergovernmental revenues were \$162 thousand above estimates including \$30 thousand for Medicaid reimbursements and \$361 thousand from excess special education and state agency placement grants. Charges for services were above estimates by \$529 thousand due in most part to the farmland preservation surcharge, \$126 thousand, police special services, \$340 thousand, and MERS receipts, \$61 thousand, which in turn are appropriated to cover respective costs. Education tuition receipts were below projections by \$49 thousand. Licenses and permits were above projections by \$992 thousand due primarily to a favorable building permits variance of \$983 thousand. Fines and penalties were \$73 thousand above projections including a zoning citations favorable variance of \$78 thousand. The decrease in interest rates produced a shortfall of \$6 thousand in investment income. Other financing sources were above original estimates by \$18 thousand and other revenue, which includes items such as education, insurance and gasoline reimbursements, were below estimates by \$11 thousand.

The Town's General Fund total of both revenue and expenditures differs from the amounts in Exhibit D and as reported in the budgetary basis comparison in the required supplementary information by \$5.895 million. This amount represents the on-behalf payments of the State of Connecticut contributions to the Teachers' Retirement System.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2016, the Town had \$170.247 million invested in a broad range of capital assets, net of depreciation, including land, buildings, park facilities, vehicles and equipment, roads, bridges, storm water drainage and sewer lines (see Table 4). This amount represents a net increase (including additions and deductions) of \$3.634 million, or 2.18%, more than last year.

**TABLE 4**  
**CAPITAL ASSETS, NET**  
**JUNE 30, 2016 AND 2015**  
**In Thousands**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 8,667	\$ 8,375	\$ 1,268	\$ 1,268	\$ 9,935	\$ 9,643
Construction in progress	14,550	10,290			14,550	10,290
Intangible - computer software			29	44	29	44
Buildings and system	77,235	79,340	1,341	1,402	78,576	80,742
Land improvements	1,939	2,102	26	28	1,965	2,130
Machinery and Equipment	9,548	9,219	1,492	1,691	11,040	10,910
Infrastructure	48,503	46,992	5,649	5,862	54,152	52,854
<b>Total</b>	<b>\$ 160,442</b>	<b>\$ 156,318</b>	<b>\$ 9,805</b>	<b>\$ 10,295</b>	<b>\$ 170,247</b>	<b>\$ 166,613</b>

Additions to total capital assets for the 2015-16 year were \$9.964 million, net of construction-in-progress reductions. Deductions to capital assets include \$6.319 million in depreciation expense, which considers a net loss of \$12 thousand in the disposal of depreciable capital assets. Construction-in-progress of \$14.550 million is for the following (in thousands):

Road and bridge reconstruction projects	\$ 11,152
Animal control facility expansion	105
School additions and renovations	2,779
Park improvements	58
Communication center renovations	3
Streetlight acquisition	319
Citizens Block Building Renovations	41
Town office improvements	93
<b>Total construction in progress</b>	<b>\$ 14,550</b>

More detailed information about the Town's capital assets is presented in Notes I.C. and III.C. to the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Debt Administration**

At year end, the Town had \$46.076 million in bonds, notes, and lease purchase obligations outstanding versus \$38.017 million last year, an increase of \$8.059 million or 21.20% - as shown in Table 5.

**TABLE 5**  
**LONG-TERM OBLIGATIONS**  
**JUNE 30, 2016 AND 2015**  
**In Thousands**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
General obligation bonds (backed by the Town)	\$ 44,110	\$ 34,205	\$ -	\$ -	\$ 44,110	\$ 34,205
Notes payable	826	2,454	-	-	826	2,454
Lease purchases	1,140	1,358	-	-	1,140	1,358
<b>Total</b>	<b>\$ 46,076</b>	<b>\$ 38,017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 46,076</b>	<b>\$ 38,017</b>

There was debt issued during the fiscal year of \$12.480 million (inclusive of the \$6.350 million August 2016 bond issue noted below), while long-term debt principal payments of \$4.421 million were made. In August 2016, the Town issued general obligation bonds and bond anticipation notes of \$6.350 million and \$2.200 million, respectively, to fund road reconstruction and improvement projects that commenced in fiscal year 2013/14.

The Town's Aa2 general obligation bond rating was reviewed and reaffirmed by Moody's Investors on July 19, 2016. The Town's prior ratings, from 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 cities 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 this \$464.8 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note III. E. to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's elected and appointed officials considered many factors when setting the fiscal year 2016-2017 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 5.9%, .7% more than the prior year-end. This compares with the State's unemployment rate of 5.8% and the national rate of 4.9%.

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 .73% for fiscal year 2016 compared with the average U.S. town rate of 1.00%.

These indicators were taken into account when adopting the General Fund budget for fiscal year-end 2017. Total appropriations in the General Fund budget are \$88.911 million, an increase of \$2.211 million over the original 2016 budget. Property taxes, total \$66.788 million, a revenue increase of \$1.414 million from 2016 levels. In the next fiscal year, the estimated aid from the State of Connecticut is expected to increase by \$371 thousand to \$19.433 million, which represents 21.85% of total revenue in the General Fund.

The Town will use these increases in revenues to finance programs currently offered and to offset the effect that we expect price increases will have on program costs. Increased funding for education, \$547 thousand, public safety, \$171 thousand, community development, \$20 thousand, maintenance and development, \$23 thousand, parks and recreation, \$137 thousand, debt service, \$77 thousand and pension contributions \$398 thousand constitute the major increases in the 2016-17 budget.

There was little in the way of new programs or services in the General Fund, but rather a continued pursuit to deliver current town and school services in a cost effective manner. Examples include a collaborative risk management program with the town and school system that is helping to stabilize and reduce general liability insurances; along with combining competitive bidding for health insurance, reducing premiums for 2016-17; and redesigning health plans for current and future budgetary relief. This includes carving out areas for self-insurance. Also, the continued transition from a defined benefit to a defined contribution retirement plan for new employees has been broadened to several bargaining groups, including the school system, focusing on budget relief in the long-term. The Town has recently purchased all of the street lights, and the projection of net budgetary savings over a twenty-year period is \$3.4 million. Another capital investment that is near completion is the creation of the Town's own telephone system, which will generate savings for both the general government and school system. This venture is made possible by the commitment to advancing our technology, most notably the completion of a town-wide connectivity infrastructure, for all town entities, including proprietary departments and the Rockville Public Library. That project is expected to improve departmental operations and provide internal and public access to information. In a continued effort to lower energy costs, the Town has entered into an agreement to buy solar credits, which in turn will reduce electricity costs by fifteen percent. That program commences in March, 2017. The \$27 million road improvement initiative, approved by voters in January, 2014, began at the end of fiscal year 2014, and the third and fourth year of construction costs, and the associated debt service for bonding those outlays, will be in the fiscal year 2018 budget.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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From a financial perspective and as detailed in this annual financial report, the Town of Vernon successfully addressed the many financial obstacles of 2015-16 through prudent, conservative fiscal management without a serious interruption of services. The 2016-17 Town budget experienced an overall 2.55% increase in appropriations with a blended increase of 1.02 mils in the tax rate from 36.91 to 37.93.

With an understanding of surrounding economic conditions, and considering the factor of a slight increase in the grand list, the most immediate obstacle faced by the Town is the budgetary instability occurring at the State level. The Town anticipates \$19.4 million of grants from the State in fiscal year 2016/17 or approximately 22% of the General Fund budget. This is coupled with a cap on the motor vehicle tax, and the ability of the State to impose spending caps on municipalities. Vernon will continue to address the difficult budgetary and economic times through sound management, well-managed fund balances and an active attention to its economic development program.

Concerning the Town's business-type activities, much attention has been given in the past and will continue in the future to preserve a favorable unrestricted net position. As in all areas, most especially the waste treatment facility, the volatile rates of energy resources is carefully examined, and the purchasing of solar credits is one practice the Town will employ to offset the impact of energy costs.

### **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

STATEMENT OF NET POSITION  
JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Current assets:			
Cash	\$ 19,776,973	\$ 5,807,789	\$ 25,584,762
Investments	10,219,455	3,388,963	13,608,418
Receivables (net):			
Property taxes	786,605		786,605
Intergovernmental	2,738,240		2,738,240
Other	596,651	2,344,473	2,941,124
Internal balances	(429,408)	429,408	-
Other assets	27,849		27,849
Total current assets	33,716,365	11,970,633	45,686,998
Noncurrent assets:			
Restricted assets (temporarily):			
Cash	556,939		556,939
Restricted assets (permanently):			
Cash	192,623		192,623
Investments	1,526,237		1,526,237
Total restricted assets	2,275,799	-	2,275,799
Receivables (net):			
Property taxes	801,421		801,421
Loans	587,074		587,074
Total receivables (net)	1,388,495	-	1,388,495
Other noncurrent asset:			
Net pension asset	44,589		44,589
Capital assets (net of accumulated depreciation):			
Land	8,666,728	1,267,840	9,934,568
Construction in progress	14,550,371		14,550,371
Intangible assets (net of accumulated amortization)		29,260	29,260
Buildings and system	77,235,371	1,340,901	78,576,272
Land improvements	1,938,794	26,257	1,965,051
Machinery and equipment	9,547,745	1,491,997	11,039,742
Infrastructure	48,502,580	5,648,398	54,150,978
Total capital assets (net of accumulated depreciation)	160,441,589	9,804,653	170,246,242
Total noncurrent assets	164,150,472	9,804,653	173,955,125
TOTAL ASSETS	197,866,837	21,775,286	219,642,123
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	9,320,815	473,592	9,794,407

(Continued)



TOWN OF VERNON, CONNECTICUT

STATEMENT OF NET POSITION  
JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 4,925,029	\$ 158,986	\$ 5,084,015
Accrued payroll and related liabilities	696,721		696,721
Unearned revenue	999,028		999,028
Accrued interest payable	531,308		531,308
Bond and notes payable	3,976,194		3,976,194
Capital lease payable	221,232		221,232
Compensated absences	1,035,442	90,575	1,126,017
Retirement obligations	332,244		332,244
Claims payable and other	287,542		287,542
Heart and hypertension	8,200		8,200
Total current liabilities	13,012,940	249,561	13,262,501
Noncurrent liabilities:			
Bonds and notes payable and related liabilities	40,960,000		40,960,000
Capital lease payable	918,516		918,516
Compensated absences	2,844,812	258,855	3,103,667
Retirement obligations	1,985,913		1,985,913
Claims payable and other	1,029,105		1,029,105
Heart and hypertension	316,047		316,047
Net pension liability	54,752,836	3,209,631	57,962,467
Net OPEB obligation	2,393,870	47,121	2,440,991
Total noncurrent liabilities	105,201,099	3,515,607	108,716,706
TOTAL LIABILITIES	118,214,039	3,765,168	121,979,207
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred charge on refunding	1,128,744		1,128,744
Pension related	1,717,057	135,342	1,852,399
TOTAL DEFERRED INFLOWS OF RESOURCES	2,845,801	135,342	2,981,143
<u>NET POSITION</u>			
Net investment in capital assets	113,236,903	9,804,653	123,041,556
Restricted for:			
Endowments:			
Expendable	557,664		557,664
Nonexpendable	1,718,860		1,718,860
Grant programs	374,621		374,621
Sewer assessment	84		84
Cemeteries	94,237		94,237
Housing and community development	113,984		113,984
Education programs	434,575		434,575
Adult education	17,298		17,298
Unrestricted	(30,420,414)	8,543,715	(21,876,699)
TOTAL NET POSITION	\$ 86,127,812	\$ 18,348,368	\$ 104,476,180

(Concluded)

See Notes to Basic Financial Statements.

## TOWN OF VERNON, CONNECTICUT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

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
Governmental activities:							
General government	\$ 6,397,451	\$ 1,775,305	\$ 7,101	\$ 14,696	\$ (4,600,349)	\$	\$ (4,600,349)
Community development	603,740	11,472	188,919		(403,349)		(403,349)
Public safety	14,550,637	1,496,729	40,092		(13,013,816)		(13,013,816)
Maintenance and development	11,025,727	525,845	1,238,724	576,302	(8,684,856)		(8,684,856)
Human services	1,296,978				(1,296,978)		(1,296,978)
Parks, recreation and culture	2,614,666	899,878	156,236		(1,558,552)		(1,558,552)
Education	67,270,471	1,256,755	31,714,808	1,512,226	(32,786,682)		(32,786,682)
Interest on long-term debt	1,792,161		357,752		(1,434,409)		(1,434,409)
Total governmental activities	105,551,831	5,965,984	33,703,632	2,103,224	(63,778,991)	-	(63,778,991)
Business-type activities:							
Sewer user	5,240,935	5,818,367		360		577,792	577,792
Center 375 (building rental)	204,593	166,831				(37,762)	(37,762)
Total business-type activities	5,445,528	5,985,198	-	360	-	540,030	540,030
Totals	\$ 110,997,359	\$ 11,951,182	\$ 33,703,632	\$ 2,103,584	\$ (63,778,991)	\$ 540,030	\$ (63,238,961)
General revenues:							
Property taxes					\$ 66,111,585	\$	\$ 66,111,585
Grants and contributions not restricted to specific programs					898,432		898,432
Investment income					(3,363)	9,800	6,437
Miscellaneous					635,159	13,799	648,958
Contributions to permanent funds					10,725		10,725
Total general revenues and contributions					67,652,538	23,599	67,676,137
Change in Net Position					3,873,547	563,629	4,437,176
Net Position at July 1, 2015					82,254,265	17,784,739	100,039,004
Net Position at June 30, 2016					\$ 86,127,812	\$ 18,348,368	\$ 104,476,180

See Notes to Basic Financial Statements.

**TOWN OF VERNON, CONNECTICUT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	General	Road Improvements Bond	School Roof Replacements and Renovations	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 9,838,339	\$	\$ 1,049,262	\$ 8,011,222	\$ 18,898,823
Investments	4,023,332	3,894,543		3,331,156	11,249,031
Receivables (net):					
Taxes	1,491,096				1,491,096
Intergovernmental	28,005		1,364,925	1,345,310	2,738,240
Other	41,488			442,457	483,945
Loans				587,074	587,074
Due from other funds	5,417,912			595,549	6,013,461
Inventory				21,612	21,612
Total assets	\$ 20,840,172	\$ 3,894,543	2,414,187	\$ 14,334,380	\$ 41,483,282
<b>LIABILITIES</b>					
Accounts payable	\$ 1,374,472	\$ 486,253	\$ 1,859,423	\$ 1,178,578	\$ 4,898,726
Accrued wages and benefits	672,962			23,759	696,721
Unearned revenue				999,028	999,028
Due to other funds	667,277	1,740,244		2,740,196	5,147,717
Total liabilities	2,714,711	2,226,497	1,859,423	4,941,561	11,742,192
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues:					
Property taxes	1,165,205				1,165,205
Grants				177,837	177,837
Loans				587,074	587,074
Sewer assessments and user charges				2,618	2,618
Ambulance services				386,975	386,975
Total deferred inflows of resources	1,165,205	-	-	1,154,504	2,319,709
<b>FUND BALANCES</b>					
Nonspendable				1,740,472	1,740,472
Restricted				1,570,851	1,570,851
Committed		1,668,046	554,764	5,676,803	7,899,613
Assigned	2,729,466			180,000	2,909,466
Unassigned	14,230,790			(929,811)	13,300,979
Total fund balances	16,960,256	1,668,046	554,764	8,238,315	27,421,381
Total liabilities, deferred inflows of resources and fund balances	\$ 20,840,172	\$ 3,894,543	2,414,187	\$ 14,334,380	\$ 41,483,282

(Continued)

**TOWN OF VERNON, CONNECTICUT**  
**RECONCILIATION OF FUND BALANCE**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2016**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET DUE TO:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1)	\$	27,421,381
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning capital assets	156,318,529
Less Internal service fund capital assets	(1,163,640)
Current capital asset additions (net of construction in progress)	9,859,281
Less Internal service fund capital assets additions	(229,480)
Depreciation expense	(5,724,208)
Less Internal service fund capital assets depreciation	140,918
Disposal and sale of capital assets	(12,013)
Less Internal service fund disposal and sale of capital assets	387

OTHER LONG-TERM ASSETS AND DEFERRED OUTFLOWS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE UNAVAILABLE IN THE FUNDS:

Property tax and sewer assessment interest and lien accrual	671,930
Allowance for doubtful accounts	(575,000)
Net pension asset	44,589
Deferred outflow related to pensions	9,320,815
Less Internal service fund deferred outflows related to pensions	(117,988)

OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE UNAVAILABLE IN THE FUNDS:

Property tax, sewer assessment, grant, ambulance services and community development block loan receivable - accrual basis change	2,319,709
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INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF VARIOUS SELF-INSURED RISK PREMIUMS AND DATA PROCESSING OPERATION TO INDIVIDUAL DEPARTMENTS:

The portion of assets and liabilities of the Internal service funds are included in governmental activities in the statement of net position	237,763
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SOME LIABILITIES AND DEFERRED INFLOWS, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds, notes and related liabilities	(44,110,000)
Deferred charge	(1,128,744)
State of Connecticut clean water notes	(826,194)
Capital leases	(1,139,748)
Compensated absences	(3,880,254)
Less Internal service fund compensated absences	64,196
Net pension liability	(54,752,836)
Less Internal service fund net pension liability	639,340
Net OPEB obligation	(2,393,870)
Accrued interest payable	(531,308)
Retirement obligations	(2,318,157)
Heart and hypertension	(324,247)
Deferred inflows related to pensions	(1,717,057)
Less Internal service fund deferred inflows related to pensions	33,718

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>86,127,812</u>
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(Concluded)

See Notes to Basic Financial Statements.

## TOWN OF VERNON, CONNECTICUT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General	Road Improvements Bond	School Roof Replacements and Renovations	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 66,502,928	\$	\$	\$	\$ 66,502,928
Intergovernmental	25,120,365		1,364,925	10,013,675	36,498,965
Assessments				22,472	22,472
Charges for services	3,095,638			2,736,924	5,832,562
Gifts and contributions				553,044	553,044
Income on investments	14,060	8,711		50,327	73,098
Net change in fair value of investments				(76,461)	(76,461)
Other	510,816			467,797	978,613
Total revenues	95,243,807	8,711	1,364,925	13,767,778	110,385,221
Expenditures:					
Current:					
General government	3,694,679			6,287	3,700,966
Community development	248,607			219,516	468,123
Public safety	8,561,323			1,177,077	9,738,400
Maintenance and development	5,408,134			1,324,386	6,732,520
Human services	938,018			99,468	1,037,486
Parks, recreation and culture	1,430,950			825,917	2,256,867
Townwide	7,933,163				7,933,163
Education	56,591,613			8,669,115	65,260,728
Debt service	4,399,190	87,050		1,662,040	6,148,280
Capital outlay	740,131	3,994,166	1,980,161	2,134,583	8,849,041
Total expenditures	89,945,808	4,081,216	1,980,161	16,118,389	112,125,574
Excess (Deficiency) of Revenues over Expenditures	5,297,999	(4,072,505)	(615,236)	(2,350,611)	(1,740,353)
Other Financing Sources (Uses):					
Bond proceeds		6,130,000			6,130,000
Bond anticipation notes		6,350,000			6,350,000
Short-term note premium		89,183			89,183
Transfers in	237,180			2,859,710	3,096,890
Transfers out	(2,859,710)			(237,180)	(3,096,890)
Total other financing sources (uses)	(2,622,530)	12,569,183	-	2,622,530	12,569,183
Net Change in Fund Balances	2,675,469	8,496,678	(615,236)	271,919	10,828,830
Fund Balances at July 1, 2015	14,284,787	(6,828,632)	1,170,000	7,966,396	16,592,551
Fund Balances at June 30, 2016	\$ 16,960,256	\$ 1,668,046	\$ 554,764	\$ 8,238,315	\$ 27,421,381

See Notes to Basic Financial Statements.

**TOWN OF VERNON, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D) \$ 10,828,830

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay (net of internal service fund activity)	9,629,801
Depreciation expense (net of internal service fund activity)	<u>(5,583,290)</u>

Total	<u>4,046,511</u>
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The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net position. In the Statement of Activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold (net of internal service activity). (11,626)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the Statement of Activities:

Change in property tax, sewer assessment, grant, ambulance services and community development block loan receivable - accrual basis change	(940,268)
Change in property tax and sewer assessment interest and lien revenue	<u>(48,967)</u>

Total	<u>(989,235)</u>
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
General obligation bonds and notes payable	(6,130,000)
Bond anticipation notes	(6,350,000)
Principal repayments:	
General obligation bonds and notes payable	4,202,828
Deferred charges	94,064
Capital lease payable	<u>217,725</u>

Total	<u>(7,965,383)</u>
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(Continued)

**TOWN OF VERNON, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences (net of internal service activity)	\$ 8,864
Retirement obligations	36,980
Heart and hypertension	23,291
Pension expense (net of internal service fund activity)	(2,608,169)
Net OPEB obligation	(55,672)
Accrued interest payable	<u>(29,956)</u>

Total	<u>(2,624,662)</u>
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Internal Service Funds are used by management to charge costs of various self-insured risk premiums and Data Processing operations to individual departments. A portion of the net revenue of the activities of the Internal Service Fund is reported with governmental activities

589,112

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)

\$ 3,873,547

(Concluded)

## TOWN OF VERNON, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2016

	Business-Type Activities			Governmental and Business-type Activities
	Sewer User	Nonmajor Center 375	Total	Internal Service Funds
<b>Assets:</b>				
Current assets:				
Cash	\$ 5,743,009	\$ 64,780	\$ 5,807,789	\$ 1,627,712
Investments	2,344,937	1,044,026	3,388,963	496,661
Receivables (net)	2,344,473		2,344,473	26,991
Due from other funds	8,254	27	8,281	50,000
Prepaid expense			-	6,237
Total current assets	10,440,673	1,108,833	11,549,506	2,207,601
Capital assets (net):				
Land and land improvements	838,180	647,531	1,485,711	
Buildings and plant	4,494,290	1,970,271	6,464,561	14,491
Machinery and equipment	8,772,284	35,047	8,807,331	816,831
Infrastructure	11,342,467		11,342,467	918,345
Intangibles - computer software	85,800		85,800	387,279
Accumulated depreciation	(16,855,356)	(1,525,861)	(18,381,217)	(885,131)
Capital assets (net)	8,677,665	1,126,988	9,804,653	1,251,815
Total assets	19,118,338	2,235,821	21,354,159	3,459,416
Deferred Outflows of Resources:				
Pension related	473,592		473,592	117,988
<b>Liabilities:</b>				
Current liabilities:				
Accounts and other payables	152,301	6,685	158,986	26,303
Claims payable			-	287,542
Due to other funds	31,200	75,848	107,048	731,262
Accrued compensated absences	90,575		90,575	49,758
Total current liabilities	274,076	82,533	356,609	1,094,865
Noncurrent liabilities:				
Claims payable			-	1,029,105
Accrued compensated absences	258,855		258,855	14,438
Net pension liability	3,209,631		3,209,631	639,340
Net OPEB obligation	47,121		47,121	
Total noncurrent liabilities	3,515,607	-	3,515,607	1,682,883
Total liabilities	3,789,683	82,533	3,872,216	2,777,748
Deferred Inflows of Resources:				
Pension related	135,342		135,342	33,718
<b>Net Position:</b>				
Net investment in capital assets	8,677,665	1,126,988	9,804,653	1,251,815
Unrestricted	6,989,240	1,026,300	8,015,540	(485,877)
Total Net Position	\$ 15,666,905	\$ 2,153,288	17,820,193	\$ 765,938
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			528,175	
Net position of business-type activities (Exhibit A)			\$ 18,348,368	

See Notes to Basic Financial Statements.



## TOWN OF VERNON, CONNECTICUT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Business-Type Activities</u>			<u>Governmental and Business-type Activities</u>
	<u>Sewer User</u>	<u>Nonmajor Center 375</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues:				
Intergovernmental	\$	\$	\$ -	\$ 6,000
Charges for services	5,408,411	166,831	5,575,242	2,956,354
Other:				
Septic fees	192,987		192,987	
Delinquent interest	176,755		176,755	
Miscellaneous	9,480		9,480	27,769
Total operating revenues	5,787,633	166,831	5,954,464	2,990,123
Operating Expenses:				
Wages and benefits	2,137,271	3,606	2,140,877	1,021,011
Repairs, maintenance and rentals	228,766	21,968	250,734	391,059
Utilities	1,444,210	54,363	1,498,573	13,843
Supplies and materials	477,950	22,138	500,088	12,022
General and administrative	400,017	60,163	460,180	161,445
Claims incurred			-	661,328
Depreciation	552,721	42,355	595,076	140,918
Total operating expenses	5,240,935	204,593	5,445,528	2,401,626
Operating Income (Loss)	546,698	(37,762)	508,936	588,497
Nonoperating Revenues (Expenses):				
Investment income	6,781	3,019	9,800	2,344
Insurance and other reimbursements	13,799		13,799	
Loss on disposal of assets			-	(387)
Net nonoperating revenues (expenses)	20,580	3,019	23,599	1,957
Income (loss) before capital contribution	567,278	(34,743)	532,535	590,454
Capital contribution	360		360	29,392
Change in Net Position	567,638	(34,743)	532,895	619,846
Total Net Position at July 1, 2015	15,099,267	2,188,031		146,092
Total Net Position at June 30, 2016	\$ 15,666,905	\$ 2,153,288		\$ 765,938
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			30,734	
Net change in net position of business-type activities (Exhibit B)			\$ 563,629	

See Notes to Basic Financial Statements.

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities</b>			<b>Governmental and Business-type Activities</b>
	<b>Sewer User</b>	<b>Nonmajor Center 375</b>	<b>Total</b>	<b>Internal Service Funds</b>
Cash Flows from Operating Activities:				
Service charges collected	\$ 4,639,525	\$ 166,831	\$ 4,806,356	\$ 2,912,311
Other operating revenues collected	212,792		212,792	22,587
Cash payments for employee wages and benefits	(2,021,758)		(2,021,758)	(917,958)
Cash payments for claims			-	(733,637)
Cash payments for goods and services	(2,683,951)	(94,655)	(2,778,606)	(538,583)
Cash payments for other administrative expenses			-	(86,984)
Cash receipts for interfund services and advances	7,733		7,733	751,652
Cash payments for interfund services and loans			-	(1,000,000)
Net cash provided by (used in) operating activities	154,341	72,176	226,517	409,388
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(66,402)	(38,348)	(104,750)	(200,088)
Cash Flows from Investing Activities:				
Investment income	6,781	3,019	9,800	2,344
Cash Flows from Noncapital Financing Activities:				
Insurance and other reimbursements	5,659		5,659	
Net Increase (Decrease) in Cash and Cash Equivalents	100,379	36,847	137,226	211,644
Cash and Cash Equivalents at July 1, 2015	7,987,567	1,071,959	9,059,526	1,912,729
Cash and Cash Equivalents at June 30, 2016	8,087,946	1,108,806	9,196,752	2,124,373
Cash Equivalents Reported as Investments	(2,344,937)	(1,044,026)	(3,388,963)	(496,661)
Cash, June 30, 2016	\$ 5,743,009	\$ 64,780	\$ 5,807,789	\$ 1,627,712

(Continued)

TOWN OF VERNON, CONNECTICUT**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities</b>			<b>Governmental and Business-type Activities</b>
	<b>Sewer User</b>	<b>Nonmajor Center 375</b>	<b>Total</b>	<b>Internal Service Funds</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 546,698	\$ (37,762)	\$ 508,936	\$ 588,497
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Add:				
Depreciation expense	552,721	42,355	595,076	140,918
Decrease in due from other funds	7,533		7,533	401,652
Increase in accounts / claims payable			-	4,929
Increase in due to other funds		75,537	75,537	8,060
Increase in accrued compensated absences	6,483		6,483	20,669
Increase in OPEB obligation	4,727		4,727	
Increase in net pension liability	499,503		499,503	124,443
Deduct:				
Increase in accounts receivable	(937,528)		(937,528)	(5,225)
Increase in prepaid expense			-	(3,812)
Increase in deferred outflows	(204,840)		(204,840)	(66,928)
Decrease in deferred inflows	(212,745)		(212,745)	(32,415)
Decrease in accounts / claims payable	(83,474)	(7,954)	(91,428)	(72,669)
Decrease in due to other funds	(24,737)		(24,737)	(698,731)
Net adjustments to operating income (loss)	(392,357)	109,938	(282,419)	(179,109)
Net Cash Provided by (Used in) Operating Activities	\$ 154,341	\$ 72,176	\$ 226,517	\$ 409,388

Schedule of noncash capital and related financing activities

Nonoperating accounts receivable of \$10,621 were received during the fiscal year as well as \$360 of contributed capital assets in the Sewer User Fund. Also, \$8,140 of nonoperating revenue is due from other funds at fiscal year end.

\$553 of Data Processing Internal Service capital assets, gross of accumulated depreciation of \$166, were disposed of during the fiscal year and \$29,392 of capital assets were contributed by the Town to the Data Processing Internal Service Fund.

(Concluded)

TOWN OF VERNON, CONNECTICUT

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2015 AND JUNE 30, 2016**

	<b>Pension Trust Funds December 31, 2015</b>	<b>Other Post- Employment Benefit Trust Fund June 30, 2016</b>	<b>Private- Purpose Trust Fund June 30, 2016</b>	<b>Agency Funds June 30, 2016</b>
<b>Assets:</b>				
Cash	\$	\$ 155,924	\$ 250,556	\$ 690,478
Investments, at fair value (pooled):				
Certificates of deposit			102,368	
Pooled fixed income		624,481		
Mutual funds:				
Common stock	21,651,993			
International common stock/ Exchange Traded Fund ("ETF")	6,750,248			
Corporate bond/ETF	13,307,566		117,549	
Commodities/ETF	20,510			
Real estate/ETF	98,706			
Money market	72,395			
Common stock	504,184			
International common stock	20,542			
Corporate bonds	103,636			
U.S. Government notes	65,394			
Guaranteed investment account	16,499,160			
<b>Total investments</b>	<b>59,094,334</b>	<b>624,481</b>	<b>219,917</b>	<b>-</b>
Accounts receivable			33,548	
Due from other funds		9,467		4,066
<b>Total assets</b>	<b>59,094,334</b>	<b>789,872</b>	<b>504,021</b>	<b>694,544</b>
<b>Liabilities:</b>				
Accounts and other payables	26,895	6,485		693,542
Due to other funds		98,246		1,002
Unearned revenue		660		
<b>Total liabilities</b>	<b>26,895</b>	<b>105,391</b>	<b>-</b>	<b>694,544</b>
<b>Net Position:</b>				
Restricted for pension and OPEB benefits and other purposes	\$ 59,067,439	\$ 684,481	\$ 504,021	\$ -

See Notes to Basic Financial Statements.

TOWN OF VERNON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND JUNE 30, 2016

	Pension Trust Funds December 31, 2015	Other Post- Employment Benefit Trust Fund June 30, 2016	Private- Purpose Trust Fund June 30, 2016
Additions:			
Contributions:			
Employer	\$ 4,062,749	\$ 642,059	\$
Employee	1,403,018		
Retirees		771,218	
State		118,455	
Private			5,187
Other		35,494	
Total contributions	5,465,767	1,567,226	5,187
Total investment income	720,197	1,349	754
Less investment expenses	259,242		
Net investment income (loss)	460,955	1,349	754
Total additions	5,926,722	1,568,575	5,941
Deductions:			
Benefit payments/annuity purchases	5,561,889	1,347,226	
Refund of contributions	225,532		
Administrative expenses	144,869		
Awards			42,980
Total deductions	5,932,290	1,347,226	42,980
Change in Net Position	(5,568)	221,349	(37,039)
Net Position at January 1 and July 1, 2015	59,073,007	463,132	541,060
Net Position at December 31, 2015 and June 30, 2016	\$ 59,067,439	\$ 684,481	\$ 504,021

See Notes to Basic Financial Statements.

**TOWN OF VERNON, CONNECTICUT****NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**HISTORY AND ORGANIZATION**

The Town of Vernon 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The various funds included in the financial statements are described below:

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed.

*General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services and interest income.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Special Revenue 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* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

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

*Permanent Funds* are used to report 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.

**Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

*Enterprise Funds* account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Sewer User Fund and Center 375 Fund are the Town's enterprise funds.

*Internal Service Funds* account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Data Processing Fund, Workers' Compensation Fund and the Medical Self-Insurance Fund are the Town's internal service funds.

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Pension Trust Funds* account for the accumulation of resources to be used for retirement annuity payments in accordance with contract amounts and times in the future.

*Other Post-Employment Benefits Trust Fund* accounts for the accumulation of funds to be used for payments of retiree health insurance in accordance with employee bargaining contracts.

*Private-Purpose Trust Fund* accounts for the receipt of private donations to be used for awards to individual students of the Vernon school system.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Agency Funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The School Activity Fund, Miscellaneous Activity Fund and the Bid Bond Deposit Fund are the Town's agency funds.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are reported on 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.

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.

Property taxes, expenditure reimbursement type 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 of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. For reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The Road Improvements Bond Fund, a capital projects fund, accounts for the costs associated with reconstruction and improvements to certain town roads, as authorized by Town referendum.

The School Roof Replacements and Renovations Fund, a capital projects fund, accounts for the financial activity to replace roofs at three Vernon schools, as authorized by Town Council.



TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Town reports the following major proprietary funds:

The Sewer User Fund accounts for the activity of the waste treatment plant. The types of revenues recorded in this fund are charges for services, connection and other fees.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection 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.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Vernon Pension Plans and the Connecticut State Teachers' Retirement System (TRS) have been determined on the same basis as they are reported by the Town of Vernon Pension Plans and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity**

**1. Deposits and Investments**

Deposits - The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Town's pension funds do not have an investment policy; however, the Town has agreements with the investment advisors, who manage the investment portfolios at the direction of the Town's Pension Board and have full authority for the investment and reinvestment of pension fund assets. The current investment strategy is detailed in the pension footnotes.

Investments for the Town are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

**2. Receivables and Payables**

**a. Interfunds**

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 inter-fund loans) or "advances to/from other funds" (i.e., the noncurrent portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

**b. Property Taxes and Other Receivables**

In the government-wide financial statements, all trade, property tax, sewer use, sewer assessment, and loan receivables are shown net of an allowance for uncollectible accounts. Allowance percentages range from 6 to 75% of outstanding receivable balances, and are calculated based upon prior collections.

Property taxes are levied on assessed property as of October 1. Taxes are billed the following July and are due in two installments, July 1 and January 1, with the exception of motor vehicle taxes which are billed and due on July 1. Taxes become delinquent 30 days after the installment is due. Liens are effective on the assessment date and are continued by filing prior to the end of the fiscal year following the due date.

In the fund financial statements (General Fund), property taxes are recognized when they become available. Taxes collected during the 60 day period have been recorded as revenue. All property taxes receivable, which have not been collected within 60 days of June 30, have been recorded as a deferred inflow of resources, since they are not considered to be available to finance expenditures of the current fiscal year.

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 BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. 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.

**4. 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 estimated fair market 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.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<b><u>Assets</u></b>	<b><u>Years</u></b>
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

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions for differences between expected and actual experience, the net difference between projected and actual earnings on pension plan investments and changes in assumptions. The deferred outflow for the net difference between projected and actual earnings on pension plan investments will be amortized over 5 years and the difference between expected and actual experience and changes in assumptions will be amortized over the average remaining service life of all plan members.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred charge on refunding and the difference between expected and actual experience and the return on investments related to pensions in this category in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The difference between the expected and actual experience will be amortized over the average remaining service life of all plan members and the net difference between projected and actual earnings on pension plan investments will be amortized over 5 years.

For the governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes, advance property tax collections, grants, loans, user charges, assessments and ambulances services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. 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.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7. 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, 2016 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 (7.65%) has been estimated and added to the compensated absences accrual in accordance with the provisions of GASB Statement No. 16. 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 year end.

**8. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type 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 any significant applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

**9. Fund Equity and Net Position**

In the **government-wide financial statements**, net position is classified into the following categories:

**Net Investment in Capital Assets**

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

**Restricted Net Position**

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Unrestricted Net Position

This category presents the net position of the Town which is not restricted.

In the **fund financial statements**, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action of the Town Council. Commitments may be established, modified, or rescinded only through resolutions approved by Town Council.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by a resolution or other formal action of the Town Council and the issuance of an approved purchase order (encumbrances).

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**10. Use of Estimates**

The preparation of the 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 of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

**11. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

*Budgetary Process* - The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements. The operating budget includes proposed expenditures and the means of financing them.

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.

*Budgetary Policies* - 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 Vernon 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 \$1,589,416 were authorized during the fiscal year along with re-appropriations of \$1,609,439. 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 year end 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 BASIC FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. Donor-Restricted Endowments**

The Town has received certain endowments for perpetual care of the cemetery and memorial maintenance. The amounts are reflected in net position as restricted for endowments. Investment income, including appreciation of \$23,390 for the Cemetery Fund and \$-0- for the Memorial Fund, is approved for expenditure by the individual Boards of the benefiting activities.

**C. Capital Projects Authorizations**

The following is a summary of certain construction projects:

<b>Project</b>	<b>Project Authorization</b>	<b>Expended To Date</b>	<b>Remaining Authorization</b>
General Government			
ADA Building and Grounds Improvements	\$ 64,519	\$ -	\$ 64,519
Town Hall Renovations	1,353,402	131,425	1,221,977
Planning and Community Development:			
Citizens Block Building Renovations	400,000	41,495	358,505
Public Safety			
Animal Control Shelter Renovations	123,100	104,633	18,467
Fox Hill Tower Communication Center Renovations	225,000	3,400	221,600
Firehouse Building Renovations	66,018	37,538	28,480
Police Station Parking Lot Paving	151,598	-	151,598
Streelight Acquisition	912,462	319,302	593,160
Maintenance and Development			
Road Reconstuction	30,907,750	11,100,447	19,807,303
Storm Drainage	66,000	-	66,000
Bridges	6,501,512	2,877,271	3,624,241
Sidewalk Reconstruction	185,000	23,950	161,050
Land Improvements	84,367	14,010	70,357
Parks and Recreation			
Valley Falls Park Dam Design and Reconstruction	844,500	20,258	824,242
Walkers Reservoir Dam Design and Reconstructic	115,000	-	115,000
ADA Building and Grounds Improvements*	48,465	47,597	868
Fox Hill Tower Renovations	16,000	9,058	6,942
Camp Newhoca Roof Replacements	18,500	8,801	9,699
Eckert's property disc golf course*	20,000	18,331	1,669
Valley Falls Barn Improvements	25,000	-	25,000
Fitness Trail	45,000	19,232	25,768



TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**C. Capital Projects Authorizations (Continued)**

<b>Project</b>	<b>Project Authorization</b>	<b>Expended To Date</b>	<b>Remaining Authorization</b>
Education			
Central Offices Natural Gas Burner*	\$ 50,000	\$ 49,830	\$ 170
School Security Enhancements	651,694	595,937	55,757
Safe Routes to Schools	541,470	-	541,470
VCMS Parking Lot Paving *	332,000	320,661	11,339
School Roof Replacements	3,761,100	1,980,160	1,780,940
VCMS Cafeteria Security Gates*	25,000	15,092	9,908
Center Road School Media Room Air Conditioning	10,000	9,820	180
RHS Athletic Area Ventilation Improvements	15,000	11,469	3,531
RHS Remediation	20,000	6,773	13,227
Alliance 20 School Improvements and Equipment	1,225,000	225,782	999,218
RHS Erosion and Sediment Control Improvements	100,000	400	99,600
Total	<u>\$ 48,904,457</u>	<u>\$ 17,992,672</u>	<u>\$ 30,911,785</u>

\* Project completed during the fiscal year.

**D. Deficit Equity Balances**

The following funds had a deficit equity balance:

Nonmajor Funds:

Special Revenue Funds:

Cafeteria Fund	\$ 40,239
Public Safety Complex Grant-in-Aid Fund	\$ 860,500

Capital Projects Funds:

West Main Street Bridge Reconstruction	\$ 7,460
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Internal Service Fund:

Workers' Compensation Fund	\$ 659,387
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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 Workers' Compensation Fund will be eliminated by future charges to other funds.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### III. DETAILED NOTES

#### A. Cash and Investments

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year end, \$29,962,852 of the Town's bank balance of \$30,605,319 (including certificates of deposit and money market accounts) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 26,916,567
Uninsured and collateral held by the pledging bank's Trust department, not in the Town's name	<u>3,046,285</u>
Total amount subject to custodial credit risk	<u>\$ 29,962,852</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

The Town's investments (including restricted investments) consisted of the following:

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)			
		N/A	LESS THAN 1	1-5 YEARS	5-10 YEAR
Mutual Funds:					
Common Stock .....	\$21,899,098	\$21,899,098	\$	\$	\$
International Common Stock/ Exchange Traded Funds ("ETF") .....	6,982,405	6,982,405			
Corporate Bond/ETF .....	13,528,784			2,750,672	10,778,112
Commodities/ETF .....	56,505	56,505			
Real Estate/ETF .....	221,891	221,891			
Hedge Funds .....	1,692	1,692			
Money Market .....	134,761		134,761		
Certificates of Deposit .....	134,363		130,528	3,835	
Pooled Fixed Income .....	14,208,062		14,208,062		
Common Stock .....	985,871	985,871			
International Common Stock .....	37,900	37,900			
Corporate Bonds .....	219,367			33,664	185,703
U.S. Government Notes .....	163,528			163,528	
Guaranteed Investment Account	<u>16,499,160</u>			<u>16,499,160</u>	
TOTAL .....	<u>\$75,073,387</u>	<u>\$30,185,362</u>	<u>\$14,473,351</u>	<u>\$19,450,859</u>	<u>\$10,963,815</u>

#### Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

The Town had the following recurring fair value measurements.

	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by fair value level				
<u>Mutual Funds:</u>				
Common Stock	\$ 510,206	\$ 510,206	\$	\$
International Common Stock/Exchange Traded Funds ("ETF")	483,561	483,561		
Corporate Bond/ETF	297,718	297,718		
Commodities/ETF	56,505	56,505		
Real Estate/ETF	221,891	221,891		
Hedge Funds	1,692	1,692		
Money Market	134,761	134,761		
Common Stock	985,871	985,871		
International Common Stock	37,900	37,900		
Corporate Bonds	219,367		219,367	
U.S. Government Notes	163,528		163,528	
Total investments by fair value level	3,113,000	\$ 2,730,105	\$ 382,895	\$ -
<u>Investment measured at the net asset value (NAV)</u>				
Common Stock Funds	21,388,892			
International Common Stock Funds	6,498,844			
Corporate Bond funds	13,231,066			
Total investments measured at NAV	41,118,802			
<u>Other Investments</u>				
Certificates of deposit	134,363			
Pooled fixed income	14,208,062			
Guaranteed investment account	16,499,160			
Total other investments	30,841,585			
Total Investments	\$ 75,073,387			

Securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Securities classified in Level 2 are valued using quoted prices for identical securities in markets that are not active.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**Investments measured at NAV**

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

**Investments measured at the NAV**

Investment Description	Fair Value	Unfunded Commitments	Redemption Frequency (if eligible)	Redemption Period Notice
Common Stock Funds	\$ 21,388,892	\$ -	Daily	Daily
International Common Stock Funds	6,498,844	-	Daily	Daily
Corporate Bond Funds	<u>13,231,066</u>	-	Daily	Daily
Total investments measured at NAV	<u>\$ 41,118,802</u>			

1. *Common Stock Funds.* This type includes investments in 8 private equity funds that invest in index (1), large cap (3), mid cap (2) and small cap (2) equities. The fund invests in primarily domestic equities. Management of each fund has the ability to shift investments from value to growth strategies and from small to mid to large capitalization stocks. The fair values of the investments in this type have been determined using the NAV per share of the investment.
2. *International Common Stock Funds.* This type includes investments in 3 funds, 2 blended funds and one growth fund. The fair values of the investments in this type have been determined using the NAV per share of the investment.
3. *Corporate Bond Funds.* This type includes investments in 3 funds that are mostly comprised of domestic fixed income securities. One of the funds is a high yield bond fund. The fair values of the investments in this type have been determined using the NAV per share of the investment.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

The Town's investments had average ratings as follows by Standard & Poor's.

Average Rating	Pooled Fixed Income	Mutual Funds		Corporate Bonds	Guaranteed Investment Account
		Money Market	Corporate Bond/ETF		
AAA .....	\$14,208,062	\$	\$2,485,735	\$ 30,275	\$16,499,160
AA .....			948,292	25,410	
A .....			1,851,352	92,275	
B .....			378,708		
BB .....			2,418,412		
BBB .....			2,599,516	71,407	
CCC .....			305,640		
Unrated .....		134,761	2,541,129		
<b>TOTAL .....</b>	<b>\$14,208,062</b>	<b>\$ 134,761</b>	<b>\$13,528,784</b>	<b>\$ 219,367</b>	<b>\$16,499,160</b>

Custodial credit risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
Common Stock .....	\$ 985,871	\$ 500,000	\$ 485,871
International Common Stock .....	37,900		37,900
Corporate Bonds .....	219,367		219,367
U.S. Government Notes .....	163,528		163,528
<b>TOTAL .....</b>	<b>\$ 1,406,666</b>	<b>\$ 500,000</b>	<b>\$ 906,666</b>

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**B. Receivables**

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below.

	PROPERTY TAXES		
	INTEREST AND		
	TAXES	LIEN FEES	TOTAL
Current portion .....	<u>\$ 656,082</u>	<u>\$ 130,523</u>	<u>\$ 786,605</u>
Long-term portion .....	<u>\$ 835,014</u>	<u>\$ 541,407</u>	<u>\$ 1,376,421</u>
Less allowance for uncollectibles ...	<u>(225,000)</u>	<u>(350,000)</u>	<u>(575,000)</u>
Net long-term portion .....	<u>\$ 610,014</u>	<u>\$ 191,407</u>	<u>\$ 801,421</u>
	SEWER	AMBULANCE	
	USER	MEDICAL	
		SERVICES	
Receivable amount .....	\$2,499,736	\$1,547,900	
Less allowance for uncollectibles ...	<u>(155,263)</u>	<u>(1,160,925)</u>	
Net receivable .....	<u>\$2,344,473</u>	<u>\$ 386,975</u>	

There was no allowance applied to the sewer assessment receivable and loans since the amounts are liened and the lien attaches to the property and not the owner.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**C. Capital Assets**

Capital asset activity for governmental activities was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 8,375,406	\$ 291,322	\$	\$ 8,666,728
Construction in progress	10,289,623	7,524,490	3,263,742	14,550,371
Total capital assets, not being depreciated	18,665,029	7,815,812	3,263,742	23,217,099
Capital assets, being depreciated:				
Land improvements	6,522,610	29,701		6,552,311
Buildings and improvements	111,641,295	102,271		111,743,566
Machinery and equipment	43,097,617	1,885,438	573,525	44,409,530
Intangibles - computer software	387,279			387,279
Infrastructure	76,557,335	3,289,801	45,400	79,801,736
Total capital assets, being depreciated	238,206,136	5,307,211	618,925	242,894,422
Total capital assets	256,871,165	13,123,023	3,882,667	266,111,521
Less accumulated depreciation for:				
Land improvements	4,420,202	193,315		4,613,517
Buildings and improvements	32,301,184	2,207,011		34,508,195
Machinery and equipment	33,878,524	1,544,607	561,346	34,861,785
Intangibles - computer software	387,279			387,279
Infrastructure	29,565,447	1,779,275	45,566	31,299,156
Total accumulated depreciation and amortization	100,552,636	5,724,208	606,912	105,669,932
Total capital assets, being depreciated, net	137,653,500	(416,997)	12,013	137,224,490
Governmental activities capital assets, net	\$ 156,318,529	\$ 7,398,815	\$ 3,275,755	\$ 160,441,589

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

Capital asset activity for business-type activities was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 1,267,840	\$	\$	\$ 1,267,840
Capital assets, being depreciated:				
Buildings and system	6,387,446	77,115		6,464,561
Improvements other than building	216,051	1,820		217,871
Machinery and equipment	8,781,157	26,175		8,807,332
Intangibles - computer software	85,800			85,800
Infrastructure	11,342,466			11,342,466
Total capital assets, being depreciated	26,812,920	105,110	-	26,918,030
Total capital assets	28,080,760	105,110	-	28,185,870
Less accumulated depreciation:				
Buildings and system	4,985,274	138,386		5,123,660
Improvements other than building	188,118	3,496		191,614
Machinery and equipment	7,090,277	225,058		7,315,335
Intangibles - computer software	42,180	14,360		56,540
Infrastructure	5,480,292	213,776		5,694,068
Total accumulated depreciation and amortization	17,786,141	595,076	-	18,381,217
Total capital assets, being depreciated, net	9,026,779	(489,966)	-	8,536,813
Business-type activities capital assets, net	\$ 10,294,619	\$ (489,966)	\$ -	\$ 9,804,653



TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

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

Governmental activities:	
General government	\$ 163,290
Community development	394
Public safety	591,705
Maintenance and development	2,660,153
Human services	602
Parks and recreation	258,267
Education	<u>2,049,797</u>
Total Depreciation Expense - governmental activities	<u>\$ 5,724,208</u>
Business-type activities:	
Sewer use	\$ 552,721
Rental of building	<u>42,355</u>
Total Depreciation Expense - business-type activities	<u>\$ 595,076</u>

**Construction Commitments**

At year end, the Town had \$1,783,438 of construction commitments.

**D. Interfund Receivables, Payables and Transfers**

Interfund transfers:

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total Out</u>
Transfers Out:			
General Fund	\$	\$2,859,710	\$2,859,710
Nonmajor Governmental	<u>237,180</u>		<u>237,180</u>
Total Transfers In	<u>\$ 237,180</u>	<u>\$2,859,710</u>	<u>\$3,096,890</u>

Interfund transfers primarily are the result of moving general fund or other fund revenues to finance programs or projects that may or must be accounted for in a separate fund.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

Due to and from other funds were as follows:

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 5,417,912	\$ 667,277
Major Funds:		
Road Improvements Bond	<u>                    </u>	<u>1,740,244</u>
Nonmajor Funds:		
Debt Service Fund		1,994
Special Revenue Funds:		
Cafeteria	549	131,537
Town Clerk Special	82	219
Dog License Fund	3,059	412
Ambulance Medical Services		9,068
Public Safety Complex Grant-In-Aid		860,500
Vernon Cemetery Commission		49,968
Sewer Assessment	470	27,102
Sewer Connections		7,475
Adult Basic Education Tuition	2,083	50,952
Special Education Grants	4,164	63,042
Special Education Excess Cost Reserve	90,000	
CDBG Small Cities		17,312
Parks and Recreation Programs		26,965
Brownfield Mills Remediation Projects		423,739
Miscellaneous Grants		14,984
Miscellaneous Special Revenue	17,500	1,855
Capital Projects Funds:		
Town Capital and Nonrecurring	377,642	10,715
Education Capital and Nonrecurring	100,000	
River Street Bridge Renovations		6,951
Spring Street Bridge Renovations		5,827
Citizens Block Renovations		5,500
West Main Street Bridge Reconstruction		972,714
Phoenix Street Bridge Renovations	<u>                    </u>	<u>51,365</u>
Total Nonmajor Funds	<u>595,549</u>	<u>2,740,196</u>
Fiduciary Funds:		
Other Post-Employment Benefit Trust	9,467	98,246
Student Activity	4,000	
Miscellaneous Activity	<u>66</u>	<u>1,002</u>
Total Fiduciary Funds	<u>13,533</u>	<u>99,248</u>

TOWN OF VERNON, CONNECTICUT  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**III. DETAILED NOTES (CONTINUED)**

	DUE FROM OTHER <u>FUNDS</u>	DUE TO OTHER <u>FUNDS</u>
Enterprise Funds:		
Sewer User Fund	\$ 8,254	\$ 31,200
Center 375	<u>27</u>	<u>75,848</u>
Total Enterprise Funds	<u>8,281</u>	<u>107,048</u>
Internal Service Funds:		
Workers' Compensation Fund	50,000	200,880
Medical Self-Insurance		10,320
Data Processing Fund	<u>          </u>	<u>520,062</u>
Total Internal Service Funds	<u>50,000</u>	<u>731,262</u>
Total	<u>\$ 6,085,275</u>	<u>\$ 6,085,275</u>

Interfund balances are the result of interfund transfers, reimbursements or loans outstanding at year end.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**E. Changes in Long-Term Obligations**

**1. Summary of Changes**

Long-term liability activity for the year were as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Governmental activities:					
Bonds:					
General purpose	\$ 11,488,500	\$ 12,480,000	\$ 915,500	\$ 23,053,000	\$ 1,349,000
Schools	22,084,500		1,604,500	20,480,000	1,747,000
Sewers	632,000		55,000	577,000	54,000
Total bonds	34,205,000	12,480,000	2,575,000	44,110,000	3,150,000
Notes:					
State of Connecticut					
Clean Water Fund	2,454,022		1,627,828	826,194	826,194
Total bonds and notes	36,659,022	12,480,000	4,202,828	44,936,194	3,976,194
Lease purchases:					
Fire Trucks	1,050,605		142,690	907,915	145,087
Asphalt Box Reclaimer	306,868		75,035	231,833	76,145
Total lease purchases	1,357,473	-	217,725	1,139,748	221,232
Compensated absences:					
Town	2,797,095	327,327	374,138	2,750,284	654,373
Board of Education	1,027,827	136,125	98,179	1,065,773	331,311
Internal Service Fund	43,527	20,670		64,197	49,758
Total compensated absences	3,868,449	484,122	472,317	3,880,254	1,035,442

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Retirement obligations:					
Net pension liability	\$ 43,896,668	\$ 16,438,279	\$ 5,582,111	\$ 54,752,836	\$ -
Town:					
Net OPEB obligation*	1,129,297	373,084	279,652	1,222,729	-
Board of Education:					
Net OPEB obligation	1,208,901	304,647	342,407	1,171,141	
Estimated retirement pay	1,869,658	226,175	270,469	1,825,364	120,000
Early retirement pay	475,805	277,514	265,849	487,470	209,921
Healthcare termination	9,674		4,351	5,323	2,323
Total Board of Education retirement obligations	3,564,038	808,336	883,076	3,489,298	332,244
Total retirement obligations	48,590,003	17,619,699	6,744,839	59,464,863	332,244
Risk management:					
Claims payable	1,388,956	661,328	733,637	1,316,647	287,542
Heart and Hypertension	347,538		23,291	324,247	8,200
Total Risk Management	1,736,494	661,328	756,928	1,640,894	295,742
Total Governmental Activities Long-Term Liabilities	\$ 92,211,441	\$ 31,245,149	\$ 12,394,637	\$ 111,061,953	\$ 5,860,854
* \$42,394 of the net OPEB obligation is recorded in the Sewer User Fund at 7/1/15 and \$47,121 at 6/30/16.					
Business-Type Activities:					
Compensated absences	\$ 342,947	\$ 6,483	\$	\$ 349,430	\$ 90,575
Net pension liability	2,710,128	732,835	233,332	3,209,631	-
Net OPEB Liability	42,394	24,727	20,000	47,121	-
Total Business-Type Activities Long-term Liabilities	\$ 3,095,469	\$ 764,045	\$ 253,332	\$ 3,606,182	\$ 90,575

All governmental activities long-term obligations are generally liquidated by the general fund or debt service fund.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

Debt Type	Issue Date	Maturity Date	Interest Rate	Amount of Original Issue	Amount Outstanding June 30, 2016
Bonded Debt					
General Purpose Bonds:					
Public Improvements (defeased)	02/01/09	02/01/24	2.50 - 4.50%	\$ 720,000	\$ -
Public Improvements	04/12/11	04/01/25	2.00 - 3.75%	2,155,000	1,470,000
Public Improvements (refunding)	04/11/12	08/01/27	2.00 - 4.50%	11,724,000	9,103,000
Public Improvements	08/05/15	08/01/30	2.00 - 3.125%	6,130,000	6,130,000
Public Improvements	08/04/16	08/01/31	2.00 - 4.00%	6,350,000	<u>6,350,000</u>
Total General Purpose Bonds					<u>23,053,000</u>
School Bonds:					
School Renovations (defeased)	02/14/08	02/01/28	3.50 - 5.50%	10,155,000	-
School Renovations	04/12/11	04/01/25	2.00 - 3.75%	1,600,000	1,080,000
School Renovations (refunding)	04/11/12	08/01/27	2.00 - 4.50%	22,168,000	<u>19,400,000</u>
Total School Bonds					<u>20,480,000</u>
Sewer Bonds:					
Sewer System Improvements (refunding)	04/11/12	08/01/27	2.00 - 4.50%	793,000	<u>577,000</u>
Total Bonded Debt					<u>\$44,110,000</u>
Notes Payable					
State of Connecticut:					
Clean Water Fund 200-C	12/31/97	12/31/16	2.0%	27,635,550	<u>\$ 826,194</u>
Lease Purchases					
Fire Trucks	8/22/2012	1/10/2022	1.68%	1,479,761	\$ 907,915
Asphalt Box Reclaimer	8/22/2012	1/10/2019	1.48%	530,239	<u>231,833</u>
Total Lease Purchases					<u>\$ 1,139,748</u>

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

The following is a summary of general long-term debt principal maturities:

<b>Fiscal Year</b>	<b>Principal</b>						
<b>Ending</b>	<b>General</b>				<b>Notes</b>	<b>Lease</b>	<b>Total</b>
<b>June 30</b>	<b>Purpose</b>	<b>School</b>	<b>Sewer</b>	<b>Total</b>	<b>Payable</b>	<b>Purchase</b>	<b>All Debt</b>
2017	\$1,349,000	\$1,747,000	\$ 54,000	\$3,150,000	\$ 826,194	\$221,232	\$ 4,197,426
2018	1,778,000	1,883,000	54,000	3,715,000		224,797	3,939,797
2019	1,798,000	2,024,000	53,000	3,875,000		228,419	4,103,419
2020	1,793,000	2,019,000	53,000	3,865,000		152,523	4,017,523
2021	1,794,000	2,028,000	53,000	3,875,000		155,086	4,030,086
2022	1,793,000	2,035,000	52,000	3,880,000		157,691	4,037,691
2023	1,817,000	2,111,000	52,000	3,980,000			3,980,000
2024	1,816,000	2,107,000	52,000	3,975,000			3,975,000
2025	1,751,000	1,227,000	52,000	3,030,000			3,030,000
2026	1,747,000	1,222,000	51,000	3,020,000			3,020,000
2027	1,594,000	1,105,000	51,000	2,750,000			2,750,000
2028	1,138,000	972,000		2,110,000			2,110,000
2029	835,000			835,000			835,000
2030	835,000			835,000			835,000
2031	815,000			815,000			815,000
2032	400,000			400,000			400,000
Total	<u>\$23,053,000</u>	<u>\$20,480,000</u>	<u>\$ 577,000</u>	<u>\$44,110,000</u>	<u>\$ 826,194</u>	<u>\$1,139,748</u>	<u>\$46,075,942</u>

The following is a summary of general long-term debt interest maturities:

<b>Fiscal Year</b>	<b>Interest</b>						
<b>Ending</b>	<b>General</b>				<b>Notes</b>	<b>Lease</b>	<b>Total</b>
<b>June 30</b>	<b>Purpose</b>	<b>School</b>	<b>Sewer</b>	<b>Total</b>	<b>Payable</b>	<b>Purchase</b>	<b>All Debt</b>
2017	\$ 598,685	\$ 716,833	\$ 20,280	\$1,335,798	\$ 4,826	\$ 18,684	\$1,359,308
2018	644,229	663,192	18,660	1,326,081		15,120	1,341,201
2019	592,846	609,648	17,188	1,219,682		11,498	1,231,180
2020	539,039	539,460	15,332	1,093,831		7,817	1,101,648
2021	479,191	454,823	13,080	947,094		5,254	952,348
2022	415,740	371,964	10,915	798,619		2,649	801,268
2023	351,461	287,175	8,770	647,406			647,406
2024	288,836	203,355	6,690	498,881			498,881
2025	230,756	137,215	4,610	372,581			372,581
2026	175,998	88,640	2,550	267,188			267,188
2027	124,025	45,735	765	170,525			170,525
2028	87,295	14,580		101,875			101,875
2029	61,950			61,950			61,950
2030	41,150			41,150			41,150
2031	19,875			19,875			19,875
2032	4,500			4,500			4,500
Total	<u>\$4,655,576</u>	<u>\$4,132,620</u>	<u>\$ 118,840</u>	<u>\$8,907,036</u>	<u>\$ 4,826</u>	<u>\$ 61,022</u>	<u>\$8,972,884</u>

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**III. DETAILED NOTES (CONTINUED)**

**2. 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 2 former school administrators receiving this benefit. The cost to the Town, net of participant contributions, for the fiscal year is \$4,351. A liability of \$5,323, presented in government-wide financial statements, for this benefit is calculated based upon the discounted present value of future unadjusted premiums and includes a healthcare cost trend of 9.91% and an investment yield of .44%.

In addition to healthcare termination benefits, cash payments are available to school administrator early retirees. Also, there are 2 former school administrators receiving this benefit. The cost to the Town for the fiscal year is \$30,849. An early retirement liability of \$75,827, presented in government-wide financial statements, for this benefit is calculated based upon the discounted present value of expected future benefits and an .44% 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 48 former teachers receiving this benefit. The cost to the Town for the fiscal year is \$235,000. An early retirement liability of \$411,643, presented in government-wide financial statements, for this benefit is calculated based upon the discounted present value of expected future benefits and an .44% yield of investments that are expected to be used to finance such benefit payments.

**3. 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. It is estimated that retirement pay liability at year end totaled \$1,825,364. Paid benefits for the current fiscal year were \$270,469.



TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**4. Capital Leases**

Capital leases are for three fire trucks, a recycling truck, an excavator and a parks tractor. The present value of future minimum lease payments amounts to \$1,139,748.

The amount of assets capitalized under capital leases totaled \$1,972,354 and accumulated depreciation totaled \$836,528. The amount included in depreciation expense for these assets was \$230,913.

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease and the present value of the future minimum lease payments:

YEAR ENDING <u>JUNE 30,</u>	
2017	\$ 239,917
2018	239,917
2019	239,917
Thereafter	481,019
Less amount representing interest	<u>(61,022)</u>
Present value of minimum lease payments	<u>\$ 1,139,748</u>

**5. Heart and Hypertension Claims**

Heart and hypertension outstanding claims, including an estimated \$144,637 of Incurred, But Not Reported claims, totaled \$324,247 at fiscal year end. There are three heart and hypertension claims outstanding at year end. Medical claims of \$23,291 of claim payments were made during the fiscal year.

**6. Statutory Debt Limitations**

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

CATEGORY	DEBT LIMIT	NET	
		INDEBTEDNESS	BALANCE
General purpose.....	\$ 149,412,431	\$ 40,187,000	\$ 109,225,431
Schools.....	298,824,863	58,492,000	240,332,863
Sewers .....	249,020,719	4,266,471	244,754,248
Urban renewal .....	215,817,956	-	215,817,956
Pension deficit .....	199,216,575	-	199,216,575

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$464,838,675.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**III. DETAILED NOTES (CONTINUED)**

**7. Authorized/Unissued Bonds**

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, \$18,175,000 of bonds have been issued. The remaining unissued Public Bond Improvements authorization is, therefore, \$3,434,000 as of June 30, 2016. This authorization will not be utilized as the improvement projects have either been completed or will not be completed, as in the case of the \$1,295,000 waste water treatment plant improvements authorization.

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, \$30,310,000 of bonds has been issued. The remaining unissued School Bond Improvements authorization is, therefore, \$38,012,000 as of June 30, 2016. This authorization is not expected to be utilized as these projects have been completed with other funding sources.

On January 28, 2014, a referendum was held that appropriated \$27,637,000 for Road Reconstruction and Improvements. Of the \$27,637,000 authorization, \$12,480,000 of bonds has been issued. The remaining unissued Road Reconstruction and Improvements authorization is, therefore, \$15,157,000.

**8. 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. The \$2,701,277 is considered overlapping debt.

**9. Prior Year Advanced Refunding**

In prior years, the Town defeased general obligation bonds by creating separate irrevocable trusts. New debt has been issued and the proceeds have been 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 year end, the amount of defeased debt outstanding amounted to \$23,100,000 (net of \$7,500,000 called debt).

**F. Restricted Net Position**

The amount of restricted net position, which was restricted by enabling legislation, totaled \$84.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**G. Fund Balance Classifications**

Fund balance components were for the following purposes:

Fund Balance Component	General Fund	Major Funds		Nonmajor Funds	Total
		Road Improvements Bond	School Roof Replacements		
Nonspendable:					
Permanent fund principal cemetery	\$	\$	\$	\$1,718,860	\$1,718,860
Cafeteria inventory				21,612	21,612
Total nonspendable	-	-	-	1,740,472	1,740,472
Restricted:					
Donor-purpose restrictions				557,664	557,664
Grant programs				374,621	374,621
Sewer assessment				84	84
Cemeteries				94,237	94,237
Housing and community development				113,984	113,984
Education grants				412,963	412,963
Adult education				17,298	17,298
Total restricted	-	-	-	1,570,851	1,570,851
Committed:					
Sewer repairs and maintenance				1,840,580	1,840,580
Insurance and medical				477,013	477,013
Community development				249,535	249,535
Police				50,508	50,508
Ambulance				197,278	197,278
Animal control				47,654	47,654
Human services				64,281	64,281
Maintenance for water runoff				51,726	51,726
Parks and recreation programs				288,946	288,946
Sidewalk development				2,701	2,701
Approved capital outlay projects		1,668,046	554,764	2,406,581	4,629,391
Total committed	-	1,668,046	554,764	5,676,803	7,899,613

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

Fund Balance Component	General Fund	Major Funds		Nonmajor Funds	Total
		Road Improvements Bond	School Roof Replacements		
Assigned:					
General government:					
Administration and Finance	\$187,590	\$	\$	\$	\$187,590
Data processing	150,807				150,807
Pension	13,985				13,985
Insurances	39,723				39,723
Community development:					
Planning	12,370				12,370
Public safety:					
Police	123,500				123,500
Fire	95,302				95,302
Ambulance	56,900				56,900
Maintenance and development:					
Bldings, streets, grounds	126,797				126,797
Refuse and recycling	68,895				68,895
Human services:					
Social services	30				30
Senior services	64				64
Health services	4,530				4,530
Parks and recreation:					
Parks supervision and maintenance	22,043				22,043
Public celebration	9,339				9,339
Education	1,223,608				1,223,608
Compensated absences	322,000				322,000
Debt payments	262,150			180,000	442,150
Miscellaneous	9,833				9,833
Total assigned	2,729,466	-	-	180,000	2,909,466
Unassigned	14,230,790	-	-	(929,811)	13,300,979
Total	\$16,960,256	\$1,668,046	\$554,764	\$8,238,315	\$27,421,381

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION**

**A. 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.

Workers' compensation claims transactions for the past two fiscal years are summarized below:

	<b><u>Fiscal Year Ended June 30,</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Claims payable, July 1	\$ 1,375,645	\$ 893,391
Incurred claims, current year	790,526	657,674
Claims adjustments, prior years	(338,234)	297,184
Claims incurred for the fiscal year	452,292	954,858
Claims paid, current and prior years	515,117	472,604
Claims payable, June 30	\$ 1,312,820	\$ 1,375,645

Based on historical payment data, approximately 21.6% of claims payable will be paid during the following fiscal year. Thus, \$283,715 of claims payable is considered as a current liability and the remaining \$1,029,105 is considered as a long-term liability. Claims payable includes \$95,738 of estimated incremental claims adjustment expenses, net of estimated subrogation recoveries.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

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.

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.

Medical self-insurance claims transactions for the past two fiscal years are as follows:

	<b><u>Fiscal Year Ended June 30,</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Claims payable, July 1	\$ <u>13,311</u>	\$ <u>42,265</u>
Incurred claims, current year	<u>209,036</u>	<u>454,509</u>
Claims paid, current and prior years	<u>218,520</u>	<u>483,463</u>
Claims payable, June 30	\$ <u><u>3,827</u></u>	\$ <u><u>13,311</u></u>

The entire portion of claims payable is considered payable in the following fiscal year.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Commitments and Contingencies**

Pending Suits and Claims

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, legal counsel believes would likely result in a judgment that would materially affect the Town's financial position.

State and Federal Grants

The Town receives 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. The Town's management believes such disallowances, if any, would not be material.

Waste Treatment Plant Debt

The Town permanently financed the upgrade and expansion of the Vernon Waste Treatment Plant on December 31, 1997 with a \$27,635,550 State of Connecticut Clean Water Fund (CWF) loan, payable monthly through December 31, 2016. Of the \$826,194 due on the CWF loan, the Towns of Ellington, Manchester, South Windsor and Tolland are obligated to provide payments totaling \$177,837 to the Town of Vernon in installments through December 31, 2016. The Town of Vernon is responsible for debt service payments on the loan.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Employee Retirement Systems and Pension Plans**

**Defined Benefit Plans**

**1. *Plan Descriptions***

**a. *Plan Type, Participating Employer and Employees Covered***

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.

**b. *Participant Membership***

Participant membership at January 1, 2016 was as follows:

	<u>Police</u>	<u>Town</u>	<u>LOSAP</u>
Retirees, disabled and beneficiaries currently receiving benefits	52	206	15
Terminated employees entitled to benefits, but not yet receiving them	1	222	40
Active employees:			
Vested, partially vested and non-vested	49	349	118
Total participant membership	<u>102</u>	<u>777</u>	<u>173</u>



TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**c. *Benefit Provisions***

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

**i. Normal Retirement Date and Benefits**

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.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**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.

**ii. 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.

**iii. 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.

**iv. Disability Benefit**

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.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**2. Contributions**

Contribution 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.

Police

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.

For the year ended June 30, 2016, the average active member contribution rate was 8.50% of annual base compensation, and the Town's average contribution rate was 34.53% of annual payroll.

Town

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 16.12% of annual payroll.

LOSAP

Members of the volunteer fire department are not required to contribute to the plan.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**3. Investments**

**a. 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. The following are the asset allocation policies as of December 31, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>		
	<u>Police</u>	<u>Town</u>	<u>LOSAP</u>
Large Cap Equity	33.0%	29.0%	34.0%
Mid Cap Equity	4.0%	4.0%	4.0%
Small Cap Equity	6.0%	5.0%	5.0%
International Equity	12.0%	12.0%	25.0%
Fixed Income	25.0%	30.0%	30.0%
Stable Value	20.0%	20.0%	N/A
Real Estate/Commodities	N/A	N/A	5.0%

**4. Concentrations**

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

**5. Rate of Return**

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

Police Plan	.20%
Town Plan	.20%
LOSAP Plan	-4.87%

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

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**6. Net Pension Liability**

The components of the net pension liability at June 30, 2016, were as follows:

	<u>Police</u>	<u>Town</u>	<u>LOSAP</u>
Total pension liability	\$ 41,058,435	\$ 74,529,518	\$ 1,397,364
Plan fiduciary net position	<u>(19,263,107)</u>	<u>(38,362,379)</u>	<u>(1,441,953)</u>
Net pension liability (asset)	<u>\$ 21,795,328</u>	<u>\$ 36,167,139</u>	<u>\$ (44,589)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>46.92%</u>	<u>51.47%</u>	<u>103.19%</u>

**7. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Town</u>	<u>LOSAP</u>
Actuarial cost method	Entry age	Entry age	Entry age
Asset valuation method (1)	Fair value	Fair value	Fair value
Post-retirement increases	None	None	None
Amortization method	Level % closed	Level % closed	Level Dollar closed
Inflation	1.50%	1.50%	N/A
Salary increase	2.50%	3.00%	N/A
Investment rate of return	7.00%	7.00%	6.50%
Mortality rates	RP-2014 Blue Collar Mortality table With Scale MP-2014	RP-2014 Blue Collar Mortality table With Scale MP-2014	RP-2000 Morality table Projected to 2014

- (1) For Police and Town, assets are valued at contract value with a market value adjustment factor for the guaranteed deposit account assets, and at market value for separate accounts, which is considered the best representation of fair value. The market value of the guaranteed deposit account is an estimate only and not the result of the precise calculation which would be done at contract discontinuance or to measure the impact of excess withdrawals in any calendar year.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

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

	<u>Police</u>	<u>Town</u>	<u>LOSAP</u>
<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Equity	8.25%	8.25%	8.50%
Mid Cap Equity	8.75%	8.75%	9.00%
Small Cap Equity	9.00%	9.00%	9.25%
International Equity	8.00%	8.00%	8.25%
Fixed Income	4.90%	4.90%	4.90%
Stable Value	4.50%	4.50%	N/A
Real Estate/Commodities	N/A	N/A	3.75%

**8. Discount Rate**

The discount rate used to measure the total pension liability was 7.0% for the Police and Town plans and 6.50% for the LOSAP plan. 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 Town 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.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**9. Changes in the Net Pension Liability**

The Town's net pension liability was measured at December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The changes in net pension liability for each plan for the fiscal year were as follows:

Police Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at January 1, 2015	\$ 38,524,318	\$ 19,600,137	\$ 18,924,181
Service cost	767,633		767,633
Interest	2,711,068		2,711,068
Differences between expected and actual experience	(304,928)		(304,928)
Changes in assumptions	1,833,919		1,833,919
Contributions - employer		1,639,455	(1,639,455)
Contributions - member		370,334	(370,334)
Net investment income		176,500	(176,500)
Benefit payments, including refunds of member contributions	(2,473,575)	(2,473,575)	-
Administrative expenses		(49,744)	49,744
Net change	2,534,117	(337,030)	2,871,147
Balance at December 31, 2015	\$ 41,058,435	\$ 19,263,107	\$ 21,795,328

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

Town Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at January 1, 2015	\$ 65,646,673	\$ 37,964,058	\$ 27,682,615
Service cost	1,464,780		1,464,780
Interest	4,604,469		4,604,469
Differences between expected and actual experience	135,086		135,086
Changes in assumptions	5,959,086		5,959,086
Contributions - employer		2,383,370	(2,383,370)
Contributions - member		1,032,684	(1,032,684)
Net investment income		339,223	(339,223)
Benefit payments, including refunds of member contributions	(3,280,576)	(3,280,576)	-
Administrative expenses		(76,380)	76,380
Net change	8,882,845	398,321	8,484,524
Balance at December 31, 2015	\$ 74,529,518	\$ 38,362,379	\$ 36,167,139

LOSAP	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at January 1, 2015	\$ 1,333,889	\$ 1,508,812	\$ (174,923)
Service cost	24,830		24,830
Interest	85,622		85,622
Differences between expected and actual experience	(13,707)		(13,707)
Contributions - employer		39,924	(39,924)
Net investment income (loss)		(54,768)	54,768
Benefit payments, including refunds of member contributions	(33,270)	(33,270)	-
Administrative expenses		(18,745)	18,745
Net change	63,475	(66,859)	130,334
Balance at December 31, 2015	\$ 1,397,364	\$ 1,441,953	\$ (44,589)



TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**10. 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% as well as what the Town's 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:

Police

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net pension liability (asset)	\$ 26,941,209	\$ 21,795,328	\$ 17,527,765

Town

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net pension liability (asset)	\$ 29,308,004	\$ 36,167,139	\$ 44,300,913

The following presents the net pension liability, calculated using the discount rate of 6.50% as well as what the Town's net pension liability (asset) 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:

LOSAP

	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	\$ 156,173	\$ (44,589)	\$ (235,142)

**11. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The Town recognized pension expense of \$3,899,691. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,998	\$ 1,852,399
Changes in assumptions	7,828,944	
Net difference between projected and actual earnings on pension plan investments	<u>1,830,465</u>	
Total	<u>\$ 9,794,407</u>	<u>\$ 1,852,399</u>
Net amount of deferred inflows and outflows excluding Town contributions subsequent to measurement date		<u>\$ (7,942,008)</u>

Differences between expected and actual experience and changes in assumptions are amortized over 3.28 - 5.05 years. Actual investment earnings below (or above) projected earnings are amortized over 5 years.

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2016	\$ (2,509,893)
2017	(2,501,732)
2018	(1,868,696)
2019	(1,035,186)
2020	(3,649)
Thereafter	<u>(22,852)</u>
Total	<u>\$ (7,942,008)</u>

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**12. Plan Statements**

**Statement of Fiduciary Fund Net Position  
Pension Trust Funds  
December 31, 2015**

	<b>Police Pension</b>	<b>Town Pension</b>	<b>Volunteer Firefighters Length of Service Award Program (LOSAP)</b>	<b>Total</b>
<b>Assets:</b>				
Investments, at fair value:				
Mutual funds:				
Common stock	\$ 7,563,267	\$ 13,825,625	\$ 263,101	\$ 21,651,993
International common stock/ Exchange Traded Fund ("ETF")	2,123,802	4,375,042	251,404	6,750,248
Corporate bond/ETF	3,776,521	9,454,545	76,500	13,307,566
Commodities/ETF			20,510	20,510
Real estate/ETF			98,706	98,706
Money market	7,110	27,309	37,976	72,395
Common stock			504,184	504,184
International common stock			20,542	20,542
Corporate bonds			103,636	103,636
Government agency bonds			65,394	65,394
Guaranteed investment account	5,807,032	10,692,128		16,499,160
<b>Total assets</b>	<b>19,277,732</b>	<b>38,374,649</b>	<b>1,441,953</b>	<b>59,094,334</b>
<b>Liability:</b>				
Accounts and other payables	14,625	12,270		26,895
<b>Net Position:</b>				
Restricted for pension benefits	\$ 19,263,107	\$ 38,362,379	\$ 1,441,953	\$ 59,067,439

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
For the Year Ended December 31, 2015**

	<b>Police Pension</b>	<b>Town Pension</b>	<b>Volunteer Firefighters Length of Service Award Program (LOSAP)</b>	<b>Total</b>
Additions:				
Contributions:				
Employer	\$ 1,639,455	\$2,383,370	\$ 39,924	\$ 4,062,749
Employee	370,334	1,032,684		1,403,018
Total contributions	2,009,789	3,416,054	39,924	5,465,767
Net investment income	264,899	510,066	(54,768)	720,197
Less investment expenses	88,399	170,843		259,242
Net investment income (loss)	176,500	339,223	(54,768)	460,955
Net additions	2,186,289	3,755,277	(14,844)	5,926,722
Deductions:				
Benefit payments/annuity purchases	2,401,930	3,126,689	33,270	5,561,889
Refund of contributions	71,645	153,887		225,532
Administrative expenses	49,744	76,380	18,745	144,869
Total deductions	2,523,319	3,356,956	52,015	5,932,290
Change in net position	(337,030)	398,321	(66,859)	(5,568)
Net Position - January 1, 2015	19,600,137	37,964,058	1,508,812	59,073,007
Net Position - December 31, 2015	\$ 19,263,107	\$ 38,362,379	\$ 1,441,953	\$ 59,067,439

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Connecticut State Teachers' Retirement System**

**1. Plan Description**

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (TRS) - a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board (TRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**2. 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% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. 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.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**3. Contributions**

State of Connecticut

Per Connecticut General Statutes Section 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 State Teachers' Retirement 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 amount to finance any unfunded accrued liability.

Employer (School Districts)

School district employers are not required to make contributions to the plan.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

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

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>73,578,920</u>
Total	<u>\$ 73,578,920</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The Town has no proportionate share of the net pension liability.

During the year the Town recognized pension expense and revenue of \$5,895,525 for on-behalf amounts for the benefits provided by the State.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**5. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, average, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments 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%.

The long-term expected rate of return on pension plan investments was determined using a log-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. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

**6. Discount Rate**

The discount rate used to measure the total pension liability was 8.50%. 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 employer 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.

**7. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**8. Plan Fiduciary Net Position**

Detailed information about the Connecticut State Teachers' Retirement System plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2015.



TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Defined Contribution Pension Plans**

Establishment and Amendment

The Vernon Town Council has authorized the establishment of 9 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.

The effective establishment dates for these eight 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, 2013	Police Civilians Bargaining Unit
June 4, 2014	Board of Education non-union employees
July 1, 2015	Board of Education Supervisors

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 Supervisors	0% < 7.5% of wages	2% of wages
	7.5 % or more of wages	4% of wages

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

Employee contributions and pension expense recognized by the employer for 2015/16 fiscal year are as follows:

<u>Plan</u>	<u>Employee Contribution</u>	<u>Employer Pension Expense</u>
Professionals	\$ 38,092	\$ 27,513
Town non-union	38,234	31,214
DPW Laborers / Parks / WPC	65,887	36,172
Police Civilians	13,130	7,340
Education non-union	18,745	20,497
Education Supervisors	3,185	-

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.

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.

**F. Other Post-Employment Benefits Plans**

**1. Plan Description**

**a. Plan Type, Employees Covered**

The Town has established an Other Post-Employment Benefit (OPEB) Trust Fund which incorporates 3 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 plans do not issue stand-alone financial reports.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**b. Participant Membership**

Participant membership at July 1, 2014 was as follows:

	<u>Police</u>	<u>Town</u>	<u>Board of Education</u>	<u>Total</u>
Retired members	12	3	69	84
Spouses of retired members	3	7	22	32
Active employees	<u>43</u>	<u>166</u>	<u>600</u>	<u>809</u>
Total participant membership	<u>58</u>	<u>176</u>	<u>691</u>	<u>925</u>

**c. Benefit Provisions**

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 negotiations.

**2. Summary of Significant Accounting Policies**

**a. Basis of Accounting**

OPEB Trust Fund financial statements are prepared on the accrual basis of accounting. Employer contributions are recognized in the period due; investment income is recognized when earned; and gains and losses on sales and exchanges of investments are recognized in the period of transaction. Benefit payments are recognized when due and payable (incurred) in accordance with the terms of the plans. Plan administrative costs are financed by net position of the Trust Fund on a pay-as-you-go basis.

**b. Valuation of Plan Investments**

OPEB Trust Fund investments are reported at fair value. Securities traded on national and international exchanges are valued at the last reported sales price.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**3. Funding Policy**

**a. Employer Contributions**

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Police, Town and Board of Education's total plan contribution for fiscal year was \$642,059.

**b. Employee Contributions**

There are no employee contributions to the plan. Retiree contributions are required to pay a portion of the cost of the benefits. These contributions are considered as part of the annual required contribution amount.

**4. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2016 was based upon an actuarial valuation performed on July 1, 2014, rolled forward to June 30, 2016:

	(A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>POLICE</u>						
2016	\$ 162,026	\$ 1,948,615	\$ (1,786,589)	8.3%	\$ 3,423,660	(52.2%)
<u>TOWN</u>						
2016	\$ 75,007	\$ 1,494,936	\$ (1,419,929)	5.0%	\$ 8,549,000	(16.6%)
<u>BOARD OF EDUCATION</u>						
2016	\$ -	\$ 3,007,647	\$ (3,007,647)	0.00%	\$ 30,365,165	(9.9%)
<u>TOTAL</u>						
2016	\$ 237,033	\$ 6,451,198	\$ (6,214,165)	3.7%	\$ 42,337,825	(14.7%)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress (RSI), immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**5. Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

VALUATION DATE	July 1, 2014
ACTUARIAL COST METHOD	Projected Unit Credit
ASSET VALUATION METHOD	Fair Value
AMORTIZATION METHOD	Level Percentage, Closed
<u>REMAINING AMORTIZATION PERIOD:</u>	
Police	23 years closed
Town	23 years closed
Board of Education	23 years closed
<u>ACTUARIAL ASSUMPTIONS:</u>	
Investment rate of return - Town and Police	7.00%
Investment rate of return - Board of Education	7.00%
Healthcare inflation rate:	
Initial	5.90%
Ultimate	4.70%
Inflation	2.75%

The following assumption and plan benefit changes, effective July 1, 2014, include the change in the initial healthcare inflation rate from 7.2% to 5.9% and the change in insurance coverage of certain participants to high deductible health savings account plans. The effects of these changes reduced the Accrued Liability by \$1,800,000 and reduced the Annual Required Contribution (ARC) for the ensuing fiscal year by \$180,000.

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**6. Annual OPEB Cost and Net OPEB Obligation (NOO)**

The changes in the NOO were as follows:

	POLICE	TOWN	BOARD OF EDUCATION	TOTAL
Annual required contribution.....	\$196,853	\$192,158	\$ 295,568	\$ 684,579
Interest on net OPEB obligation .....	41,447	40,572	84,623	166,642
Adjustment to annual required contribution	<u>(37,000)</u>	<u>(36,219)</u>	<u>(75,544)</u>	<u>(148,763)</u>
Annual OPEB cost.....	201,300	196,511	304,647	702,458
Contributions made .....	<u>148,497</u>	<u>151,155</u>	<u>342,407</u>	<u>642,059</u>
Change in net OPEB obligation.....	52,803	45,356	(37,760)	60,399
Net OPEB obligation - July 1, 2015 .....	<u>592,096</u>	<u>579,595</u>	<u>1,208,901</u>	<u>2,380,592</u>
Net OPEB obligation - June 30, 2016.....	<u>\$644,899</u>	<u>\$624,951</u>	<u>\$ 1,171,141</u>	<u>\$2,440,991</u>

**7. Three Year Trend Information**

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
<u>POLICE</u>			
2016	\$ 201,300	73.8%	\$ 644,899
2015	202,447	70.2%	592,096
2014	193,241	75.7%	531,669
<u>TOWN</u>			
2016	\$ 196,511	76.9%	\$ 624,951
2015	184,286	87.9%	579,595
2014	176,008	73.0%	557,365
<u>BOARD OF EDUCATION</u>			
2016	\$ 304,647	112.4%	\$1,171,141
2015	530,656	97.6%	1,208,901
2014	505,905	72.2%	1,196,082

TOWN OF VERNON, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
<u>TOTAL</u>			
2016	\$ 702,458	91.4%	\$2,440,991
2015	917,389	89.6%	2,380,592
2014	875,154	73.1%	2,285,116

**G. Subsequent Events**

On August 4, 2016, the Town issued \$6,350,000 of general obligation bonds at a net premium of \$228,933 to provide funding for Road Reconstruction and Improvements as authorized on January 28, 2014 at referendum. The bonds, payable in installments over 15 years and maturing on August 1, 2031, were issued at a net interest cost of 1.935%. The \$6,350,000 of bond proceeds were used to retire a \$6,350,000 bond anticipation note that matured on August 4, 2016. Also on August 4, 2016, under the same authorization and funding purpose, the Town issued \$2,200,000 of general obligation bond anticipation notes at a net interest cost of 0.775% with a maturity date of August 3, 2017. The notes were issued with a net premium of \$26,884.

**H. Major Fund Change**

As of June 30, 2016, the School Roof Replacements and Renovations fund was reclassified from a nonmajor fund to a major fund for financial statement reporting purposes. This change resulted in the nonmajor fund balance decreasing from \$9,136,396 as of June 30, 2015 to \$7,966,396 at July 1, 2015.

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**Required  
Supplementary  
Information**

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TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Property Taxes</b>				
Current year taxes	\$ 63,847,123	\$ 63,847,123	\$ 64,185,462	\$ 338,339
Prior year taxes	484,000	484,000	1,002,481	518,481
Supplemental motor vehicle tax	722,000	722,000	835,752	113,752
Interest and lien fees	310,000	310,000	462,612	152,612
Warrant revenue	7,000	7,000	10,650	3,650
Liens	4,000	4,000	5,969	1,969
Proceeds from tax lien sale	-	-	2	2
Total tax revenue	65,374,123	65,374,123	66,502,928	1,128,805
<b>Intergovernmental</b>				
Civil preparedness grant	13,500	13,500	14,570	1,070
Bullet Proof Vest grant	2,000	2,000	3,468	1,468
Community services block grant	20,733	20,733	15,550	(5,183)
Education cost sharing	17,645,165	17,645,165	17,557,331	(87,834)
Public pupil transportation	130,699	130,699	118,922	(11,777)
Vocational Agriculture	107,667	107,667	107,667	-
Special Education Excess Student Based	-	-	219,710	219,710
Regular Education State Agency Placement	-	-	141,465	141,465
Medicaid reimbursement	70,000	70,000	100,000	30,000
PILOT - Colleges and hospitals	320,042	320,042	320,005	(37)
PILOT - State owned property	226,587	226,587	113,593	(112,994)
PILOT - Shelter rent	66,000	66,000	71,960	5,960
Tax relief - Elderly circuit breaker	141,000	141,000	142,254	1,254
Tax relief - Disability exemption	3,200	3,200	3,537	337
Tax relief - Veterans exemption	23,000	23,000	21,236	(1,764)
Mashantucket Pequot and Mohegan grant	185,196	185,196	173,419	(11,777)
Telephone tax sharing	56,000	56,000	51,555	(4,445)
Municipal Video Trust Account	7,000	7,000	-	(7,000)
Judicial reimbursements - Parking	200	200	50	(150)
Judicial reimbursements	300	300	720	420
Special reimbursements - Permits	200	200	103	(97)
Drug Enforcement Grant	-	-	19,186	19,186
Driving Under the Influence grant	20,000	20,000	4,283	(15,717)
Motor Vehicle Violation surcharge	12,000	12,000	13,155	1,155
Historic Document Preservation Grant	4,000	4,000	4,000	-
Other - State grants	8,000	8,000	7,101	(899)
Total intergovernmental	19,062,489	19,062,489	19,224,840	162,351

(Continued)-1

TOWN OF VERNON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>with Final Budget</u>
<b><u>Charges for services</u></b>				
Town Clerk recording fees	\$ 420,000	\$ 420,000	\$ 401,502	\$ (18,498)
Historic document preservation	10,000	10,000	10,233	233
Farmland Preservation surcharge	-	-	126,041	126,041
State Treasurer - MERS	20,655	20,655	81,321	60,666
Printing and copying fees	600	600	114	(486)
Finance administration fee	11,000	11,000	11,000	-
Planning and zoning fees	7,000	7,000	9,307	2,307
Conservation fees	1,600	1,600	1,455	(145)
Assessor fees	1,150	1,150	829	(321)
Police - Special services	10,000	10,000	349,858	339,858
Fingerprint fees	3,000	3,000	3,950	950
Other Public Safety	4,000	4,000	-	(4,000)
Fire Marshal - services	200	200	341	141
Refuse Energy Community Outreach	-	-	20,000	20,000
Recycling	31,000	31,000	11,427	(19,573)
Recycling bin promotion	2,400	2,400	4,327	1,927
Bulky waste pickup	14,000	14,000	15,165	1,165
Other maintenance and development	10,000	10,000	2,809	(7,191)
Yankee Gas - administrative allocation	2,340	2,340	730	(1,610)
Energy application administration	8,766	8,766	9,271	505
Housing Rehab Administration	600	600	710	110
Recreation - Other	-	-	2,100	2,100
Tuition - Special education	65,000	65,000	75,502	10,502
Tuition - Vo-ag	250,000	250,000	177,398	(72,602)
Tuition - Special education Vo-ag	20,000	20,000	33,553	13,553
School Use Activity	-	-	39,267	39,267
Other - Education community	4,000	4,000	38,291	34,291
Total charges for services	897,311	897,311	1,426,501	529,190
<b><u>Licenses and permits</u></b>				
Building permits	475,000	475,000	1,458,326	983,326
Zoning Review	450	450	1,025	575
ZBA Fees	1,500	1,500	2,070	570
Zoning Permits	4,000	4,000	8,925	4,925
Town Clerk - License surcharge	2,100	2,100	2,185	85
Refuse licensing	2,500	2,500	4,000	1,500
Transfer station permits	72,000	72,000	69,460	(2,540)
Driveway & road cut permits	8,000	8,000	11,550	3,550
Total licenses and permits	565,550	565,550	1,557,541	991,991
<b><u>Fines and penalties</u></b>				
Parking tags	14,000	14,000	8,573	(5,427)
Zoning citations	25,000	25,000	103,023	78,023
Total fines and penalties	39,000	39,000	111,596	72,596

TOWN OF VERNON, CONNECTICUT

**GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Income on investments</u></b>				
General Fund	\$ 20,000	\$ 20,000	\$ 14,060	\$ (5,940)
Teachers' Retirement Board	10	10	-	(10)
Total interest on investments	20,010	20,010	14,060	(5,950)
<b><u>Other revenue</u></b>				
Purchasing Card Reimbursement	24,000	24,000	19,363	(4,637)
Rental income - Annex	24,000	24,000	24,000	-
Rental income - Senior Center	-	-	116	116
Rental management fee	50,000	50,000	50,000	-
Rental income other	16,000	16,000	17,932	1,932
Proceeds from sale of property	20,000	20,000	42,864	22,864
Medical insurance reimbursement	213,288	213,288	216,793	3,505
Vision insurance reimbursements	-	-	5,608	5,608
Insurance reimbursements	-	-	1,298	1,298
Gasoline reimbursement	110,000	110,000	78,939	(31,061)
Lease - Ellington pump station	6,600	6,600	6,777	177
Education	36,200	36,200	36,498	298
Miscellaneous	22,000	22,000	10,628	(11,372)
Total other revenue	522,088	522,088	510,816	(11,272)
<b>Total revenues</b>	<b>86,480,571</b>	<b>86,480,571</b>	<b>89,348,282</b>	<b>2,867,711</b>
<b><u>Other financing sources</u></b>				
Special Revenue Funds:				
Special Revenue	10	10	-	(10)
Recreation programs	62,500	62,500	62,500	-
Sewer assessments	-	-	27,102	27,102
Ambulance services	82,000	82,000	82,000	-
Interest on investments-Insurance Exchange	20	20	-	(20)
Interest on investments-Town Aid Road	40	40	-	(40)
Tuition - Next Step Program	75,000	75,000	50,952	(24,048)
Total Special Revenue Funds	219,570	219,570	222,554	2,984

(Continued)-3

TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Transfers in:				
Capital Projects Fund:				
Transfers in	\$ -	\$ -	\$ 12,778	\$ 12,778
Debt Service Fund:				
Interest on investments	100	100	1,848	1,748
<b>Total other financing sources</b>	<u>219,670</u>	<u>219,670</u>	<u>237,180</u>	<u>17,510</u>
<b>Total revenues and other financing sources</b>	<u>\$ 86,700,241</u>	<u>\$ 86,700,241</u>	<u>89,585,462</u>	<u>\$ 2,885,221</u>

Budgetary revenues are different than GAAP revenue because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted

5,895,525

Total revenues and other financing sources as reported on the statement of revenues,  
 expenditures and changes in fund balances - governmental funds - Exhibit D

\$ 95,480,987

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TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	<u>Outstanding Encumbrances</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b><u>General government</u></b>						
Town Council	\$ 12,165	\$ 14,418	\$ 5,943	\$ 2,731	\$ 8,674	\$ 5,744
Probate court	13,655	20,483	17,428	3,033	20,461	22
Executive and administrative	688,486	741,444	671,178	34,003	705,181	36,263
Law	167,000	213,973	188,617	15,041	203,658	10,315
Registration	82,200	90,416	82,638	5,424	88,062	2,354
Elections - general	34,100	36,378	30,983	4,932	35,915	463
Elections - primary	1	28,093	25,127	2,394	27,521	572
Elections - referendum	6,500	6,500	-	-	-	6,500
Finance administration	498,666	553,642	541,691	7,995	549,686	3,956
Independent audit	53,050	53,750	53,750	-	53,750	-
Treasury	4,840	54,621	5,801	44,874	50,675	3,946
Purchasing	9,820	15,090	8,683	5,887	14,570	520
Assessment	273,073	277,630	273,351	1,414	274,765	2,865
Refunds - tax adjustments	17,000	46,900	19,804	-	19,804	27,096
Collector of Revenue	227,010	243,890	232,771	9,639	242,410	1,480
Revaluation	5,488	19,485	7,645	11,840	19,485	-
Town Clerk	269,661	514,999	456,114	38,383	494,497	20,502
Board of Assessment Appeals	2,800	2,800	2,790	-	2,790	10
Water Pollution Control Authority	8,228	8,228	8,140	-	8,140	88
Greater Hartford Transit District	3,794	3,794	3,793	-	3,793	1
Data processing	1,032,249	1,209,777	1,058,432	150,807	1,209,239	538
Total general government	3,409,786	4,156,311	3,694,679	338,397	4,033,076	123,235
<b><u>Community development</u></b>						
Town Planner - Administration	247,207	264,041	248,607	12,370	260,977	3,064

(Continued)-1

TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b><u>Public safety</u></b>						
Police	\$ 6,117,661	\$ 6,448,910	\$ 6,316,606	\$ 50,481	\$ 6,367,087	\$ 81,823
School crossing guards	62,120	62,120	56,528	-	56,528	5,592
Traffic authority	354,160	406,540	340,572	61,019	401,591	4,949
Fire fighting and administration	570,069	639,777	576,015	39,304	615,319	24,458
Fire hydrants	681,810	681,810	637,693	43,674	681,367	443
Fire Marshal	91,924	96,164	93,475	-	93,475	2,689
Building inspection	387,551	367,234	360,440	688	361,128	6,106
Emergency Management	58,330	59,830	47,186	1,275	48,461	11,369
Animal control	131,804	133,704	132,808	-	132,808	896
Total public safety	8,455,429	8,896,089	8,561,323	196,441	8,757,764	138,325
<b><u>Maintenance and development</u></b>						
Public Works administration	656,167	738,421	719,402	1,525	720,927	17,494
General maintenance	1,317,752	1,356,181	1,277,251	60,077	1,337,328	18,853
Equipment maintenance	782,471	818,158	733,704	52,050	785,754	32,404
Maintenance of gov't buildings	781,647	796,906	781,077	6,048	787,125	9,781
Snow removal	186,970	209,128	200,221	7,097	207,318	1,810
Refuse collection and disposal	1,008,075	996,453	934,835	20,361	955,196	41,257
Recycling	338,042	389,458	328,268	48,534	376,802	12,656
Condominium refuse	4,647	4,647	4,646	-	4,646	1
Tree Warden	13,150	15,670	13,640	1,500	15,140	530
Leaf collection program	118,490	118,500	116,145	488	116,633	1,867
Engineering admin. services	296,845	302,821	298,945	246	299,191	3,630
Total maintenance and development	5,504,256	5,746,343	5,408,134	197,926	5,606,060	140,283

(Continued)-2

**TOWN OF VERNON, CONNECTICUT**

**GENERAL FUND**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<b><u>Budgeted Amounts</u></b>					
	<b>Original</b>	<b>Final</b>	<b>Expenditures</b>	<b>Outstanding Encumbrances</b>	<b>Total Expenditures and Encumbrances</b>	<b>Variance with Final Budget</b>
<b><u>Human services</u></b>						
North Central Health District	\$ 136,182	\$ 136,182	\$ 136,182	\$ -	\$ 136,182	\$ -
Visiting Nurses and Health Services	12,249	12,249	7,907	4,342	12,249	-
Hockanum Valley Community Council	180,000	180,000	180,000	-	180,000	-
Child Guidance Clinic	5,500	5,500	5,500	-	5,500	-
Exchange Club-Prevent Child Abuse	4,000	4,000	4,000	-	4,000	-
MARC, Inc. of Manchester	4,000	4,000	4,000	-	4,000	-
Shelter Services	7,200	7,200	6,012	188	6,200	1,000
Connecticut Legal Services	2,000	2,000	2,000	-	2,000	-
Hartford Interval House	2,500	2,500	2,500	-	2,500	-
YWCA Sexual Assault Services	2,000	2,000	2,000	-	2,000	-
Hockanum Valley School Readiness	4,000	4,000	4,000	-	4,000	-
Social services administration	255,479	216,439	206,120	30	206,150	10,289
Youth services	213,293	282,722	279,701	-	279,701	3,021
Senior center	134,409	118,169	98,096	64	98,160	20,009
Total human services	962,812	976,961	938,018	4,624	942,642	34,319
<b><u>Parks, recreation and culture</u></b>						
Recreation administration	367,892	438,090	416,814	1,914	418,728	19,362
Public celebration	13,500	15,815	6,443	9,339	15,782	33
Parks maintenance	696,970	714,569	679,594	4,359	683,953	30,616
Art commission	6,840	6,840	6,583	-	6,583	257
Historical Society	6,000	6,000	6,000	-	6,000	-
Rockville Public Library	310,000	310,000	310,000	-	310,000	-
Invasive aquatic plant management	16,000	24,368	5,516	15,770	21,286	3,082
Total parks, recreation and culture	1,417,202	1,515,682	1,430,950	31,382	1,462,332	53,350

(Continued)-3

TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>					
	Original	Final	Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance with Final Budget
<b><u>Townwide</u></b>						
Social Security and Medicare	\$ 999,200	\$ 993,200	\$ 976,511	\$ -	\$ 976,511	\$ 16,689
Pension	2,770,380	2,966,816	2,952,821	13,985	2,966,806	10
Group insurance	2,706,111	2,766,438	2,728,374	25,623	2,753,997	12,441
Unemployment compensation	25,000	37,589	13,763	5,826	19,589	18,000
Municipal insurance	1,040,407	1,043,785	1,025,747	8,274	1,034,021	9,764
Contingency	119,000	15,736	5,140	-	5,140	10,596
Housing Authority sewer subsidy	50,450	50,638	45,002	5,636	50,638	-
Vernon Cemetery Commission	185,805	185,805	185,805	-	185,805	-
Total townwide	7,896,353	8,060,007	7,933,163	59,344	7,992,507	67,500
Subtotal - General Government	27,893,045	29,615,434	28,214,874	840,484	29,055,358	560,076
<b><u>Debt service</u></b>						
Debt service - principal	3,280,282	3,213,409	3,021,345	192,064	3,213,409	-
Debt service - interest	1,536,324	1,448,324	1,377,845	70,086	1,447,931	393
Total debt service	4,816,606	4,661,733	4,399,190	262,150	4,661,340	393
<b><u>Capital outlay</u></b>						
Capital improvements - Town	271,723	822,893	740,131	81,224	821,355	1,538

(Continued)-4



TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b>Education</b>						
Regular instruction	\$ 17,680,000	\$ 17,281,489	\$ 17,255,784	\$ 5,033	\$ 17,260,817	\$ 20,672
Special Education instruction	5,302,463	5,211,623	5,188,891	12,442	5,201,333	10,290
Continuing Education	226,371	226,371	226,371	-	226,371	-
Special Education program support	3,206,218	3,191,480	3,196,739	45,942	3,242,681	(51,201)
Social Work services	544,161	550,661	542,225	-	542,225	8,436
Guidance services	672,109	668,719	669,024	-	669,024	(305)
Health services	458,831	467,032	450,050	4,938	454,988	12,044
Psychological services	556,431	557,999	553,113	-	553,113	4,886
Speech pathology & audio services	404,120	391,973	406,579	-	406,579	(14,606)
Instructional program support	235,200	112,526	96,163	-	96,163	16,363
Library / Media services	341,010	341,985	334,930	673	335,603	6,382
Curriculum development	650,388	997,987	898,426	148,367	1,046,793	(48,806)
Superintendent's office	496,509	528,676	524,704	2,663	527,367	1,309
Board of Education - Elected	88,950	100,358	108,090	-	108,090	(7,732)
Principal office services	2,390,009	2,311,744	2,328,106	6,938	2,335,044	(23,300)
Business office	795,154	1,035,149	902,034	134,202	1,036,236	(1,087)
Building / Plant operations	4,173,656	4,908,895	4,139,801	732,670	4,872,471	36,424
Student transportation services	2,452,542	2,581,210	2,540,544	14,596	2,555,140	26,070
General control	65,307	65,307	65,810	-	65,810	(503)
Information systems	919,554	994,035	887,606	105,700	993,306	729
System-wide fringe benefits	9,189,937	8,797,733	8,811,454	-	8,811,454	(13,721)
Extra curricular student activities	500,226	473,670	440,679	25	440,704	32,966
Reserve for negotiation	205,450	139,353	128,965	9,419	138,384	969
Total education	51,554,596	51,935,975	50,696,088	1,223,608	51,919,696	16,279
<b>Total Expenditures</b>	<b>84,535,970</b>	<b>87,036,035</b>	<b>84,050,283</b>	<b>2,407,466</b>	<b>86,457,749</b>	<b>578,286</b>

(Continued)-5

**TOWN OF VERNON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>					
	Original	Final	Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance with Final Budget
<b><u>Other financing uses</u></b>						
Transfers out:						
Special Revenue Funds:						
Community & Economic development	\$ 41,000	\$ 41,000	\$ 41,000	\$ -	\$ 41,000	\$ -
Social Services	7,500	7,500	7,500	-	7,500	-
Public Celebration	-	10,000	10,000	-	10,000	-
Education - Capital Reserve	-	90,000	90,000	-	90,000	-
Capital Projects Funds:						
Town Clerk - Preservation surcharge	-	6,981	6,981	-	6,981	-
Revaluation	-	76,667	76,667	-	76,667	-
Data Processing	-	6,000	6,000	-	6,000	-
Maintenance of gov't buildings	-	4,402	4,402	-	4,402	-
Debt service - principal	279,588	275,961	274,625	-	274,625	1,336
Debt service - interest	58,156	58,156	56,142	-	56,142	2,014
Capital improvements - Town	419,965	828,332	828,332	-	828,332	-
Education - Capital Reserve	-	100,000	100,000	-	100,000	-
Education - Building / Plant Operations	53,773	53,773	53,773	-	53,773	-
Debt Service Fund:						
Debt service - principal	1,277,440	1,277,440	1,277,440	-	1,277,440	-
Debt service - interest	26,849	26,849	26,848	-	26,848	1
<b>Total other financing uses</b>	<b>2,164,271</b>	<b>2,863,061</b>	<b>2,859,710</b>	<b>-</b>	<b>2,859,710</b>	<b>3,351</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 86,700,241</b>	<b>\$ 89,899,096</b>	<b>\$ 86,909,993</b>	<b>\$ 2,407,466</b>	<b>89,317,459</b>	<b>\$ 581,637</b>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut "on-behalf" payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted

5,895,525

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes

(2,407,466)

Total expenditures and other financing uses as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit D

\$ 92,805,518

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TOWN OF VERNON, CONNECTICUT

## POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	December 31,		
	2015	2014	2013
TOTAL PENSION LIABILITY:			
Service cost	\$ 767,633	\$ 760,493	\$ 759,496
Interest	2,711,068	2,663,012	2,620,600
Differences between expected and actual experience	(304,928)	(288,635)	
Changes in assumptions	1,833,919	1,214,064	
Benefit payments, including refunds of member contributions	<u>(2,473,575)</u>	<u>(2,434,432)</u>	<u>(2,385,303)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	2,534,117	1,914,502	994,793
TOTAL PENSION LIABILITY - JANUARY 1	<u>38,524,318</u>	<u>36,609,816</u>	<u>35,615,023</u>
TOTAL PENSION LIABILITY - DECEMBER 31 (A)	<u>\$ 41,058,435</u>	<u>\$ 38,524,318</u>	<u>\$ 36,609,816</u>
PLAN FIDUCIARY NET POSITION:			
Contributions - employer	\$ 1,639,455	\$ 1,515,199	\$ 1,348,338
Contributions - member	370,334	358,642	368,533
Net investment income	176,500	1,092,203	2,874,222
Benefit payments, including refunds of member contributions	(2,473,575)	(2,434,432)	(2,210,603)
Administrative expenses	<u>(49,744)</u>	<u>(70,783)</u>	<u>(67,398)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(337,030)	460,829	2,313,092
PLAN FIDUCIARY NET POSITION - JANUARY 1	<u>19,600,137</u>	<u>19,139,308</u>	<u>16,826,216</u>
PLAN FIDUCIARY NET POSITION - DECEMBER 31 (B)	<u>\$ 19,263,107</u>	<u>\$ 19,600,137</u>	<u>\$ 19,139,308</u>
NET PENSION LIABILITY (ASSET) - DECEMBER 31 (A)-(B)	<u>\$ 21,795,328</u>	<u>\$ 18,924,181</u>	<u>\$ 17,470,508</u>

Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF VERNON, CONNECTICUT

## TOWN PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	December 31,		
	2015	2014	2013
TOTAL PENSION LIABILITY:			
Service cost	\$ 1,464,780	\$ 1,396,502	\$ 1,355,480
Interest	4,604,469	4,540,614	4,472,890
Differences between expected and actual experience	135,086	(3,083,615)	
Changes in assumptions	5,959,086	3,200,987	
Benefit payments, including refunds of member contributions	(3,280,576)	(2,935,096)	(2,814,688)
NET CHANGE IN TOTAL PENSION LIABILITY	8,882,845	3,119,392	3,013,682
TOTAL PENSION LIABILITY - JANUARY 1	65,646,673	62,527,281	59,513,599
TOTAL PENSION LIABILITY - DECEMBER 31 (A)	<u>\$ 74,529,518</u>	<u>\$ 65,646,673</u>	<u>\$ 62,527,281</u>
PLAN FIDUCIARY NET POSITION:			
Contributions - employer	\$ 2,383,370	\$ 2,135,571	\$ 1,883,779
Contributions - member	1,032,684	1,031,071	1,001,400
Net investment income	339,223	1,981,432	4,782,653
Benefit payments, including refunds of member contributions	(3,280,576)	(2,935,096)	(2,664,672)
Administrative expenses	(76,380)	(101,919)	(93,140)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	398,321	2,111,059	4,910,020
PLAN FIDUCIARY NET POSITION - JANUARY 1	37,964,058	35,852,999	30,942,979
PLAN FIDUCIARY NET POSITION - DECEMBER 31 (B)	<u>\$ 38,362,379</u>	<u>\$ 37,964,058</u>	<u>\$ 35,852,999</u>
NET PENSION LIABILITY (ASSET) - DECEMBER 31 (A)-(B)	<u>\$ 36,167,139</u>	<u>\$ 27,682,615</u>	<u>\$ 26,674,282</u>

Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF VERNON, CONNECTICUT

## LOSAP RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

	December 31,		
	2015	2014	2013
TOTAL PENSION LIABILITY:			
Service cost	\$ 24,830	\$ 26,292	\$ 19,751
Interest	85,622	82,620	78,483
Differences between expected and actual experience	(13,707)	(31,211)	-
Benefit payments, including refunds of member contributions	<u>(33,270)</u>	<u>(29,764)</u>	<u>(19,718)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	63,475	47,937	78,516
TOTAL PENSION LIABILITY - JANUARY 1	<u>1,333,889</u>	<u>1,285,952</u>	<u>1,207,436</u>
TOTAL PENSION LIABILITY - DECEMBER 31 (A)	<u>\$ 1,397,364</u>	<u>\$ 1,333,889</u>	<u>\$1,285,952</u>
PLAN FIDUCIARY NET POSITION:			
Contributions - employer	\$ 39,924	\$ 37,752	\$ 34,172
Net investment income (loss)	(54,768)	54,828	204,365
Benefit payments, including refunds of member contributions	(33,270)	(29,764)	(26,184)
Administrative expenses	<u>(18,745)</u>	<u>(18,516)</u>	<u>(15,668)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(66,859)	44,300	196,685
PLAN FIDUCIARY NET POSITION - JANUARY 1	<u>1,508,812</u>	<u>1,464,512</u>	<u>1,267,827</u>
PLAN FIDUCIARY NET POSITION - DECEMBER 31 (B)	<u>\$ 1,441,953</u>	<u>\$ 1,508,812</u>	<u>\$1,464,512</u>
NET PENSION LIABILITY (ASSET) - DECEMBER 31 (A)-(B)	<u>\$ (44,589)</u>	<u>\$ (174,923)</u>	<u>\$ (178,560)</u>

Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF VERNON, CONNECTICUT

## POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

## SCHEDULE OF NET PENSION LIABILITY

	December 31,		
	2015	2014	2013
TOTAL PENSION LIABILITY	\$ 41,058,435	\$ 38,524,318	\$ 36,609,816
PLAN FIDUCIARY NET POSITION	(19,263,107)	(19,600,137)	(19,139,308)
NET PENSION LIABILITY (ASSET)	<u>\$ 21,795,328</u>	<u>\$ 18,924,181</u>	<u>\$ 17,470,508</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>46.92%</u>	<u>50.88%</u>	<u>52.28%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 4,747,257</u>	<u>\$ 4,549,520</u>	<u>\$ 4,390,111</u>
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>459.11%</u>	<u>415.96%</u>	<u>397.95%</u>

SCHEDULE OF INVESTMENT RETURNS

	December 31,		
	2015	2014	2013
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>0.20%</u>	<u>5.90%</u>	<u>14.60%</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF VERNON, CONNECTICUT

## TOWN PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

## SCHEDULE OF NET PENSION LIABILITY

		December 31,	
	2015	2014	2013
TOTAL PENSION LIABILITY	\$ 74,529,518	\$ 65,646,673	\$ 62,527,281
PLAN FIDUCIARY NET POSITION	(38,362,379)	(37,964,058)	(35,852,999)
NET PENSION LIABILITY (ASSET)	<u>\$ 36,167,139</u>	<u>\$ 27,682,615</u>	<u>\$ 26,674,282</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>51.47%</u>	<u>57.83%</u>	<u>57.34%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 14,789,154</u>	<u>\$ 14,933,089</u>	<u>\$ 14,895,476</u>
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>244.55%</u>	<u>185.38%</u>	<u>179.08%</u>

SCHEDULE OF INVESTMENT RETURNS

		December 31,	
	2015	2014	2013
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>0.20%</u>	<u>7.00%</u>	<u>13.50%</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF VERNON, CONNECTICUT

## LOSAP RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

## SCHEDULE OF NET PENSION LIABILITY

	December 31,		
	2015	2014	2013
TOTAL PENSION LIABILITY	\$ 1,397,364	\$ 1,333,889	\$ 1,285,952
PLAN FIDUCIARY NET POSITION	(1,441,953)	(1,508,812)	(1,464,512)
NET PENSION LIABILITY (ASSET)	<u>\$ (44,589)</u>	<u>\$ (174,923)</u>	<u>\$ (178,560)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>103.19%</u>	<u>113.11%</u>	<u>113.89%</u>
COVERED-EMPLOYEE PAYROLL	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

SCHEDULE OF INVESTMENT RETURNS

	December 31,		
	2015	2014	2013
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>-4.87%</u>	<u>2.48%</u>	<u>12.39%</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

N/A - Volunteer plan.



TOWN OF VERNON, CONNECTICUT

## POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN YEARS

## SCHEDULE OF CONTRIBUTIONS

DECEMBER 31, FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED- EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL
2015	\$ 1,639,455	\$ 1,639,455	\$ -	\$ 4,747,257	34.53%
2014	1,515,199	1,515,199	-	4,549,520	33.30%
2013	1,348,338	1,348,338	-	4,390,111	30.71%
2012	1,365,291	1,365,291	-	4,434,630	30.79%
2011	1,240,074	1,366,874	126,800	4,352,823	31.40%
2010	1,057,949	1,057,949	-	4,350,681	24.32%
2009	1,025,928	1,025,928	-	4,181,987	24.53%
2008	1,107,688	1,107,688	-	3,927,006	28.21%
2007	1,020,600	1,020,600	-	3,701,061	27.58%
2006	931,473	931,473	-	3,512,784	26.52%

TOWN OF VERNON, CONNECTICUT

## TOWN PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN YEARS

## SCHEDULE OF CONTRIBUTIONS

DECEMBER 31, FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED- EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL
2015	\$ 2,383,370	\$ 2,383,370	\$ -	\$ 14,789,154	16.12%
2014	2,135,571	2,135,571	-	14,933,089	14.30%
2013	1,883,779	1,883,779	-	14,895,476	12.65%
2012	1,788,972	1,788,972	-	14,396,003	12.43%
2011	1,704,215	1,998,579	294,364	14,247,198	14.03%
2010	1,502,551	1,502,551	-	14,074,891	10.68%
2009	1,509,046	1,509,046	-	13,857,289	10.89%
2008	1,750,784	1,750,784	-	13,408,005	13.06%
2007	1,677,731	1,677,731	-	12,743,672	13.17%
2006	1,583,333	1,583,333	-	12,469,300	12.70%

TOWN OF VERNON, CONNECTICUT

## LOSAP RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN YEARS

## SCHEDULE OF CONTRIBUTIONS

DECEMBER 31, FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED- EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL
2015	\$ 39,924	\$ 39,924	\$ -	N/A	N/A
2014	37,752	37,752	-	N/A	N/A
2013	34,172	34,172	-	N/A	N/A
2012	45,237	45,237	-	N/A	N/A
2011	34,123	34,123	-	N/A	N/A
2010	44,431	44,431	-	N/A	N/A
2009	120,129	120,129	-	N/A	N/A
2008	83,206	83,206	-	N/A	N/A
2007	97,968	97,968	-	N/A	N/A
2006	95,012	95,012	-	N/A	N/A

N/A - Volunteer plan.

TOWN OF VERNON, CONNECTICUT

## POLICE PENSION PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

Changes of benefit terms	None
Changes of assumptions	<p><b>2014</b> - The investment rate of return decreased from 7.5% to 7.25%</p> <p><b>2015</b> - The investment rate of return decreased from 7.25% to 7.00% and the mortality assumption changed from the RP-2000 Mortality Table projected to 2014 to the RP- 2014 Blue Collar Mortality Table with Scale MP-2014.</p>
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2015, six months prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percentage, closed
Remaining Amortization Period	26 years
Asset Valuation Method	5 year smoothing
Inflation	1.50%
Salary Increases	2.50%
Investment Rate of Return	<p><b>2014</b> - 7.25%, net of pension plan investment and contract fees</p> <p><b>2015</b> - 7.00%, net of pension plan investment and contract fees</p>

TOWN OF VERNON, CONNECTICUT

## TOWN PENSION PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

Changes of benefit terms	None
Changes of assumptions	<p><b>2014</b> - The investment rate of return decreased from 7.5% to 7.25%</p> <p><b>2015</b> - The investment rate of return decreased from 7.25% to 7.00% and the mortality assumption changed from the RP-2000 Mortality Table projected to 2014 to the RP- 2014 Total Dataset Mortality Table with Scale MP-2014.</p>
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2015, six months prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percentage, closed
Remaining Amortization Period	26 years
Asset Valuation Method	5 year smoothing
Inflation	1.50%
Salary Increases	3.00%
Investment Rate of Return	<p><b>2014</b> - 7.25%, net of pension plan investment and contract fees</p> <p><b>2015</b> - 7.00%, net of pension plan investment and contract fees</p>

TOWN OF VERNON, CONNECTICUT

## LOSAP RETIREMENT PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

Changes of benefit terms
Changes of assumptions
Method and assumptions used in calculations of actuarially determined contribution

None
None
The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2015, six months prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method
Amortization Method
Remaining Amortization Period
Asset Valuation Method
Inflation
Salary Increases
Investment Rate of Return

Frozen entry age
Level dollar, closed
0 years
Fair Value
N/A
N/A
6.50%

TOWN OF VERNON, CONNECTICUT

**STATE TEACHERS' RETIREMENT SYSTEM**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAST TWO YEARS**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with Town	73,578,920	68,008,966
Total	\$ 73,578,920	\$ 68,008,966
Town's covered-employee payroll	(2) N/A	N/A
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

**SCHEDULE OF CONTRIBUTIONS**

Contractually required contribution	(1)	\$ -
Contributions in relation to the contractually required contribution		-
Contribution deficiency (excess)		\$ -
Town's covered-employee payroll	(2)	N/A
Contributions as a percentage of covered-employee payroll		0.00%

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net pension liability

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF VERNON, CONNECTICUT

## STATE TEACHERS' RETIREMENT SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO YEARS

Changes of benefit terms	None
Changes of assumptions	None
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	22.4 years
Asset Valuation Method	4 year smoothed market
Inflation	3.00%
Salary Increases	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.50%, net of pension plan investment expense, including inflation



TOWN OF VERNON, CONNECTICUT

## REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST-EMPLOYMENT BENEFIT PLANS  
LAST EIGHT YEARS

## SCHEDULES OF FUNDING PROGRESS

POLICE PLAN

		A	B	(A-B)	(A/B)	( C )	[(A-B)/C]
FISCAL YEAR JUNE 30	ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2009	7/1/2008	\$	\$ 3,071,000	\$ (3,071,000)	0.0%	N/A	N/A
2010	7/1/2008	-	3,071,000	(3,071,000)	0.0%	N/A	N/A
2011	7/1/2008	-	3,071,000	(3,071,000)	0.0%	N/A	N/A
2012	7/1/2010	-	2,269,000	(2,269,000)	0.0%	N/A	N/A
2013	7/1/2010	-	2,269,000	(2,269,000)	0.0%	N/A	N/A
2014	7/1/2012	70,008	1,821,136	(1,751,128)	3.8%	N/A	N/A
2015	7/1/2012	70,008	1,821,136	(1,751,128)	3.8%	N/A	N/A
2016	7/1/2014	162,026	1,948,615	(1,786,589)	8.3%	\$ 3,423,660	-52.2%

TOWN PLAN

		A	B	(A-B)	(A/B)	( C )	[(A-B)/C]
FISCAL YEAR JUNE 30	ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2009	7/1/2008	\$ -	\$ 2,128,000	\$ (2,128,000)	0.0%	N/A	N/A
2010	7/1/2008	-	2,128,000	(2,128,000)	0.0%	N/A	N/A
2011	7/2/2008	-	2,128,000	(2,128,000)	0.0%	N/A	N/A
2012	7/1/2010	-	1,893,000	(1,893,000)	0.0%	N/A	N/A
2013	7/1/2010	-	1,893,000	(1,893,000)	0.0%	N/A	N/A
2014	7/1/2012	7,001	1,363,777	(1,356,776)	0.5%	N/A	N/A
2015	7/1/2012	7,001	1,363,777	(1,356,776)	0.5%	N/A	N/A
2016	7/1/2014	75,007	1,494,936	(1,419,929)	5.0%	\$ 8,549,000	-16.6%

(Continued)

TOWN OF VERNON, CONNECTICUT

## REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST-EMPLOYMENT BENEFIT PLANS  
LAST EIGHT YEARS

## SCHEDULES OF FUNDING PROGRESS

<u>BOARD OF EDUCATION PLAN</u>							
		A	B	(A-B)	(A/B)	C	[(A-B)/C]
FISCAL YEAR JUNE 30	ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2009	7/1/2008	\$ -	8,194,000	\$ (8,194,000)	0.0%	N/A	N/A
2010	7/1/2008	-	8,194,000	(8,194,000)	0.0%	N/A	N/A
2011	7/2/2008	-	8,194,000	(8,194,000)	0.0%	N/A	N/A
2012	7/1/2010	-	6,193,000	(6,193,000)	0.0%	N/A	N/A
2013	7/1/2010	-	6,193,000	(6,193,000)	0.0%	N/A	N/A
2014	7/1/2012	-	5,016,063	(5,016,063)	0.0%	N/A	N/A
2015	7/1/2012	-	5,016,063	(5,016,063)	0.0%	N/A	N/A
2016	7/1/2014	-	3,007,647	(3,007,647)	0.0%	\$ 30,365,165	-9.9%

N/A - Not applicable to this plan.

(Concluded)

TOWN OF VERNON, CONNECTICUT

## OTHER POST-EMPLOYMENT BENEFIT PLANS

REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT YEARS

## SCHEDULES OF EMPLOYER CONTRIBUTIONS

YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
<u>POLICE</u>			
2009	\$ 249,000	\$ 142,000	57.0%
2010	259,000	160,000	61.8%
2011	270,000	209,000	77.4%
2012	239,000	115,000	48.1%
2013	251,000	167,000	66.5%
2014	187,889	146,350	77.9%
2015	197,475	142,020	71.9%
2016	196,853	148,497	75.4%
<u>TOWN</u>			
2009	\$ 206,000	\$ 79,000	38.3%
2010	215,000	97,000	45.1%
2011	223,000	117,000	52.5%
2012	224,000	135,000	60.3%
2013	235,000	177,000	75.3%
2014	170,380	128,430	75.4%
2015	179,073	162,056	90.5%
2016	192,158	151,155	78.7%
<u>BOARD OF EDUCATION</u>			
	\$ 618,000	\$ 324,000	52.4%
2010	643,000	392,000	61.0%
2011	669,000	413,000	61.7%
2012	560,000	472,000	84.3%
2013	588,000	447,000	76.0%
2014	494,253	365,249	73.9%
2015	519,471	517,837	99.7%
2016	295,568	342,407	115.8%

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF VERNON, CONNECTICUT

## OTHER POST-EMPLOYMENT BENEFIT PLANS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS

Changes of benefit terms	<b>2015</b> - Change in the insurance coverage of certain participants to high deductible health savings plans
Changes of assumptions	<b>2015</b> - Change in the initial healthcare inflation rate from 7.2% to 5.9%
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2014, two or three years prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage - Closed
Remaining Amortization Period	23 Years
Asset Valuation Method	Fair value
Investment Rate of Return	7.00%
Healthcare inflation rate - initial	5.90%
Healthcare inflation rate - ultimate	4.70%
Inflation rate	2.75%

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## **Supplemental 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****GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash	\$ 9,838,339	\$ 8,645,128
Investments	4,023,332	4,010,873
Receivables, net:		
Uncollected property taxes	1,491,096	1,736,071
Intergovernmental	28,005	122,667
Other	41,488	79,891
Due from other funds	5,417,912	8,326,930
Advance to other funds		129,500
Total assets	<u>\$ 20,840,172</u>	<u>\$ 23,051,060</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,374,472	\$ 1,431,312
Accrued wages and benefits	672,962	525,010
Due to other funds	667,277	501,580
Total liabilities	<u>2,714,711</u>	<u>2,457,902</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues - property taxes	1,165,205	1,507,581
Advance property tax collections		4,800,790
Total deferred inflows of resources	<u>1,165,205</u>	<u>6,308,371</u>
<b>FUND BALANCES</b>		
Nonspendable		129,500
Assigned	2,729,466	2,003,342
Unassigned	14,230,790	12,151,945
Total fund balances	<u>16,960,256</u>	<u>14,284,787</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,840,172</u>	<u>\$ 23,051,060</u>

**TOWN OF VERNON, CONNECTICUT**

**REPORT OF THE TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2016**

Grand List October 1,	Uncollected Taxes	Current Year Levy	Lawful Corrections		Transfers (From) to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes
	July 1, 2015		Additions	Deductions			Taxes	Interest	Liens	Total	June 30, 2016
2013	\$ 839,835	\$	\$ 75,043	\$ 23,129	\$ 50,882	840,867	\$ 552,280	\$ 112,397	\$ 6,744	\$ 671,421	\$ 288,587
2012	412,147		40,138	7,846	81,870	362,569	221,637	85,394	906	307,937	140,932
2011	155,423				17,780	137,643	87,482	45,538	432	133,452	50,161
2010	74,394				2,183	72,211	28,044	18,928	281	47,253	44,167
2009	48,109				(1,068)	49,177	6,872	5,745	96	12,713	42,305
2008	41,301				388	40,913	1,634	4,342	24	6,000	39,279
2007	32,059				(1,342)	33,401	1,342	1,764	46	3,152	32,059
2006	29,998				(1,956)	31,954	1,956	2,616	21	4,593	29,998
2005	24,275				(1,259)	25,534	1,259	2,066	25	3,350	24,275
2004	16,614		273		(870)	17,757	1,092	1,585		2,677	16,665
2003	13,914				(450)	14,364	450	935		1,385	13,914
2002	10,848				(670)	11,518	670	1,511		2,181	10,848
2001	10,424				(234)	10,658	234	543		777	10,424
2000	9,993				(128)	10,121	128	341		469	9,993
1999	16,737			16,737		-				-	-
Total prior years	1,736,071	-	115,454	47,712	145,126	1,658,687	905,080	283,705	8,575	1,197,360	753,607
2014		65,976,102	137,077	345,135	9,341	65,758,703	65,021,214	178,907	8,044	65,208,165	737,489
Total all years	\$ 1,736,071	\$ 65,976,102	\$ 252,531	\$ 392,847	\$ 154,467	\$ 67,417,390	\$ 65,926,294	\$ 462,612	\$ 16,619	\$ 66,405,525	\$ 1,491,096



# Nonmajor Governmental Funds

## 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
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 Grants	State and federal grants	Educational purposes
Special Education Excess Cost Reserve	State grant	Educational purposes
Adult Basic Education Tuition	State and local governments	Adult education
CDBG Small Cities	Federal grant - DHUD and program income	Community development programs
Housing and Community Development	Federal grant - DHUD and program income	Community development programs
Downstream	Developer fees	Improvements to storm drainage system
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
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

## NONMAJOR GOVERNMENTAL FUNDS, CONTINUED

### **Debt Service**

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

### **Capital Projects**

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>
River Street Bridge Renovations Project 146-160	State and Federal grants	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
Town Capital and Nonrecurring	Grants and General Fund appropriation	Capital projects or equipment acquisition.
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 Reconstruction	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

### **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

**TOWN OF VERNON, CONNECTICUT**

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	Special Revenue Funds									
	Cafeteria	Town Clerk Special	Insurance Exchange	Town Aid Road	Dog License	Ambulance Medical Services	Public Safety Complex Grant-In-Aid	Vernon Cemetery Commission	Special Education Grants	
Assets										
Cash	\$ 3,061	\$ 2,127	\$ 104,889	\$ 283,102	\$ 54,024	\$ 238,221	\$	\$ 140,694	\$ 352,746	
Investments	24,829									
Receivables (net):										
Intergovernmental	141,022								41,406	
Other			1,965		3,000	386,975		2,000		
Loans										
Sewer assessment										
Due from other funds	549	82			3,059			2,236	4,877	
Inventory	21,612									
Total assets	\$ 191,073	\$ 2,209	\$ 106,854	\$ 283,102	\$ 60,083	\$ 625,196	\$ -	\$ 144,930	\$ 399,029	
Liabilities										
Accounts payable	\$ 99,062	\$ 1,990	\$ 41,320	\$ 3,042	\$ 12,017	\$ 31,875	\$	\$	\$ 289,482	
Accrued wages and benefits									11,292	
Unearned revenue										
Due to other funds	132,250	219			412	9,068	860,500	50,693	78,042	
Total liabilities	231,312	2,209	41,320	3,042	12,429	40,943	860,500	50,693	378,816	
Deferred Inflows of Resources										
Unavailable revenues:										
Grants										
Loans										
Sewer assessments and user charges										
Ambulance services						386,975				
Total deferred inflows of resources	-	-	-	-	-	386,975	-	-	-	
Fund Balances										
Nonspendable	21,612									
Restricted				280,060				94,237	20,213	
Committed			65,534		47,654	197,278				
Assigned										
Unassigned	(61,851)						(860,500)			
Total fund balances	(40,239)	-	65,534	280,060	47,654	197,278	(860,500)	94,237	20,213	
Total liabilities, deferred inflows of resources and fund balances	\$ 191,073	\$ 2,209	\$ 106,854	\$ 283,102	\$ 60,083	\$ 625,196	\$ -	\$ 144,930	\$ 399,029	

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**TOWN OF VERNON, CONNECTICUT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Special Revenue Funds							
	Special Education Excess Cost Reserve	Adult Basic Education Tuition	CDBG Small Cities	Housing and Community Development	Downstream	Sidewalk Development	Sewer Assessment	Sewer Connections
<b>Assets</b>								
Cash	\$ 246,461	\$ 97,936	\$ 84,675	\$ 29,450	\$ 51,726	\$ 2,701	\$ 24,685	\$ 457,098
Investments								1,421,118
Receivables (net):								
Intergovernmental	36,609		50,146					
Other								5,877
Loans			488,919	98,155				
Sewer assessment							611	
Due from other funds	90,000	2,083					2,801	
Inventory								
<b>Total assets</b>	<b>\$ 373,070</b>	<b>\$ 100,019</b>	<b>\$ 623,740</b>	<b>\$ 127,605</b>	<b>\$ 51,726</b>	<b>\$ 2,701</b>	<b>\$ 28,097</b>	<b>\$ 1,884,093</b>
<b>Liabilities</b>								
Accounts payable	\$	\$ 20,802	\$ 32,975	\$	\$	\$	\$	\$ 32,000
Accrued wages and benefits		10,967						
Unearned revenue								
Due to other funds		50,952	17,312				27,102	9,806
<b>Total liabilities</b>	<b>-</b>	<b>82,721</b>	<b>50,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,102</b>	<b>41,806</b>
<b>Deferred Inflows of Resources</b>								
Unavailable revenues:								
Grants								
Loans			488,919	98,155				
Sewer assessments and user charges							911	1,707
Ambulance services								
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>488,919</b>	<b>98,155</b>	<b>-</b>	<b>-</b>	<b>911</b>	<b>1,707</b>
<b>Fund Balances</b>								
Nonspendable								
Restricted	373,070	17,298	84,534	29,450			84	
Committed					51,726	2,701		1,840,580
Assigned								
Unassigned								
<b>Total fund balances</b>	<b>373,070</b>	<b>17,298</b>	<b>84,534</b>	<b>29,450</b>	<b>51,726</b>	<b>2,701</b>	<b>84</b>	<b>1,840,580</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 373,070</b>	<b>\$ 100,019</b>	<b>\$ 623,740</b>	<b>\$ 127,605</b>	<b>\$ 51,726</b>	<b>\$ 2,701</b>	<b>\$ 28,097</b>	<b>\$ 1,884,093</b>

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**TOWN OF VERNON, CONNECTICUT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>Special Revenue Funds</b>							<b>Capital Projects Funds River St. Bridge Renovations Project 146-160</b>
	<b>Medical Savings Reserve</b>	<b>Brownfield Mills Remediation Projects</b>	<b>Parks and Recreation Programs</b>	<b>Miscellaneous Grants</b>	<b>Miscellaneous Special Revenue</b>	<b>Total</b>	<b>Debt Service</b>	
<b>Assets</b>								
Cash	\$ 54,501	\$ 273,945	\$ 121,871	\$ 124,860	\$ 549,886	\$ 3,298,659	\$ 180,000	\$ 6,951
Investments	356,978					1,802,925	1,994	
Receivables (net):								
Intergovernmental		290,939		11,569		571,691	177,837	
Other			2,972		6,000	408,789		
Loans						587,074		
Sewer assessment						611		
Due from other funds				15,334	21,635	142,656		
Inventory						21,612		
<b>Total assets</b>	<b>\$ 411,479</b>	<b>\$ 564,884</b>	<b>\$ 124,843</b>	<b>\$ 151,763</b>	<b>\$ 577,521</b>	<b>\$ 6,834,017</b>	<b>\$ 359,831</b>	<b>\$ 6,951</b>
<b>Liabilities</b>								
Accounts payable	\$	\$ 141,145	\$ 10,553	\$ 16,903	\$ 9,387	\$ 742,553	\$	\$
Accrued wages and benefits				1,500		23,759		
Unearned revenue						-		
Due to other funds		423,739	26,965	19,119	2,189	1,708,368	1,994	6,951
<b>Total liabilities</b>	<b>-</b>	<b>564,884</b>	<b>37,518</b>	<b>37,522</b>	<b>11,576</b>	<b>2,474,680</b>	<b>1,994</b>	<b>6,951</b>
<b>Deferred Inflows of Resources</b>								
Unavailable revenues:								
Grants						-	177,837	
Loans						587,074		
Sewer assessments and user charges						2,618		
Ambulance services						386,975		
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>976,667</b>	<b>177,837</b>	<b>-</b>
<b>Fund Balances</b>								
Nonspendable						21,612		
Restricted				114,241		1,013,187		
Committed	411,479		87,325		565,945	3,270,222		
Assigned						-	180,000	
Unassigned						(922,351)		
<b>Total fund balances</b>	<b>411,479</b>	<b>-</b>	<b>87,325</b>	<b>114,241</b>	<b>565,945</b>	<b>3,382,670</b>	<b>180,000</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 411,479</b>	<b>\$ 564,884</b>	<b>\$ 124,843</b>	<b>\$ 151,763</b>	<b>\$ 577,521</b>	<b>\$ 6,834,017</b>	<b>\$ 359,831</b>	<b>\$ 6,951</b>

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**TOWN OF VERNON, CONNECTICUT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>Capital Projects Funds</b>									
	<b>Spring St. Bridge Renovations Project 146-159</b>	<b>Phoenix St. Bridge Renovations Project 146-181</b>	<b>Town Capital and Nonrecurring</b>	<b>Education Capital and Nonrecurring</b>	<b>Alliance 20 Improvements</b>	<b>South Street Reconstruction</b>	<b>West Main St Bridge Reconstruction</b>	<b>Town and School Improvement Projects</b>	<b>Main St Bridge Reconstruction</b>	
<b>Assets</b>										
Cash	\$ 6,731	\$ 49,776	\$ 280,830	\$ 169,744	\$ 1,225,000	\$ 218,984	\$ 902,109	\$ 874,339	\$ 46,301	
Investments										
Receivables (net):										
Intergovernmental			292,210	113,417		66,401	69,330			12,929
Other		8,588	24,469							
Loans										
Sewer assessment										
Due from other funds			377,642	100,000						
Inventory										
<b>Total assets</b>	<b>\$ 6,731</b>	<b>\$ 58,364</b>	<b>\$ 975,151</b>	<b>\$ 383,161</b>	<b>\$ 1,225,000</b>	<b>\$ 285,385</b>	<b>\$ 971,439</b>	<b>\$ 874,339</b>	<b>\$ 59,230</b>	
<b>Liabilities</b>										
Accounts payable	\$ 904		\$ 60,198	\$ 35,003	\$ 225,972	\$ 55,607	\$ 6,185	\$	\$ 16,161	
Accrued wages and benefits										
Unearned revenue					999,028					
Due to other funds	5,827	51,365	10,715				972,714			
<b>Total liabilities</b>	<b>6,731</b>	<b>51,365</b>	<b>70,913</b>	<b>35,003</b>	<b>1,225,000</b>	<b>55,607</b>	<b>978,899</b>	<b>-</b>	<b>16,161</b>	
<b>Deferred Inflows of Resources</b>										
Unavailable revenues:										
Grants										
Loans										
Sewer assessments and user charges										
Ambulance services										
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Fund Balances</b>										
Nonspendable										
Restricted										
Committed		6,999	904,238	348,158		229,778		874,339	43,069	
Assigned										
Unassigned							(7,460)			
<b>Total fund balances</b>	<b>-</b>	<b>6,999</b>	<b>904,238</b>	<b>348,158</b>	<b>-</b>	<b>229,778</b>	<b>(7,460)</b>	<b>874,339</b>	<b>43,069</b>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,731</b>	<b>\$ 58,364</b>	<b>\$ 975,151</b>	<b>\$ 383,161</b>	<b>\$ 1,225,000</b>	<b>\$ 285,385</b>	<b>\$ 971,439</b>	<b>\$ 874,339</b>	<b>\$ 59,230</b>	

(Continued on next page)

**TOWN OF VERNON, CONNECTICUT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>Capital Projects Funds</u>		<u>Permanent Funds</u>					<b>Total Nonmajor Governmental Funds</b>
	<b>Citizens Block Renovations</b>	<b>Total</b>	<b>Cemetery Trust</b>	<b>Memorial Trust</b>	<b>Total</b>	<b>Interfund Eliminations</b>		
<b>Assets</b>								
Cash	\$	\$ 3,780,765	\$ 735,165	\$ 16,633	\$ 751,798	\$	\$	8,011,222
Investments		-	1,526,237		1,526,237			3,331,156
Receivables (net):								
Intergovernmental	41,495	595,782			-			1,345,310
Other		33,057			-			441,846
Loans		-			-			587,074
Sewer assessment		-			-			611
Due from other funds		477,642	725		725	(25,474)		595,549
Inventory		-			-			21,612
<b>Total assets</b>	<b>\$ 41,495</b>	<b>\$ 4,887,246</b>	<b>\$ 2,262,127</b>	<b>\$ 16,633</b>	<b>\$ 2,278,760</b>	<b>\$ (25,474)</b>	<b>\$</b>	<b>14,334,380</b>
<b>Liabilities</b>								
Accounts payable	\$ 35,995	\$ 436,025	\$	\$	-	\$	\$	1,178,578
Accrued wages and benefits		-			-			23,759
Unearned revenue		999,028						999,028
Due to other funds	5,500	1,053,072	2,236		2,236	(25,474)		2,740,196
<b>Total liabilities</b>	<b>41,495</b>	<b>2,488,125</b>	<b>2,236</b>	<b>-</b>	<b>2,236</b>	<b>(25,474)</b>		<b>4,941,561</b>
<b>Deferred Inflows of Resources</b>								
Unavailable revenues:								
Grants		-			-			177,837
Loans		-			-			587,074
Sewer assessments and user charges		-			-			2,618
Ambulance services		-			-			386,975
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>1,154,504</b>
<b>Fund Balances</b>								
Nonspendable		-	1,713,860	5,000	1,718,860			1,740,472
Restricted		-	546,031	11,633	557,664			1,570,851
Committed		2,406,581			-			5,676,803
Assigned		-			-			180,000
Unassigned		(7,460)			-			(929,811)
<b>Total fund balances</b>	<b>-</b>	<b>2,399,121</b>	<b>2,259,891</b>	<b>16,633</b>	<b>2,276,524</b>	<b>-</b>		<b>8,238,315</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 41,495</b>	<b>\$ 4,887,246</b>	<b>\$ 2,262,127</b>	<b>\$ 16,633</b>	<b>\$ 2,278,760</b>	<b>\$ (25,474)</b>	<b>\$</b>	<b>14,334,380</b>

TOWN OF VERNON, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds							
	Cafeteria	Town Clerk Special	Insurance Exchange	Town Aid Road	Dog License	Ambulance Medical Services	Public Safety Complex Grant-In-Aid	Vernon Cemetery Commission
Revenues:								
Intergovernmental:								
Federal	\$ 964,192	\$	\$	\$	\$	\$	\$	\$
State	69,031			402,246				
Local								
Assessments								
Sales	445,497							38,092
Charges for services					7,185	1,124,418		47,165
Licenses and permits		6,287			14,927			
Gifts and contributions								76
Investment income	8							293
Net change in fair value of investments								
Other	9,403							2,850
Total revenues	1,488,131	6,287	-	402,246	22,112	1,124,418	-	88,476
Expenditures:								
Current:								
General government		6,287						
Community development								
Public safety					22,847	941,083		122,069
Maintenance and development			892	429,637				
Human services								
Parks, recreation and culture								
Education	1,498,038							
Debt service								
Capital outlay						7,222		1,598
Total expenditures	1,498,038	6,287	892	429,637	22,847	948,305	-	123,667
Excess (Deficiency) of Revenues over Expenditures	(9,907)	-	(892)	(27,391)	(735)	176,113	-	(35,191)
Other Financing Sources (Uses):								
Transfers in								-
Transfers out						(82,000)		
Net other financing sources (uses)	-	-	-	-	-	(82,000)	-	-
Net Change in Fund Balances	(9,907)	-	(892)	(27,391)	(735)	94,113	-	(35,191)
Fund Balances at July 1, 2015	(30,332)	-	66,426	307,451	48,389	103,165	(860,500)	129,428
Fund Balances at June 30, 2016	\$ (40,239)	\$ -	\$ 65,534	\$ 280,060	\$ 47,654	\$ 197,278	\$ (860,500)	\$ 94,237

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**TOWN OF VERNON, CONNECTICUT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds								
	Special Education Grants	Special Education Excess Cost Reserve	Adult Basic Education Tuition	CDGB Small Cities	Housing and Community Development	Downstream	Sidewalk Development	Sewer Assessment	Sewer Connections
Revenues:									
Intergovernmental:									
Federal	\$ 2,330,683	\$	\$	\$ 173,369	\$	\$	\$	\$	
State	3,085,707	90,017	232,000						7,475
Local			833,861						
Assessments						5,750		16,722	
Sales									
Charges for services									
Licenses and permits									155,575
Gifts and contributions									
Investment income									4,109
Net change in fair value of investments									
Other				33,755					
Total revenues	5,416,390	90,017	1,065,861	207,124	-	5,750	-	16,722	167,159
Expenditures:									
Current:									
General government									
Community development				205,397					
Public safety									
Maintenance and development						814			92,000
Human services									
Parks, recreation and culture									
Education	5,504,898	7,446	1,070,282						
Debt service									
Capital outlay									
Total expenditures	5,504,898	7,446	1,070,282	205,397	-	814	-	-	92,000
Excess (Deficiency) of Revenues over Expenditures	(88,508)	82,571	(4,421)	1,727	-	4,936	-	16,722	75,159
Other Financing Sources (Uses):									
Transfers in		90,000							
Transfers out			(50,952)					(27,102)	
Net other financing sources (uses)	-	90,000	(50,952)	-	-	-	-	(27,102)	-
Net Change in Fund Balances	(88,508)	172,571	(55,373)	1,727	-	4,936	-	(10,380)	75,159
Fund Balances at July 1, 2015	108,721	200,499	72,671	82,807	29,450	46,790	2,701	10,464	1,765,421
Fund Balances at June 30, 2016	\$ 20,213	\$ 373,070	\$ 17,298	\$ 84,534	\$ 29,450	\$ 51,726	\$ 2,701	\$ 84	\$ 1,840,580

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**TOWN OF VERNON, CONNECTICUT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Special Revenue Funds</b>							<b>Capital Projects Funds River St. Bridge Renovations Project 146-160</b>
	<b>Medical Savings Reserve</b>	<b>Brownfield Mills Remediation Projects</b>	<b>Parks and Recreation Programs</b>	<b>Miscellaneous Grants</b>	<b>Miscellaneous Special Revenue</b>	<b>Total</b>	<b>Debt Service</b>	
Revenues:								
Intergovernmental:								
Federal	\$	\$	\$	\$	\$	\$	\$	\$
State		782,102		66,490		3,534,734		
Local				247,514		4,916,092		
Assessments				20,081		853,942		
Sales						22,472		
Charges for services			845,261		23,272	483,589		
Licenses and permits					19,012	2,047,301		
Gifts and contributions					162,885	195,801		
Investment income	1,032					162,961	357,752	
Net change in fair value of investments						5,442	1,848	
Other				365,926	15,656	-		
						427,590		21
Total revenues	1,032	782,102	845,261	700,011	220,825	12,649,924	359,600	21
Expenditures:								
Current:								
General government						6,287		
Community development					14,119	219,516		
Public safety				45,696	45,382	1,177,077		
Maintenance and development		782,102				1,305,445		
Human services				79,524	19,944	99,468		
Parks, recreation and culture			769,510		56,407	825,917		
Education				578,193		8,658,857		
Debt service						-	1,662,040	
Capital outlay					4,230	13,050		
Total expenditures	-	782,102	769,510	703,413	140,082	12,305,617	1,662,040	-
Excess (Deficiency) of Revenues over Expenditures	1,032	-	75,751	(3,402)	80,743	344,307	(1,302,440)	21
Other Financing Sources (Uses):								
Transfers in					58,500	148,500	1,304,288	
Transfers out			(62,500)			(222,554)	(1,848)	(6,951)
Net other financing sources (uses)	-	-	(62,500)	-	58,500	(74,054)	1,302,440	(6,951)
Net Change in Fund Balances	1,032	-	13,251	(3,402)	139,243	270,253	-	(6,930)
Fund Balances at July 1, 2015	410,447	-	74,074	117,643	426,702	3,112,417	180,000	6,930
Fund Balances at June 30, 2016	\$ 411,479	\$ -	\$ 87,325	\$ 114,241	\$ 565,945	\$ 3,382,670	\$ 180,000	\$ -

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**TOWN OF VERNON, CONNECTICUT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	Capital Projects Funds								
	Spring St. Bridge Renovations Project 146-159	Phoenix St. Bridge Renovations Project 146-181	Town Capital and Nonrecurring	Education Capital and Nonrecurring	Alliance 20 Improvements	South Street Reconstruction	West Main Street Bridge Reconstruction	Town and School Improvement Projects	Main St Bridge Reconstruction
Revenues:									
Intergovernmental:									
Federal	\$	\$	\$	\$	\$	\$	\$	\$	\$
State			165,506	91,110	225,972	150,536	15,214		19,074
Local									
Assessments									
Sales									
Charges for services			10,233						
Licenses and permits									
Gifts and contributions			21,606						
Investment income									
Net change in fair value of investments									
Other		12,225	27,961						
Total revenues	-	12,225	225,306	91,110	225,972	150,536	15,214	-	19,074
Expenditures:									
Current:									
General government									
Community development									
Public safety									
Maintenance and development									
Human services									
Parks, recreation and culture									
Education				10,258					
Debt service									
Capital outlay		8,701	1,003,607	275,137	225,972	201,796	20,321	320,661	23,843
Total expenditures	-	8,701	1,003,607	285,395	225,972	201,796	20,321	320,661	23,843
Excess (Deficiency) of Revenues over Expenditures	-	3,524	(778,301)	(194,285)	-	(51,260)	(5,107)	(320,661)	(4,769)
Other Financing Sources (Uses):									
Transfers in			1,165,149	153,773		138,000			
Transfers out	(5,827)		(50,000)						
Net other financing sources (uses)	(5,827)	-	1,115,149	153,773	-	138,000	-	-	-
Net Change in Fund Balances	(5,827)	3,524	336,848	(40,512)	-	86,740	(5,107)	(320,661)	(4,769)
Fund Balances at July 1, 2015	5,827	3,475	567,390	388,670	-	143,038	(2,353)	1,195,000	47,838
Fund Balances at June 30, 2016	\$ -	\$ 6,999	\$ 904,238	\$ 348,158	\$ -	\$ 229,778	\$ (7,460)	\$ 874,339	\$ 43,069

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## TOWN OF VERNON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016

	Capital Projects Funds		Permanent Funds				Total Nonmajor Governmental Funds
	Citizens Block Renovations	Total	Cemetery Trust	Memorial Trust	Total	Interfund Eliminations	
Revenues:							
Intergovernmental:							
Federal	\$	\$ 184,824	\$	\$	\$ -	\$	\$ 3,719,558
State	41,495	524,083			-		5,440,175
Local		-			-		853,942
Assessments		-			-		22,472
Sales		-			-		483,589
Charges for services		10,233			-		2,057,534
Licenses and permits		-			-		195,801
Gifts and contributions		21,606	10,725		10,725		553,044
Investment income		-	43,020	17	43,037		50,327
Net change in fair value of investments		-	(76,461)		(76,461)		(76,461)
Other		40,207			-		467,797
Total revenues	41,495	780,953	(22,716)	17	(22,699)	-	13,767,778
Expenditures:							
Current:							
General government		-			-		6,287
Community development		-			-		219,516
Public safety		-			-		1,177,077
Maintenance and development		-	18,941		18,941		1,324,386
Human services		-			-		99,468
Parks, recreation and culture		-			-		825,917
Education		10,258			-		8,669,115
Debt service		-			-		1,662,040
Capital outlay	41,495	2,121,533			-		2,134,583
Total expenditures	41,495	2,131,791	18,941	-	18,941	-	16,118,389
Excess (Deficiency) of Revenues over Expenditures	-	(1,350,838)	(41,657)	17	(41,640)	-	(2,350,611)
Other Financing Sources (Uses):							
Transfers in		1,456,922			-	(50,000)	2,859,710
Transfers out		(62,778)			-	50,000	(237,180)
Net other financing sources (uses)	-	1,394,144	-	-	-	-	2,622,530
Net Change in Fund Balances	-	43,306	(41,657)	17	(41,640)		271,919
Fund Balances at July 1, 2015	-	2,355,815	2,301,548	16,616	2,318,164	-	7,966,396
Fund Balances at June 30, 2016	\$ -	\$ 2,399,121	\$ 2,259,891	\$ 16,633	\$ 2,276,524	\$ -	\$ 8,238,315

(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 as allowed by GASB Statement No. 10.

**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.

TOWN OF VERNON, CONNECTICUT

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016**

	<b>Data Processing</b>	<b>Workers' Compensation</b>	<b>Medical Self-Insurance</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Cash	\$ 552,057	\$ 661,670	\$ 413,985	\$ 1,627,712
Investments		127,945	368,716	496,661
Accounts receivable		23,693	3,298	26,991
Due from other funds		50,000		50,000
Prepaid expense	6,237			6,237
Total current assets	558,294	863,308	785,999	2,207,601
Capital assets:				
Buildings and improvements	14,491			14,491
Machinery and equipment	816,831			816,831
Infrastructure	918,345			918,345
Computer software	387,279			387,279
Less accumulated depreciation	(885,131)			(885,131)
Capital assets (net)	1,251,815	-	-	1,251,815
Total assets	1,810,109	863,308	785,999	3,459,416
<b>Deferred Outflows of Resources:</b>				
Pension related	117,988			117,988
<b>Liabilities:</b>				
Current:				
Accounts payable	17,308	8,995		26,303
Claims payable		283,715	3,827	287,542
Due to other funds	520,062	200,880	10,320	731,262
Accrued compensated absences	49,758			49,758
Total current liabilities	587,128	493,590	14,147	1,094,865
Noncurrent:				
Claims payable		1,029,105		1,029,105
Accrued compensated absences	14,438			14,438
Net pension liability	639,340			639,340
Total noncurrent liabilities	653,778	1,029,105	-	1,682,883
Total liabilities	1,240,906	1,522,695	14,147	2,777,748
<b>Deferred Inflows of Resources:</b>				
Pension related	33,718			33,718
<b>Net Position:</b>				
Net investment in capital assets	1,251,815			1,251,815
Unrestricted	(598,342)	(659,387)	771,852	(485,877)
<b>Total Net Position</b>	<b>\$ 653,473</b>	<b>\$ (659,387)</b>	<b>\$ 771,852</b>	<b>\$ 765,938</b>

**TOWN OF VERNON, CONNECTICUT**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Data Processing</b>	<b>Workers' Compensation</b>	<b>Medical Self-Insurance</b>	<b>Total</b>
Operating Revenues:				
Intergovernmental	\$ 6,000	\$	\$	\$ 6,000
Charges for services	1,724,932	968,152	263,270	2,956,354
Miscellaneous		23,693	4,076	27,769
Total operating revenues	1,730,932	991,845	267,346	2,990,123
Operating Expenses:				
Wages and benefits	1,021,011			1,021,011
Repairs, maintenance and rentals	391,059			391,059
Utilities	13,843			13,843
Supplies and materials	12,022			12,022
General and administrative	73,552	71,379	16,514	161,445
Claims incurred		452,292	209,036	661,328
Depreciation	140,918			140,918
Total operating expenses	1,652,405	523,671	225,550	2,401,626
Operating Income (Loss)	78,527	468,174	41,796	588,497
Nonoperating Revenues (Expenses):				
Investment income		225	2,119	2,344
Loss on disposal of assets	(387)			(387)
Net nonoperating revenue (expenses)	(387)	225	2,119	1,957
Income before capital contribution	78,140	468,399	43,915	590,454
Capital contribution	29,392			29,392
Change in net position	107,532	468,399	43,915	619,846
Total Net Position at July 1, 2015	545,941	(1,127,786)	727,937	146,092
Total Net Position at June 30, 2016	\$ 653,473	\$ (659,387)	\$ 771,852	\$ 765,938

**TOWN OF VERNON, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Data Processing	Workers' Compensation	Medical Self-Insurance	Total
Cash Flows from Operating Activities:				
Service charges collected	\$ 1,730,932	\$ 918,152	\$ 263,227	\$ 2,912,311
Other operating revenues collected		18,491	4,096	22,587
Cash payments for employee wages and benefits	(917,958)			(917,958)
Cash payments for claims		(515,117)	(218,520)	(733,637)
Cash payments for goods and services	(538,583)			(538,583)
Cash payments for other administrative expenses		(70,859)	(16,125)	(86,984)
Cash receipts for interfund services and advances		705,000	46,652	751,652
Cash payments for interfund services and loans		(600,000)	(400,000)	(1,000,000)
Net cash provided by (used in) operating activities	274,391	455,667	(320,670)	409,388
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(200,088)			(200,088)
Cash Flows from Investing Activities:				
Investment income		225	2,119	2,344
Net Increase (Decrease) in Cash and Cash Equivalents	74,303	455,892	(318,551)	211,644
Cash and Cash Equivalents - July 1, 2015	477,754	333,723	1,101,252	1,912,729
Cash and Cash Equivalents - June 30, 2016	552,057	789,615	782,701	2,124,373
Reconciliation to cash on Schedule 5:				
Cash equivalents reported as investments	-	(127,945)	(368,716)	(496,661)
Cash - June 30, 2016	\$ 552,057	\$ 661,670	\$ 413,985	\$ 1,627,712
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 78,527	\$ 468,174	\$ 41,796	\$ 588,497
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Add:				
Depreciation expense	140,918			140,918
Decrease in due from other funds		355,000	46,652	401,652
Increase in accounts/claims payable	4,929			4,929
Increase in due to other funds	8,060			8,060
Increase in accrued compensated absences	20,669			20,669
Increase in net pension liability	124,443			124,443
Deduct:				
Increase in accounts receivable		(5,202)	(23)	(5,225)
Increase in prepaid expense	(3,812)			(3,812)
Increase in deferred outflows	(66,928)			(66,928)
Decrease in deferred inflows	(32,415)			(32,415)
Decrease in accounts/claims payable		(63,185)	(9,484)	(72,669)
Decrease in due to other funds		(299,120)	(399,611)	(698,731)
Net adjustments to operating income (loss)	195,864	(12,507)	(362,466)	(179,109)
Net Cash Provided by (Used in) Operating Activities	\$ 274,391	\$ 455,667	\$ (320,670)	\$ 409,388

Schedule of noncash capital and related financing activities:

The Data Processing Fund disposed of capital assets with a cost of \$553 and accumulated depreciation of \$166. Also, the Town contributed \$29,392 of capital assets to the Data Processing Fund during the year.



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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 is 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.

## **Other Post-Employment Benefits Trust Fund**

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.

**TOWN OF VERNON, CONNECTICUT****AGENCY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES****JUNE 30, 2016**

	<b>School Activity</b>	<b>Miscellaneous Activity</b>	<b>Bid Bond Deposit</b>	<b>Total</b>
Assets:				
Cash	\$ 301,060	\$ 87,861	\$ 301,557	\$ 690,478
Due from other funds	4,000	66		4,066
Total	\$ 305,060	\$ 87,927	\$ 301,557	\$ 694,544
Liabilities:				
Accounts payable	\$ 305,060	\$ 86,925	\$ 301,557	\$ 693,542
Due to other funds		1,002		1,002
Total	\$ 305,060	\$ 87,927	\$ 301,557	\$ 694,544

TOWN OF VERNON, CONNECTICUT

**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b><u>School Activity Fund</u></b>				
Assets:				
Cash	\$ 325,337	\$ 398,934	\$ 423,211	\$ 301,060
Due from other funds	1,216	2,784		4,000
Total Assets	\$ 326,553	\$ 401,718	\$ 423,211	\$ 305,060
Liabilities:				
Accounts payable	\$ 326,553	\$ 401,718	\$ 423,211	\$ 305,060
<b><u>Miscellaneous Activity Fund</u></b>				
Assets:				
Cash	\$ 54,403	\$ 281,265	\$ 247,807	\$ 87,861
Due from other funds	66			66
Total Assets	\$ 54,469	\$ 281,265	\$ 247,807	\$ 87,927
Liabilities:				
Accounts payable	\$ 53,467	\$ 281,265	\$ 247,807	\$ 86,925
Due to other funds	1,002			1,002
Total Liabilities	\$ 54,469	\$ 281,265	\$ 247,807	\$ 87,927
<b><u>Bid Bond Deposit</u></b>				
Assets:				
Cash	\$ 236,438	\$ 74,140	\$ 9,021	\$ 301,557
Liabilities:				
Accounts payable	\$ 236,438	\$ 74,140	\$ 9,021	\$ 301,557
<b><u>Total All Funds</u></b>				
Assets:				
Cash	\$ 616,178	\$ 754,339	\$ 680,039	\$ 690,478
Due from other funds	1,282	2,784		4,066
Total	\$ 617,460	\$ 757,123	\$ 680,039	\$ 694,544
Liabilities:				
Accounts payable	\$ 616,458	\$ 757,123	\$ 680,039	\$ 693,542
Due to other funds	1,002			1,002
Total	\$ 617,460	\$ 757,123	\$ 680,039	\$ 694,544

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## **Capital Assets Used in the Operation of Governmental Funds**

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The following schedules present only the capital assets balances related to the governmental funds. The assets are reported at historical cost or estimated historical cost.

The Town's capitalization policy requires the recording of capital assets with original and estimated useful lives of one year or more. Provisions for depreciation are not included in the schedules.

**TOWN OF VERNON, CONNECTICUT**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2016**

	<b>Land and Improvements</b>	<b>Construction In Progress</b>	<b>Buildings and Improvements</b>	<b>Machinery, Equipment and Intangibles</b>	<b>Infrastructure</b>	<b>Total</b>
General government	\$ 179,513	\$ 92,768	\$ 3,396,590	\$ 472,510	\$	\$ 4,141,381
Community development		41,495		26,099		67,594
Public safety	343,716	427,335	4,246,490	9,513,173	1,229	14,531,943
Maintenance and development	551,947	11,151,985	936,269	7,442,631	78,833,254	98,916,086
Human services				48,228		48,228
Parks, recreation and culture	6,897,511	58,045	5,354,619	1,294,515	48,908	13,653,598
Townwide	1,357,097		11,556,302	19,130,269		32,043,668
Education	5,889,255	2,778,743	86,238,805	5,665,274		100,572,077
Total	\$ 15,219,039	\$ 14,550,371	\$ 111,729,075	\$ 43,592,699	\$ 78,883,391	\$ 263,974,575

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$2,136,946 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

## TOWN OF VERNON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Funds Capital Assets July 1, 2015	Additions	Deletions	Governmental Funds Capital Assets June 30, 2016
General government	\$ 4,127,175	\$ 26,993	\$ 12,787	\$ 4,141,381
Community development	26,099	41,495		67,594
Public safety	14,056,808	783,751	308,616	14,531,943
Maintenance and development	93,990,250	5,137,115	211,279	98,916,086
Human services	48,228			48,228
Parks, recreation and culture	13,118,574	535,024		13,653,598
Townwide	32,040,670	2,998		32,043,668
Education	97,555,342	3,124,553	107,818	100,572,077
Total	<u>\$ 254,963,146</u>	<u>\$ 9,651,929</u>	<u>\$ 640,500</u>	263,974,575

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$2,136,946 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Internal Service 2,136,946

Capital Asset Note \$ 266,111,521

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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- 11)**

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 (TABLES 12 - 15)**

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 (TABLES 16 - 17)**

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 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									
	2007	2008	2009	(1) 2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net investment in capital assets	\$ 72,816,629 **	\$ 88,050,372	\$ 81,074,292	\$ 93,272,100	\$ 95,834,210	\$ 102,048,034	\$ 107,081,145	\$ 111,596,204	\$ 117,079,226	\$ 113,236,903
Restricted for:										
Endowments:										
Expendable					409,284	394,323	510,963	599,215	599,304	557,664
Nonexpendable	2,327,444	1,810,053 ***	1,591,346	1,698,091	1,500,092	1,696,935	1,696,935	1,707,760	1,718,860	1,718,860
Grant programs				351,960	361,873	93,400	409,496	420,308	409,919	374,621
Sewer assessment							89,392	20,152	10,464	84
Cemeteries				2,462,824	2,103,563	512,639	184,036	186,559	129,428	94,237
Housing and community development			731,241				29,450	29,450	112,257	113,984
Education programs			8,503,748	461,740	534,712	559,169	157,770	108,553	324,395	434,575
Adult education									72,671	17,298
Unrestricted	8,736,496	14,460,439	9,814,118 ****	7,150,265	6,733,222	12,288,256	7,962,107	7,699,805	(38,202,259) *****	(30,420,414)
Total Net Position - Governmental Activities	83,880,569 **	104,320,864 ***	101,714,745 ****	105,396,980	107,476,956	117,592,756	118,121,294	122,368,006	82,254,265 *****	86,127,812
Business-Type Activities:										
Net investment in capital assets	10,949,348	10,681,891	10,693,612	11,344,015	11,052,631	10,640,331	10,110,672	10,719,298	10,294,619	9,804,653
Unrestricted	3,603,819	3,842,700	4,204,622 ****	4,110,256	5,612,991	6,851,173	8,121,996	9,203,267	7,490,120	8,543,715
Total Net Position - Business-Type Activities	14,553,167	14,524,591	14,898,234	15,454,271	16,665,622	17,491,504	18,232,668	19,922,565	17,784,739	18,348,368
Primary Government:										
Net investment in capital assets	83,765,977 **	98,732,263	91,767,904	104,616,115	106,886,841	112,688,365	117,191,817	122,315,502	127,373,845	123,041,556
Restricted for:										
Endowments:										
Expendable						394,323	510,963	599,215	599,304	557,664
Nonexpendable	2,327,444	1,810,053 ***	1,591,346	1,698,091	1,909,376	1,696,935	1,696,935	1,707,760	1,718,860	1,718,860
Grant programs				351,960	361,873	93,400	409,496	420,308	409,919	374,621
Sewer assessment							89,392	20,152	10,464	84
Cemeteries			731,241	2,462,824	2,103,563	512,639	184,036	186,559	129,428	94,237
Housing and community development							29,450	29,450	112,257	113,984
Education programs			8,503,748	461,740	534,712	559,169	157,770	108,553	324,395	434,575
Adult education									72,671	17,298
Unrestricted	12,340,315	18,303,139	14,018,740	11,260,521	12,346,213	19,139,429	16,084,103	16,903,072	(30,712,139) *****	(21,876,699)
Total Net Position - Primary Government	\$ 98,433,736 **	\$ 118,845,455 ***	\$ 116,612,979	\$ 120,851,251	\$ 124,142,578	\$ 135,084,260	\$ 136,353,962	\$ 142,290,571	\$ 100,039,004 *****	\$ 104,476,180

\*\* Restated to include inclusion of certain unreported capital assets, effective July 1, 2007.

\*\*\* Restated due to reclassification of Permanent Funds (Governmental Activities) to Private Purpose Funds (Fiduciary Funds), effective July 1, 2008.

\*\*\*\* Restated due to allocation of Internal Service Fund net position from Governmental Activities to Business-Type Activities, effective July 1, 2009.

\*\*\*\*\* 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Expenses:										
General government	\$ 2,904,104	\$ 3,139,240	\$ 5,543,645	\$ 6,002,872	\$ 5,633,603	\$ 5,374,112	5,907,367	\$ 5,497,317	\$ 5,673,665	\$ 6,397,451
Community development	335,054	512,822	874,382	1,631,589	2,057,937	638,976	419,554	605,573	548,397	603,740
Public safety	7,945,910	8,455,354	12,568,421	12,143,675	12,480,725	16,324,643	12,414,267	12,686,921	14,215,899	14,550,637
Maintenance and development	7,143,727	8,012,991	10,285,117	9,435,073	10,405,706	8,937,010	8,841,241	11,401,777	10,116,217	11,025,727
Human services	966,674	986,024	1,462,640	1,445,899	1,403,991	1,384,782	1,310,967	1,300,698	1,391,161	1,296,978
Parks, recreation and culture	1,983,538	2,051,661	2,332,424	2,487,532	2,610,713	2,391,015	2,657,811	2,552,523	2,661,919	2,614,666
Townwide	7,527,820	7,841,285								
Education	53,358,397	67,481,122	58,265,100	56,255,521	58,846,481	58,713,021	63,366,856	65,638,249	66,522,642	67,270,471
Interest on long-term debt	1,314,382	1,998,887	2,098,304	2,055,746	1,920,229	1,502,045	1,626,972	1,348,996	1,403,135	1,792,161
Total expenses	83,479,606	100,479,386	93,430,033	91,457,907	95,359,385	95,265,604	96,545,035	101,032,054	102,533,035	105,551,831
Program Revenues:										
Charges for services:										
General government	1,447,763	1,211,305	725,190	822,153	821,502	958,550	1,033,606	1,118,278	1,425,021	1,775,305
Community development	58,142	30,034	7,489	13,956	9,434	8,973	8,422	10,183	8,812	11,472
Public safety	1,125,437	959,756	1,181,165	1,258,051	1,254,690	1,137,357	1,092,752	1,291,753	1,204,428	1,496,729
Maintenance and development	714,631	657,618	561,824	564,608	569,932	617,746	590,490	469,094	556,001	525,845
Human services	20,075	19,018								
Parks, recreation and culture	576,551	658,490	631,474	685,562	712,592	718,122	778,727	804,255	861,914	899,878
Townwide	526,665	168,062								
Education	1,399,682	1,291,241	1,247,574	1,217,369	1,078,802	1,129,934	984,549	1,060,476	1,045,766	1,256,755
Operating grants and contributions	26,165,787	42,496,900	28,578,832	30,312,483	30,019,905	32,226,232	29,920,655	31,446,928	32,660,452	33,703,632
Capital grants and contributions	3,907,694	20,433,504	3,770,739	3,850,322	2,770,498	8,082,486	835,929	4,390,500	2,637,723	2,103,224
Total program revenues	35,942,427	67,925,928	36,704,287	38,724,504	37,237,355	44,879,400	35,245,130	40,591,467	40,400,117	41,772,840
Net Program Expense	(47,537,179)	(32,553,458)	(56,725,746)	(52,733,403)	(58,122,030)	(50,386,204)	(61,299,905)	(60,440,587)	(62,132,918)	(63,778,991)
General revenues:										
Property taxes	48,110,529	49,934,064	51,722,860	54,100,377	57,508,605	57,711,708	58,971,919	62,672,181	64,166,823	66,111,585
Grants and contributions not restricted to specific programs	1,991,397	1,749,089	1,606,039	1,258,722	1,223,183	1,503,374	1,671,664	1,157,706	1,054,078	898,432
Investment income	2,009,214	1,503,005	212,312	192,081	281,909	35,105	135,297	146,202	37,394	(3,363)
Miscellaneous	110,570	227,674	966,540	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	52,221,710	53,413,832	54,507,751	56,415,638	60,202,006	60,502,004	61,828,443	64,687,299	66,100,267	67,652,538
Total Change in Net Position	4,684,531	20,860,374	(2,217,995)	3,682,235	2,079,976	10,115,800	528,538	4,246,712	3,967,349	3,873,547
Net Position July 1 (as restated)	78,383,538 1	83,880,569 2	104,320,864 3	101,714,745 4	105,396,980	107,476,956	117,592,756	118,121,294	78,286,916 5	82,254,265
Net Position June 30	\$ 83,068,069	\$ 104,740,943	\$ 102,102,869	\$ 105,396,980	\$ 107,476,956	\$ 117,592,756	118,121,294	\$ 122,368,006	\$ 82,254,265	\$ 86,127,812

(Continued)

TABLE 2

## TOWN OF VERNON, CONNECTICUT

CHANGES IN NET POSITION  
(ACCRUAL BASIS OF ACCOUNTING)LAST TEN FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Expenses:										
Sewer	\$ 5,170,053	\$ 5,356,677	\$ 5,709,836	\$ 5,488,272	\$ 5,607,772	\$ 5,644,652	\$ 5,644,174	\$ 5,370,748	\$ 4,614,237	\$ 5,240,935
Building rental	215,209	216,560	245,220	197,075	220,378	181,037	186,503	217,673	196,324	204,593
Total expenses	5,385,262	5,573,237	5,955,056	5,685,347	5,828,150	5,825,689	5,830,677	5,588,421	4,810,561	5,445,528
Revenues:										
Charges for services:										
Sewer use	4,633,831	5,250,919	5,658,586	6,025,610	6,484,860	6,226,800	6,198,859	5,985,632	5,698,447	5,818,367
Building rental	138,441	160,610	168,218	169,800	169,113	161,398	165,268	168,848	167,117	166,831
Capital grants and contributions									6,248	360
Total revenues	4,772,272	5,411,529	5,826,804	6,195,410	6,653,973	6,388,198	6,364,127	6,154,480	5,871,812	5,985,558
Net Program (Expenses) Revenues	(612,990)	(161,708)	(128,252)	510,063	825,823	562,509	533,450	566,059	1,061,251	540,030
General revenues:										
Grants and contributions not restricted to specific programs			75,000							
Investment income	187,249	133,132	38,771	9,879	5,869	641	724	277	1,181	9,800
Miscellaneous					379,659	262,732	206,990	9,812	17,784	13,799
Capital contributions								1,113,749		
Transfers				36,095						
Total general revenues	187,249	133,132	113,771	45,974	385,528	263,373	207,714	1,123,838	18,965	23,599
Total Change in Net Position	(425,741)	(28,576)	(14,481)	556,037	1,211,351	825,882	741,164	1,689,897	1,080,216	563,629
Net Position July 1 (as restated)	14,978,908 1	14,553,167	14,524,591	14,898,234 4	15,454,271	16,665,622	17,491,504	18,232,668	16,704,523 5	17,784,739
Net Position, June 30	\$ 14,553,167	\$ 14,524,591	\$ 14,510,110	\$ 15,454,271	\$ 16,665,622	\$ 17,491,504	\$ 18,232,668	\$ 19,922,565	\$ 17,784,739	\$ 18,348,368
Total										
Total Change in Net Position	\$ 4,258,790	\$ 20,831,798	\$ (2,232,476)	\$ 4,238,272	\$ 3,291,327	\$ 10,941,682	\$ 1,269,702	\$ 5,936,609	\$ 5,047,565	\$ 4,437,176
Net Position, July 1 (as restated)	93,362,446 1	98,433,736 2	118,845,455 3	116,612,979	120,851,251	124,142,578	135,084,260	136,353,962	94,991,439 5	100,039,004
Net Position, June 30	\$ 97,621,236	\$ 119,265,534	\$ 116,612,979	\$ 120,851,251	\$ 124,142,578	\$ 135,084,260	\$ 136,353,962	\$ 142,290,571	\$ 100,039,004	\$ 104,476,180

(Concluded)

1 Net position restated to reflect cumulative effect of GASB No. 34 infrastructure reporting.

2 Net position restated to reflect certain unreported capital assets not being depreciated (land) as of June 30, 2007.

3 Net position restated to reclassify Permanent Funds (Governmental Activities) to Private Purpose Trust Fund (Fiduciary Funds).

4 Net position restated to allocate Internal Service Fund net assets from Governmental Activities to Business-Type Activities.

5 Net position restated to reflect cumulative effect on GASB No. 68 pension reporting.

**TOWN OF VERNON, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	FISCAL YEAR									
	2007	2008	2009	(1) 2010	2011	2012	2013	2014	2015	2016
General Fund:										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	\$	\$ 129,500	\$
Assigned	916,263	1,595,231	1,538,649	1,833,779	2,122,970	1,820,141	1,388,542	1,540,633	2,003,342	2,729,466
Unassigned	8,224,232	7,930,610	8,367,020	8,592,950	8,955,095	9,294,386	10,015,648	11,142,709	12,151,945	14,230,790
Total General Fund	\$ 9,140,495	\$ 9,525,841	\$ 9,905,669	10,426,729	\$ 11,078,065	\$ 11,114,527	\$ 11,404,190	\$ 12,683,342	\$ 14,284,787	\$ 16,960,256
All Other Governmental Funds:										
Nonspendable	\$	\$ *	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	21,333,178	23,038,929	15,339,913	3,234,537	3,000,148	1,559,531	1,381,107	1,364,237	1,658,438	1,570,851
Committed				3,728,800	4,037,469	4,063,022	3,068,867	6,590,021	6,472,283	7,899,613
Assigned				352,654	443,291	499,582	892,047	180,000	180,000	180,000
Unassigned	(10,949,235)	(3,329,576)	(3,468,152)	(4,955,986)	(4,930,052)	(873,722)	(887,804)	(2,593,688)	(7,752,478)	(929,811)
Total Fund Balances - All Other Governmental Funds	\$ 10,383,943	\$ 19,709,353 *	\$ 11,871,761	\$ 4,088,560	\$ 4,492,377	\$ 6,977,205	\$ 6,187,409	\$ 7,276,809	\$ 2,307,764	\$ 10,461,125
Total Governmental Funds:										
Nonspendable	\$	\$ *	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	21,333,178	23,038,929	15,339,913	3,234,537	3,000,148	1,559,531	1,381,107	1,364,237	1,658,438	1,570,851
Committed				3,728,800	4,037,469	4,063,022	3,068,867	6,590,021	6,472,283	7,899,613
Assigned	916,263	1,595,231	1,538,649	2,186,433	2,566,261	2,319,723	2,280,589	1,720,633	2,183,342	2,909,466
Unassigned	(2,725,003)	4,601,034	4,898,868	3,636,964	4,025,043	8,420,664	9,127,844	8,549,021	4,399,467	13,300,979
Total Fund Balances - Governmental Funds	\$ 19,524,438	\$ 29,235,194 *	\$ 21,777,430	\$ 14,515,289	\$ 15,570,442	\$ 18,091,732	\$ 17,591,599	\$ 19,960,151	\$ 16,592,551	\$ 27,421,381

\* Restated to reclassify Permanent Funds (Governmental Fund) to Private-Purpose (Fiduciary Fund).

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)

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property taxes	\$ 48,717,250	\$ 49,913,095	\$ 52,186,924	\$ 54,241,727	\$ 57,387,268	\$ 57,327,038	\$ 58,939,088	\$ 62,683,962	\$ 64,116,182	\$ 66,502,928
Intergovernmental	31,251,370	62,806,494	33,236,536	34,675,196	33,737,936	41,746,995	32,106,379	36,692,587	36,041,125	36,498,965
Assessments	96,624	74,423	72,351	64,462	51,769	11,527	4,683	8,735	10,380	22,472
Charges for services	4,773,681	4,731,282	4,363,415	4,567,821	4,449,485	4,462,560	4,355,989	4,551,193	4,984,511	5,832,562
Gifts and contributions	1,262,616	1,593,576	1,454,208	1,552,800	434,480	630,479	781,887	534,642	650,683	553,044
Income on investments	1,944,825	1,456,284	203,468	192,081	280,957	35,009	135,176	146,145	40,012	73,098
Net change in fair value of investments									(2,618)	(76,461)
Other	1,209,801	1,576,511	894,189	836,091	1,136,540	1,067,789	1,000,431	691,650	820,492	978,613
Total revenues	89,256,167	122,151,665	92,411,091	96,130,178	97,478,435	105,281,397	97,323,633	105,308,914	106,660,767	110,385,221
Expenditures:										
General government	2,799,855	2,945,676	3,038,845	3,014,195	3,053,491	3,284,356	3,248,285	3,434,887	3,597,134	3,700,966
Community development	800,305	516,422	843,903	1,500,051	1,953,760	629,269	301,852	491,759	440,127	468,123
Public safety	7,707,129	8,115,101	8,348,918	8,667,318	8,767,903	12,514,139	9,178,663	8,992,975	9,512,816	9,738,400
Maintenance and development	5,622,134	5,962,731	6,627,082	6,017,883	6,102,700	5,784,605	5,622,410	5,855,039	6,302,123	6,732,520
Human services	921,763	973,537	986,846	1,117,125	1,044,049	1,035,291	1,056,536	1,021,879	1,061,248	1,037,486
Parks, recreation and culture	1,736,475	1,829,696	1,954,648	2,045,589	2,058,075	1,943,657	2,023,123	2,258,749	2,163,123	2,256,867
Townwide	6,072,052	6,385,961	6,661,045	6,665,401	7,321,967	6,806,996	7,054,780	7,107,547	7,469,937	7,933,163
Education	52,542,394	67,288,015	55,172,073	55,878,652	58,090,674	58,693,310	61,283,091	64,217,906	65,031,245	65,260,728
Capital outlay	11,953,787	34,845,530	21,979,002	12,963,146	5,765,044	5,863,902	4,053,503	3,753,735	8,742,077	8,849,041
Debt service:										
Principal	2,553,653	3,016,254	3,146,377	3,412,148	3,796,764	4,644,693	4,659,209	4,408,742	4,356,238	4,795,981
Interest	1,116,486	1,682,490	2,012,321	2,074,716	1,941,450	1,959,138	1,397,144	1,397,144	1,352,299	1,352,299
Total expenditures	93,826,033	133,561,413	110,771,060	103,356,224	99,895,877	103,159,356	99,878,596	102,940,362	110,028,367	112,125,574
Excess (Deficiency) of Revenues Over Expenditures	(4,569,860)	(11,409,748)	(18,359,969)	(7,226,046)	(2,417,442)	2,122,041	(2,554,963)	2,368,552	-3,367,600	(1,740,353)
Other Financing Sources (Uses):										
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	12,815,000	21,040,000	10,875,000		3,755,000					6,130,000
Bond anticipation notes										6,350,000
Bond/BAN premium and accrued interest		30,583	27,205		39,712					89,183
Lease purchase on equipment		470,000			106,412		2,010,000			
Sale of assets						172,501	44,803			
Transfers in	4,169,759	2,731,259	2,130,198	3,143,579	1,900,387	1,955,665	2,245,806	2,484,435	2,350,227	3,096,890
Transfers out	(4,169,759)	(2,731,259)	(2,130,198)	(3,179,674)	(2,328,916)	(1,955,665)	(2,245,806)	(2,484,435)	(2,350,227)	(3,096,890)
Total other financing sources (uses)	12,815,000	21,540,583	10,902,205	(36,095)	3,472,595	399,249	2,054,803	-	-	12,569,183
Net Change in Fund Balances	\$ 8,245,134	\$ 10,130,835	\$ (7,457,764)	\$ (7,262,141)	\$ 1,055,153	\$ 2,521,290	(500,160)	\$ 2,368,552	\$ -3,367,600	\$ 10,828,830
Debt Service as a Percentage of Noncapital Expenditures	4.48%	4.74%	5.81%	6.06%	6.05%	7.09%	6.32%	5.81%	5.66%	6.00%
Debt Service as a Percentage of Total Expenditures	3.91%	3.52%	4.66%	5.31%	5.74%	6.40%	6.06%	5.64%	5.19%	5.48%

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

LAST TEN FISCAL YEARS  
(In Thousands of Dollars)  
(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
		Residential	(1) Commercial Industrial	Vacant/ Use Assessment	(2) Total									
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%
2009	2007	1,244,641	403,696	13,590	1,661,927	74,659	162,849	1,899,435	14,587	182,727	1,702,121	30.28	2,494,179	76.15%
2008	2006	1,236,455	393,213	10,218	1,639,886	73,695	160,502	1,874,083	17,804	365,000	1,491,279	32.91	2,021,544	92.71%
2007	2005	774,365	301,430	16,590	1,092,385	74,198	158,195	1,324,778	13,675		1,311,103	36.73	2,850,480	46.48%

\* Excludes assessed value on supplemental motor vehicle listings.

\*\* Phase-in of Real Property revaluation - year 1 of 3 effective for fiscal year end June 30, 2008; year 2 of 3 effective for fiscal year end June 30, 2009; and year 3 of 3 for fiscal year end June 30, 2010.

(1) Includes public utility property.

(2) The latest real estate revaluation was effective for the October 1, 2011 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 TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**(UNAUDITED)**

Taxpayer	FISCAL YEAR					
	2016			2007		
	Taxable Assessed Value (10/01/14 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/05 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)
Chapman and Mansions, LLC	\$ 53,961,840	1	3.05%	\$ 26,033,090	1	1.99%
Evandro Santini & Woodbrook LLC	28,181,060	2	1.60%	14,582,140	5	1.11%
Tri City Improvements, LLC	26,621,210	3	1.51%			
Connecticut Light & Power/Yankee Gas Co.	25,490,350	4	1.44%	15,503,147	4	1.18%
CE Vernon II, LLC	17,224,770	5	0.97%	12,595,440	6	0.96%
Connecticut Water Company	14,486,529	6	0.82%	18,192,196	3	1.39%
Chapman Acres. LLC	8,432,320	7	0.48%	7,081,530	9	0.54%
Boston Rockville / Boston Vernon	7,943,230	8	0.45%			
Parkwest Residents Association	4,976,500	9	0.28%			
Kerensky, Schneider...(Risley Trust)	3,140,190	10	0.18%	7,963,500	8	0.61%
Javit Asset Partnership				18,375,575	2	1.40%
Talcotville Development				8,051,180	7	0.61%
One Fifty One West Main Street				5,445,730	10	0.42%
Total Top 10 Taxpayers	\$ <u>190,457,999</u>		<u>10.78%</u>	\$ <u>133,823,528</u>		<u>10.21%</u>
*Based on 10/1 Net Taxable Grand List of:	\$ <u>1,767,082,528</u>			\$ <u>1,311,102,718</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, 2016
		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	
2016	2014	\$ 65,976,102	\$ (217,399)	\$ 65,758,703	\$ 65,021,214	98.6%	n/a	\$65,021,214	98.6%	98.9%	\$ 737,489
2015	2013	64,211,229	(212,288)	63,998,941	63,158,074	98.4%	\$ 552,280	63,710,354	99.2%	99.5%	288,587
2014	2012	62,079,457	16,189	62,095,646	61,327,304	98.8%	627,410	61,954,714	99.8%	99.8%	140,932
2013	2011	58,943,099	(354,082)	58,589,017	57,812,300	98.1%	726,556	58,538,856	99.3%	99.9%	50,161
2012	2010	57,542,153	(204,876)	57,337,277	56,603,238	98.4%	689,872	57,293,110	99.6%	99.9%	44,167
2011	2009	57,205,162	(130,489)	57,074,673	56,484,922	98.7%	547,446	57,032,368	99.7%	99.9%	42,305
2010	2008	53,957,129	(141,006)	53,816,123	53,268,067	98.7%	508,777	53,776,844	99.7%	99.9%	39,279
2009	2007	51,964,949	(200,781)	51,764,168	51,114,202	98.4%	617,907	51,732,109	99.6%	99.9%	32,059
2008	2006	49,690,219	(149,789)	49,540,430	48,770,952	98.2%	739,480	49,510,432	99.6%	99.9%	29,998
2007	2005	48,761,915	(329,355)	48,432,560	47,704,186	97.8%	704,099	48,408,285	99.3%	99.9%	24,275

Note: The latest revaluation was effective for the year ended June 30, 2013. Property is taxed by the Town of Vernon only.

There are no overlapping tax rates for the Town of Vernon

Sources 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							(1)	(2)	(3)		(4)		Total Debt Per Capita as a % of Personal Income	Personal Income as a % of Total Debt							
	General Obligation Bonds				Notes Payable	Leases Payable	Total All Debt	Estimated Actual Value of Property (in thousands of \$)	Total Debt as a % of Estimated Actual Value of Property	Population	Total Debt Per Capita	Per Capita Personal Income										
	General Purpose	Schools	Sewers	Total																		
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	n/a	n/a	n/a
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%
2009		14,287,000		29,798,000		1,905,000		45,990,000		11,696,643		963,877		58,650,520		2,494,179	2.35%	29,839	1,966	43,334	4.54%	0.07%
2008		13,909,000		20,393,000		2,203,000		36,505,000		13,154,440		1,262,457		50,921,897		2,021,544	2.52%	29,620	1,719	43,868	3.92%	0.09%
2007		9,251,000		5,117,000		2,507,000		16,875,000		14,584,236		996,364		32,455,600		2,850,480	1.14%	29,672	1,094	42,188	2.59%	0.13%

Sources 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 2016 is not available.

Note: The Town of Vernon's per capita income for fiscal year ending 2012 per the U.S. Census Bureau was \$33,784.

n/a - Information not available at report issuance date.



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)		Other General Debt			Total Net Other General 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				
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
2009		45,990,000	11,696,643	(2,489,677)	963,877	10,170,843	56,160,843	2.25%	1,882
2008		36,505,000	13,154,440	(2,794,324)	1,262,457	11,622,573	48,127,573	2.38%	1,625
2007		16,875,000	14,584,236	(3,092,945)	996,364	12,487,655	29,362,655	1.03%	990

Sources of data:

- (1) See Table 8 for components of General Obligation Bonds.  
 (2) Estimated Actual Value of Property - See Table 5.  
 (3) Population - See Table 8.

## TOWN OF VERNON, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2016  
(UNAUDITED)

## Base for Debit Limitation:

Total tax collections for the current fiscal year, including interest and lien fees \$ 66,405,525

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	Total
Debt limitation:						
2-1/4 times the Base for Debt Limitation	\$ 149,412,431	\$	\$	\$	\$	
4-1/2 times the Base for Debt Limitation		298,824,863				
3-3/4 times the Base for Debt Limitation			249,020,719			
3-1/4 times the Base for Debt Limitation				215,817,956		
3 times the Base for Debt Limitation					199,216,575	
7 times the Base for Debt Limitation						464,838,675
Total Debt Limitation	<u>149,412,431</u>	<u>298,824,863</u>	<u>249,020,719</u>	<u>215,817,956</u>	<u>199,216,575</u>	<u>464,838,675</u>
Indebtedness:						
Bonds payable	23,053,000	20,480,000	577,000			44,110,000
Notes payable			826,194			826,194
Bonds authorized and unissued	<u>17,134,000</u>	<u>38,012,000</u>	<u>162,000</u>			<u>55,308,000</u>
Gross Direct Debt	40,187,000	58,492,000	1,565,194	-	-	100,244,194
Overlapping Debt:						
Bolton Lakes Regional Water Pollution Control Authority			2,701,277			2,701,277
Total Direct and Overlapping Debt	<u>40,187,000</u>	<u>58,492,000</u>	<u>4,266,471</u>	<u>-</u>	<u>-</u>	<u>102,945,471</u>
Debt Limitation in Excess of Net Indebtedness Legal Debt Margin	<u>\$ 109,225,431</u>	<u>\$ 240,332,863</u>	<u>\$ 244,754,248</u>	<u>\$ 215,817,956</u>	<u>\$ 199,216,575</u>	<u>\$ 361,893,204</u>

Schedule of Debt Limitation is prepared in accordance with the provisions of Connecticut General Statutes, Section 7-374(b).

The total net indebtedness above amounts to: \$ 102,945,471In no event shall total indebtedness exceed seven time the base for debt limitation computation: \$ 464,838,675

Note: The Towns of Ellington, Manchester, South Windsor and Tolland allocable share of Sewer Total Indebtedness (Clean Water Fund project 200-C) totals \$177,837

TOWN OF VERNON, CONNECTICUT  
 SCHEDULE OF LEGAL DEBT LIMITATION  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Debt Limitation	\$ 340,763,451	\$ 349,678,098	\$ 365,563,961	\$ 379,667,540	\$ 401,786,343	\$ 401,538,851	\$ 411,836,390	\$ 437,941,686	\$ 449,852,739	\$ 464,838,675
Total Net Indebtedness	(102,886,032)	(103,104,752)	(100,700,857)	(98,342,330)	(96,360,188)	(90,567,495)	(86,281,695)	(109,809,643)	(104,447,022)	(102,945,471)
Debt Limitation in Excess of Net Indebtedness (Legal Debt Margin)	\$ 237,877,419	\$ 246,573,346	\$ 264,863,104	\$ 281,325,210	\$ 305,426,155	\$ 310,971,356	\$ 325,554,695	\$ 328,132,043	\$ 345,405,717	\$ 361,893,204
Total Net Indebtedness as a Percentage of Debt Limitation	30.2%	29.5%	27.5%	25.9%	24.0%	22.6%	21.0%	25.1%	23.2%	22.1%

Source: Town of Vernon, Finance Department.

TABLE 12

## TOWN OF VERNON, CONNECTICUT

## DEMOGRAPHIC AND ECONOMIC DATA

LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Population	Median Age (1)	Personal Income (2) (in thousands of dollars)	Per Capita Personal Income (2)	School Enrollment	Annual Change in School Enrollment	Unemployment Rate (June 30,)	Labor Force (June 30,)
2016	28,959	n/a	n/a	n/a	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
2009	29,839	39.7	6,601,045	43,334	3,584	(131)	7.3%	17,673
2008	29,620	39.4	6,649,668	43,868	3,715	(82)	5.5%	17,842
2007	29,672	37.1	6,316,324	42,188	3,797	(163)	4.3%	17,496

n/a - Information not available.

Sources of data:

Population estimates are provided by the Connecticut Department of Public Health, except for fiscal year-end 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 and was provided by American Fact Finder, U.S. Census Bureau.

(2) Personal Income and Per Capita Personal Income are identified for Tolland County, Connecticut, of which Vernon is a part of. This information was 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 Superintendent of Schools.

Unemployment and Labor Force data are provided by the State Department of Labor.

TABLE 13

TOWN OF VERNON, CONNECTICUT

## MAJOR EMPLOYERS

JUNE 30, 2016 AND JUNE 30, 2007  
(UNAUDITED)

Major Employer	2016			2007		
	Number Employed	Rank	Percentage of Total Town Employment	Number Employed	Rank	Percentage of Total Town Employment
Town of Vernon	824	1	4.8%	871	1	5.0%
Visiting Nurse and Health Services	471	2	2.8%	285	3	1.6%
Rockville General Hospital	457	3	2.7%	580	2	3.3%
Stop & Shop	316	4	1.8%	226	4	1.3%
New England Mechanical Services	300	5	1.7%	208	7	1.2%
Vernon Manor	175	6	1.0%	150	10	0.9%
Healthwise Medical Associates	162	7	1.0%			
Price Chopper	161	8	0.9%	221	6	1.3%
Rein's Delicatessen	155	9	0.9%	170	9	1.0%
State of Connecticut	145	10	0.8%	226	4	1.3%
Fox Hill Nursing and Rehabilitation				183	8	1.0%
Total	<u>3,166</u>		<u>18.4%</u>	<u>3,120</u>		<u>17.9%</u>
Labor Force			<u>17,208</u>			<u>17,496</u>

Source: Town of Vernon Economic Development Department.

## TOWN OF VERNON, CONNECTICUT

## MUNICIPAL EMPLOYMENT BY BARGAINING UNIT

JUNE 30, 2016  
(UNAUDITED)

Municipal Employment	Fiscal year									
	2016	2015	2014	2013	###	2011	2010	2009	2008	2007
Board of Education	615	622	640	635	631	638	624	633	642	659
General Government	209	208	206	205	204	204	211	211	213	212
Total	824	830	846	840	835	842	835	844	855	871

<u>Board of Education</u>	<u>Bargaining Unit</u>	Employees Covered at 6/30/2016	Current Contract Expiration Date
Clerical / Custodial / Maintenance	Local 1303, AFSCME, AFL-CIO	63	6/30/16*
Teachers	Vernon Education Association	325	6/30/17
School Administrators	Vernon School Administrators Association	18	6/30/18
School Nurses	Vernon School Nurses' Association	6	6/30/19**
Cafeteria	United Food & Commercial Workers, Local 919, AFL-CIO	30	6/30/17
Plant Operation Supervisors	Local 818, Council #4, Supervisors	2	6/30/18
Service Aids & Teacher Assistants	Vernon Federation of Paraprofessionals	122	6/30/17
Librarians / Media Managers / Assistants	Local 1303-279, AFSCME, AFL-CIO	9	6/30/19**
Non-Bargaining Employees	Not affiliated - salaried	40	n/a
Total Board of Education		615	
<u>General Government</u>	<u>Bargaining Unit</u>		
Police officers	Vernon Police Association	48	6/30/17
Public Works/ Parks / Water Pollution	Local 1471, AFSCME, AFL-CIO	57	6/30/16*
Public Works Supervisors	Local 818, AFSCME, AFL-CIO	5	6/30/18
Civilian Police Department Employees	Local 47, Connecticut Independent Laborers Union	13	6/30/17
Professionals	Local 818 Professionals, AFSCME, AFL-CIO	33	6/30/16*
Waste Treatment Plant Supervisors	Local 818, AFSCME, AFL-CIO	3	6/30/18***
Non-Bargaining Employees	Not affiliated	50	n/a
Total General Government		209	

Sources of data:

Board of Education, Director of Business Office.

General Government, Town Administration.

\* Bargaining Agreement currently under negotiaion.

\*\* Subsequent to June 30, 2016, these bargaining agreements were ratified through June 30, 2019.

\*\*\* Subsequent to June 30, 2016, this bargaining agreement was ratified through June 30, 2018.

TABLE 15

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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Administrative	7	7	7	7	7	7	8	8	8	7
Finance	14	14	14	13	13	13	14	13	14	14
Town Clerk	3	3	3	3	3	3	4	4	4	4
Data processing	11	11	10	10	4	4	4	4	4	3
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	67	67	67	67	67	67
Fire / Ambulance	2	2	2	2	2	2	2	2	2	2
Building	7	6	5	5	5	5	5	5	5	6
Animal Control	2	2	2	2	2	2	2	2	2	2
Maintenance and development:										
Public Works	46	47	47	47	48	48	51	51	51	51
Engineering	4	4	4	4	4	4	4	4	4	4
Water Pollution Control	22	22	22	22	22	22	23	24	24	24
Human Services:										
Youth Services	3	3	3	3	3	3	3	3	3	3
Social Services	4	4	4	4	4	4	4	4	4	4
Senior Center	3	3	3	3	3	3	3	3	3	3
Parks and Recreation:										
Administration	5	5	5	5	6	6	6	6	6	6
Parks Maintenance	7	6	6	6	6	6	6	6	6	6
Townwide:										
Cemeteries	2	2	2	2	2	2	2	2	3	3
Subtotal Town Hall employees	209	208	206	205	204	204	211	211	213	212
Education	615	622	640	635	631	638	624	633	642	659
Total Full-Time Employees	824	830	846	840	835	842	835	844	855	871

Source: Vernon Human Resources Department and Vernon School Business Office.

TABLE 16

## TOWN OF VERNON, CONNECTICUT

## OPERATING INDICATORS BY FUNCTION/ PROGRAM

LAST TEN FISCAL YEARS  
(UNAUDITED)

FUNCTION/PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b><u>Community Development</u></b>										
Planning Administration:										
Number of Inland Wetland applications	10	9	7	9	8	7	12	13	13	24
Number of Planning/Zoning applications (both indicators based on calendar year)	17	14	22	22	19	26	29	20	27	38
<b><u>Public Safety (calendar year)</u></b>										
Police:										
Number of crimes	334	103	277	360	339	314	415	359	400	375
Number of motor vehicle infractions	789	1,010	678	1,002	1,108	1,126	1,567	1,678	1,383	1,720
Number of citations	3,304	3,517	3,465	5,206	4,814	6,157	6,674	5,823	6,917	9,002
Number of service calls (all indicators based on calendar year)	19,027	18,689	18,448	19,454	19,261	19,149	18,872	20,956	20,379	20,754
Building Inspection:										
Building permits issued	2,400	2,130	1,938	1,903	2,017	1,794	1,850	1,466	1,725	1,829
Building inspections conducted	4,812	5,514	7,596	7,594	7,669	6,350	6,343	2,886	2,073	1,817
<b><u>Maintenance and Development</u></b>										
General Maintenance:										
Miles of streets paved / reconstructed	14.94	15.30	10.21	1.64	1.11	6.02	0.98	1.16	4.16	4.41
Refuse Collection and Disposal:										
Tons of Municipal Solid Waste collected	7,187.91	7,158.84	7,178.17	6,740.80	7,641.02	7,570.10	8,177.00	8,398.99	8,770.60	8,975.21
Tons of Bulky Waste received	1,541.05	1,362.42	1,462.63	1,366.38	1,516.90	1,363.80	1,686.00	1,640.88	1,685.00	1,575.76
Recycling:										
Tons of Recyclables collected	2,566.03	2,462.33	2,528.12	2,510.82	2,492.44	2,442.90	1,877.00	1,955.46	1,946.80	2,135.41
Tons of Waste Motor Oil received	3.5	4.4	3.5	2.4	2.7	5.0	7.9	12.8	12.9	26.5
Tons of Metal received	158	159	162	162	168	185	275	289	365	476
Tons of Electronics received	73.0	72.0	74.8	69.5	78.0	19.8	21.0	20.3	5.0	n/a
Units of Lead Acid Batteries received	63	70	89	102	42	104	165	290	256	n/a
<b><u>Parks and Recreation</u></b>										
Recreation programs:										
Number of programs offered	108	112	108	89	94	97	89	65	82	75
Number of summer camp participants	2,756	2,696	2,618	2,378	2,301	2,042	1,971	1,830	2,619	2,395
<b><u>Townwide</u></b>										
Vernon Cemeteries:										
Number of cemetery lots sold	27	37	31	71	65	41	54	88	48	69
Number of burials / cremations	72	81	72	87	63	90	70	97	80	75
Water Pollution Control Facility:										
Average daily sewage treatment (thousands of gallons)	2,890.0	3,160.0	3,210.0	2,825.0	3,424.0	3,120.0	3,240.0	3,890.0	3,760.0	4,140.0

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 17

## TOWN OF VERNON, CONNECTICUT

## CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM

LAST TEN FISCAL YEARS  
(UNAUDITED)

FISCAL YEAR ENDED JUNE 30										
FUNCTION/PROGRAM	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	168	166	166	155	160	158	161	154	135	138
Maintenance and Development:										
Miles of improved roads	113.00	112.78	112.78	112.78	112.34	112.34	112.34	111.83	111.81	111.81
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	112.9	112.9	112.9	112.9	112.9	112	112	112	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	23	22	22	22
Acres of park land	582.52	582.52	582.52	582.52	582.52	579.52	570.42	568.3	568.3	568.3
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 18

## TOWN OF VERNON, CONNECTICUT

## GENERAL FUND - BALANCE SHEETS

LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Assets:										
Cash	\$ 9,838,339	\$ 8,645,128	\$ 12,127,690	\$ 5,700,066	\$ 7,856,162	\$ 8,870,779	\$ 40,340	\$ 697,928	\$ 240,097	\$ 323,970
Investments	4,023,332	4,010,873	554,897	3,368,016	3,304,313	2,436,623	10,443,021	10,364,088	10,350,750	10,287,126
Receivables:										
Property taxes	1,491,096	1,736,071	1,819,045	1,754,356	1,618,936	1,370,094	1,281,734	1,373,298	1,329,106	1,305,826
Grants and other	69,493	202,558	103,858	868,194	3,982,406	632,077	891,434	966,108	1,433,194	1,820,165
Due from other funds	5,417,912	8,326,930	3,359,412	3,746,953	2,105,434	2,255,427	4,092,563	1,954,903	1,263,191	1,353,258
Advance to other funds		129,500								
Total assets	\$ 20,840,172	\$ 23,051,060	\$ 17,964,902	\$ 15,437,585	\$ 18,867,251	\$ 15,565,000	\$ 16,749,092	\$ 15,356,325	\$ 14,616,338	\$ 15,090,345
Liabilities, Deferred Inflows of Resources and Fund Equity										
Liabilities:										
Accounts payable	\$ 1,374,472	\$ 1,431,312	\$ 1,537,095	1,225,307	\$ 1,150,706	\$ 1,327,943	\$ 1,513,258	\$ 1,817,271	\$ 1,138,836	\$ 927,733
Accrued wages and benefits	672,962	525,010	438,418	326,395	392,237	748,115	559,911	277,649	175,219	221,947
Due to other funds	667,277	501,580	234,446	844,442	788,442	804,219	2,464,181	1,209,431	1,258,402	1,886,412
Total liabilities	2,714,711	2,457,902	2,209,959	2,396,144	2,331,385	2,880,277	4,537,350	3,304,351	2,572,457	3,036,092
Deferred Inflows of Resources:										
Unavailable revenues - property taxes	1,165,205	1,507,581	1,441,980	1,498,156	1,468,054	1,600,781	1,780,291	2,146,305	2,518,040	2,913,758
Advance property tax collections		4,800,790	1,629,621	109,695	3,780,442	5,877	4,722			
Unavailable revenues - grants				29,400	172,843					
Total deferred inflows of resources	1,165,205	6,308,371	3,071,601	1,637,251	5,421,339	1,606,658	1,785,013	2,146,305	2,518,040	2,913,758
Fund Equity:										
Nonspendable		129,500								
Assigned	2,729,466	2,003,342	1,540,633	1,388,542	1,820,141	2,122,970	2,155,779	1,860,649	1,917,231	1,238,263
Unassigned	14,230,790	12,151,945	11,142,709	10,015,648	9,294,386	8,955,095	8,270,950	8,045,020	7,608,610	7,902,232
Total fund equity	16,960,256	14,284,787	12,683,342	11,404,190	11,114,527	11,078,065	10,426,729	9,905,669	9,525,841	9,140,495
Total liabilities, deferred inflows of resources and fund equity	\$ 20,840,172	\$ 23,051,060	\$ 17,964,902	\$ 15,437,585	\$ 18,867,251	\$ 15,565,000	\$ 16,749,092	\$ 15,356,325	\$ 14,616,338	\$ 15,090,345

Source: Town of Vernon, Finance Department.

TABLE 19

TOWN OF VERNON, CONNECTICUTGENERAL FUNDREVENUES BY SOURCE AND OTHER FINANCING SOURCES - GAAP BASISLAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Revenues by Source								Revenues and Other Financing Sources	
	Property Taxes	Intergovernmental	Charges for Services	Licenses and Permits	Fines and Penalties	Investment Income	On-Behalf Payments and Other	Other Financing Sources	Total	Annual % Increase
2016	\$ 66,502,928	\$ 19,224,840	\$ 1,426,501	\$ 1,557,541	\$ 111,596	\$ 14,060	\$ 6,406,341	\$ 237,180	\$ 95,480,987	2.8%
% of Total	69.8%	20.1%	1.5%	1.6%	0.1%	0.0%	6.7%	0.2%	100.0%	
2015	64,116,182	19,415,486	1,431,194	831,371	94,347	1,369	6,851,629	167,162	92,908,740	2.0%
% of Total	69.0%	20.9%	1.5%	0.9%	0.1%	0.0%	7.4%	0.2%	100.0%	
2014	62,683,962	19,327,891	1,498,391	531,337	21,903	136	6,765,869	222,961	91,052,450	4.6%
% of Total	68.9%	21.2%	1.7%	0.6%	0.0%	0.0%	7.4%	0.2%	100.0%	
2013	58,939,088	20,104,837	1,276,169	547,833	18,615	1,054	5,586,913	572,915	87,047,424	-1.1%
% of Total	67.7%	23.1%	1.5%	0.6%	0.0%	0.0%	6.4%	0.7%	100.0%	
2012	57,327,038	22,856,032	1,341,318	563,598	20,251	2,810	5,389,624	501,771	88,002,442	3.7%
% of Total	65.1%	26.0%	1.5%	0.6%	0.0%	0.0%	6.3%	0.6%	100.0%	
2011	57,387,268	20,710,835	1,386,203	491,675	10,193	27,708	4,604,572	279,614	84,898,068	5.0%
% of Total	67.6%	24.4%	1.6%	0.6%	0.0%	0.0%	5.4%	0.3%	100.0%	
2010	54,241,727	20,352,445	1,561,369	441,648	13,008	42,113	3,963,079	241,856	80,857,245	1.6%
% of Total	67.1%	25.2%	1.9%	0.5%	0.0%	0.1%	4.9%	0.3%	100.0%	
2009	52,186,924	21,194,696	1,421,907	406,025	10,088	199,312	3,906,222	259,876	79,585,050	-12.8%
% of Total	65.6%	26.6%	1.8%	0.5%	0.0%	0.3%	4.9%	0.3%	100.0%	
2008	49,913,095	20,870,957	2,223,776	497,149	18,515	670,210	16,859,883	223,892	91,277,477	20.7%
% of Total	54.7%	22.9%	2.4%	0.5%	0.0%	0.7%	18.5%	0.2%	100.0%	
2007	48,717,250	19,559,484	2,279,748	478,589	19,711	871,920	3,416,995	250,827	75,594,524	3.7%
% of Total	64.4%	25.9%	3.0%	0.6%	0.0%	1.2%	4.5%	0.3%	100.0%	

Note for 2008: On-behalf payments increased from \$3,392,385 to \$16,476,243 due to a one-time State of Connecticut \$2,000,000,000 contribution made to the Teachers' Retirement System.

Source: Town of Vernon, Finance Department.

TABLE 20

## 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 Development	Public Safety	Maintenance and Development	Human Services	Parks, Recreation and Culture	Townwide	Education	Capital Outlay	Debt Service		Total	Annual % Increase
2016	\$ 3,694,679	\$ 248,607	\$ 8,561,323	\$ 5,408,134	\$ 938,018	\$ 1,430,950	\$ 7,933,163	\$ 56,591,613	\$ 740,131	\$ 4,399,190	\$ 2,859,710	\$ 92,805,518	1.6%
% of total	4.0%	0.3%	9.2%	5.8%	1.0%	1.5%	8.5%	61.0%	0.8%	4.7%	3.1%	100.0%	
2015	3,590,896	235,770	8,525,361	5,550,883	962,959	1,369,686	7,469,937	57,008,315	363,926	4,046,497	2,183,065	91,307,295	1.7%
% of total	3.9%	0.3%	9.3%	6.1%	1.1%	1.5%	8.2%	62.4%	0.4%	4.4%	2.4%	100.0%	
2014	3,428,718	221,149	7,995,555	5,431,695	936,012	1,329,070	7,107,547	56,788,058	130,174	4,143,846	2,261,474	89,773,298	3.5%
% of total	3.8%	0.2%	8.9%	6.1%	1.0%	1.5%	7.9%	63.3%	0.1%	4.6%	2.5%	100.0%	
2013	3,230,952	241,139	8,169,618	5,222,913	974,251	1,358,243	7,054,780	54,365,055	57,787	4,365,302	1,717,721	86,757,761	-1.4%
% of total	3.7%	0.3%	9.4%	6.0%	1.1%	1.6%	8.1%	62.7%	0.1%	5.0%	2.0%	100.0%	
2012	3,277,010	248,176	11,428,754	5,272,527	934,675	1,339,374	6,806,996	52,300,137	77,995	4,675,035	1,605,301	87,965,980	4.4%
% of total	3.7%	0.3%	13.0%	6.0%	1.1%	1.5%	7.7%	59.5%	0.1%	5.3%	1.8%	100.0%	
2011	3,047,360	210,671	7,774,406	5,757,991	958,938	1,343,872	7,321,967	52,089,429	109,587	4,053,738	1,578,773	84,246,732	4.9%
% of total	3.6%	0.3%	9.2%	6.8%	1.1%	1.6%	8.7%	61.8%	0.1%	4.8%	1.9%	100.0%	
2010	3,003,175	222,003	7,698,462	5,451,295	923,368	1,338,415	6,138,804	49,302,826	264,740	3,091,374	2,901,723	80,336,185	1.4%
% of total	3.7%	0.3%	9.6%	6.8%	1.1%	1.7%	7.6%	61.4%	0.3%	3.8%	3.6%	100.0%	
2009	3,026,387	217,126	7,381,590	5,681,841	899,092	1,305,429	6,167,528	49,284,455	117,423	3,254,029	1,870,322	79,205,222	-12.9%
% of total	3.8%	0.3%	9.3%	7.2%	1.1%	1.6%	7.8%	62.2%	0.1%	4.1%	2.4%	100.0%	
2008	2,903,470	228,828	7,288,175	5,445,696	837,812	1,773,120	5,961,569	61,340,447	296,916	2,379,422	2,436,676	90,892,131	20.4%
% of total	3.2%	0.3%	8.0%	6.0%	0.9%	2.0%	6.6%	67.5%	0.3%	2.6%	2.7%	100.0%	
2007	2,750,317	297,715	6,952,435	5,162,350	824,362	1,677,953	6,002,591	46,567,372	63,015	1,399,968	3,767,629	75,465,707	4.8%
% of total	3.6%	0.4%	9.2%	6.8%	1.1%	2.2%	8.0%	61.7%	0.1%	1.9%	5.0%	100.0%	

Note for 2008: On-behalf payments increased from \$3,392,385 to \$16,476,243 due to a one-time State of Connecticut \$2,000,000,000 contribution to the Teachers' Retirement System.

Source: Town of Vernon, Finance Department.

**TABLE 21****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>
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
2009	1,287	63,372	63,867	792
2008	718	62,227	61,658	1,287
2007	1,485	81,718	82,485	718

**Sources of data:**

Town of Vernon, Water Pollution Control Department.

Town of Vernon, Finance Department.

TABLE 22

TOWN OF VERNON, CONNECTICUT  
CHANGES IN NET POSITION - PENSION TRUST FUND

LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Additions:										
Contributions:										
Employer	\$ 2,609,818	\$ 2,796,299	\$ 2,941,678	\$ 2,655,103	\$ 2,604,841	\$ 3,399,576	\$ 3,199,500	\$ 3,266,289	\$ 3,688,522	\$ 4,062,749
Employee	1,133,129	1,155,185	1,199,405	1,262,617	1,232,063	1,238,650	1,332,034	1,369,933	1,389,713	1,403,018
Net investment income (loss)	3,384,945	2,207,027	(8,078,202)	5,604,908	4,054,823	100,809	4,787,526	7,861,240	3,128,463	460,955
Total Additions to Net Position	7,127,892	6,158,511	(3,937,119)	9,522,628	7,891,727	4,739,035	9,319,060	12,497,462	8,206,698	5,926,722
Deductions:										
Benefit payments/annuity purchases	2,523,452	2,740,940	3,017,123	3,269,875	3,678,415	4,061,246	4,340,495	4,839,395	5,051,222	5,561,889
Refunds of contributions	238,593	104,205	264,810	126,960	71,754	29,190	74,631	62,064	348,070	225,532
Administrative expenses	145,491	145,588	156,405	140,276	156,607	174,509	178,039	176,206	191,218	144,869
Total Deductions to Net Position	2,907,536	2,990,733	3,438,338	3,537,111	3,906,776	4,264,945	4,593,165	5,077,665	5,590,510	5,932,290
Change in Plan Net Position	\$ 4,220,356	\$ 3,167,778	\$ (7,375,457)	\$ 5,985,517	\$ 3,984,951	\$ 474,090	\$ 4,725,895	\$ 7,419,797	\$ 2,616,188	\$ (5,568)
Employer Contributions as a Percentage of Covered Payroll	15.29%	15.57%	15.85%	13.76%	13.77%	17.87%	16.36%	16.59%	18.69%	19.85%

Source: Town of Vernon, Finance Department.

TABLE 23

## TOWN OF VERNON, CONNECTICUT

## RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL DEBT TO GENERAL FUND EXPENDITURES - GAAP BASIS

LAST TEN YEARS  
(UNAUDITED)

		FISCAL YEAR ENDED JUNE 30,									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund expenditures	\$	89,945,808	89,124,230	\$ 87,511,824	85,040,040	\$ 86,360,679	\$ 82,667,959	\$ 77,434,462	\$ 77,334,900	\$ 88,455,455	\$ 71,698,078
Debt service expenditures:											
Principal	\$	3,021,345	2,760,617	\$ 2,771,437	3,126,102	\$ 2,921,774	\$ 2,301,286	\$ 1,280,829	\$ 1,731,047	\$ 1,656,374	\$ 1,187,957
Interest		1,377,845	1,285,880	1,372,409	1,239,200	1,753,261	1,752,452	1,810,545	1,522,982	723,048	212,011
Total debt service	\$	4,399,190	4,046,497	\$ 4,143,846	4,365,302	\$ 4,675,035	\$ 4,053,738	\$ 3,091,374	\$ 3,254,029	\$ 2,379,422	\$ 1,399,968
Percentage of debt service Expenditures to General Fund expenditures		4.89%	4.54%	4.74%	5.13%	5.41%	4.90%	3.99%	4.21%	2.69%	1.95%

Source of data: Town of Vernon, Finance Department.



TABLE 24

## 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
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%
2009	10/1/2007	1,471,452,682	16.42%	71,272,686	1.61%	159,395,290	1.39%	1,702,120,658	14.14%
2008	10/1/2006	1,263,919,130	16.58%	70,146,000	(1.80%)	157,213,010	1.07%	1,491,278,140	13.74%
2007	10/1/2005	1,084,123,077	1.29%	71,432,611	4.85%	155,547,030	6.14%	1,311,102,718	2.03%

\* Excludes assessed value on supplemental motor vehicle listings.

\*\* Phase-in of Real Property revaluation- year 1 of 3 effective for fiscal year end June 30, 2008 and year 2 of 3 effective for fiscal year end June 30, 2009 and year 3 of 3 effective for fiscal year end June 30, 2010.

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**

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, 2016	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, 2016	Percentage of Original Levy	Percentage of Adjusted Levy
2016	2014	36.91	\$ 65,976,102	\$ 65,758,703	\$ 65,758,703	\$ 65,021,214	98.9%	\$	\$ 65,021,214	\$ 737,489	\$ 737,489	1.45%	1.12%
2015	2013	36.11	64,211,229	63,997,909	63,998,941	63,158,074	98.7%	552,280	63,710,354	839,835	288,587	0.78%	0.45%
2014	2012	35.40	62,079,457	62,210,620	62,095,646	61,327,304	98.6%	627,410	61,954,714	883,316	140,932	0.20%	0.23%
2013	2011	33.63	58,943,099	58,684,540	58,589,017	57,812,300	98.5%	726,556	58,538,856	872,240	50,161	0.69%	0.09%
2012	2010	29.90	57,542,153	57,407,016	57,337,277	56,603,238	98.6%	689,872	57,293,110	803,778	44,167	0.43%	0.08%
2011	2009	30.02	57,205,162	57,184,120	57,074,673	56,484,922	98.8%	547,446	57,032,368	699,198	42,305	0.30%	0.07%
2010	2008	28.42	53,957,129	53,909,593	53,816,123	53,268,067	98.8%	508,777	53,776,844	641,526	39,279	0.33%	0.07%
2009	2007	30.28	51,964,949	51,858,264	51,764,168	51,114,202	98.6%	617,907	51,732,109	744,062	32,059	0.45%	0.06%
2008	2006	32.91	49,690,219	49,658,052	49,540,430	48,770,952	98.2%	739,480	49,510,432	887,100	29,998	0.36%	0.06%
2007	2005	36.73	48,761,915	48,559,054	48,432,560	47,704,186	98.2%	704,099	48,408,285	854,868	24,275	0.73%	0.05%

Note: The latest revaluation was effective for the year ended June 30, 2013. Property is taxed by the Town of Vernon only.

Source of Data: Town of Vernon, Tax Collector  
Town of Vernon, Finance Department

TABLE 26

## 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)									
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%
2009	58,650,520	56,160,843	1,702,120,658	2,431,600,940	2,491,857,824	3.45%	2.41%	2.35%	3.30%	2.31%	2.25%
2008	50,921,897	48,127,573	1,491,278,140	2,130,397,343	2,017,416,957	3.41%	2.39%	2.52%	3.23%	2.26%	2.39%
2007	32,455,600	29,362,655	1,311,102,718	1,873,003,883	2,848,133,122	2.48%	1.73%	1.14%	2.24%	1.57%	1.03%

Sources: (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.

**TOWN OF VERNON, CONNECTICUT**  
**PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Building Permits (1)								Bank Deposits (2) (in thousands)	Property Values		
	Residential		Industrial and Commercial		All Other *		Total Building Permits			(3)**		
	Construction		Construction		Construction		Construction			(3)**	Industrial and	(4)
	#	Value	#	Value	#	Value	#	Value		Residential	Commercial	Nontaxable
2016	9	\$ 1,308,200	127	\$ 52,852,968	2,264	\$ 27,355,063	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	14,408,011	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
2009	27	3,759,546	66	1,901,260	1,373	15,661,565	1,466	21,322,371	776,296	1,755,785,729	379,577,798	232,017,940
2008	43	9,817,719	69	3,870,742	1,613	21,958,018	1,725	35,646,479	744,794	1,204,042,543	470,833,357	232,217,470
2007	69	11,632,730	174	5,694,247	1,574	17,991,124	1,817	35,318,101	761,580	1,941,698,122	534,299,916	208,038,107

\* 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 28

## TOWN OF VERNON, CONNECTICUT

## U.S. BUREAU OF CENSUS STATISTICS

JUNE 30, 2016

(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	Total	28,063	29,179	4.0%	\$100,00 or more	3,317	25.6%
			Median	37.7	40.2				
Years of School Completed, Persons Age 25 and Over (1)							Total		
							13,031		
							100%		
							2000		
							Income		
							Households		
							% of total		
							\$ 0 to 14,999		
							1,355		
							11.0%		
							\$15,000 to 24,999		
							1,400		
							11.4%		
							\$25,000 to 34,999		
							1,520		
							12.4%		
							\$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		
							12,290		
							100%		
							2000		
							2010		
							\$		
							47,816		
							\$		
							62,115		
							Mean Income		
							57,533		
							74,113		
							Per Capita Income		
							25,150		
							33,784		
							% below poverty leve		
							5.8%		
							6.4%		

## 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.

TOWN OF VERNON, CONNECTICUTLAND USE / ZONING STATISTICS

JUNE 30, 2016

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	8,120	70.50%
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	413	3.59%
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.

TOWN OF VERNON, CONNECTICUTSCHOOL FACILITIES AND ENROLLMENT DATA

JUNE 30, 2016

School	Grades	Number of Classrooms	Total Floor Area (Sq. ft.)	School Capacity	School Enrollment as of 10/1/2015
Elementary Schools:					
Center Road	Pre-K to 5	33	75,122	825	502
Lake Street	Pre-K to 5	20	39,219	525	219
Maple Street	Pre-K to 5	23	39,920	525	274
Northeast	Pre-K to 5	19	41,500	525	322
Skinner Road	Pre-K to 5	21	45,350	525	337
Loveland Hill School (within Rockville High)	Pre-K to 7	5	3,303	n/a	10
Total Elementary Schools				2,925	1,664
Middle School	6 to 8	70	135,988	1,500	681
Rockville High and VO-AG	9 to 12	136	272,748	2,400	823
<b>Total In-District Enrollment</b>				6,825	3,168
Out of District	All	n/a	n/a	n/a	41
<b>Total Enrollment</b>				<b>6,825</b>	<b>3,209</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>
2006/07	26	1,656	854	1,261	3,797	-4.12%	45
2007/08	39	1,626	817	1,233	3,715	-2.16%	45
2008/09	33	1,588	786	1,177	3,584	-3.53%	37
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

\* As of October 1.

**PROJECTED  
SCHOOL ENROLLMENTS  
NEXT 5 FISCAL YEARS**

2016/17	174	1,470	689	836	3,169	0.03%	41
2017/18	174	1,442	688	829	3,133	-1.14%	41
2018/19	174	1,422	654	848	3,098	-1.12%	41
2019/20	174	1,421	641	829	3,065	-1.07%	41
2020/21	174	1,404	630	846	3,054	-0.36%	41

School Classrooms, Capacity and Actual Enrollments: Vernon Superintendent of Schools Office.

\* Projected Enrollments: Prepared by Milone &amp; MacBroom, dated March 2016.

School Square Footage: Per Code Information Sheets (updated to reflect recent school building projects).