

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE



**TOWN OF VERNON,
CONNECTICUT**

**FOR THE YEAR ENDED
JUNE 30, 2021**

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

TOWN OF VERNON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	v
Organizational Chart	vi
List of Principal Town Officials	vii

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	23
Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities	26
Proprietary Funds Financial Statements:	
Statement of Net Position	28
Statement of Revenues, Expenses and Changes in Net Position	29
Statement of Cash Flows	30
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	31
Statement of Changes in Fiduciary Net Position	32
Notes to the Basic Financial Statements	33

TOWN OF VERNON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION: (UNAUDITED)	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	86
Schedule of Changes in Net Pension Liability - Police Pension Plan	87
Schedule of Changes in Net Pension Liability - Town Pension Plan	88
Schedule of Changes in Net Pension Liability - LOSAP Retirement Plan	89
Schedule of Contributions and Investment Returns - Police Pension Plan	90
Schedule of Contributions and Investment Returns - Town Pension Plan	91
Schedule of Contributions and Investment Returns - LOSAP Retirement Plan	92
Schedule of the Town's Proportionate Share of Collective Net Pension Liability - Connecticut Teachers' Retirement System	93
Schedule of Changes in Net OPEB Liability - Other Post-Employment Benefits Plan	94
Schedule of Contributions and Investment Returns - Other Post-Employment Benefits Plan	95
Schedule of the Town's Proportionate Share of the Collective Net OPEB Liability - Connecticut Teachers' Retirement System	96
Notes to the Required Supplementary Information	97
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Governmental Funds:	
General Fund:	
Schedule of Revenues and Other Financing Sources - Budget and Actual - Budgetary Basis	104
Schedule of Expenditures and Other Financing Uses - Budget and Actual - Budgetary Basis	107
Comparative Balance Sheet	111
Schedule of Property Taxes Levied, Collected and Outstanding	112
Schedule of Debt Limitation	113
Capital Projects Fund:	
Schedule of Capital Project Authorizations	114
Nonmajor Governmental Funds:	
Combining Balance Sheet	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	122
Internal Service Funds:	
Combining Statement of Net Position	129
Combining Statement of Revenues, Expenditures and Changes in Net Position	130
Combining Statement of Cash Flows	131

TOWN OF VERNON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS *(Continued)*

STATISTICAL SECTION

	<u>Page</u>
Financial Trends:	
Table 1 - Net Position by Component	132
Table 2 - Changes in Net Position	133
Table 3 - Fund Balances, Governmental Funds	135
Table 4 - Changes in Fund Balance of Governmental Funds	136
Revenue Capacity:	
Table 5 - Taxable Assessed Value and Estimated Actual Value of Taxable Property	137
Table 6 - Principal Property Tax Payers	138
Table 7 - Property Tax Levies and Collections	139
Debt Capacity:	
Table 8 - Ratios of Outstanding Debt by Type	140
Table 9 - Ratios of Net General Obligation Debt Outstanding	141
Table 10 - Direct and Overlapping Governmental Activities Debt	142
Table 11 - Legal Debt Margin Information	143
Demographic and Economic Information:	
Table 12 - Demographic and Economic Data	144
Operating Information:	
Table 13 - Major Employers	145
Table 14 - Municipal Employment by Bargaining Unit	146
Table 15 - Municipal Full-Time Employment by Function/Program	147
Table 16 - Operating Indicators by Function/Program	148
Table 17 - Capital Asset Statistics by Function/Program	149
Table 18 - General Fund Balance Sheets	150
Table 19 - General Fund Revenues by Source and Other Financing Sources – GAAP Basis	151
Table 20 - General Fund Expenditures by Function and Other Financing Uses – GAAP Basis	152
Table 21 - Sewer Assessments Billing and Collections	153
Table 22 - Changes in Net Position – Pension Trust Fund	154
Table 23 - Ratio of Annual Debt Service Expenditures for General Debt to General Fund Expenditures – GAAP Basis	155
Table 24 - Net Taxable Grand List and Percentage Change by Taxable Property	156
Table 25 - Property Tax Levies, Rates, Collections and Uncollected Taxes	157
Table 26 - Ratios of Direct and Net Debt to Net Taxable, Full Value and Equalized Grand List	158
Table 27 - Property Values, Construction and Bank Deposits	159
Table 28 - U.S. Bureau of Census Statistics	160
Table 29 - Land Use/Zoning Statistics	161
Table 30 - School Facilities and Enrollment Data	162

INTRODUCTORY SECTION



TOWN OF VERNON

14 PARK PLACE, VERNON, CT 06066

Tel: (860) 870-3690

Fax: (860) 870-3587

OFFICE OF THE
FINANCE DEPARTMENT

March 31, 2022

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, 2021 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, 2021 are fairly presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

This report consists of managements representations concerning the finances of the Town of Vernon. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. A comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse has been established by management. Because the cost of internal controls should not outweigh their benefit, Vernon's framework of controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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.

U.S. 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 independent auditor’s report.

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 approximately 30,000 as of June 2021. 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. Vernon's October 1, 2019 grand list, effective for the 2020-2021 fiscal year increased by .47% or \$8,593,035 from the previous year. The tax base is moderately concentrated with the top ten taxpayers accounting for 14.44% of the Net Taxable Grand List. The top taxpayers are primarily comprised of apartments, shopping centers and utilities.

The ongoing COVID-19 pandemic continued to impact daily operations and protocols were put in place to ensure the safety of employees and allow for the continuance of Town services. There were no material impacts to the Town's finances regarding revenue in fiscal year 2021, but additional non-budgeted expenditures were required to continue essential government operations. As with the prior fiscal year, 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 remain a focus for the foreseeable future.

The 2021-2022 operating budget was approved by the Town Council, sent to the annual Town Meeting, and adopted on April 27, 2021. A single mill rate of 39.63 was adopted 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 May 2023. 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.

In addition to ongoing road and sidewalk improvements, Town projects include repairs and roof replacements on fire stations and other Town owned buildings as well as the replacement of the HVAC system at the Police Department. This year also included the 2nd of two (2) contributions to the replacement of the Town fueling station located at the Department of Public Works. The Mayor and Town Council also have authorized work on the Main Street and Dart Hill Road bridge projects, revitalization of Downtown Rockville and information technology upgrades 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. Included in this plan for the fiscal year was the replacement of police vehicles and a ladder truck for the fire department.

Awards and Acknowledgements

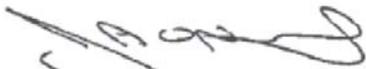
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Vernon for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the **thirtieth** consecutive year the Town has received 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

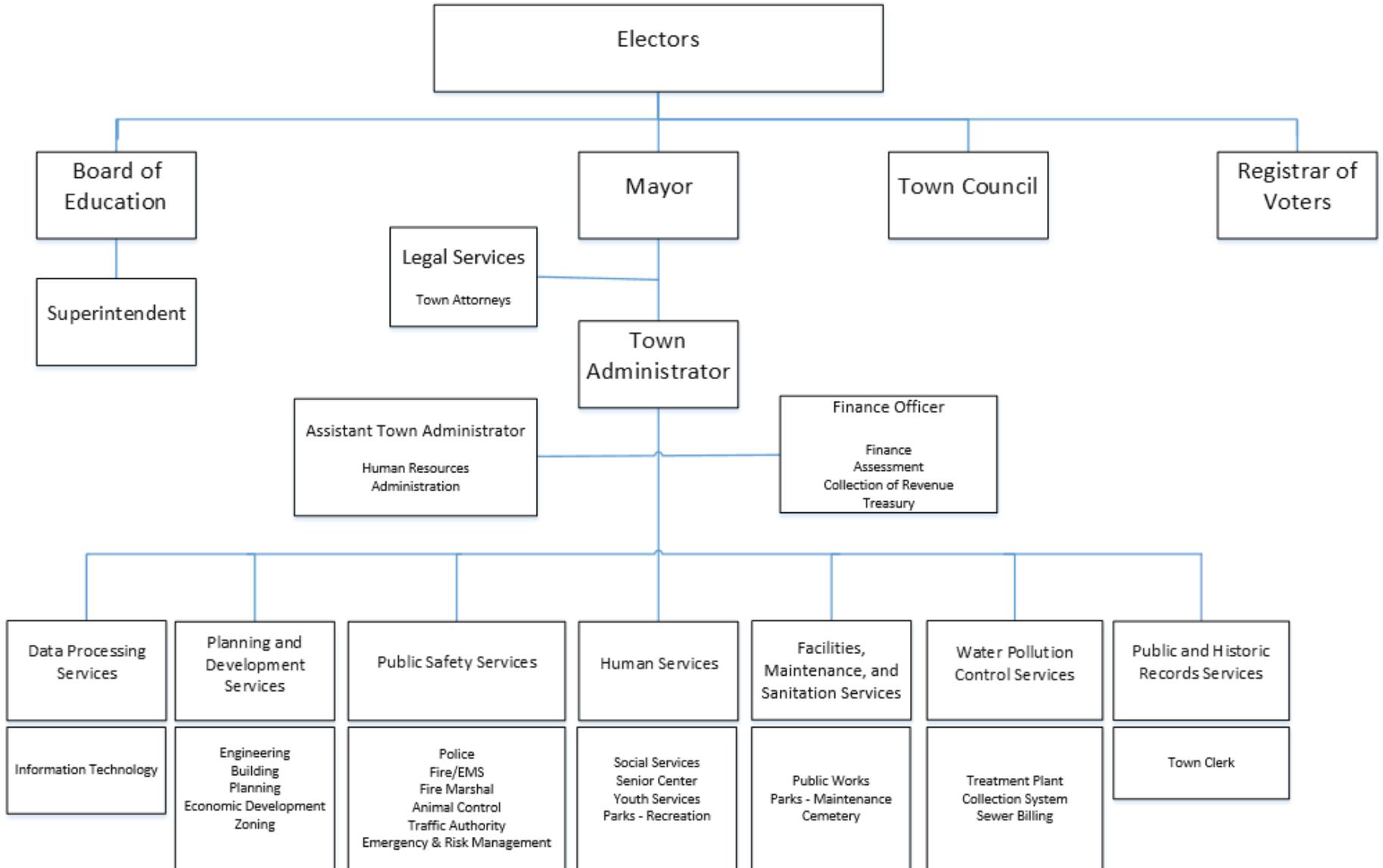
Christopher P. Morill

Executive Director/CEO



Town of Vernon

Organizational Chart
FY 2020-2021



TOWN OF VERNON, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS

MAYOR

Daniel A. Champagne

TOWN COUNCIL

Laura B. Bush
William F. Campbell
Julie Clay
Linda Gessay
Ann Letendre
Maryann Levesque

Brian Motola, Mayor Pro-Tempore
Ariana Nieves-Matias
John O'Connell
Teri-Lynn Rogers
James Tedford
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
John Kelley
Lucas Gallant
Stephen Eppler
Robert Sigan
Michael J. Purcaro
Jennifer Johnston
Dwight Ryniewicz
Martin Sitler
Maureen Gabriele
Matthew Hellman
Robert Grasis
Michelle Hill
Jean Gauthier
Craig P. Segar
David A. Wheeler
Vacant
Travis Clark
Terry A. Hjarne
Daniel Wasilewski
Christopher Prue
Lisa Moody
Louis A. Spadaccini
David Smith
George McGregor
Shaun Gately

BOARD OF EDUCATION

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

Kevin Brown
Jennifer Buckler
Deborah Rodriguez
Mason Thrall, Vice Chairperson
Kristiana Wintress

EDUCATION OFFICIALS

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

Dr. Joseph Macary
Robert Testa
William Meier, III

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, 2021, 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, 2021, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Town adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. The beginning net position of the Town's governmental activities and the beginning fund balance of the Town's aggregate remaining fund information as of July 1, 2020 have been restated. Our opinions are not modified with respect to this matter.

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 4 through 20 and the information on pages 85 through 102 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 104 through 131, and the statistical trend data sections on pages 132 through 162 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, statistical and trend data sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated April 16, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2020 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, 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.

Mahoney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
March 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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 \$150.192 million (net position). Of this amount, \$27.824 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 \$131.540 million, an increase of \$16.855 million over the prior year net position. Net position of the Town's business-type activities totaled \$18.652 million, an increase of \$803 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 \$46.876 million, an increase of \$17.354 million in comparison with the prior year. Of this amount, 78.05% or \$36.585 million is available for spending at the Town's discretion (committed, assigned, and unassigned fund balance).
- The fund balance of the Town's General Fund increased by \$2.093 million to \$24.653 million.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$22.117 million or 21.80% 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 2.62 months of General Fund budgetary 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, 2021

Overview of the Financial Statements (Continued)

Government-wide Financial Statements

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

The statement of net position presents information on all of the Town's assets, 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 21 and 22 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, 2021

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, the Waste Treatment Plant Upgrade Fund and the American Rescue Plan 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 23 through 27 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 28 through 30 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 31 and 32 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 33 through 85 of this report.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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 statistical and trend sections that can be found on pages 86 through 162 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 net position as of June 30, 2020 has been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. The effect of implementing GASB Statement No. 84 resulted in an increase to the Town's net position of \$509 thousand. The Town's total net position (governmental and business-type activities combined) totaled \$150.193 million as of June 30, 2021 and \$132.534, as restated, as of June 30, 2020 and are summarized as follows:

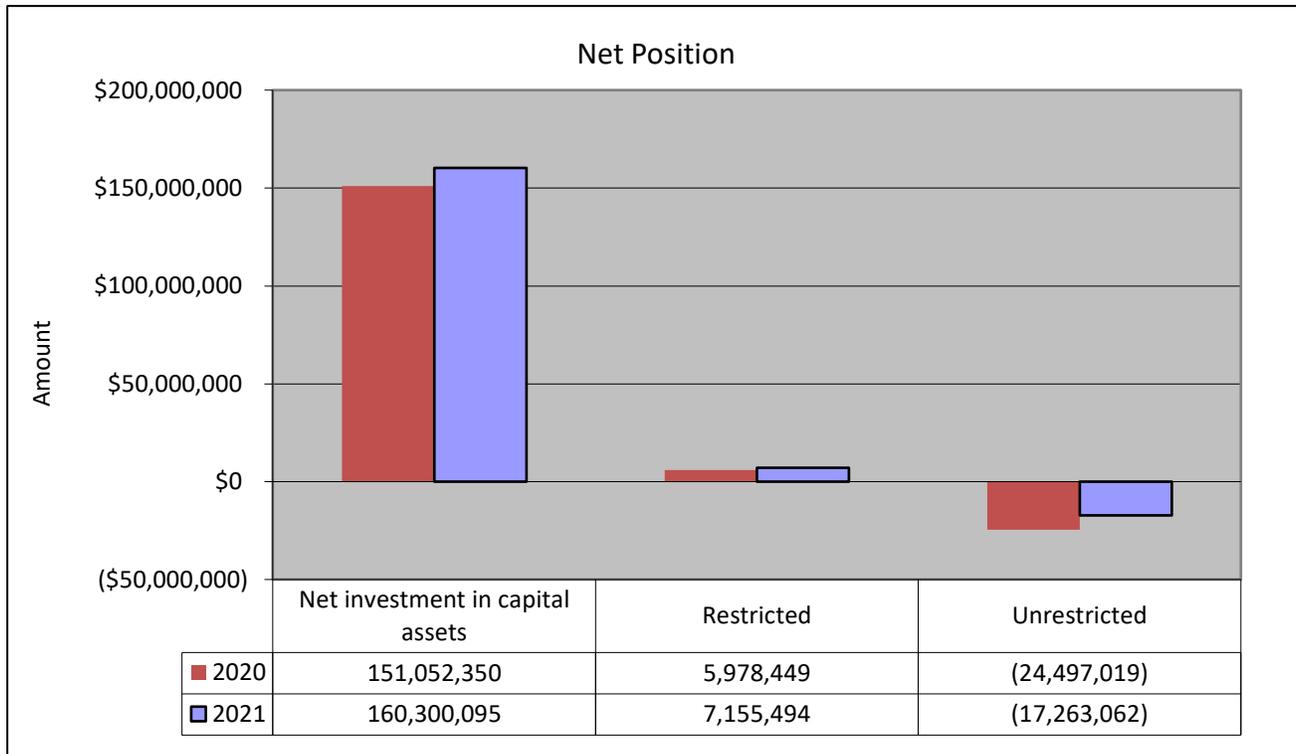
	June 30, 2021			June 30, 2020 (As Restated)		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Current and other assets	\$ 72,868,481	\$ 14,658,324	\$ 87,526,805	\$ 69,622,288	\$ 17,904,517	25.7%
Capital assets	216,201,768	8,091,616	224,293,384	200,027,207	24,266,177	12.1%
Total assets	289,070,249	22,749,940	311,820,189	269,649,495	42,170,694	15.6%
Deferred outflows of resources	4,425,411	15,819	4,441,230	5,731,728	(1,290,498)	-22.5%
Other liabilities	13,328,551	227,388	13,555,939	15,835,790	(2,279,851)	-14.4%
Long-term liabilities	129,987,656	3,355,576	133,343,232	112,820,939	20,522,293	18.2%
Total liabilities	143,316,207	3,582,964	146,899,171	128,656,729	18,242,442	14.2%
Deferred inflows of resources	18,639,012	530,709	19,169,721	14,190,714	4,979,007	35.1%
Net position:						
Net investment in capital assets	152,208,479	8,091,616	160,300,095	151,052,350	9,247,745	6.1%
Restricted	7,155,494	-	7,155,494	5,978,449	1,177,045	19.7%
Unrestricted	(27,823,532)	10,560,470	(17,263,062)	(24,497,019)	7,233,957	-29.5%
Total net position	\$ 131,540,441	\$ 18,652,086	\$ 150,192,527	\$ 132,533,780	\$ 17,658,747	13.3%

Significant changes in the Town's financial position include a \$24.266 million increase in the Town's capital assets relating to the construction of various bridge and road projects, school facility improvements and upgrades to the Town's wastewater treatment plant. Restricted assets increased by \$1.177 million primarily due to favorable investment returns on endowments. An \$18.242 million increase in liabilities was driven by an increase in debt to fund road improvements and upgrades to the Town's wastewater treatment plant, an increase in unearned revenue, offset by decreases in the Town's net pension and other post-employment benefit liabilities and the payment of debt service. The Town also reported a \$6.269 million increase in the net change of deferred inflows over deferred outflows, which is attributable to deferred charges on pension and other post-employment benefits.

TOWN OF VERNON, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Government-wide Financial Analysis (Continued)

Net Position (Continued)



As of June 30, 2021, 106.7% 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, 2021, 4.8% 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, 2021

Government-wide Financial Analysis (Continued)

Changes in Net Position

The change in net position for the year ended June 30, 2020 has also been restated for the implementing GASB Statement No. 84, *Fiduciary Activities*. The effect of implementing GASB Statement No. 84 resulted in an increase to the Town's change in net position of \$57 thousand for the year ended June 30, 2020. In addition, certain reclassifications have been made to amounts reported for the year ended June 30, 2020 to confirm with the current year presentation. Changes in net position for the years ended June 30, 2021 and 2020 are as follows.

	2021			2020 (As Restated)		% Change
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	
Revenues						
Program revenues:						
Charges for services	\$ 6,092,053	\$ 6,246,834	\$ 12,338,887	\$ 11,883,969	\$ 454,918	3.8%
Operating grants and contributions	46,902,203	146,362	47,048,565	37,599,572	9,448,993	25.1%
Capital grants and contributions	8,839,898	3,576	8,843,474	3,800,068	5,043,406	132.7%
General revenues:						
Property taxes, levied for general purposes	73,792,051	-	73,792,051	73,840,194	(48,143)	-0.1%
Grants and contributions	787,539	-	787,539	794,291	(6,752)	-0.9%
Investment earnings	1,002,207	10,423	1,012,630	825,628	187,002	22.6%
Total revenues	<u>137,415,951</u>	<u>6,407,195</u>	<u>143,823,146</u>	<u>128,743,722</u>	<u>15,079,424</u>	11.7%
Expenses						
General government	5,385,975	-	5,385,975	5,528,254	(142,279)	-2.6%
Community development	489,383	-	489,383	584,946	(95,563)	-16.3%
Public safety	14,812,824	-	14,812,824	13,623,628	1,189,196	8.7%
Maintenance and development	10,863,706	-	10,863,706	11,196,472	(332,766)	-3.0%
Human services	1,585,115	-	1,585,115	1,592,119	(7,004)	-0.4%
Parks, recreation and culture	3,156,729	-	3,156,729	3,202,174	(45,445)	-1.4%
Education	82,874,311	-	82,874,311	76,431,953	6,442,358	8.4%
Interest expense	1,526,117	-	1,526,117	1,380,973	145,144	10.5%
Sewer	-	5,256,429	5,256,429	5,348,785	(92,356)	-1.7%
Center 375 (rental)	-	213,810	213,810	180,763	33,047	18.3%
Total expenses	<u>120,694,160</u>	<u>5,470,239</u>	<u>126,164,399</u>	<u>119,070,067</u>	<u>7,094,332</u>	6.0%
Change in net position before special item and transfers	16,721,791	936,956	17,658,747	9,673,655	7,985,092	82.5%
Transfers	133,585	(133,585)	-	-	-	
	<u>133,585</u>	<u>(133,585)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Change in net position	16,855,376	803,371	17,658,747	<u>\$ 9,673,655</u>	<u>\$ 7,985,092</u>	
Net position - beginning	<u>114,685,065</u>	<u>17,848,715</u>	<u>132,533,780</u>			
Net position - ending	<u>\$ 131,540,441</u>	<u>\$ 18,652,086</u>	<u>\$ 150,192,527</u>			

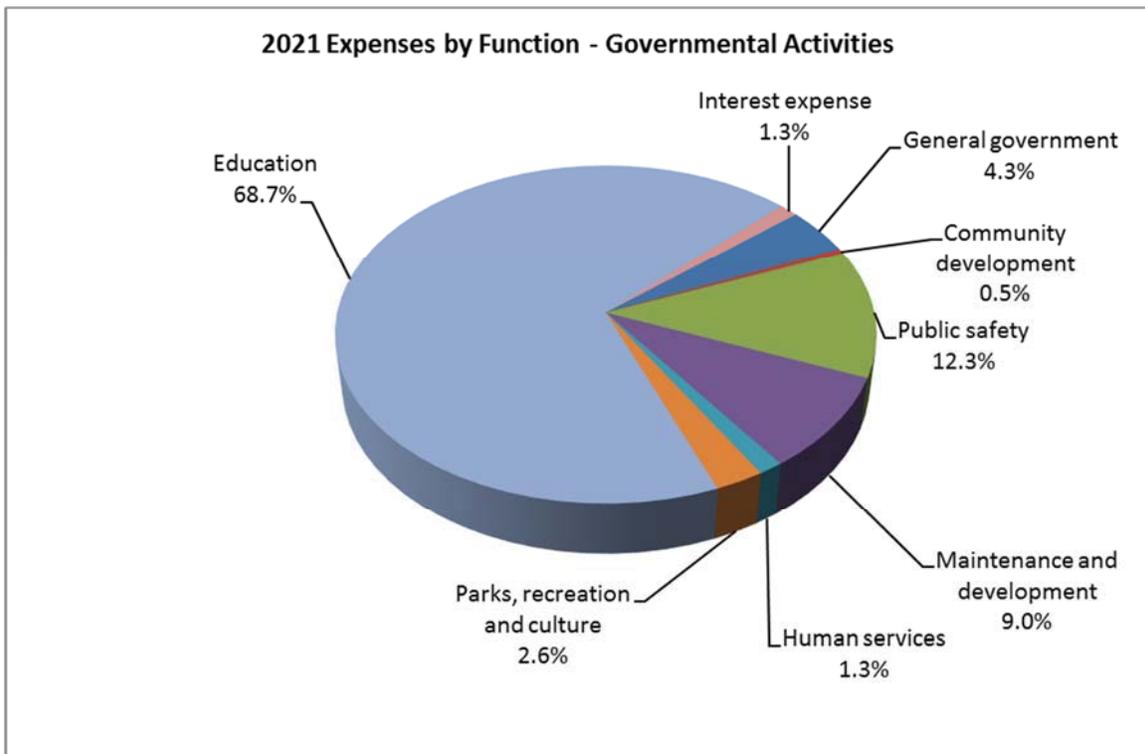
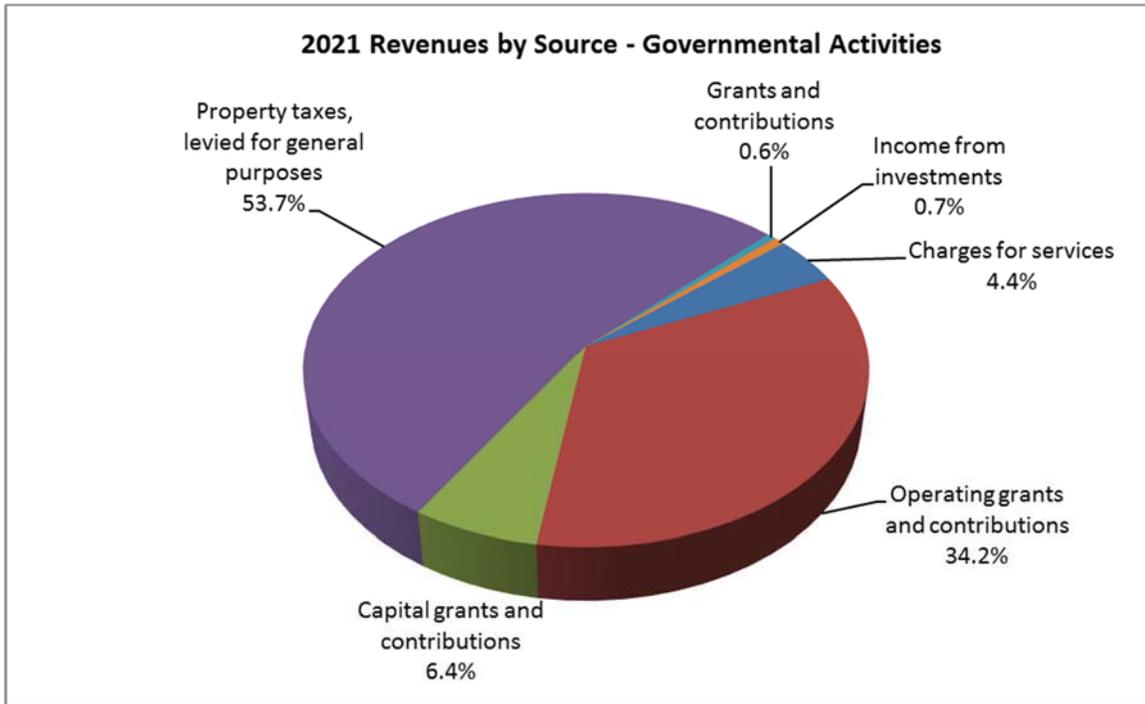
TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Government-wide Financial Analysis (Continued)

Change in Net Position (Continued)

	2020		
	(As Restated)		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 6,667,966	\$ 5,216,003	\$ 11,883,969
Operating grants and contributions	37,558,104	41,468	37,599,572
Capital grants and contributions	3,791,048	9,020	3,800,068
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
Total revenues	<u>123,337,473</u>	<u>5,406,249</u>	<u>128,743,722</u>
Expenses			
General government	5,528,254	-	5,528,254
Community development	584,946	-	584,946
Public safety	13,623,628	-	13,623,628
Maintenance and development	11,196,472	-	11,196,472
Human services	1,592,119	-	1,592,119
Parks, recreation and culture	3,202,174	-	3,202,174
Education	76,431,953	-	76,431,953
Interest expense	1,380,973	-	1,380,973
Sewer	-	5,348,785	5,348,785
Center 375 (rental)	-	180,763	180,763
Total expenses	<u>113,540,519</u>	<u>5,529,548</u>	<u>119,070,067</u>
Change in net position	<u>\$ 9,796,954</u>	<u>\$ (123,299)</u>	<u>\$ 9,673,655</u>

TOWN OF VERNON, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021



TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Government-wide Financial Analysis (Continued)

Change in Net Position (Continued)

Governmental Activities

Net position from governmental activities increased from \$114.685 million to \$131.540 million, an increase of \$16.855 million. Since the Town began preparing a statement of net position as of June 30, 2003, this is the sixteenth increase in the nineteen year period.

Overall revenues increased by \$14.078 million or 11.4% over the prior year. Key factors in this increase were as follows:

- an increase in operating grants and contributions of \$9.344 million primarily due to an increase of \$7.633 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 of \$1.317 million increase in special education grant funding;
- an increase in capital grants of \$5.049 million primarily due to increase capital grants of \$4.502 million to fund upgrades to the Town's wastewater treatment plant facility, \$511 thousand to fund bridge construction costs, \$813 thousand to fund school equipment and facility improvements, offset by reduced grant funding of \$415 thousand to fund general fund government facility improvements.

Overall expenses increased by \$7.154 million or 6.3% from the prior year. Key factors in this increase were as follows:

- an increase of \$7.633 million in on-behalf pension and OPEB expenses recognized by the Town in connection with its participation in the Connecticut Teachers' Retirement System;
- an increase of \$1.189 million in public safety costs primarily due to continued costs associated with the coronavirus pandemic; offset by
- favorable decreases across other departments.

Business-type Activities

Revenues of the Town's business-type activities increased by \$1.001 million or 18.5% and expenses decreased by \$59 thousand or 1.1%. The factors influencing revenue results were increased treated sewer sewage resulting in increased revenue of \$929 thousand. Septic and delinquent interest fees increased by \$134 thousand, operating grants increased by \$105 thousand, offset by decreases in capital contributions, \$5 thousand, and investment earnings, \$129 thousand, due to lower interest rates.

The decrease in expenses of \$59 thousand is comprised of reductions to wages and benefits costs of \$285 thousand (due to reduced pension costs) and \$59 thousand in supply and general administrative costs, offset by increased utilities costs of \$235 thousand and building and equipment maintenance costs of \$212 thousand.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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 \$46.876 million. Of total fund balance, \$26.840 million is either non-spendable, committed, restricted or assigned because it has been committed for construction contracts or has been set aside for capital purposes, trust fund purposes, special assessment debt service, prepaid items and inventory.

Included in the current year total change in fund balance is an increase of \$2.093 million in the Town's General Fund. The unassigned fund balance reflects an overall increase of \$1.099 million. The unassigned fund balance of the General Fund at June 30, 2021 is \$22.117 million, which represents 21.80% 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 American Rescue Plan Fund, the Road Improvements Bond Fund, the Town Capital and Nonrecurring Fund and the Waste Treatment Plant Upgrades Fund. The American Rescue Plan Fund received \$4.344 million in federal funds and has reported the grant proceeds as unearned revenue as of June 30, 2021 as no grant costs were incurred during the fiscal year. The Road Improvements Bond Fund incurred \$239 thousand on roadway improvements costs during the current year. The Town issued \$5 million in general obligation bonds in July 2020 to fund a fiscal year end fund balance deficit and on-going road improvement costs resulting in a \$1.600 million fund balance at year-end. The Town Capital and Nonrecurring Fund incurred capital outlay costs of \$2.351 million during the fiscal year, offset by contractor contributions of \$244 thousand and transfers in, net of transfers out, of \$656 thousand. Available fund balance at June 30, 2021 totaled \$3.178 million. The Waste Treatment Plant Upgrade Fund incurred costs of \$23.863 million during the year, offset by grant receipts of \$7.098 million, transfers in of \$134 thousand and state loan proceeds of \$25.157 million and has a current fund balance deficit of \$1.265 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 \$733 thousand, with gains of \$350 thousand in the Ambulance Medical Services Fund, \$222 thousand in the Sewer Connections Fund, \$196 thousand in the Cafeteria Fund, \$180 thousand in the Public Safety Complex Fund, \$165 thousand in the Parks and Recreation Programs Fund, \$164 thousand in the Town Aid Road Fund, \$117 thousand in the Miscellaneous Special Revenue Grants Fund, \$36 thousand in the Adult Basic Education Tuition Fund and \$8 thousand in the Vernon Cemetery Commission Fund. Fund balance decreases include \$685 thousand in the Disaster Relief Fund, \$83 thousand in the Miscellaneous Grants Fund and \$9 thousand in the Dog License Fund.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Financial Analysis of the Town's Funds (Continued)

Governmental Funds (*Continued*)

Nonmajor Debt Service Fund - The Fund received a transfer in of \$1.440 million and net general obligation debt refunding receipts of \$209 thousand during the fiscal year and currently has \$3.927 million of fund balance available to cover future debt service requirements of the Waste Treatment Plant facility upgrades, \$3.809 million, and general obligation debt of \$118 thousand.

Nonmajor Capital Projects Funds - There was a decrease in fund balance of \$424 thousand, including fund balance decreases of \$785 thousand in the Education Capital and Non-Recurring Fund, \$728 thousand in the Recreational Fields Fund, \$404 thousand in the Exit 66/67 Sewer Feasibility System Evaluation Fund, \$114 thousand in the Senior Center Acquisition and Renovations Fund, \$38 thousand in the Citizens Block Renovations Fund, \$25 thousand in the Dart Hill Road Bridge Reconstruction Fund and \$2 thousand in the South Street Reconstruction Fund. Increases include \$1.050 million in the RHS Track/Turf Field Fund, \$518 thousand in the School Roof Replacements and Renovations Fund and \$102 thousand in the Main Street Bridge Renovations Fund.

Nonmajor Permanent Funds - Fund balance of the Permanent Trust Funds increased by \$929 thousand due primarily to a \$572 thousand increase in the fair value of investments of the Cemetery Trust Fund and \$332 thousand increase in the fair value of investments in the Rockville Library Trust Endowment. These increases were offset by costs incurred by Cemetery Trust Fund of \$32 thousand and Rockville Library Trust of \$18 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 an increased change in net position of \$786 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 increase to the Sewer User Fund net position was \$886 thousand compared to a decrease of \$139 thousand in the prior year. The current year increase is attributable to operating revenues exceeding operating expenses by \$859 thousand. The October 1, 2020 sewer rate remained at its prior year rate of \$5.75/1,000 gallons. An increase in treated waste attributed to the increase of service charges of \$930 thousand. There was a combined \$134 thousand increase in septic fees, delinquent interest and other revenues. Non-operating revenue and capital contributions were \$80 thousand higher than prior year. Operating expenses decreased \$6 thousand from the prior year due to reduced wage and benefits costs of \$285 thousand and reduced general administrative costs of \$25 thousand offset by increased utility costs of \$235 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 decreased net position by \$100 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 \$94 thousand as contributions from the General Fund increased by \$45 thousand. A \$106 thousand decrease in the Fund's wage and benefit costs along with a \$106 thousand increase in maintenance costs. A \$115 thousand increase in general administrative costs accounted for the \$128 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, 2021

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 \$512 thousand, increasing the prior year net position deficit from -\$27 thousand to \$484 thousand. Contributions to the Fund were increased from the prior year by \$162 thousand to cover former self-insured claims and now current pooled workers compensation claims. 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 \$1.283 million, an increase of \$86 thousand from the prior year, primarily due to favorable dental claims experience. Effective July 1, 2021, the medical and prescription coverage for all employees and retirees became self-insured.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to an increase of \$2.272 million. Included in this amount is \$676 thousand of encumbrances carried forward from the previous fiscal year and \$1.596 million of current year budgetary 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 \$293 thousand, including \$134 thousand in police special services pay, \$118 thousand in tropical storm reimbursed costs, \$15 thousand in planning department fee costs and \$14 thousand for Town Clerk clerical and historic preservation costs and \$9 thousand in invasive species control 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 \$1.303 million, including \$472 thousand for local share of school roof replacement costs, \$420 thousand for school recreational track and field renovations; \$79 thousand for snow removal costs, \$75 thousand in capital equipment, \$60 thousand for a pedestrian safety crossing \$56 thousand in park paving expenditures, \$45 thousand in security surveillance costs, \$44 thousand for compensated absences payments, \$26 thousand for tax refunds and reimbursements and \$26 thousand for primary election costs.

Actual expenditures totaled \$90.983 million and can be summarized as follows. The budgetary unexpended, unencumbered resulted in a favorable amount of \$1.891 million. Contained within this amount are favorable variances of \$281 thousand in general government spending; \$17 thousand in community development; \$304 thousand for police and firefighting services and other public safety expenditures; \$101 thousand in refuse and recycling collection and \$507 thousand in public works maintenance; \$188 thousand in human services expenditures; \$4 thousand for parks recreation administration and maintenance and \$272 thousand for library operations; \$66 thousand for FICA, \$104 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, 2021

General Fund Budgetary Highlights (Continued)

On the revenue side, actual revenues exceeded the original budget by \$1.926 million due to favorable variances in the following categories: \$482 thousand in total tax collections, including \$3 thousand in current taxes and \$395 thousand in prior taxes; intergovernmental revenues were \$548 thousand above estimates, including \$193 thousand from excess special education and state agency placement grants, \$12 thousand in FEMA COVID-19 public assistance and \$77 thousand in FEMA public assistance disaster assistance federal funding. Charges for services were above estimates by \$693 thousand due in most part to police special services of \$437 thousand, which in turn were appropriated to cover the respective costs. Town Clerk recording fees exceeded estimates by \$123 thousand. Education tuition receipts were above projections by \$102 thousand. Licenses and permits were above projections by \$233 thousand due primarily to a favorable variance of \$216 thousand on building permits. Fines and penalties were \$14 thousand below projections. A decrease in interest rates produced a deficiency of \$180 thousand in investment income. Library donations were \$5 thousand below projections and other revenues were \$169 thousand above original estimates, primarily due to sale of property proceeds of \$162 thousand above estimates.

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, 2021 totaled \$224.293 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 \$24.266 million or 12.1% more than last year.

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

- \$556 thousand in road reconstruction and improvements;
- \$23.863 million in engineering and construction costs for the upgrade of the Waste Treatment Plant facility;
- \$798 thousand in bridge reconstruction costs;
- \$1.324 million of capital improvements to the Town's educational facilities;
- \$911 thousand in park improvements;
- \$84 thousand in building renovations;
- \$49 thousand in public safety improvements; and
- \$114 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, 2021

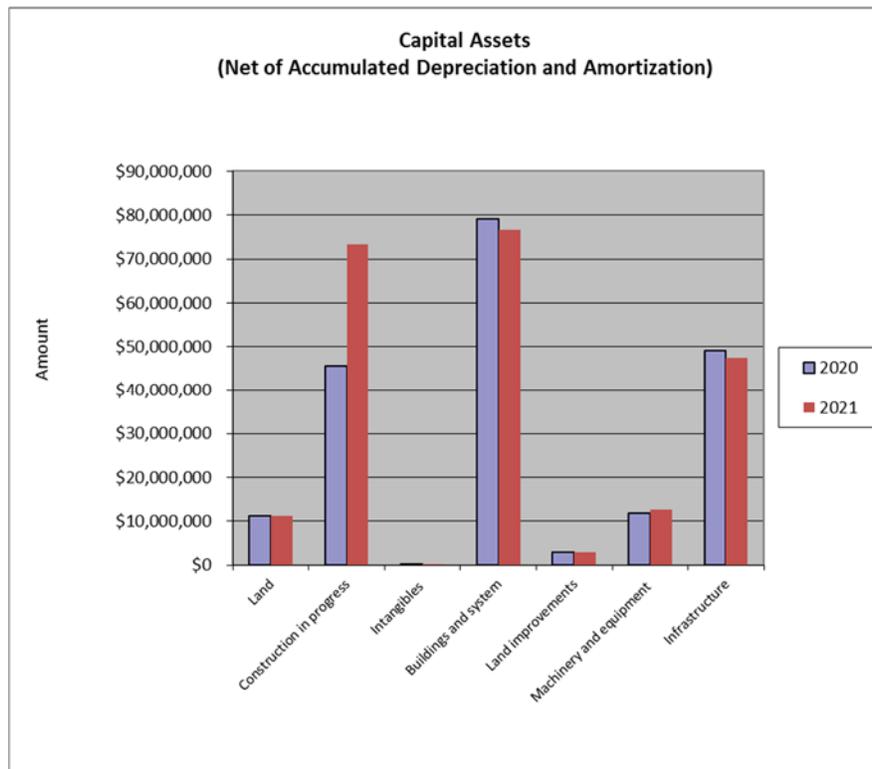
Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

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

	June 30, 2021			June 30, 2020		\$ Change	% Change
	Governmental Activities	Business-type Activities	Total	Total	Total		
Land	\$ 9,887,913	\$ 1,322,840	\$ 11,210,753	\$ 11,210,753	\$ -	0.0%	
Construction in progress	73,379,325	-	73,379,325	45,678,580	27,700,745	60.6%	
Intangibles	27,235	16,510	43,745	56,244	(12,499)	-22.2%	
Buildings and system	75,798,351	789,568	76,587,919	79,177,086	(2,589,167)	-3.3%	
Land improvements	2,769,430	105,480	2,874,910	2,918,718	(43,808)	-1.5%	
Machinery and equipment	11,506,212	1,175,434	12,681,646	11,824,434	857,212	7.2%	
Infrastructure	42,833,302	4,681,784	47,515,086	49,161,392	(1,646,306)	-3.3%	
Totals	\$ 216,201,768	\$ 8,091,616	\$ 224,293,384	\$ 200,027,207	\$ 24,266,177	12.1%	

	June 30, 2020		
	Governmental Activities	Business-type Activities	Total
Land	\$ 9,887,913	\$ 1,322,840	\$ 11,210,753
Construction in progress	45,678,580	-	45,678,580
Intangibles	35,016	21,228	56,244
Buildings and system	78,313,609	863,477	79,177,086
Land improvements	2,803,821	114,897	2,918,718
Machinery and equipment	10,398,522	1,425,912	11,824,434
Infrastructure	44,272,864	4,888,528	49,161,392
Totals	\$ 191,390,325	\$ 8,636,882	\$ 200,027,207



TOWN OF VERNON, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

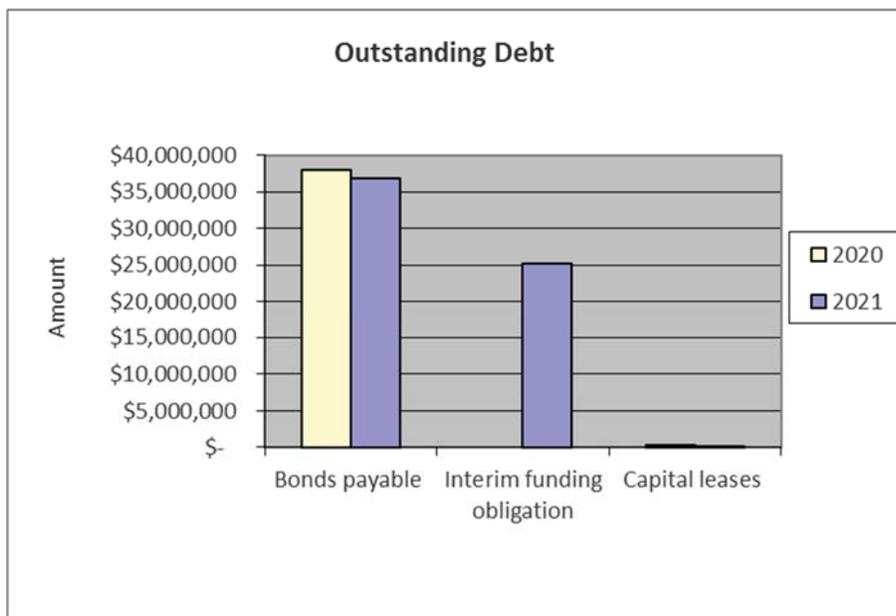
Additional information on the Town's capital assets can be found in Note 4 to the financial statements beginning on page 45.

Debt Administration

At the end of the current fiscal year, the Town had \$62.080 million in outstanding long-term bonds, notes and lease purchase obligations compared to \$38.288 million at the end of the prior fiscal year. The increase of \$23.792 million or 62.1% was due to the issuance of general obligation bonds of \$5.0 million, current year proceeds and the reclassification of prior year proceeds from an interim funding obligation under the State of Connecticut's clean water program in the amount of \$25.156 million, offset by scheduled debt service repayments and the refunding of general obligation bonds. The following is a two-year comparison of long-term debt:

	June 30, 2021			June 30, 2020		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Bonds payable	\$ 36,765,000	\$ -	\$ 36,765,000	\$ 37,975,000	\$ (1,210,000)	-3.2%
Interim funding obligation	25,156,923	-	25,156,923	-	25,156,923	0.0%
Capital leases	157,692	-	157,692	312,777	(155,085)	-49.6%
Totals	\$ 62,079,615	\$ -	\$ 62,079,615	\$ 38,287,777	\$ 23,791,838	62.1%

	June 30, 2020		
	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 37,975,000	\$ -	\$ 37,975,000
Interim funding obligation	-	-	-
Capital leases	312,777	-	312,777
Totals	\$ 38,287,777	\$ -	\$ 38,287,777



TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Capital Asset and Debt Administration (Continued)

Debt Administration (Continued)

During the current fiscal year long-term debt principal payments of \$4.545 million were made. Refunding of general obligation bonds during the fiscal year reduced outstanding debt by \$1.665 million.

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 48.

Economic Factors and Next Year's Budget and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2021-2022 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 6.9%, 4.4% less than the prior year-end, attributed in part to the coronavirus 19 pandemic. This compares similarly with the State's unemployment rate of 6.9% and the national rate of 6.1%.

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 4.58% for fiscal year 2021 compared with the average U.S. town rate of 5.39%.

These indicators were also taken into account when adopting the General Fund budget for fiscal year 2021-2022. Total appropriations in the General Fund budget are \$95.889 million, an increase of \$1.789 million over the original 2020-2021 budget. Property taxes total \$74.056 million, a revenue increase of \$791 thousand from the prior year. In the next fiscal year, the estimated aid from the State of Connecticut is expected to decrease by \$104 thousand to \$18.479 million, which represents 19.27% 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 \$516 thousand in education, \$65 thousand in public safety, \$31 thousand in human services, \$51 thousand in park and recreation, \$1.5 million in capital improvements, \$124 thousand in debt service, \$76 thousand in contingency and \$60 thousand in pension contributions, comprise the major increases in the fiscal year 2021-2022 budget. Decreases in the fiscal year 2021-2022 budget include \$40 thousand in maintenance and development, \$5 thousand in general government, \$308 thousand in group health insurance and \$336 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, 2021

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

The 2021-2022 Town budget experienced an overall 1.90% increase in appropriations with no change to the tax rate of 39.63 mills. The Grand List for fiscal year 2021-2022 increased 1.28% providing \$778 thousand of additional funding. 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 2021-2022 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
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 59,306,995	\$ 13,369,634	\$ 72,676,629
Investments	3,872,744	-	3,872,744
Receivables:			
Property taxes and interest, net	2,129,281	-	2,129,281
User charges and interest, net	683,089	606,130	1,289,219
Grants and contracts	4,967,300	-	4,967,300
Other	916,696	-	916,696
Internal balances	(658,860)	658,860	-
Other	780,924	23,700	804,624
Noncurrent assets:			
Receivables:			
Loans	635,799	-	635,799
Net pension asset	234,513	-	234,513
Capital assets:			
Non-depreciable	83,267,238	1,322,840	84,590,078
Depreciable, net	132,934,530	6,768,776	139,703,306
Total assets	<u>289,070,249</u>	<u>22,749,940</u>	<u>311,820,189</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,080,334	-	1,080,334
OPEB related	3,345,077	15,819	3,360,896
Total deferred outflows of resources	<u>4,425,411</u>	<u>15,819</u>	<u>4,441,230</u>
LIABILITIES			
Accounts payable	3,710,172	227,388	3,937,560
Accrued interest payable	978,161	-	978,161
Accrued liabilities	529,103	-	529,103
Interim funding obligation	-	-	-
Unearned revenue	8,111,115	-	8,111,115
Noncurrent liabilities:			
Due in one year	31,580,902	96,126	31,677,028
Due in more than one year	98,406,754	3,259,450	101,666,204
Total liabilities	<u>143,316,207</u>	<u>3,582,964</u>	<u>146,899,171</u>
DEFERRED INFLOWS OF RESOURCES			
Advance tax collections	6,561,822	-	6,561,822
Pension related	7,444,711	509,638	7,954,349
OPEB related	4,408,296	21,071	4,429,367
Deferred charge on refunding	224,183	-	224,183
Total deferred inflows of resources	<u>18,639,012</u>	<u>530,709</u>	<u>19,169,721</u>
NET POSITION			
Net investment in capital assets	152,208,479	8,091,616	160,300,095
Restricted for:			
Endowments:			
Nonexpendable	1,021,632	-	1,021,632
Expendable	3,864,360	-	3,864,360
Grants and other programs	2,269,502	-	2,269,502
Unrestricted	(27,823,532)	10,560,470	(17,263,062)
Total net position	<u>\$ 131,540,441</u>	<u>\$ 18,652,086</u>	<u>\$ 150,192,527</u>

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

TOWN OF VERNON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 5,385,975	\$ 1,698,209	\$ 16,118	\$ -	\$ (3,671,648)	\$ -	\$ (3,671,648)
Community development	489,383	69,930	181,171	-	(238,282)	-	(238,282)
Public safety	14,812,824	2,220,293	534,141	-	(12,058,390)	-	(12,058,390)
Maintenance and development	10,863,706	564,682	810,421	8,649,667	(838,936)	-	(838,936)
Human services	1,585,115	159,616	21,140	-	(1,404,359)	-	(1,404,359)
Parks, recreation and culture	3,156,729	467,198	205,826	-	(2,483,705)	-	(2,483,705)
Education	82,874,311	912,125	45,133,386	190,231	(36,638,569)	-	(36,638,569)
Interest expense	1,526,117	-	-	-	(1,526,117)	-	(1,526,117)
Total governmental activities	<u>120,694,160</u>	<u>6,092,053</u>	<u>46,902,203</u>	<u>8,839,898</u>	<u>(58,860,006)</u>	<u>-</u>	<u>(58,860,006)</u>
Business-type activities:							
Sewer	5,256,429	6,133,359	146,362	3,576	-	1,026,868	1,026,868
Center 375 (building rental)	213,810	113,475	-	-	-	(100,335)	(100,335)
Total business-type activities	<u>5,470,239</u>	<u>6,246,834</u>	<u>146,362</u>	<u>3,576</u>	<u>-</u>	<u>926,533</u>	<u>926,533</u>
Total primary government	<u>\$ 126,164,399</u>	<u>\$ 12,338,887</u>	<u>\$ 47,048,565</u>	<u>\$ 8,843,474</u>	<u>(58,860,006)</u>	<u>926,533</u>	<u>(57,933,473)</u>
General revenues:							
Property taxes, levied for general purposes					73,792,051	-	73,792,051
Grants and contributions not restricted to specific programs					787,539	-	787,539
Investment earnings					1,002,207	10,423	1,012,630
Transfers, net					133,585	(133,585)	-
Total general revenues					<u>75,715,382</u>	<u>(123,162)</u>	<u>75,592,220</u>
			Change in net position		16,855,376	803,371	17,658,747
			Net position - beginning, as originally reported		114,175,261	17,848,715	132,023,976
			Cumulative effect of implementing new accounting standard (see Note 1)		509,804	-	509,804
			Net position - beginning, as adjusted		<u>114,685,065</u>	<u>17,848,715</u>	<u>132,533,780</u>
			Net position - ending		<u>\$ 131,540,441</u>	<u>\$ 18,652,086</u>	<u>\$ 150,192,527</u>

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

TOWN OF VERNON, CONNECTICUT
BALANCE SHEET -
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	General Fund	Road Improvements Bond Fund	Town Capital and Nonrecurring Fund	Waste Treatment Plant Upgrade Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 31,071,431	\$ 1,599,944	\$ 3,072,440	\$ -	\$ 4,344,407	\$ 15,737,894	\$ 55,826,116
Investments	-	-	-	-	-	3,872,744	3,872,744
Receivables:							
Property taxes, net	2,129,281	-	-	-	-	-	2,129,281
Grants and contracts	131,372	-	15,815	287,318	-	4,532,795	4,967,300
Loans	-	-	-	-	-	635,799	635,799
Assessments	-	-	-	-	-	508	508
Other	251,993	-	-	-	-	756,260	1,008,253
Due from other funds	2,986,555	-	1,114,140	-	-	1,509,063	5,609,758
Inventories	-	-	-	-	-	25,862	25,862
Prepaid items	543,850	-	-	-	-	1,050	544,900
Advance to other fund	1,024,235	-	-	-	-	-	1,024,235
Total assets	<u>\$ 38,138,717</u>	<u>\$ 1,599,944</u>	<u>\$ 4,202,395</u>	<u>\$ 287,318</u>	<u>\$ 4,344,407</u>	<u>\$ 27,071,975</u>	<u>\$ 75,644,756</u>
LIABILITIES							
Accounts payable	\$ 1,317,921	\$ -	\$ 228	\$ 1,523,401	\$ -	\$ 890,008	\$ 3,731,558
Accrued liabilities	529,103	-	-	-	-	-	529,103
Due to other funds	2,612,176	-	-	28,944	-	2,955,188	5,596,308
Unearned revenue	335,315	-	-	-	4,344,407	3,430,843	8,110,565
Advance from other fund	-	-	1,024,235	-	-	-	1,024,235
Total liabilities	<u>4,794,515</u>	<u>-</u>	<u>1,024,463</u>	<u>1,552,345</u>	<u>4,344,407</u>	<u>7,276,039</u>	<u>18,991,769</u>
DEFERRED INFLOWS OF RESOURCES							
Advance tax collections	6,561,822	-	-	-	-	-	6,561,822
Unavailable revenue - property tax and interest	2,129,281	-	-	-	-	-	2,129,281
Unavailable revenue - grants and other	-	-	-	-	-	1,086,096	1,086,096
Total deferred inflows of resources	<u>8,691,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,086,096</u>	<u>9,777,199</u>
FUND BALANCES							
Nonspendable	1,507,631	-	-	-	-	1,048,544	2,556,175
Restricted	-	1,599,944	-	-	-	6,133,862	7,733,806
Committed	-	-	3,177,932	-	-	12,343,724	15,521,656
Assigned	1,028,176	-	-	-	-	-	1,028,176
Unassigned	22,117,292	-	-	(1,265,027)	-	(816,290)	20,035,975
Total fund balances	<u>24,653,099</u>	<u>1,599,944</u>	<u>3,177,932</u>	<u>(1,265,027)</u>	<u>-</u>	<u>18,709,840</u>	<u>46,875,788</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,138,717</u>	<u>\$ 1,599,944</u>	<u>\$ 4,202,395</u>	<u>\$ 287,318</u>	<u>\$ 4,344,407</u>	<u>\$ 27,071,975</u>	<u>\$ 75,644,756</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 GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Total fund balances for governmental funds	\$	46,875,788
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.		214,863,527
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.		(7,427,596)
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.		3,215,377
A net pension asset is not recognized in the governmental funds. A net pension asset results from the difference between the pension plan's fiduciary net position and the portion of the present value of projected benefit payments to be provided through the pension plan.		234,513
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	\$	1,057,089
Less allowance for uncollectible accounts		(374,000)
		683,089
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		(978,161)
Long-term debt:		
Bonds payable		(36,765,000)
Interim funding obligation		(25,156,923)
Unamortized bond premiums		(3,289,435)
Deferred charges on refunding		(224,183)
Other long-term liabilities:		
Capital lease obligations		(157,692)
Compensated absences		(2,960,295)
Termination benefits		(2,405,690)
Heart & hypertension		(465,662)
Net pension liability		(50,432,670)
Net OPEB liability		(7,058,297)
Total long-term liabilities		(129,894,008)
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.		2,989,751
Net position of governmental activities	\$	131,540,441

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

TOWN OF VERNON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Road Improvements Bond Fund	Town Capital and Nonrecurring Fund	Waste Treatment Plant Upgrade Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 73,746,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,746,671
Grants and contracts	26,636,455	-	-	7,098,119	-	12,215,359	45,949,933
Charges for services	2,404,054	-	18,881	-	-	2,382,230	4,805,165
Licenses and permits	-	-	-	-	-	358,415	358,415
Contributions	2,798	-	244,073	-	-	468,909	715,780
Interest and dividend income	20,476	-	-	-	-	77,379	97,855
Net change in the fair value of investments	-	-	-	-	-	904,352	904,352
Assessments	-	-	-	-	-	19,285	19,285
Other	703,669	-	-	-	-	341,732	1,045,401
Total revenues	<u>103,514,123</u>	<u>-</u>	<u>262,954</u>	<u>7,098,119</u>	<u>-</u>	<u>16,767,661</u>	<u>127,642,857</u>
EXPENDITURES							
Current:							
General government	3,718,155	-	-	-	-	322,085	4,040,240
Community development	306,592	-	-	-	-	91,902	398,494
Public safety	8,973,560	-	-	-	-	2,019,337	10,992,897
Maintenance and development	5,708,958	-	-	-	-	433,347	6,142,305
Human services	994,069	-	-	-	-	161,903	1,155,972
Parks, recreation and culture	1,893,821	-	-	-	-	208,817	2,102,638
Townwide	8,460,577	-	-	-	-	-	8,460,577
Education	61,743,228	-	-	-	-	10,170,551	71,913,779
Debt service	5,900,591	-	-	-	-	91,080	5,991,671
Capital outlays	210,000	238,859	2,351,199	23,863,371	-	3,535,456	30,198,885
Total expenditures	<u>97,909,551</u>	<u>238,859</u>	<u>2,351,199</u>	<u>23,863,371</u>	<u>-</u>	<u>17,034,478</u>	<u>141,397,458</u>
Excess (deficiency) of revenues over expenditures	5,604,572	(238,859)	(2,088,245)	(16,765,252)	-	(266,817)	(13,754,601)
OTHER FINANCING SOURCES (USES)							
Interim funding obligation	-	-	-	25,156,923	-	-	25,156,923
Bonds issued	-	5,000,000	-	-	-	-	5,000,000
Premium on bonds issued	-	609,150	-	-	-	-	609,150
Refunding bonds issued	-	-	-	-	-	19,160,000	19,160,000
Premium on refunding bonds issued	-	-	-	-	-	2,364,274	2,364,274
Payment to refunded bond escrow agent	-	-	-	-	-	(21,315,043)	(21,315,043)
Transfers in	19,522	-	805,661	133,585	-	4,436,398	5,395,166
Transfers out	(3,531,555)	-	(150,000)	-	-	(1,580,026)	(5,261,581)
Total other financing sources (uses)	<u>(3,512,033)</u>	<u>5,609,150</u>	<u>655,661</u>	<u>25,290,508</u>	<u>-</u>	<u>3,065,603</u>	<u>31,108,889</u>
Net change in fund balances	2,092,539	5,370,291	(1,432,584)	8,525,256	-	2,798,786	17,354,288
Fund balances - beginning, as adjusted <i>(see Note 1)</i>	22,560,560	(3,770,347)	4,610,516	(9,790,283)	-	15,911,054	29,521,500
Fund balances - ending	<u>\$ 24,653,099</u>	<u>\$ 1,599,944</u>	<u>\$ 3,177,932</u>	<u>\$ (1,265,027)</u>	<u>\$ -</u>	<u>\$ 18,709,840</u>	<u>\$ 46,875,788</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 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds \$ 17,354,288

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	\$ 31,392,016	
Depreciation and amortization expense	(6,442,144)	
Net adjustment		24,949,872

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.

82,468

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

Debt issued or incurred:		
Interim Funding Obligation	(25,156,923)	
Bonds issued	(5,000,000)	
Premium on bonds issued	(609,150)	
Refunding bonds issued	(19,160,000)	
Premium on refunding bonds issued	(2,364,274)	
Payment to refunded bond escrow agent	21,315,043	
Principal repayments:		
Bonds	4,545,000	
Capital lease	155,085	
Net adjustment		(26,275,219)

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.

(4,404,728)

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.

487,310

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.

(121,461)

(Continued)

TOWN OF VERNON, CONNECTICUT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2021

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	\$	(475,971)	
Amortization of bond premiums		203,177	
Amortization of deferred charges on refunding		38,262	
Compensated absences		5,092	
Termination benefits		43,568	
Heart & hypertension		(84,976)	
Net OPEB liability		1,434,792	
Net pension liabilities		<u>3,618,902</u>	
			<u>\$ 4,782,846</u>
Change in net position of governmental activities			<u>\$ 16,855,376</u> <i>(Concluded)</i>

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

TOWN OF VERNON, CONNECTICUT
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
AS OF JUNE 30, 2021

	Business-type Activities			Governmental Activities
	Sewer User Fund	Nonmajor Center 375 Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 12,417,521	\$ 952,113	\$ 13,369,634	\$ 3,480,879
Receivables:				
User charges and interest, net	606,130	-	606,130	-
Other	-	-	-	497
Due from other funds	133,585	-	133,585	-
Prepaid expenses	23,700	-	23,700	210,162
Total current assets	<u>13,180,936</u>	<u>952,113</u>	<u>14,133,049</u>	<u>3,691,538</u>
Capital assets:				
Non-depreciable	762,160	560,680	1,322,840	-
Depreciable, net	6,247,660	521,116	6,768,776	1,338,241
Total noncurrent assets	<u>7,009,820</u>	<u>1,081,796</u>	<u>8,091,616</u>	<u>1,338,241</u>
Total assets	<u>20,190,756</u>	<u>2,033,909</u>	<u>22,224,665</u>	<u>5,029,779</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related	15,819	-	15,819	-
Total deferred outflows of resources	<u>15,819</u>	<u>-</u>	<u>15,819</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	215,199	12,189	227,388	71,176
Claims payable	-	-	-	392,127
Compensated absences	96,126	-	96,126	33,858
Due to other funds	67,306	50,000	117,306	29,729
Unearned revenue	-	-	-	550
Total current liabilities	<u>378,631</u>	<u>62,189</u>	<u>440,820</u>	<u>527,440</u>
Noncurrent liabilities:				
Claims payable	-	-	-	853,321
Compensated absences	168,371	-	168,371	16,686
Net pension liability	3,056,214	-	3,056,214	-
Net OPEB liability	34,865	-	34,865	-
Total non-current liabilities	<u>3,259,450</u>	<u>-</u>	<u>3,259,450</u>	<u>870,007</u>
Total liabilities	<u>3,638,081</u>	<u>62,189</u>	<u>3,700,270</u>	<u>1,397,447</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	509,638	-	509,638	-
OPEB related	21,071	-	21,071	-
Total deferred inflows of resources	<u>530,709</u>	<u>-</u>	<u>530,709</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	7,009,820	1,081,796	8,091,616	1,338,241
Unrestricted	9,027,965	889,924	9,917,889	2,294,091
Total net position	<u>\$ 16,037,785</u>	<u>\$ 1,971,720</u>	<u>18,009,505</u>	<u>\$ 3,632,332</u>
Cumulative adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>642,581</u>	
Net position of business-type activities			<u>\$ 18,652,086</u>	

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

TOWN OF VERNON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities			Governmental Activities
	Sewer User Fund	Nonmajor Center 375 Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 5,743,596	\$ 113,475	\$ 5,857,071	\$ 3,304,535
Other	389,763	-	389,763	259,703
Total operating revenues	<u>6,133,359</u>	<u>113,475</u>	<u>6,246,834</u>	<u>3,564,238</u>
OPERATING EXPENSES				
Wages and benefits	1,721,028	5,579	1,726,607	1,016,755
Repairs, maintenance and rentals	418,520	34,452	452,972	628,092
Utilities	1,637,654	45,105	1,682,759	20,597
Supplies and materials	536,722	20,986	557,708	1,815
General and administrative	419,238	59,793	479,031	437,784
Claims incurred	-	-	-	747,313
Depreciation	540,410	47,895	588,305	219,639
Total operating expenses	<u>5,273,572</u>	<u>213,810</u>	<u>5,487,382</u>	<u>3,071,995</u>
Operating income (loss)	859,787	(100,335)	759,452	492,243
NON-OPERATING REVENUES				
Interest income	9,579	844	10,423	575
Other	146,362	-	146,362	-
Total non-operating revenues	<u>155,941</u>	<u>844</u>	<u>156,785</u>	<u>575</u>
Income (loss) before capital contributions and transfers	1,015,728	(99,491)	916,237	492,818
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers in	-	-	-	11,635
Transfers out	(133,585)	-	(133,585)	-
Capital contributions	3,576	-	3,576	-
	<u>(130,009)</u>	<u>-</u>	<u>(130,009)</u>	<u>11,635</u>
Change in net position	885,719	(99,491)	786,228	504,453
Net position - beginning	<u>15,152,066</u>	<u>2,071,211</u>		<u>3,127,879</u>
Net position - ending	<u>\$ 16,037,785</u>	<u>\$ 1,971,720</u>		<u>\$ 3,632,332</u>
Net current year adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>17,143</u>	
Net change in net position of business-type activities			<u>\$ 803,371</u>	

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

TOWN OF VENRON, CONNECTICUT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	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	\$ 5,768,162	\$ 113,475	\$ 5,881,637	\$ 3,304,535
Other operating revenues received	274,787	-	274,787	259,894
Cash paid for the following:				
Claims and administrative	-	-	-	(1,410,383)
Employee wages and benefits	(2,483,373)	-	(2,483,373)	(1,033,027)
Goods and services	(3,016,022)	(111,384)	(3,127,406)	(1,026,497)
Net cash provided by operating activities	<u>543,554</u>	<u>2,091</u>	<u>545,645</u>	<u>94,522</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund activities	<u>12,776</u>	<u>-</u>	<u>12,776</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	<u>(13,429)</u>	<u>(26,032)</u>	<u>(39,461)</u>	<u>(69,575)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>9,579</u>	<u>844</u>	<u>10,423</u>	<u>575</u>
Net increase (decrease) in cash and cash equivalents	552,480	(23,097)	529,383	25,522
Cash and cash equivalents, beginning of year	11,865,041	975,210	12,840,251	3,455,357
Cash and cash equivalents, end of year	<u>\$ 12,417,521</u>	<u>\$ 952,113</u>	<u>\$ 13,369,634</u>	<u>\$ 3,480,879</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 859,787	\$ (100,335)	\$ 759,452	\$ 492,243
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	540,410	47,895	588,305	219,639
Changes in assets and liabilities:				
Receivables	38,763	-	38,763	(359)
Due from other funds	(129,174)	49,080	(80,094)	673
Prepaid expense	4,200	-	4,200	(109,763)
Deferred outflows of resources	20,450	-	20,450	-
Accounts payable	(127,221)	5,451	(121,770)	(492,189)
Accrued liabilities	(61,840)	-	(61,840)	(16,272)
Due to other funds	(13,738)	-	(13,738)	-
Unearned revenues	-	-	-	550
Net pension liability	(659,617)	-	(659,617)	-
Net OPEB liability	(18,769)	-	(18,769)	-
Deferred inflows of resources	90,303	-	90,303	-
Net cash provided by operating activities	<u>\$ 543,554</u>	<u>\$ 2,091</u>	<u>\$ 545,645</u>	<u>\$ 94,522</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets through capital contributions	\$ 3,576	\$ -	\$ 3,576	\$ -

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, 2021

	Pension Trust Funds	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents	\$ 1,074,212	\$ 387,022
Investments:		
Certificates of deposit	-	8,823
Fixed insurance contracts	15,368,978	-
Variable insurance contracts	64,785,542	-
Common stock	1,898,436	-
Mutual funds	1,803,059	133,707
Total investments	<u>83,856,015</u>	<u>142,530</u>
Receivables	16,175	-
Other assets	3,257	-
Total assets	<u>84,949,659</u>	<u>529,552</u>
LIABILITIES		
Payables	112,578	28
Unearned revenue	233	-
Total liabilities	<u>112,811</u>	<u>28</u>
NET POSITION		
Restricted for:		
Pensions	82,748,981	-
Other post-employment benefits	2,087,867	-
Other purposes	-	529,524
Total net position	<u>\$ 84,836,848</u>	<u>\$ 529,524</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, 2021

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Fund</u>
ADDITIONS		
Contributions:		
Employer	\$ 5,739,589	\$ -
Employee	1,116,939	-
Retirees	521,914	-
State	70,974	-
Private	-	13,478
Other	13,011	-
Total contributions	<u>7,462,427</u>	<u>13,478</u>
Investment earnings:		
Net investment income	9,586,581	14,245
Less investment expenses	(333,877)	-
Total investment earnings	<u>9,252,704</u>	<u>14,245</u>
Total additions	<u>16,715,131</u>	<u>27,723</u>
DEDUCTIONS		
Benefit payments	8,939,948	-
Refunds of contributions	221,400	-
Awards expense	-	27,550
Administrative expenses	201,726	-
Total deductions	<u>9,363,074</u>	<u>27,550</u>
Change in net position	7,352,057	173
Net position - beginning	<u>77,484,791</u>	<u>529,351</u>
Net position - ending	<u>\$ 84,836,848</u>	<u>\$ 529,524</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, 2021

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, 2021

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 budgetary 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.

American Rescue Plan Fund - This fund is used to account for the financial activity of federal funds awarded under the American Rescue Plan Act.

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, 2021

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.

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.

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, 2021

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 \$941,937 for the year ended June 30, 2021. As of June 30, 2021, \$1,021,632 of the Town's \$4,885,992 in endowments are considered nonexpendable/nonspendable with the remaining balance of \$3,864,360 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, 2021 of \$252,000 and \$374,000, 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, 2021

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, 2021, loans receivable totaled \$635,799 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, 2021

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 outflows or inflows 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 inflows 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, 2021 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, 2021

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. As of June 30, 2021, the Town has designated \$2,012,193 of the Sewer User Fund's unrestricted net position for capital upgrades.

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, 2021

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

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

Use of Estimates

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

Implementation of Accounting Standards

Effective July 1, 2020, the Town implemented the provisions of GASB Statement No. 84, *Fiduciary Activities* (Statement No. 84). 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. Based on the application of Statement No. 84, the Town has recharacterized certain activities previously reported as fiduciary activities.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Implementation of Accounting Standards *(Continued)*

The Town has reported the cumulative effect of applying Statement No. 84 as a restatement of its beginning net position and fund balances as follows:

	Governmental Activities	Governmental Funds
Net position/Fund balance - beginning, as originally reported	\$ 114,175,261	\$ 29,011,696
Recharacterization of certain activities previously reported as fiduciary activities	509,804	509,804
Net position/Fund balance - beginning, as adjusted	\$ 114,685,065	\$ 29,521,500

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2021 is as follows:

Government-wide statement of net position:

Cash and cash equivalents \$ 72,676,629

Statement of fiduciary net position:

Cash and cash equivalents - Pension Trust Funds 1,074,212

Cash and cash equivalents - Private Purpose Trust Funds 387,022

74,137,863

Add: certificates of deposit presented as investments 10,590

Less: investments presented as cash equivalents (917,962)

\$ 73,230,491

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, 2021, \$74,909,009 of the Town's bank balance of \$75,913,689 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 67,418,108

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

7,490,901

\$ 74,909,009

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Investments

A reconciliation of the Town's investments as of June 30, 2021 is as follows:

Government-wide statement of net position:

Investments \$ 3,872,744

Statement of fiduciary net position:

Investments - Pension Trust Funds 83,856,015

Investments - Private Purpose Trust Funds 142,530

87,871,289

Less: certificates of deposit presented as investments (10,590)

Add: investments presented as cash equivalents 917,962

\$ 88,778,661

As of June 30, 2021, 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:						
<i>Governmental Activities:</i>						
Short-Term Investment Fund	Net asset value	\$ 712,033	\$ 712,033	\$ -	\$ -	\$ -
Money market mutual funds	Net asset value	83,055	83,055	-	-	-
<i>Fiduciary Funds:</i>						
Money market mutual funds	Net asset value	122,874	122,874	-	-	-
		<u>917,962</u>	<u>\$ 917,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Investments:						
<i>Governmental Activities:</i>						
Common stock	Fair value	1,868,834				
Mutual funds	Fair value	2,002,143				
<i>Fiduciary Funds:</i>						
Common stock	Fair value	1,898,436				
Mutual funds	Fair value	1,936,766				
Variable insurance contracts	Contract value	64,785,542				
Fixed insurance contracts	Contract value	15,368,978				
		<u>\$ 88,778,661</u>				

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Investments *(Continued)*

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.

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

<u>Investment Type</u>	<u>AAA</u>	<u>Unrated</u>	<u>Total</u>
Debt Securities:			
<i>Governmental Activities:</i>			
Short-Term Investment Fund	\$ 712,033	\$ -	\$ 712,033
Money market mutual funds	-	83,055	83,055
<i>Fiduciary Funds:</i>			
Money market mutual funds	-	122,874	122,874
	<u>\$ 712,033</u>	<u>\$ 205,929</u>	<u>\$ 917,962</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.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit risk disclosures. The Town places no limit on the amount of investment in any one issuer. As of June 30, 2021, none of the Town's investments, in any one issuer that is subject to concentration of credit risk disclosures, exceeded 5.0% or more of the total investments reported for the Town's governmental activities or fiduciary funds.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, 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	\$ 1,868,834	\$ -	\$ -	\$ 1,868,834
Mutual funds	2,002,143	-	-	2,002,143
<i>Fiduciary Funds:</i>				
Common stock	1,898,436	-	-	1,898,436
Mutual funds	1,936,766	-	-	1,936,766
	<u>\$ 7,706,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,706,179</u>
			Investments measured at net asset value	917,962
			Investments measured at contract value	<u>80,154,520</u>
				<u><u>\$ 88,778,661</u></u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2021 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 9,887,913	\$ -	\$ -	\$ -	\$ 9,887,913
Construction in progress	45,678,580	28,342,271	-	(641,526)	73,379,325
Total capital assets, not being depreciated	<u>55,566,493</u>	<u>28,342,271</u>	<u>-</u>	<u>(641,526)</u>	<u>83,267,238</u>
Capital assets, being depreciated:					
Land improvements	8,300,155	4,565	-	175,224	8,479,944
Buildings and improvements	123,185,442	21,964	-	24,500	123,231,906
Machinery and equipment	52,366,647	3,074,783	(38,238)	93,489	55,496,681
Intangibles - computer software	433,327	-	-	-	433,327
Infrastructure	82,806,801	29,643	-	348,313	83,184,757
Total capital assets, being depreciated	<u>267,092,372</u>	<u>3,130,955</u>	<u>(38,238)</u>	<u>641,526</u>	<u>270,826,615</u>
Less accumulated depreciation and amortization for:					
Land improvements	5,496,334	214,180	-	-	5,710,514
Buildings and improvements	44,871,833	2,561,722	-	-	47,433,555
Machinery and equipment	41,968,125	2,060,582	(38,238)	-	43,990,469
Intangibles - computer software	398,311	7,781	-	-	406,092
Infrastructure	38,533,937	1,817,518	-	-	40,351,455
Total accumulated depreciation and amortization	<u>131,268,540</u>	<u>6,661,783</u>	<u>(38,238)</u>	<u>-</u>	<u>137,892,085</u>
Total capital assets, being depreciated, net	<u>135,823,832</u>	<u>(3,530,828)</u>	<u>-</u>	<u>641,526</u>	<u>132,934,530</u>
Governmental activities capital assets, net	<u>\$ 191,390,325</u>	<u>\$ 24,811,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,201,768</u>

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

Governmental Activities:	
General government	\$ 246,161
Community development	424
Public safety	654,646
Maintenance and development	2,731,688
Human services	1,476
Parks, recreation and culture	503,096
Education	<u>2,524,292</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 6,661,783</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS *(Continued)*

Capital asset activity for business-type activities for the year ended June 30, 2021 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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>1,322,840</u>
Capital assets, being depreciated:				
Buildings and system	6,524,236	26,034	-	6,550,270
Improvements other than building	278,230	-	-	278,230
Machinery and equipment	9,683,147	13,430	-	9,696,577
Intangibles - computer software	118,824	-	-	118,824
Infrastructure	<u>11,431,765</u>	<u>3,575</u>	<u>-</u>	<u>11,435,340</u>
Total capital assets, being depreciated	<u>28,036,202</u>	<u>43,039</u>	<u>-</u>	<u>28,079,241</u>
Less accumulated depreciation and amortization for:				
Buildings and system	5,660,759	99,943	-	5,760,702
Improvements other than building	163,333	9,417	-	172,750
Machinery and equipment	8,257,235	263,908	-	8,521,143
Intangibles - computer software	97,596	4,718	-	102,314
Infrastructure	<u>6,543,237</u>	<u>210,319</u>	<u>-</u>	<u>6,753,556</u>
Total accumulated depreciation and amortization	<u>20,722,160</u>	<u>588,305</u>	<u>-</u>	<u>21,310,465</u>
Total capital assets, being depreciated, net	<u>7,314,042</u>	<u>(545,266)</u>	<u>-</u>	<u>6,768,776</u>
Business-type activities capital assets, net	<u>\$ 8,636,882</u>	<u>\$ (545,266)</u>	<u>\$ -</u>	<u>\$ 8,091,616</u>

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

Business-Type Activities:	
Sewer Use	\$ 540,410
Rental of building	<u>47,895</u>
Total depreciation and amortization expense - business-type activities	<u>\$ 588,305</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2021 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Waste Treatment Plant Upgrade Fund	\$ 28,944
	Town Capital and Nonrecurring Fund	1,024,235
	Other Governmental Funds	2,810,576
	Sewer User Fund	67,306
	Internal Service Funds	29,729
	Other Enterprise Funds	50,000
		<u>4,010,790</u>
Town Capital Nonrecurring Fund	General Fund	1,023,730
	Other Governmental Funds	90,410
		<u>1,114,140</u>
Other Governmental Funds	General Fund	1,454,861
	Other Governmental Funds	54,202
		<u>1,509,063</u>
	Total Receivable	<u>\$ 6,633,993</u>
Proprietary Funds:		
Sewer User Fund	General Fund	<u>\$ 133,585</u>

Except as disclosed below, the above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The General Fund has advanced funds to the Town Capital and Nonrecurring Fund for the purpose of internally financing authorized capital purchases. Repayments of the interfund loan are made through annual appropriations for debt service in the General Fund. As of June 30, 2021, the balance outstanding under the interfund loan totaled \$1,024,235. Of this amount, \$963,781 represents the non-current portion of the interfund loan, which has been reported as nonspendable fund balance in the General Fund.

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Other Governmental Funds	\$ 19,522
Town Capital and Nonrecurring Fund	General Fund	805,661
Waste Treatment Plant Upgrade Fund	Sewer User Fund	133,585
Other Governmental Funds	General Fund	2,725,894
	Town Capital and Nonrecurring Fund	150,000
	Other Governmental Funds	1,560,504
		<u>4,436,398</u>
		<u>\$ 5,395,166</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021:

	Interest Rate	Beginning Balance	Increases	Decreases	Reclass to Long-term Debt	Ending Balance
Governmental Activities						
Interim Funding Obligation	2.0%	\$ 9,415,404	\$ 15,741,519	\$ -	\$ (25,156,923)	\$ -

The State of Connecticut has approved funding in the form of interim funding obligations 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 loans 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. On July 31, 2021, the Town converted amounts outstanding on its initial interim funding obligation into a long-term note payable under the State of Connecticut's Clean Water program *(see Note 17)*. As such, amounts outstanding on the interim funding obligation as of June 30, 2021 has been presented as long-term debt in the accompanying government-wide statement of net position and has been recognized as an other financing source in the governmental funds statement of revenues, expenditures, and changes in fund balance for the year ended June 30, 2021.

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	Beginning Balance	Increases	Decreases	Reclass from Short-term Debt	Ending Balance	Due Within One Year
Governmental Activities						
Bonds payable:						
General obligation bonds	\$ 37,975,000	\$ 24,160,000	\$ (25,370,000)	\$ -	\$ 36,765,000	\$ 4,550,000
Unamortized premiums	519,188	2,973,424	(203,177)	-	3,289,435	-
Total bonds payable	38,494,188	27,133,424	(25,573,177)	-	40,054,435	4,550,000
Direct borrowings:						
Interim Funding Obligation <i>(see Note 7)</i>	-	-	-	25,156,923	25,156,923	25,156,923
Capital lease payable - Fire trucks	312,777	-	(155,085)	-	157,692	157,692
Total direct borrowings	312,777	-	(155,085)	25,156,923	25,314,615	25,314,615
Total long-term debt	\$ 38,806,965	\$ 27,133,424	\$ (25,728,262)	\$ 25,156,923	\$ 65,369,050	\$ 29,864,615

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM DEBT (Continued)

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2021 is as follows:

<u>Purpose of Bonds</u>	<u>Fiscal Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Fiscal Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities:					
General Obligation Bonds	2016	\$ 6,130,000	2.00% - 3.125%	2031	\$ 410,000
General Obligation Bonds	2017	6,350,000	2.00% - 4.00%	2032	4,650,000
General Obligation Bonds	2018	4,400,000	2.00% - 5.00%	2033	3,515,000
General Obligation Bonds	2019	5,000,000	3.00% - 5.00%	2034	4,320,000
General Obligation Bonds	2021	5,000,000	3.00% - 5.00%	2036	5,000,000
General Obligation Refunding Bonds	2021	15,325,000	5.00%	2028	15,035,000
General Obligation Refunding Bonds	2021	3,835,000	0.95% - 2.05%	2031	3,835,000
					<u>\$ 36,765,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2021:

<u>Year ending June 30:</u>	<u>Governmental Activities Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,550,000	\$ 1,294,154	\$ 5,844,154
2023	4,690,000	1,082,565	5,772,565
2024	4,705,000	871,866	5,576,866
2025	3,765,000	692,220	4,457,220
2026	3,765,000	545,231	4,310,231
2027-2031	11,710,000	1,214,496	12,924,496
2032-2036	3,580,000	188,830	3,768,830
	<u>\$ 36,765,000</u>	<u>\$ 5,889,362</u>	<u>\$ 42,654,362</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, 2021.

Advanced Debt Refundings

During the year ended June 30, 2021, the Town issued \$19,160,000 in general obligation refunding bonds with interest rates ranging from 0.95% to 5.0%. The proceeds were used to advance refund bonds with interest rates ranging from 2.0% to 4.25%. The proceeds were used to advance refund \$20,825,000 in previously outstanding general obligation bonds. The net proceeds of \$21,315,043 (including a \$2,364,274 premium and after payment of \$209,231 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

General Obligation Bonds *(Continued)*

Advanced Debt Refundings *(Continued)*

The bonds advanced refunded are considered defeased and the liability for those bonds has been removed from the accompanying government-wide statement of net position. The carrying amount of the old debt exceeded the reacquisition price by exceeded the carrying amount of the old debt by \$262,455. This amount is reported as a deferred inflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The advance refunding reduced the Town's total debt service payments by approximately \$1,828,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,778,000.

Defeased Debt

The Town has defeased general obligation bonds in the current year and in prior years by creating separate irrevocable trusts accounts to provide for all future debt service payments on the old bonds. Accordingly, those trust account assets and the liability for those defeased bonds are not included in the Town's financial statements. As of June 30, 2021, \$29,545,000 of defeased bonds remain outstanding, which includes bonds refunded during the year ended June 30, 2021.

Authorized and Unissued Debt

The amount of authorized and unissued bonds at June 30, 2021 totaled to \$3,907,332 for general purposes, \$5,051,504 for schools and \$60,246,848 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, 2021 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, 2021 is \$5,051,504 for schools.

On January 28, 2014, a referendum was held that appropriated \$27,637,000 for Road Reconstruction and Improvements. Of the \$27,637,000 authorization, the remaining unissued Road Reconstruction and Improvements authorization as of June 30, 2021 is \$2,803,642 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, 2021 is \$362,000 for general purposes.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

General Obligation Bonds *(Continued)*

Authorized and Unissued Debt *(Continued)*

On January 15, 2019, a referendum was held that appropriated \$85,972,000 for Waste Treatment Plant Facility Improvements. As of June 30, 2021, \$25,156,923 has been borrowed against this authorization in the form of an interim funding obligation. The remaining authorization, reduced for grant reimbursements received as of June 30, 2021, is \$49,676,994 for sewer purposes.

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, 2021:

	Governmental Activities
Equipment	\$ 1,479,761
Less: accumulated amortization	1,479,761
	\$ -

Amortization expense relative to leased property under capital leases totaled \$92,485 for the year ended June 30, 2021 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2021 is as follows:

	Governmental Activities
Year Ending June 30:	
2022	\$ 160,340
Total minimum lease payments	160,340
Less: amount representing interest	2,648
Present value of minimum lease payments	\$ 157,692

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, 2021, the overlapping debt balance is \$1,890,894.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 - OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for the year ended June 30, 2021 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences:					
Town	\$ 2,308,871	\$ 212,944	\$ (244,633)	\$ 2,277,182	\$ 763,168
Board of Education ("BOE")	656,516	81,247	(54,650)	683,113	229,409
Internal Service Fund	66,816	-	(16,272)	50,544	33,858
Total compensated absences	<u>3,032,203</u>	<u>294,191</u>	<u>(315,555)</u>	<u>3,010,839</u>	<u>1,026,435</u>
Termination benefits:					
BOE estimated retirement pay	2,030,832	192,073	(163,261)	2,059,644	137,500
BOE early retirement pay	418,426	62,291	(134,671)	346,046	144,671
Total termination benefits	<u>2,449,258</u>	<u>254,364</u>	<u>(297,932)</u>	<u>2,405,690</u>	<u>282,171</u>
Risk management:					
Claims payable	1,745,877	657,469	(1,157,898)	1,245,448	392,127
Heart and hypertension	380,686	97,121	(12,145)	465,662	15,554
Total risk management	<u>2,126,563</u>	<u>754,590</u>	<u>(1,170,043)</u>	<u>1,711,110</u>	<u>407,681</u>
Net pension liability	53,817,059	3,173,992	(6,558,381)	50,432,670	-
Net OPEB liability	8,493,089	699,432	(2,134,224)	7,058,297	-
Total long-term liabilities	<u>\$ 69,918,172</u>	<u>\$ 5,176,569</u>	<u>\$ (10,476,135)</u>	<u>\$ 64,618,606</u>	<u>\$ 1,716,287</u>
Business-type Activities					
Compensated absences	\$ 326,337	\$ 52,698	\$ (114,538)	\$ 264,497	\$ 96,126
Net pension liability	3,715,831	81,374	(740,991)	3,056,214	-
Net OPEB liability	53,634	3,455	(22,224)	34,865	-
Total long-term liabilities	<u>\$ 4,095,802</u>	<u>\$ 137,527</u>	<u>\$ (877,753)</u>	<u>\$ 3,355,576</u>	<u>\$ 96,126</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 \$186,998 of incurred, but not reported claims, totaled \$465,662 as of June 30, 2021. There are three heart and hypertension claims outstanding at year-end. Medical claims of \$12,145 were made during the year ended June 30, 2021.

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Termination Benefits *(Continued)*

School Administrators *(Continued)*

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, 2021 was \$34,671. The early retirement liability of \$126,161 has been calculated based upon the discounted present value of expected future benefits and a 0.02951% 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, 2021 was \$100,000. The early retirement liability of \$219,885 as of June 30, 2021 has been calculated based upon the discounted present value of expected future benefits and a 0.02951% 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 \$2,059,644 as of June 30, 2021. Paid benefits for the year ended June 30, 2021 were \$163,261.

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 pension trust funds. 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.

TOWN OF VERNON, CONNECTICUT
 NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Pension Trust Fund (Continued)

Plan Description (Continued)

Plan Membership

As of December 31, 2020, the measurement date, plan membership consisted of the following:

	Town	Police	LOSAP
Retirees and beneficiaries receiving benefits	251	42	27
Terminated plan members entitled to but not yet receiving benefits	253	6	51
Active plan members	218	65	88
	722	113	166

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 Employees

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Plan Description *(Continued)*

Benefits Provided *(Continued)*

LOSAP

The normal retirement date for volunteer firefighters is attained at age 65 with 10 years of credited service. A year of credited service is achieved based upon a point system established by the Fire Chief. A volunteer shall not be credited with more than 30 years of service. The benefit at normal retirement is equal to \$8 per month for each year of credited service to a maximum of \$240 per month. 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.

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 contributions are made during the fiscal year prior to the plans December 31 year end.

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund (Continued)

Plan Description *(Continued)*

Contributions (Continued)

Town of Vernon Police Officers' Pension Plan - For the plan year ended December 31, 2020, the average active member contribution rate was 8.50% of annual base compensation, and the Town's average contribution rate was 43.19% of annual payroll.

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 plan year ended December 31, 2020, the average active member contribution rate was 6.98% of annual base compensation, and the Town's average contribution rate was 22.58% 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 plans are accounted for using the accrual basis of accounting and are reported on a December 31 (calendar year end). 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 - None of the plans' investments, in any one issuer that is subject to concentration of credit risk disclosures, exceeded 5.0% or more of each respective plans' total investments.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Fund *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

Rate of return - For the plan year ended December 31, 2020, the annual money-weighted rate of return on each plan's investments were as follows:

Plan	Money-Weighted Rate of Return
Police Plan	12.70%
Town Plan	12.20%
LOSAP Plan	13.40%

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, 2020, the reporting date of the plans:

	Town Plan	Police Plan	Volunteer Firefighters LOSAP	Total
ASSETS				
Cash and cash equivalents	\$ 6,840	\$ 7,540	\$ 103,923	\$ 118,303
Investments	54,459,900	25,691,363	2,496,174	82,647,437
Other assets	3,257	-	-	3,257
Total assets	54,469,997	25,698,903	2,600,097	82,768,997
LIABILITIES				
Payables	11,543	8,473	-	20,016
Total liabilities	11,543	8,473	-	20,016
NET POSITION				
Restricted for pension benefits	54,458,454	25,690,430	2,600,097	82,748,981
	\$ 54,458,454	\$ 25,690,430	\$ 2,600,097	\$ 82,748,981

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Pension Trust Fund (Continued)

Plan Statements (Continued)

ADDITIONS	Town Plan	Police Plan	Volunteer Firefighters LOSAP	Total
Contributions:				
Employer	\$ 2,733,202	\$ 1,993,154	\$ 106,269	\$ 4,832,625
Plan members	730,627	386,312	-	1,116,939
Total contributions	<u>3,463,829</u>	<u>2,379,466</u>	<u>106,269</u>	<u>5,949,564</u>
Investment earnings:				
Net investment income	6,006,527	2,944,905	331,104	9,282,536
Less investment expense	(227,076)	(106,801)	-	(333,877)
Total investment earnings	<u>5,779,451</u>	<u>2,838,104</u>	<u>331,104</u>	<u>8,948,659</u>
Total additions	<u>9,243,280</u>	<u>5,217,570</u>	<u>437,373</u>	<u>14,898,223</u>
DEDUCTIONS				
Benefit payments	4,469,928	3,106,553	75,151	7,651,632
Refund of contributions	205,654	15,746	-	221,400
Administrative expenses	96,573	65,142	26,801	188,516
Total deductions	<u>4,772,155</u>	<u>3,187,441</u>	<u>101,952</u>	<u>8,061,548</u>
Change in net position	4,471,125	2,030,129	335,421	6,836,675
Net position - beginning	<u>49,987,329</u>	<u>23,660,301</u>	<u>2,264,676</u>	<u>75,912,306</u>
Net position - ending	<u>\$ 54,458,454</u>	<u>\$ 25,690,430</u>	<u>\$ 2,600,097</u>	<u>\$ 82,748,981</u>

Net Pension Liability

The components of the net pension liability for each of the Town's plans measured as of December 31, 2020 were as follows:

	Town Plan	Police Plan	Volunteer Firefighters LOSAP	Total
Total pension liability	\$ 86,063,561	\$ 47,574,207	\$ 2,365,584	\$ 136,003,352
Plan fiduciary net position	<u>54,458,454</u>	<u>25,690,430</u>	<u>2,600,097</u>	<u>82,748,981</u>
Net pension liability	<u>\$ 31,605,107</u>	<u>\$ 21,883,777</u>	<u>\$ (234,513)</u>	<u>\$ 53,254,371</u>

Plan fiduciary net position as a percentage
of the total pension liability

63.28%	54.00%	109.91%
--------	--------	---------

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The changes in the net pension liability for each of the Town's plans were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Town Plan			
Balance as of January 1, 2020	\$ 84,682,295	\$ 49,987,329	\$ 34,694,966
Changes for the year:			
Service cost	1,193,493	-	1,193,493
Interest	5,766,883	-	5,766,883
Differences between expected and actual experience	(903,529)	-	(903,529)
Contributions - employer	-	2,733,202	(2,733,202)
Contributions - employee	-	730,627	(730,627)
Net investment income	-	5,779,451	(5,779,451)
Benefit payments, including refunds	(4,675,581)	(4,675,581)	-
Administrative expense	-	(96,574)	96,574
Net changes	<u>1,381,266</u>	<u>4,471,125</u>	<u>(3,089,859)</u>
Balance as of December 31, 2020	<u>\$ 86,063,561</u>	<u>\$ 54,458,454</u>	<u>\$ 31,605,107</u>

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Police Plan			
Balance as of January 1, 2020	\$ 46,476,998	\$ 23,660,301	\$ 22,816,697
Changes for the year:			
Service cost	795,241	-	795,241
Interest	3,145,958	-	3,145,958
Differences between expected and actual experience	278,309	-	278,309
Contributions - employer	-	1,993,154	(1,993,154)
Contributions - employee	-	386,312	(386,312)
Net investment income	-	2,838,104	(2,838,104)
Benefit payments, including refunds	(3,122,299)	(3,122,299)	-
Administrative expense	-	(65,142)	65,142
Net changes	<u>1,097,209</u>	<u>2,030,129</u>	<u>(932,920)</u>
Balance as of December 31, 2020	<u>\$ 47,574,207</u>	<u>\$ 25,690,430</u>	<u>\$ 21,883,777</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2020	\$ 2,285,903	\$ 2,264,676	\$ 21,227
Changes for the year:			
Service cost	26,337	-	26,337
Interest	148,581	-	148,581
Differences between expected and actual experience	(20,086)	-	(20,086)
Contributions - employer	-	106,269	(106,269)
Net investment income	-	331,104	(331,104)
Benefit payments, including refunds	(75,151)	(75,151)	-
Administrative expense	-	(26,801)	26,801
Net changes	<u>79,681</u>	<u>335,421</u>	<u>(255,740)</u>
Balance as of December 31, 2020	<u>\$ 2,365,584</u>	<u>\$ 2,600,097</u>	<u>\$ (234,513)</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

	Town Plan	Police Plan	Volunteer Firefighters 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, 2021

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Town Plan</u>	<u>Police Plan</u>	<u>Volunteer Firefighters LOSAP</u>
Large Cap Equity	7.50%	7.00%	8.50%
Mid Cap Equity	8.25%	8.25%	9.00%
Small Cap Equity	8.50%	8.50%	9.25%
International Equity	7.00%	7.00%	8.25%
Fixed Income	4.90%	4.90%	4.90%
Stable Value	4.35%	4.35%	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:

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Town Plan's net pension liability	\$ 39,927,620	\$ 31,605,107	\$ 23,419,190
Police Plan's net pension liability	27,274,936	21,883,777	16,830,383
LOSAP Plan's net pension (asset) liability	101,900	(234,513)	(512,367)
	<u>\$ 67,304,456</u>	<u>\$ 53,254,371</u>	<u>\$ 39,737,206</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the Town recognized a collective pension expense of \$3,255,366, which consisted of a pension expense for the Town plan of \$841,503, the Police plan of \$2,459,352, and a negative expense for the LOSAP plan of \$45,489. The Town has reported deferred outflows and inflows of resources as of June 30, 2021 related to each plan from the following sources. The Town made no contributions to the plans between the December 31, 2020 measurement date and June 30, 2021.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Town Plan			
Difference between expected and actual experience	\$ -	\$ (1,076,915)	\$ (1,076,915)
Changes of assumptions and demographics	-	-	-
Difference between projected and actual earnings on plan investments	-	(4,193,393)	(4,193,393)
Total	<u>-</u>	<u>(5,270,308)</u>	<u>(5,270,308)</u>
Police Plan			
Difference between expected and actual experience	963,382	(80,844)	882,538
Changes of assumptions and demographics	-	-	-
Difference between projected and actual earnings on plan investments	-	(2,272,661)	(2,272,661)
Total	<u>963,382</u>	<u>(2,353,505)</u>	<u>(1,390,123)</u>
LOSAP Plan			
Difference between expected and actual experience	116,952	(87,654)	29,298
Changes of assumptions and demographics	-	-	-
Difference between projected and actual earnings on plan investments	-	(242,882)	(242,882)
Total	<u>116,952</u>	<u>(330,536)</u>	<u>(213,584)</u>
	<u>\$ 1,080,334</u>	<u>\$ (7,954,349)</u>	<u>\$ (6,874,015)</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 (Benefit) Pension Expense			
	Town Plan	Police Plan	LOSAP Plan	Total
Year ended June 30,				
2022	\$ (1,954,537)	\$ (192,044)	\$ (68,339)	\$ (2,214,920)
2023	(1,224,875)	(317,800)	(40,339)	(1,583,014)
2024	(1,559,106)	(628,640)	(91,331)	(2,279,077)
2025	(531,790)	(251,639)	(28,321)	(811,750)
2026	-	-	3,638	3,638
Thereafter	-	-	11,108	11,108
	<u>\$ (5,270,308)</u>	<u>\$ (1,390,123)</u>	<u>\$ (213,584)</u>	<u>\$ (6,874,015)</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021

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, 2020. The net pension liability at June 30, 2020 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 2020 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. 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 0.617% 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, 2021

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, 2020, 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		<u>\$ 18,846,090,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.617%	<u>\$ 116,195,000</u>

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$7,452,911 or 0.617% 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, 2021.

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 \$16,644,329 or 0.617% 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, 2021.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020 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 PubT-2010 Healthy Retiree Table, adjusted to 105% for males and 103% for females as ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	100%	

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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:

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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:

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 are as follows:

<u>Plan</u>	<u>Employee Contribution</u>	<u>Employer Expense</u>
Professionals	\$ 111,730	\$ 49,112
Town Non-Union	171,119	105,042
DPW Laborers/Parks/WPC	140,373	73,780
DPW Supervisors	7,694	4,104
Police Civilians	18,018	11,787
Education Non-Union	53,853	40,832
Education Cafeteria	1,359	724
Education Supervisors	5,792	3,093
Education Nurses	27,412	10,093
Education Librarians	2,979	1,044
Education Secretarial / Custodial / Maintenance	25,845	17,349
Education Paraprofessionals	11,798	9,712

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, 2021

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, 2020, date of the most recent actuarial valuation, plan membership consisted of the following:

	Police	Town	Board of Education	Total
Active employees	24	148	545	717
Members receiving benefits	12	19	59	90
Spouses of retired members	3	8	19	30
Beneficiaries	-	-	4	4
Total	39	175	627	841

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, 2021, the Police, Town and Board of Education’s contribution totaled \$746,682, which represented 1.63% of covered-employee payroll.

Net OPEB Liability

The Town’s net OPEB liability reported as of June 30, 2021 totaled \$7,093,162. The net OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 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%
Healthcare trend rate	Varies by group

Mortality rates were based on the PubT-2010 Mortality Table for employees and annuitants (adjusted 105% for males and 103% for females at ages 82 and above) with generational projection of future improvements per the MP-2019 Ultimate Scale 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Geometric Rate of Return</u>
U.S. Cash	3.10%	-0.06%
U.S. Core Bonds	19.80%	1.23%
Non-U.S. Bonds	3.40%	0.55%
U.S. Large Caps	52.50%	3.33%
Non-U.S. Equity	20.30%	4.84%
Hedge FOF Conservative	0.90%	1.52%

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2020	\$ 10,117,545	\$ 1,570,822	\$ 8,546,723
Changes for the year:			
Service cost	265,249	-	265,249
Interest	658,193	-	658,193
Differences between expected and actual experience	(1,213,711)	-	(1,213,711)
Change in assumptions	(125,797)	-	(125,797)
Contributions - employer	-	746,682	(746,682)
Net investment income	-	290,813	(290,813)
Benefit payments, including refunds	(521,682)	(521,682)	-
Net changes	<u>(937,748)</u>	<u>515,813</u>	<u>(1,453,561)</u>
Balance as of June 30, 2021	<u>\$ 9,179,797</u>	<u>\$ 2,086,635</u>	<u>\$ 7,093,162</u>

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

	Discount Rates		
	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 8,227,780	\$ 7,093,162	\$ 6,134,775

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	\$ 5,947,702	\$ 7,093,162	\$ 8,482,071

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the Town recognized OPEB expense of \$702,887. At June 30, 2021, 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 Deferral
Difference between expected and actual experience	\$ 3,360,896	\$ (1,085,952)	\$ 2,274,944
Changes of assumptions and demographics	-	(3,256,713)	(3,256,713)
Difference between projected and actual earnings on plan investments	-	(86,702)	(86,702)
Total	<u>\$ 3,360,896</u>	<u>\$ (4,429,367)</u>	<u>\$ (1,068,471)</u>

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

Year ended June 30,	Amortization (Benefit) OPEB Expense
2022	\$ (111,164)
2023	(132,318)
2024	(134,102)
2025	(145,342)
2026	(109,056)
Thereafter	(436,489)
	<u>\$ (1,068,471)</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Town Plan *(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, 2021:

	<u>OPEB Plan</u>
ASSETS	
Cash and cash equivalents	\$ 955,909
Investments	1,208,578
Receivables	16,175
Total assets	<u>2,180,662</u>
LIABILITIES	
Payables	92,562
Total liabilities	<u>92,795</u>
NET POSITION	
Restricted for other post-employment benefits	<u>2,087,867</u>
	<u>\$ 2,087,867</u>
ADDITIONS	
Contributions:	
Employer	\$ 906,964
Retirees	521,914
State	70,974
Other	13,011
Total contributions	<u>1,512,863</u>
Investment earnings:	
Net investment income	304,045
Total investment earnings	<u>304,045</u>
Total additions	<u>1,816,908</u>
DEDUCTIONS	
Benefit payments	1,288,316
Administrative expenses	13,210
Total deductions	<u>1,301,526</u>
Change in net position	515,382
Net position - beginning	<u>1,572,485</u>
Net position - ending	<u>\$ 2,087,867</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021

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, 2020. The net OPEB liability at June 30, 2020 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 2020 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. 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 0.617% 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, 2021

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, 2020, 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>\$ 2,810,895,000</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	0.617%	<u>\$ 17,330,000</u>

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$179,865 or 0.617% 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, 2021.

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 \$800,534 or 0.617% 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, 2021.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Real Wage Growth	0.50%	
Wage Inflation	3.00%	
Salary increases	3.00% - 6.50%, including inflation	
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation	
Healthcare cost trend rates:		
Medicare	5.125% for 2020 decreasing to an ultimate rate of 4.50% by 2023	

TOWN OF VERNON, CONNECTICUT
 NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Connecticut Teachers' Retirement System

Actuarial Assumptions *(Continued)*

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females as ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

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 evaluating 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%	0.42%	1.78%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. 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, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 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 3.00%.
- 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.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate 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, 2021

NOTE 12 - FUND BALANCE

As of June 30, 2021, 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	\$ -	\$ -	\$ -	\$ -	\$ 1,021,632	\$ 1,021,632
Inventories and prepaid items	543,850	-	-	-	26,912	570,762
Interfund loan - noncurrent	963,781	-	-	-	-	963,781
Nonspendable total	<u>1,507,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,048,544</u>	<u>2,556,175</u>
Restricted for:						
Donor purpose restrictions	-	-	-	-	3,864,360	3,864,360
Grant programs	-	-	-	-	1,103,799	1,103,799
Sewer assessment	-	-	-	-	28	28
Cemeteries	-	-	-	-	237,940	237,940
Housing and community development	-	-	-	-	180,711	180,711
Education grants	-	-	-	-	619,059	619,059
Adult education	-	-	-	-	127,965	127,965
Capital outlays	-	1,599,944	-	-	-	1,599,944
Restricted total	<u>-</u>	<u>1,599,944</u>	<u>-</u>	<u>-</u>	<u>6,133,862</u>	<u>7,733,806</u>
Committed to:						
Sewer repairs and maintenance	-	-	-	-	1,759,374	1,759,374
Insurance and medical	-	-	-	-	450,887	450,887
Cafeteria	-	-	-	-	193,596	193,596
Community development	-	-	-	-	518,354	518,354
Police	-	-	-	-	128,860	128,860
Ambulance	-	-	-	-	644,469	644,469
Animal control	-	-	-	-	62,778	62,778
Human services	-	-	-	-	184,470	184,470
Maintenance for water runoff	-	-	-	-	52,421	52,421
Parks and recreation programs	-	-	-	-	365,195	365,195
Education programs and activities	-	-	-	-	511,486	511,486
Sidewalk development	-	-	-	-	2,701	2,701
Debt payments	-	-	-	-	3,927,188	3,927,188
Capital outlays	-	-	3,177,932	-	3,541,945	6,719,877
Committed total	<u>-</u>	<u>-</u>	<u>3,177,932</u>	<u>-</u>	<u>12,343,724</u>	<u>15,521,656</u>
Assigned to:						
Police - encumbrances	14,109	-	-	-	-	14,109
Education - encumbrances	692,067	-	-	-	-	692,067
Compensated absences	322,000	-	-	-	-	322,000
Assigned total	<u>1,028,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,028,176</u>
Unassigned						
	22,117,292	-	-	(1,265,027)	(816,290)	20,035,975
	<u>\$ 24,653,099</u>	<u>\$ 1,599,944</u>	<u>\$ 3,177,932</u>	<u>\$ (1,265,027)</u>	<u>\$ 18,709,840</u>	<u>\$ 46,875,788</u>

Deficit Fund Balances

The following funds have deficit equity balances as of June 30, 2021, which do not constitute a violation of statutory provisions:

Fund	Amount
Waste Treatment Plant Facilities Upgrade Fund	\$ (1,265,027)
Disaster Relief Fund	(684,830)
Public Safety Complex Grant-In-Aid Fund	(124,000)
West Main Street Bridge Renovations Fund	(7,460)

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 12 - FUND BALANCE *(Continued)*

Deficit Fund Balances *(Continued)*

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 Disaster Relief Fund will be funded by federal grant reimbursements and, if necessary, local appropriations. The deficit in the Waste Treatment Plant Upgrade Fund will be funded by a combination of grants, loans, and contributions from neighboring towns that utilize the waste treatment facilities.

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. However, such pooled claims remain separately identifiable and are the responsibility of the Town to fund. 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

Self-insured Claims

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.

Claims payable at June 30, 2021 includes incurred, but not reported (IBNR) claims of \$313,677. Based on historical payment data, approximately 33.79% of claims payable (excluding IBNR) will be paid during the following fiscal year. Thus, \$145,742 of claims payable is considered as a current liability and the remaining \$285,574 is considered as a long-term liability. Claims payable includes \$20,166 of estimated incremental claims adjustment expenses, net of estimated subrogation recoveries.

Pooled Claims

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 13 - RISK MANAGEMENT *(Continued)*

Workers' Compensation *(Continued)*

Pooled Claims

Claims payable at June 30, 2021 includes incurred, but not reported (IBNR) claims of \$128,777. Based on historical payment data, approximately 64.32% of claims payable (excluding IBNR) will be paid during the following fiscal year. Thus, \$225,843 of claims payable is considered as a current liability and the remaining \$125,293 is considered as a long-term liability. Claims payable includes \$34,912 of estimated incremental claims adjustment expenses, net of estimated subrogation recoveries.

A summary of claims activity for self-insured and pooled Workers' Compensation transactions for the years ended June 30, 2021 and 2020 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2021	\$ 1,721,073	\$ 230,627	\$ 726,794	\$ 1,224,906
2020	3,022,050	(1,016,943)	284,034	1,721,073

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, 2021 includes incurred, but not reported claims of \$18,000.

A summary of claims activity for Medical Self-Insurance claims transactions the years ended June 30, 2021 and 2020 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2021	\$ 24,804	\$ 426,842	\$ 431,104	\$ 20,542
2020	34,964	370,546	380,706	24,804

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 totaled \$706,176 and are included in assigned fund balance of the General Fund.

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, 2021 is estimated to be \$31,500,000 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 June 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. The extent to which COVID-19 will affect the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 - TAX ABATEMENTS *(Continued)*

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

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

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

- Loom City Lofts LLC, 215 East Street, 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 2020-2021 were \$149,410. The abated taxes are per the sixth year of the agreement.
- Shoppes at Eastview LLC, 425 Talcottville Road, 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 2020-2021 was \$4,227. The abated taxes are per the seventh year of the agreement.
- Talcott Mill Landlord LLC, 47 Main Street, 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 2020-2021 is \$106,325. The abated taxes are per the third year of the agreement.
- Vernon Schoolhouse LLC, 97 Main Street, 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 2020-2021 is \$467. The abated taxes per the second year of the agreement.

Total tax abatements for year ended June 30, 2021 were \$260,429.

NOTE 16 - RECENTLY ISSUED ACCOUNTING STANDARDS

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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.

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. 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.

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 17 - SUBSEQUENT EVENTS

Effective July 1, 2021, all medical and prescription claims and associated third party and administrative costs will be self-insured and be transacted through the Medical Self-Insurance Internal Service Fund. Currently, all dental claims are self-insured.

On July 31, 2021, the Town issued a Permanent Loan Obligation (PLO) to retire Interim Funding Obligation (IFO) financing proceeds of \$25,783,098 provided by the State of Connecticut Clean Water Fund (CWF) program to fund the upgrade of the Town's Waste Treatment Plan Facility (WTPF). The PLO was issued at an interest rate of 2.0%, with monthly scheduled loan repayments commencing August 31, 2021 and ending July 31, 2041. Of the \$25,783,098 issuance, the surrounding beneficiary towns of Ellington, Manchester, South Windsor and Tolland are to contribute a total of \$7,722,038 towards repayment of the PLO. A second IFO of \$22,036,849 is authorized by the State CWF program to partially fund future WTPF update costs along with an estimated \$20,066,969 of CWF grants and a \$301,146 local contribution. Construction costs are estimated at \$68,188,062 and are expected to be completed by May 2023. Improvements to the WTPF of up to \$85,972,000 was approved at voter referendum on January 15, 2019.

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, 2021

	Budgeted Amounts		Actual	Outstanding Encumbrances	Actual with Outstanding Encumbrances	Variance With Final Budget Over (Under)
	Original	Final				
REVENUES						
Property taxes	\$ 73,264,623	\$ 73,264,623	\$ 73,746,671	\$ -	\$ 73,746,671	\$ 482,048
Intergovernmental	18,582,922	18,582,922	19,130,424	-	19,130,424	547,502
Charges for services	841,482	841,482	1,534,544	-	1,534,544	693,062
Licenses and permits	491,000	491,000	724,384	-	724,384	233,384
Fines and penalties	32,500	32,500	18,381	-	18,381	(14,119)
Investment income	200,000	200,000	20,476	-	20,476	(179,524)
Other	543,069	543,069	706,467	-	706,467	163,398
Total revenues	<u>93,955,596</u>	<u>93,955,596</u>	<u>95,881,347</u>	<u>-</u>	<u>95,881,347</u>	<u>1,925,751</u>
EXPENDITURES						
Current:						
General government	3,834,919	3,999,630	3,718,155	-	3,718,155	(281,475)
Community development	301,558	323,292	306,592	-	306,592	(16,700)
Public safety	8,968,961	9,291,637	8,973,560	14,109	8,987,669	(303,968)
Maintenance and development	6,197,044	6,316,985	5,708,958	-	5,708,958	(608,027)
Human services	1,185,957	1,182,224	994,069	-	994,069	(188,155)
Parks, recreation and culture	2,088,360	2,170,115	1,893,821	-	1,893,821	(276,294)
Townwide	8,789,906	8,639,555	8,460,577	-	8,460,577	(178,978)
Debt service	5,900,592	5,900,591	5,900,591	-	5,900,591	-
Capital outlay	135,100	210,000	210,000	-	210,000	-
Education	54,516,892	54,802,519	54,110,452	692,067	54,802,519	-
Total expenditures	<u>91,919,289</u>	<u>92,836,548</u>	<u>90,276,775</u>	<u>706,176</u>	<u>90,982,951</u>	<u>(1,853,597)</u>
Excess (deficiency) of revenues over expenditures	2,036,307	1,119,048	5,604,572	(706,176)	4,898,396	3,779,348
OTHER FINANCING SOURCES (USES)						
Appropriation of Fund Balance	-	1,595,792	-	-	-	(1,595,792)
Appropriation of Prior Year Encumbrances	-	675,702	-	-	-	(675,702)
Transfers in	144,500	144,500	19,522	-	19,522	(124,978)
Transfers out	(2,180,807)	(3,535,042)	(3,531,555)	-	(3,531,555)	3,487
Total other financing sources (uses)	<u>(2,036,307)</u>	<u>(1,119,048)</u>	<u>(3,512,033)</u>	<u>-</u>	<u>(3,512,033)</u>	<u>(2,392,985)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,092,539</u>	<u>\$ (706,176)</u>	<u>\$ 1,386,363</u>	<u>\$ 1,386,363</u>

See accompanying notes to required supplementary information.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	\$ 795,241	\$ 765,742	\$ 783,253	\$ 836,982	\$ 812,060	\$ 767,633	\$ 760,493	\$ 759,496
Interest	3,145,958	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	278,309	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	(3,122,299)	(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	1,097,209	1,128,249	1,469,165	848,245	1,972,904	2,534,117	1,914,502	994,793
Total pension liability - beginning	46,476,998	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	47,574,207	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	1,993,154	1,929,304	1,879,711	1,839,551	1,730,812	1,639,455	1,515,199	1,348,338
Contributions - members	386,312	362,295	375,468	370,589	364,862	370,334	358,642	368,533
Net investment income	2,838,104	3,805,160	(855,038)	2,724,566	1,352,877	176,500	1,092,203	2,874,222
Benefit payments, including refunds	(3,122,299)	(3,002,788)	(3,008,005)	(2,693,179)	(2,508,006)	(2,473,575)	(2,434,432)	(2,210,603)
Administrative expense	(65,142)	(64,161)	(67,440)	(68,718)	(70,666)	(49,744)	(70,783)	(67,398)
Net change in plan fiduciary net position	2,030,129	3,029,810	(1,675,304)	2,172,809	869,879	(337,030)	460,829	2,313,092
Plan fiduciary net position - beginning	23,660,301	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	25,690,430	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	\$ 21,883,777	\$ 22,816,697	\$ 24,718,258	\$ 21,573,789	\$ 22,898,353	\$ 21,795,328	\$ 18,924,181	\$ 17,470,508
Plan fiduciary net position as a percentage of total pension liability	54.00%	50.91%	45.49%	50.83%	46.79%	46.92%	50.88%	52.28%
Covered payroll	\$ 4,615,288	\$ 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	474.16%	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 EIGHT PLAN YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	\$ 1,193,493	\$ 1,380,530	\$ 1,505,283	\$ 1,658,692	\$ 1,510,406	\$ 1,464,780	\$ 1,396,502	\$ 1,355,480
Interest	5,766,883	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	(903,529)	(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	(4,675,581)	(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	<u>1,381,266</u>	<u>1,874,758</u>	<u>3,009,336</u>	<u>977,306</u>	<u>4,291,377</u>	<u>8,882,845</u>	<u>3,119,392</u>	<u>3,013,682</u>
Total pension liability - beginning	<u>84,682,295</u>	<u>82,807,537</u>	<u>79,798,201</u>	<u>78,820,895</u>	<u>74,529,518</u>	<u>65,646,673</u>	<u>62,527,281</u>	<u>59,513,599</u>
Total pension liability - ending	<u>86,063,561</u>	<u>84,682,295</u>	<u>82,807,537</u>	<u>79,798,201</u>	<u>78,820,895</u>	<u>74,529,518</u>	<u>65,646,673</u>	<u>62,527,281</u>
Plan fiduciary net position:								
Contributions - employer	2,733,202	2,698,572	2,535,950	2,495,374	2,575,719	2,383,370	2,135,571	1,883,779
Contributions - members	730,627	865,239	881,387	950,310	930,892	1,032,684	1,031,071	1,001,400
Net investment income	5,779,451	7,631,899	(1,663,356)	5,244,052	2,457,038	352,500	1,981,432	4,782,653
Benefit payments, including refunds	(4,675,581)	(4,088,237)	(3,905,481)	(3,786,932)	(3,781,356)	(3,280,577)	(2,935,096)	(2,664,672)
Administrative expense	(96,574)	(94,103)	(101,640)	(105,945)	(114,432)	(89,656)	(101,919)	(93,140)
Net change in plan fiduciary net position	<u>4,471,125</u>	<u>7,013,370</u>	<u>(2,253,140)</u>	<u>4,796,859</u>	<u>2,067,861</u>	<u>398,321</u>	<u>2,111,059</u>	<u>4,910,020</u>
Plan fiduciary net position - beginning	<u>49,987,329</u>	<u>42,973,959</u>	<u>45,227,099</u>	<u>40,430,240</u>	<u>38,362,379</u>	<u>37,964,058</u>	<u>35,852,999</u>	<u>30,942,979</u>
Plan fiduciary net position - ending	<u>54,458,454</u>	<u>49,987,329</u>	<u>42,973,959</u>	<u>45,227,099</u>	<u>40,430,240</u>	<u>38,362,379</u>	<u>37,964,058</u>	<u>35,852,999</u>
Town's net pension liability	<u>\$ 31,605,107</u>	<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	63.28%	59.03%	51.90%	56.68%	51.29%	51.47%	57.83%	57.34%
Covered payroll	\$ 12,103,562	\$ 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	261.12%	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 EIGHT PLAN YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	\$ 26,337	\$ 25,379	\$ 25,480	\$ 20,149	\$ 21,190	\$ 24,830	\$ 26,292	\$ 19,751
Interest	148,581	139,106	133,795	92,532	92,540	85,622	82,620	78,483
Differences between expected and actual experience	(20,086)	46,368	(46,250)	124,920	(27,545)	(13,707)	(31,211)	-
Changes in plan benefits and assumptions	-	-	-	451,934	-	-	-	-
Benefit payments, including refunds	(75,151)	(65,044)	(62,585)	(46,894)	(36,536)	(33,270)	(29,764)	(19,718)
Net change in total pension liability	79,681	145,809	50,440	642,641	49,649	63,475	47,937	78,516
Total pension liability - beginning	2,285,903	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	2,365,584	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	106,269	134,029	137,551	53,605	52,289	39,924	37,752	34,172
Net investment income	331,104	457,665	(114,598)	263,129	135,693	(54,768)	54,828	204,365
Benefit payments, including refunds	(75,151)	(65,044)	(62,585)	(46,894)	(36,536)	(33,270)	(29,764)	(26,184)
Administrative expense	(26,801)	(24,462)	(21,797)	(20,777)	(18,545)	(18,745)	(18,516)	(15,668)
Net change in plan fiduciary net position	335,421	502,188	(61,429)	249,063	132,901	(66,859)	44,300	196,685
Plan fiduciary net position - beginning	2,264,676	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	2,600,097	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)	\$ (234,513)	\$ 21,227	\$ 377,606	\$ 265,737	\$ (127,841)	\$ (44,589)	\$ (174,923)	\$ (178,560)
Plan fiduciary net position as a percentage of total pension liability	109.91%	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 EIGHT FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,993,154	\$ 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>1,993,154</u>	<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>							
Covered payroll	\$ 4,615,288	\$ 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	43.19%	41.33%	41.19%	38.41%	35.57%	34.53%	33.30%	30.71%
Annual money-weighted rate of return, net of investment expense	12.70%	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 EIGHT FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,733,202	\$ 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>2,733,202</u>	<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>\$ -</u>	<u>\$ (55,069)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,103,562	\$ 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	22.58%	20.53%	17.52%	16.87%	16.71%	16.12%	14.30%	12.65%
Annual money-weighted rate of return, net of investment expense	12.20%	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 EIGHT FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 106,269	\$ 134,029	\$ 126,652	\$ 53,605	\$ 52,289	\$ 39,924	\$ 37,752	\$ 34,172
Contributions in relation to the actuarially determined contribution	<u>106,269</u>	<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>\$ -</u>	<u>\$ (10,899)</u>	<u>\$ -</u>				
Annual money-weighted rate of return, net of investment expense	13.40%	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 SEVEN FISCAL YEARS*
(Rounded to nearest thousand)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.00%	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	116,195,000	104,208,000	80,350,000	83,461,000	88,052,000	73,579,000	68,009,000
Total	<u>\$ 116,195,000</u>	<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	\$ 26,838,000	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	49.24%	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 FIVE FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability					
Service cost	\$ 265,249	\$ 281,111	\$ 525,888	\$ 314,481	\$ 295,287
Interest	658,193	635,112	584,733	541,389	514,729
Differences between expected and actual experience	(1,213,711)	-	4,843,646	-	-
Changes of assumptions	(125,797)	(42,946)	(4,483,302)	-	-
Benefit payments, including refunds	(521,682)	(483,535)	(419,694)	(381,807)	(455,185)
Net change in total OPEB liability	(937,748)	389,742	1,051,271	474,063	354,831
Total OPEB liability - beginning	10,117,545	9,727,803	8,676,532	8,202,469	7,847,638
Total OPEB liability - ending	<u>9,179,797</u>	<u>10,117,545</u>	<u>9,727,803</u>	<u>8,676,532</u>	<u>8,202,469</u>
Plan fiduciary net position					
Contributions - employer	746,682	688,535	624,694	586,807	660,185
Net investment income	290,813	36,735	66,496	(41,095)	4,205
Benefit payments, including refunds	(521,682)	(483,535)	(419,694)	(381,807)	(455,185)
Net change in plan fiduciary net position	515,813	241,735	271,496	163,905	209,205
Plan fiduciary net position - beginning	1,570,822	1,329,087	1,057,591	893,686	684,481
Plan fiduciary net position - ending	<u>2,086,635</u>	<u>1,570,822</u>	<u>1,329,087</u>	<u>1,057,591</u>	<u>893,686</u>
Town's net OPEB liability	<u>\$ 7,093,162</u>	<u>\$ 8,546,723</u>	<u>\$ 8,398,716</u>	<u>\$ 7,618,941</u>	<u>\$ 7,308,783</u>
Plan fiduciary net position as a percentage of total OPEB liability	22.73%	15.53%	13.66%	12.19%	10.90%
Covered payroll	\$ 45,693,187	\$ 39,014,808	\$ 39,014,808	\$ 52,602,048	\$ 52,602,048
Town's net OPEB liability as a percentage of covered payroll	15.52%	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 FIVE FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 906,964	\$ 854,456	\$ 826,134	\$ 770,427	\$ 719,304
Contributions in relation to the actuarially determined contribution	<u>746,682</u>	<u>688,535</u>	<u>624,694</u>	<u>586,807</u>	<u>660,185</u>
Contribution deficiency (excess)	<u>\$ 160,282</u>	<u>\$ 165,921</u>	<u>\$ 201,440</u>	<u>\$ 183,620</u>	<u>\$ 59,119</u>
Covered employee payroll	\$ 45,693,187	\$ 39,014,808	\$ 39,014,808	\$ 52,602,048	\$ 52,602,048
Contributions as a percentage of covered payroll	1.63%	1.76%	1.60%	1.12%	1.26%
Annual money-weighted rate of return, net of investment expense	18.10%	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 FOUR FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	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	17,330,000	16,252,000	16,062,000	21,482,000
Total	<u>\$ 17,330,000</u>	<u>\$ 16,252,000</u>	<u>\$ 16,062,000</u>	<u>\$ 21,482,000</u>
Town's covered payroll	\$ 26,838,000	\$ 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 payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.50%	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, 2021

**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 \$1,595,792 were authorized during the fiscal year along with re-appropriations of \$675,702. 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) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other Financing</u> <u>Sources</u> <u>(Uses), Net</u>	<u>Net Change</u> <u>in</u> <u>Fund Balance</u>
Budgetary basis	\$ 95,881,347	\$ 90,982,951	\$ (3,512,033)	\$ 1,386,363
"On-behalf" payments - State Teachers Retirement Fund	7,632,776	7,632,776	-	-
Encumbrances outstanding as of June 30, 2021	-	(706,176)	-	706,176
GAAP basis	<u>\$ 103,514,123</u>	<u>\$ 97,909,551</u>	<u>\$ (3,512,033)</u>	<u>\$ 2,092,539</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) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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, 2021 were determined from the January 1, 2020 valuation.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	5 year smoother market
Inflation rate	1.50%
Salary increases	4.00%
Investment rate of return	7.00%

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

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

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

Actuarial determined contribution rates are calculated as of January 1, six months prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2021 were determined from the January 1, 2020 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2021.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	5 year smoother market
Inflation rate	1.50%
Salary increases	4.00%
Investment rate of return	7.00%

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 were determined from the July 1, 2020 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2021.

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.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2020. The liabilities were estimated based on a measurement date of June 30, 2020. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit Changes – There have been no changes in benefit terms that have had a significant effect on the measurement of the Town's collective net pension liability reported as of June 30, 2021.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2021.

- a decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%;
- a decrease in the payroll growth assumption from 3.25% to 3.00%; and
- rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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	17 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 PubT-2010 Mortality Table for employees and annuitant (adjusted 105% for males and 103% for females at ages 82 and above) with generational projection of future improvements per the MP-2019 ultimate scale, 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) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2020. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit Changes – There have been no changes in benefit terms that have has a significant effect on the measurement of the Town's collective net OPEB liability reported as of June 30, 2021.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2021.

- a decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%;
- a decrease in the payroll growth assumption from 3.25% to 3.00%; and
- rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Property Taxes:				
Current year taxes	\$ 71,499,230	\$ 71,499,230	\$ 71,502,384	\$ 3,154
Prior year taxes	430,772	430,772	825,438	394,666
Supplemental motor vehicle tax	988,121	988,121	935,401	(52,720)
Interest and lien fees	337,000	337,000	475,219	138,219
Warrant revenue	3,500	3,500	2,087	(1,413)
Liens	6,000	6,000	6,142	142
Total property taxes	<u>73,264,623</u>	<u>73,264,623</u>	<u>73,746,671</u>	<u>482,048</u>
Intergovernmental:				
Civil preparedness grant	14,549	14,549	15,491	942
FEMA Public Assistance COVID-19	-	-	11,552	11,552
Homeland Security grant	-	-	3,026	3,026
FEMA Storm Reimbursement	-	-	77,061	77,061
Bullet Proof Vest grant	4,000	4,000	-	(4,000)
Library grant	-	-	317	317
Education cost sharing	17,645,165	17,645,165	17,647,952	2,787
Vocational Agriculture	107,667	107,667	107,667	-
Special Education Agency Placement	-	-	10,299	10,299
Special Education Excess Student Based	-	-	182,313	182,313
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	79,200	79,200	85,658	6,458
Tax relief - Disability exemption	3,364	3,364	3,678	314
Tax relief - Veterans exemption	19,194	19,194	18,227	(967)
Mashantucket Pequot and Mohegan grant	79,820	79,820	79,820	-
Telephone tax sharing	38,534	38,534	41,087	2,553
Municipal stabilization grant	330,755	330,755	330,755	-
Judicial reimbursements - Parking	50	50	150	100
Judicial reimbursements	530	530	-	(530)
Special reimbursements - Permits	110	110	-	(110)
State DUI grant	20,000	20,000	17,849	(2,151)
Motor Vehicle Violation surcharge	10,000	10,000	11,300	1,300
Safe streets driving enforcement	-	-	10,199	10,199
Historic Document Preservation Grant	5,000	5,000	7,500	2,500
Other - State grants	1,900	1,900	26,088	24,188
Total intergovernmental revenue	<u>18,582,922</u>	<u>18,582,922</u>	<u>19,130,424</u>	<u>547,502</u>
Charges for Services:				
Town Clerk recording fees	487,800	487,800	610,358	122,558
Historic document preservation	7,500	7,500	5,894	(1,606)
Printing and copying fees	600	600	5	(595)
Library copy fees	900	900	124	(776)
Library printing fees	2,000	2,000	532	(1,468)
Finance administration fee	11,000	11,000	11,000	-
Planning and zoning fees	7,200	7,200	9,245	2,045
Conservation fees	1,800	1,800	2,580	780
Assessor fees	400	400	-	(400)
Police - Special services	10,000	10,000	447,184	437,184
Fingerprint fees	4,000	4,000	8,515	4,515
Fire Marshal - services	200	200	277	77
Historic Properties Certification fees	-	-	50	50
Solid Waste Collection fee	11,748	11,748	11,130	(618)
Recycling	20,000	20,000	45,882	25,882

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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Charges for services (continued) :				
Recycling bin promotion	\$ 4,000	\$ 4,000	\$ 7,885	\$ 3,885
Bulky waste pickup	20,000	20,000	33,115	13,115
Library book sales	1,500	1,500	104	(1,396)
Other maintenance and development	1,500	1,500	2,430	930
Yankee Gas - administrative allocation	1,000	1,000	3,245	2,245
Energy application administration	8,850	8,850	200	(8,650)
Housing Rehab Administration	500	500	583	83
Senior Center Membership fees	3,500	3,500	2,237	(1,263)
Tuition - Special education	-	-	11,044	11,044
Tuition - Next step	-	-	43,517	43,517
Tuition - Vo-ag	205,000	205,000	244,803	39,803
Tuition - Special education Vo-ag	25,000	25,000	31,976	6,976
Other - Education community	5,484	5,484	629	(4,855)
Total charges for services	<u>841,482</u>	<u>841,482</u>	<u>1,534,544</u>	<u>693,062</u>
Licenses and permits:				
Building permits	400,000	400,000	616,417	216,417
Zoning Review	500	500	412	(88)
ZBA Fees	1,000	1,000	-	(1,000)
Zoning Permits	5,000	5,000	7,825	2,825
Refuse licensing	2,500	2,500	500	(2,000)
Transfer station permits	72,000	72,000	86,480	14,480
Driveway & road cut permits	10,000	10,000	12,750	2,750
Total licenses and permits	<u>491,000</u>	<u>491,000</u>	<u>724,384</u>	<u>233,384</u>
Fines and penalties:				
Parking tags	6,000	6,000	5,584	(416)
Library fines	6,500	6,500	697	(5,803)
Zoning citations	20,000	20,000	12,100	(7,900)
Total fines and penalties	<u>32,500</u>	<u>32,500</u>	<u>18,381</u>	<u>(14,119)</u>
Gifts and contributions:				
Library donations	8,000	8,000	2,798	(5,202)
Investment income:				
General Fund	200,000	200,000	20,476	(179,524)
Other revenue:				
Purchasing Card Reimbursement	21,000	21,000	11,899	(9,101)
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	4,552	(1,448)
Library room rental	-	-	-	-
Proceeds from sale of property	-	-	161,822	161,822
Medical insurance reimbursement	313,164	313,164	289,247	(23,917)
Vision insurance reimbursements	8,605	8,605	9,987	1,382
Insurance reimbursements	-	-	26,316	26,316
Gasoline reimbursement	52,000	52,000	27,330	(24,670)
Refunds and reimbursements	-	-	5,212	5,212
Lease - Ellington pump station	7,100	7,100	7,425	325
Education	37,000	37,000	32,295	(4,705)
Miscellaneous	16,000	16,000	53,584	37,584
Library - miscellaneous	200	200	-	(200)
Total other revenues	<u>535,069</u>	<u>535,069</u>	<u>703,669</u>	<u>168,600</u>
Total revenues	<u>93,955,596</u>	<u>93,955,596</u>	<u>95,881,347</u>	<u>1,925,751</u>

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources:				
Appropriation of Fund Balance	\$ -	\$ 1,595,792	\$ -	\$ (1,595,792)
Reappropriation of Prior Year Encumbrances	-	675,702	-	(675,702)
Transfers in:				
Special Revenue Funds	144,500	144,500	19,522	(124,978)
Total other financing sources	<u>144,500</u>	<u>2,415,994</u>	<u>19,522</u>	<u>(2,396,472)</u>
Total revenues and other financing sources	<u>\$ 94,100,096</u>	<u>\$ 96,371,590</u>	<u>\$ 95,900,869</u>	<u>\$ (470,721)</u>

Concluded

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance With Final Budget Over (Under)
	Original	Final				
General Government:						
Town Council	\$ 10,775	\$ 10,775	\$ 4,960	\$ -	\$ 4,960	\$ (5,815)
Probate court	13,655	13,655	13,658	-	13,658	3
Executive and administrative	867,650	887,934	852,818	-	852,818	(35,116)
Law	162,000	142,944	93,930	-	93,930	(49,014)
Registration	80,281	81,786	76,614	-	76,614	(5,172)
Elections - general	45,550	45,550	41,790	-	41,790	(3,760)
Elections - primary	1	25,701	24,020	-	24,020	(1,681)
Elections - referendum	1	1	-	-	-	(1)
Finance administration	545,415	545,165	488,272	-	488,272	(56,893)
Independent audit	80,643	80,893	80,893	-	80,893	-
Treasury	7,240	26,297	25,759	-	25,759	(538)
Purchasing	-	-	-	-	-	-
Assessment	303,107	309,653	305,421	-	305,421	(4,232)
Refunds - tax adjustments	21,000	54,398	54,530	-	54,530	132
Collector of Revenue	191,613	209,548	203,530	-	203,530	(6,018)
Town Clerk	263,916	277,896	240,351	-	240,351	(37,545)
Board of Assessment Appeals	2,500	2,500	2,400	-	2,400	(100)
Water Pollution Control Authority	8,851	8,851	8,451	-	8,451	(400)
Greater Hartford Transit District	4,689	4,689	4,669	-	4,669	(20)
Data processing	1,226,032	1,271,394	1,196,089	-	1,196,089	(75,305)
Total General Government	3,834,919	3,999,630	3,718,155	-	3,718,155	(281,475)
Community Development:						
Town planner - administrator	189,123	204,509	187,809	-	187,809	(16,700)
Community & economic development	112,435	118,783	118,783	-	118,783	-
Total Community Development	301,558	323,292	306,592	-	306,592	(16,700)
Public Safety:						
Police	6,509,255	6,700,597	6,571,871	14,109	6,585,980	(114,617)
School crossing guards	66,053	66,053	56,696	-	56,696	(9,357)
Traffic authority	163,904	163,904	124,406	-	124,406	(39,498)
Fire fighting and administration	661,028	667,014	606,494	-	606,494	(60,520)
Fire hydrants	828,068	828,068	817,504	-	817,504	(10,564)
Fire Marshal	169,883	169,883	148,531	-	148,531	(21,352)

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, 2021

	Budgeted Amounts		Actual Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance With Final Budget Over (Under)
	Original	Final				
Public Safety <i>(Continued)</i> :						
Building inspection	\$ 383,610	\$ 383,706	\$ 339,379	\$ -	\$ 339,379	\$ (44,327)
Emergency Management	48,690	53,367	52,351	-	52,351	(1,016)
Animal control	138,470	140,867	138,150	-	138,150	(2,717)
Storm expense	-	118,178	118,178	-	118,178	-
Total Public Safety	8,968,961	9,291,637	8,973,560	14,109	8,987,669	(303,968)
Maintenance and Development:						
Public Works administration	696,636	743,707	740,298	-	740,298	(3,409)
General maintenance	1,487,159	1,436,918	1,273,546	-	1,273,546	(163,372)
Equipment maintenance	796,637	796,637	679,516	-	679,516	(117,121)
Maintenance of gov't buildings	947,612	947,612	817,294	-	817,294	(130,318)
Snow removal	244,826	324,147	314,260	-	314,260	(9,887)
Refuse collection and disposal	1,270,973	1,270,973	1,219,129	-	1,219,129	(51,844)
Recycling	366,487	410,277	361,560	-	361,560	(48,717)
Condominium refuse	6,216	6,216	6,051	-	6,051	(165)
Tree Warden	17,150	17,150	17,046	-	17,046	(104)
Leaf collection program	117,067	117,067	103,027	-	103,027	(14,040)
Engineering admin. services	246,281	246,281	177,231	-	177,231	(69,050)
Total Maintenance and Development	6,197,044	6,316,985	5,708,958	-	5,708,958	(608,027)
Human Services:						
North Central Health District	136,845	136,845	136,845	-	136,845	-
Hockanum Valley Community Council	182,000	182,000	182,000	-	182,000	-
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	5,500	5,500	5,500	-	5,500	-
Hartford Interval House	2,500	2,500	2,500	-	2,500	-
YWCA Sexual Assault Services	2,000	2,000	2,000	-	2,000	-
Social services administration	260,628	260,628	194,245	-	194,245	(66,383)
Youth services	254,053	259,916	258,911	-	258,911	(1,005)
Senior center	332,431	322,835	202,068	-	202,068	(120,767)
Total Human Services	1,185,957	1,182,224	994,069	-	994,069	(188,155)

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, 2021

	Budgeted Amounts		Actual Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance With Final Budget Over (Under)
	Original	Final				
Parks, Recreation and Culture:						
Recreation administration	\$ 355,121	\$ 360,963	\$ 360,531	\$ -	\$ 360,531	\$ (432)
Public celebration	23,000	23,000	22,980	-	22,980	(20)
Parks maintenance	852,203	922,157	918,866	-	918,866	(3,291)
Art commission	4,440	4,440	4,430	-	4,430	(10)
Historical Society	7,000	7,000	7,000	-	7,000	-
Rockville Public Library	832,596	829,657	557,117	-	557,117	(272,540)
Invasive aquatic plant management	14,000	22,898	22,897	-	22,897	(1)
Total Parks, Recreation and Culture	2,088,360	2,170,115	1,893,821	-	1,893,821	(276,294)
Townwide:						
Social Security and Medicare	1,151,680	1,151,680	1,085,724	-	1,085,724	(65,956)
Pension	3,326,959	3,372,247	3,372,247	-	3,372,247	-
Group insurance	3,019,577	2,971,329	2,877,440	-	2,877,440	(93,889)
Unemployment compensation	21,400	21,400	11,030	-	11,030	(10,370)
Municipal insurance	983,384	910,384	901,621	-	901,621	(8,763)
Contingency	74,605	-	-	-	-	-
Housing Authority sewer subsidy	47,500	47,714	47,714	-	47,714	-
Vernon Cemetery Commission	164,801	164,801	164,801	-	164,801	-
Total Townwide	8,789,906	8,639,555	8,460,577	-	8,460,577	(178,978)
Debt Service:						
Principal	4,835,150	4,835,150	4,835,150	-	4,835,150	-
Interest	1,065,442	1,065,441	1,065,441	-	1,065,441	-
Total Debt Service	5,900,592	5,900,591	5,900,591	-	5,900,591	-
Capital Improvements - Town	135,100	210,000	210,000	-	210,000	-
Education:						
Regular instruction	17,926,538	18,024,016	17,890,271	72,144	17,962,415	(61,601)
Gifted and talented	14,000	6,513	6,513	-	6,513	-
Special Education instruction	6,493,891	5,953,602	5,944,688	-	5,944,688	(8,914)
Continuing Education	226,371	203,374	203,374	-	203,374	-
Special Education program support	2,622,500	3,221,608	3,188,991	-	3,188,991	(32,617)
Social Work services	600	600	495	-	495	(105)

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, 2021

	Budgeted Amounts		Actual Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance With Final Budget Over (Under)
	Original	Final				
Education <i>(Continued)</i> :						
Guidance services	\$ 797,283	\$ 817,643	\$ 789,803	\$ 24,516	\$ 814,319	\$ (3,324)
Health services	617,654	596,960	586,435	-	586,435	(10,525)
Psychological services	596,920	625,493	620,913	-	620,913	(4,580)
Speech pathology & audio services	643,154	604,551	603,547	-	603,547	(1,004)
Instructional program support	79,456	69,655	59,224	-	59,224	(10,431)
Library / Media services	328,464	332,504	326,724	3,478	330,202	(2,302)
Curriculum development	1,254,110	1,319,524	1,316,192	650	1,316,842	(2,682)
Superintendent's office	875,055	860,504	861,104	-	861,104	600
Board of Education - Elected	116,300	127,363	125,780	-	125,780	(1,583)
Principal office services	2,761,389	2,662,281	2,659,154	1,658	2,660,812	(1,469)
Business office	773,510	911,089	916,361	5,000	921,361	10,272
Building / Plant operations	4,413,104	5,247,470	4,895,906	450,344	5,346,250	98,780
Logistics and safety	433,766	602,493	483,348	115,158	598,506	(3,987)
Student transportation services	2,665,827	2,172,291	2,155,909	3,506	2,159,415	(12,876)
General control	70,267	64,231	64,231	-	64,231	-
Information systems	900,000	988,303	988,303	-	988,303	-
System-wide fringe benefits	8,921,082	8,805,671	8,846,083	-	8,846,083	40,412
Extra curricular student activities	669,995	562,280	554,603	15,613	570,216	7,936
Reserve for negotiations	315,656	22,500	22,500	-	22,500	-
Total Education	<u>54,516,892</u>	<u>54,802,519</u>	<u>54,110,452</u>	<u>692,067</u>	<u>54,802,519</u>	<u>-</u>
Total Expenditures	<u>91,919,289</u>	<u>92,836,548</u>	<u>90,276,775</u>	<u>706,176</u>	<u>90,982,951</u>	<u>(1,853,597)</u>
Other Financing Uses:						
Transfers Out:						
Special Revenue Funds	5,000	5,000	5,000	-	5,000	-
Capital Projects Funds	723,335	2,090,382	2,086,895	-	2,086,895	(3,487)
Debt Service Fund	1,452,472	1,439,660	1,439,660	-	1,439,660	-
Total Other Financing Uses	<u>2,180,807</u>	<u>3,535,042</u>	<u>3,531,555</u>	<u>-</u>	<u>3,531,555</u>	<u>(3,487)</u>
Total Expenditures and Other Financing Uses	<u>\$ 94,100,096</u>	<u>\$ 96,371,590</u>	<u>\$ 93,808,330</u>	<u>\$ 706,176</u>	<u>\$ 94,514,506</u>	<u>\$ (1,857,084)</u>

Concluded

TOWN OF VERNON, CONNECTICUT
GENERAL FUND -
COMPARATIVE BALANCE SHEET
AS OF JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 31,071,431	\$ 22,893,309
Receivables:		
Property taxes, net	2,129,281	2,166,369
Grants and contracts	131,372	125,712
Other	251,993	70,237
Due from other funds	2,986,555	5,579,743
Prepaid items	543,850	544,767
Advance to other fund	1,024,235	-
Total assets	<u>\$ 38,138,717</u>	<u>\$ 31,380,137</u>
LIABILITIES		
Accounts payable	\$ 1,317,921	\$ 1,131,710
Accrued liabilities	529,103	459,313
Due to other funds	2,612,176	462,877
Unearned revenue	335,315	319,815
Total liabilities	<u>4,794,515</u>	<u>2,373,715</u>
DEFERRED INFLOWS OF RESOURCES		
Advance tax collections	6,561,822	4,279,493
Unavailable revenues	2,129,281	2,166,369
Total deferred inflows of resources	<u>8,691,103</u>	<u>6,445,862</u>
FUND BALANCES		
Nonspendable	1,507,631	544,767
Assigned	1,028,176	997,702
Unassigned	22,117,292	21,018,091
Total fund balances	<u>24,653,099</u>	<u>22,560,560</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,138,717</u>	<u>\$ 31,380,137</u>

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2021

Grand List Year	Balance Uncollected June 30, 2020	Current Levy	Lawful Corrections		Transfers To (From) Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2021
			Additions	Deductions			Taxes	Interest Liens and Fees	Total	
2019	\$ -	\$ 73,729,237	\$ 427,515	\$ 670,425	\$ 14,156	\$ 73,472,171	\$ 72,437,785	\$ 234,678	\$ 72,672,463	\$ 1,034,386
2018	1,219,765	-	8,458	25,327	58,359	1,144,537	594,560	130,425	724,985	549,977
2017	559,578	-	2,495	4,711	80,971	476,391	162,781	65,201	227,982	313,610
2016	170,819	-	464	947	4,850	165,486	36,271	16,629	52,900	129,215
2015	73,821	-	168	76	(5,449)	79,362	11,092	9,330	20,422	68,270
2014	41,079	-	175	223	(7,676)	48,707	8,703	8,125	16,828	40,004
2013	35,453	-	379	16	(3,380)	39,196	4,287	4,497	8,784	34,909
2012	29,000	-	114	15	(1,396)	30,495	1,693	2,267	3,960	28,802
2011	26,029	-	-	14	(1,252)	27,267	1,252	1,809	3,061	26,015
2010	32,396	-	-	-	2,331	30,065	523	892	1,415	29,542
2009	32,052	-	-	-	1,706	30,346	1,023	1,925	2,948	29,323
2008	30,035	-	-	-	1,841	28,194	768	1,585	2,353	27,426
2007	26,824	-	-	-	400	26,424	564	1,241	1,805	25,860
2006	24,837	-	-	-	(789)	25,626	789	1,942	2,731	24,837
2005	19,105	-	-	-	(990)	20,095	990	2,696	3,686	19,105
2004	11,576	-	-	11,576	(142)	142	142	206	348	-
	<u>\$ 2,332,369</u>	<u>\$ 73,729,237</u>	<u>\$ 439,768</u>	<u>\$ 713,330</u>	<u>\$ 143,540</u>	<u>\$ 75,644,504</u>	<u>\$ 73,263,223</u>	<u>\$ 483,448</u>	<u>\$ 73,746,671</u>	<u>\$ 2,381,281</u>

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Total cash collections for the year ended
June 30, 2021:

Town:	
Taxes	\$ 73,263,223
Interest and lien fees	483,448
Subtotal	<u>73,746,671</u>
Reimbursement for revenue loss:	
Tax relief (CGS 12-129d)	21,905
Base	<u><u>\$ 73,768,576</u></u>

	<u>General</u> <u>Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban</u> <u>Renewal</u>	<u>Pension</u> <u>Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 165,979,296	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	331,958,592	-	-	-
3-3/4 times base	-	-	276,632,160	-	-
3-1/4 times base	-	-	-	239,747,872	-
3 times base	-	-	-	-	221,305,728
Total debt limitation	<u>165,979,296</u>	<u>331,958,592</u>	<u>276,632,160</u>	<u>239,747,872</u>	<u>221,305,728</u>
Indebtedness:					
Bonds payable	26,905,000	9,583,000	277,000	-	-
Interim funding obligation	-	-	25,156,923	-	-
Authorized and unissued debt	3,907,332	5,051,504	49,676,994	-	-
Total indebtedness	<u>30,812,332</u>	<u>14,634,504</u>	<u>75,110,917</u>	<u>-</u>	<u>-</u>
Less: expected grant reimbursements*	-	-	(8,928,885)	-	-
Less: expected contractual reimbursements*	-	-	(14,322,074)	-	-
Net indebtedness before overlapping debt	<u>30,812,332</u>	<u>14,634,504</u>	<u>51,859,958</u>	<u>-</u>	<u>-</u>
Overlapping debt:					
Bolton Lakes Regional Water Pollution Control Authority:					
Notes payable	-	-	1,890,894	-	-
Authorized and unissued debt	-	-	3,591,000	-	-
Total overlapping debt	<u>-</u>	<u>-</u>	<u>5,481,894</u>	<u>-</u>	<u>-</u>
Net indebtedness	<u>30,812,332</u>	<u>14,634,504</u>	<u>57,341,852</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 135,166,964</u>	<u>\$ 317,324,088</u>	<u>\$ 219,290,308</u>	<u>\$ 239,747,872</u>	<u>\$ 221,305,728</u>
Total capacity of borrowing (7 times base)	\$ 516,380,032				
Total present indebtedness	102,788,688				
Margin for additional borrowing	<u><u>\$ 413,591,344</u></u>				

* State statutes exclude from a municipality's aggregate debt calculation debt issued in anticipation of the receipt of proceeds from any state or federal grant or from a contract with the state, a state agency or another municipality providing for the reimbursement of capital costs.

CAPITAL PROJECTS FUND

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF CAPITAL PROJECT AUTHORIZATIONS
AS OF JUNE 30, 2021

Project	Project Authorization	Expended To Date	Remaining Authorization
General Government:			
ADA Building and Grounds Improvements	\$ 31,429	\$ 4,998	\$ 26,431
Town Hall Renovations	328,402	38,496	289,906
Planning and Community Development:			
Citizens Block Building Renovations	809,290	585,977	223,313
Grove St Building Security Enhancements	3,090	1,500	1,590
Public Safety:			
Police Department Elevator Repairs	16,000	-	16,000
Police Station Improvements	125,000	22,327	102,673
Police Portable Radios	76,960	-	76,960
Firehouse Building Renovations	216,018	107,040	108,978
Animal Control Facility Improvements	313,939	1,743	312,196
Talcottville Firehouse Roof Replacement	17,750	-	17,750
Prospect Street Firehouse Roof Replacement *	30,000	24,500	5,500
Maintenance and Development:			
Road Reconstruction	30,208,138	26,846,285	3,361,853
Storm Drainage	60,000	815	59,185
Bridges	7,821,765	2,924,169	4,897,596
Sidewalk Reconstruction	323,569	28,395	295,174
Facility / Land Improvements	965,804	108,069	857,735
Waste Treatment Plant Facilities Studies	87,585,244	38,703,157	48,882,087
Parks and Recreation:			
Walkers Reservoir Dam Design and Reconstruction	197,932	53,220	144,712
Open Space Land Acquisition	50,000	27,900	22,100
Park, Ball Field and Pool Improvements	1,562,082	1,087,918	474,164
Human Services:			
Senior Center Acquisition and Renovations	3,245,000	2,798,515	446,485
Education:			
Safe Routes to Schools	793,990	678,389	115,601
Center Road School Roof Replacement	1,476,450	7,490	1,468,960
Center Road School Access Drive Improvements	321,000	269,417	51,583
RHS Turf and Track Improvements	1,549,171	498,799	1,050,372
VCMS Cafeteria Equipment	26,930	-	26,930
Northeast School HVAC Improvements	212,002	114,026	97,976
Northeast School Parking Lot Improvements	34,667	-	34,667
Center Road School Parking Lot Improvements	169,901	76,204	93,697
Center Road School HVAC Improvements	33,500	-	33,500
Total	\$ 138,605,023	\$ 75,009,349	\$ 63,595,674

* 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
Education Programs and Activities	Contributions	Education programs and activities
Disaster Relief Fund	Federal reimbursement grants	Eligible emergency relief activities
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
RHS Turf Field/Track	Town Council appropriations	School facility improvements
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, 2021

	Nonmajor Special Revenue Funds							
	Cafeteria Fund	Town Clerk Special Fund	Insurance Exchange Fund	Town Aid Road Fund	Dog License Fund	Ambulance Medical Services Fund	Education Program Activity Fund	Vernon Cemetery Commission Fund
ASSETS								
Cash and cash equivalents	\$ 20,431	\$ 26,427	\$ 1,083	\$ 977,658	\$ 71,990	\$ 345,407	\$ 291,054	\$ 217,313
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	344,248	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	4,284	-	22,466	-	-	448,082	213,400	-
Due from other funds	323	5,605	-	-	1,147	344,225	8,039	28,579
Inventories	25,862	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	1,050
Total assets	<u>\$ 395,148</u>	<u>\$ 32,032</u>	<u>\$ 23,549</u>	<u>\$ 977,658</u>	<u>\$ 73,137</u>	<u>\$ 1,137,714</u>	<u>\$ 512,493</u>	<u>\$ 246,942</u>
LIABILITIES								
Accounts payable	\$ 4,624	\$ 32,032	\$ 5,821	\$ -	\$ 10,105	\$ 22,632	\$ -	\$ 1,596
Due to other funds	156,787	-	-	-	254	22,531	1,007	6,356
Unearned revenue	14,279	-	-	-	-	-	-	-
Total liabilities	<u>175,690</u>	<u>32,032</u>	<u>5,821</u>	<u>-</u>	<u>10,359</u>	<u>45,163</u>	<u>1,007</u>	<u>7,952</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	448,082	-	-
FUND BALANCES								
Nonspendable	25,862	-	-	-	-	-	-	1,050
Restricted	-	-	-	977,658	-	-	-	237,940
Committed	193,596	-	17,728	-	62,778	644,469	511,486	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>219,458</u>	<u>-</u>	<u>17,728</u>	<u>977,658</u>	<u>62,778</u>	<u>644,469</u>	<u>511,486</u>	<u>238,990</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 395,148</u>	<u>\$ 32,032</u>	<u>\$ 23,549</u>	<u>\$ 977,658</u>	<u>\$ 73,137</u>	<u>\$ 1,137,714</u>	<u>\$ 512,493</u>	<u>\$ 246,942</u>

Continued

TOWN OF VERNON, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 AS OF JUNE 30, 2021

	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	Disaster Relief Fund	Sewer Assessment Fund
ASSETS								
Cash and cash equivalents	\$ 342,135	\$ 155,389	\$ 66,103	\$ 29,450	\$ 51,726	\$ 2,701	\$ -	\$ 19,285
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	-	-	-	-	-	171,687	-
Loans	-	-	537,644	98,155	-	-	-	-
Assessments	-	-	-	-	-	-	-	508
Other	-	-	-	-	-	-	62,000	28
Due from other funds	21,700	2,083	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 363,835</u>	<u>\$ 157,472</u>	<u>\$ 603,747</u>	<u>\$ 127,605</u>	<u>\$ 51,726</u>	<u>\$ 2,701</u>	<u>\$ 233,687</u>	<u>\$ 19,821</u>
LIABILITIES								
Accounts payable	\$ 4,599	\$ 29,507	\$ 1,273	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	9,236	-	583	-	-	-	918,517	19,285
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>13,835</u>	<u>29,507</u>	<u>1,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>918,517</u>	<u>19,285</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	537,644	98,155	-	-	-	508
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	350,000	127,965	64,247	29,450	-	-	-	28
Committed	-	-	-	-	51,726	2,701	-	-
Unassigned	-	-	-	-	-	-	(684,830)	-
Total fund balances	<u>350,000</u>	<u>127,965</u>	<u>64,247</u>	<u>29,450</u>	<u>51,726</u>	<u>2,701</u>	<u>(684,830)</u>	<u>28</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 363,835</u>	<u>\$ 157,472</u>	<u>\$ 603,747</u>	<u>\$ 127,605</u>	<u>\$ 51,726</u>	<u>\$ 2,701</u>	<u>\$ 233,687</u>	<u>\$ 19,821</u>

Continued

TOWN OF VERNON, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 AS OF JUNE 30, 2021

	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	\$ 1,759,565	\$ 433,159	\$ 87,014	\$ 219,631	\$ 179,500	\$ 39,346	\$ 239,265
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	1,707	-	3,890	2,887	-	-	-
Loans	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	42,786
Inventories	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 1,761,272</u>	<u>\$ 433,159</u>	<u>\$ 90,904</u>	<u>\$ 222,518</u>	<u>\$ 179,500</u>	<u>\$ 39,346</u>	<u>\$ 282,051</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 3,427	-	\$ 244	\$ 47,883
Due to other funds	191	-	3,890	44,733	303,500	944	19,403
Unearned revenue	-	-	-	-	-	11,960	-
Total liabilities	<u>191</u>	<u>-</u>	<u>3,890</u>	<u>48,160</u>	<u>303,500</u>	<u>13,148</u>	<u>67,286</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	1,707	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	87,014	-	-	-	214,765
Committed	1,759,374	433,159	-	174,358	-	26,198	-
Unassigned	-	-	-	-	(124,000)	-	-
Total fund balances	<u>1,759,374</u>	<u>433,159</u>	<u>87,014</u>	<u>174,358</u>	<u>(124,000)</u>	<u>26,198</u>	<u>214,765</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,761,272</u>	<u>\$ 433,159</u>	<u>\$ 90,904</u>	<u>\$ 222,518</u>	<u>\$ 179,500</u>	<u>\$ 39,346</u>	<u>\$ 282,051</u>

Continued

TOWN OF VERNON, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 AS OF JUNE 30, 2021

	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	
ASSETS								
Cash and cash equivalents	\$ 948,939	\$ 58,786	\$ 36,205	\$ 6,619,562	\$ 4,447,122	\$ 414,928	\$ 236,721	
Investments	-	-	-	-	-	-	-	
Receivables:								
Grants and contracts	-	2,481,573	-	3,005,992	-	-	-	
Loans	-	-	-	635,799	-	-	-	
Assessments	-	-	-	508	-	-	-	
Other	6,000	-	-	756,260	-	-	-	
Due from other funds	13,799	26,922	-	495,208	503,389	-	-	
Inventories	-	-	-	25,862	-	-	-	
Prepaid items	-	-	-	1,050	-	-	-	
Total assets	<u>\$ 968,738</u>	<u>\$ 2,567,281</u>	<u>\$ 36,205</u>	<u>\$ 11,540,241</u>	<u>\$ 4,950,511</u>	<u>\$ 414,928</u>	<u>\$ 236,721</u>	
LIABILITIES								
Accounts payable	\$ 5,541	\$ 174,011	\$ 213	\$ 343,508	\$ -	\$ -	\$ -	
Due to other funds	2,153	230,656	18	1,740,044	-	-	-	
Unearned revenue	-	1,982,179	-	2,008,418	1,023,323	-	-	
Total liabilities	<u>7,694</u>	<u>2,386,846</u>	<u>231</u>	<u>4,091,970</u>	<u>1,023,323</u>	<u>-</u>	<u>-</u>	
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	1,086,096	-	-	-	
FUND BALANCES								
Nonspendable	-	-	-	26,912	-	-	-	
Restricted	-	180,435	-	2,269,502	-	-	-	
Committed	961,044	-	35,974	4,874,591	3,927,188	414,928	236,721	
Unassigned	-	-	-	(808,830)	-	-	-	
Total fund balances	<u>961,044</u>	<u>180,435</u>	<u>35,974</u>	<u>6,362,175</u>	<u>3,927,188</u>	<u>414,928</u>	<u>236,721</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 968,738</u>	<u>\$ 2,567,281</u>	<u>\$ 36,205</u>	<u>\$ 11,540,241</u>	<u>\$ 4,950,511</u>	<u>\$ 414,928</u>	<u>\$ 236,721</u>	

Continued

TOWN OF VERNON, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 AS OF JUNE 30, 2021

	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	\$ 513,960	\$ 26,863	\$ 6,999	\$ 265,383	\$ 261,964	\$ 27,550	\$ 158,417
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	4,266	49,362	-	-	-	-	11,745
Loans	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	46,224	450,070	-
Inventories	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 518,226</u>	<u>\$ 76,225</u>	<u>\$ 6,999</u>	<u>\$ 265,383</u>	<u>\$ 308,188</u>	<u>\$ 477,620</u>	<u>\$ 170,162</u>
LIABILITIES							
Accounts payable	\$ -	\$ 2,645	\$ -	\$ -	\$ 4,841	\$ 190,251	\$ 15,457
Due to other funds	-	40,409	-	-	-	-	24,216
Unearned revenue	-	-	-	-	-	287,369	-
Total liabilities	<u>-</u>	<u>43,054</u>	<u>-</u>	<u>-</u>	<u>4,841</u>	<u>477,620</u>	<u>39,673</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	518,226	33,171	6,999	265,383	303,347	-	130,489
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>518,226</u>	<u>33,171</u>	<u>6,999</u>	<u>265,383</u>	<u>303,347</u>	<u>-</u>	<u>130,489</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 518,226</u>	<u>\$ 76,225</u>	<u>\$ 6,999</u>	<u>\$ 265,383</u>	<u>\$ 308,188</u>	<u>\$ 477,620</u>	<u>\$ 170,162</u>

Continued

TOWN OF VERNON, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 AS OF JUNE 30, 2021

	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	RHS Turf Field and Track Fund	Exit 66/67 Sewer Feasibility System Evaluation Fund	Total
ASSETS								
Cash and cash equivalents	\$ 2,887	\$ -	\$ 122,537	\$ 47,561	\$ 205,589	\$ 1,075,312	\$ 270,731	\$ 3,637,402
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	11,974	-	724,492	453,860	271,104	-	-	1,526,803
Loans	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	14,172	510,466
Inventories	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 14,861</u>	<u>\$ -</u>	<u>\$ 847,029</u>	<u>\$ 501,421</u>	<u>\$ 476,693</u>	<u>\$ 1,075,312</u>	<u>\$ 284,903</u>	<u>\$ 5,674,671</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 82,541	\$ 20,100	\$ 205,725	\$ 24,940	\$ -	\$ 546,500
Due to other funds	22,321	-	644,255	304,148	159,235	-	-	1,194,584
Unearned revenue	-	-	-	-	111,733	-	-	399,102
Total liabilities	<u>22,321</u>	<u>-</u>	<u>726,796</u>	<u>324,248</u>	<u>476,693</u>	<u>24,940</u>	<u>-</u>	<u>2,140,186</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	120,233	177,173	-	1,050,372	284,903	3,541,945
Unassigned	(7,460)	-	-	-	-	-	-	(7,460)
Total fund balances	<u>(7,460)</u>	<u>-</u>	<u>120,233</u>	<u>177,173</u>	<u>-</u>	<u>1,050,372</u>	<u>284,903</u>	<u>3,534,485</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,861</u>	<u>\$ -</u>	<u>\$ 847,029</u>	<u>\$ 501,421</u>	<u>\$ 476,693</u>	<u>\$ 1,075,312</u>	<u>\$ 284,903</u>	<u>\$ 5,674,671</u>

Continued

TOWN OF VERNON, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS (Concluded)
 AS OF JUNE 30, 2021

	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	\$ 856,114	\$ 7,839	\$ 128,360	\$ 41,495	\$ 1,033,808	\$ 15,737,894
Investments	2,458,279	-	1,414,465	-	3,872,744	3,872,744
Receivables:						
Grants and contracts	-	-	-	-	-	4,532,795
Loans	-	-	-	-	-	635,799
Assessments	-	-	-	-	-	508
Other	-	-	-	-	-	756,260
Due from other funds	-	-	-	-	-	1,509,063
Inventories	-	-	-	-	-	25,862
Prepaid items	-	-	-	-	-	1,050
Total assets	<u>\$ 3,314,393</u>	<u>\$ 7,839</u>	<u>\$ 1,542,825</u>	<u>\$ 41,495</u>	<u>\$ 4,906,552</u>	<u>\$ 27,071,975</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 890,008
Due to other funds	17,744	-	2,816	-	20,560	2,955,188
Unearned revenue	-	-	-	-	-	3,430,843
Total liabilities	<u>17,744</u>	<u>-</u>	<u>2,816</u>	<u>-</u>	<u>20,560</u>	<u>7,276,039</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	1,086,096
FUND BALANCES						
Nonspendable	1,016,632	5,000	-	-	1,021,632	1,048,544
Restricted	2,280,017	2,839	1,540,009	41,495	3,864,360	6,133,862
Committed	-	-	-	-	-	12,343,724
Unassigned	-	-	-	-	-	(816,290)
Total fund balances	<u>3,296,649</u>	<u>7,839</u>	<u>1,540,009</u>	<u>41,495</u>	<u>4,885,992</u>	<u>18,709,840</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,314,393</u>	<u>\$ 7,839</u>	<u>\$ 1,542,825</u>	<u>\$ 41,495</u>	<u>\$ 4,906,552</u>	<u>\$ 27,071,975</u>

Concluded

TOWN OF VERNON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Nonmajor Special Revenue Funds							
	Cafeteria Fund	Town Clerk Special Fund	Insurance Exchange Fund	Town Aid Road Fund	Dog License Fund	Ambulance Medical Services Fund	Education Program Activity Fund	Vernon Cemetery Commission Fund
REVENUES								
Grants and contracts	\$ 1,483,998	\$ -	\$ -	\$ 405,084	\$ -	\$ 346,066	\$ -	\$ -
Charges for services	120,171	305,480	-	-	6,675	1,193,694	248,430	130,252
Licenses and permits	-	6,991	-	-	15,223	-	-	-
Contributions	-	-	-	-	50	-	213,400	400
Interest and dividend income	-	-	-	-	-	-	-	372
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	353	-	2,016	-	-	575	-	15,585
Total revenues	<u>1,604,522</u>	<u>312,471</u>	<u>2,016</u>	<u>405,084</u>	<u>21,948</u>	<u>1,540,335</u>	<u>461,830</u>	<u>146,609</u>
EXPENDITURES								
Current:								
General government	-	312,471	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	31,363	986,344	-	-
Maintenance and development	-	-	-	240,747	-	-	-	106,983
Human services	-	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-	-
Education	1,583,072	-	-	-	-	-	460,148	-
Debt service	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	24,968	-	49,221
Total expenditures	<u>1,583,072</u>	<u>312,471</u>	<u>-</u>	<u>240,747</u>	<u>31,363</u>	<u>1,011,312</u>	<u>460,148</u>	<u>156,204</u>
Excess (deficiency) of revenues over expenditures	21,450	-	2,016	164,337	(9,415)	529,023	1,682	(9,595)
OTHER FINANCING SOURCES (USES)								
Refunding bonds issued	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Transfers in	175,000	-	-	-	-	-	-	17,544
Transfers out	-	-	-	-	-	(179,500)	-	-
Total other financing sources (uses)	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179,500)</u>	<u>-</u>	<u>17,544</u>
Net change in fund balances	196,450	-	2,016	164,337	(9,415)	349,523	1,682	7,949
Fund balances - beginning, as adjusted <i>(see Note 1)</i>	<u>23,008</u>	<u>-</u>	<u>15,712</u>	<u>813,321</u>	<u>72,193</u>	<u>294,946</u>	<u>509,804</u>	<u>231,041</u>
Fund balances - ending	<u>\$ 219,458</u>	<u>\$ -</u>	<u>\$ 17,728</u>	<u>\$ 977,658</u>	<u>\$ 62,778</u>	<u>\$ 644,469</u>	<u>\$ 511,486</u>	<u>\$ 238,990</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, 2021

	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	Disaster Relief Fund	Sewer Assessment Fund
REVENUES								
Grants and contracts	\$ 21,700	\$ 1,084,002	\$ 71,382	\$ -	\$ -	\$ -	\$ 171,687	\$ -
Charges for services	-	-	-	-	-	-	62,000	-
Licenses and permits	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Interest and dividend income	238	-	-	-	-	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	19,285
Other	-	-	24,850	-	-	-	-	-
Total revenues	<u>21,938</u>	<u>1,084,002</u>	<u>96,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,687</u>	<u>19,285</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Community development	-	-	74,666	-	-	-	-	-
Public safety	-	-	-	-	-	-	918,517	-
Maintenance and development	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-	-
Education	12,702	1,047,795	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	<u>12,702</u>	<u>1,047,795</u>	<u>74,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>918,517</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	9,236	36,207	21,566	-	-	-	(684,830)	19,285
OTHER FINANCING SOURCES (USES)								
Refunding bonds issued	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(9,236)	-	-	-	-	-	-	(19,285)
Total other financing sources (uses)	<u>(9,236)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,285)</u>
Net change in fund balances	-	36,207	21,566	-	-	-	(684,830)	-
Fund balances - beginning, as adjusted (see Note 1)	350,000	91,758	42,681	29,450	51,726	2,701	-	28
Fund balances - ending	<u>\$ 350,000</u>	<u>\$ 127,965</u>	<u>\$ 64,247</u>	<u>\$ 29,450</u>	<u>\$ 51,726</u>	<u>\$ 2,701</u>	<u>\$ (684,830)</u>	<u>\$ 28</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, 2021

	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	\$ -	\$ -	\$ 3,890	\$ -	\$ -	\$ 34,790	\$ 364,719
Charges for services	-	-	-	298,307	-	1,218	-
Licenses and permits	274,054	-	-	-	-	-	-
Contributions	-	-	37,000	18,600	-	10	-
Interest and dividend income	1,516	412	-	-	-	3	-
Net changes in the fair value of investments	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	242,468
Total revenues	<u>275,570</u>	<u>412</u>	<u>40,890</u>	<u>316,907</u>	<u>-</u>	<u>36,021</u>	<u>607,187</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	8,876	-	-	-	-
Public safety	-	-	-	-	-	-	4,919
Maintenance and development	53,634	-	-	-	-	-	-
Human services	-	-	-	-	-	-	86,442
Parks, recreation and culture	-	-	-	139,322	-	34,935	-
Education	-	-	-	-	-	4,106	598,466
Debt service	-	-	-	-	-	-	-
Capital outlays	-	-	-	12,941	-	-	-
Total expenditures	<u>53,634</u>	<u>-</u>	<u>8,876</u>	<u>152,263</u>	<u>-</u>	<u>39,041</u>	<u>689,827</u>
Excess (deficiency) of revenues over expenditures	221,936	412	32,014	164,644	-	(3,020)	(82,640)
OTHER FINANCING SOURCES (USES)							
Refunding bonds issued	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Transfers in	-	-	-	-	179,500	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,500</u>	<u>-</u>	<u>-</u>
Net change in fund balances	221,936	412	32,014	164,644	179,500	(3,020)	(82,640)
Fund balances - beginning, as adjusted (see Note 1)	1,537,438	432,747	55,000	9,714	(303,500)	29,218	297,405
Fund balances - ending	<u>\$ 1,759,374</u>	<u>\$ 433,159</u>	<u>\$ 87,014</u>	<u>\$ 174,358</u>	<u>\$ (124,000)</u>	<u>\$ 26,198</u>	<u>\$ 214,765</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, 2021

	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	\$ -	\$ 6,652,472	\$ -	\$ 10,639,790	\$ -	\$ -	\$ -
Charges for services	836	-	15,167	2,382,230	-	-	-
Licenses and permits	62,147	-	-	358,415	-	-	-
Contributions	178,409	-	250	448,119	-	-	-
Interest and dividend income	-	-	-	2,541	3,048	-	-
Net changes in the fair value of investments	236	-	-	236	-	-	-
Assessments	-	-	-	19,285	-	-	-
Other	55,883	-	2	341,732	-	-	-
Total revenues	<u>297,511</u>	<u>6,652,472</u>	<u>15,419</u>	<u>14,192,348</u>	<u>3,048</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	-	312,471	-	-	-
Community development	8,360	-	-	91,902	-	-	-
Public safety	78,194	-	-	2,019,337	-	-	-
Maintenance and development	-	-	-	401,364	-	-	-
Human services	64,895	-	10,566	161,903	-	-	-
Parks, recreation and culture	34,560	-	-	208,817	-	-	-
Education	-	6,464,262	-	10,170,551	-	-	-
Debt service	-	-	-	-	91,080	-	-
Capital outlays	-	-	-	87,130	-	727,622	114,014
Total expenditures	<u>186,009</u>	<u>6,464,262</u>	<u>10,566</u>	<u>13,453,475</u>	<u>91,080</u>	<u>727,622</u>	<u>114,014</u>
Excess (deficiency) of revenues over expenditures	111,502	188,210	4,853	738,873	(88,032)	(727,622)	(114,014)
OTHER FINANCING SOURCES (USES)							
Refunding bonds issued	-	-	-	-	19,160,000	-	-
Premium on refunding bonds issued	-	-	-	-	2,364,274	-	-
Payment to refunded bond escrow agent	-	-	-	-	(21,315,043)	-	-
Transfers in	5,000	-	-	377,044	1,439,660	-	-
Transfers out	-	(175,000)	-	(383,021)	-	-	-
Total other financing sources (uses)	<u>5,000</u>	<u>(175,000)</u>	<u>-</u>	<u>(5,977)</u>	<u>1,648,891</u>	<u>-</u>	<u>-</u>
Net change in fund balances	116,502	13,210	4,853	732,896	1,560,859	(727,622)	(114,014)
Fund balances - beginning, as adjusted (see Note 1)	844,542	167,225	31,121	5,629,279	2,366,329	1,142,550	350,735
Fund balances - ending	<u>\$ 961,044</u>	<u>\$ 180,435</u>	<u>\$ 35,974</u>	<u>\$ 6,362,175</u>	<u>\$ 3,927,188</u>	<u>\$ 414,928</u>	<u>\$ 236,721</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, 2021

	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	\$ 4,266	\$ -	\$ -	\$ -	\$ -	\$ 190,231	\$ 13,500
Charges for services	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Interest and dividend income	-	-	-	-	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>4,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,231</u>	<u>13,500</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlays	7,490	-	-	24,657	4,842	190,231	15,201
Total expenditures	<u>7,490</u>	<u>-</u>	<u>-</u>	<u>24,657</u>	<u>4,842</u>	<u>190,231</u>	<u>15,201</u>
Excess (deficiency) of revenues over expenditures	(3,224)	-	-	(24,657)	(4,842)	-	(1,701)
OTHER FINANCING SOURCES (USES)							
Refunding bonds issued	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Transfers in	521,450	-	-	-	399,073	-	-
Transfers out	-	-	-	-	(1,179,462)	-	-
Total other financing sources (uses)	<u>521,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(780,389)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	518,226	-	-	(24,657)	(785,231)	-	(1,701)
Fund balances - beginning, as adjusted (see Note 1)	-	33,171	6,999	290,040	1,088,578	-	132,190
Fund balances - ending	<u>\$ 518,226</u>	<u>\$ 33,171</u>	<u>\$ 6,999</u>	<u>\$ 265,383</u>	<u>\$ 303,347</u>	<u>\$ -</u>	<u>\$ 130,489</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, 2021

	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	RHS Turf Field and Track Fund	Exit 66/67 Sewer Feasibility System Evaluation Fund	Total
REVENUES								
Grants and contracts	\$ -	\$ -	\$ 725,124	\$ 19,463	\$ 622,985	\$ -	\$ -	\$ 1,575,569
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Interest and dividend income	-	-	-	-	-	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>725,124</u>	<u>19,463</u>	<u>622,985</u>	<u>-</u>	<u>-</u>	<u>1,575,569</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital outlays	-	-	772,979	56,978	622,985	498,799	404,374	3,440,172
Total expenditures	<u>-</u>	<u>-</u>	<u>772,979</u>	<u>56,978</u>	<u>622,985</u>	<u>498,799</u>	<u>404,374</u>	<u>3,440,172</u>
Excess (deficiency) of revenues over expenditures	-	-	(47,855)	(37,515)	-	(498,799)	(404,374)	(1,864,603)
OTHER FINANCING SOURCES (USES)								
Refunding bonds issued	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Transfers in	-	-	150,000	-	-	1,549,171	-	2,619,694
Transfers out	-	-	-	-	-	-	-	(1,179,462)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>1,549,171</u>	<u>-</u>	<u>1,440,232</u>
Net change in fund balances	-	-	102,145	(37,515)	-	1,050,372	(404,374)	(424,371)
Fund balances - beginning, as adjusted (see Note 1)	(7,460)	-	18,088	214,688	-	-	689,277	3,958,856
Fund balances - ending	<u>\$ (7,460)</u>	<u>\$ -</u>	<u>\$ 120,233</u>	<u>\$ 177,173</u>	<u>\$ -</u>	<u>\$ 1,050,372</u>	<u>\$ 284,903</u>	<u>\$ 3,534,485</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, 2021

	Nonmajor Permanent Funds					Total Nonmajor Governmental Funds
	Cemetery Trust Fund	Memorial Trust Fund	Rockville Library Trust Fund	Senior Center Endowment Trust Fund	Total	
REVENUES						
Grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,215,359
Charges for services	-	-	-	-	-	2,382,230
Licenses and permits	-	-	-	-	-	358,415
Contributions	20,740	-	-	50	20,790	468,909
Interest and dividend income	45,839	-	25,911	40	71,790	77,379
Net changes in the fair value of investments	571,648	-	332,468	-	904,116	904,352
Assessments	-	-	-	-	-	19,285
Other	-	-	-	-	-	341,732
Total revenues	<u>638,227</u>	<u>-</u>	<u>358,379</u>	<u>90</u>	<u>996,696</u>	<u>16,767,661</u>
EXPENDITURES						
Current:						
General government	-	-	9,614	-	9,614	322,085
Community development	-	-	-	-	-	91,902
Public safety	-	-	-	-	-	2,019,337
Maintenance and development	31,983	-	-	-	31,983	433,347
Human services	-	-	-	-	-	161,903
Parks, recreation and culture	-	-	-	-	-	208,817
Education	-	-	-	-	-	10,170,551
Debt service	-	-	-	-	-	91,080
Capital outlays	-	-	8,154	-	8,154	3,535,456
Total expenditures	<u>31,983</u>	<u>-</u>	<u>17,768</u>	<u>-</u>	<u>49,751</u>	<u>17,034,478</u>
Excess (deficiency) of revenues over expenditures	606,244	-	340,611	90	946,945	(266,817)
OTHER FINANCING SOURCES (USES)						
Refunding bonds issued	-	-	-	-	-	19,160,000
Premium on refunding bonds issued	-	-	-	-	-	2,364,274
Payment to refunded bond escrow agent	-	-	-	-	-	(21,315,043)
Transfers in	-	-	-	-	-	4,436,398
Transfers out	(17,543)	-	-	-	(17,543)	(1,580,026)
Total other financing sources (uses)	<u>(17,543)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,543)</u>	<u>3,065,603</u>
Net change in fund balances	588,701	-	340,611	90	929,402	2,798,786
Fund balances - beginning, as adjusted <i>(see Note 1)</i>	<u>2,707,948</u>	<u>7,839</u>	<u>1,199,398</u>	<u>41,405</u>	<u>3,956,590</u>	<u>15,911,054</u>
Fund balances - ending	<u>\$ 3,296,649</u>	<u>\$ 7,839</u>	<u>\$ 1,540,009</u>	<u>\$ 41,495</u>	<u>\$ 4,885,992</u>	<u>\$ 18,709,840</u>

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, 2021

	<u>Data Processing Fund</u>	<u>Workers' Compensation Fund</u>	<u>Medical Self-Insurance Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 445,985	\$ 1,731,836	\$ 1,303,058	\$ 3,480,879
Receivables	-	-	497	497
Prepaid expenses	210,162	-	-	210,162
Total current assets	<u>656,147</u>	<u>1,731,836</u>	<u>1,303,555</u>	<u>3,691,538</u>
Capital assets:				
Depreciable, net	1,338,241	-	-	1,338,241
Total noncurrent assets	<u>1,338,241</u>	<u>-</u>	<u>-</u>	<u>1,338,241</u>
Total assets	<u>1,994,388</u>	<u>1,731,836</u>	<u>1,303,555</u>	<u>5,029,779</u>
LIABILITIES				
Current liabilities:				
Accounts payable	49,001	22,175	-	71,176
Claims payable	-	371,585	20,542	392,127
Compensated absences	33,858	-	-	33,858
Due to other funds	29,729	-	-	29,729
Unearned revenue	-	-	550	550
Total current liabilities	<u>112,588</u>	<u>393,760</u>	<u>21,092</u>	<u>527,440</u>
Noncurrent liabilities:				
Claims payable	-	853,321	-	853,321
Compensated absences	16,686	-	-	16,686
Total non-current liabilities	<u>16,686</u>	<u>853,321</u>	<u>-</u>	<u>870,007</u>
Total liabilities	<u>129,274</u>	<u>1,247,081</u>	<u>21,092</u>	<u>1,397,447</u>
NET POSITION				
Net investment in capital assets	1,338,241	-	-	1,338,241
Unrestricted	526,873	484,755	1,282,463	2,294,091
Total net position	<u>\$ 1,865,114</u>	<u>\$ 484,755</u>	<u>\$ 1,282,463</u>	<u>\$ 3,632,332</u>

TOWN OF VERNON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Data Processing Fund</u>	<u>Workers' Compensation Fund</u>	<u>Medical Self-Insurance Fund</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 2,034,384	\$ 718,200	\$ 551,951	\$ 3,304,535
Other	-	259,285	418	259,703
Total operating revenues	<u>2,034,384</u>	<u>977,485</u>	<u>552,369</u>	<u>3,564,238</u>
OPERATING EXPENSES				
Wages and benefits	1,016,755	-	-	1,016,755
Repairs, maintenance and rentals	628,092	-	-	628,092
Utilities	20,597	-	-	20,597
Supplies and materials	1,815	-	-	1,815
General and administrative	252,867	144,843	40,074	437,784
Claims incurred	-	320,471	426,842	747,313
Depreciation	219,639	-	-	219,639
Total operating expenses	<u>2,139,765</u>	<u>465,314</u>	<u>466,916</u>	<u>3,071,995</u>
Operating income (loss)	(105,381)	512,171	85,453	492,243
NON-OPERATING REVENUES				
Interest income	-	111	464	575
Income (loss) before transfers	(105,381)	512,282	85,917	492,818
TRANSFERS				
Transfer in	11,635	-	-	11,635
Change in net position	(93,746)	512,282	85,917	504,453
Net position - beginning	<u>1,958,860</u>	<u>(27,527)</u>	<u>1,196,546</u>	<u>3,127,879</u>
Net position - ending	<u>\$ 1,865,114</u>	<u>\$ 484,755</u>	<u>\$ 1,282,463</u>	<u>\$ 3,632,332</u>

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Data Processing Fund	Workers' Compensation Fund	Medical Self-Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for the following:				
Charges for services	\$ 2,034,384	\$ 718,200	\$ 551,951	\$ 3,304,535
Other operating revenues received	-	259,285	609	259,894
Cash paid for the following:				
Claims and administrative	-	(939,306)	(471,077)	(1,410,383)
Employee wages and benefits	(1,033,027)	-	-	(1,033,027)
Goods and services	(1,026,497)	-	-	(1,026,497)
Net cash provided by (used in) operating activities	<u>(25,140)</u>	<u>38,179</u>	<u>81,483</u>	<u>94,522</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(69,575)	-	-	(69,575)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	-	111	464	575
Net change in cash and cash equivalents	(94,715)	38,290	81,947	25,522
Cash and cash equivalents, beginning of year	540,700	1,693,546	1,221,111	3,455,357
Cash and cash equivalents, end of year	<u>\$ 445,985</u>	<u>\$ 1,731,836</u>	<u>\$ 1,303,058</u>	<u>\$ 3,480,879</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (105,381)	\$ 512,171	\$ 85,453	\$ 492,243
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	219,639	-	-	219,639
Changes in assets and liabilities:				
Receivables	-	-	(359)	(359)
Prepaid expenses	(109,763)	-	-	(109,763)
Accounts payable	(13,935)	(473,992)	(4,262)	(492,189)
Accrued liabilities	(16,272)	-	-	(16,272)
Due to other funds	572	-	101	673
Unearned revenue	-	-	550	550
Net cash provided by (used in) operating activities	<u>\$ (25,140)</u>	<u>\$ 38,179</u>	<u>\$ 81,483</u>	<u>\$ 94,522</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.

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

	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 152,208,479
Restricted for:										
Endowments:										
Expendable	394,323	510,963	599,215	599,304	557,664	712,370	826,421	2,160,643	2,189,467	3,864,360
Nonexpendable	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	1,021,632
Grant programs	93,400	409,496	420,308	409,919	374,621	550,518	1,157,220	586,382	926,683	1,190,813
Sewer assessment	-	89,392	20,152	10,464	84	28	28	28	28	28
Cemeteries	512,639	184,036	186,559	129,428	94,237	74,513	82,682	114,345	229,991	237,940
Housing and community development	-	29,450	29,450	112,257	113,984	119,000	109,274	80,685	72,131	93,697
Education programs	559,169	157,770	108,553	324,395	434,575	557,736	515,604	560,368	701,268	619,059
Adult education	-	-	-	72,671	17,298	41,239	31,837	39,304	91,758	127,965
Unrestricted	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)	(27,823,532)
Total Net Position - Governmental Activities	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	131,540,441
Business-Type Activities:										
Net investment in capital assets	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	8,091,616
Unrestricted	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	10,560,470
Total Net Position - Business-Type Activities	17,491,504	18,232,668	19,922,565	17,784,739	18,348,368	18,970,125	18,376,201	17,972,413	17,848,715	18,652,086
Primary Government:										
Net investment in capital assets	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	160,300,095
Restricted for:										
Endowments:										
Expendable	394,323	510,963	599,215	599,304	557,664	712,370	826,421	2,160,643	2,189,467	3,864,360
Nonexpendable	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	1,021,632
Grant programs	93,400	409,496	420,308	409,919	374,621	550,518	1,157,220	586,382	926,683	1,190,813
Sewer assessment	-	89,392	20,152	10,464	84	28	28	28	28	28
Cemeteries	512,639	184,036	186,559	129,428	94,237	74,513	82,682	114,345	229,991	237,940
Housing and community development	-	29,450	29,450	112,257	113,984	119,000	109,274	80,685	72,131	93,697
Education programs	559,169	157,770	108,553	324,395	434,575	557,736	515,604	560,368	701,268	619,059
Adult education	-	-	-	72,671	17,298	41,239	31,837	39,304	91,758	127,965
Unrestricted	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)	(17,263,062)
Total Net Position - Primary Government	\$ 135,084,260	\$ 136,353,962	\$ 142,290,571	\$ 100,039,004	\$ 104,476,180	\$ 109,028,315	\$ 109,897,092	\$ 122,406,987	\$ 132,023,976	\$ 150,192,527

TABLE 2

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

	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Expenses:										
General government	\$ 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	\$ 5,385,975
Community development	638,976	419,554	605,573	548,397	603,740	497,261	516,403	434,475	584,946	489,383
Public safety	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	14,812,824
Maintenance and development	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	10,863,706
Human services	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	1,585,115
Parks, recreation and culture	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	3,156,729
Education	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	82,874,311
Interest on long-term debt	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	1,526,117
Total expenses	<u>95,265,604</u>	<u>96,545,035</u>	<u>101,032,054</u>	<u>102,533,035</u>	<u>105,551,831</u>	<u>111,217,007</u>	<u>114,265,036</u>	<u>108,105,627</u>	<u>113,161,265</u>	<u>120,694,160</u>
Program Revenues:										
Charges for services:										
General government	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	1,698,209
Community development	8,973	8,422	10,183	8,812	11,472	94,311	45,406	92,146	57,948	69,930
Public safety	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	2,220,293
Maintenance and development	617,746	590,490	469,094	556,001	525,845	528,937	726,735	235,363	699,900	564,682
Human services	-	-	-	-	-	79,352	123,453	153,985	118,762	159,616
Parks, recreation and culture	718,122	778,727	804,255	861,914	899,878	919,706	953,588	960,507	684,927	467,198
Education	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	912,125
Operating grants and contributions	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	46,902,203
Capital grants and contributions	8,082,486	835,929	4,390,500	2,637,723	2,103,224	3,750,112	2,950,461	4,230,984	3,791,048	8,839,898
Total program revenues	<u>44,879,400</u>	<u>35,245,130</u>	<u>40,591,467</u>	<u>40,400,117</u>	<u>41,772,840</u>	<u>45,227,899</u>	<u>48,528,165</u>	<u>40,558,488</u>	<u>47,581,198</u>	<u>61,834,154</u>
Net Program Expense	(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)	(58,860,006)
General revenues:										
Property taxes	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	73,792,051
Grants and contributions not restricted										
to specific programs	1,503,374	1,671,664	1,157,706	1,054,078	898,432	1,532,993	905,765	1,124,707	794,291	787,539
Investment income	35,105	135,297	146,202	37,394	(3,363)	256,856	245,173	578,316	685,870	1,002,207
Miscellaneous	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	133,585
Total general revenues	<u>60,502,004</u>	<u>61,828,443</u>	<u>64,687,299</u>	<u>66,100,267</u>	<u>67,652,538</u>	<u>69,919,486</u>	<u>71,787,320</u>	<u>74,878,914</u>	<u>75,320,754</u>	<u>75,715,382</u>
Special item - transfer of library operations	-	-	-	-	-	-	-	5,581,908	-	-
Total Change in Net Position	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	16,855,376
Net Position July 1 (as restated)	<u>107,476,956</u>	<u>117,592,756</u>	<u>118,121,294</u>	<u>78,286,916</u> a	<u>82,254,265</u>	<u>86,127,812</u>	<u>85,470,442</u> b	<u>91,520,891</u>	<u>104,434,574</u>	<u>114,685,065</u> c
Net Position June 30	<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>	<u>\$ 131,540,441</u>

(Continued)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-Type Activities:										
Expenses:										
Sewer	\$ 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	\$ 5,256,429
Building rental	181,037	186,503	217,673	196,324	204,593	205,667	211,897	180,436	180,763	213,810
Total expenses	<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>	<u>5,470,239</u>
Revenues:										
Charges for services:										
Sewer use	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	6,133,359
Building rental	161,398	165,268	168,848	167,117	166,831	165,721	165,721	166,354	146,457	113,475
Operating grants and contributions	-	-	-	-	-	17,209	7,948	-	41,468	146,362
Capital grants and contributions	-	-	-	6,248	360	292,493	67,470	132,186	9,020	3,576
Total revenues	<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>	<u>6,396,772</u>
Net Program (Expenses) Revenues	562,509	533,450	566,059	1,061,251	540,030	601,463	(432,061)	(569,452)	(263,057)	926,533
General revenues:										
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Investment income	641	724	277	1,181	9,800	20,294	45,650	165,664	139,758	10,423
Miscellaneous	262,732	206,990	9,812	17,784	13,799	-	-	-	-	-
Capital contributions	-	-	1,113,749	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	(399)	(133,585)
Total general revenues	<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>	<u>(123,162)</u>
Total Change in Net Position	825,882	741,164	1,689,897	1,080,216	563,629	621,757	(386,411)	(403,788)	(123,698)	803,371
Net Position July 1 (as restated)	16,665,622	17,491,504	18,232,668	16,704,523 a	17,784,739	\$ 18,348,368	\$ 18,762,612 b	\$ 18,376,201	\$ 17,972,413	\$ 17,848,715
Net Position, June 30	<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>	<u>\$ 18,652,086</u>
Total Change in Net Position	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	17,658,747
Net Position, July 1 (as restated)	124,142,578	135,084,260	136,353,962	94,991,439 a	100,039,004	\$ 104,476,180	\$ 104,233,054 b	\$ 109,897,092	\$ 122,406,987	\$ 132,533,780 c
Net Position, June 30	<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>	<u>\$ 150,192,527</u>

(Concluded)

a - Net position restated to reflect cumulative effect on GASB No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*.
 b - Net position restated to reflect cumulative effect on GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
 c - Net position restated to reflect cumulative effect on GASB No. 84, *Fiduciary Activities*.

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

Fund Balances - Governmental Funds	FISCAL YEAR END									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$ 714,782	\$ 625,082	\$ 957,770	\$ 1,464,018	\$ 1,448,917	\$ 1,925,692	\$ 2,258,353	\$ 3,254,535	\$ 544,767	\$ 1,507,631
Assigned	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	1,028,176
Unassigned	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	22,117,292
Total General Fund	<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>	<u>24,653,099</u>
All Other Governmental Funds:										
Nonspendable	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	1,048,544
Restricted	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	7,733,806
Committed	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	15,521,656
Assigned	499,582	892,047	180,000	180,000	180,000	-	-	-	-	-
Unassigned	(873,722)	(887,804)	(2,593,688)	(7,752,478)	(929,811)	(2,073,076)	(3,426,711)	(5,746,935)	(13,895,318)	(2,081,317)
Total Fund Balance - All Other Governmental Funds	<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>	<u>22,222,689</u>
Total Governmental Funds:										
Nonspendable	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	2,556,175
Restricted	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	7,733,806
Committed	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	15,521,656
Assigned	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	1,028,176
Unassigned	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	20,035,975
Total Fund Balances - Governmental Funds	<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>	<u>\$ 46,875,788</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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Property taxes	\$ 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	\$ 73,746,671
Intergovernmental	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	45,949,933
Assessments	11,527	4,683	8,735	10,380	22,472	-	-	-	8,235	19,285
Charges for services	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	5,163,580
Gifts and contributions	630,479	781,887	534,642	650,683	553,044	190,596	424,619	193,065	656,589	715,780
Income on investments	35,009	135,176	146,145	40,012	73,098	92,952	151,891	595,345	605,100	97,855
Net change in fair value of investments	-	-	-	(2,618)	(76,461)	163,904	93,282	163,779	80,770	904,352
Other	1,067,789	1,000,431	691,650	820,492	978,613	1,415,424	1,127,797	1,228,332	1,101,603	1,045,401
Total Revenues	105,281,397	97,323,633	105,308,914	106,660,767	110,385,221	115,078,339	115,081,316	119,459,772	119,185,058	127,642,857
Expenditures:										
General government	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	4,040,240
Community development	629,269	301,852	491,759	440,127	468,123	352,377	391,321	330,991	407,327	398,494
Public safety	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	10,992,897
Maintenance and development	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	6,142,305
Human services	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	1,155,972
Parks, recreation and culture	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	2,102,638
Townwide	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	8,460,577
Education	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	71,913,779
Capital outlay	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	30,198,885
Debt service:										
Principal	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	4,835,150
Interest	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	1,156,521
Total Expenditures	103,159,356	99,878,596	102,940,362	110,028,367	112,125,574	117,604,381	117,717,238	120,281,999	122,878,886	141,397,458
Excess of Revenues over Expenditures	2,122,041	(2,554,963)	2,368,552	(3,367,600)	(1,740,353)	(2,526,042)	(2,635,922)	(822,227)	(3,693,828)	(13,754,601)
Other Financing Sources (Uses):										
Refunding bonds issued	34,685,000	-	-	-	-	-	-	-	-	19,160,000
Payment to refunded bond escrow agent	(37,449,969)	-	-	-	-	-	-	-	-	(21,315,043)
Premium on refunding bonds issued	2,991,717	-	-	-	-	-	-	-	-	2,364,274
Bonds issued	-	-	-	-	6,130,000	6,350,000	4,400,000	3,387,000	-	5,000,000
Bond anticipation notes issued	-	-	-	-	6,350,000	2,200,000	3,138,000	-	-	-
Premium on bonds/BANs issued	-	-	-	-	89,183	255,817	231,485	200,413	-	609,150
Repayment of BANs	-	-	-	-	-	(6,350,000)	(2,200,000)	(1,525,000)	-	-
Interim funding obligation	-	-	-	-	-	-	-	-	-	25,156,923
Transfer of library operations	-	-	-	-	-	-	-	1,184,443	-	-
Lease purchase of equipment	-	2,010,000	-	-	-	-	-	-	-	-
Sale of Assets	172,501	44,830	-	-	-	-	-	-	-	-
Transfers in	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	5,395,166
Transfers out	(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)	(5,261,581)
Net Other Financing Sources (Uses)	399,249	2,054,830	-	-	12,569,183	2,455,817	5,569,485	3,246,856	(3,823)	31,108,889
Net Change in Fund Balances	\$ 2,521,290	\$ (500,133)	\$ 2,368,552	\$ (3,367,600)	\$ 10,828,830	\$ (70,225)	\$ 2,933,563	\$ 2,424,629	\$ (3,697,651)	\$ 17,354,288
Debt Service as a percentage of noncapital expenditures	7.09%	6.32%	5.81%	5.66%	6.00%	5.56%	5.31%	5.74%	5.70%	5.45%
Debt Service as a percentage of total expenditures	6.40%	6.06%	5.64%	5.19%	5.48%	4.98%	4.76%	5.08%	5.08%	4.24%

NOTE: Schedule prepared on the modified accrual basis of accounting.

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				(2) Total	(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
		Residential	Commercial/Industrial	Vacant / Use Assess.										
2021	2019	\$ 1,087,511	\$ 475,187	\$ 10,411	\$ 1,573,109	\$ 94,060	\$ 189,122	\$ 1,856,291	\$ 17,628	\$ 1,838,663	39.63	\$ 2,845,579	65.23%	
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%	

* 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, 2021 AND JUNE 30, 2012
(UNAUDITED)

Taxpayer	Fiscal Years Ended June 30,					
	2021			2012		
	Taxable Assessed Value (10/01/19 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/10 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)
Chapman and Mansions LLC	\$ 76,294,200	1	4.15%	\$ 47,754,460	1	2.49%
Evandro Santini & Woodbrook LLC	55,243,360	2	3.00%	21,516,740	3	1.12%
Connecticut Water Company	28,186,310	3	1.53%	20,011,880	4	1.05%
Tri City Improvements, LLC	26,601,450	4	1.45%	30,295,590	2	1.58%
Connecticut Light & Power/Yankee Gas Co.	19,833,030	5	1.08%	19,421,229	5	1.01%
Prospect Rockville Hospital / ECHN	17,918,260	6	0.97%			
CE Vernon II, LLC	16,707,300	7	0.91%	15,571,120	6	0.81%
Boston Rockville / Boston Vernon	8,592,060	8	0.47%	8,662,150	8	0.45%
Briar Knoll Apartments	7,919,300	9	0.43%			
Talcotville Development	8,168,540	10	0.44%			
Chapman Acres, LLC				9,004,930	7	0.47%
Parkwest Residents Association				7,684,030	9	0.40%
Kerensky, Schneider (Risley Trust)				6,855,180	10	0.36%
Total Top 10 Taxpayers	<u>265,463,810</u>		<u>14.44%</u>	<u>186,777,309</u>		<u>9.76%</u>
* Based on 10/1 Net Taxable Grand List of:	<u>\$ 1,838,663,341</u>			<u>\$ 1,914,573,272</u>		

Source: Town of Vernon, Tax Assessor's Department

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, 2021
		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	
2021	2019	\$ 73,729,237	\$ (257,066)	\$ 73,472,171	\$ 72,437,785	98.2%	\$ -	\$ 72,437,785	98.2%	98.6%	\$ 1,034,386
2020	2018	73,535,721	(251,327)	73,284,394	72,139,857	98.1%	594,560	72,734,417	98.9%	99.2%	549,977
2019	2017	72,976,496	(327,694)	72,648,802	71,718,449	98.3%	616,743	72,335,192	99.1%	99.6%	313,610
2018	2016	69,992,863	327,351	70,320,214	69,399,587	99.2%	791,412	70,190,999	100.3%	99.8%	129,215
2017	2015	67,980,089	(304,548)	67,675,541	66,936,857	98.5%	670,414	67,607,271	99.5%	99.9%	68,270
2016	2014	65,976,102	(311,672)	65,664,430	65,021,214	98.6%	603,212	65,624,426	99.5%	99.9%	40,004
2015	2013	64,211,229	(269,235)	63,941,994	63,158,074	98.4%	749,011	63,907,085	99.5%	99.9%	34,909
2014	2012	62,079,457	11,349	62,090,806	61,327,304	98.8%	734,700	62,062,004	100.0%	100.0%	28,802
2013	2011	58,943,099	(349,173)	58,593,926	57,812,300	98.1%	755,611	58,567,911	99.4%	100.0%	26,015
2012	2010	57,542,153	(207,760)	57,334,393	56,603,238	98.4%	701,613	57,304,851	99.6%	99.9%	29,542

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

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	Total Debt as a % of Estimated	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	Total All Debt (1)	(in thousands of \$) (2)	Actual Value of Property					
2021	\$ 26,905,000	\$ 9,583,000	\$ 277,000	\$ 36,765,000	\$ 3,289,435	\$ 25,156,923	\$ 157,691	\$ 65,369,049	\$ 2,845,579	2.30%	30,215	\$ 2,163	n/a	n/a	n/a
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	\$ 59,590	2.20%	0.15%
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%

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) 2020/21 population estimate which was provide 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 2021 is not available

n/a - Information is not yet available.

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 Other General Debt	Total Net General Obligation Debt	Net General Obligation Debt as a % of Estimated Actual Value of Property (2)	Net General Obligation Debt Per Capita (3)
			Notes Payable	Less Funds Provided by Surrounding Municipalities	Leases Payable				
2021	\$ 36,765,000	\$ 3,289,435	\$ 25,156,923	\$ (7,722,038)	\$ 157,691	\$ 20,882,011	\$ 57,647,011	2.03%	\$ 1,908
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

(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, 2021
(UNAUDITED)

Fiscal year End	Debt Outstanding *	Estimated Percentage Applicable	Estimated Share of Overlapping Debt	Town Direct Debt	Total Direct and Overlapping Debt
2021	\$1,890,894	100%	\$1,890,894	\$65,369,049	\$67,259,943
2020	2,025,958	100%	2,025,958	38,806,965	40,832,923
2019	2,161,021	100%	2,161,021	43,501,513	45,662,534
2018	2,296,085	100%	2,296,085	45,878,351	48,174,436
2017	2,431,149	100%	2,431,149	44,307,449	46,738,598
2016	2,566,213	100%	2,566,213	46,075,942	48,642,155

Source: Town of Vernon, Finance Department

* Represents Bolton Lakes Regional Water Pollution Control Authority Overlapping Debt repaid with property taxes.

TABLE 11

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 401,538,851	\$ 411,836,390	\$ 437,941,686	\$ 449,852,739	\$ 464,838,675
Total net debt applicable to limit	<u>63,497,343</u>	<u>55,338,576</u>	<u>76,292,782</u>	<u>70,000,325</u>	<u>68,645,611</u>
Legal Debt Margin	<u>\$ 338,041,508</u>	<u>\$ 356,497,814</u>	<u>\$ 361,648,904</u>	<u>\$ 379,852,414</u>	<u>\$ 396,193,064</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>15.81%</u>	<u>13.44%</u>	<u>17.42%</u>	<u>15.56%</u>	<u>14.77%</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 477,242,262	\$ 492,664,200	\$ 510,970,460	\$ 512,720,481	\$ 516,380,032
Total net debt applicable to limit	<u>71,058,289</u>	<u>70,458,225</u>	<u>148,800,161</u>	<u>144,066,740</u>	<u>102,788,688</u>
Legal Debt Margin	<u>\$ 406,183,973</u>	<u>\$ 422,205,975</u>	<u>\$ 362,170,299</u>	<u>\$ 368,653,741</u>	<u>\$ 413,591,344</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>14.89%</u>	<u>14.30%</u>	<u>29.12%</u>	<u>28.10%</u>	<u>19.91%</u>

Source: Town of Vernon, Finance Department

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,)
2021	30,215	n/a	n/a	n/a	3,028	-92	6.9%	17,197
2020	29,359	37.9	\$ 8,942,240	\$ 59,590	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

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 2021 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 2012 to 2018 (no longer available) and from Connecticut Demographics for 2019-2021.

(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, 2021 AND JUNE 30, 2012
(UNAUDITED)

Major Employer	2021			2012		
	Number Employed	Rank	Percentage of Total Town Employment	Number Employed	Rank	Percentage of Total Town Employment
Town of Vernon	805	1	4.7%	835	1	4.8%
Rockville General Hospital	414	2	2.4%	523	2	3.0%
Visiting Nurse and Health Services	343	3	2.0%	458	3	2.6%
Stop & Shop	255	4	1.5%	317	4	1.8%
Vernon Manor	186	5	1.1%	175	8	1.0%
Shop Rite	165	6	1.0%			
T. J. Maxx & Home Goods	165	6	1.0%			
Fox Hill Nursing and Rehabilitation	157	8	0.9%	165	9	0.9%
State of Connecticut	145	9	0.8%	204	6	1.2%
Rein's Delicatessen	132	10	0.8%	155	10	0.9%
Price Chopper				221	5	1.3%
New England Mechanical Services				200	7	1.1%
Total	2,767		16.1%	3,253		18.6%
Labor Force			17,197			17,444

Source: Town of Vernon Economic Development Department

TOWN OF VERNON, CONNECTICUT
MUNICIPAL EMPLOYMENT, BY BARGAINING UNIT
JUNE 30, 2021
(UNAUDITED)

Municipal Employment	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Board of Education	587	598	597	580	629	615	622	640	635	631
General Government	218	220	219	212	212	209	208	206	205	204
Total	805	818	816	792	841	824	830	846	840	835

<u>Board of Education</u>	<u>Bargaining Unit</u>	Employees Covered at 6/30/2021	Current Contract Expiration Date
Clerical / Custodial / Maintenance	Local 1303, AFSCME, AFL-CIO	67	6/30/23
Teachers	Vernon Education Association	316	6/30/25
School Administrators	Vernon School Administrators Association	19	6/30/25 (1)
School Nurses	Vernon School Nurses' Association	9	6/30/23
Cafeteria	United Food & Commercial Workers, Local 919, AFL-CIO	27	6/30/23
Plant Operation Supervisors	Local 818, Council #4, Supervisors	2	6/30/22
Service Aids & Teacher Assistants	Vernon Federation of Paraprofessionals	97	6/30/23
Librarians / Media Managers / Assistants	Local 1303-279, AFSCME, AFL-CIO	8	6/30/23
Non-Bargaining Employees	Not affiliated - salaried	42	n/a
	Total Board of Education	<u><u>587</u></u>	
<u>General Government</u>	<u>Bargaining Unit</u>		
Police officers	Vernon Police Association	48	6/30/22
Public Works/ Parks / Water Pollution	Local 1471, AFSCME, AFL-CIO	59	6/30/22
Public Works Supervisors	Local 818, AFSCME, AFL-CIO	5	6/30/24
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	6/30/23
Non-Bargaining Employees	Not affiliated	57	n/a
	Total General Government	<u><u>218</u></u>	

Source of data:
 Board of Education, Business Office.
 General Government, Town Administration.

(1) Subsequent to June 30, 2021, this bargaining agreement was ratified through June 30, 2025

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Administrative	9	9	8	7	7	7	7	7	7	7
Finance	13	14	14	14	14	14	14	14	13	13
Town Clerk	3	3	3	3	3	3	3	3	3	3
Data processing	12	12	12	12	12	11	11	10	10	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	64	67
Fire / Ambulance	3	3	3	3	3	2	2	2	2	2
Building	5	6	6	7	7	7	6	5	5	5
Animal Control	2	2	2	2	2	2	2	2	2	2
Maintenance and development:										
Public Works	48	48	48	46	46	46	47	47	47	48
Engineering	3	3	3	4	4	4	4	4	4	4
Water Pollution Control	22	23	23	22	22	22	22	22	22	22
Human Services:										
Youth Services	3	3	3	3	4	3	3	3	3	3
Social Services	4	4	4	4	4	4	4	4	4	4
Senior Center	4	4	4	4	3	3	3	3	3	3
Parks and Recreation:										
Administration	5	5	5	5	5	5	5	5	5	6
Parks Maintenance	7	7	7	7	7	7	6	6	6	6
Library	6	5	5							
Townwide:										
Cemeteries	2	2	2	2	2	2	2	2	2	2
Subtotal Town Hall employees	218	220	219	212	212	209	208	206	205	204
Education	587	598	597	580	629	615	622	640	635	631
Total Full-Time Employees	805	818	816	792	841	824	830	846	840	835

Source: Vernon Finance Department and Vernon School Business Office.

TOWN OF VERNON, CONNECTICUT
 OPERATING INDICATORS BY FUNCTION/ PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Function/Program	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Community Development										
Planning Administration:										
Number of Inland Wetland applications	8	5	8	8	7	10	9	7	9	8
Number of Planning/Zoning applications (both indicators based on calendar year)	17	15	14	22	20	17	14	22	22	19
Public Safety										
Police:										
Number of crimes	367	273	309	328	271	334	103	277	360	339
Number of motor vehicle infractions	578	753	749	1,463	949	789	1,010	678	1,002	1,108
Number of citations	1,977	3,475	3,094	5,231	4,070	3,304	3,517	3,465	5,206	4,814
Number of service calls (all indicators based on calendar year)	32,450	20,127	19,379	19,753	20,461	19,027	18,689	18,448	19,454	19,261
Building Inspection:										
Building permits issued	2,212	1,395	1,566	1,798	2,202	2,400	2,130	1,938	1,903	2,017
Building inspections conducted	3,564	2,925	2,368	3,150	2,661	4,812	5,514	7,596	7,594	7,669
Maintenance and Development										
General Maintenance:										
Miles of streets paved / reconstructed	2.92	14.10	13.38	10.06	18.02	14.94	15.30	10.21	1.64	1.11
Refuse Collection and Disposal:										
Tons of Municipal Solid Waste collected	8,805.00	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
Tons of Bulky Waste received	1,720.00	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
Recycling:										
Tons of Recyclables collected	2,162.00	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
Tons of Waste Motor Oil received	7.7	7.0	5.8	3.5	5.2	3.5	4.4	3.5	2.4	2.7
Tons of Metal received	182	266	233	199	215	158	159	162	162	168
Tons of Electronics received	54.5	78.8	73.8	68.8	71.2	73.0	72.0	74.8	69.5	78.0
Units of Lead Acid Batteries received	71	60	51	47	52	63	70	89	102	42
Parks and Recreation										
Recreation programs:										
Number of programs offered (1)	57	72	107	104	100	108	112	108	89	94
Number of summer camp participants (1)	1,069	0	2,876	2,321	2,669	2,756	2,696	2,618	2,378	2,301
Townwide										
Vernon Cemeteries:										
Number of cemetery lots sold	47	41	30	31	32	27	37	31	71	65
Number of burials / cremations	101	56	83	76	60	72	81	72	87	63
Water Pollution Control Facility:										
Average daily sewage treatment (thousands of gallons)	3,494	4,168	4,093	3,490	2,840	2,890	3,160	3,210	2,825	3,424

Source of data: Various town departments.

(1) FYEs 2020 and 2021 reduced due to coronavirus 19 pandemic

Note: No operating indicators are available/presented for general government, human services or education functions.

TOWN OF VERNON, CONNECTICUT
 CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)

FUNCTION/PROGRAM	FISCAL YEAR ENDED JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	162	163	170	180	183	168	166	166	155	160
Maintenance and Development:										
Miles of improved roads	113.68	113.48	113.48	113.03	113.00	113.00	112.78	112.78	112.78	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	122.3	122.2	122.2	122.0	120.0	112.9	112.9	112.9	112.9	112.9
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	29	28	26	26	26	26	26	26	26	26
Acres of park land	681.82	591.42	582.52	582.52	582.52	582.52	582.52	582.52	582.52	582.52
Number of pools	1	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.

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.

TOWN OF VERNON, CONNECTICUT
GENERAL FUND
BALANCE SHEET
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assets										
Cash and cash equivalents	\$ 31,071,431	\$ 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
Receivables:										
Property taxes	2,129,281	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
Grants and other	383,365	195,949	103,493	174,675	45,696	69,493	202,558	103,857	868,194	3,982,406
Due from other funds	2,986,555	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
Prepaid items	543,850	544,767	587,300	558,850	595,917	-	-	-	-	-
Advance from other funds	1,024,235	-	-	-	-	-	129,500	-	-	-
Total Assets	<u>\$ 38,138,717</u>	<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>
Liabilities										
Accounts payable	\$ 1,317,921	\$ 1,131,710	\$ 1,050,129	\$ 1,258,498	\$ 958,331	\$ 1,054,590	\$ 1,129,926	\$ 1,243,216	\$ 936,300	\$ 857,826
Accrued wages and benefits	529,103	459,313	325,684	407,607	341,339	672,962	525,010	438,418	326,395	392,237
Due to other funds	2,612,176	462,877	467,822	795,529	767,767	667,277	501,580	234,446	844,442	788,442
Unearned revenue	335,315	319,815	316,176	362,618	306,216	319,882	301,386	293,879	289,007	297,872
Total Liabilities	<u>4,794,515</u>	<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>
Deferred Inflows of Resources										
Advanced tax collections	6,561,822	4,279,493	6,224,473	7,098,849	5,319	-	4,800,790	1,629,621	109,695	3,775,450
Unavailable revenues	2,129,281	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
Total Deferred Inflows of Resources	<u>8,691,103</u>	<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>
Fund Equity										
Nonspendable	1,507,631	544,767	3,254,535	2,258,353	1,925,692	1,448,917	1,464,018	957,770	625,082	714,782
Assigned	1,028,176	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
Unassigned	22,117,292	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
Total fund equity	<u>24,653,099</u>	<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>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 38,138,717</u>	<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>

Source: Town of Vernon, Finance Department.

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									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	On-Behalf Payments		Total	Annual % Increase
2021	\$ 73,746,671	\$ 19,003,679	\$ 1,661,289	\$ 724,384	\$ -	\$ 18,381	\$ 20,476	\$ 706,467	\$ 7,632,776	\$ 19,522	\$ 103,533,645	0.0%
% of Total	71.2%	18.4%	1.6%	0.7%	0.0%	0.0%	0.0%	0.7%	7.4%	0.0%	100.0%	
2020	73,224,601	18,885,696	1,495,985	803,933	-	11,899	463,849	501,580	8,103,581	8,235	103,499,359	0.3%
% of Total	70.7%	18.2%	1.5%	0.8%	0.0%	0.0%	0.4%	0.5%	7.8%	0.0%	100.0%	
2019	72,973,560	18,912,215	1,567,087	423,922	-	33,170	449,557	755,315	7,981,121	65,425	103,161,372	4.3%
% of Total	70.7%	18.3%	1.5%	0.4%	0.0%	0.0%	0.4%	0.7%	7.7%	0.1%	100.0%	
2018	70,116,452	19,101,973	1,473,242	985,405	-	101,419	62,936	577,141	6,379,589	133,003	98,931,160	2.6%
% of Total	70.9%	19.3%	1.5%	1.0%	0.0%	0.1%	0.1%	0.6%	6.4%	0.1%	100.0%	
2017	67,962,636	19,688,630	1,337,058	800,744	-	21,716	28,277	456,813	6,030,310	73,286	96,399,470	1.0%
% of Total	70.5%	20.4%	1.4%	0.8%	0.0%	0.0%	0.0%	0.5%	6.3%	0.1%	100.0%	
2016	66,502,928	19,224,840	1,426,501	1,557,541	-	111,596	14,060	510,816	5,895,525	237,180	95,480,987	2.8%
% of Total	69.7%	20.1%	1.5%	1.6%	0.0%	0.1%	0.0%	0.5%	6.2%	0.2%	100.0%	
2015	64,116,182	19,415,486	1,431,194	831,371	-	94,347	1,369	490,685	6,360,944	167,162	92,908,740	2.0%
% of Total	69.0%	20.9%	1.5%	0.9%	0.0%	0.1%	0.0%	0.5%	6.8%	0.2%	100.0%	
2014	62,683,962	19,327,891	1,498,391	531,337	-	21,903	136	480,030	6,285,839	222,961	91,052,450	4.6%
% of Total	68.8%	21.2%	1.7%	0.6%	0.0%	0.0%	0.0%	0.5%	6.9%	0.2%	100.0%	
2013	58,939,088	20,104,837	1,276,169	547,833	-	18,615	1,054	416,345	5,170,568	572,915	87,047,424	-1.1%
% of Total	67.7%	23.1%	1.5%	0.6%	0.0%	0.0%	0.0%	0.5%	5.9%	0.7%	100.0%	
2012	57,327,038	22,856,032	1,341,318	563,598	-	20,251	2,810	579,446	4,982,679	329,270	88,002,442	3.7%
% of Total	65.1%	26.0%	1.5%	0.6%	0.0%	0.0%	0.0%	0.7%	5.7%	0.4%	100.0%	

Source: Town of Vernon, Finance Department

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
	2021	\$ 3,718,155	\$ 306,592	\$ 8,973,560	\$ 5,708,958	\$ 994,069	\$ 1,893,821	\$ 8,460,577	\$ 61,743,228	\$ 210,000		\$ 5,900,591	\$ 3,531,555
% of Total	3.7%	0.3%	8.8%	5.6%	1.0%	1.9%	8.3%	60.9%	0.2%	5.8%	3.5%	100.0%	
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%	

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,
2021	\$ 508	\$ 19,284	\$ 19,284	\$ 508
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

Source: Town of Vernon, Water Pollution Control Department.
Town of Vernon, Finance Department.

TOWN OF VERNON, CONNECTICUT
CHANGES IN NET POSITION - PENSION TRUST FUND
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Additions:										
Contributions:										
Employer	\$ 4,832,625	\$ 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
Employee	1,116,939	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
Net investment income (loss)	8,948,659	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
Total additions to Net Position	<u>14,898,223</u>	<u>17,884,164</u>	<u>3,177,075</u>	<u>13,941,176</u>	<u>9,600,183</u>	<u>5,926,722</u>	<u>8,206,698</u>	<u>12,497,462</u>	<u>9,319,060</u>	<u>4,739,035</u>
Deductions:										
Benefit payments / annuity purchases	7,651,632	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
Refunds of contributions	221,400	131,668	294,463	234,263	30,299	225,532	348,070	62,064	74,631	29,190
Administrative expense	188,516	179,968	190,877	195,440	203,643	144,869	191,218	176,206	178,039	174,509
Total deductions to Net Position	<u>8,061,548</u>	<u>7,338,795</u>	<u>7,166,948</u>	<u>6,722,445</u>	<u>6,529,542</u>	<u>5,932,290</u>	<u>5,590,510</u>	<u>5,077,665</u>	<u>4,593,165</u>	<u>4,264,945</u>
Change in Plan Net Position	<u>\$ 6,836,675</u>	<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>
Employer contributions as a percentage of covered payroll	<u>28.27%</u>	<u>25.98%</u>	<u>23.19%</u>	<u>22.13%</u>	<u>21.24%</u>	<u>20.60%</u>	<u>18.74%</u>	<u>16.76%</u>	<u>16.75%</u>	<u>18.09%</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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund expenditures	\$ 97,909,551	\$ 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
Debt service expenditures:										
Principal	\$ 4,835,150	\$ 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
Interest	1,065,441	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
Total debt service	<u>\$ 5,900,591</u>	<u>\$ 6,242,680</u>	<u>\$ 6,048,071</u>	<u>\$ 5,538,195</u>	<u>\$ 4,910,864</u>	<u>\$ 4,399,190</u>	<u>\$ 4,046,497</u>	<u>\$ 4,143,846</u>	<u>\$ 4,365,302</u>	<u>\$ 4,675,035</u>
Percentage of debt service expenditures to General Fund expenditures	<u>6.03%</u>	<u>6.41%</u>	<u>6.21%</u>	<u>5.89%</u>	<u>5.36%</u>	<u>4.89%</u>	<u>4.54%</u>	<u>4.74%</u>	<u>5.13%</u>	<u>5.41%</u>

Source of data: Town of Vernon, Finance Department.

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						
2021	10/1/2019	\$ 1,561,252,553	0.52%	\$ 90,116,158	-2.56%	\$ 187,294,630	1.56%	\$ 1,838,663,341	0.47%
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%

* 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, 2021	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, 2021	Percentage of Original Levy	Percentage of Adjusted Levy
2021	2019	39.63	\$ 73,729,237	\$ 73,472,171	\$ 73,472,171	\$ 72,437,785	98.6%	\$ -	\$ 72,437,785	\$ 1,034,386	\$ 1,034,386	1.75%	1.41%
2020	2018	39.63	73,535,721	73,359,622	73,284,394	72,139,857	98.4%	594,560	72,734,417	1,219,765	549,977	1.09%	0.75%
2019	2017	39.63	72,976,496	72,742,183	72,648,802	71,718,449	98.7%	616,743	72,335,192	1,023,734	313,610	0.88%	0.43%
2018	2016	38.55 *	69,992,863	70,400,141	70,320,214	69,399,587	98.7%	791,412	70,190,999	1,000,554	129,215	-0.28%	0.18%
2017	2015	37.93 *	67,980,089	67,778,045	67,675,541	66,936,857	98.9%	670,414	67,607,271	841,188	68,270	0.55%	0.10%
2016	2014	36.91	65,976,102	65,758,703	65,664,430	65,021,214	99.0%	603,212	65,624,426	737,489	40,004	0.53%	0.06%
2015	2013	36.11	64,211,229	63,997,909	63,941,994	63,158,074	98.8%	749,011	63,907,085	839,835	34,909	0.47%	0.05%
2014	2012	35.40	62,079,457	62,210,620	62,090,806	61,327,304	98.8%	734,700	62,062,004	883,316	28,802	0.03%	0.05%
2013	2011	33.63	58,943,099	58,684,540	58,593,926	57,812,300	98.7%	755,611	58,567,911	872,240	26,015	0.64%	0.04%
2012	2010	29.90	57,542,153	57,407,016	57,334,393	56,603,238	98.7%	701,613	57,304,851	803,778	29,542	0.41%	0.05%

* 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		
	Total Direct Debt (1)	Total Net Debt (1)	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
2021	\$ 62,079,614	\$ 54,357,576	\$ 1,838,663,341	\$ 2,626,661,916	\$ 2,837,530,661	3.38%	2.36%	2.19%	2.96%	2.07%	1.92%
2020	38,287,777	38,287,777	1,830,070,306	2,614,386,151	2,855,989,613	2.09%	1.46%	1.34%	2.09%	1.46%	1.34%
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%

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.

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

Fiscal Year Ended June 30,	Building Permits (1)								Property Values (3)**			
	Residential		Industrial and Commercial		All Other *		Total Building Permits		Bank Deposits (2) (in thousands)	(3)** Residential	Industrial and Commercial	(4) Nontaxable
	#	Construction Value	#	Construction Value	#	Construction Value	#	Construction Value				
2021	16	\$ 2,135,000	5	\$ 4,020,244	2,212	\$ 32,450,769	2,233	\$ 38,606,013	\$ 2,102,115	\$ 1,709,969,590	\$ 730,363,385	\$ 206,278,740
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

* 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, 2021
(UNAUDITED)

Year	Population (1)	Density (2)	Age Characteristics (1)				Income Characteristics (1)		
			Age	2000	2010	% Change	Income	2010 Households % of total	
2020	30,215	1,624	Under 5	1,713	1,663	-2.9%	\$ 0 to 14,999	1,134	8.7%
2010	29,179	1,569	5-19	5,027	4,597	-8.6%	\$15,000 to 24,999	1,110	8.5%
2000	28,063	1,509	20-34	6,023	6,456	7.2%	\$25,000 to 34,999	993	7.6%
1990	29,841	1,604	35-54	8,647	8,227	-4.9%	\$35,000 to 49,999	2,023	15.5%
1980	27,974	1,504	55-64	2,747	3,683	34.1%	\$50,000 to 74,999	2,404	18.4%
1970	27,237	1,464	Over 65	3,906	4,553	16.6%	\$75,000 to 99,999	2,050	15.7%
1960	16,961	912					\$100,00 or more	3,317	25.6%
1950	10,115	544	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)					Income Characteristics (1)		
Educational Attainment	All Persons 2000		All Persons 2010		Income	2000 Households % of total	
	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					Income		
	All Housing Units 2000		All Housing Units 2010		Median Income	2000 \$ 47,816	2010 \$ 62,115
	No.	% of total	No.	% of total			
Owner Occupied Housing Units	6,935	56.5%	7,532	58.0%	Mean Income	57,533	74,113
Renter Occupied Housing Units	5,334	43.5%	5,444	42.0%	Per Capita Income	25,150	33,784
Total	12,269	100%	12,976	100%	% below poverty level	5.8%	6.4%

Sources of Data:

- (1) U.S. Department of Commerce, Bureau of Census.
(2) Population per square mile, based on an area of 18.6 square miles.

TOWN OF VERNON, CONNECTICUT
LAND USE / ZONING STATISTICS
 JUNE 30, 2021
 (UNAUDITED)

Category	LAND USE			EXISTING ZONING		
	# of Acres	% of Total	% of Developed / Committed Land	Category	# of Acres	% of Total
Residential	5,302	46.03%	53.65%	Residential	7,221	62.69%
Commercial / Industrial*	713	6.19%	7.22%	Business:		
Community Facilities / Institutional	352	3.06%	3.56%	Commercial / Industrial	873	7.58%
Open Space	1,905	16.54%	19.28%	Rockville Historic District	713	6.19%
R-O-W / Utilities	1,610	13.98%	16.29%	Other Special Zones	1,311	11.38%
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, 2021
 (UNAUDITED)

School	Grades	Number of Classrooms	Total Floor Area (Sq. ft.)	School Capacity	School Enrollment as of 10/1/2020
Elementary Schools:					
Center Road	Pre-K to 5	33	75,122	825	446
Lake Street	Pre-K to 5	20	39,219	525	209
Maple Street	Pre-K to 5	23	39,920	525	266
Northeast	Pre-K to 5	19	41,500	525	175
Skinner Road	Pre-K to 5	21	45,350	525	326
Total Elementary Schools				2,925	1,422
Middle School	6 to 8	70	135,988	1,500	704
Rockville High and VO-AG	9 to 12	136	272,748	2,400	902
Total In-District Enrollment				6,825	3,028
Out of District	All	n/a	n/a	n/a	34
Total Enrollment				6,825	3,062

**ACTUAL
 SCHOOL ENROLLMENTS
 LAST TEN FISCAL YEARS**

School Year *	Pre-K	K-5	6-8	9-12	TOTAL IN-DISTRICT	ANNUAL % CHANGE	OUT-OF-DISTRICT
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
2020/21	98	1,324	704	902	3,028	-2.95%	34

* As of October 1.

**PROJECTED
 SCHOOL ENROLLMENTS
 NEXT 5 FISCAL YEARS**

2021/22	174	1,397	619	836	3,026	-0.07%	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
2025/26	174	1,383	599	759	2,915	-0.61%	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).