

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE**



**TOWN OF VERNON,
CONNECTICUT**

**FOR THE YEAR ENDED
JUNE 30, 2020**

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

TOWN OF VERNON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION



TOWN OF VERNON

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OFFICE OF THE
FINANCE DEPARTMENT

April 16, 2021

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

Pursuant to the Charter, on an annual basis the Town Council shall designate an auditor or auditors to audit the books and accounts of the Town. The Town of Vernon's financial statements have been audited by Mahoney Sabol & Company, LLP, a firm that provides comprehensive accounting, auditing, tax, and business consulting services to a wide range of clients and industries. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2020 are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures contained within the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Mahoney Sabol & Company, LLP concluded, based upon their audit, that there was a reasonable basis for rendering an "unmodified opinion" that the Town's financial statements for the fiscal year ended June 30, 2020 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 and state mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited governments internal controls and compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the Town of Vernon's separately issued Single Audit Reports.

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

Profile of the Town of Vernon

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

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

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

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

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

Local Economy

The Town of Vernon is a residential community consisting of 18.6 square miles located 14 miles east of Hartford with an estimated population of 29,359 as of June 2020. Vernon is strategically located on Interstate 84 with four interchanges within the Town's borders providing convenient access to all areas of Connecticut, Massachusetts, and New York. Bradley International Airport is 30 minutes from Vernon.

The Town continues to pursue economic development while facing the task of addressing the redevelopment of older mill properties. Planned investments in infrastructure, clean water management and public safety will have a positive effect locally and will factor into further economic recovery and stability of the region.

The local economic base serves the region as a commercial, governmental, legal, and medical center. These sectors contributed to the Net Taxable Grand List growth for 2020; an increase of \$9,844,413. The tax base is moderately concentrated with the top ten taxpayers accounting for 14.6% of the Net Taxable Grand List. The top taxpayers are primarily comprised of apartments, shopping centers and utilities.

The COVID-19 pandemic has had devastating impacts on a global level. Although there were no material impacts to Town's finances regarding revenue in Fiscal Year 2020, additional non-budgeted expenditures were required to continue essential government operations. As a result of savings in other areas that were unable to offer programs due to broader governmental shutdown policies (ex. Senior Center, Rockville Public Library and Parks and Recreation) and Federal and State funding, these additional costs were absorbed with no negative impact. Ongoing review and continued prudence related to expenditures will be a focus for the foreseeable future.

The 2020-2021 operating budget was approved by the Town Council, sent to the annual Town Meeting, and adopted on April 28, 2020. A single mill rate was adopted; 39.63, which represented no change from the prior year.

Long Range Planning

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

The Water Pollution Control Facility upgrade project which began in 2019 continues with an expected completion date of December 2022. Financing for the project is to be accomplished through a combination of grant funding and a loan from the Connecticut Clean Water Fund with participating towns contributing their agreed upon percentage of the total cost. In the capital plan, a sewer system evaluation and feasibility study were approved as a precursor to expansion of the system as well as opportunities for further economic development of key parcels of interest.

As a result of the historically low interest rate environment, in July of 2020 the Town capitalized on an opportunity to refinance outstanding bond issues from 2012, 2015 and 2016 which resulted in principal and interest savings of \$1.8mm over the next 10 years. Also included in this debt issuance was the final offering of the Road Improvements debt obligation. Moody's Investor Service assigned the Town of Vernon a credit rating of Aa2 – obligations are judged to be of high-quality and are subject to exceptionally low credit risk. Specifically, the rating report mentioned a healthy financial position supported by conservative budgeting and management practices that have contributed to consistent operating surpluses.

In addition to ongoing road improvements, Town projects include reconstruction of sidewalks funded via a combination of Town and LOTCIP grant funds. The Mayor and Town Council also have authorized work on various bridge replacements and the revitalization of the Downtown Rockville section, specifically the Citizens Block project, with funding approved through Town appropriations and other state grants.

Vernon continues to address major rolling stock demands to replace equipment and vehicles that have met their useful life. Besides being better equipped to serve the residents, these efforts have resulted in stabilization of maintenance budgets for succeeding years. In the current fiscal year, included in this plan was the necessary replacement of a Tower Ladder Fire Truck.

Awards and Acknowledgements


The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Vernon for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the **twenty-ninth** consecutive year the Town has received this prestigious award which is valid for a one-year period. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Jeffrey A. O'Neill
Finance Officer & Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Vernon
Connecticut**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

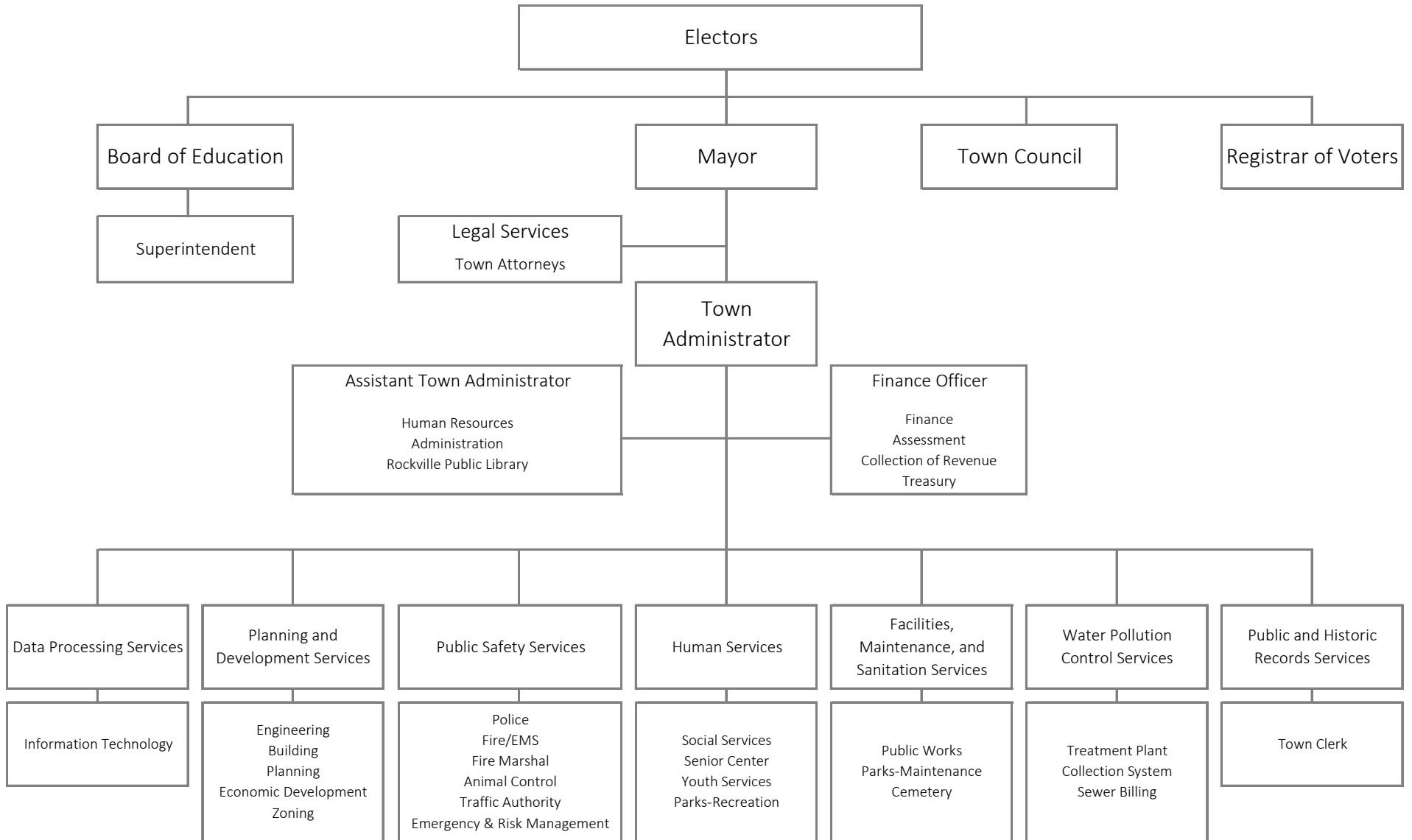
Christopher P. Morill

Executive Director/CEO



Town of Vernon

Organizational Chart
FY 2019-2020



TOWN OF VERNON, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS

MAYOR

Daniel A. Champagne

TOWN COUNCIL

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

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

TOWN OFFICIALS

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

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

BOARD OF EDUCATION

Anne H. Fisher, Chairperson
Mark Kalina, Vice Chairperson
Stephen Linton, Secretary
Patricia Buxton, Treasurer

Kevin Brown
Jennifer Buckler
Deborah Rodriguez
Mason Thrall
Kristiana Wintress

EDUCATION OFFICIALS

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

Dr. Joseph Macary
Robert Testa
Angela Wang

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Vernon, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vernon, Connecticut (the "Town"), as of and for the year ended June 30, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 18 and the information on pages 85 through 102 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section on pages i through vii, the combining and individual fund statements and schedules on pages 103 through 132, and the statistical section and trend data section on pages 133 through 163 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
April 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

The management of the Town of Vernon, Connecticut (the "Town"), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this Comprehensive Annual Financial Report ("Report").

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$132.024 million (net position). Of this amount, \$25.007 million represents a deficit in the Town's unrestricted net position. This deficit is attributed to the Town's net pension and other post-employment benefits liabilities, which are being funded by the Town over time based on actuarially determined contributions.
- Net position of the Town's governmental activities totaled \$114.175 million, an increase of \$9.741 million over the prior year net position. Net position of the Town's business-type activities totaled \$17.849 million, a decrease of \$124 thousand over the prior year net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$29.012 million, a decrease of \$3.698 million in comparison with the prior year. Of this amount, 77.35% or \$22.441 million is available for spending at the Town's discretion (committed, assigned, and unassigned fund balance).
- The fund balance of the Town's General Fund decreased by \$1.310 million to \$22.561 million. The current year decrease was primarily attributed to the use of fund balance to fund capital improvements, projects and equipment.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$21.018 million or 20.05% of total current year General Fund expenditures and other financing uses. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.7 months of ensuing fiscal year General Fund approved budget appropriations.

Overview of the Financial Statements

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

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Overview of the Financial Statements (Continued)

Government-wide Financial Statements (Continued)

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

The statement of net position presents information on all of the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these other elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: education, public safety, maintenance and development of streets and buildings, sanitation, human services, recreation, public improvements, community planning and development, and general administration. The business-type activities of the Town include activities of the Town's wastewater treatment plant and rentals at Center 375.

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

Fund Financial Statements

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

Governmental Funds

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

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

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Overview of the Financial Statements (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road Improvements Bond Fund, the Town Capital and Nonrecurring Fund and the Waste Treatment Plant Upgrade Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 84 of this report.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Overview of the Financial Statements (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules, and a statistical section that can be found on pages 85 through 163 of this report.

Government-wide Financial Analysis

Net Position

Over time, net position may serve as one measure of a government's financial position. The Town's total net position (governmental and business-type activities combined) totaled \$132.024 million as of June 30, 2020 and \$122.407 million as of June 30, 2019 and is summarized as follows.

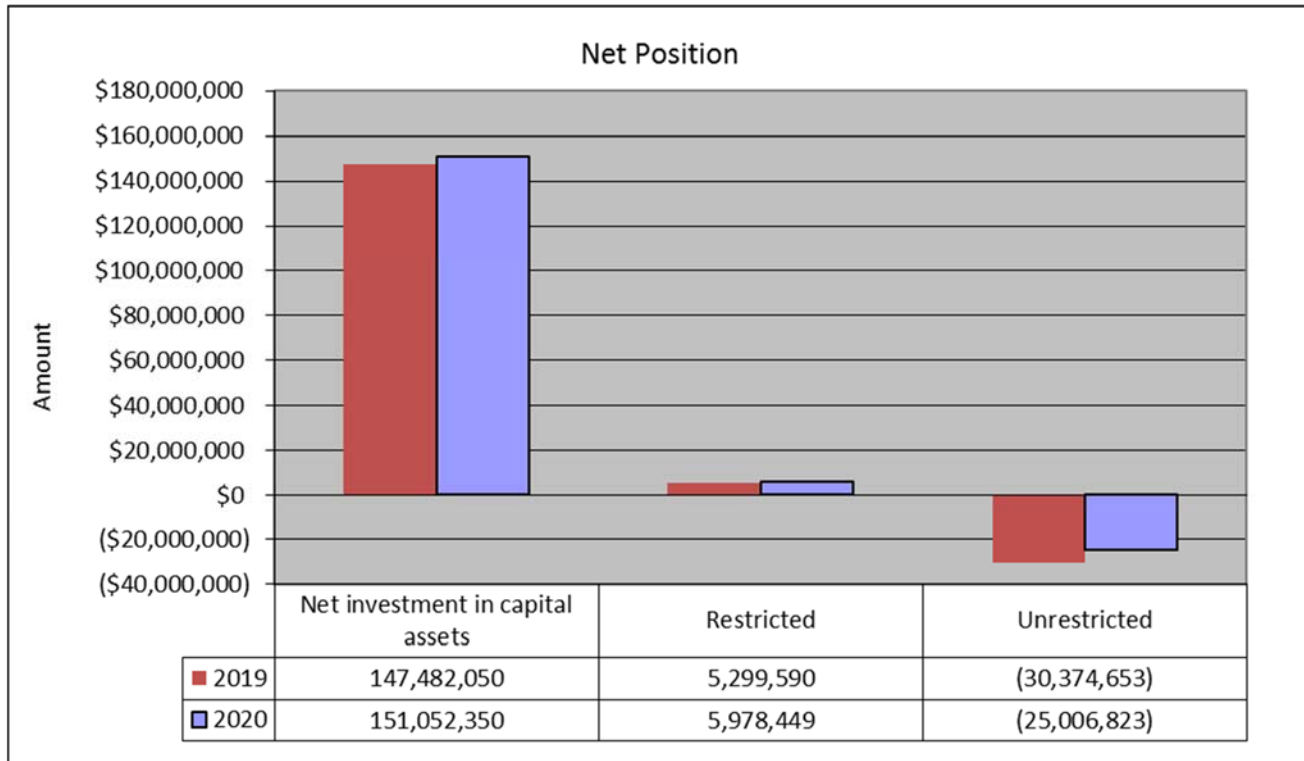
	Net Position					
	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Current and other assets	\$ 55,051,555	\$ 14,060,929	\$ 69,112,484	\$ 63,264,891	\$ 5,847,593	9.2%
Capital assets	191,390,325	8,636,882	200,027,207	191,830,115	8,197,092	4.3%
Total assets	246,441,880	22,697,811	269,139,691	255,095,006	14,044,685	5.5%
Deferred outflows of resources	5,695,459	36,269	5,731,728	13,075,396	(7,343,668)	-56.2%
Other liabilities	15,486,633	349,157	15,835,790	4,805,049	11,030,741	229.6%
Long-term liabilities	108,725,137	4,095,802	112,820,939	126,358,063	(13,537,124)	-10.7%
Total liabilities	124,211,770	4,444,959	128,656,729	131,163,112	(2,506,383)	-1.9%
Deferred inflows of resources	13,750,308	440,406	14,190,714	14,600,303	(409,589)	-2.8%
Net position:						
Net investment in capital assets	142,415,468	8,636,882	151,052,350	147,482,050	3,570,300	2.4%
Restricted	5,978,449	-	5,978,449	5,299,590	678,859	12.8%
Unrestricted	(34,218,656)	9,211,833	(25,006,823)	(30,374,653)	5,367,830	-17.7%
Total net position	\$ 114,175,261	\$ 17,848,715	\$ 132,023,976	\$ 122,406,987	\$ 9,616,989	7.9%

Significant changes in the Town's financial position include increases in capital assets relating to the construction of various bridge and road projects, school roof replacements, and upgrades to the Town's wastewater treatment plant. The increase in other liabilities was driven by the use of an interim funding obligation from the State of Connecticut Clean Water Fund to temporarily finance costs associated with the upgrades to the Town's wastewater treatment plant. In addition, long-term liabilities decreased as a result of scheduled debt service repayments. Also, reductions in the Town's net pension liabilities were offset by decreases in deferred outflows of resources related to pensions.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Government-wide Financial Analysis (Continued)

Net Position (Continued)



As of June 30, 2020, 114.4% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

As of June 30, 2020, 4.5% of the Town's net position is subject to restrictions on how it may be used and are, therefore, presented as restricted net position.

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

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Government-wide Financial Analysis (Continued)

Changes in Net Position

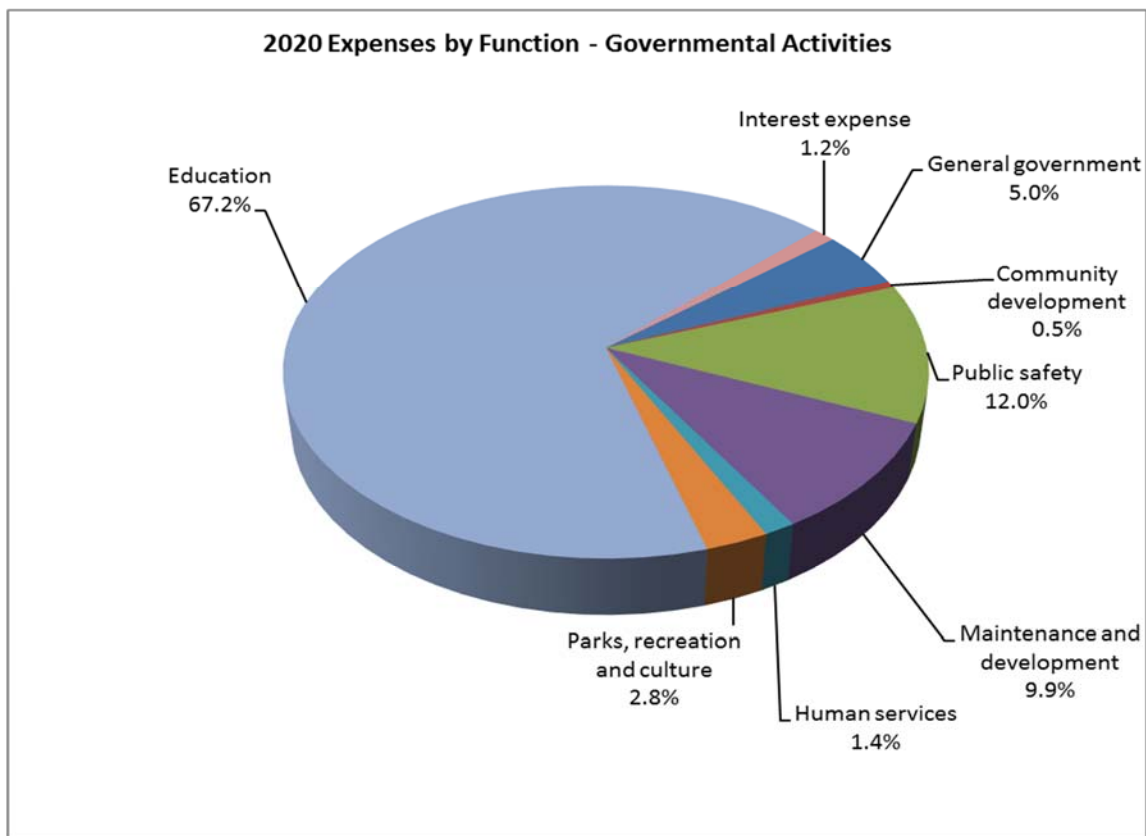
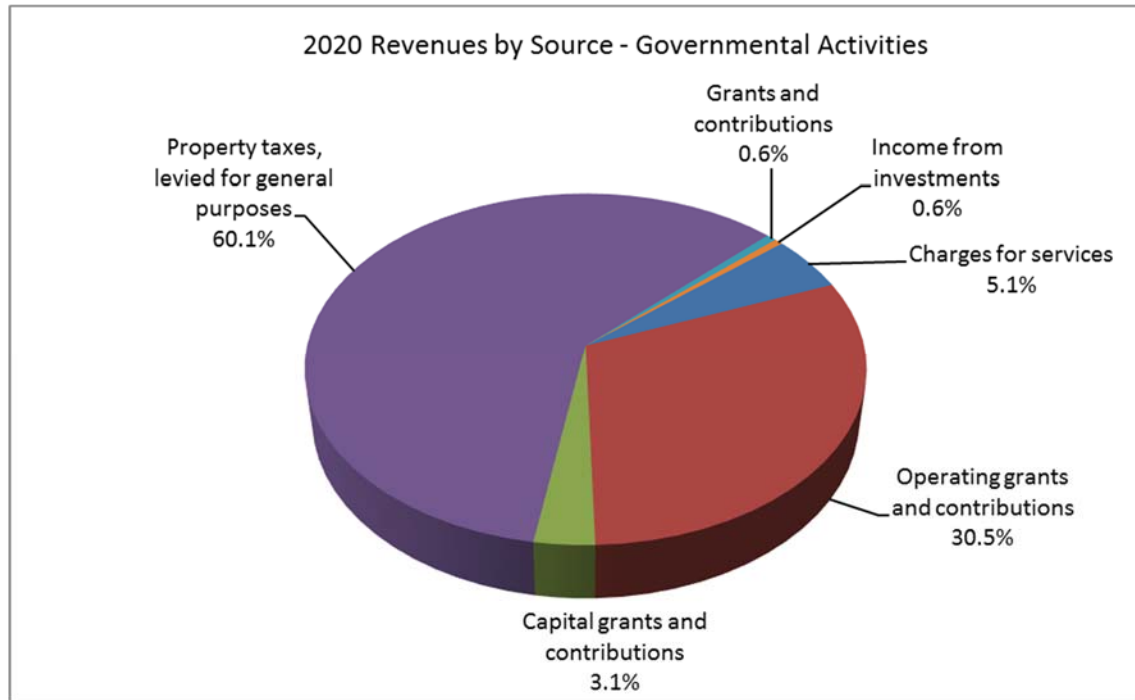
Changes in net position for the years ended June 30, 2020 and 2019 are as follows.

	Changes in Net Position					
	For the Years Ended					
	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Revenues						
Program revenues:						
Charges for services	\$ 6,232,046	\$ 5,216,003	\$ 11,448,049	\$ 11,455,176	\$ (7,127)	-0.1%
Operating grants and contributions	37,558,104	41,468	37,599,572	30,416,836	7,182,736	23.6%
Capital grants and contributions	3,791,048	9,020	3,800,068	4,363,170	(563,102)	-12.9%
General revenues:						
Property taxes, levied for general purposes	73,840,194	-	73,840,194	73,175,891	664,303	0.9%
Grants and contributions	794,291	-	794,291	1,124,707	(330,416)	-29.4%
Investment earnings	685,870	139,758	825,628	743,980	81,648	11.0%
Total revenues	122,901,553	5,406,249	128,307,802	121,279,760	7,028,042	5.8%
Expenses						
General government	5,528,254	-	5,528,254	5,923,426	(395,172)	-6.7%
Community development	584,946	-	584,946	434,475	150,471	34.6%
Public safety	13,623,628	-	13,623,628	14,959,888	(1,336,260)	-8.9%
Maintenance and development	11,196,472	-	11,196,472	11,444,665	(248,193)	-2.2%
Human services	1,592,119	-	1,592,119	1,602,732	(10,613)	-0.7%
Parks, recreation and culture	3,202,174	-	3,202,174	4,371,420	(1,169,246)	-26.7%
Education	76,052,699	-	76,052,699	67,833,325	8,219,374	12.1%
Interest expense	1,380,973	-	1,380,973	1,535,696	(154,723)	-10.1%
Sewer	-	5,348,785	5,348,785	6,065,710	(716,925)	-11.8%
Center 375 (rental)	-	180,763	180,763	180,436	327	0.2%
Total expenses	113,161,265	5,529,548	118,690,813	114,351,773	4,339,040	3.8%
Change in net position before special item and transfers	9,740,288	(123,299)	9,616,989	6,927,987	2,689,002	38.8%
Special item - transfer of library operations	-	-	-	5,581,908	(5,581,908)	0.0%
Transfers	399	(399)	-	-	-	
	399	(399)	-	5,581,908	(5,581,908)	
Change in net position	9,740,687	(123,698)	9,616,989	12,509,895	\$ (2,892,906)	
Net position, beginning	104,434,574	17,972,413	122,406,987	109,897,092		
Net position, ending	\$ 114,175,261	\$ 17,848,715	\$ 132,023,976	\$ 122,406,987		

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Government-wide Financial Analysis (Continued)

Change in Net Position (Continued)



TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Government-wide Financial Analysis (Continued)

Change in Net Position (Continued)

Governmental Activities

Net position from governmental activities increased from \$104.435 million to \$114.175 million, an increase of \$9.741 million. Since the Town began preparing a statement of net position as of June 30, 2003, this is the fifteenth increase in the eighteen year period.

Overall revenues increased by \$7.465 million or 6.5% over the prior year. Key factors in this increase were as follows:

- an increase in operating grants and contributions of \$7.141 million primarily due to an increase of \$7.927 million in the amount of on-behalf pension and OPEB contributions recognized by the Town in connection with its participation in the Connecticut Teachers' Retirement System;
- an increase in property tax revenues of \$664 thousand or 0.90%; offset by
- a decrease in capital grants of \$440 thousand primarily due to reduced school capital grants of \$607 thousand, reduced bridge construction grants of \$920 thousand and reduced road improvement grants of \$341 thousand, offset by increased funding received towards upgrades to the Town's wastewater treatment plant.

Overall expenses increased by \$5.056 million or 4.7% from the prior year. Key factors in this increase were as follows:

- an increase of \$7.927 million in on-behalf pension and OPEB expenses recognized by the Town in connection with its participation in the Connecticut Teachers' Retirement System, which was driven by a decrease in the assumed discount rate from 8.0% to 6.9%; offset by
- a decrease in parks, recreation and culture expenses of \$1.169 million primarily due to reduced park program participation and related costs, the result of the coronavirus pandemic; and a decrease of \$1.336 million in public safety costs primarily due to reduced pension and other post-employment benefit costs.

Business-type Activities

Revenues of the Town's business-type activities decreased by \$437 thousand or 7.5% and expenses decreased by \$717 thousand or 11.5%. The factors influencing revenue results were decreases in septic fees of \$137 thousand and reduced delinquent interest of \$416 thousand. Operating grants increased by \$41 thousand while capital contributions were \$123 thousand lower and investment earnings were \$26 thousand lower.

The decrease in expenses of \$717 thousand is comprised of increases in supply and general administrative costs of \$242 thousand, which were offset by reductions to wages and benefits costs of \$634 thousand (due to reduced pension costs); utilities costs of \$333 thousand; and maintenance costs of \$97 thousand. A loss on a settlement of charge of \$97 thousand was also incurred during the year.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Financial Analysis of the Town's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$29.012 million. Of total fund balance, \$21.889 million is either non-spendable, committed, restricted or assigned because it has been committed for construction contracts or has been set aside for capital purposes, trust fund purposes, special assessment debt service, prepaid items and inventory.

Included in the current year total change in fund balance is a decrease of \$1.310 million in the Town's General Fund. The unassigned fund balance reflects an overall increase of \$1.721 million. The unassigned fund balance of the General Fund at June 30, 2020 is \$21.018 million, which represents 22.50% of the Town's estimated revenues for the ensuing year. Maintaining adequate fund balance reserves allows the Town flexibility when budgets are restricted, emergency funds are needed, and prevents cash flow problems and the related costs that can result. It is essential to have reserves available to provide funding support for major capital projects that await reimbursement from grant or bond proceeds and for debt avoidance when applying internal financing for capital equipment. In addition, income earned by keeping the funds invested assists in limiting the need for future tax increases.

The Town's other major governmental funds are the Road Improvements Bond Fund, the Town Capital and Nonrecurring Fund and the Waste Treatment Plant Upgrades Fund. The Road Improvements Bond Fund incurred \$1.931 million on roadway improvements costs during the current year resulting in a \$3.770 million fund balance deficit at year-end. The Town issued \$5 million in general obligation bonds in July 2020 to fund this deficit and on-going road improvement costs. The Town Capital and Nonrecurring Fund incurred costs of \$2.151 million during the fiscal year, offset by grant revenue of \$335 thousand, contributions of \$283 thousand and transfers in of \$4.6 million. Available fund balance at June 30, 2020 totaled \$4.611 million. The Waste Treatment Plant Upgrade Fund incurred costs of \$9.029 million during the year, offset by grant receipts of \$2.596 million, and has a current fund balance deficit of \$9.790 million.

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

Nonmajor Special Revenue Funds - there was an increase in fund balance of \$43 thousand, with gains of \$321 thousand in the Town Aid Road Fund, \$144 thousand in the Miscellaneous Special Revenue Grants Fund, \$116 thousand in the Vernon Cemetery Commission Fund, \$52 thousand in the Adult Basic Education Tuition Fund, \$82 thousand in the Public Safety Complex Fund and \$31 thousand in the Cafeteria Fund. Fund balance decreases include \$511 thousand in the Sewer Connection Fund, \$127 thousand in the Parks and Recreation Programs Fund (due to COVID-19), \$29 thousand in the Insurance Exchange Fund and \$60 thousand in the Miscellaneous Special Revenue Fund.

Nonmajor Debt Service Fund - the Fund received a transfer in of \$926 thousand during the fiscal year and currently has \$2.366 million of fund balance available to cover future debt service requirements of the Waste Treatment Plant facility upgrades.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Financial Analysis of the Town's Funds (Continued)

Governmental Funds (Continued)

Nonmajor Capital Projects Funds - there was an increase in fund balance of \$1.763 million, including fund balance increases of \$1.143 million in the Recreational Fields Fund, \$689 thousand in the Exit 66/67 Sewer Feasibility System Evaluation Fund and \$306 thousand in the Education Capital Non-Recurring Fund. Decreases include \$177 thousand in the Dart Hill Road Bridge Reconstruction Fund, \$155 thousand in the Senior Center Acquisition and Renovations Fund, \$47 thousand in the Main Street Bridge Reconstruction Fund and \$26 thousand in the Citizens Block Renovations Fund.

Nonmajor Permanent Funds - fund balance of the Permanent Trust Funds increased by \$38 thousand due primarily to a \$42 thousand increase in the fair value of investments of the Cemetery Trust Fund and \$39 thousand increase in the fair value of investments in the Rockville Library Trust Endowment. These increases were offset by costs incurred by Rockville Library Trust of \$80 thousand.

Proprietary Funds

The Town accounts for five proprietary funds, two as business-type activities and three as internal service funds. The Sewer User Fund and the Center 375 Fund are established as self-supporting business-type activities that reported a reduced change in net position of \$151 thousand for the year.

The Sewer User Fund is established for the operation and maintenance of the wastewater treatment plant. Quarterly bills for sewer usage and interest earned on investments generate its resources. The net decrease to the Sewer User Fund net position was \$131 thousand compared to a decrease of \$434 thousand in the prior year. The current year decrease is attributable to operating expenses exceeding operating revenues by \$210 thousand. The October 1, 2019 sewer rate was reduced by 4% from its prior year rate of \$5.99/1,000 gallons to \$5.75 /1,000 gallons. An increase in treated waste helped mitigate the decrease in user fee rates as sewer user charges increased by \$229 thousand. There was a combined \$537 thousand decrease in septic fees, delinquent interest and other revenues. Other revenue, non-operating revenue and capital contributions were \$189 thousand lower than prior year. Operating expenses decreased \$801 thousand from the prior year due to reduced wage and benefits costs of \$634 thousand, reduced utility costs of \$333 thousand and reduced maintenance costs of \$97 thousand, offset by an increase of \$242 thousand in supply and general administrative costs.

Center 375 is a former elementary school renovated for the rental of office space to private firms and to Town departments. The renovation was conducted in a manner that would enable the Town to restore the building back to a school if enrollments so demanded. The result of the year's activity increased net position by \$21 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 decreased by \$16 thousand as contributions from the General Fund increased by \$51 thousand. A \$69 thousand increase in the Fund's wage and benefit costs along with a \$44 thousand increase in maintenance and \$71 thousand increase in general administrative costs accounted for the \$190 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.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Financial Analysis of the Town's Funds (Continued)

Proprietary Funds (Continued)

The Workers' Compensation Fund provides for self-insurance of workers' compensation and is supported by contributions from the General Fund and Sewer User Fund, as well as investment income. At fiscal year-end, revenue exceeded expenses by \$1.545 million, decreasing the prior year net position deficit from \$1.580 million to \$28 thousand. Contributions to the Fund were decreased from the prior year by \$269 thousand as claims incurred subsequent to June 30, 2019 are no longer considered self-insured, thereby resulting in decreased required contributions. Claims incurred for the fiscal year were \$1.774 million less than the previous year due partially to the fact just noted and prior years' claims settled at a level much lower than estimated. The allocation of adequate contributions in the next year will be adjusted significantly to meet financial demands based on actual experience and discontinuance of the self-insured plan.

The Medical Self-Insurance Fund, which became effective January 1, 2006, provides medical prescription coverage for employees and retirees. Effective July 1, 2007, dental coverage for general government employees and retirees became self-insured. Effective July 1, 2017, dental coverage for education employees and retirees became self-insured. The fund is supported by contributions from all covered participants and employer contributions. Contribution amounts are based upon historical experience of claims incurred and paid, and third-party administrators process the claims. Net position was \$1.197 million, an increase of \$153 thousand from the prior year, primarily due to favorable dental claims experience.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to an increase of \$6.032 million. Included in this amount is \$997 thousand of encumbrances carried forward from the previous fiscal year and \$5.035 million of current year budget amendments that can be classified as either pass-through additional appropriations or other additional appropriations.

Pass-through additional appropriations are those supported by revenue and other sources and amounted to \$268 thousand, including \$241 thousand in police special services pay, \$19 thousand in building department fee costs and \$8 thousand for Town Clerk historic preservation costs. Although these additional appropriations had revenue and other funding sources, they were legally appropriated from fund balance.

Other additional appropriations taken from fund balance amounted to \$4.768 million, including \$2.986 million in capital outlays (funds for fire, parks and public works vehicle replacements), \$1.193 million for recreational field acquisition and renovations; \$374 thousand for compensated absences payments, \$61 thousand for construction of a dog park, \$47 thousand for police vehicles, \$37 thousand for tax refunds and reimbursements, \$27 thousand for police pension costs, \$26 thousand for primary election costs and \$17 thousand for other costs.

Actual expenditures totaled \$90.010 million and can be summarized as follows. The budgetary unexpended, unencumbered resulted in a favorable amount of \$2.066 million. Contained within this amount are favorable variances of \$170 thousand in general government spending; \$56 thousand in community development; \$639 thousand for police and firefighting services and other public safety expenditures; \$34 thousand in refuse and recycling collection and \$434 thousand in public works maintenance; \$94 thousand in human services expenditures; \$101 thousand for parks recreation administration and maintenance and \$138 thousand for library operations; \$60 thousand for FICA, \$152 thousand in group, health, municipal and unemployment insurance. As the fiscal year progresses, financial measures are taken to manage areas where additional costs are required, as well as projecting revenue shortfalls. One example is a hiring deferral to cover additional costs associated with the payment of compensated absences. Another is seeking out alternative revenue sources such as excess special education grants and Medicaid reimbursements to help offset the decrease in special education tuitions.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

General Fund Budgetary Highlights (Continued)

On the revenue side, actual revenues exceeded the original budget by \$2.111 million due to favorable variances in the following categories: \$632 thousand in total tax collections, including \$219 thousand in current taxes and \$287 thousand in prior taxes; intergovernmental revenues were \$427 thousand above estimates, including \$145 thousand from excess special education and state agency placement grants, \$35 thousand in FEMA COVID-19 public assistance and \$67 thousand in Coronavirus Relief Fund federal funding. Charges for services were above estimates by \$584 thousand due in most part to police special services of \$329 thousand, which in turn were appropriated to cover the respective costs. Town Clerk recording fees exceeded estimates by \$159 thousand. Education tuition receipts were above projections by \$15 thousand. Licenses and permits were above projections by \$311 thousand due primarily to a favorable variance of \$299 thousand on building permits. Fines and penalties were \$22 thousand below projections. An increase in interest rates and enhanced cash management produced a surplus of \$239 thousand in investment income. Library donations were \$36 thousand below projections and other revenues were \$26 thousand below original estimates, which includes items such as education, insurance and gasoline reimbursements.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2020 totaled \$200.027 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, park facilities, vehicles and equipment, roads, bridges, storm water drainage and sewer lines. This amount represents a net increase (including additions and deductions) of \$8.197 million or 4.3% more than last year.

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

- \$1.869 million in road reconstruction and improvements;
- \$8.743 million in engineering and construction costs for the upgrade of the Waste Treatment Plant facility;
- \$431 thousand in bridge reconstruction costs;
- \$374 thousand of capital improvements to the Town's educational facilities;
- \$332 thousand in park improvements;
- \$460 thousand in building renovations;
- \$144 thousand in sidewalk improvements;
- \$250 thousand in public safety improvements; and
- \$155 thousand in renovations to the new Senior Center facility.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

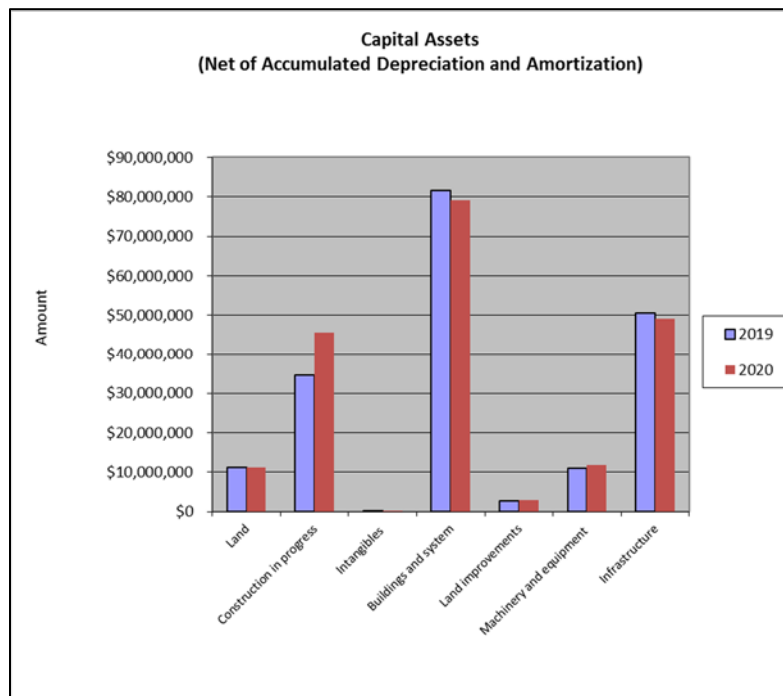
Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

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

Capital Assets						
	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Land	\$ 9,887,913	\$ 1,322,840	\$ 11,210,753	\$ 11,191,068	\$ 19,685	0.2%
Construction in progress	45,678,580	-	45,678,580	34,696,970	10,981,610	31.7%
Intangibles	35,016	21,228	56,244	49,267	6,977	14.2%
Buildings and system	78,313,609	863,477	79,177,086	81,495,089	(2,318,003)	-2.8%
Land improvements	2,803,821	114,897	2,918,718	2,838,299	80,419	2.8%
Machinery and equipment	10,398,522	1,425,912	11,824,434	11,080,250	744,184	6.7%
Infrastructure	44,272,864	4,888,528	49,161,392	50,479,172	(1,317,780)	-2.6%
Totals	<u>\$ 191,390,325</u>	<u>\$ 8,636,882</u>	<u>\$ 200,027,207</u>	<u>\$ 191,830,115</u>	<u>\$ 8,197,092</u>	<u>4.3%</u>

June 30, 2019						
	Governmental Activities	Business-type Activities	Total			
	Activities	Activities	Total			
Land	\$ 9,868,228	\$ 1,322,840	\$ 11,191,068			
Construction in progress	34,696,970	-	34,696,970			
Intangibles	19,641	29,626	49,267			
Buildings and system	80,502,207	992,882	81,495,089			
Land improvements	2,713,987	124,312	2,838,299			
Machinery and equipment	9,766,798	1,313,452	11,080,250			
Infrastructure	45,391,902	5,087,270	50,479,172			
Totals	<u>\$ 182,959,733</u>	<u>\$ 8,870,382</u>	<u>\$ 191,830,115</u>			



Additional information on the Town's capital assets can be found in Note 4 to the financial statements beginning on page 43.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Capital Asset and Debt Administration (Continued)

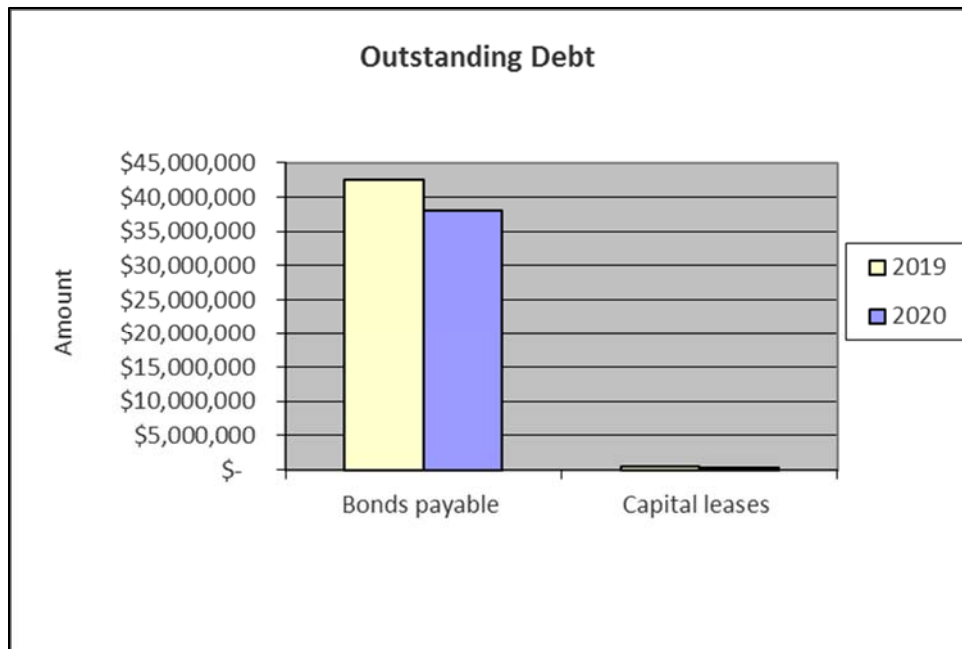
Debt Administration

At the end of the current fiscal year, the Town had \$38.288 million in outstanding long-term bonds, notes and lease purchase obligations compared to \$42.940 million at the end of the prior fiscal year. The decrease of \$4.653 million or -10.8% was due to scheduled debt service repayments. The following is a two-year comparison of long-term debt:

Long-term Debt

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Bonds payable	\$ 37,975,000	\$ -	\$ 37,975,000	\$ 42,475,000	\$ (4,500,000)	-10.6%
Capital leases	312,777	-	312,777	465,300	(152,523)	-32.8%
Totals	<u>\$ 38,287,777</u>	<u>\$ -</u>	<u>\$ 38,287,777</u>	<u>\$ 42,940,300</u>	<u>\$ (4,652,523)</u>	<u>-10.8%</u>

	June 30, 2019		
	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 42,475,000	\$ -	\$ 42,475,000
Capital leases	465,300	-	465,300
Totals	<u>\$ 42,940,300</u>	<u>\$ -</u>	<u>\$ 42,940,300</u>



TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Capital Asset and Debt Administration (Continued)

Debt Administration (*Continued*)

During the current fiscal year long-term debt principal payments of \$4.653 million were made. The Town did not issue general obligation debt during the year ended June 30, 2020.

The Town's Aa2 general obligation bond rating was reviewed and reaffirmed by Moody's Investors on June 26, 2020. The Town's prior ratings, from July 23, 2018, July 24, 2017, July 19, 2016, July 15, 2015 and March 26, 2012, were also Aa2. Moody's most recent rating, when considering recalibrations, is in essence, an equivalent rating that has been assigned to the Town's debt since 1994.

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

Additional information on the Town's long-term debt can be found in Note 8 to the financial statements beginning on page 46.

Economic Factors and Next Year's Budget and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2020-2021 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 11.3%, 7.6% more than the prior year-end, attributed in part to the coronavirus 19 pandemic. This compares similarly with the State's unemployment rate of 11.4% and the national rate of 11.1%.

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 0.80% for fiscal year 2020 compared with the average U.S. town rate of 0.65%.

These indicators were also taken into account when adopting the General Fund budget for fiscal year 2020-2021. Total appropriations in the General Fund budget are \$94.100 million, an increase of \$679 thousand over the original 2019-2020 budget. Property taxes total \$73.265 million, a revenue increase of \$672 thousand from the prior year. In the next fiscal year, the estimated aid from the State of Connecticut is expected to increase by \$4 thousand to \$18.583 million, which represents 19.75% of total revenue for the General Fund.

The Town will use the increases in revenues to finance programs currently offered and to offset expected inflationary increases on program costs. Increases of \$648 thousand in education, \$488 thousand in maintenance and development, \$218 thousand in general government, \$98 thousand in park and recreation, \$30 thousand in capital improvements and \$11 thousand in pension contributions, comprise the major increases in the fiscal year 2020-2021 budget. Decreases in the fiscal year 2020-2021 budget include \$556 thousand in debt service requirements, \$98 thousand in public safety, \$73 thousand in group health insurance, \$60 thousand in contingency and \$40 thousand in municipal insurance costs.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

The 2020-2021 Town budget experienced an overall 0.73% increase in appropriations with no change to the tax rate of 39.63 mills. The Grand List for fiscal year 2020-2021 increased 0.47% providing \$459 thousand of additional funding. State grant funding is projected to provide \$18.583 million, an increase of \$4 thousand. While the Town continues to deliver current town-wide and school services in a cost-effective manner, funding for enhanced community engagement, expansion of senior center activities and improvements to town-wide recreational areas are offered in the 2020-2021 budget.

The Town will continue to explore cost containment measures inclusive of a shared services collaborative with the school system employing sound risk management strategies that have resulted in reduced general liability and health insurance costs, lower cost of printing and managed copy services as well as further investment and utilization of the Enterprise Resource Planning system allowing for continued advancement of workflow efficiencies and reduced costs of materials such as paper, ink, toner and other general office supplies.

As a sustainable community, the Town will continue to work to identify viable opportunities to reduce the impact and cost of energy usage, promoting natural resource options where applicable. Purchasing solar credits, searching out locations for new solar array installations and implementing print management software are examples of initiatives that Vernon has and will continue to research and implement.

Contacting the Town's Financial Management

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

BASIC FINANCIAL STATEMENTS

TOWN OF VERNON, CONNECTICUT

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 44,616,325	\$ 12,840,251	\$ 57,456,576
Investments	2,918,415	-	2,918,415
Receivables:			
Property taxes and interest, net	2,166,369	-	2,166,369
User charges and interest, net	600,621	644,893	1,245,514
Grants and contracts	3,338,922	-	3,338,922
Other	633,305	-	633,305
Internal balances	(547,885)	547,885	-
Other	692,952	27,900	720,852
Noncurrent assets:			
Receivables:			
Loans	632,531	-	632,531
Capital assets:			
Non-depreciable	55,566,493	1,322,840	56,889,333
Depreciable, net	135,823,832	7,314,042	143,137,874
Total assets	<u>246,441,880</u>	<u>22,697,811</u>	<u>269,139,691</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,772,475	11,495	1,783,970
OPEB related	3,922,984	24,774	3,947,758
Total deferred outflows of resources	<u>5,695,459</u>	<u>36,269</u>	<u>5,731,728</u>
LIABILITIES			
Accounts payable	3,407,876	349,157	3,757,033
Accrued interest payable	502,191	-	502,191
Accrued liabilities	834,192	-	834,192
Interim funding obligation	9,415,404	-	9,415,404
Unearned revenue	1,326,970	-	1,326,970
Noncurrent liabilities:			
Due in one year	6,377,959	101,816	6,479,775
Due in more than one year	102,347,178	3,993,986	106,341,164
Total liabilities	<u>124,211,770</u>	<u>4,444,959</u>	<u>128,656,729</u>
DEFERRED INFLOWS OF RESOURCES			
Advance tax collections	4,279,493	-	4,279,493
Pension related	5,134,496	417,774	5,552,270
OPEB related	3,583,831	22,632	3,606,463
Deferred charge on refunding	752,488	-	752,488
Total deferred inflows of resources	<u>13,750,308</u>	<u>440,406</u>	<u>14,190,714</u>
NET POSITION			
Net investment in capital assets	142,415,468	8,636,882	151,052,350
Restricted for:			
Endowments:			
Nonexpendable	1,767,123	-	1,767,123
Expendable	2,189,467	-	2,189,467
Grants and other programs	2,021,859	-	2,021,859
Unrestricted	(34,218,656)	9,211,833	(25,006,823)
Total net position	<u>\$ 114,175,261</u>	<u>\$ 17,848,715</u>	<u>\$ 132,023,976</u>

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

TOWN OF VERNON, CONNECTICUT
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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
Primary Government:							
Governmental activities:							
General government	\$ 5,528,254	\$ 1,532,052	\$ -	\$ -	\$ (3,996,202)	\$ -	\$ (3,996,202)
Community development	584,946	57,948	180,593	-	(346,405)	-	(346,405)
Public safety	13,623,628	2,148,576	166,010	-	(11,309,042)	-	(11,309,042)
Maintenance and development	11,196,472	699,900	199,657	3,791,048	(6,505,867)	-	(6,505,867)
Human services	1,592,119	118,762	9,287	-	(1,464,070)	-	(1,464,070)
Parks, recreation and culture	3,202,174	684,927	132,715	-	(2,384,532)	-	(2,384,532)
Education	76,052,699	989,881	36,869,842	-	(38,192,976)	-	(38,192,976)
Interest expense	1,380,973	-	-	-	(1,380,973)	-	(1,380,973)
Total governmental activities	<u>113,161,265</u>	<u>6,232,046</u>	<u>37,558,104</u>	<u>3,791,048</u>	<u>(65,580,067)</u>	<u>-</u>	<u>(65,580,067)</u>
Business-type activities:							
Sewer	5,348,785	5,069,546	41,468	9,020	-	(228,751)	(228,751)
Center 375 (building rental)	180,763	146,457	-	-	-	(34,306)	(34,306)
Total business-type activities	<u>5,529,548</u>	<u>5,216,003</u>	<u>41,468</u>	<u>9,020</u>	<u>-</u>	<u>(263,057)</u>	<u>(263,057)</u>
Total primary government	<u>\$ 118,690,813</u>	<u>\$ 11,448,049</u>	<u>\$ 37,599,572</u>	<u>\$ 3,800,068</u>	<u>(65,580,067)</u>	<u>(263,057)</u>	<u>(65,843,124)</u>
General revenues:							
Property taxes, levied for general purposes					73,840,194	-	73,840,194
Grants and contributions not restricted to specific programs					794,291	-	794,291
Investment earnings					685,870	139,758	825,628
Transfers, net					399	(399)	-
Total general revenues					<u>75,320,754</u>	<u>139,359</u>	<u>75,460,113</u>
		Change in net position			9,740,687	(123,698)	9,616,989
		Net position - beginning			<u>104,434,574</u>	<u>17,972,413</u>	<u>122,406,987</u>
		Net position - ending			<u>\$ 114,175,261</u>	<u>\$ 17,848,715</u>	<u>\$ 132,023,976</u>

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

TOWN OF VERNON, CONNECTICUT
BALANCE SHEETS -
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	General Fund	Road Improvements Bond Fund	Town Capital and Nonrecurring Fund	Waste Treatment Plant Upgrade Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 22,893,309	\$ -	\$ 5,568,695	\$ -	\$ 12,698,964	\$ 41,160,968
Investments	-	-	-	-	2,918,415	2,918,415
Receivables:						
Property taxes, net	2,166,369	-	-	-	-	2,166,369
Grants and contracts	125,712	-	354,211	1,021,935	1,837,064	3,338,922
Loans	-	-	-	-	632,531	632,531
Assessments	-	-	-	-	508	508
Other	70,237	-	-	-	562,422	632,659
Due from other funds	5,579,743	-	125,597	-	2,453,426	8,158,766
Inventories	-	-	-	-	46,736	46,736
Prepaid items	544,767	-	-	-	1,050	545,817
Total assets	<u>\$ 31,380,137</u>	<u>\$ -</u>	<u>\$ 6,048,503</u>	<u>\$ 1,021,935</u>	<u>\$ 21,151,116</u>	<u>\$ 59,601,691</u>
LIABILITIES						
Accounts payable	\$ 1,131,710	\$ 1,025	\$ 48,607	\$ 992,991	\$ 1,170,608	\$ 3,344,941
Accrued liabilities	459,313	-	-	374,879	-	834,192
Due to other funds	462,877	3,769,322	1,389,380	28,944	2,401,634	8,052,157
Interim funding obligation	-	-	-	9,415,404	-	9,415,404
Unearned revenue	319,815	-	-	-	1,007,155	1,326,970
Total liabilities	<u>2,373,715</u>	<u>3,770,347</u>	<u>1,437,987</u>	<u>10,812,218</u>	<u>4,579,397</u>	<u>22,973,664</u>
DEFERRED INFLOWS OF RESOURCES						
Advance tax collections	4,279,493	-	-	-	-	4,279,493
Unavailable revenue - property tax and interest	2,166,369	-	-	-	-	2,166,369
Unavailable revenue - grants and other	-	-	-	-	1,170,469	1,170,469
Total deferred inflows of resources	<u>6,445,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,170,469</u>	<u>7,616,331</u>
FUND BALANCES						
Nonspendable	544,767	-	-	-	1,814,909	2,359,676
Restricted	-	-	-	-	4,211,326	4,211,326
Committed	-	-	4,610,516	-	9,709,703	14,320,219
Assigned	997,702	-	-	-	-	997,702
Unassigned	21,018,091	(3,770,347)	-	(9,790,283)	(334,688)	7,122,773
Total fund balances	<u>22,560,560</u>	<u>(3,770,347)</u>	<u>4,610,516</u>	<u>(9,790,283)</u>	<u>15,401,250</u>	<u>29,011,696</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,380,137</u>	<u>\$ -</u>	<u>\$ 6,048,503</u>	<u>\$ 1,021,935</u>	<u>\$ 21,151,116</u>	<u>\$ 59,601,691</u>

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

TOWN OF VERNON, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Total fund balances for governmental funds		\$ 29,011,696
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		189,913,656
Deferred outflows and inflows of resources resulting from changes in the components of the Town's net pension and OPEB liabilities are reported in the statement of net position.		(3,022,868)
Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenues in the funds.		3,336,838
Long-term receivables are not available soon enough to pay for the current period's expenditures and, therefore, are not reported in the funds:		
Interest on property taxes receivables	\$ 929,621	
Less allowance for uncollectible accounts	<u>(329,000)</u>	
		600,621
Long-term liabilities and related amounts applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities and related amounts - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(502,191)	
Long-term debt:		
Bonds and notes payable	(37,975,000)	
Unamortized bond premium	(519,188)	
Deferred charges on refunding	(752,488)	
Other long-term liabilities:		
Capital lease obligations	(312,777)	
Compensated absences	(2,965,387)	
Termination benefits	(2,449,258)	
Heart & hypertension	(380,686)	
Net pension liability	(53,817,059)	
Net OPEB liability	<u>(8,493,089)</u>	
Total long-term liabilities		(108,167,123)
An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. A portion of the assets and liabilities of the internal service funds are included in the governmental activities statement of net position.		<u>2,502,441</u>
Net position of governmental activities		<u><u>\$ 114,175,261</u></u>

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

TOWN OF VERNON, CONNECTICUT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Road Improvements Bond Fund	Town Capital and Nonrecurring Fund	Waste Treatment Plant Upgrade Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 73,224,601	\$ -	\$ -	\$ -	\$ -	\$ 73,224,601
Grants and contracts	26,989,277	-	335,347	2,596,107	9,168,503	39,089,234
Charges for services	2,311,817	-	15,308	-	2,091,801	4,418,926
Licenses and permits	-	-	-	-	284,254	284,254
Contributions	-	-	282,496	-	89,839	372,335
Interest and dividend income	463,849	-	-	-	141,251	605,100
Net change in the fair value of investments	-	-	-	-	80,770	80,770
Assessments	-	-	-	-	8,235	8,235
Other	501,580	98,358	-	-	501,665	1,101,603
Total revenues	<u>103,491,124</u>	<u>98,358</u>	<u>633,151</u>	<u>2,596,107</u>	<u>12,366,318</u>	<u>119,185,058</u>
EXPENDITURES						
Current:						
General government	3,648,694	-	-	-	231,899	3,880,593
Community development	210,760	-	-	-	196,567	407,327
Public safety	8,601,179	-	-	-	1,034,007	9,635,186
Maintenance and development	5,608,649	-	-	-	168,242	5,776,891
Human services	1,035,053	-	-	-	175,718	1,210,771
Parks, recreation and culture	1,855,866	-	-	-	550,436	2,406,302
Townwide	8,575,319	-	-	-	-	8,575,319
Education	61,444,362	-	-	-	8,465,577	69,909,939
Debt service	6,242,680	-	-	-	-	6,242,680
Capital outlays	215,419	1,930,849	2,150,645	9,029,388	1,507,577	14,833,878
Total expenditures	<u>97,437,981</u>	<u>1,930,849</u>	<u>2,150,645</u>	<u>9,029,388</u>	<u>12,330,023</u>	<u>122,878,886</u>
Excess (deficiency) of revenues over expenditures	6,053,143	(1,832,491)	(1,517,494)	(6,433,281)	36,295	(3,693,828)
OTHER FINANCING SOURCES (USES)						
Transfers in	8,235	-	4,599,923	399	3,675,767	8,284,324
Transfers out	(7,371,634)	-	-	-	(916,513)	(8,288,147)
Total other financing sources (uses)	<u>(7,363,399)</u>	<u>-</u>	<u>4,599,923</u>	<u>399</u>	<u>2,759,254</u>	<u>(3,823)</u>
Net change in fund balances	(1,310,256)	(1,832,491)	3,082,429	(6,432,882)	2,795,549	(3,697,651)
Fund balances - beginning	<u>23,870,816</u>	<u>(1,937,856)</u>	<u>1,528,087</u>	<u>(3,357,401)</u>	<u>12,605,701</u>	<u>32,709,347</u>
Fund balances - ending	<u>\$ 22,560,560</u>	<u>\$ (3,770,347)</u>	<u>\$ 4,610,516</u>	<u>\$ (9,790,283)</u>	<u>\$ 15,401,250</u>	<u>\$ 29,011,696</u>

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

TOWN OF VERNON, CONNECTICUT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds \$ (3,697,651)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital additions exceeded depreciation and amortization in the current period is as follows:

Expenditures for capital assets	\$ 15,054,160	
Depreciation and amortization expense	<u>(6,542,518)</u>	
Net adjustment		8,511,642

Certain revenues are not susceptible to accrual and, therefore, are only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the receivable recognized in the government-wide statement of net position. 134,284

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

Principal repayments:		
Bonds and notes payable	4,500,000	
Capital lease financing	<u>152,523</u>	
Net adjustment		4,652,523

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are amortized as a component of pension and OPEB expense in the statement of activities. (8,284,915)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities. 1,662,561

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in unavailable revenues. 76,562
(Continued)

TOWN OF VERNON, CONNECTICUT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2020

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

Accrued interest	\$	73,095	
Amortization of bond premiums		42,025	
Amortization of deferred charges on refunding		94,064	
Compensated absences		300,050	
Termination benefits		4,622	
Heart & hypertension		(10,621)	
Net OPEB liability		(384,926)	
Net pension liability		6,567,372	
			\$ 6,685,681
Change in net position of governmental activities			\$ 9,740,687
			<i>(Concluded)</i>

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

TOWN OF VERNON, CONNECTICUT
STATEMENTS OF NET POSITION -
PROPRIETARY FUNDS
AS OF JUNE 30, 2020

	Business-type Activities			Governmental Activities
	Sewer User Fund	Nonmajor Center 375 Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,865,041	\$ 975,210	\$ 12,840,251	\$ 3,455,357
Receivables:				
User charges and interest, net	644,893	-	644,893	-
Other	-	-	-	138
Due from other funds	4,411	-	4,411	6,197
Prepaid expenses	27,900	-	27,900	100,399
Total current assets	<u>12,542,245</u>	<u>975,210</u>	<u>13,517,455</u>	<u>3,562,091</u>
Capital assets:				
Non-depreciable	762,160	560,680	1,322,840	-
Depreciable, net	6,771,064	542,978	7,314,042	1,476,670
Total noncurrent assets	<u>7,533,224</u>	<u>1,103,658</u>	<u>8,636,882</u>	<u>1,476,670</u>
Total assets	<u>20,075,469</u>	<u>2,078,868</u>	<u>22,154,337</u>	<u>5,038,761</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	11,495	-	11,495	-
OPEB related	24,774	-	24,774	-
Total deferred outflows of resources	<u>36,269</u>	<u>-</u>	<u>36,269</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	342,420	6,737	349,157	62,936
Claims payable	-	-	-	429,137
Compensated absences	101,816	-	101,816	50,227
Due to other funds	81,044	920	81,964	35,253
Total current liabilities	<u>525,280</u>	<u>7,657</u>	<u>532,937</u>	<u>577,553</u>
Noncurrent liabilities:				
Compensated absences	224,521	-	224,521	16,589
Claims payable	-	-	-	1,316,740
Net pension liability	3,715,831	-	3,715,831	-
Net OPEB liability	53,634	-	53,634	-
Total non-current liabilities	<u>3,993,986</u>	<u>-</u>	<u>3,993,986</u>	<u>1,333,329</u>
Total liabilities	<u>4,519,266</u>	<u>7,657</u>	<u>4,526,923</u>	<u>1,910,882</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	417,774	-	417,774	-
OPEB related	22,632	-	22,632	-
Total deferred inflows of resources	<u>440,406</u>	<u>-</u>	<u>440,406</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	7,533,224	1,103,658	8,636,882	1,476,670
Unrestricted:				
Designated for capital upgrades	2,145,778	-	2,145,778	-
Undesignated	5,473,064	967,553	6,440,617	1,651,209
Total unrestricted	<u>7,618,842</u>	<u>967,553</u>	<u>8,586,395</u>	<u>1,651,209</u>
Total net position	<u>\$ 15,152,066</u>	<u>\$ 2,071,211</u>	<u>17,223,277</u>	<u>\$ 3,127,879</u>
Cumulative adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>625,438</u>	
Net position of business-type activities			<u>\$ 17,848,715</u>	

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

TOWN OF VERNON, CONNECTICUT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities			Governmental Activities
	Sewer User Fund	Nonmajor Center 375 Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 4,814,193	\$ 146,457	\$ 4,960,650	\$ 3,107,378
Other	255,353	-	255,353	2,535
Total operating revenues	5,069,546	146,457	5,216,003	3,109,913
OPERATING EXPENSES				
Wages and benefits	2,006,237	5,334	2,011,571	1,123,105
Repairs, maintenance and rentals	227,314	13,693	241,007	521,884
Utilities	1,402,825	45,033	1,447,858	18,474
Supplies and materials	603,397	10,198	613,595	1,644
General and administrative	444,473	58,973	503,446	212,120
Claims incurred	-	-	-	(646,399)
Depreciation	594,953	47,532	642,485	208,295
Total operating expenses	5,279,199	180,763	5,459,962	1,439,123
Operating income (loss)	(209,653)	(34,306)	(243,959)	1,670,790
NON-OPERATING REVENUES (EXPENSES)				
Loss on settlement charges	(97,385)	-	(97,385)	-
Interest income	126,125	13,633	139,758	15,348
Other	41,468	-	41,468	-
Total non-operating revenues (expenses), net	70,208	13,633	83,841	15,348
Income (loss) before capital contributions and transfers	(139,445)	(20,673)	(160,118)	1,686,138
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers in	-	-	-	4,222
Transfers out	(399)	-	(399)	-
Capital contributions	9,020	-	9,020	-
	8,621	-	8,621	4,222
Change in net position	(130,824)	(20,673)	(151,497)	1,690,360
Net position - beginning	15,282,890	2,091,884		1,437,519
Net position - ending	\$ 15,152,066	\$ 2,071,211		\$ 3,127,879
Net current year adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			27,799	
Net change in net position of business-type activities			\$ (123,698)	

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

TOWN OF VENRON, CONNECTICUT
STATEMENTS OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities			Governmental Activities
	Sewer User Fund	Nonmajor Center 375 Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for the following:				
Charges for services	\$ 5,363,069	\$ 146,457	\$ 5,509,526	\$ 3,109,838
Other operating revenues received	250,942	-	250,942	33,749
Cash paid for the following:				
Claims incurred	-	-	-	(746,290)
Employee wages and benefits	(2,377,391)	-	(2,377,391)	(1,118,282)
Goods and services	(2,639,684)	(140,022)	(2,779,706)	(722,306)
Net cash used in operating activities	<u>596,936</u>	<u>6,435</u>	<u>603,371</u>	<u>556,709</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund activities	<u>(113,045)</u>	<u>-</u>	<u>(113,045)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	<u>(399,964)</u>	<u>-</u>	<u>(399,964)</u>	<u>(123,024)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>126,125</u>	<u>13,633</u>	<u>139,758</u>	<u>15,348</u>
Net increase in cash and cash equivalents	<u>210,052</u>	<u>20,068</u>	<u>230,120</u>	<u>449,033</u>
Cash and cash equivalents, beginning of year	<u>11,654,989</u>	<u>955,142</u>	<u>12,610,131</u>	<u>3,006,324</u>
Cash and cash equivalents, end of year	<u><u>\$ 11,865,041</u></u>	<u><u>\$ 975,210</u></u>	<u><u>\$ 12,840,251</u></u>	<u><u>\$ 3,455,357</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES				
Operating income (loss)	\$ (209,653)	\$ (34,306)	\$ (243,959)	\$ 1,670,790
Adjustments to reconcile operating income (loss) to net cash used in operating activities:				
Depreciation and amortization	594,953	47,532	642,485	208,295
Changes in assets and liabilities:				
Decrease in receivables	548,873	-	548,873	33,674
Increase (decrease) in accounts payable	37,627	(4,610)	33,017	(1,356,929)
Increase in accrued liabilities	6,337	-	6,337	4,823
Decrease in net pension liability	(829,180)	-	(829,180)	-
Decrease in net OPEB liability	(236,919)	-	(236,919)	-
Decrease in due from other funds	(4,411)	(2,181)	(6,592)	(8,136)
Decrease in prepaid expense	1,100	-	1,100	4,192
Decrease in deferred outflows of resources	650,091	-	650,091	-
Increase in deferred inflows of resources	38,118	-	38,118	-
Net cash provided by (used in) operating activities	<u><u>\$ 596,936</u></u>	<u><u>\$ 6,435</u></u>	<u><u>\$ 603,371</u></u>	<u><u>\$ 556,709</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets through capital contributions	\$ 9,020	\$ -	\$ 9,020	\$ -

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

TOWN OF VERNON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
AS OF JUNE 30, 2020

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 751,906	\$ 398,230	\$ 694,441
Investments:			
Certificates of deposit	-	8,811	-
Fixed insurance contracts	14,122,273	-	-
Variable insurance contracts	59,516,897	-	-
Common stock	898,883	-	-
Mutual funds	2,216,019	122,338	-
Receivables	1,663	-	8,039
Total assets	<u>77,507,641</u>	<u>529,379</u>	<u>\$ 702,480</u>
LIABILITIES			
Due to others	-	-	\$ 680,066
Payables	19,502	28	22,414
Due to other funds	3,080	-	-
Unearned revenue	268	-	-
Total liabilities	<u>22,850</u>	<u>28</u>	<u>\$ 702,480</u>
NET POSITION			
Restricted for:			
Pensions	75,912,306	-	
Other post-employment benefits	1,572,485	-	
Other purposes	-	529,351	
Total net position	<u>\$ 77,484,791</u>	<u>\$ 529,351</u>	

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

TOWN OF VERNON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Pension Trust Funds	Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 5,616,361	\$ -
Employee	1,227,534	-
Retirees	633,652	-
State	80,623	-
Private	-	53,608
Other	8,820	-
Total contributions	<u>7,566,990</u>	<u>53,608</u>
Investment earnings:		
Net investment income	12,268,908	1,583
Less investment expenses	<u>(326,110)</u>	<u>-</u>
Total investment earnings	<u>11,942,798</u>	<u>1,583</u>
Total additions	<u>19,509,788</u>	<u>55,191</u>
DEDUCTIONS		
Benefit payments	8,400,506	-
Refunds of contributions	126,451	-
Awards expense	-	57,948
Administrative expenses	<u>194,065</u>	<u>-</u>
Total deductions	<u>8,721,022</u>	<u>57,948</u>
Change in net position	10,788,766	(2,757)
Net position - beginning	<u>66,696,025</u>	<u>532,108</u>
Net position - ending	<u><u>\$ 77,484,791</u></u>	<u><u>\$ 529,351</u></u>

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Fund Financial Statements *(Continued)*

The Town reports the following major governmental funds:

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

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

Town Capital and Nonrecurring Fund - This fund is used to account for the financial activity of the various capital improvement projects funded by state and federal grants and General Fund budget appropriations.

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

The Town reports the following major proprietary fund:

Sewer User Fund - This fund is used to account for the operations of the Town's wastewater treatment facility.

In addition, the Town reports the following fund types:

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

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

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

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

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

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Fund Financial Statements *(Continued)*

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the Town's proprietary funds consider demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

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

Donor-Restricted Endowments

The Town maintains certain endowments for the perpetual care and maintenance of cemeteries, its library and for various other purposes. The amount of net appreciation of endowments available for expenditure totaled \$167,097 for the year ended June 30, 2020. As of June 30, 2020, \$1,767,123 of the Town's \$3,956,590 in endowments are considered nonexpendable/nonspendable with the remaining balance of \$2,189,467 reported as a component of restricted net position/fund balance. The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions. Endowment expenditures are approved by the appropriate governing body.

Property Taxes

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest as of June 30, 2020 of \$214,000 and \$329,000, respectively.

Sewer Assessments

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Loans

The Town administers a federally funded rehabilitation loan program for eligible applicants. The loans do not accrue interest and repayment of the loans is deferred. The loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence/business. The loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2020, loans receivable totaled \$632,531 under this program.

Inventories and Prepaid Items

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

Capital Assets

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

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

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

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

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

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

Unearned Revenue

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Deferred Outflows and Inflows of Resources

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

Compensated Absences

Certain employees are compensated by a prescribed formula for absence due to vacation or sickness. The eligibility for vacation pay vests, and unused sick leave may only be accumulated to be used for future absences, although unused sick leave may be paid upon termination, death or retirement. The liability at June 30, 2020 is calculated by multiplying the current accumulated vacation and sick days earned and payable by the employees' current daily rate of pay. The General Fund is the primary source of funding for compensated absences. Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal yearend.

Long-term Obligations

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

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

Net Position and Fund Balance

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Net Position and Fund Balance *(Continued)*

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

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

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

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

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

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

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

Use of Estimates

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

Implementation of Accounting Standards

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As such, no new accounting standards were implemented by the Town for the year ended June 30, 2020.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2020 is as follows:

Government-wide statement of net position:

Cash and cash equivalents \$ 57,456,576

Statement of fiduciary net position:

Cash and cash equivalents 1,844,577

59,301,153

Add: certificates of deposit presented as investments 12,958

Less: investments presented as cash equivalents (33,237,490)

\$ 26,076,621

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2020, \$27,708,596 of the Town's bank balance of \$28,213,729 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 24,937,736

Uninsured and collateralized with securities held by the pledging
bank's trust department or agent but not in the Town's name 2,770,860

\$ 27,708,596

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

Investments

A reconciliation of the Town's investments as of June 30, 2020 is as follows:

Government-wide statement of net position:

Investments \$ 2,918,415

Statement of fiduciary net position:

Investments 76,885,221

79,803,636

Less: certificates of deposit presented as investments (12,958)

Add: investments presented as cash equivalents 33,237,490

\$ 113,028,168

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Investments *(Continued)*

As of June 30, 2020, the Town's investments consist of the following:

Investment Type	Valuation Basis	Value	Investment Maturities (In Years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:						
Governmental Activities:						
Short-Term Investment Fund	Net asset value	\$ 22,005,019	\$ 22,005,019	\$ -	\$ -	\$ -
Money market mutual funds	Net asset value	124,205	124,205	-	-	-
Business-Type Activities:						
Short-Term Investment Fund	Net asset value	10,564,710	10,564,710	-	-	-
Fiduciary Funds:						
Short-Term Investment Fund	Net asset value	425,434	425,434	-	-	-
Money market mutual funds	Net asset value	118,122	118,122	-	-	-
		33,237,490	\$ 33,237,490	\$ -	\$ -	\$ -
Other Investments:						
Governmental Activities:						
Common stock	Fair value	1,399,579				
Mutual funds	Fair value	1,514,689				
Fiduciary Funds:						
Common stock	Fair value	898,883				
Mutual funds	Fair value	2,338,357				
Variable insurance contracts	Contract value	59,516,897				
Fixed insurance contracts	Contract value	14,122,273				
		\$ 113,028,168				

Interest Rate Risk

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

Credit Risk

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Investments *(Continued)*

Credit Risk *(Continued)*

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

Investment Type	AAA	Unrated	Total
Debt Securities:			
<i>Governmental Activities:</i>			
Short-Term Investment Fund	\$ 22,005,019	\$ -	\$ 22,005,019
Money market mutual funds	-	124,205	124,205
<i>Business-Type Activities:</i>			
Short-Term Investment Fund	10,564,710	-	10,564,710
<i>Fiduciary Funds:</i>			
Short-Term Investment Fund	425,434	-	425,434
Money market mutual funds	-	118,122	118,122
	<u>\$ 32,995,163</u>	<u>\$ 242,327</u>	<u>\$ 33,237,490</u>

Custodial Credit Risk

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

Concentrations of Credit Risk

The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institution with which the Town will do business. The Town is only allowed to invest in those types of investments that are covered by the state of Connecticut Municipal Investment Act. The investment portfolio must be diversified so that potential losses on individual securities will be minimized.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Investments *(Continued)*

Concentrations of Credit Risk *(Continued)*

As of June 30, 2020, more than 10% of the Town's investments within its governmental activities, business-type activities and fiduciary funds were invested in the following:

Issuer	Investment	Value	% of Investments
<i>Governmental Activities:</i>			
State of CT Treasurer	Short-Term Investment Fund	\$ 22,005,019	87.9%
<i>Business-type Activities:</i>			
State of CT Treasurer	Short-Term Investment Fund	10,564,710	100.0%
<i>Fiduciary Funds:</i>			
PRIAC*	Variable Separate Accounts	59,516,897	76.9%
PRIAC*	Guaranteed Deposit Accounts	14,122,273	18.2%

* Prudential Retirement Insurance and Annuity Company

NOTE 3 - FAIR VALUE MEASUREMENTS

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

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2020, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<i>Governmental Activities:</i>				
Common stock	\$ 1,399,579	\$ -	\$ -	\$ 1,399,579
Mutual funds	1,514,689	-	-	1,514,689
<i>Fiduciary Funds:</i>				
Common stock	898,883	-	-	898,883
Mutual funds	2,338,357	-	-	2,338,357
	<u>\$ 6,151,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,151,508</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2020 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 9,868,228	\$ -	\$ -	\$ 19,685	\$ 9,887,913
Construction in progress	34,696,970	12,865,102	-	(1,883,492)	45,678,580
Total capital assets, not being depreciated	44,565,198	12,865,102	-	(1,863,807)	55,566,493
Capital assets, being depreciated:					
Land improvements	7,965,124	-	-	335,031	8,300,155
Buildings and improvements	122,794,520	16,526	-	374,396	123,185,442
Machinery and equipment	49,634,921	2,334,785	(1,886)	398,827	52,366,647
Intangibles - computer software	412,276	21,051	-	-	433,327
Infrastructure	82,107,306	86,345	-	613,150	82,806,801
Total capital assets, being depreciated	262,914,147	2,458,707	(1,886)	1,721,404	267,092,372
Less accumulated depreciation and amortization for:					
Land improvements	5,251,137	245,197	-	-	5,496,334
Buildings and improvements	42,292,313	2,579,520	-	-	44,871,833
Machinery and equipment	39,868,123	2,101,888	(1,886)	-	41,968,125
Intangibles - computer software	392,635	5,676	-	-	398,311
Infrastructure	36,715,404	1,818,533	-	-	38,533,937
Total accumulated depreciation and amortization	124,519,612	6,750,814	(1,886)	-	131,268,540
Total capital assets, being depreciated, net	138,394,535	(4,292,107)	-	1,721,404	135,823,832
Governmental activities capital assets, net	\$ 182,959,733	\$ 8,572,995	\$ -	\$ (142,403)	\$ 191,390,325

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

Governmental Activities:	
General government	\$ 250,143
Community development	92
Public safety	688,798
Maintenance and development	2,684,277
Human services	1,044
Parks, recreation and culture	476,859
Education	2,649,601
Total depreciation and amortization expense - governmental activities	<u>\$ 6,750,814</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS *(Continued)*

Capital asset activity for business-type activities for the year ended June 30, 2020 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,322,840	\$ -	\$ -	\$ -	\$ 1,322,840
Total capital assets, not being depreciated	<u>1,322,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,322,840</u>
Capital assets, being depreciated:					
Buildings and system	6,524,236	-	-	-	6,524,236
Improvements other than building	278,230	-	-	-	278,230
Machinery and equipment	9,288,303	396,700	(1,856)	-	9,683,147
Intangibles - computer software	118,824	-	-	-	118,824
Infrastructure	11,419,480	12,285	-	-	11,431,765
Total capital assets, being depreciated	<u>27,629,073</u>	<u>408,985</u>	<u>(1,856)</u>	<u>-</u>	<u>28,036,202</u>
Less accumulated depreciation and amortization for:					
Buildings and system	5,531,354	129,405	-	-	5,660,759
Improvements other than building	153,918	9,415	-	-	163,333
Machinery and equipment	7,974,851	284,240	(1,856)	-	8,257,235
Intangibles - computer software	89,198	8,398	-	-	97,596
Infrastructure	6,332,210	211,027	-	-	6,543,237
Total accumulated depreciation and amortization	<u>20,081,531</u>	<u>642,485</u>	<u>(1,856)</u>	<u>-</u>	<u>20,722,160</u>
Total capital assets, being depreciated, net	<u>7,547,542</u>	<u>(233,500)</u>	<u>-</u>	<u>-</u>	<u>7,314,042</u>
Business-type activities capital assets, net	<u>\$ 8,870,382</u>	<u>\$ (233,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,636,882</u>

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

Business-Type Activities:	
Sewer Use	\$ 594,953
Rental of building	<u>47,532</u>
Total depreciation and amortization expense - business-type activities	<u>\$ 642,485</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2020 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General Fund	Waste Treatment Plant Upgrade Fund	\$ 28,944
	Town Capital and Nonrecurring Fund	1,389,380
	Other Governmental Funds	274,880
	Road Improvements Bond Fund	3,769,322
	Sewer User Fund	81,044
	Internal Service Funds	35,253
	Other Enterprise Funds	920
		<u>5,579,743</u>
Town Capital Nonrecurring Fund	Other Governmental Funds	125,597
Other Governmental Funds	General Fund	452,269
	Other Governmental Funds	2,001,157
		<u>2,453,426</u>
	Total Receivable	<u><u>\$ 8,158,766</u></u>
Proprietary Funds:		
Sewer Fund	General Fund	\$ 4,411
Internal Service Fund	General Fund	6,197
	Total Receivable	<u><u>\$ 10,608</u></u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020 consisted of the following:

Transfers In	Transfers Out	Amount
Governmental Funds:		
General Fund	Other Governmental Funds	\$ 8,235
Town Capital and Nonrecurring Fund	General Fund	4,584,923
	Other Governmental Funds	15,000
		<u>4,599,923</u>
Waste Treatment Plant Upgrade Fund	Sewer User Fund	399
Other Governmental Funds	General Fund	2,782,489
	Other Governmental Funds	893,278
		<u>3,675,767</u>
	Total Transfers In	<u><u>\$ 8,284,324</u></u>
Proprietary Funds:		
Internal Service Fund	General Fund	<u><u>\$ 4,222</u></u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 6 - INTERFUND TRANSFERS *(Continued)*

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

NOTE 7 - SHORT-TERM DEBT

The schedule below details the changes in short-term capital borrowings during the year ended June 30, 2020:

	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities					
Interim Funding Obligation	2.0%	\$ -	\$ 9,415,404	\$ -	\$ 9,415,404

The State of Connecticut has approved funding in the form of an interim funding obligation for costs associated with upgrades to the Town's Water Pollution Control Facility under the State of Connecticut's Clean Water program. Maximum borrowings available under the project loan are \$47,819,948. The interim funding obligation bears an interest rate of 2.00%, with principal and accrued interest due no later than six months following the scheduled completion date of the project. The Town intends to retire principal and accrued interest outstanding on the interim funding obligations through the issuance of permanent financing upon the completion of the project.

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 42,475,000	\$ -	\$ (4,500,000)	\$ 37,975,000	\$ 4,510,000
Unamortized premiums	561,213	-	(42,025)	519,188	-
Total bonds and notes payable	43,036,213	-	(4,542,025)	38,494,188	4,510,000
Capital leases from direct borrowings:					
Fire trucks	465,300	-	(152,523)	312,777	155,085
Total long-term debt	\$ 43,501,513	\$ -	\$ (4,694,548)	\$ 38,806,965	\$ 4,665,085

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

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2020 is as follows:

Purpose of Bonds	Fiscal Date of Issue	Original Issue	Interest Rates	Fiscal Maturity Date	Amount Outstanding
Governmental Activities:					
General Obligation Bonds	2011	\$ 3,755,000	2.00% - 3.75%	2026	\$ 1,530,000
General Obligation Refunding Bonds	2012	33,892,000	2.00% - 4.50%	2028	18,047,000
General Obligation Refunding Bonds	2012	793,000	2.00% - 4.50%	2028	363,000
General Obligation Bonds	2016	6,130,000	2.00% - 3.13%	2031	4,490,000
General Obligation Bonds	2017	6,350,000	2.00% - 4.00%	2032	5,075,000
General Obligation Bonds	2018	4,400,000	2.00% - 5.00%	2033	3,810,000
General Obligation Bonds	2018	5,000,000	3.00% - 5.00%	2033	4,660,000
					<u>\$ 37,975,000</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

General Obligation Bonds *(Continued)*

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2020:

Year ending June 30:	Governmental Activities		
	Bonds Payable		Total
	Principal	Interest	
2021	\$ 4,510,000	\$ 1,226,807	\$ 5,736,807
2022	4,515,000	1,046,581	5,561,581
2023	4,610,000	863,743	5,473,743
2024	4,605,000	683,719	5,288,719
2025	3,660,000	530,343	4,190,343
2026-2030	12,680,000	1,174,853	13,854,853
2031-2035	3,395,000	142,898	3,537,898
	<u>\$ 37,975,000</u>	<u>\$ 5,668,944</u>	<u>\$ 43,643,944</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2020.

Advanced Debt Refundings

In prior years, the Town defeased general obligation bonds by creating separate irrevocable trusts. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trusts. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, is no longer counted in computing the Town's debt for statutory debt limit purposes. As of June 30, 2020, the amount of defeased debt outstanding amounted to \$11,900,000 (net of \$7,500,000 called debt).

Authorized and Unissued Debt

The amount of authorized and unissued bonds at June 30, 2020 totaled to \$9,491,690 for general purposes, \$5,051,504 for schools and \$86,029,946 for sewers as disclosed below.

At a referendum held on November 4, 2004, Public Bond Improvements of \$21,609,000 were authorized to fund \$19,103,000 of roads, sidewalk and bridge reconstruction projects, \$1,295,000 of waste treatment plant improvements and \$1,211,000 of sewer system improvements. Of the \$21,609,000 authorization, the remaining unissued Public Bond Improvements authorization as of June 30, 2020 is \$741,690 for general purposes and \$57,946 for sewers.

At a referendum held on March 29, 2005, School Bond Improvements of \$68,322,000 were authorized to fund \$34,657,000 of additions and renovations to Rockville High School, \$11,519,000 of renovations to Vernon Center Middle School and \$22,146,000 of additions and renovations to the Town's five elementary schools. Of the \$68,322,000 authorization, the remaining unissued School Bond Improvements authorization as of June 30, 2020 is \$5,051,504 for schools.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Authorized and Unissued Debt *(Continued)*

On January 28, 2014, a referendum was held that appropriated \$27,637,000 for Road Reconstruction and Improvements. Of the \$27,637,000 authorization, the remaining unissued Road Reconstruction and Improvements authorization as of June 30, 2020 is \$8,289,642 for general purposes.

On February 21, 2017, a referendum was held that appropriated \$3,245,000 for the acquisition of property known as 135 Bolton Road and for design, reconstruction and improvements to such property for use as a Senior Center. Of the \$3,245,000 authorization, the remaining unissued Senior Center authorization as of June 30, 2020 is \$362,000 for general purposes.

On January 15, 2019, a referendum was held that appropriated \$85,972,000 for Waste Treatment Plant Facility Improvements. As of June 30, 2020, no permanent debt has been issued against this appropriation, thus \$85,972,000 remains unissued for sewer purposes. Interim loan proceeds of \$9,415,404 have been received to date and are expected to be permanently financed in fiscal years 2022 and 2023.

Overlapping Debt

A Bolton Lakes Regional Water Pollution Control Authority (BLRWPCA) sewer project was completed in 2016 with approximately \$6,291,000, or 29% of project costs attributable to the Town of Vernon. This proportionate cost was reduced by BLRWPCA grants and benefit assessments to \$2,701,277. In June 2016, the BLRWPCA issued a State of Connecticut Clean Water Fund loan obligation to finance project costs, allocating \$2,701,277 to Vernon, considered overlapping debt. At June 30, 2020, the overlapping debt balance is \$2,025,958.

Capital Leases from Direct Borrowings

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of default. A summary of assets acquired through capital leases is as follows as of June 30, 2020:

	Governmental Activities
Equipment	\$ 1,479,761
Less: accumulated amortization	1,387,276
	<u>\$ 92,485</u>

Amortization expense relative to leased property under capital leases totaled \$184,970 for the year ended June 30, 2020 and is included in depreciation and amortization expense disclosed in Note 4.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Capital Leases from Direct Borrowings *(Continued)*

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2020 is as follows:

	Governmental Activities
Year Ending June 30:	
2021	\$ 160,340
2022	160,340
Total minimum lease payments	320,680
Less: amount representing interest	7,903
Present value of minimum lease payments	<u>\$ 312,777</u>

NOTE 9 - OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for the year ended June 30, 2020 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences:					
Town	\$ 2,477,499	\$ 417,094	\$ (585,722)	\$ 2,308,871	\$ 797,195
Board of Education ("BOE")	787,938	-	(131,422)	656,516	180,704
Internal Service Fund	61,994	16,146	(11,324)	66,816	50,227
Total compensated absences	<u>3,327,431</u>	<u>433,240</u>	<u>(728,468)</u>	<u>3,032,203</u>	<u>1,028,126</u>
Termination benefits:					
BOE estimated retirement pay	1,947,262	255,867	(172,297)	2,030,832	106,095
BOE early retirement pay	506,618	52,727	(140,919)	418,426	139,316
Total termination benefits	<u>2,453,880</u>	<u>308,594</u>	<u>(313,216)</u>	<u>2,449,258</u>	<u>245,411</u>
Risk management:					
Claims payable	3,057,016	370,545	(1,681,684)	1,745,877	429,137
Heart and hypertension	370,065	27,040	(16,419)	380,686	10,200
Total risk management	<u>3,427,081</u>	<u>397,585</u>	<u>(1,698,103)</u>	<u>2,126,563</u>	<u>439,337</u>
Net pension liability	60,384,431	27,743	(6,595,115)	53,817,059	-
Net OPEB liability	8,108,163	1,053,461	(668,535)	8,493,089	-
Total long-term liabilities	<u>\$ 77,700,986</u>	<u>\$ 2,220,623</u>	<u>\$ (10,003,437)</u>	<u>\$ 69,918,172</u>	<u>\$ 1,712,874</u>
Business-type Activities					
Compensated absences	\$ 320,000	\$ 39,409	\$ (33,072)	\$ 326,337	\$ 101,816
Net pension liability	4,545,011	-	(829,180)	3,715,831	-
Net OPEB liability	290,553	-	(236,919)	53,634	-
	<u>\$ 5,155,564</u>	<u>\$ 39,409</u>	<u>\$ (1,099,171)</u>	<u>\$ 4,095,802</u>	<u>\$ 101,816</u>

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

Heart and Hypertension Claims

Heart and hypertension outstanding claims, including an estimated \$163,305 of incurred, but not reported claims, totaled \$380,686 as of June 30, 2020. There are three heart and hypertension claims outstanding at year-end. Medical claims of \$16,419 were made during the year ended June 30, 2020.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Termination Benefits

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

School Administrators

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

In addition to healthcare termination benefits, cash payments are available to school administrator early retirees. There are 2 former school administrators receiving this benefit. The cost to the Town for the year ended June 30, 2020 was \$34,671. The early retirement liability of \$159,683 has been calculated based upon the discounted present value of expected future benefits and a 0.25494% 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 24 former teachers receiving this benefit. The cost to the Town for the year ended June 30, 2020 was \$106,248. The early retirement liability of \$258,743 as of June 30, 2020 has been calculated based upon the discounted present value of expected future benefits and a .25494% yield of investments that are expected to be used to finance such benefit payments.

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 75.0% of members of these bargaining units will become eligible for retirement pay. The early retirement pay liability totaled \$2,030,832 as of June 30, 2020. Paid benefits for the year ended June 30, 2020 were \$172,297.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Pension Trust Fund

Plan Description

Plan Administration

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

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

Plan Membership

As of December 31, 2019, the measurement date, plan membership consisted of the following:

	<u>Town</u>	<u>Police</u>	<u>LOSAP</u>
Retirees and beneficiaries receiving benefits	230	48	27
Terminated plan members entitled to but not yet receiving benefits	245	6	51
Active plan members	275	60	93
	<u>750</u>	<u>114</u>	<u>171</u>

Benefits Provided

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

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 OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Plan Description *(Continued)*

Benefits Provided (Continued)

Town Employees

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

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

LOSAP

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Plan Description *(Continued)*

Benefits Provided *(Continued)*

Early Retirement

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

Death Benefits

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

Disability Benefits

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

Contributions

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

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

For the year ended June 30, 2020, the average active member contribution rate was 8.50% of annual base compensation, and the Town's average contribution rate was 41.19% of annual payroll.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Plan Description *(Continued)*

Contributions (Continued)

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

For the current fiscal year, the average active member contribution rate was 6.98% of annual base compensation, and the Town's average contribution rate was 17.52% of annual payroll.

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

Summary of Significant Accounting Policies

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

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

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

Rate of return - For the year ended December 31, 2019, the annual money-weighted rate of return on the pension plan investments was as follows:

<u>Plan</u>	<u>Money-Weighted Rate of Return</u>
Police Plan	19.80%
Town Plan	18.70%
LOSAP Plan	22.40%

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

Plan Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for each of the Town's plans as of and for the year ended December 31, 2019, the reporting date of the plans:

	<u>Town Plan</u>	<u>Police Plan</u>	<u>Volunteer Firefighters LOSAP</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 21,342	\$ 6,620	\$ 57,864	\$ 85,826
Investments	49,977,188	23,661,982	2,206,812	75,845,982
Total assets	<u>49,998,530</u>	<u>23,668,602</u>	<u>2,264,676</u>	<u>75,931,808</u>
LIABILITIES				
Payables	11,201	8,301	-	19,502
Total liabilities	<u>11,201</u>	<u>8,301</u>	<u>-</u>	<u>19,502</u>
NET POSITION				
Restricted for pension benefits	49,987,329	23,660,301	2,264,676	75,912,306
	<u>\$ 49,987,329</u>	<u>\$ 23,660,301</u>	<u>\$ 2,264,676</u>	<u>\$ 75,912,306</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Plan Statements *(Continued)*

			Volunteer Firefighters	
	Town Plan	Police Plan	LOSAP	Total
ADDITIONS				
Contributions:				
Employer	\$ 2,698,572	\$ 1,929,304	\$ 134,029	\$ 4,761,905
Plan members	865,239	362,295	-	1,227,534
Total contributions	3,563,811	2,291,599	134,029	5,989,439
Investment earnings:				
Net investment income	7,851,685	3,911,485	457,665	12,220,835
Total investment earnings	7,631,899	3,805,160	457,665	11,894,724
Total additions	11,195,710	6,096,759	591,694	17,884,163
DEDUCTIONS				
Benefit payments	4,010,355	2,954,219	65,044	7,029,618
Administrative expenses	94,103	64,161	24,462	182,726
Total deductions	4,182,340	3,066,949	89,506	7,338,795
Change in net position	7,013,370	3,029,810	502,188	10,545,368
Net position - beginning	42,973,959	20,630,491	1,762,488	65,366,938
Net position - ending	\$ 49,987,329	\$ 23,660,301	\$ 2,264,676	\$ 75,912,306

Net Pension Liability

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

	Town	Police	LOSAP	Total
Total pension liability	\$ 84,682,295	\$ 46,476,998	\$ 2,285,903	\$ 133,445,196
Plan fiduciary net position	49,987,329	23,660,301	2,264,676	75,912,306
Net pension liability	\$ 34,694,966	\$ 22,816,697	\$ 21,227	\$ 57,532,890

Plan fiduciary net position as a percentage of the total pension liability	59.03%	50.91%	99.07%	56.89%
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TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Net Pension Liability *(Continued)*

The Town's net pension liability for the current fiscal year was measured at December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The changes in net pension liability for each of the Town's plans were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Town Plan			
Balance as of January 1, 2019	\$ 82,807,537	\$ 42,973,959	\$ 39,833,578
Changes for the year:			
Service cost	1,380,530	-	1,380,530
Interest	5,655,860	-	5,655,860
Differences between expected and actual experience	(1,073,395)	-	(1,073,395)
Contributions - employer	-	2,698,572	(2,698,572)
Contributions - employee	-	865,239	(865,239)
Net investment income	-	7,631,899	(7,631,899)
Benefit payments, including refunds	(4,088,237)	(4,088,237)	-
Administrative expense	-	(94,103)	94,103
Net changes	1,874,758	7,013,370	(5,138,612)
Balance as of December 31, 2019	<u>\$ 84,682,295</u>	<u>\$ 49,987,329</u>	<u>\$ 34,694,966</u>

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Police Plan			
Balance as of January 1, 2019	\$ 45,348,749	\$ 20,630,491	\$ 24,718,258
Changes for the year:			
Service cost	765,742	-	765,742
Interest	3,071,092	-	3,071,092
Differences between expected and actual experience	294,203	-	294,203
Contributions - employer	-	1,929,304	(1,929,304)
Contributions - employee	-	362,295	(362,295)
Net investment income	-	3,805,160	(3,805,160)
Benefit payments, including refunds	(3,002,788)	(3,002,788)	-
Administrative expense	-	(64,161)	64,161
Net changes	1,128,249	3,029,810	(1,901,561)
Balance as of December 31, 2019	<u>\$ 46,476,998</u>	<u>\$ 23,660,301</u>	<u>\$ 22,816,697</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund (Continued)

Net Pension Liability *(Continued)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
LOSAP Plan			
Balance as of January 1, 2019	\$ 2,140,094	\$ 1,762,488	\$ 377,606
Changes for the year:			
Service cost	25,379	-	25,379
Interest	139,106	-	139,106
Differences between expected and actual experience	46,368	-	46,368
Contributions - employer	-	134,029	(134,029)
Net investment income	-	457,665	(457,665)
Benefit payments, including refunds	(65,044)	(65,044)	-
Administrative expense	-	(24,462)	24,462
Net changes	145,809	502,188	(356,379)
Balance as of December 31, 2019	<u>\$ 2,285,903</u>	<u>\$ 2,264,676</u>	<u>\$ 21,227</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Net Pension Liability *(Continued)*

Best estimates of arithmetic real rates of return for each major asset class included in each plan's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Town Long-term Expected Real Rate of Return	Police Long-term Expected Real Rate of Return	LOSAP Long-term Expected Real Rate of Return
Large Cap Equity	7.75%	7.75%	8.50%
Mid Cap Equity	8.50%	8.50%	9.00%
Small Cap Equity	8.75%	8.75%	9.25%
International Equity	7.25%	7.25%	8.25%
Fixed Income	5.00%	5.00%	4.90%
Stable Value	4.45%	4.45%	N/A
Real Estate/Commodities	N/A	N/A	3.75%

Discount rate - The discount rate used to measure the total pension liability was 7.00% for the Town and Police plans and 6.50% for the LOSAP Plan. The projection of cash flows used to determine the discount rates assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, each plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Discount Rate		
	1% Decrease	Current	1% Increase
Town Plan's net pension liability	\$ 43,176,584	\$ 34,694,966	\$ 26,894,578
Police Plan's net pension liability	28,238,866	22,816,697	17,969,226
LOSAP Plan's net pension (asset) liability	350,724	21,227	(251,239)
	<u>\$ 71,766,174</u>	<u>\$ 57,532,890</u>	<u>\$ 44,612,565</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized a collective pension expense of \$6,713,090, which consisted of a pension expense for the Town plan of \$3,702,703, the Police plan of \$2,966,153, and the LOSAP plan of \$44,234. The Town has reported deferred outflows and inflows of resources as of June 30, 2020 related to each plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Town Plan			
Difference between expected and actual experience	\$ 107,332	\$ (1,839,429)	\$ (1,732,097)
Changes of assumptions and demographics	-	-	-
Difference between projected and actual earnings on plan investments	-	(2,061,353)	(2,061,353)
Total	<u>107,332</u>	<u>(3,900,782)</u>	<u>(3,793,450)</u>
Police Plan			
Difference between expected and actual experience	1,177,030	(189,186)	987,844
Changes of assumptions and demographics	366,970	-	366,970
Difference between projected and actual earnings on plan investments	-	(1,220,028)	(1,220,028)
Total	<u>1,544,000</u>	<u>(1,409,214)</u>	<u>134,786</u>
LOSAP Plan			
Difference between expected and actual experience	132,638	(79,650)	52,988
Changes of assumptions and demographics	-	-	-
Difference between projected and actual earnings on plan investments	-	(162,624)	(162,624)
Total	<u>132,638</u>	<u>(242,274)</u>	<u>(109,636)</u>
	<u>\$ 1,783,970</u>	<u>\$ (5,552,270)</u>	<u>\$ (3,768,300)</u>

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

	Amortization Pension Expense			
	Town Plan	Police Plan	LOSAP Plan	Total
Year ended June 30,				
2021	\$ (1,119,442)	\$ 622,406	\$ (40,007)	\$ (537,043)
2022	(988,358)	18,925	(35,323)	(1,004,756)
2023	(658,334)	(106,831)	(7,323)	(772,488)
2024	(1,027,316)	(417,671)	(58,315)	(1,503,302)
2025	-	17,957	5,414	23,371
Thereafter	-	-	25,918	25,918
	<u>\$ (3,793,450)</u>	<u>\$ 134,786</u>	<u>\$ (109,636)</u>	<u>\$ (3,768,300)</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in the service of public schools are provided with pensions through the Connecticut Teachers' Retirement System - a cost sharing multi-employer defined benefit pension plan administered by the 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.

Benefit Provisions

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

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

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. 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 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

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 are amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

Administrative Expenses

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

Basis of Presentation

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net pension liability at June 30, 2019 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.610% as of the most recent measurement date.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		\$ 17,072,720,000
	Proportion	Proportionate Share
Town's proportionate share of the Collective Net Pension Liability	0.000%	\$ -
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.610%	\$ 104,208,000

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$7,887,996 or 0.610% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$12,798,479 or 0.610% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5.0% 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 6.0% 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 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

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 current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Expected Return	Standard Deviation
Public Equity - US Equity	20.0%	8.1%	17.0%
Public Equity - International Developed Equity	11.0%	8.5%	19.0%
Public Equity - Emerging Markets Equity	9.0%	10.4%	24.0%
Fixed Income - Core Fixed Income	16.0%	4.6%	7.0%
Fixed Income - Inflation Linked Bonds	5.0%	3.6%	7.0%
Fixed Income - High Yield	6.0%	6.5%	11.0%
Fixed Income - Emerging Market Debt	5.0%	5.2%	11.0%
Private Equity	10.0%	9.8%	23.0%
Real Estate	10.0%	7.0%	15.0%
Alternative Investments - Real Assets	4.0%	8.2%	17.0%
Alternative Investments - Hedge Funds	3.0%	5.4%	7.0%
Liquidity Fund	1.0%	2.9%	1.0%
	<u>100%</u>		

The geometric rates of expected return shown in the table above are nominal returns net of investment expenses.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at the actuarially determined rates in future years. 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.

Defined Contribution Plans

Establishment and Amendment

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

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

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:

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Contribution Plans *(Continued)*

Contributions *(Continued)*

Employee contributions and pension expense recognized by the Town for the year ended June 30, 2020 are as follows:

<u>Plan</u>	<u>Employee Contribution</u>	<u>Employer Expense</u>
Professionals	\$ 93,185	\$ 42,720
Town Non-Union	123,351	93,386
DPW Laborers/Parks/WPC	119,385	65,451
DPW Supervisors	2,161	1,153
Police Civilians	16,160	9,931
Education Non-Union	59,531	39,702
Education Cafeteria	1,361	726
Education Supervisors	4,868	2,600
Education Nurses	13,960	5,659
Education Librarians	1,557	830
Education Secretarial / Custodial / Maintenance	18,850	13,504
Education Paraprofessionals	10,556	9,878

Vesting

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

Normal Retirement Age

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

Assets

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Town Plan

Plan Description

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

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

Funding Policy

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

Employees Covered by Benefit Terms

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

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

Contributions

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with State Statutes. The Town funds these benefits through contributions to an Other Post-Employment Benefits Trust Fund. Town contributions are based on an actuarially determined amount. Active employees are not required to contribute to the plan, however, retirees are required to contribute a portion of the cost of the benefits. For the year ended June 30, 2020, the Police, Town and Board of Education's contribution totaled \$688,535, which represented 1.76% of covered-employee payroll.

Net OPEB Liability

The Town's net OPEB liability reported as of June 30, 2020 totaled \$8,546,723. The net OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2018.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Town Plan *(Continued)*

Net OPEB Liability *(Continued)*

Actuarial Assumptions - The total OPEB liability as of June 30, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Arithmetic Rate of Return	Long-Term Expected Real Geometric Rate of Return
U.S. Cash	3.10%	0.88%	0.87%
U.S. Core Bonds	19.80%	2.30%	2.17%
Non-U.S. Bonds	3.40%	0.73%	0.29%
U.S. Large Caps	52.50%	4.46%	3.33%
Non-U.S. Equity	20.30%	6.28%	4.70%
Hedge FOF Conservative	0.90%	1.76%	1.61%

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Town Plan (Continued)

Net OPEB Liability (Continued)

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of July 1, 2019	\$ 9,727,803	\$ 1,329,087	\$ 8,398,716
Changes for the year:			
Service cost	281,111	-	281,111
Interest	635,112	-	635,112
Differences between expected and actual experience	-	-	-
Change in assumptions	(42,946)	-	(42,946)
Contributions - employer	-	688,535	(688,535)
Net investment income	-	36,735	(36,735)
Benefit payments, including refunds	(483,535)	(483,535)	-
Net changes	389,742	241,735	148,007
Balance as of June 30, 2020	\$ 10,117,545	\$ 1,570,822	\$ 8,546,723

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

	Discount Rates		
	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 9,713,708	\$ 8,546,723	\$ 7,552,040

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

	Healthcare Cost Trend Rates		
	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 7,239,864	\$ 8,546,723	\$ 10,133,406

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Town Plan *(Continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB expense of \$889,434. At June 30, 2020, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Difference between expected and actual experience	\$ 3,855,146	\$ -	\$ 3,855,146
Changes of assumptions and demographics	-	(3,606,463)	(3,606,463)
Difference between projected and actual earnings on plan investments	92,612	-	92,612
Total	<u>\$ 3,947,758</u>	<u>\$ (3,606,463)</u>	<u>\$ 341,295</u>

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

	Amortization OPEB Expense
Year ended June 30,	
2021	\$ 66,121
2022	66,123
2023	44,968
2024	43,180
2025	31,945
Thereafter	88,958
	<u>\$ 341,295</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

OPEB Plan Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Town's OPEB Plan as of and for the year ended June 30, 2020:

	OPEB Plan
ASSETS	
Cash and cash equivalents	\$ 666,080
Investments	908,090
Receivables	1,663
Total assets	<u>1,575,833</u>
LIABILITIES	
Due to other funds	3,080
Unearned revenue	268
Total liabilities	<u>3,348</u>
NET POSITION	
Restricted for other post-employment benefits	1,572,485
	<u><u>\$ 1,572,485</u></u>
ADDITIONS	
Contributions:	
Employer	\$ 854,456
Retirees	633,652
State	80,623
Other	8,820
Total contributions	<u>1,577,551</u>
Investment earnings:	
Net investment income	48,073
Total investment earnings	<u>48,073</u>
Total additions	<u>1,625,624</u>
DEDUCTIONS	
Benefit payments	1,370,888
Administrative expenses	11,338
Total deductions	<u>1,382,226</u>
Change in net position	243,398
Net position - beginning	<u>1,329,087</u>
Net position - ending	<u><u>\$ 1,572,485</u></u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System - a cost sharing multi employer defined benefit pension plan administered by the 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.

Benefit Provisions

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

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

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System

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 TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

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

Administrative Expenses

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

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net OPEB liability at June 30, 2019 has been calculated using the audited amounts. The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.610% as of the most recent measurement date.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.610%	<u>\$ 16,252,000</u>

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$215,585 or 0.610% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled a negative \$(1,189,249) or 0.610% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

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

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2028

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System

Actuarial Assumptions *(Continued)*

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

Long-Term Rate of Return

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

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

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2018.

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

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

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted and, as a result, the Municipal Bond Index Rate of 3.87% was used in the determination of the single equivalent rate.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - FUND BALANCE

As of June 30, 2020, fund balances have been classified based on the following purposes:

	General Fund	Road Improvements Bond Fund	Town Capital and Nonrecurring Fund	Waste Treatment Plant Upgrade Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Cemetery Trust	\$ -	\$ -	\$ -	\$ -	\$ 1,767,123	\$ 1,767,123
Inventories and prepaid items	544,767	-	-	-	47,786	592,553
Nonspendable total	544,767	-	-	-	1,814,909	2,359,676
Restricted for:						
Donor purpose restrictions	-	-	-	-	2,189,467	2,189,467
Grant programs	-	-	-	-	926,683	926,683
Sewer assessment	-	-	-	-	28	28
Cemeteries	-	-	-	-	229,991	229,991
Housing and community development	-	-	-	-	72,131	72,131
Education grants	-	-	-	-	701,268	701,268
Adult education	-	-	-	-	91,758	91,758
Restricted total	-	-	-	-	4,211,326	4,211,326
Committed to:						
Sewer repairs and maintenance	-	-	-	-	1,537,438	1,537,438
Insurance and medical	-	-	-	-	448,459	448,459
Community development	-	-	-	-	428,594	428,594
Police	-	-	-	-	143,372	143,372
Ambulance	-	-	-	-	294,946	294,946
Animal control	-	-	-	-	72,193	72,193
Human services	-	-	-	-	167,194	167,194
Maintenance for water runoff	-	-	-	-	51,726	51,726
Parks and recreation programs	-	-	-	-	230,435	230,435
Sidewalk development	-	-	-	-	2,701	2,701
Debt payments	-	-	-	-	2,366,329	2,366,329
Capital outlays	-	-	4,610,516	-	3,966,316	8,576,832
Committed total	-	-	4,610,516	-	9,709,703	14,320,219
Assigned to:						
Education	675,702	-	-	-	-	675,702
Compensated absences	322,000	-	-	-	-	322,000
Assigned total	997,702	-	-	-	-	997,702
Unassigned	21,018,091	(3,770,347)	-	(9,790,283)	(334,688)	7,122,773
	<u>\$ 22,560,560</u>	<u>\$ (3,770,347)</u>	<u>\$ 4,610,516</u>	<u>\$ (9,790,283)</u>	<u>\$ 15,401,250</u>	<u>\$ 29,011,696</u>

Deficit Fund Balances

The following funds have deficit equity balances as of June 30, 2020, which do not constitute a violation of statutory provisions:

Fund	Amount
Waste Treatment Plant Facilities Upgrade Fund	\$ (9,790,283)
Road Improvement Bond Fund	(3,770,347)
Public Safety Complex Grant-In-Aid Fund	(303,500)
Workers' Compensation Fund	(27,527)
West Main Street Bridge Renovations Fund	(7,460)

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. Generally, the Town obtains commercial insurance for these risks, but retained the risks for workers' compensation through a Workers' Compensation Fund and for the cost of medical prescriptions for its employees and retirees through a Medical Self-Insurance Fund. Effective July 1, 2019, workers compensation claims incurred on and after that date are no longer considered self-insured. The Town has entered into the workers' compensation risk pool offered by CIRMA to Connecticut municipalities and schools. 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.

Workers' Compensation

The Workers' Compensation fund, classified as an Internal Service Fund, has been supported by contributions from the General and Sewer User Funds. Contribution amounts have been based on historical experience of claims incurred and paid. Although the risk is retained by the Town, commercial insurance had been 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.

CIRMA administers the claims processing for the Town, for which the Town pays a fee. Claims incurred have been estimated by CIRMA by fiscal (contract) year. Claims outstanding at June 30 are 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.

A summary of claims activity for self-insured Workers' Compensation transactions for the years ended June 30, 2020 and 2019 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2020	\$ 3,022,050	\$ (1,016,943)	\$ 284,034	\$ 1,721,073
2019	2,713,010	757,145	448,105	3,022,050

Claims payable at June 30, 2020 includes incurred, but not reported (IBNR) claims of \$503,935. Based on historical payment data, approximately 33.22% of claims payable (excluding IBNR) will be paid during the following fiscal year. Thus, \$404,333 of claims payable is considered as a current liability and the remaining \$1,316,740 is considered as a long-term liability. Claims payable includes \$71,986 of estimated incremental claims adjustment expenses, net of estimated subrogation recoveries.

Effective July 1, 2019, workers compensation claims incurred on and after that date are no longer considered self-insured. The Town has entered into a workers compensation risk pool offered by CIRMA to Connecticut municipalities and schools. The Town is responsible for payments of such claims of up to a maximum of \$150,000 per year, excluding negotiate costs of excess workers compensation insurance and associated third party services fees. The General and Sewer User Fund provide resources to fund these pooled claim costs. In fiscal year 2020, pooled claims incurred exceeded pooled claims paid by \$13,925.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - RISK MANAGEMENT *(Continued)*

Medical

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

A third party administers the prescription claims processing and the dental claims processing for the Town for which the Town pays a fee. Claims incurred and paid data are provided to the Town, which reimburses Maxor and Anthem for the costs of the claims and administrative expenses. At yearend, claims payable represents the cost of claims incurred and paid by Maxor and Anthem that require reimbursement from the Town. Claims payable at June 30, 2020 includes incurred, but not reported claims of \$16,477.

A summary of claims activity for Medical Self-Insurance claims transactions the years ended June 30, 2020 and 2019 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2020	\$ 34,964	\$ 370,546	\$ 380,706	\$ 24,804
2019	33,045	495,168	493,249	34,964

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Litigation

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

Federal Awards and State Financial Assistance

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

Purchase Commitments

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2020 totaled \$675,702 and are included in assigned fund balance of the General Fund.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 14 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Construction Commitments

On January 15, 2019, a referendum was held that appropriated \$85,972,000 for Waste Treatment Plant Facility Improvements. The projected cost to complete the improvements as of June 30, 2020 is estimated to be \$68,188,062 and will be financed by a combination of grants and loans from the State of Connecticut's Clean Water Fund and a projected local contribution of \$301,146. Construction commenced shortly after July 1, 2019 and is expected to be completed by January 2023.

Pandemic

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

In an effort to mitigate any potential disruption in revenue due to the impact of the COVID-19 pandemic, the Mayor, Town Administrator and Finance Officer issued guidance to suspend all but critical position hiring and directed all Department Heads to halt non-essential spending. All necessary expenses related to Personal Protective Equipment and other Health and Safety protocols have been offset by savings in salaries for programs and cost savings for expenditures not undertaken due to the pandemic as well as via Federal and State reimbursement programs. As a result of these efforts, and the Town's preparedness for an emergency, the Town has not experienced any material weakness in revenue nor an unsurmountable expense to date related to COVID-19.

The pandemic may result in a delay of the ongoing project to upgrade the Waste Treatment Plant Facility as a result of global supply chain issues. This delay is not expected to add any significant cost to the project nor cause any significant delays in meeting revised Federal and State environmental standards.

NOTE 15 - TAX ABATEMENTS

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

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15 - TAX ABATEMENTS *(Continued)*

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

- Loom City Lofts LLC, with a 25-year duration. The amount of abated taxes range from \$7,500 in year 1 to \$15,246 in year 25. The amount of abated taxes for fiscal year 2019-2020 were \$149,900. The abated taxes are per the fifth year of the agreement.
- Shoppes at Eastview LLC, with a 7-year duration. The tax abatement for improvements will be 50% for the first four years of the agreement and 25% for the last three years of the agreement. The amount of abated taxes for fiscal year 2019-2020 was \$4,213. The abated taxes are per the sixth year of the agreement.
- Talcott Mill Landlord LLC, with a 20-year duration. The tax abatement for improvements will be 100% for the first 10 years of the agreement, 75% for years 11 to 15 and 50% for years 16 to 20. The amount of abated taxes for fiscal year 2019-2020 is \$139,652. The abated taxes are per the second year of the agreement.
- Vernon Schoolhouse LLC, with a 3-year duration. The tax abatement for improvements will be 25% for the first year of the agreement, 50% for the second year and 75% for the third year. The amount of abated taxes for fiscal year 2019-2020 is \$2,169. The abated taxes per the first year of the agreement.

Total tax abatements for year ended June 30, 2020 were \$295,934.

NOTE 16 - RECENTLY ISSUED ACCOUNTING STANDARDS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 16 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 16 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

NOTE 17 - SUBSEQUENT EVENTS

On July 16, 2020, the Town issued \$5,000,000 of general obligation bonds (Series A, tax-exempt) at a net premium of \$609,150 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, 2035, were issued at a net interest cost of 1.14%.

On July 30, 2020, the Town issued \$19,160,000 of general obligations bonds (\$15,325,000 Series A, tax-exempt and \$3,835,000 Series B, federally taxable), at a total net premium of \$209,231, to refund \$20,825,000 of general obligation bonds issued on April 12, 2011, April 11, 2012 and August 5, 2015. The refunding issues were issued at a net interest cost of 1.74%. The Series A refunding bonds are payable in installments over 7 years, maturing on August 1, 2027. The Series B refunding bonds are payable in installments over 10 years, maturing on August 1, 2030. The refunding issues resulted in a combined present value savings of \$1,746,336.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF VERNON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Outstanding	Actual with	Variance With
	Original	Final	Actual	Encumbrances	Outstanding Encumbrances	Final Budget Over (Under)
REVENUES						
Property taxes	\$ 72,592,158	\$ 72,592,158	\$ 73,224,601	\$ -	\$ 73,224,601	\$ 632,443
Intergovernmental	18,578,716	18,578,716	19,005,579	-	19,005,579	426,863
Charges for services	791,200	791,200	1,376,102	-	1,376,102	584,902
Licenses and permits	492,500	492,500	803,933	-	803,933	311,433
Fines and penalties	33,400	33,400	11,899	-	11,899	(21,501)
Investment income	225,000	225,000	463,849	-	463,849	238,849
Other	563,436	563,436	501,580	-	501,580	(61,856)
Total revenues	93,276,410	93,276,410	95,387,543	-	95,387,543	2,111,133
EXPENDITURES						
Current:						
General government	3,617,297	3,818,233	3,648,694	-	3,648,694	(169,539)
Community development	274,618	266,622	210,760	-	210,760	(55,862)
Public safety	8,907,321	9,240,232	8,601,179	-	8,601,179	(639,053)
Maintenance and development	5,760,526	6,076,432	5,608,649	-	5,608,649	(467,783)
Human services	1,112,581	1,128,947	1,035,053	-	1,035,053	(93,894)
Parks, recreation and culture	1,990,096	2,095,079	1,855,866	-	1,855,866	(239,213)
Townwide	8,947,347	8,788,549	8,575,319	-	8,575,319	(213,230)
Debt service	6,431,369	6,419,727	6,242,680	-	6,242,680	(177,047)
Capital outlay	29,299	221,550	215,419	-	215,419	(6,131)
Education	53,870,594	54,020,483	53,340,781	675,702	54,016,483	(4,000)
Total expenditures	90,941,048	92,075,854	89,334,400	675,702	90,010,102	(2,065,752)
Excess (deficiency) of revenues over expenditures	2,335,362	1,200,556	6,053,143	(675,702)	5,377,441	4,176,885
OTHER FINANCING SOURCES (USES)						
Appropriation of Fund Balance	-	5,035,363	-	-	-	(5,035,363)
Appropriation of Prior Year Encumbrances	-	997,062	-	-	-	(997,062)
Transfers in	144,500	144,500	8,235	-	8,235	(136,265)
Transfers out	(2,479,862)	(7,377,481)	(7,371,634)	-	(7,371,634)	5,847
Total other financing sources (uses)	(2,335,362)	(1,200,556)	(7,363,399)	-	(7,363,399)	(6,162,843)
Net change in fund balances	\$ -	\$ -	\$ (1,310,256)	\$ (675,702)	\$ (1,985,958)	\$ (1,985,958)

See accompanying notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service cost	\$ 765,742	\$ 783,253	\$ 836,982	\$ 812,060	\$ 767,633	\$ 760,493	\$ 759,496
Interest	3,071,092	2,968,071	2,924,672	2,790,349	2,711,068	2,663,012	2,620,600
Differences between expected and actual experience	294,203	728,178	(220,230)	878,501	(304,928)	(288,635)	-
Changes of assumptions	-	(2,332)	-	-	1,833,919	1,214,064	-
Benefit payments, including refunds	(3,002,788)	(3,008,005)	(2,693,179)	(2,508,006)	(2,473,575)	(2,434,432)	(2,385,303)
Net change in total pension liability	1,128,249	1,469,165	848,245	1,972,904	2,534,117	1,914,502	994,793
Total pension liability - beginning	45,348,749	43,879,584	43,031,339	41,058,435	38,524,318	36,609,816	35,615,023
Total pension liability - ending	46,476,998	45,348,749	43,879,584	43,031,339	41,058,435	38,524,318	36,609,816
Plan fiduciary net position:							
Contributions - employer	1,929,304	1,879,711	1,839,551	1,730,812	1,639,455	1,515,199	1,348,338
Contributions - members	362,295	375,468	370,589	364,862	370,334	358,642	368,533
Net investment income	3,805,160	(855,038)	2,724,566	1,352,877	176,500	1,092,203	2,874,222
Benefit payments, including refunds	(3,002,788)	(3,008,005)	(2,693,179)	(2,508,006)	(2,473,575)	(2,434,432)	(2,210,603)
Administrative expense	(64,161)	(67,440)	(68,718)	(70,666)	(49,744)	(70,783)	(67,398)
Net change in plan fiduciary net position	3,029,810	(1,675,304)	2,172,809	869,879	(337,030)	460,829	2,313,092
Plan fiduciary net position - beginning	20,630,491	22,305,795	20,132,986	19,263,107	19,600,137	19,139,308	16,826,216
Plan fiduciary net position - ending	23,660,301	20,630,491	22,305,795	20,132,986	19,263,107	19,600,137	19,139,308
Town's net pension liability	<u>\$ 22,816,697</u>	<u>\$ 24,718,258</u>	<u>\$ 21,573,789</u>	<u>\$ 22,898,353</u>	<u>\$ 21,795,328</u>	<u>\$ 18,924,181</u>	<u>\$ 17,470,508</u>
Plan fiduciary net position as a percentage of total pension liability	50.91%	45.49%	50.83%	46.79%	46.92%	50.88%	52.28%
Covered payroll	\$ 4,668,336	\$ 4,563,773	\$ 4,789,390	\$ 4,866,463	\$ 4,747,257	\$ 4,549,520	\$ 4,390,111
Town's net pension liability as a percentage of covered payroll	488.75%	541.62%	450.45%	470.53%	459.11%	415.96%	397.95%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service cost	\$ 1,380,530	\$ 1,505,283	\$ 1,658,692	\$ 1,510,406	\$ 1,464,780	\$ 1,396,502	\$ 1,355,480
Interest	5,655,860	5,451,494	5,338,478	5,055,024	4,604,469	4,540,614	4,472,890
Differences between expected and actual experience	(1,073,395)	(41,960)	(2,232,932)	1,507,303	135,086	(3,083,615)	-
Changes of assumptions	-	-	-	-	5,959,086	3,200,987	-
Benefit payments, including refunds	(4,088,237)	(3,905,481)	(3,786,932)	(3,781,356)	(3,280,576)	(2,935,096)	(2,814,688)
Net change in total pension liability	1,874,758	3,009,336	977,306	4,291,377	8,882,845	3,119,392	3,013,682
Total pension liability - beginning	82,807,537	79,798,201	78,820,895	74,529,518	65,646,673	62,527,281	59,513,599
Total pension liability - ending	84,682,295	82,807,537	79,798,201	78,820,895	74,529,518	65,646,673	62,527,281
Plan fiduciary net position:							
Contributions - employer	2,698,572	2,535,950	2,495,374	2,575,719	2,383,370	2,135,571	1,883,779
Contributions - members	865,239	881,387	950,310	930,892	1,032,684	1,031,071	1,001,400
Net investment income	7,631,899	(1,663,356)	5,244,052	2,457,038	352,500	1,981,432	4,782,653
Benefit payments, including refunds	(4,088,237)	(3,905,481)	(3,786,932)	(3,781,356)	(3,280,577)	(2,935,096)	(2,664,672)
Administrative expense	(94,103)	(101,640)	(105,945)	(114,432)	(89,656)	(101,919)	(93,140)
Net change in plan fiduciary net position	7,013,370	(2,253,140)	4,796,859	2,067,861	398,321	2,111,059	4,910,020
Plan fiduciary net position - beginning	42,973,959	45,227,099	40,430,240	38,362,379	37,964,058	35,852,999	30,942,979
Plan fiduciary net position - ending	49,987,329	42,973,959	45,227,099	40,430,240	38,362,379	37,964,058	35,852,999
Town's net pension liability	<u>\$ 34,694,966</u>	<u>\$ 39,833,578</u>	<u>\$ 34,571,102</u>	<u>\$ 38,390,655</u>	<u>\$ 36,167,139</u>	<u>\$ 27,682,615</u>	<u>\$ 26,674,282</u>
Plan fiduciary net position as a percentage of total pension liability	59.03%	51.90%	56.68%	51.29%	51.47%	57.83%	57.34%
Covered payroll	\$ 13,141,484	\$ 14,477,456	\$ 14,795,233	\$ 15,411,202	\$ 14,789,154	\$ 14,933,089	\$ 14,895,476
Town's net pension liability as a percentage of covered payroll	264.01%	275.14%	233.66%	249.11%	244.55%	185.38%	179.08%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
LOSAP RETIREMENT PLAN (UNAUDITED)
LAST SEVEN PLAN YEARS*

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service cost	\$ 25,379	\$ 25,480	\$ 20,149	\$ 21,190	\$ 24,830	\$ 26,292	\$ 19,751
Interest	139,106	133,795	92,532	92,540	85,622	82,620	78,483
Differences between expected and actual experience	46,368	(46,250)	124,920	(27,545)	(13,707)	(31,211)	-
Changes in plan benefits and assumptions	-	-	451,934	-	-	-	-
Benefit payments, including refunds	(65,044)	(62,585)	(46,894)	(36,536)	(33,270)	(29,764)	(19,718)
Net change in total pension liability	145,809	50,440	642,641	49,649	63,475	47,937	78,516
Total pension liability - beginning	2,140,094	2,089,654	1,447,013	1,397,364	1,333,889	1,285,952	1,207,436
Total pension liability - ending	2,285,903	2,140,094	2,089,654	1,447,013	1,397,364	1,333,889	1,285,952
Plan fiduciary net position:							
Contributions - employer	134,029	137,551	53,605	52,289	39,924	37,752	34,172
Net investment income	457,665	(114,598)	263,129	135,693	(54,768)	54,828	204,365
Benefit payments, including refunds	(65,044)	(62,585)	(46,894)	(36,536)	(33,270)	(29,764)	(26,184)
Administrative expense	(24,462)	(21,797)	(20,777)	(18,545)	(18,745)	(18,516)	(15,668)
Net change in plan fiduciary net position	502,188	(61,429)	249,063	132,901	(66,859)	44,300	196,685
Plan fiduciary net position - beginning	1,762,488	1,823,917	1,574,854	1,441,953	1,508,812	1,464,512	1,267,827
Plan fiduciary net position - ending	2,264,676	1,762,488	1,823,917	1,574,854	1,441,953	1,508,812	1,464,512
Town's net pension liability (asset)	<u>\$ 21,227</u>	<u>\$ 377,606</u>	<u>\$ 265,737</u>	<u>\$ (127,841)</u>	<u>\$ (44,589)</u>	<u>\$ (174,923)</u>	<u>\$ (178,560)</u>
Plan fiduciary net position as a percentage of total pension liability	99.07%	82.36%	87.28%	108.83%	103.19%	113.11%	113.89%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,929,304	\$ 1,879,711	\$ 1,839,551	\$ 1,730,812	\$ 1,639,455	\$ 1,515,199	\$ 1,348,338
Contributions in relation to the actuarially determined contribution	<u>1,929,304</u>	<u>1,879,711</u>	<u>1,839,551</u>	<u>1,730,812</u>	<u>1,639,455</u>	<u>1,515,199</u>	<u>1,348,338</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,668,336	\$ 4,563,773	\$ 4,789,390	\$ 4,866,463	\$ 4,747,257	\$ 4,549,520	\$ 4,390,111
Contributions as a percentage of covered payroll	41.33%	41.19%	38.41%	35.57%	34.53%	33.30%	30.71%
Annual money-weighted rate of return, net of investment expense	19.80%	-4.50%	13.60%	6.80%	0.20%	5.90%	14.60%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplemental information.

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

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,643,503	\$ 2,535,950	\$ 2,495,374	\$ 2,525,719	\$ 2,383,370	\$ 2,135,571	\$ 1,883,779
Contributions in relation to the actuarially determined contribution	<u>2,698,572</u>	<u>2,535,950</u>	<u>2,495,374</u>	<u>2,575,719</u>	<u>2,383,370</u>	<u>2,135,571</u>	<u>1,883,779</u>
Contribution deficiency (excess)	<u>\$ (55,069)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,141,484	\$ 14,477,456	\$ 14,795,233	\$ 15,411,202	\$ 14,789,154	\$ 14,933,089	\$ 14,895,476
Contributions as a percentage of covered payroll	20.53%	17.52%	16.87%	16.71%	16.12%	14.30%	12.65%
Annual money-weighted rate of return, net of investment expense	18.70%	-4.20%	13.00%	6.20%	0.20%	7.00%	13.50%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 134,029	\$ 126,652	\$ 53,605	\$ 52,289	\$ 39,924	\$ 37,752	\$ 34,172
Contributions in relation to the actuarially determined contribution	<u>134,029</u>	<u>137,551</u>	<u>53,605</u>	<u>52,289</u>	<u>39,924</u>	<u>37,752</u>	<u>34,172</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (10,899)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Annual money-weighted rate of return, net of investment expense	22.40%	-7.48%	15.39%	8.10%	-4.87%	2.48%	12.39%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SIX FISCAL YEARS*
(Rounded to nearest thousand)

	2020	2019	2018	2017	2016	2015
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	104,208,000	80,350,000	83,461,000	88,052,000	73,579,000	68,009,000
Total	<u>\$ 104,208,000</u>	<u>\$ 80,350,000</u>	<u>\$ 83,461,000</u>	<u>\$ 88,052,000</u>	<u>\$ 73,579,000</u>	<u>\$ 68,009,000</u>
Town's covered payroll	\$ 26,793,000	\$ 26,362,000	\$ 26,534,000	\$ 25,575,000	\$ 27,325,000	\$ 26,337,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 281,111	\$ 525,888	\$ 314,481	\$ 295,287
Interest	635,112	584,733	541,389	514,729
Differences between expected and actual experience	-	4,843,646	-	-
Changes of assumptions	(42,946)	(4,483,302)	-	-
Benefit payments, including refunds	(483,535)	(419,694)	(381,807)	(455,185)
Net change in total OPEB liability	389,742	1,051,271	474,063	354,831
Total OPEB liability - beginning	9,727,803	8,676,532	8,202,469	7,847,638
Total OPEB liability - ending	10,117,545	9,727,803	8,676,532	8,202,469
Plan fiduciary net position				
Contributions - employer	688,535	624,694	586,807	660,185
Net investment income	36,735	66,496	(41,095)	4,205
Benefit payments, including refunds	(483,535)	(419,694)	(381,807)	(455,185)
Net change in plan fiduciary net position	241,735	271,496	163,905	209,205
Plan fiduciary net position - beginning	1,329,087	1,057,591	893,686	684,481
Plan fiduciary net position - ending	1,570,822	1,329,087	1,057,591	893,686
Town's net OPEB liability	\$ 8,546,723	\$ 8,398,716	\$ 7,618,941	\$ 7,308,783
Plan fiduciary net position as a percentage of total OPEB liability	15.53%	13.66%	12.19%	10.90%
Covered employee payroll	\$ 39,014,808	\$ 39,014,808	\$ 52,602,048	\$ 52,602,048
Town's net OPEB liability as a percentage of covered employee payroll	21.91%	21.53%	14.48%	13.89%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 854,456	\$ 826,134	\$ 770,427	\$ 719,304
Contributions in relation to the actuarially determined contribution	<u>688,535</u>	<u>624,694</u>	<u>586,807</u>	<u>660,185</u>
Contribution deficiency (excess)	<u>\$ 165,921</u>	<u>\$ 201,440</u>	<u>\$ 183,620</u>	<u>\$ 59,119</u>
Covered employee payroll	\$ 39,014,808	\$ 39,014,808	\$ 52,602,048	\$ 52,602,048
Contributions as a percentage of covered employee payroll	1.76%	1.60%	1.12%	1.26%
Annual money-weighted rate of return, net of investment expense	2.68%	6.06%	-4.60%	0.61%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST THREE FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	<u>16,252,000</u>	<u>16,062,000</u>	<u>21,482,000</u>
Total	<u><u>\$ 16,252,000</u></u>	<u><u>\$ 16,062,000</u></u>	<u><u>\$ 21,482,000</u></u>
Town's covered employee payroll	\$ 26,793,000	\$ 26,362,000	\$ 26,534,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Budgetary Information

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

- No later than March 15, the Mayor must submit an appropriated budget to the Town Council for review. The Town Council must hold two or more public hearings, the last of which shall be the annual Town Meeting, not later than April 30. The Town Council shall approve a budget to be presented at the Annual Town Meeting. The budget becomes effective only after it has been approved by a majority vote of qualified voters present and voting at the annual Town Meeting. The vote may neither increase nor decrease the budget as approved by Town Council. Within five days after the adoption of the budget, the Council must set the mill rate for the coming fiscal year.
- The Town Council is authorized to transfer any unencumbered appropriation balance or portion thereof from one department to another; however, such transfers must occur subsequent to March 31. Transfers within account classifications of a single department are approved by the Town's Finance Officer. Individual additional appropriations of less than 1/10 of 1% of the total budgeted expenditures are approved by Town Council.
- The Board of Education is authorized, under State law, to make any transfers necessary within the education budget at their discretion. Authorization for additional appropriations exceeding 1/10 of 1% of total budgeted expenditures requires a public hearing followed by Town Council approval in a special Town meeting. Revised budget amounts are reported as amended by the Town Council during the course of the year.
- Additional appropriations of \$5,035,363 were authorized during the fiscal year along with re-appropriations of \$997,062. The legal level of control, the level at which expenditures may not legally exceed appropriations, is at the department level.
- Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at yearend are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Budgetary Information (Continued)

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2020:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses), Net	Net Change in Fund Balance
Budgetary basis	\$ 95,387,543	\$ 90,010,102	\$ (7,363,399)	\$ (1,985,958)
"On-behalf" payments - State Teachers Retirement Fund	8,103,581	8,103,581	-	-
Encumbrances outstanding as of June 30, 2020	-	(675,702)	-	675,702
GAAP basis	<u>\$ 103,491,124</u>	<u>\$ 97,437,981</u>	<u>\$ (7,363,399)</u>	<u>\$ (1,310,256)</u>

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

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

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

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

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

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

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

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

Assumption Changes - The following assumption changes in 2020 had a significant effect on the measurement of the total pension liability.

- the mortality table was adjusted from the 2019 IRS Static Table Male and Female to the 2020 IRS Static Table Male and Female

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

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

Actuarial determined contribution rates are calculated as of January 1, six months prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2020 were determined from the January 1, 2019 valuation.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - POLICE PENSION PLAN (Continued)

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	23 years
Asset valuation method	5 year smoother market
Inflation rate	1.50%
Salary increases	4.50%
Investment rate of return	7.00%

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

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

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

Actuarial determined contribution rates are calculated as of January 1, six months prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2020 were determined from the January 1, 2019 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	23 years
Asset valuation method	5 year smoother market
Inflation rate	1.50%
Salary increases	4.50%
Investment rate of return	7.00%

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Actuarial determined contribution rates are calculated as of July 1, prior to the end of the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2020 were determined from the July 1, 2019 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Actuarial Cost method	Frozen entry age
Amortization method	Level dollar, closed
Remaining amortization period	8 years
Asset valuation method	Fair Value
Inflation rate	N/A
Salary increases	6.50%
Investment rate of return	N/A

Mortality rates were based 2020 IRS Static Table Male and Female.

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

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years. Information prior to fiscal year 2015 is not available.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit Changes - Beginning January 1, 2018, member contributions increased from 6.0% to 7.0% of salary.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2020.

- the inflation assumption was reduced from 2.75% to 2.50%;
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%;
- the annual rate of wage increase assumption was increased from 0.50% to 0.75%; and
- phase in to a level dollar amortization method for the June 30, 2024 valuation.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

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

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

Actuarial determined contribution rates are calculated as of July 1, one fiscal years prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2020 were determined from the July 1, 2018 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit Changes - The Plan was amended by the Board to include a new prescription drug plan, effective January 1, 2019.

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

- The discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective January 1, 2019; and
- The expected rate of inflation was decreased, and the Real Wage Growth assumption was increased.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

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

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Property Taxes:				
Current year taxes	\$ 71,040,112	\$ 71,040,112	\$ 71,076,735	\$ 36,623
Prior year taxes	398,546	398,546	685,998	287,452
Supplemental motor vehicle tax	881,000	881,000	1,063,122	182,122
Interest and lien fees	263,000	263,000	391,553	128,553
Warrant revenue	3,500	3,500	2,221	(1,279)
Liens	6,000	6,000	4,972	(1,028)
Total property taxes	72,592,158	72,592,158	73,224,601	632,443
Intergovernmental:				
Civil preparedness grant	12,000	12,000	14,979	2,979
FEMA Public Assistance COVID-19	-	-	34,656	34,656
Bullet Proof Vest grant	2,000	2,000	-	(2,000)
Library grant	-	-	942	942
Education cost sharing	17,643,727	17,643,727	17,598,315	(45,412)
Vocational Agriculture	107,667	107,667	107,667	-
Special Education Agency Placement	-	-	45,622	45,622
Special Education Excess Student Based	-	-	99,407	99,407
Regular Education State Agency Placement	-	-	201	201
Medicaid reimbursement	100,000	100,000	100,000	-
PILOT - Colleges and Hospitals	-	-	219,351	219,351
PILOT - State owned property	123,084	123,084	123,084	-
PILOT - Shelter rent	75,000	75,000	81,299	6,299
Tax relief - Disability exemption	3,100	3,100	3,693	593
Tax relief - Veterans exemption	19,000	19,000	17,489	(1,511)
Mashantucket Pequot and Mohegan grant	79,820	79,820	79,820	-
Telephone tax sharing	39,873	39,873	38,534	(1,339)
Municipal stabilization grant	330,755	330,755	330,755	-
Judicial reimbursements - Parking	50	50	-	(50)
Judicial reimbursements	530	530	360	(170)
Special reimbursements - Permits	110	110	-	(110)
State DUI grant	20,000	20,000	12,550	(7,450)
Motor Vehicle Violation surcharge	10,000	10,000	19,020	9,020
Safe streets driving enforcement	-	-	2,390	2,390
Historic Document Preservation Grant	5,000	5,000	7,500	2,500
Coronavirus Relief Fund	-	-	67,101	67,101
Other - State grants	7,000	7,000	844	(6,156)
Total intergovernmental revenue	18,578,716	18,578,716	19,005,579	426,863
Charges for Services:				
Town Clerk recording fees	430,000	430,000	588,803	158,803
Historic document preservation	-	-	5,376	5,376
Printing and copying fees	600	600	66	(534)
Library copy fees	900	900	492	(408)
Library printing fees	1,000	1,000	1,815	815
Finance administration fee	11,000	11,000	11,000	-
Planning and zoning fees	7,200	7,200	5,228	(1,972)
Conservation fees	1,800	1,800	1,440	(360)
Assessor fees	400	400	270	(130)
Police - Special services	10,000	10,000	338,606	328,606
Fingerprint fees	3,000	3,000	6,250	3,250
Fire Marshal - services	200	200	814	614
Historic Properties Certification fees	-	-	50	50
Solid Waste Collection fee	-	-	10,942	10,942
Recycling	20,000	20,000	15,796	(4,204)

Continued

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Charges for services <i>(continued)</i> :				
Recycling bin promotion	\$ 4,000	\$ 4,000	\$ 7,585	\$ 3,585
Bulky waste pickup	20,000	20,000	28,199	8,199
Library book sales	1,500	1,500	945	(555)
MIRA reimbursement	-	-	46,195	46,195
Other maintenance and development	3,000	3,000	5,065	2,065
Yankee Gas - administrative allocation	1,000	1,000	9,832	8,832
Energy application administration	9,000	9,000	-	(9,000)
Housing Rehab Administration	600	600	562	(38)
Senior Center Membership fees	3,500	3,500	4,781	1,281
Tuition - Next step	-	-	43,516	43,516
Tuition - Vo-ag	200,000	200,000	197,867	(2,133)
Tuition - Special education Vo-ag	50,000	50,000	23,906	(26,094)
School Use Activity	7,500	7,500	-	(7,500)
Food Sales	-	-	201	201
Other - Education community	5,000	5,000	20,500	15,500
Total charges for services	791,200	791,200	1,376,102	584,902
Licenses and permits:				
Building permits	400,000	400,000	698,517	298,517
Zoning Review	500	500	675	175
ZBA Fees	1,000	1,000	950	(50)
Zoning Permits	5,000	5,000	5,550	550
Refuse licensing	4,000	4,000	5,500	1,500
Transfer station permits	72,000	72,000	79,126	7,126
Driveway & road cut permits	10,000	10,000	13,615	3,615
Total licenses and permits	492,500	492,500	803,933	311,433
Fines and penalties:				
Parking tags	7,000	7,000	5,134	(1,866)
Library fines	4,400	4,400	4,416	16
Zoning citations	22,000	22,000	2,349	(19,651)
Total fines and penalties	33,400	33,400	11,899	(21,501)
Gifts and contributions:				
Library donations	40,000	40,000	4,482	(35,518)
Investment income:				
General Fund	225,000	225,000	463,849	238,849
Other revenue:				
Purchasing Card Reimbursement	21,000	21,000	12,275	(8,725)
Rental income - Annex	24,000	24,000	24,000	-
Rental management fee	50,000	50,000	50,000	-
Rental income other	6,000	6,000	5,520	(480)
Library room rental	-	-	50	50
Proceeds from sale of property	-	-	11,676	11,676
Medical insurance reimbursement	301,724	301,724	279,801	(21,923)
Vision insurance reimbursements	8,412	8,412	9,593	1,181
Insurance reimbursements	-	-	12,324	12,324
Gasoline reimbursement	52,000	52,000	37,316	(14,684)
Refunds and reimbursements	-	-	21,876	21,876
Lease - Ellington pump station	7,100	7,100	7,337	237
Education	37,000	37,000	18,632	(18,368)
Miscellaneous	16,000	16,000	6,267	(9,733)
Library - miscellaneous	200	200	431	231
Total other revenues	523,436	523,436	497,098	(26,338)
Total revenues	93,276,410	93,276,410	95,387,543	2,111,133

Continued

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Other Financing Sources:				
Appropriation of Fund Balance	\$ -	\$ 5,035,363	\$ -	\$ (5,035,363)
Reappropriation of Prior Year Encumbrances	-	997,062	-	(997,062)
Transfers in:				
Special Revenue Funds	144,500	144,500	8,235	(136,265)
Total other financing sources	144,500	6,176,925	8,235	(6,168,690)
Total revenues and other financing sources	<u>\$ 93,420,910</u>	<u>\$ 99,453,335</u>	<u>\$ 95,395,778</u>	<u>\$ (4,057,557)</u>
				<i>Concluded</i>

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Outstanding	Total	Variance With
	Original	Final	Expenditures	Encumbrances	Expenditures and Encumbrances	Final Budget Over (Under)
General Government:						
Town Council	\$ 9,825	\$ 9,825	\$ 5,399	\$ -	\$ 5,399	\$ (4,426)
Probate court	13,655	13,655	13,655	-	13,655	-
Executive and administrative	823,105	863,492	832,796	-	832,796	(30,696)
Law	167,000	167,000	123,927	-	123,927	(43,073)
Registration	80,285	82,685	76,593	-	76,593	(6,092)
Elections - general	34,400	35,187	31,116	-	31,116	(4,071)
Elections - primary	1	25,701	75	-	75	(25,626)
Elections - referendum	1	1	-	-	-	(1)
Finance administration	510,165	558,643	544,716	-	544,716	(13,927)
Independent audit	73,429	74,179	74,179	-	74,179	-
Treasury	6,360	6,328	3,667	-	3,667	(2,661)
Purchasing	7,350	7,350	6,427	-	6,427	(923)
Assessment	297,303	310,755	307,350	-	307,350	(3,405)
Refunds - tax adjustments	21,000	58,332	58,332	-	58,332	-
Collector of Revenue	234,418	238,988	233,091	-	233,091	(5,897)
Town Clerk	233,559	260,520	237,864	-	237,864	(22,656)
Board of Assessment Appeals	2,500	2,500	2,400	-	2,400	(100)
Water Pollution Control Authority	7,122	7,122	7,092	-	7,092	(30)
Greater Hartford Transit District	4,669	4,669	4,669	-	4,669	-
Data processing	1,091,150	1,091,301	1,085,346	-	1,085,346	(5,955)
Total General Government	3,617,297	3,818,233	3,648,694	-	3,648,694	(169,539)
Community Development:						
Town planner - administrator	162,183	144,980	89,118	-	89,118	(55,862)
Community & economic development	112,435	121,642	121,642	-	121,642	-
Total Community Development	274,618	266,622	210,760	-	210,760	(55,862)
Public Safety:						
Police	6,438,699	6,723,779	6,378,079	-	6,378,079	(345,700)
School crossing guards	62,120	62,120	40,359	-	40,359	(21,761)
Traffic authority	191,452	191,452	118,943	-	118,943	(72,509)
Fire fighting and administration	664,661	669,018	567,625	-	567,625	(101,393)
Fire hydrants	788,642	788,642	766,752	-	766,752	(21,890)
Fire Marshal	139,903	139,903	111,216	-	111,216	(28,687)

Continued

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Outstanding	Total	Variance With
	Original	Final	Expenditures	Encumbrances	Expenditures and Encumbrances	Final Budget Over (Under)
Public Safety (Continued) :						
Building inspection	\$ 421,201	\$ 448,536	\$ 405,490	\$ -	\$ 405,490	\$ (43,046)
Emergency Management	49,507	51,296	47,229	-	47,229	(4,067)
Animal control	151,136	165,486	165,486	-	165,486	-
Total Public Safety	8,907,321	9,240,232	8,601,179	-	8,601,179	(639,053)
Maintenance and Development:						
Public Works administration	715,303	832,195	735,382	-	735,382	(96,813)
General maintenance	1,341,298	1,341,298	1,252,498	-	1,252,498	(88,800)
Equipment maintenance	782,300	782,749	717,625	-	717,625	(65,124)
Maintenance of gov't buildings	868,258	927,813	820,657	-	820,657	(107,156)
Snow removal	242,236	274,206	253,058	-	253,058	(21,148)
Refuse collection and disposal	1,085,474	1,090,574	1,076,386	-	1,076,386	(14,188)
Recycling	345,140	394,833	375,264	-	375,264	(19,569)
Condominium refuse	4,923	4,923	4,854	-	4,854	(69)
Tree Warden	17,150	17,150	17,052	-	17,052	(98)
Leaf collection program	116,517	116,517	99,579	-	99,579	(16,938)
Engineering admin. services	241,927	294,174	256,294	-	256,294	(37,880)
Total Maintenance and Development	5,760,526	6,076,432	5,608,649	-	5,608,649	(467,783)
Human Services:						
North Central Health District	136,780	136,780	136,780	-	136,780	-
Hockanum Valley Community Council	180,000	180,000	180,000	-	180,000	-
Child Guidance Clinic	3,500	3,500	3,500	-	3,500	-
Kidsafe CT	1,500	1,500	1,500	-	1,500	-
MARC, Inc. of Manchester	5,000	5,000	5,000	-	5,000	-
Cornerstone Foundation	3,500	3,500	3,500.00	-	3,500.00	-
Hartford Interval House	2,500	2,500	2,500	-	2,500	-
YWCA Sexual Assault Services	2,000	2,000	2,000.00	-	2,000.00	-
Social services administration	260,411	260,411	231,054	-	231,054	(29,357)
Youth services	222,429	238,541	225,520	-	225,520	(13,021)
Senior center	294,961	295,215	243,699	-	243,699	(51,516)
Total Human Services	1,112,581	1,128,947	1,035,053	-	1,035,053	(93,894)

Continued

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Outstanding	Total	Variance With
	Original	Final	Expenditures	Encumbrances	Expenditures and Encumbrances	Final Budget Over (Under)
Parks, Recreation and Culture:						
Recreation administration	\$ 372,923	\$ 445,419	\$ 413,780	\$ -	\$ 413,780	\$ (31,639)
Public celebration	14,500	14,500	12,487	-	12,487	(2,013)
Parks maintenance	735,245	767,732	702,473	-	702,473	(65,259)
Art commission	4,440	4,440	2,649	-	2,649	(1,791)
Historical Society	7,000	7,000	7,000	-	7,000	-
Rockville Public Library	841,988	841,988	703,510	-	703,510	(138,478)
Invasive aquatic plant management	14,000	14,000	13,967	-	13,967	(33)
Total Parks, Recreation and Culture	1,990,096	2,095,079	1,855,866	-	1,855,866	(239,213)
Townwide:						
Social Security and Medicare	1,103,665	1,068,827	1,008,528	-	1,008,528	(60,299)
Pension	3,315,751	3,365,332	3,365,332	-	3,365,332	-
Group insurance	3,092,928	2,980,989	2,877,565	-	2,877,565	(103,424)
Unemployment compensation	21,400	94,798	92,332	-	92,332	(2,466)
Municipal insurance	1,023,537	1,023,537	977,947	-	977,947	(45,590)
Contingency	135,000	-	-	-	-	-
Housing Authority sewer subsidy	49,000	49,000	47,549	-	47,549	(1,451)
Vernon Cemetery Commission	206,066	206,066	206,066	-	206,066	-
Total Townwide	8,947,347	8,788,549	8,575,319	-	8,575,319	(213,230)
Debt Service:						
Principal	4,787,287	4,922,651	4,787,587	-	4,787,587	(135,064)
Interest	1,644,082	1,497,076	1,455,093	-	1,455,093	(41,983)
Total Debt Service	6,431,369	6,419,727	6,242,680	-	6,242,680	(177,047)
Capital Improvements - Town	29,299	221,550	215,419	-	215,419	(6,131)
Education:						
Regular instruction	17,383,924	17,678,872	17,449,081	19,363	17,468,444	(210,428)
Gifted and talented	16,500.00	16,500	9,191	-	9,191	(7,309)
Special Education instruction	6,024,252	6,028,323	6,092,027	591	6,092,618	64,295
Continuing Education	226,371	226,371	226,371	-	226,371	-
Special Education program support	2,652,500	3,321,929	3,333,533	-	3,333,533	11,604
Social Work services	4,698	600	6,969	-	6,969.00	6,369

Continued

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Outstanding	Total	Variance With
	Original	Final	Expenditures	Encumbrances	Expenditures and Encumbrances	Final Budget Over (Under)
Education (Continued) :						
Guidance services	\$ 744,611	\$ 772,341	\$ 768,456	\$ 743	\$ 769,199	\$ (3,142)
Health services	532,259	569,129	546,780	1,527	548,307	(20,822)
Psychological services	721,877	636,957	632,365	-	632,365	(4,592)
Speech pathology & audio services	655,735	677,944	618,986	4,027	623,013	(54,931)
Instructional program support	75,812	73,275	63,989	300	64,289	(8,986)
Library / Media services	306,796	323,892	320,840	223	321,063	(2,829)
Curriculum development	1,366,357	1,330,802	1,271,204	3,371	1,274,575	(56,227)
Superintendent's office	856,963	844,133	828,360	1,120	829,480	(14,653)
Board of Education - Elected	111,550	111,663	102,736	-	102,736	(8,927)
Principal office services	2,656,644	2,828,321	2,790,480	3,887	2,794,367	(33,954)
Business office	784,948	863,370	764,654	79,442	844,096	(19,274)
Building / Plant operations	4,281,192	4,454,247	4,468,355	448,801	4,917,156	462,909
Logistics and safety	393,291	560,790	485,846	76,677	562,523	1,733
Student transportation services	2,762,051	2,305,602	2,279,067	18,577	2,297,644	(7,958)
General control	78,853	78,853	43,732	-	43,732	(35,121)
Information systems	885,923	970,061	970,061	-	970,061	-
System-wide fringe benefits	9,399,368	8,760,126	8,717,248	-	8,717,248	(42,878)
Extra curricular student activities	640,645	586,382	550,450	17,053	567,503	(18,879)
Reserve for negotiation	307,474	-	-	-	-	-
Total Education	53,870,594	54,020,483	53,340,781	675,702	54,016,483	(4,000)
Total Expenditures	90,941,048	92,075,854	89,334,400	675,702	90,010,102	(2,065,752)
Other Financing Uses:						
Transfers Out:						
Special Revenue Funds	46,000	146,000	146,000	-	146,000	-
Capital Projects Funds	1,696,372	6,305,303	6,299,456	-	6,299,456	(5,847)
Debt Service Fund	737,490	926,178	926,178	-	926,178	-
Total Other Financing Uses	2,479,862	7,377,481	7,371,634	-	7,371,634	(5,847)
Total Expenditures and Other Financing Uses	\$ 93,420,910	\$ 99,453,335	\$ 96,706,034	\$ 675,702	\$ 97,381,736	\$ (2,071,599)
						Concluded

TOWN OF VERNON, CONNECTICUT
GENERAL FUND -
COMPARATIVE BALANCE SHEET
AS OF JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 22,893,309	\$ 20,970,663
Receivables:		
Property taxes, net	2,166,369	1,685,060
Grants and contracts	125,712	52,369
Other	70,237	51,124
Due from other funds	5,579,743	10,593,644
Prepaid items	544,767	587,300
Total assets	<u>\$ 31,380,137</u>	<u>\$ 33,940,160</u>
LIABILITIES		
Accounts payable	\$ 1,131,710	\$ 1,050,129
Accrued liabilities	459,313	325,684
Due to other funds	462,877	467,822
Unearned revenue	319,815	316,176
Total liabilities	<u>2,373,715</u>	<u>2,159,811</u>
DEFERRED INFLOWS OF RESOURCES		
Advance tax collections	4,279,493	6,224,473
Unavailable revenues	2,166,369	1,685,060
Total deferred inflows of resources	<u>6,445,862</u>	<u>7,909,533</u>
FUND BALANCES		
Nonspendable	544,767	3,254,535
Assigned	997,702	1,319,062
Unassigned	21,018,091	19,297,219
Total fund balances	<u>22,560,560</u>	<u>23,870,816</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,380,137</u>	<u>\$ 33,940,160</u>

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2020

Grand List Year	Balance Uncollected June 30, 2019	Current Levy	Lawful Corrections		Transfers To (From) Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2020
			Additions	Deductions			Taxes	Interest Liens and Fees	Total	
2018	\$ -	\$ 73,535,721	\$ 60,627	\$ 232,946	\$ 3,780	\$ 73,359,622	\$ 72,139,857	\$ 194,847	\$ 72,334,704	\$ 1,219,765
2017	1,023,734	-	5,561	12,806	2,949	1,013,540	453,962	100,339	554,301	559,578
2016	368,013	-	2,311	7,776	25,625	336,923	166,104	56,608	222,712	170,819
2015	120,124	-	518	5,356	3,165	112,121	38,300	18,779	57,079	73,821
2014	52,870	-	-	1,033	(2,780)	54,617	13,538	10,790	24,328	41,079
2013	38,076	-	-	-	(3,990)	42,066	6,613	5,042	11,655	35,453
2012	32,557	-	-	-	1,513	31,044	2,044	2,275.00	4,319	29,000
2011	26,698	-	-	-	(674)	27,372	1,343	1,800	3,143	26,029
2010	32,463	-	-	-	(847)	33,310	914	1,358	2,272	32,396
2009	32,373	-	-	-	(229)	32,602	550	837	1,387	32,052
2008	30,332	-	-	-	(367)	30,699	664	1,269	1,933	30,035
2007	26,824	-	-	-	(505)	27,329	505	1,026	1,531	26,824
2006	24,837	-	-	-	(544)	25,381	544	1,194	1,738	24,837
2005	19,105	-	-	-	(621)	19,726	621	1,455	2,076	19,105
2004	11,627	-	-	-	(138)	11,765	189	838	1,027	11,576
2003	11,427	-	-	11,427	(107)	107	107	289	396	-
	<u>\$ 1,851,060</u>	<u>\$ 73,535,721</u>	<u>\$ 69,017</u>	<u>\$ 271,344</u>	<u>\$ 26,230</u>	<u>\$ 75,158,224</u>	<u>\$ 72,825,855</u>	<u>\$ 398,746</u>	<u>\$ 73,224,601</u>	<u>\$ 2,332,369</u>

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
AS OF JUNE 30, 2020

Total cash collections for the year ended
June 30, 2020:

Town:	
Taxes	\$ 72,825,855
Interest and lien fees	398,746
Subtotal	<u>73,224,601</u>
Reimbursement for revenue loss:	
Tax relief (CGS 12-129d)	21,182
Base	<u><u>\$ 73,245,783</u></u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 164,803,012	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	329,606,024	-	-	-
3-3/4 times base	-	-	274,671,686	-	-
3-1/4 times base	-	-	-	238,048,795	-
3 times base	-	-	-	-	219,737,349
Total debt limitation	<u>164,803,012</u>	<u>329,606,024</u>	<u>274,671,686</u>	<u>238,048,795</u>	<u>219,737,349</u>
Indebtedness:					
Bonds payable	24,805,000	12,807,000	363,000	-	-
Authorized and unissued debt	<u>9,393,332</u>	<u>5,051,504</u>	<u>86,029,946</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>34,198,332</u>	<u>17,858,504</u>	<u>86,392,946</u>	<u>-</u>	<u>-</u>
Overlapping debt:					
Bolton Lakes Regional Water Pollution Control Authority:					
Notes payable	-	-	2,025,958	-	-
Authorized and unissued debt	<u>-</u>	<u>-</u>	<u>3,591,000</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>5,616,958</u>	<u>-</u>	<u>-</u>
Net indebtedness	<u>34,198,332</u>	<u>17,858,504</u>	<u>92,009,904</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 130,604,680</u></u>	<u><u>\$ 311,747,520</u></u>	<u><u>\$ 182,661,782</u></u>	<u><u>\$ 238,048,795</u></u>	<u><u>\$ 219,737,349</u></u>
Total capacity of borrowing (7 times base)	\$ 512,720,481				
Total present indebtedness	<u>144,066,740</u>				
Margin for additional borrowing	<u><u>\$ 368,653,741</u></u>				

CAPITAL PROJECTS FUND

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF CAPITAL PROJECT AUTHORIZATIONS
AS OF JUNE 30, 2020

Project	Project Authorization	Expended To Date	Remaining Authorization
General Government:			
ADA Building and Grounds Improvements	\$ 50,387	\$ 4,998	\$ 45,389
Town Hall Renovations	479,402	165,333	314,069
Planning and Community Development:			
Citizens Block Building Renovations	809,290	528,999	280,291
Citizens Block Building Feasibility Study *	68,000	68,000	-
Grove St Building Security Enhancements	30,000	1,500	28,500
Public Safety:			
Police Department Elevator Repairs	16,000	-	16,000
Police Department Radio Carrier *	29,840	29,840	-
Fox Hill Tower Communication Center Renovations	418,298	424,027	(5,729)
Firehouse Building Renovations	191,018	85,077	105,941
Prospect Street Firehouse Roof Replacement	50,000	-	50,000
Maintenance and Development:			
Road Reconstruction	30,208,138	26,494,573	3,713,565
Storm Drainage	60,000	-	60,000
Bridges	7,103,665	2,126,533	4,977,132
Sidewalk Reconstruction	783,519	560,953	222,566
Facility / Land Improvements	642,723	74,097	568,626
Waste Treatment Plant Facilities Studies	87,585,244	14,435,413	73,149,831
Parks and Recreation:			
Walkers Reservoir Dam Design and Reconstruction	115,000	53,220	61,780
Fox Hill Tower Renovations *	16,000	15,348	652
Open Space Land Acquisition	40,000	27,900	12,100
Park, Ball Field and Pool Improvements	1,683,232	383,245	1,299,987
Human Services:			
Senior Center Acquisition and Renovations	3,245,000	2,684,501	560,499
Education:			
Safe Routes to Schools	642,392	55,404	586,988
RHS Erosion and Sediment Control Improvements *	140,816	140,816	-
Center Road School Access Drive Improvements	321,000	264,575	56,425
Total	\$ 134,728,964	\$ 48,624,352	\$ 86,104,612

* Project completed during the fiscal year.

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
Vernon Cemetery Commission	Lot sales, related income, Town Council appropriation	Cemetery maintenance
Special Education Excess Cost Reserve	State grant	Educational purposes
Adult Basic Education Tuition	State and local governments	Adult education
CDBG Small Cities	Federal grant - HUD and program income	Community development programs
Housing and Community Development	Federal grant - HUD and program income	Community development programs
Downstream	Developer fees	Improvements to storm drainage system
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
Public Safety Complex Grant-in-Aid	State grant	Addition to ambulance building
Library Programs and Activities	Program Fees and grants	Library programs and activities
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
Special Education Grants	Federal and State grants	Educational purposes
Senior Center Programs and Activities	Program Fees	Senior Citizen programs and activities

NONMAJOR GOVERNMENTAL FUNDS (Continued)

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUND

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

Fund	Funding Source	Function
Recreational Fields Acquisition and Improvements	Local funds	Recreational field acquisition and improvements
Senior Center Acquisition and Renovations	General Obligation Debt proceeds	Acquisition and renovations for a new Senior Center
School Roof Replacements and Renovations	State grant and local funds	Replacement of school roofs
Pleasantview Drive Bridge Renovations Project 146-200	Federal grant and local funds	Renovation of bridge
Phoenix Street Bridge Renovations Project 146-181	State and Federal grants	Renovation of bridge
Dart Hill Road Bridge Renovations	Federal grant and local funds	Renovation of bridge
Education Capital and Nonrecurring	Town Council appropriations, State grants	Capital improvements in school system
Alliance 20 Improvements	State Alliance District grant	School building and grounds improvements and equipment
South Street Reconstruction	Federal grant and local funds	Roadway reconstruction
West Main Street Bridge Renovation	Federal grant and local funds	Renovation of bridge
Town and School Improvement Projects	Local re-designated available funds	Various public and school projects
Main Street Bridge Reconstruction	Federal grant and local funds	Renovation of bridge
Citizens Block Renovations	State grant and local funds	Renovations to Citizens Block Building
Safe Routes to Schools	Federal grant and local funds	Safety improvement project
Exit 66/67 Sewer Feasibility/System Evaluation	State grant and local funds	Waste treatment sewer system expansion/evaluation studies

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.

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

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	Nonmajor Special Revenue Funds						
	Cafeteria Fund	Town Clerk Special Fund	Insurance Exchange Fund	Town Aid Road Fund	Dog License Fund	Ambulance Medical Services Fund	Vernon Cemetery Commission Fund
ASSETS							
Cash and cash equivalents	\$ 183,974	\$ 20,886	\$ 14,712	\$ 813,321	\$ 77,115	\$ 346,749	\$ 204,065
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	123,587	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	4,324	-	1,000	-	-	534,033	2,100
Due from other funds	324	3,168	-	-	669	-	33,145
Inventories	46,736	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	1,050
Total assets	<u>\$ 358,945</u>	<u>\$ 24,054</u>	<u>\$ 15,712</u>	<u>\$ 813,321</u>	<u>\$ 77,784</u>	<u>\$ 880,782</u>	<u>\$ 240,360</u>
LIABILITIES							
Accounts payable	\$ 2,412	\$ 24,054	\$ -	\$ -	\$ 5,184	\$ 30,703	\$ 4,378
Due to other funds	316,695	-	-	-	407	21,100	4,941
Unearned revenue	16,830	-	-	-	-	-	-
Total liabilities	<u>335,937</u>	<u>24,054</u>	<u>-</u>	<u>-</u>	<u>5,591</u>	<u>51,803</u>	<u>9,319</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	-	534,033	-
FUND BALANCES							
Nonspendable	46,736	-	-	-	-	-	1,050
Restricted	-	-	-	813,321	-	-	229,991
Committed	-	-	15,712	-	72,193	294,946	-
Unassigned	(23,728)	-	-	-	-	-	-
Total fund balances	<u>23,008</u>	<u>-</u>	<u>15,712</u>	<u>813,321</u>	<u>72,193</u>	<u>294,946</u>	<u>231,041</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 358,945</u>	<u>\$ 24,054</u>	<u>\$ 15,712</u>	<u>\$ 813,321</u>	<u>\$ 77,784</u>	<u>\$ 880,782</u>	<u>\$ 240,360</u>
							<i>Continued</i>

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2020

	Nonmajor Special Revenue Funds						
	Special Education Excess Cost Reserve Fund	Adult Basic Education Tuition Fund	CDBG Small Cities Fund	Housing and Community Development Fund	Downstream Fund	Sidewalk Development Fund	Sewer Assessment Fund
ASSETS							
Cash and cash equivalents	\$ 362,440	\$ 112,235	\$ 65,636	\$ 29,450	\$ 51,726	\$ 2,701	\$ 11,160
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	12,616	-	31,386	-	-	-	-
Loans	-	-	534,376	98,155	-	-	-
Assessments	-	-	-	-	-	-	508
Other	-	-	-	-	-	-	28
Due from other funds	-	2,083	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 375,056</u>	<u>\$ 114,318</u>	<u>\$ 631,398</u>	<u>\$ 127,605</u>	<u>\$ 51,726</u>	<u>\$ 2,701</u>	<u>\$ 11,696</u>
LIABILITIES							
Accounts payable	\$ 1,323	\$ 22,560	\$ 31,373	\$ -	\$ -	\$ -	\$ -
Due to other funds	23,733	-	22,968	-	-	-	11,160
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>25,056</u>	<u>22,560</u>	<u>54,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,160</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	534,376	98,155	-	-	508
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	350,000	91,758	42,681	29,450	-	-	28
Committed	-	-	-	-	51,726	2,701	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>350,000</u>	<u>91,758</u>	<u>42,681</u>	<u>29,450</u>	<u>51,726</u>	<u>2,701</u>	<u>28</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 375,056</u>	<u>\$ 114,318</u>	<u>\$ 631,398</u>	<u>\$ 127,605</u>	<u>\$ 51,726</u>	<u>\$ 2,701</u>	<u>\$ 11,696</u>
							<i>Continued</i>

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2020

	Nonmajor Special Revenue Funds						
	Sewer Connections Fund	Medical Savings Reserve Fund	Brownfield Mills Remediation Projects Fund	Parks and Recreation Programs Fund	Public Safety Complex Grant-In-Aid Fund	Library Programs and Activities Fund	Miscellaneous Grants Fund
ASSETS							
Cash and cash equivalents	\$ 2,266,577	\$ 432,747	\$ 8,633	\$ 18,077	\$ -	\$ 41,918	\$ 363,382
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	3,792	-	56,335	-	-	-	-
Loans	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,320	-
Due from other funds	-	-	-	-	-	-	15,000
Inventories	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 2,270,369</u>	<u>\$ 432,747</u>	<u>\$ 64,968</u>	<u>\$ 18,077</u>	<u>\$ -</u>	<u>\$ 43,238</u>	<u>\$ 378,382</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 1,213	-	\$ -	\$ 61,925
Due to other funds	731,224	-	64,968	7,150	303,500	922	19,052
Unearned revenue	-	-	-	-	-	13,098	-
Total liabilities	<u>731,224</u>	<u>-</u>	<u>64,968</u>	<u>8,363</u>	<u>303,500</u>	<u>14,020</u>	<u>80,977</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	<u>1,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	297,405
Committed	1,537,438	432,747	-	9,714	-	29,218	-
Unassigned	-	-	-	-	(303,500)	-	-
Total fund balances	<u>1,537,438</u>	<u>432,747</u>	<u>-</u>	<u>9,714</u>	<u>(303,500)</u>	<u>29,218</u>	<u>297,405</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,270,369</u>	<u>\$ 432,747</u>	<u>\$ 64,968</u>	<u>\$ 18,077</u>	<u>\$ -</u>	<u>\$ 43,238</u>	<u>\$ 378,382</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2020

	Nonmajor Special Revenue Funds				Nonmajor Capital Projects Funds		
	Miscellaneous Special Revenue Fund	Special Education Grants Fund	Senior Center Programs and Activities Fund	Total	Nonmajor Debt Service Fund	Recreational Fields	Senior Center Acquisition and Renovations Fund
ASSETS							
Cash and cash equivalents	\$ 978,525	\$ 990,652	\$ 33,174	\$ 7,429,855	\$ 2,177,641	\$ -	\$ 350,735
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	854,813	-	1,082,529	-	-	-
Loans	-	-	-	632,531	-	-	-
Assessments	-	-	-	508	-	-	-
Other	19,617	-	-	562,422	-	-	-
Due from other funds	7,150	13,946	70	75,555	188,688	1,153,550	-
Inventories	-	-	-	46,736	-	-	-
Prepaid items	-	-	-	1,050	-	-	-
Total assets	<u>\$ 1,005,292</u>	<u>\$ 1,859,411</u>	<u>\$ 33,244</u>	<u>\$ 9,831,186</u>	<u>\$ 2,366,329</u>	<u>\$ 1,153,550</u>	<u>\$ 350,735</u>
LIABILITIES							
Accounts payable	\$ 3,775	\$ 573,287	\$ 433	\$ 762,620	\$ -	\$ 11,000	\$ -
Due to other funds	101,975	293,270	-	1,923,065	-	-	-
Unearned revenue	-	825,629	-	855,557	-	-	-
Total liabilities	<u>105,750</u>	<u>1,692,186</u>	<u>433</u>	<u>3,541,242</u>	<u>-</u>	<u>11,000</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	1,690	1,170,469	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	47,786	-	-	-
Restricted	-	167,225	-	2,021,859	-	-	-
Committed	899,542	-	31,121	3,377,058	2,366,329	1,142,550	350,735
Unassigned	-	-	-	(327,228)	-	-	-
Total fund balances	<u>899,542</u>	<u>167,225</u>	<u>31,121</u>	<u>5,119,475</u>	<u>2,366,329</u>	<u>1,142,550</u>	<u>350,735</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,005,292</u>	<u>\$ 1,859,411</u>	<u>\$ 33,244</u>	<u>\$ 9,831,186</u>	<u>\$ 2,366,329</u>	<u>\$ 1,153,550</u>	<u>\$ 350,735</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2020

	Nonmajor Capital Projects Funds						
	School Roof Replacements and Renovations Fund	Pleasantview Dr Bridge Renovation Project 146-200 Fund	Phoenix Street Bridge Renovations Project 146-181 Fund	Dart Hill Road Bridge Renovations Project 146-20x Fund	Education Capital and Nonrecurring Fund	Alliance 20 Improvements Fund	South Street Reconstruction Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ 32,518	\$ 6,999	\$ 358,650	\$ 937,627	\$ 20	\$ 165,962
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	49,363	-	-	-	-	131,432
Loans	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	152,811	-	-
Inventories	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 81,881</u>	<u>\$ 6,999</u>	<u>\$ 358,650</u>	<u>\$ 1,090,438</u>	<u>\$ 20</u>	<u>\$ 297,394</u>
LIABILITIES							
Accounts payable	\$ -	\$ 8,301	\$ -	\$ 68,610	\$ 1,860	\$ 20	\$ 140,988
Due to other funds	-	40,409	-	-	-	-	24,216
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>48,710</u>	<u>-</u>	<u>68,610</u>	<u>1,860</u>	<u>20</u>	<u>165,204</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	33,171	6,999	290,040	1,088,578	-	132,190
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>33,171</u>	<u>6,999</u>	<u>290,040</u>	<u>1,088,578</u>	<u>-</u>	<u>132,190</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 81,881</u>	<u>\$ 6,999</u>	<u>\$ 358,650</u>	<u>\$ 1,090,438</u>	<u>\$ 20</u>	<u>\$ 297,394</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2020

	Nonmajor Capital Projects Funds						
	West Main St Bridge Renovations Fund	Town and School Improvements Projects Fund	Main St Bridge Renovations Fund	Citizens Block Renovations Fund	Safe Routes to Schools Fund	Exit 66/67 Sewer Feasibility System Evaluation Fund	Total
ASSETS							
Cash and cash equivalents	\$ 2,887	\$ 4,222	\$ 130	\$ 154,802	\$ -	\$ -	\$ 2,014,552
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	11,974	-	127,369	434,397	-	-	754,535
Loans	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	151,598	731,224	2,189,183
Inventories	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 14,861</u>	<u>\$ 4,222</u>	<u>\$ 127,499</u>	<u>\$ 589,199</u>	<u>\$ 151,598</u>	<u>\$ 731,224</u>	<u>\$ 4,958,270</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 58,695	\$ 73,858	\$ -	\$ 41,947	\$ 405,279
Due to other funds	22,321	4,222	50,716	300,653	-	-	442,537
Unearned revenue	-	-	-	-	151,598	-	151,598
Total liabilities	<u>22,321</u>	<u>4,222</u>	<u>109,411</u>	<u>374,511</u>	<u>151,598</u>	<u>41,947</u>	<u>999,414</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	18,088	214,688	-	689,277	3,966,316
Unassigned	(7,460)	-	-	-	-	-	(7,460)
Total fund balances	<u>(7,460)</u>	<u>-</u>	<u>18,088</u>	<u>214,688</u>	<u>-</u>	<u>689,277</u>	<u>3,958,856</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,861</u>	<u>\$ 4,222</u>	<u>\$ 127,499</u>	<u>\$ 589,199</u>	<u>\$ 151,598</u>	<u>\$ 731,224</u>	<u>\$ 4,958,270</u>
							<i>Continued</i>

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
AS OF JUNE 30, 2020

	Nonmajor Permanent Funds					
	Cemetery Trust Fund	Memorial Trust Fund	Rockville Library Trust Fund	Senior Center Endowment Trust Fund	Total	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 872,306	\$ 7,839	\$ 155,296	\$ 41,475	\$ 1,076,916	\$ 12,698,964
Investments	1,868,788	-	1,049,627	-	2,918,415	2,918,415
Receivables:						
Grants and contracts	-	-	-	-	-	1,837,064
Loans	-	-	-	-	-	632,531
Assessments	-	-	-	-	-	508
Other	-	-	-	-	-	562,422
Due from other funds	-	-	-	-	-	2,453,426
Inventories	-	-	-	-	-	46,736
Prepaid items	-	-	-	-	-	1,050
Total assets	<u>\$ 2,741,094</u>	<u>\$ 7,839</u>	<u>\$ 1,204,923</u>	<u>\$ 41,475</u>	<u>\$ 3,995,331</u>	<u>\$ 21,151,116</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 2,709	\$ -	\$ 2,709	\$ 1,170,608
Due to other funds	33,146	-	2,816	70	36,032	2,401,634
Unearned revenue	-	-	-	-	-	1,007,155
Total liabilities	<u>33,146</u>	<u>-</u>	<u>5,525</u>	<u>70</u>	<u>38,741</u>	<u>4,579,397</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	1,170,469
FUND BALANCES						
Nonspendable	1,762,123	5,000	-	-	1,767,123	1,814,909
Restricted	945,825	2,839	1,199,398	41,405	2,189,467	4,211,326
Committed	-	-	-	-	-	9,709,703
Unassigned	-	-	-	-	-	(334,688)
Total fund balances	<u>2,707,948</u>	<u>7,839</u>	<u>1,199,398</u>	<u>41,405</u>	<u>3,956,590</u>	<u>15,401,250</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,741,094</u>	<u>\$ 7,839</u>	<u>\$ 1,204,923</u>	<u>\$ 41,475</u>	<u>\$ 3,995,331</u>	<u>\$ 21,151,116</u>
						<i>Concluded</i>

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Special Revenue Funds						
	Cafeteria Fund	Town Clerk Special Fund	Insurance Exchange Fund	Town Aid Road Fund	Dog License Fund	Ambulance Medical Services Fund	Vernon Cemetery Commission Fund
REVENUES							
Grants and contracts	\$ 1,171,571	\$ -	\$ -	\$ 403,895	\$ -	\$ 28,712	\$ -
Charges for services	306,072	216,646	-	-	7,030	1,055,896	80,823
Licenses and permits	-	6,054	-	-	7,868	-	-
Contributions	-	-	-	-	60	-	300
Interest and dividend income	30	-	-	-	-	-	242
Net changes in the fair value of investments	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	771	-	-	-	-	-	3,068
Total revenues	<u>1,478,444</u>	<u>222,700</u>	<u>-</u>	<u>403,895</u>	<u>14,958</u>	<u>1,084,608</u>	<u>84,433</u>
EXPENDITURES							
Current:							
General government	-	222,700	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public safety	-	-	-	-	4,392	959,941	-
Maintenance and development	-	-	29,449	83,226	-	-	-
Human services	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-
Education	1,547,862	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	47,797	-
Total expenditures	<u>1,547,862</u>	<u>222,700</u>	<u>29,449</u>	<u>83,226</u>	<u>4,392</u>	<u>1,007,738</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(69,418)	-	(29,449)	320,669	10,566	76,870	84,433
OTHER FINANCING SOURCES (USES)							
Transfers in	100,000	-	-	-	-	-	31,213
Transfers out	-	-	-	-	-	(82,000)	-
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,000)</u>	<u>31,213</u>
Net change in fund balances	30,582	-	(29,449)	320,669	10,566	(5,130)	115,646
Fund balances - beginning	(7,574)	-	45,161	492,652	61,627	300,076	115,395
Fund balances - ending	<u>\$ 23,008</u>	<u>\$ -</u>	<u>\$ 15,712</u>	<u>\$ 813,321</u>	<u>\$ 72,193</u>	<u>\$ 294,946</u>	<u>\$ 231,041</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Special Revenue Funds						
	Special Education Excess Cost Reserve Fund	Adult Basic Education Tuition Fund	CDBG Small Cities Fund	Housing and Community Development Fund	Downstream Fund	Sidewalk Development Fund	Sewer Assessment Fund
REVENUES							
Grants and contracts	\$ 35,971	\$ 1,111,180	\$ 72,926	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Interest and dividend income	-	-	-	-	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	8,235
Other	-	-	27,130	-	-	-	-
Total revenues	35,971	1,111,180	100,056	-	-	-	8,235
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	108,610	-	-	-	-
Public safety	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-
Education	12,238	1,058,726	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	12,238	1,058,726	108,610	-	-	-	-
Excess (deficiency) of revenues over expenditures	23,733	52,454	(8,554)	-	-	-	8,235
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	(23,733)	-	-	-	-	-	(8,235)
Total other financing sources (uses)	(23,733)	-	-	-	-	-	(8,235)
Net change in fund balances	-	52,454	(8,554)	-	-	-	-
Fund balances - beginning	350,000	39,304	51,235	29,450	51,726	2,701	28
Fund balances - ending	\$ 350,000	\$ 91,758	\$ 42,681	\$ 29,450	\$ 51,726	\$ 2,701	\$ 28

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Special Revenue Funds						
	Sewer Connections Fund	Medical Savings Reserve Fund	Brownfield Mills Remediation Projects Fund	Parks and Recreation Programs Fund	Public Safety Complex Grant-In-Aid Fund	Library Programs and Activities Fund	Miscellaneous Grants Fund
REVENUES							
Grants and contracts	\$ -	\$ -	\$ 16,199	\$ -	\$ -	\$ -	\$ 312,785
Charges for services	-	-	-	387,249	-	232	-
Licenses and permits	223,925	-	-	-	-	-	-
Contributions	-	-	-	12,372	-	7,914	-
Interest and dividend income	23,340	5,724	-	-	-	46	-
Net changes in the fair value of investments	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,950	435,240
Total revenues	247,265	5,724	16,199	399,621	-	10,142	748,025
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	16,199	-	-	-	-
Public safety	-	-	-	-	-	-	761
Maintenance and development	26,721	-	-	-	-	-	-
Human services	-	-	-	-	-	-	92,069
Parks, recreation and culture	-	-	-	526,142	-	5,053	-
Education	-	-	-	-	-	17,003	511,165
Capital outlays	-	-	-	-	-	-	-
Total expenditures	26,721	-	16,199	526,142	-	22,056	603,995
Excess (deficiency) of revenues over expenditures	220,544	5,724	-	(126,521)	-	(11,914)	144,030
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	82,000	-	-
Transfers out	(731,224)	-	-	-	-	-	-
Total other financing sources (uses)	(731,224)	-	-	-	82,000	-	-
Net change in fund balances	(510,680)	5,724	-	(126,521)	82,000	(11,914)	144,030
Fund balances - beginning	2,048,118	427,023	-	136,235	(385,500)	41,132	153,375
Fund balances - ending	\$ 1,537,438	\$ 432,747	\$ -	\$ 9,714	\$ (303,500)	\$ 29,218	\$ 297,405

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Special Revenue Funds				Nonmajor Capital Projects Funds		
	Miscellaneous Special Revenue Fund	Special Education Grants Fund	Senior Center Programs and Activities Fund	Total	Nonmajor Debt Service Fund	Recreational Fields Fund	Senior Center Acquisition and Renovations Fund
REVENUES							
Grants and contracts	\$ -	\$ 5,335,085	\$ -	\$ 8,488,324	\$ -	\$ -	\$ -
Charges for services	-	-	37,853	2,091,801	-	-	-
Licenses and permits	46,407	-	-	284,254	-	-	-
Contributions	51,647	-	-	72,293	-	-	-
Interest and dividend income	-	-	-	29,382	25,542	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-
Assessments	-	-	-	8,235	-	-	-
Other	33,506	-	-	501,665	-	-	-
Total revenues	131,560	5,335,085	37,853	11,475,954	25,542	-	-
EXPENDITURES							
Current:							
General government	-	-	-	222,700	-	-	-
Community development	71,758	-	-	196,567	-	-	-
Public safety	68,913	-	-	1,034,007	-	-	-
Maintenance and development	-	-	-	139,396	-	-	-
Human services	62,423	-	21,226	175,718	-	-	-
Parks, recreation and culture	19,241	-	-	550,436	-	-	-
Education	-	5,318,583	-	8,465,577	-	-	-
Capital outlays	-	-	-	47,797	-	11,000	154,679
Total expenditures	222,335	5,318,583	21,226	10,832,198	-	11,000	154,679
Excess (deficiency) of revenues over expenditures	(90,775)	16,502	16,627	643,756	25,542	(11,000)	(154,679)
OTHER FINANCING SOURCES (USES)							
Transfers in	46,000	-	-	259,213	926,178	1,153,550	-
Transfers out	(15,000)	-	-	(860,192)	-	-	-
Total other financing sources (uses)	31,000	-	-	(600,979)	926,178	1,153,550	-
Net change in fund balances	(59,775)	16,502	16,627	42,777	951,720	1,142,550	(154,679)
Fund balances - beginning	959,317	150,723	14,494	5,076,698	1,414,609	-	505,414
Fund balances - ending	\$ 899,542	\$ 167,225	\$ 31,121	\$ 5,119,475	\$ 2,366,329	\$ 1,142,550	\$ 350,735

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVNERMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Capital Projects Funds						
	School Roof Replacements and Renovations Fund	Pleasantview Dr Bridge Renovation Project 146-200 Fund	Phoenix Street Bridge Renovations Project 146-181 Fund	Dart Hill Road Bridge Renovations Project 146-20x Fund	Education Capital and Nonrecurring Fund	Alliance 20 Improvements Fund	South Street Reconstruction Fund
REVENUES							
Grants and contracts	\$ -	\$ 25,028	\$ -	\$ -	\$ -	\$ -	\$ 32,106
Charges for services	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Contributions	-	-	-	-	6,225	-	-
Interest and dividend income	-	-	-	-	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	-	25,028	-	-	6,225	-	32,106
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlays	762	18,292	-	176,931	263,858	-	25,435
Total expenditures	762	18,292	-	176,931	263,858	-	25,435
Excess (deficiency) of revenues over expenditures	(762)	6,736	-	(176,931)	(257,633)	-	6,671
OTHER FINANCING SOURCES (USES)							
Transfers in	20,885	-	-	-	584,717	-	-
Transfers out	-	-	-	-	(20,885)	-	-
Total other financing sources (uses)	20,885	-	-	-	563,832	-	-
Net change in fund balances	20,123	6,736	-	(176,931)	306,199	-	6,671
Fund balances - beginning	(20,123)	26,435	6,999	466,971	782,379	-	125,519
Fund balances - ending	\$ -	\$ 33,171	\$ 6,999	\$ 290,040	\$ 1,088,578	\$ -	\$ 132,190

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVNERMENTAL FUNDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Capital Projects Funds						
	West Main St Bridge Renovations Fund	Town and School Improvements Projects Fund	Main St Bridge Renovations Fund	Citizens Block Renovations Fund	Safe Routes to Schools Fund	Exit 66/67 Sewer Feasibility System Evaluation Fund	Total
REVENUES							
Grants and contracts	\$ -	\$ -	\$ 188,648	\$ 434,397	\$ -	\$ -	\$ 680,179
Charges for services	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	6,225
Interest and dividend income	-	-	-	-	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	-	-	188,648	434,397	-	-	686,404
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	235,432	460,397	-	41,947	1,388,733
Total expenditures	-	-	235,432	460,397	-	41,947	1,388,733
Excess (deficiency) of revenues over expenditures	-	-	(46,784)	(26,000)	-	(41,947)	(702,329)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	731,224	2,490,376
Transfers out	-	(4,222)	-	-	-	-	(25,107)
Total other financing sources (uses)	-	(4,222)	-	-	-	731,224	2,465,269
Net change in fund balances	-	(4,222)	(46,784)	(26,000)	-	689,277	1,762,940
Fund balances - beginning	(7,460)	4,222	64,872	240,688	-	-	2,195,916
Fund balances - ending	<u>\$ (7,460)</u>	<u>\$ -</u>	<u>\$ 18,088</u>	<u>\$ 214,688</u>	<u>\$ -</u>	<u>\$ 689,277</u>	<u>\$ 3,958,856</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVNERMENTAL FUNDS (Concluded)
FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Permanent Funds					
	Cemetery Trust Fund	Memorial Trust Fund	Rockville Library Trust Fund	Senior Center Endowment Trust Fund	Total	Total Nonmajor Governmental Funds
REVENUES						
Grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,168,503
Charges for services	-	-	-	-	-	2,091,801
Licenses and permits	-	-	-	-	-	284,254
Contributions	9,287	-	449	1,585	11,321	89,839
Interest and dividend income	56,552	-	29,163	612	86,327	141,251
Net changes in the fair value of investments	42,099	-	38,671	-	80,770	80,770
Assessments	-	-	-	-	-	8,235
Other	-	-	-	-	-	501,665
Total revenues	107,938	-	68,283	2,197	178,418	12,366,318
EXPENDITURES						
Current:						
General government	-	-	9,199	-	9,199	231,899
Community development	-	-	-	-	-	196,567
Public safety	-	-	-	-	-	1,034,007
Maintenance and development	28,846	-	-	-	28,846	168,242
Human services	-	-	-	-	-	175,718
Parks, recreation and culture	-	-	-	-	-	550,436
Education	-	-	-	-	-	8,465,577
Capital outlays	-	-	71,047	-	71,047	1,507,577
Total expenditures	28,846	-	80,246	-	109,092	12,330,023
Excess (deficiency) of revenues over expenditures	79,092	-	(11,963)	2,197	69,326	36,295
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	3,675,767
Transfers out	(31,214)	-	-	-	(31,214)	(916,513)
Total other financing sources (uses)	(31,214)	-	-	-	(31,214)	2,759,254
Net change in fund balances	47,878	-	(11,963)	2,197	38,112	2,795,549
Fund balances - beginning	2,660,070	7,839	1,211,361	39,208	3,918,478	12,605,701
Fund balances - ending	\$ 2,707,948	\$ 7,839	\$ 1,199,398	\$ 41,405	\$ 3,956,590	\$ 15,401,250
						Concluded

INTERNAL SERVICE FUNDS

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

DATA PROCESSING

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

WORKERS' COMPENSATION

Accounts for the receipt of General and Sewer User Fund contributions to fund general government, education and water pollution related incurred workers' compensation claims. Contribution amounts are based on historical experience of claims incurred and paid. Effective July 1, 2019, workers compensation claims incurred on and after that date are no longer considered self-insured.

MEDICAL SELF-INSURANCE FUND

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

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION -
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2020

	Data Processing Fund	Workers' Compensation Fund	Medical Self-Insurance Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 540,700	\$ 1,693,546	\$ 1,221,111	\$ 3,455,357
Receivables	-	-	138	138
Prepaid expenses	100,399	-	-	100,399
Due from other funds	6,096	-	101	6,197
Total current assets	<u>647,195</u>	<u>1,693,546</u>	<u>1,221,350</u>	<u>3,562,091</u>
Capital assets:				
Depreciable, net	1,476,670	-	-	1,476,670
Total noncurrent assets	<u>1,476,670</u>	<u>-</u>	<u>-</u>	<u>1,476,670</u>
Total assets	<u>2,123,865</u>	<u>1,693,546</u>	<u>1,221,350</u>	<u>5,038,761</u>
LIABILITIES				
Current liabilities:				
Accounts payable	62,936	-	-	62,936
Claims payable	-	404,333	24,804	429,137
Compensated absences	50,227	-	-	50,227
Due to other funds	35,253	-	-	35,253
Total current liabilities	<u>148,416</u>	<u>404,333</u>	<u>24,804</u>	<u>577,553</u>
Noncurrent liabilities:				
Claims payable	-	1,316,740	-	1,316,740
Compensated absences	16,589	-	-	16,589
Total non-current liabilities	<u>16,589</u>	<u>1,316,740</u>	<u>-</u>	<u>1,333,329</u>
Total liabilities	<u>165,005</u>	<u>1,721,073</u>	<u>24,804</u>	<u>1,910,882</u>
NET POSITION				
Net investment in capital assets	1,476,670	-	-	1,476,670
Unrestricted	482,190	(27,527)	1,196,546	1,651,209
Total net position	<u>\$ 1,958,860</u>	<u>\$ (27,527)</u>	<u>\$ 1,196,546</u>	<u>\$ 3,127,879</u>

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Data Processing Fund	Workers' Compensation Fund	Medical Self-Insurance Fund	Total
OPERATING REVENUES				
Charges for services	\$ 1,989,165	\$ 556,098	\$ 562,115	\$ 3,107,378
Other	2,460	-	75	2,535
Total operating revenues	<u>1,991,625</u>	<u>556,098</u>	<u>562,190</u>	<u>3,109,913</u>
OPERATING EXPENSES				
Wages and benefits	1,123,105	-	-	1,123,105
Repairs, maintenance and rentals	521,884	-	-	521,884
Utilities	18,474	-	-	18,474
Supplies and materials	1,644	-	-	1,644
General and administrative	138,095	27,796	46,229	212,120
Claims incurred	-	(1,016,943)	370,544	(646,399)
Depreciation	208,295	-	-	208,295
Total operating expenses	<u>2,011,497</u>	<u>(989,147)</u>	<u>416,773</u>	<u>1,439,123</u>
Operating income (loss)	(19,872)	1,545,245	145,417	1,670,790
NON-OPERATING REVENUES				
Interest income	-	7,740	7,608	15,348
Income (loss) before transfers	(19,872)	1,552,985	153,025	1,686,138
TRANSFERS				
Transfer in	<u>4,222</u>	<u>-</u>	<u>-</u>	<u>4,222</u>
Change in net position	(15,650)	1,552,985	153,025	1,690,360
Net position - beginning	<u>1,974,510</u>	<u>(1,580,512)</u>	<u>1,043,521</u>	<u>1,437,519</u>
Net position - ending	<u>\$ 1,958,860</u>	<u>\$ (27,527)</u>	<u>\$ 1,196,546</u>	<u>\$ 3,127,879</u>

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Data Processing Fund	Workers' Compensation Fund	Medical Self-Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for the following:				
Charges for services	\$ 1,991,625	\$ 556,098	\$ 562,115	\$ 3,109,838
Other operating revenues received	-	30,653	3,096	33,749
Cash paid for the following:				
Claims incurred	-	(319,256)	(427,034)	(746,290)
Employee wages and benefits	(1,118,282)	-	-	(1,118,282)
Goods and services	(722,306)	-	-	(722,306)
Net cash provided by operating activities	<u>151,037</u>	<u>267,495</u>	<u>138,177</u>	<u>556,709</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	<u>(123,024)</u>	<u>-</u>	<u>-</u>	<u>(123,024)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>-</u>	<u>7,740</u>	<u>7,608</u>	<u>15,348</u>
Net change in cash and cash equivalents	28,013	275,235	145,785	449,033
Cash and cash equivalents, beginning of year	512,687	1,418,311	1,075,326	3,006,324
Cash and cash equivalents, end of year	<u>\$ 540,700</u>	<u>\$ 1,693,546</u>	<u>\$ 1,221,111</u>	<u>\$ 3,455,357</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (19,872)	\$ 1,545,245	\$ 145,417	\$ 1,670,790
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	208,295	-	-	208,295
Changes in assets and liabilities:				
Decrease in receivables	-	30,653	3,021	33,674
Decrease in accounts payable	(38,366)	(1,308,403)	(10,160)	(1,356,929)
Decrease in prepaid expenses	4,192	-	-	4,192
Increase in accrued liabilities	4,823	-	-	4,823
Increase in due to other funds	(8,035)	-	(101)	(8,136)
Net cash provided by operating activities	<u>\$ 151,037</u>	<u>\$ 267,495</u>	<u>\$ 138,177</u>	<u>\$ 556,709</u>

FIDUCIARY FUNDS

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

PENSION TRUST FUNDS

A fiduciary fund type used to report resources that are required to be held in trust for the member and beneficiaries of defined benefit pension plans.

The Town has three pension plans covering substantially all of its employees, except teachers who are covered by the State Teachers' Retirement Fund. The Town Plan is a contributory defined benefit plan. The Police Plan is a contributory defined benefit plan. The LOSAP Plan is a non-contributory defined benefit plan for fire department volunteers.

OPEB TRUST FUNDS

A fiduciary fund type is used to report resources accumulated for the payment of retiree health insurance costs in accordance with employee bargaining agreements.

PRIVATE-PURPOSE TRUST FUNDS

To account for the activities of various restricted school awards.

AGENCY FUNDS

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

School Activity – To account for the expenditure of educational extracurricular activities of the various schools. Financing is provided by individual fundraising projects.

Miscellaneous Activity – To account for activities of summer school, regional adult education and continuing education programs.

Bid Bond Deposit – A fund to account for bid bonds which are held to assure performance by contracted vendors on projects for the Town.

C-PACE Benefit Assessments – This fund receives Commercial Property Assessed Clean Energy program loan repayments on-behalf of the State from participating businesses which are remitted to Connecticut Green Bank.

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
AGENCY FUNDS
AS OF JUNE 30, 2020

	School Activity Fund	Miscellaneous Activity Fund	Bid Bond Deposit Fund	C-PACE Benefit Assessments Fund	Total
ASSETS					
Cash and cash equivalents	\$ 290,261	\$ 233,918	\$ 167,878	\$ 2,384	\$ 694,441
Receivables	7,973	66	-	-	8,039
Total assets	<u>\$ 298,234</u>	<u>\$ 233,984</u>	<u>\$ 167,878</u>	<u>\$ 2,384</u>	<u>\$ 702,480</u>
LIABILITIES					
Due to others	\$ 298,234	\$ 211,570	\$ 167,878	\$ 2,384	\$ 680,066
Payables	-	22,414	-	-	22,414
Total liabilities	<u>\$ 298,234</u>	<u>\$ 233,984</u>	<u>\$ 167,878</u>	<u>\$ 2,384</u>	<u>\$ 702,480</u>

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Balance, June 30, 2019	Additions	Deletions	Balance, June 30, 2020
School Activity Fund				
Assets:				
Cash and cash equivalents	\$ 278,476	\$ 245,359	\$ 233,574	\$ 290,261
Receivables	7,973	-	-	7,973
Total assets	<u>\$ 286,449</u>	<u>\$ 245,359</u>	<u>\$ 233,574</u>	<u>\$ 298,234</u>
Liabilities:				
Due to others	<u>\$ 286,449</u>	<u>\$ 245,359</u>	<u>\$ 233,574</u>	<u>\$ 298,234</u>
Miscellaneous Activity Fund				
Assets:				
Cash and cash equivalents	\$ 189,037	\$ 190,561	\$ 145,680	\$ 233,918
Receivables	66	-	-	66
Total assets	<u>\$ 189,103</u>	<u>\$ 190,561</u>	<u>\$ 145,680</u>	<u>\$ 233,984</u>
Liabilities:				
Due to others	\$ 169,119	\$ 178,511	\$ 136,060	\$ 211,570
Payables	19,984	12,050	9,620	22,414
Total liabilities	<u>\$ 189,103</u>	<u>\$ 190,561</u>	<u>\$ 145,680</u>	<u>\$ 233,984</u>
Bid Bond Deposit Fund				
Assets:				
Cash and cash equivalents	<u>\$ 172,273</u>	<u>\$ 14,400</u>	<u>\$ 18,795</u>	<u>\$ 167,878</u>
Liabilities:				
Due to others	<u>\$ 172,273</u>	<u>\$ 14,400</u>	<u>\$ 18,795</u>	<u>\$ 167,878</u>
C-Pace Benefit Assessments Fund				
Assets:				
Cash and cash equivalents	<u>\$ 1,884</u>	<u>\$ 151,323</u>	<u>\$ 150,823</u>	<u>\$ 2,384</u>
Liabilities:				
Due to others	<u>\$ 1,884</u>	<u>\$ 151,323</u>	<u>\$ 150,823</u>	<u>\$ 2,384</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 641,670	\$ 601,643	\$ 548,872	\$ 694,441
Receivables	8,039	-	-	8,039
Total assets	<u>\$ 649,709</u>	<u>\$ 601,643</u>	<u>\$ 548,872</u>	<u>\$ 702,480</u>
Liabilities:				
Due to others	\$ 629,725	\$ 589,593	\$ 539,252	\$ 680,066
Payables	19,984	12,050	9,620	22,414
Total liabilities	<u>\$ 649,709</u>	<u>\$ 601,643</u>	<u>\$ 548,872</u>	<u>\$ 702,480</u>

STATISTICAL SECTION

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 (Table 12):

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information (Table 13 - 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 presented in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TREND DATA SECTION

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 1

TOWN OF VERNON, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net investment in capital assets	\$ 95,834,210	\$ 102,048,034	\$ 107,081,145	\$ 111,596,204	\$ 117,079,226	\$ 113,236,903	\$ 121,663,258	\$ 126,560,421	\$ 138,611,668	\$ 142,415,468
Restricted for:										
Endowments:										
Expendable	409,284	394,323	510,963	599,215	599,304	557,664	712,370	826,421	2,160,643	2,189,467
Nonexpendable	1,500,092	1,696,935	1,696,935	1,707,760	1,718,860	1,718,860	1,743,985	1,757,835	1,757,835	1,767,123
Grant programs	361,873	93,400	409,496	420,308	409,919	374,621	550,518	1,157,220	586,382	926,683
Sewer assessment	-	-	89,392	20,152	10,464	84	28	28	28	28
Cemeteries	2,103,563	512,639	184,036	186,559	129,428	94,237	74,513	82,682	114,345	229,991
Housing and community development	-	-	29,450	29,450	112,257	113,984	119,000	109,274	80,685	72,131
Education programs	534,712	559,169	157,770	108,553	324,395	434,575	557,736	515,604	560,368	701,268
Adult education	-	-	-	-	72,671	17,298	41,239	31,837	39,304	91,758
Unrestricted	6,733,222	12,288,256	7,962,107	7,699,805	(38,202,259)	(30,420,414)	(35,404,457)	(39,520,431)	(39,476,684)	(34,218,656)
Total Net Position - Governmental Activities	<u>107,476,956</u>	<u>117,592,756</u>	<u>118,121,294</u>	<u>122,368,006</u>	<u>82,254,265</u>	<u>86,127,812</u>	<u>90,058,190</u>	<u>91,520,891</u>	<u>104,434,574</u>	<u>114,175,261</u>
Business-Type Activities:										
Net investment in capital assets	11,052,631	10,640,331	10,110,672	10,719,298	10,294,619	9,804,653	9,567,003	9,231,706	8,870,382	8,636,882
Unrestricted	5,612,991	6,851,173	8,121,996	9,203,267	7,490,120	8,543,715	9,403,122	9,144,495	9,102,031	9,211,833
Total Net Position - Business-Type Activities	<u>16,665,622</u>	<u>17,491,504</u>	<u>18,232,668</u>	<u>19,922,565</u>	<u>17,784,739</u>	<u>18,348,368</u>	<u>18,970,125</u>	<u>18,376,201</u>	<u>17,972,413</u>	<u>17,848,715</u>
Primary Government:										
Net investment in capital assets	106,886,841	112,688,365	117,191,817	122,315,502	127,373,845	123,041,556	131,230,261	135,792,127	147,482,050	151,052,350
Restricted for:										
Endowments:										
Expendable	-	394,323	510,963	599,215	599,304	557,664	712,370	826,421	2,160,643	2,189,467
Nonexpendable	1,909,376	1,696,935	1,696,935	1,707,760	1,718,860	1,718,860	1,743,985	1,757,835	1,757,835	1,767,123
Grant programs	361,873	93,400	409,496	420,308	409,919	374,621	550,518	1,157,220	586,382	926,683
Sewer assessment	-	-	89,392	20,152	10,464	84	28	28	28	28
Cemeteries	2,103,563	512,639	184,036	186,559	129,428	94,237	74,513	82,682	114,345	229,991
Housing and community development	-	-	29,450	29,450	112,257	113,984	119,000	109,274	80,685	72,131
Education programs	534,712	559,169	157,770	108,553	324,395	434,575	557,736	515,604	560,368	701,268
Adult education	-	-	-	-	72,671	17,298	41,239	31,837	39,304	91,758
Unrestricted	12,346,213	19,139,429	16,084,103	16,903,072	(30,712,139)	(21,876,699)	(26,001,335)	(30,375,936)	(30,374,653)	(25,006,823)
Total Net Position - Primary Government	<u>\$ 124,142,578</u>	<u>\$ 135,084,260</u>	<u>\$ 136,353,962</u>	<u>\$ 142,290,571</u>	<u>\$ 100,039,004</u>	<u>\$ 104,476,180</u>	<u>\$ 109,028,315</u>	<u>\$ 109,897,092</u>	<u>\$ 122,406,987</u>	<u>\$ 132,023,976</u>

* Restated due to inclusion of pension liability, effective July 1, 2014.

TABLE 2

TOWN OF VERNON, CONNECTICUT
CHANGES IN NET POSITION
(ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
(UNAUDITED)

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Expenses:										
General government	\$ 5,633,603	\$ 5,374,112	\$ 5,907,367	\$ 5,497,317	\$ 5,673,665	\$ 6,397,451	\$ 6,076,452	\$ 5,726,965	\$ 5,923,426	\$ 5,528,254
Community development	2,057,937	638,976	419,554	605,573	548,397	603,740	497,261	516,403	434,475	584,946
Public safety	12,480,725	16,324,643	12,414,267	12,686,921	14,215,899	14,550,637	14,975,891	14,218,806	14,959,888	13,623,628
Maintenance and development	10,405,706	8,937,010	8,841,241	11,401,777	10,116,217	11,025,727	15,085,714	12,373,159	11,444,665	11,196,472
Human services	1,403,991	1,384,782	1,310,967	1,300,698	1,391,161	1,296,978	1,469,554	1,321,334	1,602,732	1,592,119
Parks, recreation and culture	2,610,713	2,391,015	2,657,811	2,552,523	2,661,919	2,614,666	3,182,850	3,226,817	4,371,420	3,202,174
Education	58,846,481	58,713,021	63,366,856	65,638,249	66,522,642	67,270,471	68,502,574	75,318,075	67,833,325	76,052,699
Interest on long-term debt	1,920,229	1,502,045	1,626,972	1,348,996	1,403,135	1,792,161	1,426,711	1,563,477	1,535,696	1,380,973
Total expenses	95,359,385	95,265,604	96,545,035	101,032,054	102,533,035	105,551,831	111,217,007	114,265,036	108,105,627	113,161,265
Program Revenues:										
Charges for services:										
General government	821,502	958,550	1,033,606	1,118,278	1,425,021	1,775,305	1,250,953	1,464,231	1,611,470	1,532,052
Community development	9,434	8,973	8,422	10,183	8,812	11,472	94,311	45,406	92,146	57,948
Public safety	1,254,690	1,137,357	1,092,752	1,291,753	1,204,428	1,496,729	2,053,102	2,377,758	1,770,204	2,148,576
Maintenance and development	569,932	617,746	590,490	469,094	556,001	525,845	528,937	726,735	235,363	699,900
Human services	-	-	-	-	-	-	79,352	123,453	153,985	118,762
Parks, recreation and culture	712,592	718,122	778,727	804,255	861,914	899,878	919,706	953,588	960,507	684,927
Education	1,078,802	1,129,934	984,549	1,060,476	1,045,766	1,256,755	1,166,626	1,238,827	1,086,993	989,881
Operating grants and contributions	30,019,905	32,226,232	29,920,655	31,446,928	32,660,452	33,703,632	35,384,900	38,647,706	30,416,836	37,558,104
Capital grants and contributions	2,770,498	8,082,486	835,929	4,390,500	2,637,723	2,103,224	3,750,012	2,950,461	4,230,984	3,791,048
Total program revenues	37,237,355	44,879,400	35,245,130	40,591,467	40,400,117	41,772,840	45,227,899	48,528,165	40,558,488	47,581,198
Net Program Expense	(58,122,030)	(50,386,204)	(61,299,905)	(60,440,587)	(62,132,918)	(63,778,991)	(65,989,108)	(65,736,871)	(67,547,139)	(65,580,067)
General revenues:										
Property taxes	57,508,605	57,711,708	58,971,919	62,672,181	64,166,823	66,111,585	68,129,637	70,636,382	73,175,891	73,840,194
Grants and contributions not restricted to specific programs	1,223,183	1,503,374	1,671,664	1,157,706	1,054,078	898,432	1,532,993	905,765	1,124,707	794,291
Investment income	281,909	35,105	135,297	146,202	37,394	(3,363)	256,856	245,173	578,316	685,870
Miscellaneous	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	-	-	-	-	-	-	-	-	-	399
Total general revenues	60,202,006	60,502,004	61,828,443	64,687,299	66,100,267	67,652,538	69,919,486	71,787,320	74,878,914	75,320,754
Special item - transfer of library operations	-	-	-	-	-	-	-	-	5,581,908	-
Total Change in Net Position	2,079,976	10,115,800	528,538	4,246,712	3,967,349	3,873,547	3,930,378	6,050,449	12,913,683	9,740,687
Net Position July 1 (as restated)	105,396,980	107,476,956	117,592,756	118,121,294	78,286,916	b 82,254,265	86,127,812	85,470,442	c 91,520,891	104,434,574
Net Position June 30	\$ 107,476,956	\$ 117,592,756	\$ 118,121,294	\$ 122,368,006	\$ 82,254,265	\$ 86,127,812	\$ 90,058,190	\$ 91,520,891	\$ 104,434,574	\$ 114,175,261

(Continued)

TABLE 2 (Continued)

TOWN OF VERNON, CONNECTICUT
CHANGES IN NET POSITION (Continued)
(ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
(UNAUDITED)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-Type Activities:										
Expenses:										
Sewer	\$ 5,607,772	\$ 5,644,652	\$ 5,644,174	\$ 5,370,748	\$ 4,614,237	\$ 5,240,935	\$ 5,657,815	\$ 6,428,958	\$ 6,065,710	\$ 5,348,785
Building rental	220,378	181,037	186,503	217,673	196,324	204,593	205,667	211,897	180,436	180,763
Total expenses	<u>5,828,150</u>	<u>5,825,689</u>	<u>5,830,677</u>	<u>5,588,421</u>	<u>4,810,561</u>	<u>5,445,528</u>	<u>5,863,482</u>	<u>6,640,855</u>	<u>6,246,146</u>	<u>5,529,548</u>
Revenues:										
Charges for services:										
Sewer use	6,484,860	6,226,800	6,198,859	5,985,632	5,698,447	5,818,367	5,989,522	5,967,655	5,378,154	5,069,546
Building rental	169,113	161,398	165,268	168,848	167,117	166,831	165,721	165,721	166,354	146,457
Operating grants and contributions	-	-	-	-	-	-	17,209	7,948	-	41,468
Capital grants and contributions	-	-	-	-	6,248	360	292,493	67,470	132,186	9,020
Total revenues	<u>6,653,973</u>	<u>6,388,198</u>	<u>6,364,127</u>	<u>6,154,480</u>	<u>5,871,812</u>	<u>5,985,558</u>	<u>6,464,945</u>	<u>6,208,794</u>	<u>5,676,694</u>	<u>5,266,491</u>
Net Program (Expenses) Revenues	825,823	562,509	533,450	566,059	1,061,251	540,030	601,463	(432,061)	(569,452)	(263,057)
General revenues:										
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Investment income	5,869	641	724	277	1,181	9,800	20,294	45,650	165,664	139,758
Miscellaneous	379,659	262,732	206,990	9,812	17,784	13,799	-	-	-	-
Capital contributions	-	-	-	1,113,749	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(399)
Total general revenues	<u>385,528</u>	<u>263,373</u>	<u>207,714</u>	<u>1,123,838</u>	<u>18,965</u>	<u>23,599</u>	<u>20,294</u>	<u>45,650</u>	<u>165,664</u>	<u>139,359</u>
Total Change in Net Position	1,211,351	825,882	741,164	1,689,897	1,080,216	563,629	621,757	(386,411)	(403,788)	(123,698)
Net Position July 1 (as restated)	15,454,271	16,665,622	17,491,504	18,232,668	16,704,523 b	17,784,739	\$ 18,348,368	\$ 18,762,612 c	\$ 18,376,201	\$ 17,972,413
Net Position, June 30	<u>\$ 16,665,622</u>	<u>\$ 17,491,504</u>	<u>\$ 18,232,668</u>	<u>\$ 19,922,565</u>	<u>\$ 17,784,739</u>	<u>\$ 18,348,368</u>	<u>\$ 18,970,125</u>	<u>\$ 18,376,201</u>	<u>\$ 17,972,413</u>	<u>\$ 17,848,715</u>
Total Change in Net Position	3,291,327	10,941,682	1,269,702	5,936,609	5,047,565	4,437,176	4,552,135	5,664,038	12,509,895	9,616,989
Net Position, July 1 (as restated)	120,851,251	124,142,578	135,084,260	136,353,962	94,991,439 b	100,039,004	\$ 104,476,180	\$ 104,233,054 c	\$ 109,897,092	\$ 122,406,987
Net Position, June 30	<u>\$ 124,142,578</u>	<u>\$ 135,084,260</u>	<u>\$ 136,353,962</u>	<u>\$ 142,290,571</u>	<u>\$ 100,039,004</u>	<u>\$ 104,476,180</u>	<u>\$ 109,028,315</u>	<u>\$ 109,897,092</u>	<u>\$ 122,406,987</u>	<u>\$ 132,023,976</u>

(Concluded)

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

c - Net position restated to reflect cumulative effect on GASB No. 75 Other Post Employment Benefits reporting.

TABLE 3

TOWN OF VERNON, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fund Balances - Governmental Funds	FISCAL YEAR END									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable, as restated	\$ 857,747	\$ 714,782	\$ 625,082	\$ 957,770	\$ 1,464,018	\$ 1,448,917	\$ 1,925,692	\$ 2,258,353	\$ 3,254,535	\$ 544,767
Assigned	2,122,970	1,820,141	1,388,542	1,540,633	2,003,342	2,729,466	3,201,676	2,149,417	1,319,062	997,702
Unassigned, as restated	8,097,348	8,579,604	9,390,566	10,184,939	10,817,427	12,781,873	14,080,738	16,945,977	19,297,219	21,018,091
Total General Fund	<u>11,078,065</u>	<u>11,114,527</u>	<u>11,404,190</u>	<u>12,683,342</u>	<u>14,284,787</u>	<u>16,960,256</u>	<u>19,208,106</u>	<u>21,353,747</u>	<u>23,870,816</u>	<u>22,560,560</u>
All Other Governmental Funds:										
Nonspendable	1,941,521	1,728,792	1,733,192	1,736,239	1,749,521	1,740,472	1,775,492	1,787,893	1,789,907	1,814,909
Restricted	3,000,148	1,559,531	1,381,107	1,364,237	1,658,438	1,570,851	2,169,261	2,723,066	3,541,755	4,211,326
Committed	4,037,469	4,063,022	3,068,867	6,590,021	6,472,283	7,899,613	6,271,373	7,846,724	9,253,805	14,320,219
Assigned	443,291	499,582	892,047	180,000	180,000	180,000	-	-	-	-
Unassigned	(4,930,052)	(873,722)	(887,804)	(2,593,688)	(7,752,478)	(929,811)	(2,073,076)	(3,426,711)	(5,746,935)	(13,895,318)
Total Fund Balance - All Other Governmental Funds	<u>4,492,377</u>	<u>6,977,205</u>	<u>6,187,409</u>	<u>7,276,809</u>	<u>2,307,764</u>	<u>10,461,125</u>	<u>8,143,050</u>	<u>8,930,972</u>	<u>8,838,532</u>	<u>6,451,136</u>
Total Governmental Funds:										
Nonspendable	2,799,268	2,443,574	2,358,274	2,694,009	3,213,539	3,189,389	3,701,184	4,046,246	5,044,442	2,359,676
Restricted	3,000,148	1,559,531	1,381,107	1,364,237	1,658,438	1,570,851	2,169,261	2,723,066	3,541,755	4,211,326
Committed	4,037,469	4,063,022	3,068,867	6,590,021	6,472,283	7,899,613	6,271,373	7,846,724	9,253,805	14,320,219
Assigned	2,566,261	2,319,723	2,280,589	1,720,633	2,183,342	2,909,466	3,201,676	2,149,417	1,319,062	997,702
Unassigned	3,167,296	7,705,882	8,502,762	7,591,251	3,064,949	11,852,062	12,007,662	13,519,266	13,550,284	7,122,773
Total Fund Balances - Governmental Funds	<u>\$ 15,570,442</u>	<u>\$ 18,091,732</u>	<u>\$ 17,591,599</u>	<u>\$ 19,960,151</u>	<u>\$ 16,592,551</u>	<u>\$ 27,421,381</u>	<u>\$ 27,351,156</u>	<u>\$ 30,284,719</u>	<u>\$ 32,709,348</u>	<u>\$ 29,011,696</u>

NOTE: Prepared on the modified accrual basis of accounting.

TABLE 4

TOWN OF VERNON, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

Changes in Fund Balances - Governmental Funds	For the fiscal year ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Property taxes	\$ 57,387,268	\$ 57,327,038	\$ 58,939,088	\$ 62,683,962	\$ 64,116,182	\$ 66,502,928	\$ 67,962,636	\$ 70,116,452	\$ 72,973,560	\$ 73,224,601
Intergovernmental	33,737,936	41,746,995	32,106,379	36,692,587	36,041,125	36,498,965	39,922,904	37,434,993	39,545,066	39,089,234
Assessments	51,769	11,527	4,683	8,735	10,380	22,472	-	-	-	8,235
Charges for services	4,449,485	4,462,560	4,355,989	4,551,193	4,984,511	5,832,562	5,329,923	5,732,282	4,760,625	4,418,926
Gifts and contributions	434,480	630,479	781,887	534,642	650,683	553,044	190,596	424,619	193,065	656,589
Income on investments	280,957	35,009	135,176	146,145	40,012	73,098	92,952	151,891	595,345	605,100
Net change in fair value of investments	-	-	-	-	(2,618)	(76,461)	163,904	93,282	163,779	80,770
Other	1,136,540	1,067,789	1,000,431	691,650	820,492	978,613	1,415,424	1,127,797	1,228,332	1,101,603
Total Revenues	<u>97,478,435</u>	<u>105,281,397</u>	<u>97,323,633</u>	<u>105,308,914</u>	<u>106,660,767</u>	<u>110,385,221</u>	<u>115,078,339</u>	<u>115,081,316</u>	<u>119,459,772</u>	<u>119,185,058</u>
Expenditures:										
General government	3,053,491	3,284,356	3,248,285	3,434,887	3,597,134	3,700,966	3,651,238	3,863,391	3,962,666	3,880,593
Community development	1,953,760	629,269	301,852	491,759	440,127	468,123	352,377	391,321	330,991	407,327
Public safety	8,767,903	12,514,139	9,178,663	8,992,975	9,512,816	9,738,400	9,655,144	9,356,730	9,966,761	9,635,186
Maintenance and development	6,102,700	5,784,605	5,622,410	5,855,039	6,302,123	6,732,520	8,688,681	6,716,745	6,579,966	5,776,891
Human services	1,044,049	1,035,291	1,056,536	1,021,879	1,061,248	1,037,486	1,028,732	1,014,647	1,226,745	1,210,771
Parks, recreation and culture	2,058,075	1,943,657	2,023,123	2,258,749	2,163,123	2,256,867	2,351,919	2,564,368	2,680,213	2,406,302
Townwide	7,321,967	6,806,996	7,054,780	7,107,547	7,469,937	7,933,163	8,017,224	8,391,849	8,734,918	8,575,319
Education	58,090,674	58,693,310	61,283,091	64,217,906	65,031,245	65,260,728	66,060,717	68,175,233	69,071,615	69,909,939
Capital outlay	5,765,044	5,863,902	4,053,503	3,753,735	8,742,077	8,849,041	11,945,063	11,640,667	11,622,392	14,833,878
Debt service:										
Principal	3,796,764	4,644,693	4,659,209	4,408,742	4,356,238	4,649,173	4,394,641	4,074,861	4,533,483	4,787,587
Interest	1,941,450	1,959,138	1,397,144	1,397,144	1,352,299	1,499,107	1,458,645	1,527,426	1,572,249	1,455,093
Total Expenditures	<u>99,895,877</u>	<u>103,159,356</u>	<u>99,878,596</u>	<u>102,940,362</u>	<u>110,028,367</u>	<u>112,125,574</u>	<u>117,604,381</u>	<u>117,717,238</u>	<u>120,281,999</u>	<u>122,878,886</u>
Excess of Revenues over Expenditures	<u>(2,417,442)</u>	<u>2,122,041</u>	<u>(2,554,963)</u>	<u>2,368,552</u>	<u>(3,367,600)</u>	<u>(1,740,353)</u>	<u>(2,526,042)</u>	<u>(2,635,922)</u>	<u>(822,227)</u>	<u>(3,693,828)</u>
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	3,755,000	-	-	-	-	6,130,000	6,350,000	4,400,000	3,387,000	-
Bond anticipation notes	-	-	-	-	-	6,350,000	2,200,000	3,138,000	-	-
Bond / BAN premium and accrued interest	39,712	-	-	-	-	89,183	255,817	231,485	200,413	-
Repayment of notes	-	-	-	-	-	-	(6,350,000)	(2,200,000)	(1,525,000)	-
Transfer of library operations	-	-	-	-	-	-	-	-	1,184,443	-
Lease purchase of equipment	106,412	-	2,010,000	-	-	-	-	-	-	-
Sale of Assets	-	172,501	44,830	-	-	-	-	-	-	-
Transfers in	1,900,387	1,955,665	2,245,806	2,484,435	2,350,227	3,096,890	3,131,792	4,289,556	3,633,557	8,284,324
Transfers out	(2,328,916)	(1,955,665)	(2,245,806)	(2,484,435)	(2,350,227)	(3,096,890)	(3,131,792)	(4,289,556)	(3,633,557)	(8,288,147)
Net Other Financing Sources (Uses)	<u>3,472,595</u>	<u>399,249</u>	<u>2,054,830</u>	<u>-</u>	<u>-</u>	<u>12,569,183</u>	<u>2,455,817</u>	<u>5,569,485</u>	<u>3,246,856</u>	<u>(3,823)</u>
Net Change in Fund Balances	<u>\$ 1,055,153</u>	<u>\$ 2,521,290</u>	<u>\$ (500,133)</u>	<u>\$ 2,368,552</u>	<u>\$ (3,367,600)</u>	<u>\$ 10,828,830</u>	<u>\$ (70,225)</u>	<u>\$ 2,933,563</u>	<u>\$ 2,424,629</u>	<u>\$ (3,697,651)</u>
Debt Service as a percentage of noncapital expenditures	<u>6.05%</u>	<u>7.09%</u>	<u>6.32%</u>	<u>5.81%</u>	<u>5.66%</u>	<u>6.00%</u>	<u>5.56%</u>	<u>5.31%</u>	<u>5.74%</u>	<u>5.70%</u>
Debt Service as a percentage of total expenditures	<u>5.74%</u>	<u>6.40%</u>	<u>6.06%</u>	<u>5.64%</u>	<u>5.19%</u>	<u>5.48%</u>	<u>4.98%</u>	<u>4.76%</u>	<u>5.08%</u>	<u>5.08%</u>

NOTE: Schedule prepared on the modified accrual basis of accounting

TABLE 5

TOWN OF VERNON, CONNECTICUT
TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(In Thousands of Dollars)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Grand List as of 10/1	Real Property				(3) Personal Property	(3) Motor Vehicles*	Total Assessed Value of All Property	Less Exemptions	Net Assessed Value (Net Taxable Grand List)	(4) Total Direct Tax Rate (Mill Rate)****	Estimated Actual Value All Property	Ratio of Assessed Value to Estimated Actual Value
		(1) Residential	(1) Commercial/ Industrial	(1) Vacant / Use Assess.	(2) Total								
2020	2018	\$ 1,086,853	\$ 468,630	\$ 10,264	\$ 1,565,747	\$ 96,373	\$ 186,228	\$ 1,848,348	\$ 18,278	\$ 1,830,070	39.63	\$ 2,864,053	64.54%
2019	2017	1,085,330	457,723	11,039	1,554,092	99,541	186,780	1,840,413	20,187	1,820,226	39.63	2,955,054	62.28%
2018	2016	*** 1,083,608	447,502	11,878	1,542,988	86,312	183,244	1,812,544	17,713	1,794,831	38.55	2,576,069	70.36%
2017	2015	1,146,488	368,921	6,350	1,521,759	82,321	180,716	1,784,796	16,099	1,768,697	37.93	2,529,667	70.55%
2016	2014	1,142,602	367,152	6,425	1,516,179	89,335	180,314	1,785,828	18,745	1,767,083	36.91	2,565,109	69.62%
2015	2013	1,137,949	364,583	7,202	1,509,734	85,341	184,647	1,779,722	17,671	1,762,051	36.11	2,536,923	70.15%
2014	2012	1,133,280	359,258	7,470	1,500,008	75,767	176,322	1,752,097	17,716	1,734,381	35.40	2,418,110	72.46%
2013	2011	*** 1,130,299	355,469	8,646	1,494,414	82,581	181,538	1,758,533	20,093	1,738,440	33.63	2,501,860	70.29%
2012	2010	1,270,682	402,280	9,273	1,682,235	84,559	165,126	1,931,920	17,347	1,914,573	29.90	2,555,955	75.59%
2011	2009	1,262,353	402,533	8,889	1,673,775	81,908	157,390	1,913,073	18,434	1,894,639	30.02	2,474,000	77.33%

* Excludes assessed value on supplemental motor vehicle listings.

*** Revaluation.

**** Represents blended mil rate.

(1) Includes public utility property.

(2) The latest real estate revaluation was effective for the October 1, 2016 Grand List. Real estate is assessed at 70% of estimated full value.

(3) The basis of assessment is 70% of estimated full value for personal property and motor vehicles which are assessed annually.

(4) Tax rate is per \$1,000 of assessed value.

Source of data: Town Assessor's office.

TABLE 6

TOWN OF VERNON, CONNECTICUT
PRINCIPAL PROPERTY TAX PAYERS
FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2011
(UNAUDITED)

Taxpayer	Fiscal Years Ended June 30,					
	2020			2011		
	Taxable Assessed Value (10/01/18 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/09 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)
Chapman and Mansions LLC	\$ 76,252,290	1	4.17%	\$ 47,176,170	1	2.49%
Evandro Santini & Woodbrook LLC	54,346,500	2	2.97%	20,268,160	4	1.07%
Connecticut Water Company	28,778,619	3	1.57%	21,045,230	3	1.11%
Tri City Improvements, LLC	26,604,960	4	1.45%	30,292,700	2	1.60%
Prospect Rockville Hospital / ECHN	22,105,230	5	1.21%			
Connecticut Light & Power/Yankee Gas Co.	19,329,250	6	1.06%	18,520,760	5	0.98%
CE Vernon II, LLC	16,584,520	7	0.91%	15,571,120	6	0.82%
Boston Rockville / Boston Vernon	8,529,810	8	0.47%	8,349,540	8	0.44%
Briar Knoll Apartments	7,933,180	9	0.43%			
New West Apartments	6,793,240	10	0.37%			
Chapman Acres, LLC				9,004,930	7	0.48%
Parkwest Residents Association				7,684,030	9	0.41%
Kerensky, Schneider (Risley Trust)				6,842,300	10	0.36%
Total Top 10 Taxpayers	267,257,599		14.60%	184,754,940		9.75%
* Based on 10/1 Net Taxable Grand List of:	\$ 1,830,070,306			\$ 1,894,638,804		

Source: Town of Vernon, Tax Assessor's Department

TABLE 7

TOWN OF VERNON, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Grand List Oct 1,	Current Year Levy			Current Levy Collected within the Fiscal Year of the Levy		Collections of Current Levy Subsequent Years	Total Levy Collections to Date			Uncollected Collectible Taxes June 30, 2019
		Original Current Year Levy	Adjustments to date	Adjusted Current Year Levy	Amount	Percentage of Original Levy		Amount	Percentage of Original Levy	Percentage of Adjusted Levy	
2020	2018	\$ 73,535,721	\$ (176,099)	\$ 73,359,622	\$ 72,139,857	98.1%	\$ -	\$ 72,139,857	98.1%	98.3%	\$ 1,219,765
2019	2017	72,976,496	(244,507)	72,731,989	71,718,449	98.3%	453,962	72,172,411	98.9%	99.2%	559,578
2018	2016	69,992,863	332,684	70,325,547	69,399,587	99.2%	755,141	70,154,728	100.2%	99.8%	170,819
2017	2015	67,980,089	(310,089)	67,670,000	66,936,857	98.5%	659,322	67,596,179	99.4%	99.9%	73,821
2016	2014	65,976,102	(319,300)	65,656,802	65,021,214	98.6%	594,509	65,615,723	99.5%	99.9%	41,079
2015	2013	64,211,229	(272,978)	63,938,251	63,158,074	98.4%	744,724	63,902,798	99.5%	99.9%	35,453
2014	2012	62,079,457	9,854	62,089,311	61,327,304	98.8%	733,007	62,060,311	100.0%	100.0%	29,000
2013	2011	58,943,099	(350,411)	58,592,688	57,812,300	98.1%	754,359	58,566,659	99.4%	100.0%	26,029
2012	2010	57,542,153	(205,429)	57,336,724	56,603,238	98.4%	701,090	57,304,328	99.6%	99.9%	32,396
2011	2009	57,205,162	(133,106)	57,072,056	56,484,922	98.7%	555,082	57,040,004	99.7%	99.9%	32,052

Note: The latest revaluation was effective for the October 1, 2016 Grand List. Property is taxed by the Town of Vernon only.

Source of Data:

Town of Vernon, Finance Department
Town of Vernon, Tax Collector

TABLE 8

TOWN OF VERNON, CONNECTICUT
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities							Total Primary Government	Estimated Actual Value of Property (in thousands of \$)	Total Debt as a % of Estimated Actual Value of Property	Population (3)	Total Debt Per Capita	Per Capita Personal Income (4)	Total Debt as a % of Per Capita Personal Income	Personal Income as a % of Total Debt
	General Obligation Bonds				Unamortized Bond Premiums	Notes Payable	Leases Payable								
	General Purpose	School	Sewer	Total											
								Total All Debt (1)	(2)						
2020	\$ 24,805,000	\$ 12,807,000	\$ 363,000	\$ 37,975,000	\$ 519,188	\$ -	\$ 312,777	\$ 38,806,965	\$ 2,864,053	1.35%	29,359	\$ 1,322	n/a	n/a	n/a
2019	27,233,000	14,826,000	416,000	42,475,000	561,213	-	465,300	43,501,513	2,955,054	1.47%	29,303	1,485	\$ 57,307	2.59%	0.13%
2018	27,464,000	16,850,000	469,000	44,783,000	401,633	-	693,718	45,878,351	2,576,069	1.78%	29,289	1,566	56,614	2.77%	0.12%
2017	23,904,000	18,733,000	523,000	43,160,000	228,933	-	918,516	44,307,449	2,529,667	1.75%	29,148	1,520	54,818	2.77%	0.12%
2016	23,053,000	20,480,000	577,000	44,110,000	-	826,194	1,139,748	46,075,942	2,565,109	1.80%	28,959	1,591	52,466	3.03%	0.11%
2015	11,488,500	22,084,500	632,000	34,205,000	-	2,454,022	1,357,473	38,016,495	2,536,923	1.50%	29,098	1,306	52,311	2.50%	0.14%
2014	12,410,000	23,693,000	687,000	36,790,000	-	4,049,643	1,579,841	42,419,484	2,418,110	1.75%	29,161	1,455	49,598	2.93%	0.12%
2013	13,317,000	25,275,000	743,000	39,335,000	-	5,613,695	1,798,543	46,747,238	2,501,860	1.87%	29,122	1,605	47,623	3.37%	0.10%
2012	14,182,000	27,003,000	1,005,000	42,190,000	-	7,160,338	46,109	49,396,447	2,555,955	1.93%	29,179	1,693	47,524	3.56%	0.10%
2011	15,508,000	29,723,000	1,324,000	46,555,000	-	8,695,599	75,395	55,325,994	2,474,000	2.24%	29,205	1,894	45,645	4.15%	0.08%

Source of data:

- (1) Town of Vernon, Finance Department.
(2) Estimated Actual Value of Property provided by State Office of Policy and Management and Town Assessor's Office.
(3) Population estimates are provided by the Connecticut Department of Public Health except for the Fiscal Year (FY) 2011/12 population estimate which was provided by the U.S. Census Bureau.
(4) Per capita income is for Tolland County, of which Vernon is part of. Per capita income for fiscal year-end 2020 is not available.

n/a - Information is not yet available.

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

TABLE 9

TOWN OF VERNON, CONNECTICUT
RATIO OF NET GENERAL OBLIGATION DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Total General Obligation Bonds (1)	Unamortized General Obligation Bond Premiums	Other General Obligation Debt				Total Net General Obligation Debt	Net General Obligation Debt as a % of Estimated Actual Value of Property (2)	Net General Obligation Debt Per Capita (3)
			Notes Payable	Less Funds Provided by Surrounding Municipalities	Leases Payable	Total Net Other General Debt			
2020	\$ 37,975,000	\$ 519,188	\$ -	\$ -	\$ 312,777	\$ 831,965	\$ 38,806,965	1.35%	\$ 1,322
2019	42,475,000	561,213	-	-	465,300	1,026,513	43,501,513	1.47%	1,485
2018	44,783,000	401,633	-	-	693,718	1,095,351	45,878,351	1.78%	1,566
2017	43,160,000	228,933	-	-	918,516	1,147,449	44,307,449	1.75%	1,520
2016	44,110,000	-	826,194	(177,837)	1,139,748	1,788,105	45,898,105	1.79%	1,585
2015	34,205,000	-	2,454,022	(528,225)	1,357,473	3,283,270	37,488,270	1.48%	1,288
2014	36,790,000	-	4,049,643	(871,680)	1,579,841	4,757,804	41,547,804	1.72%	1,425
2013	39,335,000	-	5,613,695	(1,208,340)	1,798,543	6,203,898	45,538,898	2.22%	1,564
2012	42,190,000	-	7,160,338	(1,538,339)	46,109	5,668,108	47,858,108	1.87%	1,640
2011	46,555,000	-	8,695,599	(1,861,809)	75,395	6,909,185	53,464,185	2.16%	1,831

(1) See Table 8 for components of General Obligation Bonds.

(2) Estimated Actual Value of Property - See Table 5.

(3) Population - See Table 8.

TABLE 10

TOWN OF VERNON, CONNECTICUT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Bolton Lakes Regional Water Pollution Control Authority	\$ 2,025,958	100%	\$ 2,025,958
Subtotal, overlapping debt			2,025,958
Town direct debt			38,806,965
Total direct and overlapping debt			<u>\$ 40,832,923</u>

Source: Town of Vernon, Finance Department

TABLE 11

TOWN OF VERNON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	2011	2012	2013	2014	2015
Debt limit	\$ 401,786,343	\$ 401,538,851	\$ 411,836,390	\$ 437,941,686	\$ 449,852,739
Total net debt applicable to limit	70,017,242	63,497,343	55,338,576	76,292,782	70,000,325
Legal Debt Margin	<u>\$ 331,769,101</u>	<u>\$ 338,041,508</u>	<u>\$ 356,497,814</u>	<u>\$ 361,648,904</u>	<u>\$ 379,852,414</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>17.43%</u>	<u>15.81%</u>	<u>13.44%</u>	<u>17.42%</u>	<u>15.56%</u>
	2016	2017	2018	2019	2020
Debt limit	\$ 464,838,675	\$ 477,242,262	\$ 492,664,200	\$ 510,970,460	\$ 512,720,481
Total net debt applicable to limit	68,645,611	71,058,289	70,458,225	148,800,161	144,066,740
Legal Debt Margin	<u>\$ 396,193,064</u>	<u>\$ 406,183,973</u>	<u>\$ 422,205,975</u>	<u>\$ 362,170,299</u>	<u>\$ 368,653,741</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>14.77%</u>	<u>14.89%</u>	<u>14.30%</u>	<u>29.12%</u>	<u>28.10%</u>

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	(1) Median Age	(2) Personal Income (in thousands of dollars)	(2) Per Capita Personal Income	School Enrollment	Annual Change in School Enrollment	Unemployment Rate (June 30,)	Labor Force (June 30,)
2020	29,359	n/a	n/a	n/a	3,120	14	11.3%	17,693
2019	29,303	37.9	\$ 8,637,429	\$ 57,307	3,106	31	3.7%	17,641
2018	29,289	38.1	8,544,286	56,614	3,075	-111	4.2%	17,418
2017	29,148	39.2	8,302,286	54,818	3,186	18	4.9%	17,454
2016	28,959	39.5	7,928,531	52,466	3,168	-70	5.9%	17,208
2015	29,098	39.3	7,920,906	52,311	3,238	-79	5.2%	17,362
2014	29,161	40.4	7,507,486	49,598	3,317	-123	6.6%	17,047
2013	29,122	39.7	7,224,684	47,623	3,440	-110	7.5%	16,819
2012	29,179	40.5	7,220,143	47,524	3,550	-46	8.0%	17,444
2011	29,205	40.4	6,986,297	45,645	3,596	-107	8.4%	17,923

n/a - Information is not yet available.

Sources of data:

Population estimates are provided by the Connecticut Department of Public Health, except for fiscal year-ending 2012 which was provided by the U.S. Census Bureau

(1) Median Age data is shown for Tolland County, Connecticut of which Vernon is a part of. This information is provided by American FactFinder for years 2010 to 2018 (no longer available) and from Connecticut Demographics for 2019.

(2) Personal Income and Per Capita Personal Income are identified for Tolland County, Connecticut, of which Vernon is a part of. This information is provided by the Bureau of Economic Analysis, U.S. Department of Commerce and prior year estimates were all revised.

School Enrollment is provided by the Vernon Office of Superintendent of Schools.

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

TABLE 13

TOWN OF VERNON, CONNECTICUT
MAJOR EMPLOYERS
FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2011
(UNAUDITED)

Major Employer	2020			2011		
	Number Employed	Rank	Percentage of Total Town Employment	Number Employed	Rank	Percentage of Total Town Employment
Town of Vernon	818	1	4.6%	842	1	4.7%
Rockville General Hospital	414	2	2.3%	521	2	2.9%
Visiting Nurse and Health Services	343	3	1.9%	458	3	2.6%
Stop & Shop	266	4	1.5%	320	4	1.8%
Vernon Manor	186	5	1.1%	175	8	1.0%
Shop Rite	186	6	1.1%			
Fox Hill Nursing and Rehabilitation	157	7	0.9%	171	9	1.0%
State of Connecticut	145	8	0.8%	204	6	1.1%
T. J. Maxx & Home Goods	117	9	0.7%			
Rein's Delicatessen	90	10	0.5%	160	10	0.9%
Price Chopper				221	5	1.2%
New England Mechanical Services				200	7	1.1%
Total	<u>2,722</u>		<u>15.4%</u>	<u>3,272</u>		<u>18.3%</u>
Labor Force			<u>17,693</u>			<u>17,923</u>

Source: Town of Vernon Economic Development Department

TABLE 14

TOWN OF VERNON, CONNECTICUT
MUNICIPAL EMPLOYMENT, BY BARGAINING UNIT
JUNE 30, 2020
(UNAUDITED)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Municipal Employment										
Board of Education	598	597	580	629	615	622	640	635	631	638
General Government	220	219	212	212	209	208	206	205	204	204
Total	<u>818</u>	<u>816</u>	<u>792</u>	<u>841</u>	<u>824</u>	<u>830</u>	<u>846</u>	<u>840</u>	<u>835</u>	<u>842</u>

	Bargaining Unit	Employees Covered at 6/30/2020	Current Contract Expiration Date
<u>Board of Education</u>			
Clerical / Custodial / Maintenance	Local 1303, AFSCME, AFL-CIO	65	6/30/23 (2)
Teachers	Vernon Education Association	310	6/30/25 (3)
School Administrators	Vernon School Administrators Association	19	6/30/22
School Nurses	Vernon School Nurses' Association	8	6/30/23
Cafeteria	United Food & Commercial Workers, Local 919, AFL-CIO	28	6/30/23 (2)
Plant Operation Supervisors	Local 818, Council #4, Supervisors	2	6/30/22
Service Aids & Teacher Assistants	Vernon Federation of Paraprofessionals	115	6/30/23 (2)
Librarians / Media Managers / Assistants	Local 1303-279, AFSCME, AFL-CIO	8	6/30/23
Non-Bargaining Employees	Not affiliated - salaried	43	n/a
	Total Board of Education	<u>598</u>	
<u>General Government</u>			
	Bargaining Unit		
Police officers	Vernon Police Association	48	6/30/22
Public Works/ Parks / Water Pollution	Local 1471, AFSCME, AFL-CIO	62	6/30/22
Public Works Supervisors	Local 818, AFSCME, AFL-CIO	5	6/30/21
Civilian Police Department Employees	Local 47, Connecticut Independent Laborers Union	13	6/30/23
Professionals	Local 818 Professionals, AFSCME, AFL-CIO	25	6/30/22
Professional Supervisors	Local 818 Professionals, AFSCME, AFL-CIO	8	6/30/22
Waste Treatment Plant Supervisors	Local 818, AFSCME, AFL-CIO	3	6/30/19 (1)
Non-Bargaining Employees	Not affiliated	56	n/a
	Total General Government	<u>220</u>	

Source of data:

Board of Education, Business Office.

General Government, Town Administration.

(1) In negotiation

(2) Subsequent to June 30, 2020, this bargaining agreement was ratified through June 30, 2023

(3) Subsequent to June 30, 2020, this bargaining agreement was ratified through June 30, 2025

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Administrative	9	8	7	7	7	7	7	7	7	7
Finance	14	14	14	14	14	14	14	13	13	13
Town Clerk	3	3	3	3	3	3	3	3	3	3
Data processing	12	12	12	12	11	11	10	10	4	4
Community Development:										
Planning	2	2	2	2	2	2	2	2	2	2
Economic Development	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police	64	64	64	64	64	64	64	64	67	67
Fire / Ambulance	3	3	3	3	2	2	2	2	2	2
Building	6	6	7	7	7	6	5	5	5	5
Animal Control	2	2	2	2	2	2	2	2	2	2
Maintenance and development:										
Public Works	48	48	46	46	46	47	47	47	48	48
Engineering	3	3	4	4	4	4	4	4	4	4
Water Pollution Control	23	23	22	22	22	22	22	22	22	22
Human Services:										
Youth Services	3	3	3	4	3	3	3	3	3	3
Social Services	4	4	4	4	4	4	4	4	4	4
Senior Center	4	4	4	3	3	3	3	3	3	3
Parks and Recreation:										
Administration	5	5	5	5	5	5	5	5	6	6
Parks Maintenance	7	7	7	7	7	6	6	6	6	6
Library	5	5								
Townwide:										
Cemeteries	2	2	2	2	2	2	2	2	2	2
Subtotal Town Hall employees	220	219	212	212	209	208	206	205	204	204
Education	598	597	580	629	615	622	640	635	631	638
Total Full-Time Employees	818	816	792	841	824	830	846	840	835	842

Source: Vernon Finance 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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Community Development										
Planning Administration:										
Number of Inland Wetland applications	5	8	8	7	10	9	7	9	8	7
Number of Planning/Zoning applications (both indicators based on calendar year)	15	14	22	20	17	14	22	22	19	26
Public Safety										
Police:										
Number of crimes	273	309	328	271	334	103	277	360	339	314
Number of motor vehicle infractions	753	749	1,463	949	789	1,010	678	1,002	1,108	1,126
Number of citations	3,475	3,094	5,231	4,070	3,304	3,517	3,465	5,206	4,814	6,157
Number of service calls (all indicators based on calendar year)	20,127	19,379	19,753	20,461	19,027	18,689	18,448	19,454	19,261	19,149
Building Inspection:										
Building permits issued	1,395	1,566	1,798	2,202	2,400	2,130	1,938	1,903	2,017	1,794
Building inspections conducted	2,925	2,368	3,150	2,661	4,812	5,514	7,596	7,594	7,669	6,350
Maintenance and Development										
General Maintenance:										
Miles of streets paved / reconstructed	14.10	13.38	10.06	18.02	14.94	15.30	10.21	1.64	1.11	6.02
Refuse Collection and Disposal:										
Tons of Municipal Solid Waste collected	7,700.00	7,441.00	7,339.10	7,151.56	7,187.91	7,158.84	7,178.17	6,740.80	7,641.02	7,570.10
Tons of Bulky Waste received	1,885.30	1,911.50	1,563.92	1,490.82	1,541.05	1,362.42	1,462.63	1,366.38	1,516.90	1,363.80
Recycling:										
Tons of Recyclables collected	2,313.20	2,304.90	2,433.18	2,490.23	2,566.03	2,462.33	2,528.12	2,510.82	2,492.44	2,442.90
Tons of Waste Motor Oil received	7.0	5.8	3.5	5.2	3.5	4.4	3.5	2.4	2.7	5.0
Tons of Metal received	266	233	199	215	158	159	162	162	168	185
Tons of Electronics received	78.8	73.8	68.8	71.2	73.0	72.0	74.8	69.5	78.0	19.8
Units of Lead Acid Batteries received	60	51	47	52	63	70	89	102	42	104
Parks and Recreation										
Recreation programs:										
Number of programs offered (1)	72	107	104	100	108	112	108	89	94	97
Number of summer camp participants (2)	0	2,876	2,321	2,669	2,756	2,696	2,618	2,378	2,301	2,042
Townwide										
Vernon Cemeteries:										
Number of cemetery lots sold	24	30	31	32	27	37	31	71	65	41
Number of burials / cremations	56	83	76	60	72	81	72	87	63	90
Water Pollution Control Facility:										
Average daily sewage treatment (thousands of gallons)	4,168	4,093	3,490	2,840	2,890	3,160	3,210	2,825	3,424	3,120

Source of data: Various town departments.

(1) FYE 2020: Excludes 33 programs canceled due to coronavirus 19 pandemic

(2) FYE 2020: 0 participants due to coronavirus 19 pandemic

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)

FUNCTION/PROGRAM	FISCAL YEAR ENDED JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
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	163	170	180	183	168	166	166	155	160	158
Maintenance and Development:										
Miles of improved roads	113.48	113.48	113.03	113.00	113.00	112.78	112.78	112.78	112.34	112.34
Miles of unimproved roads	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Miles of sanitary sewers	122.2	122.2	122.0	120.0	112.9	112.9	112.9	112.9	112.9	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	28	26	26	26	26	26	26	26	26	26
Acres of park land	591.42	582.52	582.52	582.52	582.52	582.52	582.52	582.52	582.52	579.52
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.

TABLE 18

TOWN OF VERNON, CONNECTICUT
GENERAL FUND
BALANCE SHEET
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Assets										
Cash and cash equivalents	\$ 22,893,309	\$ 20,970,663	\$ 24,300,526	\$ 15,394,454	\$ 13,861,671	\$ 12,656,001	\$ 12,682,587	\$ 9,068,082	\$ 11,160,475	\$ 11,307,402
Receivables:										
Property taxes	2,166,369	1,685,060	1,557,421	1,285,423	1,491,096	1,736,071	1,819,045	1,754,356	1,618,936	1,370,094
Grants and other	195,949	103,493	174,675	45,696	69,493	202,558	103,857	868,194	3,982,406	632,078
Due from other funds	5,579,743	10,593,644	6,242,797	5,309,418	5,417,912	8,326,930	3,359,413	3,746,953	2,105,434	2,255,426
Prepaid items	544,767	587,300	558,850	595,917	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	129,500	-	-	-	-
Total Assets	<u>\$ 31,380,137</u>	<u>\$ 33,940,160</u>	<u>\$ 32,834,269</u>	<u>\$ 22,630,908</u>	<u>\$ 20,840,172</u>	<u>\$ 23,051,060</u>	<u>\$ 17,964,902</u>	<u>\$ 15,437,585</u>	<u>\$ 18,867,251</u>	<u>\$ 15,565,000</u>
Liabilities										
Accounts payable	\$ 1,131,710	\$ 1,050,129	\$ 1,258,498	\$ 958,331	\$ 1,054,590	\$ 1,129,926	\$ 1,243,216	\$ 936,300	\$ 857,826	\$ 1,039,133
Accrued wages and benefits	459,313	325,684	407,607	341,339	672,962	525,010	438,418	326,395	392,237	748,115
Due to other funds	462,877	467,822	795,529	767,767	667,277	501,580	234,446	844,442	788,442	804,219
Unearned revenue	319,815	316,176	362,618	306,216	319,882	301,386	293,879	289,007	297,872	288,810
Total Liabilities	<u>2,373,715</u>	<u>2,159,811</u>	<u>2,824,252</u>	<u>2,373,653</u>	<u>2,714,711</u>	<u>2,457,902</u>	<u>2,209,959</u>	<u>2,396,144</u>	<u>2,336,377</u>	<u>2,880,277</u>
Deferred Inflows of Resources										
Advanced tax collections	4,279,493	6,224,473	7,098,849	5,319	-	4,800,790	1,629,621	109,695	3,775,450	5,877
Unavailable revenues	2,166,369	1,685,060	1,557,421	1,043,830	1,165,205	1,507,581	1,441,980	1,527,556	1,640,897	1,600,781
Total Deferred Inflows of Resources	<u>6,445,862</u>	<u>7,909,533</u>	<u>8,656,270</u>	<u>1,049,149</u>	<u>1,165,205</u>	<u>6,308,371</u>	<u>3,071,601</u>	<u>1,637,251</u>	<u>5,416,347</u>	<u>1,606,658</u>
Fund Equity										
Nonspendable	544,767	3,254,535	2,258,353	1,925,692	1,448,917	1,464,018	957,770	625,082	714,782	857,747
Assigned	997,702	1,319,062	2,149,417	3,201,676	2,729,466	2,003,342	1,540,633	1,388,542	1,820,141	2,122,970
Unassigned	21,018,091	19,297,219	16,945,977	14,080,738	12,781,873	10,817,427	10,184,939	9,390,566	8,579,604	8,097,348
Total fund equity	<u>22,560,560</u>	<u>23,870,816</u>	<u>21,353,747</u>	<u>19,208,106</u>	<u>16,960,256</u>	<u>14,284,787</u>	<u>12,683,342</u>	<u>11,404,190</u>	<u>11,114,527</u>	<u>11,078,065</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 31,380,137</u>	<u>\$ 33,940,160</u>	<u>\$ 32,834,269</u>	<u>\$ 22,630,908</u>	<u>\$ 20,840,172</u>	<u>\$ 23,051,060</u>	<u>\$ 17,964,902</u>	<u>\$ 15,437,585</u>	<u>\$ 18,867,251</u>	<u>\$ 15,565,000</u>

Source: Town of Vernon, Finance Department.

TABLE 19

TOWN OF VERNON, CONNECTICUT
GENERAL FUND
REVENUES BY SOURCE AND OTHER FINANCING SOURCES - GAAP BASIS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Revenues By Source								On-Behalf Payments	Other Financing Sources	Revenues and Other Financing Sources	
	Property Taxes	Intergovernmental	Charges for Services	Licenses and Permits	Gifts and Contributions	Fines and Penalties	Investment Income	Other			Total	Annual % Increase
2020 % of Total	\$ 73,224,601 70.7%	\$ 18,885,696 18.2%	\$ 1,495,985 1.5%	\$ 803,933 0.8%	\$ - 0.0%	\$ 11,899 0.0%	\$ 463,849 0.4%	\$ 501,580 0.5%	\$ 8,103,581 7.8%	\$ 8,235 0.0%	\$ 103,499,359 100.0%	0.3%
2019 % of Total	72,973,560 70.7%	18,912,215 18.3%	1,567,087 1.5%	423,922 0.4%	- 0.0%	33,170 0.0%	449,557 0.4%	755,315 0.7%	7,981,121 7.7%	65,425 0.1%	103,161,372 100.0%	4.3%
2018 % of Total	70,116,452 70.9%	19,101,973 19.3%	1,473,242 1.5%	985,405 1.0%	- 0.0%	101,419 0.1%	62,936 0.1%	577,141 0.6%	6,379,589 6.4%	133,003 0.1%	98,931,160 100.0%	2.6%
2017 % of Total	67,962,636 70.5%	19,688,630 20.4%	1,337,058 1.4%	800,744 0.8%	- 0.0%	21,716 0.0%	28,277 0.0%	456,813 0.5%	6,030,310 6.3%	73,286 0.1%	96,399,470 100.0%	1.0%
2016 % of Total	66,502,928 69.7%	19,224,840 20.1%	1,426,501 1.5%	1,557,541 1.6%	- 0.0%	111,596 0.1%	14,060 0.0%	510,816 0.5%	5,895,525 6.2%	237,180 0.2%	95,480,987 100.0%	2.8%
2015 % of Total	64,116,182 69.0%	19,415,486 20.9%	1,431,194 1.5%	831,371 0.9%	- 0.0%	94,347 0.1%	1,369 0.0%	490,685 0.5%	6,360,944 6.8%	167,162 0.2%	92,908,740 100.0%	2.0%
2014 % of Total	62,683,962 68.8%	19,327,891 21.2%	1,498,391 1.7%	531,337 0.6%	- 0.0%	21,903 0.0%	136 0.0%	480,030 0.5%	6,285,839 6.9%	222,961 0.2%	91,052,450 100.0%	4.6%
2013 % of Total	58,939,088 67.7%	20,104,837 23.1%	1,276,169 1.5%	547,833 0.6%	- 0.0%	18,615 0.0%	1,054 0.0%	416,345 0.5%	5,170,568 5.9%	572,915 0.7%	87,047,424 100.0%	-1.1%
2012 % of Total	57,327,038 65.1%	22,856,032 26.0%	1,341,318 1.5%	563,598 0.6%	- 0.0%	20,251 0.0%	2,810 0.0%	579,446 0.7%	4,982,679 5.7%	329,270 0.4%	88,002,442 100.0%	3.7%
2011 % of Total	57,387,268 67.6%	20,710,835 24.4%	1,386,203 1.6%	491,675 0.6%	- 0.0%	10,193 0.0%	27,227 0.0%	739,529 0.9%	3,865,043 4.6%	280,095 0.3%	84,898,068 100.0%	5.0%

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 Develop.	Public Safety	Maintenance and Develop.	Human Services	Parks, Recreation and Culture	Townwide	Education & On-Behalf Payments	Capital Outlay	Debt Service		Total	Annual % Increase
2020	\$ 3,648,694	\$ 210,760	\$ 8,601,179	\$ 5,608,649	\$ 1,035,053	\$ 1,855,866	\$ 8,575,319	\$ 61,444,362	\$ 215,419	\$ 6,242,680	\$ 7,371,634	\$ 104,809,615	4.1%
% of Total	3.5%	0.2%	8.2%	5.4%	1.0%	1.8%	8.2%	58.6%	0.2%	5.9%	7.0%	100.0%	
2019	3,958,019	237,348	8,897,450	5,877,282	1,022,428	1,814,408	8,734,918	60,608,276	223,674	6,048,071	3,222,429	100,644,303	4.0%
% of Total	3.9%	0.3%	8.8%	5.8%	1.0%	1.8%	8.7%	60.2%	0.2%	6.0%	3.2%	100.0%	
2018	3,858,068	308,006	8,239,281	5,721,529	929,904	1,601,828	8,391,849	59,077,409	412,942	5,538,195	2,706,508	96,785,519	2.8%
% of Total	4.0%	0.3%	8.5%	5.9%	1.0%	1.7%	8.7%	61.0%	0.4%	5.7%	2.8%	100.0%	
2017	3,645,882	259,219	8,533,042	5,504,582	915,790	1,496,065	8,017,224	58,063,598	257,845	4,910,864	2,547,509	94,151,620	1.5%
% of Total	3.9%	0.3%	9.1%	5.8%	1.0%	1.6%	8.5%	61.7%	0.3%	5.2%	2.7%	100.0%	
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	4,046,597	2,183,065	91,307,395	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%	0.3%	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%	

Source: Town of Vernon, Finance Department

TABLE 21

TOWN OF VERNON, CONNECTICUT
SEWER ASSESSMENTS BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Current Assessment Receivable, July 1,	Assessment Billings	Assessment Collections	Current Assessment Receivable, June 30,
2020	\$ 508	\$ 8,235	\$ 8,235	\$ 508
2019	508	2,925	2,925	508
2018	508	70,500	70,500	508
2017	527	9,666	9,685	508
2016	834	16,400	16,707	527
2015	985	9,362	9,513	834
2014	1,016	8,597	8,628	985
2013	1,086	4,391	4,461	1,016
2012	825	11,253	10,992	1,086
2011	1,263	47,913	48,351	825

Source: 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 Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Additions:										
Contributions:										
Employer	\$ 4,761,905	\$ 4,553,212	\$ 4,388,529	\$ 4,358,821	\$ 4,062,749	\$ 3,688,522	\$ 3,266,289	\$ 3,199,500	\$ 3,399,576	\$ 2,604,841
Employee	1,227,534	1,256,855	1,320,899	1,295,754	1,403,018	1,389,713	1,369,933	1,332,034	1,238,650	1,232,063
Net investment income (loss)	11,894,725	(2,632,992)	8,231,748	3,945,608	460,955	3,128,463	7,861,240	4,787,526	100,809	4,054,823
Total additions to Net Position	17,884,164	3,177,075	13,941,176	9,600,183	5,926,722	8,206,698	12,497,462	9,319,060	4,739,035	7,891,727
Deductions:										
Benefit payments / annuity purchases	7,027,159	6,681,608	6,292,742	6,295,600	5,561,889	5,051,222	4,839,395	4,340,495	4,061,246	3,678,415
Refunds of contributions	131,668	294,463	234,263	30,299	225,532	348,070	62,064	74,631	29,190	71,754
Administrative expense	179,968	190,877	195,440	203,643	144,869	191,218	176,206	178,039	174,509	156,607
Total deductions to Net Position	7,338,795	7,166,948	6,722,445	6,529,542	5,932,290	5,590,510	5,077,665	4,593,165	4,264,945	3,906,776
Change in Plan Net Position	<u>\$ 10,545,369</u>	<u>\$ (3,989,873)</u>	<u>\$ 7,218,731</u>	<u>\$ 3,070,641</u>	<u>\$ (5,568)</u>	<u>\$ 2,616,188</u>	<u>\$ 7,419,797</u>	<u>\$ 4,725,895</u>	<u>\$ 474,090</u>	<u>\$ 3,984,951</u>
Employer contributions as a percentage of covered payroll	<u>25.97%</u>	<u>24.79%</u>	<u>22.77%</u>	<u>21.99%</u>	<u>19.85%</u>	<u>18.69%</u>	<u>16.59%</u>	<u>16.36%</u>	<u>17.87%</u>	<u>13.77%</u>

Source: Town of Vernon, Finance Department

TOWN OF VERNON, CONNECTICUT
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL DEBT TO GENERAL FUND EXPENDITURES - GAAP BASIS
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund expenditures	\$ 97,437,981	\$ 97,421,874	\$ 94,079,011	\$ 91,604,111	\$ 89,945,808	\$ 89,124,230	\$ 87,511,824	\$ 85,040,040	\$ 86,390,679	\$ 82,667,959
Debt service expenditures:										
Principal	\$ 4,787,587	\$ 4,533,483	\$ 4,074,861	\$ 3,505,186	\$ 3,021,345	\$ 2,760,617	\$ 2,771,437	\$ 3,126,102	\$ 2,921,774	\$ 2,301,286
Interest	1,455,093	1,514,588	1,463,334	1,405,678	1,377,845	1,285,880	1,372,409	1,239,200	1,753,261	1,752,452
Total debt service	\$ 6,242,680	\$ 6,048,071	\$ 5,538,195	\$ 4,910,864	\$ 4,399,190	\$ 4,046,497	\$ 4,143,846	\$ 4,365,302	\$ 4,675,035	\$ 4,053,738
Percentage of debt service expenditures to General Fund expenditures	6.41%	6.21%	5.89%	5.36%	4.89%	4.54%	4.74%	5.13%	5.41%	4.90%

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
2020	10/1/2018	\$ 1,553,158,764	0.60%	\$ 92,488,415	0.11%	\$ 184,423,127	0.30%	\$ 1,830,070,306	0.54%
2019	10/1/2017	1,543,962,088	0.71%	92,385,720	13.19%	183,878,085	2.11%	1,820,225,893	1.41%
2018	10/1/2016 **	1,533,125,300	1.13%	81,619,137	8.69%	180,086,105	1.43%	1,794,830,542	1.48%
2017	10/1/2015	1,516,055,457	0.39%	75,094,698	-5.97%	177,546,348	0.27%	1,768,696,503	0.09%
2016	10/1/2014	1,510,155,882	0.45%	79,865,015	5.16%	177,061,631	-3.09%	1,767,082,528	0.29%
2015	10/1/2013	1,503,406,927	0.69%	75,942,989	13.70%	182,700,970	4.73%	1,762,050,886	1.60%
2014	10/1/2012	1,493,134,500	0.45%	66,792,040	-9.39%	174,454,325	-2.17%	1,734,380,865	-0.23%
2013	10/1/2011 **	1,486,403,230	-11.28%	73,714,500	-4.54%	178,321,984	10.12%	1,738,439,714	-9.20%
2012	10/1/2010	1,675,422,920	0.53%	77,221,820	3.73%	161,928,532	5.47%	1,914,573,272	1.05%
2011	10/1/2009	1,666,654,720	0.13%	74,447,066	2.87%	153,537,018	-0.20%	1,894,638,804	0.21%

* Excludes assessed value on supplemental motor vehicle listings.

** Revaluation.

Source of data: Town Assessor and Town Clerk Offices.

TOWN OF VERNON, CONNECTICUT
PROPERTY TAX LEVIES, RATES, COLLECTIONS AND UNCOLLECTED TAXES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Grand List Oct 1,	Tax Rate (In Mills)	Original Current Year Levy	Adjusted Current Year Levy at Fiscal Year End	Adjusted Current Year Levy at June 30, 2020	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, 2020	Percentage of Original Levy	Percentage of Adjusted Levy
2020	2018	39.63	\$ 73,535,721	\$ 73,359,622	\$ 73,359,622	\$ 72,139,857	98.3%	\$ -	\$ 72,139,857	\$ 1,219,765	\$ 1,219,765	1.90%	1.66%
2019	2017	39.63	72,976,496	72,742,183	72,731,989	71,718,449	98.6%	453,962	72,172,411	1,023,734	559,578	1.10%	0.77%
2018	2016	38.55	* 69,992,863	70,400,141	70,325,547	69,399,587	98.7%	755,141	70,154,728	1,000,554	170,819	-0.23%	0.24%
2017	2015	37.93	* 67,980,089	67,778,045	67,670,000	66,936,857	98.9%	659,322	67,596,179	841,188	73,821	0.56%	0.11%
2016	2014	36.91	65,976,102	65,758,703	65,656,802	65,021,214	99.0%	594,509	65,615,723	737,489	41,079	0.55%	0.06%
2015	2013	36.11	64,211,229	63,997,909	63,938,251	63,158,074	98.8%	744,724	63,902,798	839,835	35,453	0.48%	0.06%
2014	2012	35.40	62,079,457	62,210,620	62,089,311	61,327,304	98.8%	733,007	62,060,311	883,316	29,000	0.03%	0.05%
2013	2011	33.63	58,943,099	58,684,540	58,592,688	57,812,300	98.7%	754,359	58,566,659	872,240	26,029	0.64%	0.04%
2012	2010	29.90	57,542,153	57,407,016	57,336,724	56,603,238	98.7%	701,090	57,304,328	803,778	32,396	0.41%	0.06%
2011	2009	30.02	57,205,162	57,184,120	57,072,056	56,484,922	99.0%	555,082	57,040,004	699,198	32,052	0.29%	0.06%

* Represents a blended tax rate.

Note: The latest revaluation was effective for the year ended June 30, 2018. Property is taxed by the Town of Vernon only.

Source Data:

Town of Vernon, Tax Collector

Town of Vernon, Finance Department

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)									
2020	\$ 41,102,777	\$ 41,102,777	\$ 1,830,070,306	\$ 2,614,386,151	\$ 2,855,989,613	2.25%	1.57%	1.44%	2.25%	1.57%	1.44%
2019	42,940,300	42,940,300	1,820,225,893	2,600,322,704	2,940,732,662	2.36%	1.65%	1.46%	2.36%	1.65%	1.46%
2018	45,476,718	45,476,718	1,794,830,542	2,564,043,631	2,564,921,991	2.53%	1.77%	1.77%	2.53%	1.77%	1.77%
2017	44,078,516	44,078,516	1,768,696,503	2,526,709,290	2,514,856,753	2.49%	1.74%	1.75%	2.49%	1.74%	1.75%
2016	46,075,942	45,898,105	1,767,082,528	2,524,403,611	2,546,983,355	2.61%	1.83%	1.81%	2.60%	1.82%	1.80%
2015	38,016,495	37,488,270	1,762,050,886	2,517,215,551	2,520,764,900	2.16%	1.51%	1.51%	2.13%	1.49%	1.49%
2014	42,419,484	41,547,804	1,734,380,865	2,477,686,950	2,402,677,895	2.45%	1.71%	1.77%	2.40%	1.68%	1.73%
2013	46,747,238	45,538,898	1,738,439,714	2,483,485,306	2,484,656,177	2.69%	1.88%	1.88%	2.62%	1.83%	1.83%
2012	49,396,447	47,858,108	1,914,573,272	2,735,104,674	2,540,965,785	2.58%	1.81%	1.94%	2.50%	1.75%	1.88%
2011	55,325,994	53,464,185	1,894,638,804	2,706,626,863	2,462,690,474	2.92%	2.04%	2.25%	2.82%	1.98%	2.17%

Source of data:

- (1) Town of Vernon, Finance Department.
- (2) Net Grand List and Full Value Grand List provided by Town Assessor's Office.
- (3) Equalized Net Grand List provided by State Office of Policy and Management.

TABLE 27

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 (3)**		
	Residential		Industrial and Commercial		All Other *		Total Building Permits			(3)** Residential	Industrial and Commercial	(4) Nontaxable
	Construction		Construction		Construction		Construction					
	#	Value	#	Value	#	Value	#	Value				
2020	8	\$ 615,500	6	\$ 6,686,145	1,381	\$ 83,695,353	1,395	\$ 90,996,998	\$ 1,957,081	\$ 1,607,712,238	\$ 851,921,192	\$ 206,956,478
2019	2	255,000	14	9,089,279	1,550	29,769,533	1,566	39,113,812	1,546,649	1,594,607,731	935,761,488	208,852,180
2018	5	625,000	16	8,146,100	1,777	24,008,540	1,798	32,779,640	1,491,469	1,534,732,201	640,021,431	206,610,920
2017	10	1,450,000	23	11,905,338	1,862	28,474,582	1,895	41,829,920	1,442,317	1,557,385,628	582,880,643	231,613,320
2016	9	1,308,200	27	48,995,999	2,364	31,212,032	2,400	81,516,231	1,294,291	1,523,952,459	647,748,690	231,510,180
2015	16	2,100,600	50	11,502,039	2,064	19,536,294	2,130	33,138,932	1,488,947	1,549,748,720	592,059,742	231,375,068
2014	11	1,368,500	76	7,120,134	1,851	14,408,001	1,938	22,896,635	1,271,012	1,554,753,889	493,430,505	231,289,640
2013	16	1,998,000	80	5,741,017	1,807	19,899,840	1,903	27,638,857	1,002,845	1,606,255,471	506,433,643	229,212,099
2012	13	1,954,000	89	6,504,974	1,915	19,704,831	2,017	28,163,805	892,262	1,647,973,312	540,385,815	279,872,330
2011	23	2,569,000	103	4,583,919	1,668	13,263,268	1,794	20,416,187	816,121	1,517,985,824	598,948,165	270,568,720

* 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.
(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, 2020
(UNAUDITED)

Year	Population (1)	Density (2)	Age Characteristics (1)				Income Characteristics (1)		
			Age	2000	2010	% Change	Income	2010 Households	% of total
2010	29,179	1,569	Under 5	1,713	1,663	-2.9%	\$ 0 to 14,999	1,134	8.7%
2000	28,063	1,509	5-19	5,027	4,597	-8.6%	\$15,000 to 24,999	1,110	8.5%
1990	29,841	1,604	20-34	6,023	6,456	7.2%	\$25,000 to 34,999	993	7.6%
1980	27,974	1,504	35-54	8,647	8,227	-4.9%	\$35,000 to 49,999	2,023	15.5%
1970	27,237	1,464	55-64	2,747	3,683	34.1%	\$50,000 to 74,999	2,404	18.4%
1960	16,961	912	Over 65	3,906	4,553	16.6%	\$75,000 to 99,999	2,050	15.7%
1950	10,115	544					\$100,00 or more	3,317	25.6%
			Total	28,063	29,179	4.0%			
			Median	37.7	40.2		Total	13,031	100%

Years of School Completed, Persons Age 25 and Over (1)							
Educational Attainment	All Persons 2000		All Persons 2010		Income	2000	
	No.	%	No.	%		Households	% of total
Did not complete high school	2,782	14.2%	2,020	9.5%	\$ 0 to 14,999	1,355	11.0%
High school graduate	5,934	30.2%	6,451	30.4%	\$15,000 to 24,999	1,400	11.4%
Some college, no degree & Associate degree	5,660	28.8%	6,348	29.9%	\$25,000 to 34,999	1,520	12.4%
Bachelor, graduate of professional degree	5,253	26.8%	6,397	30.2%	\$35,000 to 49,999	2,098	17.1%
					\$50,000 to 74,999	2,864	23.2%
					\$75,000 to 99,999	1,571	12.8%
					\$100,00 or more	1,482	12.1%
Total	19,629	100%	21,216	100%			
Percent high school graduate or higher		85.8%		90.5%	Total	12,290	100%
Percent bachelor's degree or higher		26.8%		30.2%			

Housing Occupancy							
	All Housing Units 2000		All Housing Units 2010			2000	2010
	No.	% of total	No.	% of total			
Owner Occupied Housing Units	6,935	56.5%	7,532	58.0%	Median Income	\$ 47,816	\$ 62,115
Renter Occupied Housing Units	5,334	43.5%	5,444	42.0%	Mean Income	57,533	74,113
					Per Capita Income	25,150	33,784
					% below poverty level	5.8%	6.4%
Total	12,269	100%	12,976	100%			

Sources of Data:

- (1) U.S. Department of Commerce, Bureau of Census.
(2) Population per square mile, based on an area of 18.6 square miles.

TABLE 29

TOWN OF VERNON, CONNECTICUT
LAND USE / ZONING STATISTICS
JUNE 30, 2020
(UNAUDITED)

Category	LAND USE			EXISTING ZONING		
	# of Acres	% of Total	% of Developed / Committed Land	Category	# of Acres	% of Total
Residential	5,304	46.05%	53.67%	Residential	7,223	62.71%
Commercial / Industrial*	712	6.18%	7.21%	Business:		
Community Facilities / Institutional	352	3.06%	3.56%	Commercial / Industrial	872	7.57%
Open Space	1,904	16.53%	19.27%	Rockville Historic District	713	6.19%
R-O-W / Utilities	1,610	13.98%	16.29%	Other Special Zones	1,310	11.37%
Vacant	1,636	14.20%		No zone (right-of-way, water, other)	1,400	12.15%
Total	11,518	100.00%	100.00%	Total	11,518	100.00%

* Includes Agriculture and Mixed Use total acreage of 95 and 16 acres, respectively.

Source: Land Use statistics from the Town's Plan of Conservation and Development and Existing Zoning from Town Planner's Office.

TABLE 30

TOWN OF VERNON, CONNECTICUT
SCHOOL FACILITIES AND ENROLLMENT DATA
 JUNE 30, 2020
 (UNAUDITED)

School	Grades	Number of Classrooms	Total Floor Area (Sq. ft.)	School Capacity	School Enrollment as of 10/1/2019
Elementary Schools:					
Center Road	Pre-K to 5	33	75,122	825	516
Lake Street	Pre-K to 5	20	39,219	525	211
Maple Street	Pre-K to 5	23	39,920	525	297
Northeast	Pre-K to 5	19	41,500	525	211
Skinner Road	Pre-K to 5	21	45,350	525	311
Total Elementary Schools				2,925	1,546
Middle School	6 to 8	70	135,988	1,500	723
Rockville High and VO-AG	9 to 12	136	272,748	2,400	851
Total In-District Enrollment				6,825	3,120
Out of District	All	n/a	n/a	n/a	31
Total Enrollment				6,825	3,151

**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>
2010/11	129	1,620	768	1,079	3,596	-2.89%	38
2011/12	142	1,615	738	1,055	3,550	-1.28%	38
2012/13	172	1,595	697	976	3,440	-3.10%	48
2013/14	177	1,552	659	929	3,317	-3.58%	48
2014/15	177	1,535	649	877	3,238	-2.38%	46
2015/16	165	1,499	681	823	3,168	-2.16%	41
2016/17	146	1,480	712	848	3,186	0.57%	38
2017/18	135	1,445	703	792	3,075	-3.48%	34
2018/19	120	1,427	705	854	3,106	1.01%	32
2019/20	102	1,444	723	851	3,120	0.45%	31

* As of October 1.

**PROJECTED
 SCHOOL ENROLLMENTS
 NEXT 5 FISCAL YEARS**

2020/21	174	1,404	630	846	3,054	-2.12%	41
2021/22	174	1,397	619	836	3,026	-0.92%	41
2022/23	174	1,393	619	788	2,974	-1.72%	41
2023/24	174	1,389	605	794	2,962	-0.40%	41
2024/25	174	1,386	600	773	2,933	-0.98%	41

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

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

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