

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE**



**TOWN OF VERNON,
CONNECTICUT**

**FOR THE YEAR ENDED
JUNE 30, 2023**

**PREPARED BY:
THE FINANCE DEPARTMENT
JOHN KLEINHANS, FINANCE OFFICER
FRANK ZITKUS, ASSISTANT FINANCE OFFICER**

TOWN OF VERNON, CONNECTICUT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION



TOWN OF VERNON

14 PARK PLACE, VERNON, CT 06066

Tel: (860) 870-3690

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OFFICE OF THE
FINANCE DEPARTMENT

June 24, 2024

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, Connecticut's, (the Town) 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, 2023 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, 2023 are fairly presented in conformity with generally accepted accounting principles in the United States of America (US 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. 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, the Town'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's separately issued Single Audit Reports.

US 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's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town of Vernon

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

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

The Town of Vernon provides a full range of services, including police and fire protection, ambulance services, construction and maintenance of streets and other infrastructure, solid waste, and recycling services, and offers a variety of human services, recreational activities, and cultural events. The Town owns and operates a 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'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. A 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 is a residential community consisting of 18.6 square miles located 14 miles east of Hartford with an estimated population of 30,325 as of June 2023. Vernon is 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 approximately 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, 2021 grand list, effective for the 2022-2023 fiscal year increased by 19.66% or \$366,102,429 from the previous year. The tax base is moderately concentrated with the top ten taxpayers accounting for 14.46% of the Net Taxable Grand List. The top taxpayers are primarily comprised of apartments, shopping centers and utilities.

Notable economic development included:

- South Frontage Road - 25,000 square foot headquarters for crane rental, sales and service
- Talcottville Road - 12,000 square foot cannabis retailer
- Hartford Turnpike - interior and exterior renovations for new restaurant
- East Main Street - new construction/new retail operation

The COVID-19 pandemic continued to have an impact on supply and materials availability; however, Vernon was well positioned to adapt and was able to maintain its high level of service to the community. There were no material impacts to the Town's finances and revenues for fiscal Year 2022-2023. The property tax collection rate has been consistent for the past 10 years and fiscal year 2022-2023 was in line with the assumed rate in the budget. The Town continues to stress fiscal responsibility, improved operational efficiencies and effective management.

The 2023-2024 operating budget was approved by the Town Council, sent to the annual Town Meeting, and adopted on April 25, 2023. A mill rate of 33.39 was adopted for Real Estate and Personal Property while Motor Vehicles were capped at 32.46 per directive of the State legislature.

Long Range Planning

The Town updates its 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. Fiscally responsible budgeting and ensuring an adequate unreserved fund balance to offer flexibility for unanticipated expenses remain as key initiatives for the Town.

The Water Pollution Control Facility upgrade project, which began in 2019, is ongoing and as a result of continuing supply chain issues, the expected completion date has now extended into fiscal year 2023-2024. Financing for the project is to be accomplished through a combination of grant funding and loans 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 a generator at the police department, installation of pedestrian beacons at various crossing on the Rails to Trails, other safety equipment for the Fire, Police and Ambulance services.

The Mayor and Town Council also have authorized work on the newly established Gene Pitney Park, Dart Hill Road Bridge and Windermere fields projects, further revitalization of Downtown Rockville, information technology upgrades and digital conversion of documents 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 an Automated Side-Loader for the refuse 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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the **thirty-second** 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 annual comprehensive 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.

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,

John Kleinhans

John Kleinhans
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, 2022

Christopher P. Morill

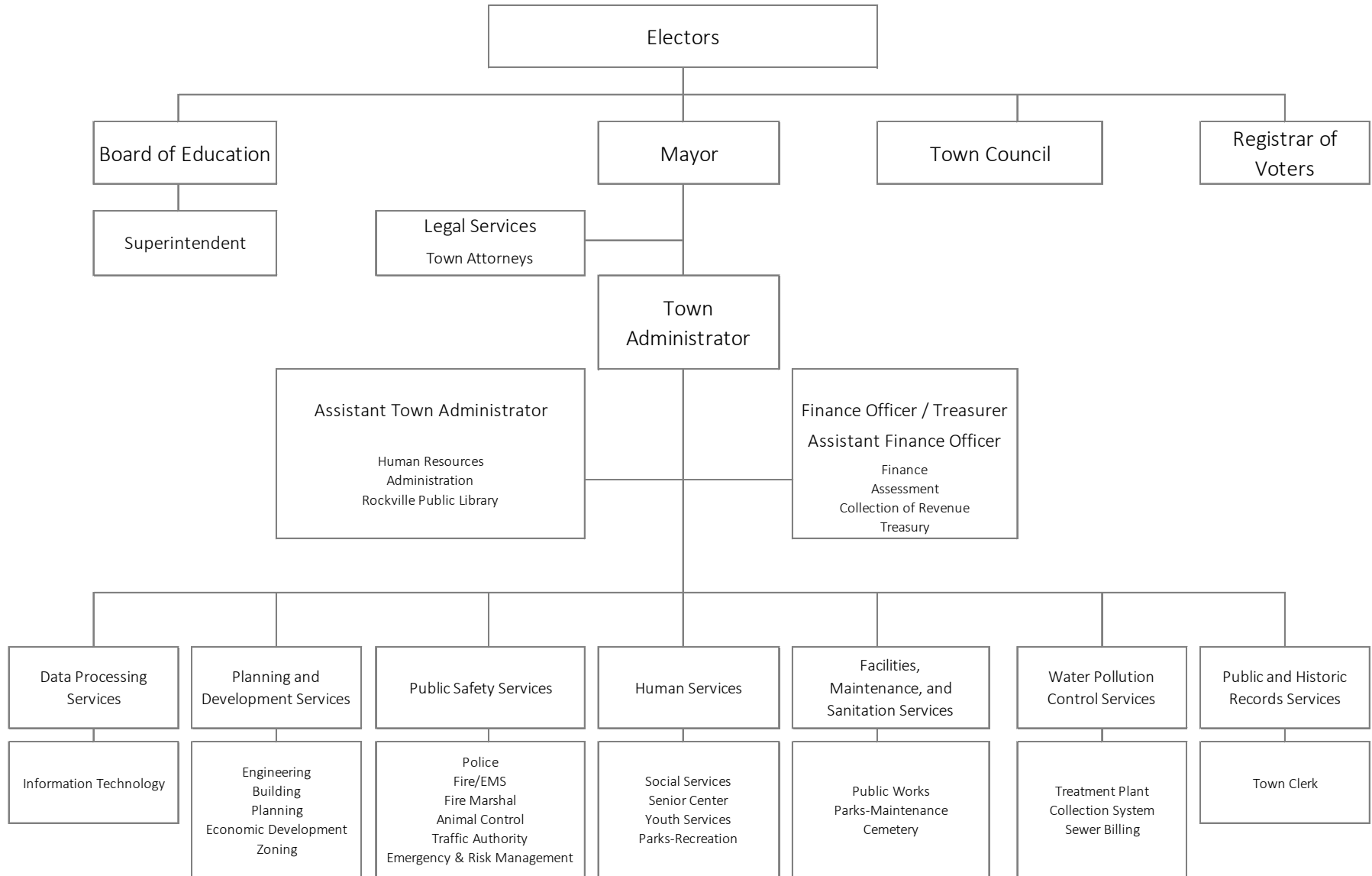
Executive Director/CEO



Town of Vernon

Organizational Chart

June 30, 2023



TOWN OF VERNON, CONNECTICUT
CURRENT LIST OF PRINCIPAL OFFICIALS

MAYOR

Daniel A. Champagne

TOWN COUNCIL

Laurie Abernathy
Laura B. Bush
Bill Dauphin
Maryann Levesque
Brian Motola, Mayor Pro-Tempore
John O'Connell

Terilyn Rogers
Jesse Schoolnik
Andrew Tedford
James Tedford
Michael Wendus
Phyllis Winkler

TOWN OFFICIALS

Town Administrator
Assistant Town Administrator
Finance Officer / Treasurer
Assistant Finance Officer
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
Director of Development Services
Town Planner

Michael J. Purcaro
Dawn Maselek
John Kleinhans
Frank Zitkus
Karen Daigle
Marc Petruzzi
Lucas Gallant
Stephen Eppler
Andrey Seleznev
Michael J. Purcaro
Jennifer Johnston
Dwight Ryniewicz
Martin Sitler
Maureen Gabriele
Matthew Hellman
Robert Grasis
Michelle Hill
Katie McGray
Craig P. Segar
David A. Wheeler
Steven Prattson
Kevin Bowman
Terry A. Hjarne
Daniel Wasilewski
Christopher Prue
Lisa Moody
Louis A. Spadaccini
David Smith
Shaun Gately
Ashley Stephens

BOARD OF EDUCATION

Paul Grabowski, Chairperson
Kristiana Wintress, Vice Chairperson
Karen Colt, Secretary
Anthony Bedlack

Dr. Patricia Buxton
Susan Jablonecki
Kristie Nucci
Simone Sewell
Mason Thrall

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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 84 through 107 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are 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 basic financial statements. The 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 financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024, 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 solely 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
June 24, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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, 2023. 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 Annual Comprehensive Financial 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 \$182.029 million (net position). Of this amount, \$5.305 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 \$164.661 million, an increase of \$15.769 million over the prior year net position. Net position of the Town's business-type activities totaled \$17.368 million, a decrease of \$1.416 million 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 \$41.132 million, an increase of \$1.506 million in comparison with the prior year. Of this amount, 67.4% or \$27.726 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 \$3.287 million to \$30.201 million.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$23.330 million or 23.3% of total current year General Fund budgetary expenditures and other financing uses. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.8 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, 2023

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, 2023

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 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 83 of this report.

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 84 through 162 of this report.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Government-wide Financial Analysis

Net Position

Over time, net position may serve as one measure of a government's financial position. The Town's total net position (governmental and business-type activities combined) totaled \$182.029 million as of June 30, 2023 and \$167.676 million as of June 30, 2022 and are summarized as follows.

	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Current and other assets	\$ 95,630,463	\$ 14,960,509	\$ 110,590,972	\$ 98,950,675	\$ 11,640,297	11.8%
Capital assets	240,071,758	7,189,136	247,260,894	239,785,568	7,475,326	3.1%
Total assets	335,702,221	22,149,645	357,851,866	338,736,243	19,115,623	5.6%
Deferred outflows of resources	12,319,266	703,809	13,023,075	4,531,035	8,492,040	187.4%
Other liabilities	37,322,337	608,546	37,930,883	27,046,305	10,884,578	40.2%
Long-term liabilities	127,216,501	4,346,256	131,562,757	124,262,664	7,300,093	5.9%
Total liabilities	164,538,838	4,954,802	169,493,640	151,308,969	18,184,671	12.0%
Deferred inflows of resources	18,821,490	529,880	19,351,370	24,281,839	(4,930,469)	-20.3%
Net position:						
Net investment in capital assets	170,828,718	7,189,136	178,017,854	169,498,907	8,518,947	5.0%
Restricted	9,317,929	-	9,317,929	8,313,814	1,004,115	12.1%
Unrestricted	(15,485,488)	10,179,636	(5,305,852)	(10,136,251)	4,830,399	-47.7%
Total net position	\$ 164,661,159	\$ 17,368,772	\$ 182,029,931	\$ 167,676,470	\$ 14,353,461	8.6%

	June 30, 2022		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 83,192,316	\$ 15,758,359	\$ 98,950,675
Capital assets	232,151,373	7,634,195	239,785,568
Total assets	315,343,689	23,392,554	338,736,243
Deferred outflows of resources	4,525,834	5,201	4,531,035
Other liabilities	26,732,086	314,219	27,046,305
Long-term liabilities	121,050,059	3,212,605	124,262,664
Total liabilities	147,782,145	3,526,824	151,308,969
Deferred inflows of resources	23,196,005	1,085,834	24,281,839
Net position:			
Net investment in capital assets	161,864,712	7,634,195	169,498,907
Restricted	8,313,814	-	8,313,814
Unrestricted	(21,287,153)	11,150,902	(10,136,251)
Total net position	\$ 148,891,373	\$ 18,785,097	\$ 167,676,470

Governmental Activities

Significant changes in the financial position of the Town's governmental activities include a \$7.300 million increase in the Town's net investment in capital assets relating to the construction of various bridge and road projects, school facility improvements and upgrades to the Town's wastewater treatment plant. The upgrades to the wastewater treatment plant are being funded in part by an interim funding obligation from the State of Connecticut Clean Water Fund program. This has resulted in an increase in other liabilities of \$4.862 million. Restricted assets increased by \$1.004 million primarily due to assessments received on the wastewater treatment plant that are restricted for future debt service requirements, in addition to favorable returns on endowments. The net change in deferred outflows and inflows of resources of \$12.294 million was primarily due to current year deferred losses on pension assets. These losses also had a significant impact on the Town's net pension liabilities, which increased by \$15.443 million.

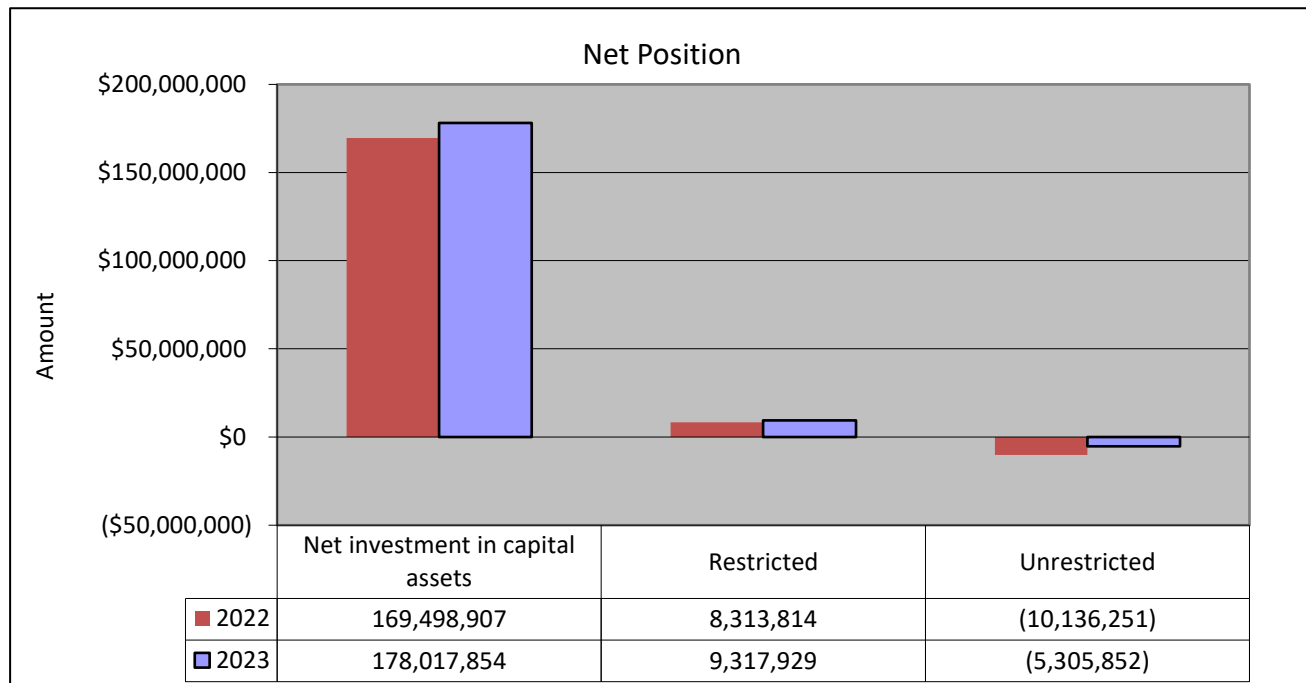
TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Government-wide Financial Analysis (Continued)

Net Position (Continued)

Business-type Activities

There was a decrease in current and other assets of \$797 thousand and in the unrestricted net position of \$971 thousand reported for the Town's business-type activities. The decreases were primarily driven by a transfer out of unrestricted resources by the Sewer Fund to fund a sewer extension feasibility project.



As of June 30, 2023, 97.8% 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, 2023, 5.1% 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. The overall deficit in the Town's unrestricted net position is driven by the Town's overall net pension liabilities in the amount of \$64.917 million. The Town continues to fund these liabilities over time based on the actuarially determined contributions.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Government-wide Financial Analysis (Continued)

Changes in Net Position

Changes in net position for the years ended June 30, 2023 and 2022 are as follows.

	2023			2022		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Revenues						
Program revenues:						
Charges for services	\$ 7,033,173	\$ 6,210,268	\$ 13,243,441	\$ 13,887,709	\$ (644,268)	-4.6%
Operating grants and contributions	46,253,273	22,027	46,275,300	37,138,057	9,137,243	24.6%
Capital grants and contributions	5,946,265	-	5,946,265	6,626,999	(680,734)	-10.3%
General revenues:						
Property taxes, levied for general purposes	75,974,008	-	75,974,008	75,181,322	792,686	1.1%
Grants and contributions	3,154,300	-	3,154,300	900,578	2,253,722	250.3%
Investment earnings	2,220,939	577,984	2,798,923	110,569	2,688,354	2431.4%
Total revenues	<u>140,581,958</u>	<u>6,810,279</u>	<u>147,392,237</u>	<u>133,845,234</u>	<u>13,547,003</u>	<u>10.1%</u>
Expenses						
General government	5,822,903	-	5,822,903	5,055,728	767,175	15.2%
Community development	742,884	-	742,884	619,484	123,400	19.9%
Public safety	15,438,593	-	15,438,593	14,514,798	923,795	6.4%
Maintenance and development	11,465,591	-	11,465,591	10,251,255	1,214,336	11.8%
Human services	1,904,676	-	1,904,676	1,767,622	137,054	7.8%
Parks, recreation and culture	3,917,819	-	3,917,819	3,351,855	565,964	16.9%
Education	86,282,338	-	86,282,338	73,688,537	12,593,801	17.1%
Interest expense	1,132,933	-	1,132,933	1,031,353	101,580	9.8%
Sewer	-	6,084,791	6,084,791	5,790,399	294,392	5.1%
Center 375 (rental)	-	246,248	246,248	290,260	(44,012)	-15.2%
Total expenses	<u>126,707,737</u>	<u>6,331,039</u>	<u>133,038,776</u>	<u>116,361,291</u>	<u>16,677,485</u>	<u>14.3%</u>
Change in net position before transfers	13,874,221	479,240	14,353,461	17,483,943	(3,130,482)	-17.9%
Transfers	1,895,565	(1,895,565)	-	-	-	
Change in net position	15,769,786	(1,416,325)	14,353,461	<u>\$ 17,483,943</u>	<u>\$ (3,130,482)</u>	
Net position - beginning	148,891,373	18,785,097	167,676,470			
Net position - ending	<u>\$ 164,661,159</u>	<u>\$ 17,368,772</u>	<u>\$ 182,029,931</u>			

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Government-wide Financial Analysis (Continued)

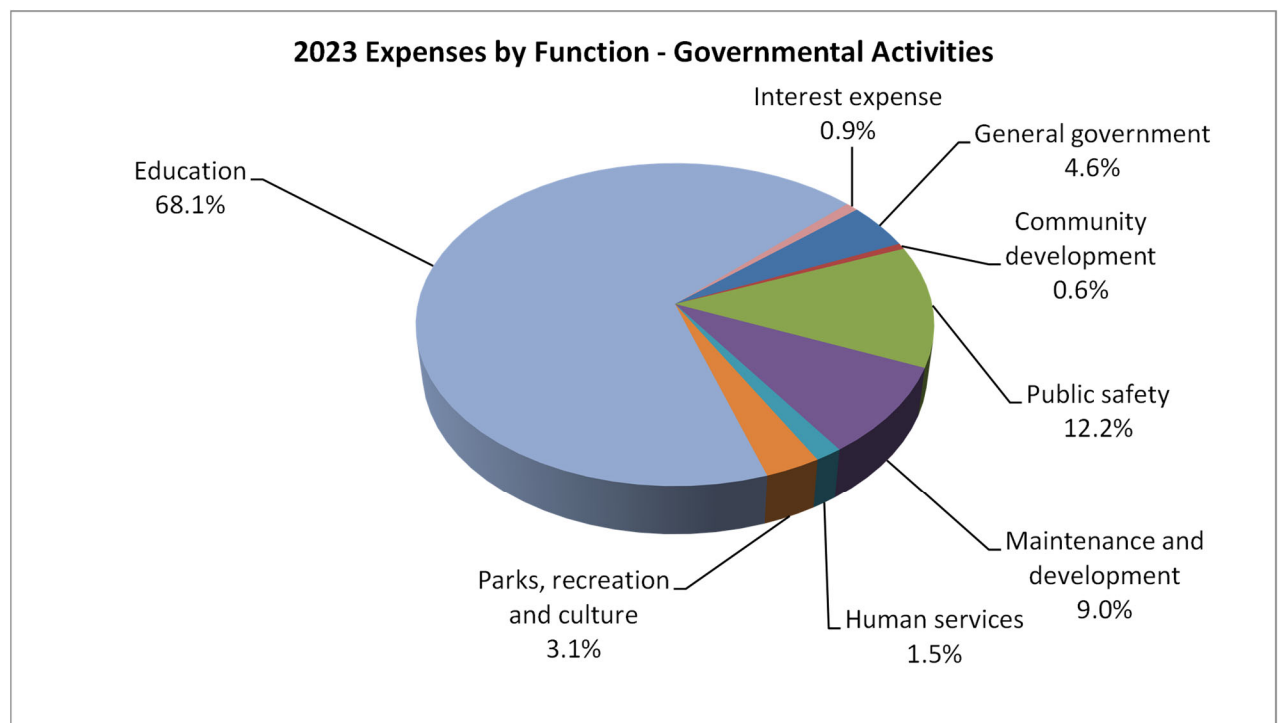
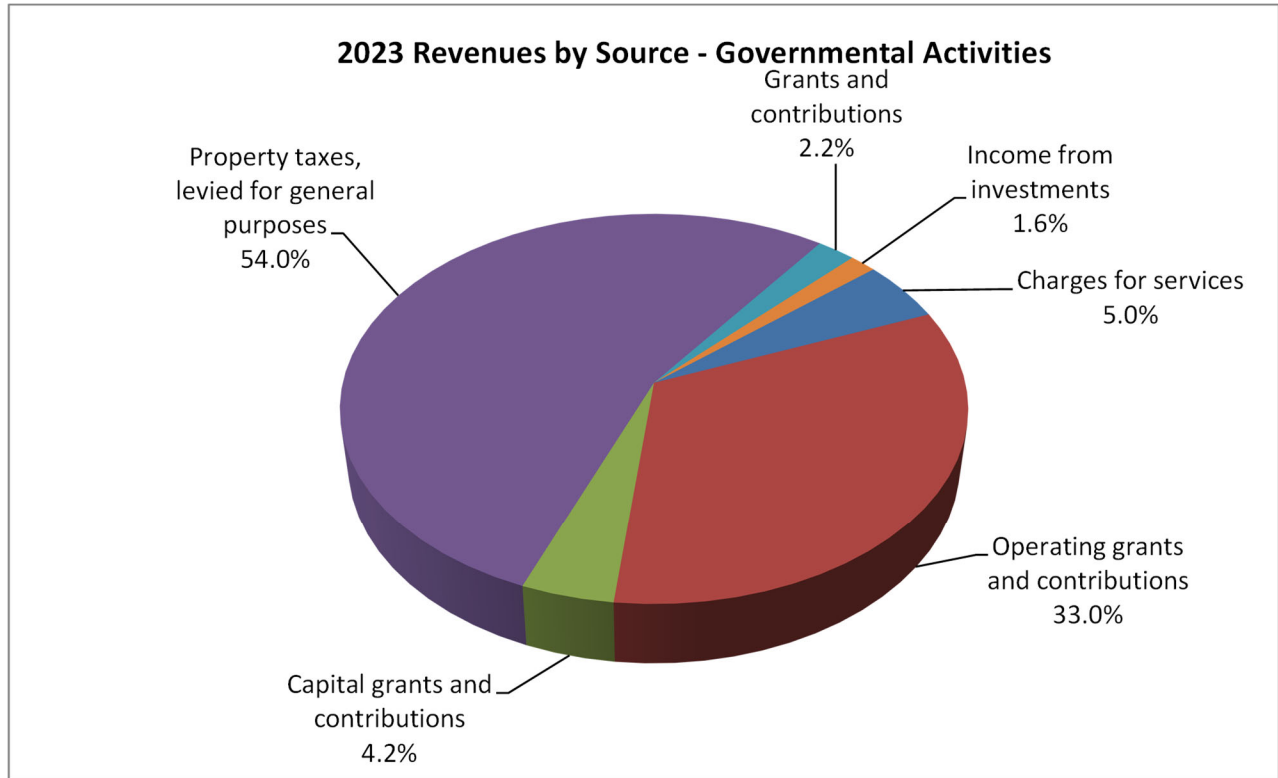
Change in Net Position (Continued)

	2022		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 7,732,219	\$ 6,155,490	\$ 13,887,709
Operating grants and contributions	37,072,367	65,690	37,138,057
Capital grants and contributions	6,626,999	-	6,626,999
General revenues:			
Property taxes, levied for general purposes	75,181,322	-	75,181,322
Grants and contributions not restricted to specific programs	900,578	-	900,578
Investment earnings	71,991	38,578	110,569
Total revenues	<u>127,585,476</u>	<u>6,259,758</u>	<u>133,845,234</u>
Expenses			
General government	5,055,728	-	5,055,728
Community development	619,484	-	619,484
Public safety	14,514,798	-	14,514,798
Maintenance and development	10,251,255	-	10,251,255
Human services	1,767,622	-	1,767,622
Parks, recreation and culture	3,351,855	-	3,351,855
Education	73,688,537	-	73,688,537
Interest expense	1,031,353	-	1,031,353
Sewer	-	5,790,399	5,790,399
Center 375 (rental)	-	290,260	290,260
Total expenses	<u>110,280,632</u>	<u>6,080,659</u>	<u>116,361,291</u>
Change in net position before transfers	17,304,844	179,099	17,483,943
Transfers	<u>46,088</u>	<u>(46,088)</u>	<u>-</u>
Change in net position	<u>\$ 17,350,932</u>	<u>\$ 133,011</u>	<u>\$ 17,483,943</u>

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Government-wide Financial Analysis (Continued)

Change in Net Position (Continued)



TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Government-wide Financial Analysis (Continued)

Change in Net Position *(Continued)*

Governmental Activities

Net position from governmental activities increased from \$148.891 million to \$164.661 million, an increase of \$15.769 million. Since the Town began preparing a statement of net position as of June 30, 2003, this is the eighteenth increase in the twenty-one year period.

Overall revenues increased by \$12.996 million or 10.2% over the prior year. Key factors in this increase were as follows:

- an increase in operating grants and contributions of \$9.180 million primarily due to an increase of \$6.118 million in the amount of on-behalf pension and OPEB expenses recognized by the Town in connection with its participation in the Connecticut Teachers' Retirement System and an increase of \$1.469 million increase in special education grant funding;
- a decrease in capital grants of \$680 thousand primarily due to reduced grants to fund upgrades to the Town's wastewater treatment plant facility, offset by increased grant funding for bridge construction costs;
- an increase in investment earnings of \$2.148 million primarily due to favorable market value changes and interest rates; and
- an increase in unrestricted grants and contributions of \$2.254 million driven by an increase from municipal revenue sharing formula grants received from the State.

Overall expenses increased by \$16.427 million or 14.9% from the prior year. Key factors in this increase were as follows:

- an increase in education expenses of \$12.593 million, driven by an increase of \$6.118 million in on-behalf pension and OPEB expenses recognized by the Town in connection with its participation in the Connecticut Teachers' Retirement System and an increase of \$1.104 million in special education costs;
- an increase in public safety and maintenance and development expenses of \$923 thousand and \$1.214 million, respectively; and
- increases in other functions, including \$767 thousand in general government costs; \$565 thousand in parks and recreation expenses; \$137 thousand in human services and \$123 thousand in community development.

Business-type Activities

Revenues of the Town's business-type activities increased by \$550 thousand or 8.8% and expenses and transfers out increased by \$2.099 million or 34.3%. The factors influencing revenue results were increases in rental revenues by \$81 thousand, septic and delinquent interest fees by \$32 thousand and investment earnings by \$539 thousand, offset by a decrease in sewer use revenues of \$59 thousand.

An increase in expenses and transfers out of \$2.099 million comprised of an increase in transfers out of \$1.849 million to fund a sewer extension feasibility study, utility costs of \$240 thousand, and repairs and maintenance costs of \$69 thousand, offset by decreases in wages and benefits of \$37 thousand and general and administrative costs of \$20 thousand.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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 \$41.132 million. Of the total fund balance, \$34.282 million is either non-spendable, restricted, committed, 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 \$3.287 million in the Town's General Fund. The unassigned fund balance reflects an overall decrease of \$720 thousand, primarily due to \$4.090 million being assigned for use in the Town's fiscal year 2024 budget. The unassigned fund balance of the General Fund at June 30, 2023 is \$23.330 million, which represents 23.3% of the Town's total current year General Fund budgetary expenditures and other financing uses. 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 Town Capital and Nonrecurring Fund and the Waste Treatment Plant Upgrade Fund. The Town has received \$8.688 million in federal funds from the American Rescue Plan Act. These funds are recorded as unearned revenue until allowable expenditures are incurred. During the year ended June 30, 2023, the Town recognized \$1.475 million in related grant revenue and has \$7.130 million in unearned revenue as of June 30, 2023 to be recognized in future years. The Town Capital and Nonrecurring Fund incurred capital outlay costs of \$1.595 million during the fiscal year, offset by transfers in of \$1.295 million from the General Fund. Available fund balance at June 30, 2023 totaled \$2.819 million. The Waste Treatment Plant Upgrade Fund incurred costs of \$7.121 million during the year, offset by grant receipts of \$2.080 million and transfers in of \$111 thousand. The fund currently has a fund balance deficit of \$16.473 million driven by short-term financing that will be converted to long-term financing in future years.

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

Nonmajor Special Revenue Funds - There was an increase in fund balance of \$1.619 million, with increases of \$335 thousand in the Cafeteria Fund, \$760 thousand in the Disaster Relief Fund, \$375 thousand in the Sewer Connections Fund, \$455 thousand in the Special Education Grants Fund, \$29 thousand in the Vernon Cemetery Commission Fund, \$41 thousand in the Education Program Activity Fund, \$78 thousand in the Ambulance Medical Services Fund, \$20 thousand in the Dog License Fund, \$14 thousand in the Senior Center Programs and Activities Fund, and \$99 thousand in the Miscellaneous Special Revenue Fund. Fund balance decreases include \$81 thousand in the Town Aid Road Fund, \$27 thousand in the Parks and Recreation Programs Fund, \$21 thousand in the Adult Basic Education Tuition Fund, \$21 thousand in CDBG Small Cities Fund, \$24 thousand in the Miscellaneous Grants Fund, and \$433 thousand in the Medical Savings Reserve Fund.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Financial Analysis of the Town's Funds (Continued)

Governmental Funds (*Continued*)

Nonmajor Debt Service Fund - The Fund received a transfer in of \$1.496 million and \$930 thousand in assessments to fund \$1.769 million of debt service requirements associated with upgrades to the Waste Treatment Plan Facility. The Fund has a \$5.666 million fund balance available to cover future debt service requirements of the facility upgrades.

Nonmajor Capital Projects Funds - There was an increase in fund balance of \$371 thousand, including fund balance decreases of \$222 thousand in the Recreational Fields Fund, \$188 thousand in the Citizens Block Renovations Fund, \$172 thousand in the School Roof Replacements and Renovations Fund, \$193 thousand in the Dart Hill Road Bridge Reconstruction Fund, \$51 thousand in the South Street Reconstruction Fund, and \$8 thousand in the Senior Center Acquisition and Renovations Fund, offset by increases in fund balances of \$40 thousand in the Education Capital and Nonrecurring Fund, \$60 thousand in the Road Improvements Bond Fund, \$46 thousand in the Kelly Rd Bridge Repairs Fund, \$148 thousand in the Main Street Bridge Renovations Fund and \$914 thousand in the Exit 66/67 Sewer Feasibility System Evaluation Fund. The Road Improvements Bond Fund did not incur roadway improvements costs during the current year, and has available fund balance of \$1.663 million at fiscal year-end.

Nonmajor Permanent Funds - Fund balance of the Permanent Trust Funds increased by \$207 thousand, from \$4.484 million to \$4.692 million, due investment income of \$273 thousand.

Proprietary Funds

The Town accounts for five proprietary funds, two as business-type activities and three as internal service funds. The Sewer User Fund and the Center 375 Fund are established as self-supporting business-type activities that reported a decreased change in net position of \$1.372 million for the year.

The Sewer User Fund is established for the operation and maintenance of the wastewater treatment plant. Quarterly bills for sewer usage and interest earned on investments generate its resources. The net decrease to the Sewer User Fund net position was \$1.287 million compared to a net increase of \$417 thousand in the prior year. The current year decrease is attributable to transfers out of \$1.895 million to fund capital projects. The sewer rate as of October 1, 2022 remained at its prior year rate of \$6.04/1,000 gallons. A decrease in treated waste attributed to the decrease in service charges of \$59 thousand. There was a combined \$32 thousand increase in septic fees, delinquent interest and other revenues. Non-operating revenue and capital contributions were \$461 thousand higher than the prior year due to increased investment income of \$515 thousand. Operating expenses increased \$290 thousand from the prior year due to increased maintenance costs of \$133 thousand and utility costs of \$223 thousand, offset by reduced wage and benefit costs of \$37 thousand, depreciation expense of \$3 thousand, and general administrative costs of \$16 thousand.

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 \$86 thousand compared to a decrease from the prior year of \$235 thousand. The current year decrease is attributable to rental revenue insufficient to cover operating expenses by \$113 thousand, although rental income increased by \$81 thousand and operating expenses decreased by \$44 thousand.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Financial Analysis of the Town's Funds (Continued)

Proprietary Funds (Continued)

The Data Processing Fund serves both the Town and school administrations, which equally support its operating expenses. Net position decreased by \$89 thousand. Operating expenses increased by \$31 thousand, the result of a \$107 thousand increase in the Fund's wage and benefit costs along with a \$13 thousand increase in maintenance costs, offset by a reduction in general administrative costs of \$85 thousand and depreciation of \$7 thousand. The future needs of the department require continual upgrades to the various computer systems as well as maintaining a network for sharing common software and databases.

The Workers' Compensation Fund provides for self-insurance of workers' compensation and is supported by contributions from the General Fund and Sewer User Fund, as well as investment income. At fiscal year-end, expenses exceeded revenues by \$750 thousand, decreasing the prior year net position from \$214 thousand to a deficit net position of \$537 thousand. Contributions to the Fund were decreased from the prior year by \$31 thousand to cover former self-insured claims and now current pooled workers compensation claims. Operating expenses, claims and associated administrative costs, increased by \$458 thousand from the prior year. The allocation of adequate contributions in the next year will be adjusted to meet financial demands based on actual experience and the discontinuance of the self-insured plan.

The Medical Self-Insurance Fund, which accounts for self-insured medical and dental coverage for all employees and retirees. 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. A deficit net position at fiscal year-end of \$1.577 million is the result of an increase in claims of \$1.206 million. This follows a net position decrease of \$1.144 million in the prior. An allocation of sufficient contributions into the Fund will be necessary to fund future claims based on actual and anticipated claims experience.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to an increase of \$1.502 million. Included in this amount is \$712 thousand of encumbrances carried forward from the previous fiscal year and \$790 thousand 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 \$243 thousand, including \$220 thousand in police special services pay, \$9 thousand in invasive species control costs and \$23 thousand in permit and other refunds. 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 \$547 thousand, including \$263 thousand in unbudgeted vacation and sick leave payouts, \$64 thousand in contingent wages, \$57 thousand in equipment purchases, \$51 thousand in debt service requirements, \$44 thousand in snow and animal control overtime costs, \$32 thousand in veterinary fees, and \$36 thousand in other costs.

Actual expenditures and transfers out totaled \$100.205 million and can be summarized as follows. The budgetary unexpended, unencumbered resulted in a favorable amount of \$1.104 million. Contained within this amount are favorable variances of \$61 thousand in general government spending; \$10 thousand in community development; \$323 thousand in police and firefighter services; \$384 thousand in public works administrative and road, equipment and buildings maintenance; \$69 thousand in human services expenditures; \$21 thousand for parks recreation administration and maintenance; and \$77 thousand for library operations; \$28 thousand for FICA; \$31 thousand in group, health, municipal and unemployment insurance; \$25 thousand for contingencies; \$38 thousand for the Vernon Cemetery Commission; and \$31 thousand in education services.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

General Fund Budgetary Highlights (Continued)

As the fiscal year progresses, financial measures are taken to manage areas where additional costs are required, as well as projecting revenue shortfalls. One example is a hiring deferral to cover additional costs associated with the payment of compensated absences. Another is seeking out alternative revenue sources such as excess special education grants and Medicaid reimbursements to help offset the decrease in special education tuitions.

On the revenue side, actual revenues exceeded the original budget by \$5.198 million due to favorable variances in the following categories: \$757 thousand in total tax collections, including \$511 thousand in current taxes and \$47 thousand in prior taxes; intergovernmental revenues were \$2.275 million above estimates, including an unbudgeted \$1.620 million in a State Motor Vehicle Grant and \$629 thousand in a State Sales Tax Sharing grant. Charges for services were above estimates by \$584 thousand due in most part to police special services of \$365 thousand, which in turn were appropriated to cover the respective costs. Town Clerk recording fees exceeded estimates by \$48 thousand and Education tuition receipts were above projections by \$154 thousand. Licenses and permits were above projections by \$292 thousand due to a favorable variance of \$324 thousand on building permits. Fines and penalties were \$11 thousand below projections. Higher interest rates and efficient investment of available resources produced a surplus of \$1.162 million in investment income. Library donations were \$1.5 thousand below projections and other revenues were \$136 thousand above original 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, 2023 totaled \$247.260 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 \$7.475 million or 3.1% more than last year.

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

- \$381 thousand in road reconstruction and improvements;
- \$7.121 million in engineering and construction costs for the upgrade of the Waste Treatment Plant facility;
- \$866 thousand in renovations to the Citizens' Block office building;
- \$2.306 million in bridge reconstruction costs;
- \$434 thousand of capital improvements to the Town's educational facilities;
- \$733 thousand in park improvements;
- \$110 thousand in public works grounds improvements; and
- \$9 thousand in renovations to the Senior Center facility.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

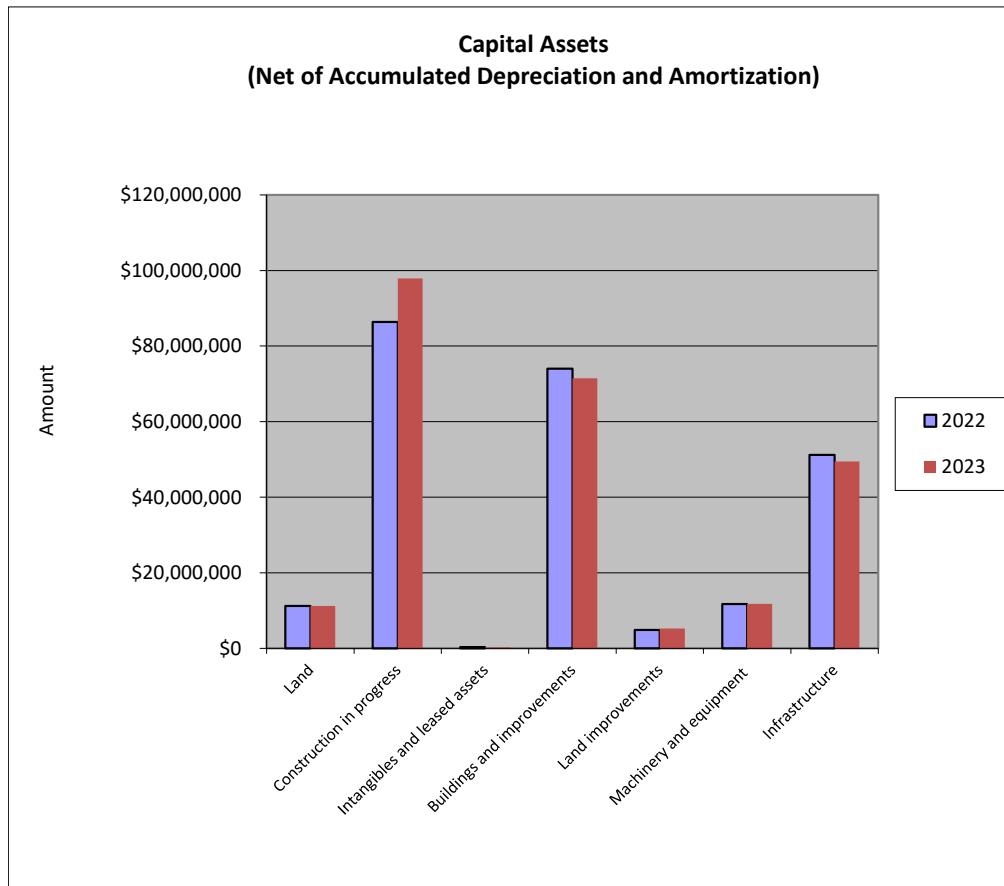
Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

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

	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Land	\$ 9,887,913	\$ 1,322,840	\$ 11,210,753	\$ 11,210,753	\$ -	0.0%
Construction in progress	97,903,291	-	97,903,291	86,385,999	11,517,292	13.3%
Intangibles and leased assets	239,565	-	239,565	330,917	(91,352)	-27.6%
Buildings and improvements	70,736,077	710,314	71,446,391	74,057,640	(2,611,249)	-3.5%
Land improvements	5,135,274	87,346	5,222,620	4,874,791	347,829	7.1%
Machinery and equipment	10,966,720	800,504	11,767,224	11,715,671	51,553	0.4%
Infrastructure	45,202,918	4,268,132	49,471,050	51,209,797	(1,738,747)	-3.4%
Totals	<u>\$ 240,071,758</u>	<u>\$ 7,189,136</u>	<u>\$ 247,260,894</u>	<u>\$ 239,785,568</u>	<u>\$ 7,475,326</u>	<u>3.1%</u>

	June 30, 2022		
	Governmental Activities	Business-type Activities	Total
Land	\$ 9,887,913	\$ 1,322,840	\$ 11,210,753
Construction in progress	86,385,999	-	86,385,999
Intangibles	319,124	11,793	330,917
Buildings and improvements	73,309,643	747,997	74,057,640
Land improvements	4,778,727	96,064	4,874,791
Machinery and equipment	10,733,934	981,737	11,715,671
Infrastructure	46,736,033	4,473,764	51,209,797
Totals	<u>\$ 232,151,373</u>	<u>\$ 7,634,195</u>	<u>\$ 239,785,568</u>



TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

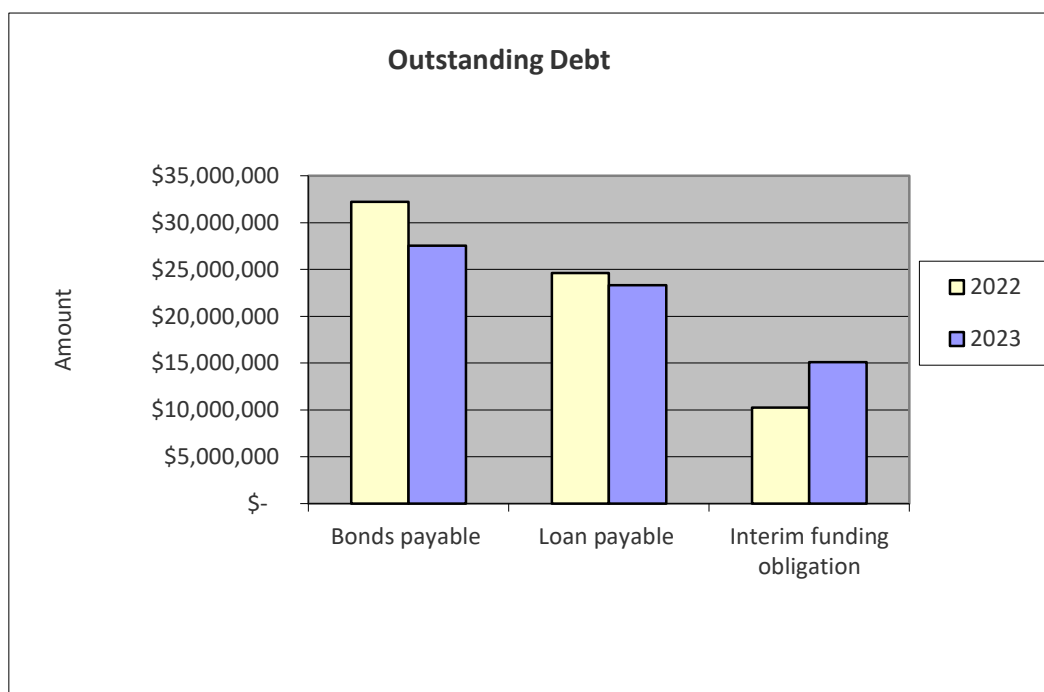
Additional information on the Town's capital assets can be found in Note 5 to the financial statements beginning on page 46.

Debt Administration

At the end of the current fiscal year, the Town had \$65.937 million in outstanding bonds, loans and interim funding obligations compared to \$67.053 million at the end of the prior fiscal year. Significant changes in debt include proceeds received on a new interim funding obligation, offset by scheduled debt service repayments. The Clean Water Fund loan and interim funding obligation were used to finance upgrades to the Town's wastewater treatment plant. The Town expects to convert amounts outstanding on the interim funding obligation into a second Clean Water Fund loan upon substantial completion of the project in September 2024. The following is a two-year comparison of long-term and short-term debt:

	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Bonds payable	\$ 27,525,000	\$ -	\$ 27,525,000	\$ 32,215,000	\$ (4,690,000)	-14.6%
Loan payable	23,311,843	-	23,311,843	24,600,998	(1,289,155)	-5.2%
Interim funding obligation	15,100,235	-	15,100,235	10,237,416	4,862,819	47.5%
Totals	\$ 65,937,078	\$ -	\$ 65,937,078	\$ 67,053,414	\$ (1,116,336)	-1.7%

	June 30, 2022		
	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 32,215,000	\$ -	\$ 32,215,000
Loan payable	24,600,998	-	24,600,998
Interim funding obligation	10,237,416	-	10,237,416
Totals	\$ 67,053,414	\$ -	\$ 67,053,414



TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Capital Asset and Debt Administration (Continued)

Debt Administration (Continued)

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 9 to the financial statements beginning on page 49.

Economic Factors and Next Year's Budget and Rates

Many economic factors were considered as the Town Council set the fiscal year 2023-2024 budget. The ongoing impact of the global pandemic, continued economic uncertainty and financial impact on residents were of great concern of town officials.

Among these factors include the unemployment rate for the Town at year-end was 3.3%, 0.6% less than the prior year-end, attributed, in part, to the improvement of the COVID-19 pandemic. This compares similarly with the State's unemployment rate of 3.4% and the national rate of 3.6%.

The Northeast Urban area Consumer Price Index increase was 2.24% for fiscal year 2023 compared with the average U.S. town (National CPI for all urban consumers) rate of 2.97%.

The Town's grand list grew by \$2.275 million or 2.11% including increases in Real Estate of 0.20%, Personal Property of 25.43% and Motor Vehicles of 7.34%.

Highlights of the Town's budget for the fiscal year 2023-2024 include the following:

- The 2023-2024 combined budgets for operating and capital programs total \$101.978 million, an increase of \$2.170 million, or 2.18%.
- Included in the budget is \$57.868 million for the Vernon Board of Education which represents a 3.75% increase. The Superintendent and Board of Education, after careful consideration, put forth a request that addresses the high-quality educational services to our students, supporting educators, other staff and administration in this great effort.
- The primary source of revenue, property taxes, grew by \$1.416 million to \$76.205 million, while income from investments was estimated to increase by \$443 thousand as a result of interest rate increases by Federal Reserve policy makers.
- In the next fiscal year, the estimated aid from the State of Connecticut is expected to increase by \$160 thousand to \$18.859 million, which represents 18.49% of total revenue for the General Fund.
- The Town appropriated \$4.090 million in reserves to offset the \$101.978 million approved budget.

TOWN OF VERNON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

The Town will use increases in revenues and the use of reserves to finance programs currently offered and to offset expected inflationary increases on program costs. Increases in the fiscal year 2023-2024 budget include \$2.092 million in education, \$1.111 million in pension costs, \$326 thousand in parks and recreation, \$218 thousand in medical insurance, \$183 thousand in maintenance and development, \$95 thousand in public safety, \$76 thousand in debt service and \$51 thousand in human services. Budgeted capital improvement costs decreased in the fiscal year 2023-2024 budget by \$2.199 million from the prior year.

The capital budget provides funding for ongoing street, sidewalk and parking lot maintenance, town-wide infrastructure/building maintenance and investment in new outdoor recreational spaces. In addition, funding for safety equipment for first responders has been continued and is a staple in the capital program each year. The Town continues to be successful in applying for and being awarded grants for capital improvements. Grant funding will assist in major projects such as the ongoing Waste Treatment Facility upgrade, replacement of Kelly Road bridge, renovations to Citizen Block town center building and the stand-alone sidewalk program.

Tax Rates

The adopted budget set a mill rate of 33.39 for Real Estate and Personal Property and 32.46 for Motor Vehicles to comply with the cap as directed by the State of Connecticut. Both mill rates were unchanged from the prior year. When blended together, the mill rate is 33.29.

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, 2023

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 60,680,703	\$ 13,187,997	\$ 73,868,700
Investments	14,274,465	-	14,274,465
Receivables:			
Property taxes and interest, net	2,749,149	-	2,749,149
User charges and interest, net	-	965,365	965,365
Grants and contracts	5,671,478	-	5,671,478
Leases	-	34,078	34,078
Other	1,306,318	-	1,306,318
Internal balances	(316,958)	316,958	-
Other	752,252	21,550	773,802
Noncurrent assets:			
Receivables:			
Loans	597,375	-	597,375
Leases	-	434,561	434,561
Contracts	9,840,096	-	9,840,096
Net pension asset	75,585	-	75,585
Capital assets:			
Non-depreciable	107,791,204	1,322,840	109,114,044
Depreciable, net	132,280,554	5,866,296	138,146,850
Total assets	<u>335,702,221</u>	<u>22,149,645</u>	<u>357,851,866</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	9,857,415	691,580	10,548,995
OPEB related	2,461,851	12,229	2,474,080
Total deferred outflows of resources	<u>12,319,266</u>	<u>703,809</u>	<u>13,023,075</u>
LIABILITIES			
Accounts payable	6,782,204	608,546	7,390,750
Accrued interest payable	706,633	-	706,633
Accrued liabilities	3,691,259	-	3,691,259
Interim funding obligation	15,100,235	-	15,100,235
Unearned revenue	11,042,006	-	11,042,006
Noncurrent liabilities:			
Due in one year	9,021,980	80,337	9,102,317
Due in more than one year	118,194,521	4,265,919	122,460,440
Total liabilities	<u>164,538,838</u>	<u>4,954,802</u>	<u>169,493,640</u>
DEFERRED INFLOWS OF RESOURCES			
Advance tax collections	2,603,880	-	2,603,880
Pension related	672,127	36,304	708,431
OPEB related	5,020,062	24,937	5,044,999
Lease related	-	468,639	468,639
Contract related	10,422,994	-	10,422,994
Deferred charge on refunding	102,427	-	102,427
Total deferred inflows of resources	<u>18,821,490</u>	<u>529,880</u>	<u>19,351,370</u>
NET POSITION			
Net investment in capital assets	170,828,718	7,189,136	178,017,854
Restricted for:			
Endowments:			
Nonexpendable	1,089,285	-	1,089,285
Expendable	3,603,018	-	3,603,018
Grants and other programs	4,550,041	-	4,550,041
Pensions	75,585	-	75,585
Unrestricted	(15,485,488)	10,179,636	(5,305,852)
Total net position	<u>\$ 164,661,159</u>	<u>\$ 17,368,772</u>	<u>\$ 182,029,931</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, 2023

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	\$ 5,822,903	\$ 967,670	\$ 77,289	\$ -	\$ (4,777,944)	\$ -	\$ (4,777,944)
Community development	742,884	68,565	287,421	-	(386,898)	-	(386,898)
Public safety	15,438,593	2,803,576	1,034,320	142,157	(11,458,540)	-	(11,458,540)
Maintenance and development	11,465,591	1,369,005	430,957	5,117,304	(4,548,325)	-	(4,548,325)
Human services	1,904,676	41,663	478,902	-	(1,384,111)	-	(1,384,111)
Parks, recreation and culture	3,917,819	580,891	224,442	425,221	(2,687,265)	-	(2,687,265)
Education	86,282,338	1,201,803	43,719,942	261,583	(41,099,010)	-	(41,099,010)
Interest expense	1,132,933	-	-	-	(1,132,933)	-	(1,132,933)
Total governmental activities	126,707,737	7,033,173	46,253,273	5,946,265	(67,475,026)	-	(67,475,026)
Business-type activities:							
Sewer	6,084,791	6,076,487	22,027	-	-	13,723	13,723
Center 375 (building rental)	246,248	133,781	-	-	-	(112,467)	(112,467)
Total business-type activities	6,331,039	6,210,268	22,027	-	-	(98,744)	(98,744)
Total primary government	\$ 133,038,776	\$ 13,243,441	\$ 46,275,300	\$ 5,946,265	(67,475,026)	(98,744)	(67,573,770)
General revenues:							
Property taxes, levied for general purposes					75,974,008	-	75,974,008
Grants and contributions not restricted to specific programs					3,154,300	-	3,154,300
Investment earnings					2,220,939	577,984	2,798,923
Transfers, net					1,895,565	(1,895,565)	-
Total general revenues					83,244,812	(1,317,581)	81,927,231
		Change in net position			15,769,786	(1,416,325)	14,353,461
		Net position - beginning			148,891,373	18,785,097	167,676,470
		Net position - ending			\$ 164,661,159	\$ 17,368,772	\$ 182,029,931

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

TOWN OF VERNON, CONNECTICUT

BALANCE SHEET -
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	General 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	\$ 24,318,904	\$ 3,394,327	\$ -	\$ 5,706,856	\$ 24,627,843	\$ 58,047,930
Investments	10,048,094	-	-	-	4,226,371	14,274,465
Receivables:						
Property taxes, net	2,137,204	-	-	-	-	2,137,204
Grants and contracts	126,536	30,520	144,765	-	4,786,759	5,088,580
Loans	-	-	-	-	597,375	597,375
Assessments	-	-	-	-	508	508
Other	-	-	-	-	904,493	904,493
Due from other funds	4,686,037	2,036,162	-	1,822,554	1,173,322	9,718,075
Inventories	-	-	-	-	41,960	41,960
Prepaid items	525,500	-	-	-	-	525,500
Advance to other fund	1,933,173	-	-	-	-	1,933,173
Total assets	<u>\$ 43,775,448</u>	<u>\$ 5,461,009</u>	<u>\$ 144,765</u>	<u>\$ 7,529,410</u>	<u>\$ 36,358,631</u>	<u>\$ 93,269,263</u>
LIABILITIES						
Accounts payable	\$ 1,723,067	\$ 556,976	\$ 1,420,401	\$ 91,080	\$ 2,980,233	\$ 6,771,757
Accrued liabilities	3,691,259	-	-	-	-	3,691,259
Due to other funds	3,081,504	151,391	96,721	-	4,495,963	7,825,579
Interim funding obligation	-	-	15,100,235	-	-	15,100,235
Unearned revenue	337,016	-	-	7,130,633	3,553,557	11,021,206
Advance from other fund	-	1,933,173	-	-	-	1,933,173
Total liabilities	<u>8,832,846</u>	<u>2,641,540</u>	<u>16,617,357</u>	<u>7,221,713</u>	<u>11,029,753</u>	<u>46,343,209</u>
DEFERRED INFLOWS OF RESOURCES						
Advance tax collections	2,603,880	-	-	-	-	2,603,880
Unavailable revenue - property tax and interest	2,137,204	-	-	-	-	2,137,204
Unavailable revenue - grants and other	-	-	-	-	1,052,359	1,052,359
Total deferred inflows of resources	<u>4,741,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,052,359</u>	<u>5,793,443</u>
FUND BALANCES						
Nonspendable	2,458,673	-	-	-	1,131,245	3,589,918
Restricted	-	-	-	-	9,816,650	9,816,650
Committed	-	2,819,469	-	307,697	13,336,408	16,463,574
Assigned	4,412,440	-	-	-	-	4,412,440
Unassigned	23,330,405	-	(16,472,592)	-	(7,784)	6,850,029
Total fund balances	<u>30,201,518</u>	<u>2,819,469</u>	<u>(16,472,592)</u>	<u>307,697</u>	<u>24,276,519</u>	<u>41,132,611</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 43,775,448</u>	<u>\$ 5,461,009</u>	<u>\$ 144,765</u>	<u>\$ 7,529,410</u>	<u>\$ 36,358,631</u>	<u>\$ 93,269,263</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, 2023

Total fund balances for governmental funds	\$ 41,132,611
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.	238,832,750
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.	6,627,077
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.	3,189,563
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.	75,585
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	\$ 828,945
Less allowance for uncollectible accounts	<u>(217,000)</u>
	611,945
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	(706,633)
Long-term debt:	
Bonds payable	(27,525,000)
Unamortized bond premiums	(1,727,148)
Deferred charges on refunding	(102,427)
Loan payable	(23,311,843)
Other long-term liabilities:	
Compensated absences	(2,686,466)
Termination benefits	(2,241,313)
Heart & hypertension	(422,082)
Net pension liability	(60,858,397)
Net OPEB liability	<u>(5,147,203)</u>
Total long-term liabilities	(124,728,512)
An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. A portion of the assets and liabilities of the internal service funds are included in the governmental activities statement of net position.	<u>(1,079,860)</u>
Net position of governmental activities	<u><u>\$ 164,661,159</u></u>

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, 2023

	General Fund	Town Capital and Nonrecurring Fund	Waste Treatment Plant Upgrade Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 75,547,001	\$ -	\$ -	\$ -	\$ -	\$ 75,547,001
Grants and contracts	30,143,820	15,230	2,080,390	1,475,758	17,733,617	51,448,815
Charges for services	1,662,899	13,848	-	-	2,942,834	4,619,581
Licenses and permits	855,370	-	-	-	212,714	1,068,084
Contributions	-	-	-	-	881,776	881,776
Interest and dividend income	1,462,344	-	-	297,131	591,204	2,350,679
Net change in the fair value of investments	-	-	-	-	143,606	143,606
Assessments	-	-	-	-	932,277	932,277
Other	335,984	-	-	-	293,558	629,542
Total revenues	<u>110,007,418</u>	<u>29,078</u>	<u>2,080,390</u>	<u>1,772,889</u>	<u>23,731,586</u>	<u>137,621,361</u>
EXPENDITURES						
Current:						
General government	4,235,941	-	-	-	205,953	4,441,894
Community development	331,064	-	-	-	345,870	676,934
Public safety	9,008,039	-	-	142,157	1,565,189	10,715,385
Maintenance and development	6,160,021	-	-	81,999	821,121	7,063,141
Human services	1,196,223	-	-	164,000	228,129	1,588,352
Parks, recreation and culture	2,127,794	-	-	410,156	666,043	3,203,993
Townwide	8,070,358	-	-	-	-	8,070,358
Education	65,625,309	-	-	-	13,821,443	79,446,752
Debt service	5,941,509	-	-	-	1,769,365	7,710,874
Capital outlays	1,131,265	1,595,639	7,121,023	-	4,811,899	14,659,826
Total expenditures	<u>103,827,523</u>	<u>1,595,639</u>	<u>7,121,023</u>	<u>798,312</u>	<u>24,235,012</u>	<u>137,577,509</u>
Excess (deficiency) of revenues over expenditures	6,179,895	(1,566,561)	(5,040,633)	974,577	(503,426)	43,852
OTHER FINANCING SOURCES (USES)						
Transfers in	154,068	1,295,323	111,189	-	4,680,382	6,240,962
Transfers out	(3,046,709)	-	-	(677,446)	(1,054,401)	(4,778,556)
Total other financing sources (uses)	<u>(2,892,641)</u>	<u>1,295,323</u>	<u>111,189</u>	<u>(677,446)</u>	<u>3,625,981</u>	<u>1,462,406</u>
Net change in fund balances	3,287,254	(271,238)	(4,929,444)	297,131	3,122,555	1,506,258
Fund balances - beginning	<u>26,914,264</u>	<u>3,090,707</u>	<u>(11,543,148)</u>	<u>10,566</u>	<u>21,153,964</u>	<u>39,626,353</u>
Fund balances - ending	<u>\$ 30,201,518</u>	<u>\$ 2,819,469</u>	<u>\$ (16,472,592)</u>	<u>\$ 307,697</u>	<u>\$ 24,276,519</u>	<u>\$ 41,132,611</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, 2023

Net change in fund balances - total governmental funds \$ 1,506,258

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	\$ 14,874,768	
Depreciation and amortization expense	<u>(6,751,774)</u>	
Net adjustment		8,122,994

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. 101,190

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

Principal repayments:		
Bonds	4,690,000	
Loan	<u>1,289,155</u>	
Net adjustment		5,979,155

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. 13,946,347

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. (2,511,926)

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. 339,690
(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, 2023

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	\$ (159,211)	
Amortization of bond premiums	700,838	
Amortization of deferred charges on refunding	57,159	
Compensated absences	107,609	
Termination benefits	(86,439)	
Heart & hypertension	30,041	
Net OPEB liability	2,231,939	
Net pension liabilities	<u>(14,595,858)</u>	
		<u>\$ (11,713,922)</u>
Change in net position of governmental activities		<u>\$ 15,769,786</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, 2023

	Business-type Activities			Governmental Activities
	Sewer User Fund	Nonmajor Center 375 Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 12,499,298	\$ 688,699	\$ 13,187,997	\$ 2,632,773
Receivables:				
User charges and interest, net	946,101	19,264	965,365	-
Leases	-	34,078	34,078	-
Other	-	-	-	401,318
Prepaid expenses	21,550	-	21,550	184,792
Total current assets	13,466,949	742,041	14,208,990	3,218,883
Noncurrent assets:				
Lease receivables	-	434,561	434,561	-
Capital assets:				
Non-depreciable	762,160	560,680	1,322,840	-
Depreciable, net	5,374,830	491,466	5,866,296	1,239,008
Total noncurrent assets	6,136,990	1,486,707	7,623,697	1,239,008
Total assets	19,603,939	2,228,748	21,832,687	4,457,891
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	691,580	-	691,580	-
OPEB related	12,229	-	12,229	-
Total deferred outflows of resources	703,809	-	703,809	-
LIABILITIES				
Current liabilities:				
Accounts payable	602,763	5,783	608,546	10,447
Claims payable	-	-	-	1,515,493
Compensated absences	80,337	-	80,337	30,106
Due to other funds	139,896	93,279	233,175	1,659,322
Leases	-	-	-	73,832
Unearned revenue	-	-	-	20,800
Total current liabilities	822,996	99,062	922,058	3,310,000
Noncurrent liabilities:				
Claims payable	-	-	-	1,509,885
Compensated absences	171,000	-	171,000	13,673
Leases	-	-	-	154,060
Deposit payable	-	10,710	10,710	-
Net pension liability	4,058,641	-	4,058,641	-
Net OPEB liability	25,568	-	25,568	-
Total non-current liabilities	4,255,209	10,710	4,265,919	1,677,618
Total liabilities	5,078,205	109,772	5,187,977	4,987,618
DEFERRED INFLOWS OF RESOURCES				
Pension related	36,304	-	36,304	-
OPEB related	24,937	-	24,937	-
Lease related	-	468,639	468,639	-
Total deferred inflows of resources	61,241	468,639	529,880	-
NET POSITION				
Net investment in capital assets	6,136,990	1,052,146	7,189,136	1,011,116
Unrestricted	9,031,312	598,191	9,629,503	(1,540,843)
Total net position	\$ 15,168,302	\$ 1,650,337	16,818,639	\$ (529,727)
Cumulative adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			550,133	
Net position of business-type activities			\$ 17,368,772	

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, 2023

	Business-type Activities			Governmental Activities
	Sewer User Fund	Nonmajor Center 375 Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 5,671,764	\$ 133,781	\$ 5,805,545	\$ 13,111,290
Other	404,723	-	404,723	720,941
Total operating revenues	6,076,487	133,781	6,210,268	13,832,231
OPERATING EXPENSES				
Wages and benefits	2,130,323	-	2,130,323	1,283,820
Repairs, maintenance and rentals	392,337	54,268	446,605	666,054
Utilities	2,092,497	61,906	2,154,403	22,045
Supplies and materials	601,481	23,560	625,041	1,368
General and administrative	351,234	57,060	408,294	2,159,692
Claims incurred	-	-	-	12,435,323
Depreciation	463,466	49,454	512,920	295,901
Total operating expenses	6,031,338	246,248	6,277,586	16,864,203
Operating income (loss)	45,149	(112,467)	(67,318)	(3,031,972)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	551,550	26,434	577,984	84,486
Disposal of capital assets	(10,085)	-	(10,085)	(32,394)
Other	22,027	-	22,027	-
Total non-operating revenues	563,492	26,434	589,926	43,519
Income (loss) before capital contributions and transfers	608,641	(86,033)	522,608	(2,988,453)
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers in	-	-	-	433,159
Transfers out	(1,895,565)	-	(1,895,565)	-
	(1,895,565)	-	(1,895,565)	433,159
Change in net position	(1,286,924)	(86,033)	(1,372,957)	(2,555,294)
Net position - beginning	16,455,226	1,736,370		2,025,567
Net position - ending	\$ 15,168,302	\$ 1,650,337		\$ (529,727)
Net current year adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(43,368)	
Net change in net position of business-type activities			\$ (1,416,325)	

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

TOWN OF VERNON, CONNECTICUT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 5,544,067	\$ 121,288	\$ 5,665,355	\$ 12,904,295
Other operating revenues received	255,597	-	255,597	768,520
Cash paid for the following:				
Claims and administrative	-	-	-	(11,520,400)
Employee wages and benefits	(2,188,618)	-	(2,188,618)	(1,219,972)
Goods and services	(3,418,168)	(152,736)	(3,570,904)	(911,314)
Net cash provided by (used in) operating activities	<u>192,878</u>	<u>(31,448)</u>	<u>161,430</u>	<u>21,129</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund activities	<u>(1,873,538)</u>	<u>-</u>	<u>(1,873,538)</u>	<u>433,159</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(44,347)	(33,600)	(77,947)	(125,685)
Principal paid on leases	-	-	-	(71,778)
Interest paid on leases	-	-	-	(8,573)
Net cash used in capital and related financial activities	<u>(44,347)</u>	<u>(33,600)</u>	<u>(77,947)</u>	<u>(206,036)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>551,550</u>	<u>26,434</u>	<u>577,984</u>	<u>84,486</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,173,457)</u>	<u>(38,614)</u>	<u>(1,212,071)</u>	<u>332,738</u>
Cash and cash equivalents, beginning of year	<u>13,672,755</u>	<u>727,313</u>	<u>14,400,068</u>	<u>2,300,035</u>
Cash and cash equivalents, end of year	<u>\$ 12,499,298</u>	<u>\$ 688,699</u>	<u>\$ 13,187,997</u>	<u>\$ 2,632,773</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 45,149	\$ (112,467)	\$ (67,318)	\$ (3,031,972)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	463,466	49,454	512,920	295,901
Changes in assets and liabilities:				
Receivables	(281,908)	17,913	(263,995)	211,857
Due from other funds	2,205	-	2,205	1,675,750
Prepaid expense	(21,550)	-	(21,550)	3,055
Deferred outflows of resources	(1,053,341)	-	(1,053,341)	-
Accounts payable	298,551	(4,077)	294,474	857,856
Accrued liabilities	6,991	-	6,991	(12,118)
Due to other funds	(222,529)	48,134	(174,395)	-
Unearned revenues	-	-	-	20,800
Net pension liability	1,113,828	-	1,113,828	-
Net OPEB liability	12,832	-	12,832	-
Deferred inflows of resources	(170,816)	(30,405)	(201,221)	-
Net cash provided by (used in) operating activities	<u>\$ 192,878</u>	<u>\$ (31,448)</u>	<u>\$ 161,430</u>	<u>\$ 21,129</u>

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, 2023

	Pension and OPEB Trust Funds	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents	\$ 1,832,132	\$ 418,202
Investments:		
Certificates of deposit	-	8,833
Fixed insurance contracts	13,885,086	-
Variable insurance contracts	58,758,622	-
Common stock	1,895,163	-
Mutual funds	1,773,750	134,264
Total investments	76,312,621	143,097
Receivables	60,412	-
Total assets	78,205,165	561,299
LIABILITIES		
Payables	424,536	28
Unearned revenue	24,080	-
Total liabilities	448,616	28
NET POSITION		
Restricted for:		
Pensions	75,207,086	-
Other post-employment benefits	2,549,463	-
Other purposes	-	561,271
Total net position	\$ 77,756,549	\$ 561,271

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, 2023

	Pension and OPEB Trust Funds	Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 5,592,334	\$ -
Employee	974,377	-
Retirees	369,595	-
State	111,476	-
Private	-	66,163
Other	8,599	-
Total contributions	<u>7,056,381</u>	<u>66,163</u>
Investment earnings:		
Net investment income	(10,751,376)	12,163
Less investment expenses	(355,582)	-
Total investment earnings	<u>(11,106,958)</u>	<u>12,163</u>
Total additions	<u>(4,050,577)</u>	<u>78,326</u>
DEDUCTIONS		
Benefit payments	9,632,183	-
Refunds of contributions	47,091	-
Awards expense	-	39,385
Administrative expenses	199,800	-
Total deductions	<u>9,879,074</u>	<u>39,385</u>
Change in net position	(13,929,651)	38,941
Net position - beginning	<u>91,686,200</u>	<u>522,330</u>
Net position - ending	<u><u>\$ 77,756,549</u></u>	<u><u>\$ 561,271</u></u>

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Town of Vernon, Connecticut, (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

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.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the following fiduciary component units as detailed below.

Fiduciary Component Units - The Town has established three separate single-employer defined benefit pension plans and an other post-employment benefit (OPEB) plan to provide retirement and health care benefits to employees and their beneficiaries. The Town performs the duties of a governing board for the pension and OPEB plans and makes contributions to the plans. The financial statements of the fiduciary component units are reported as Pension and OPEB Trust Funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

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. 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.

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 and Other Post-employment Benefits 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, 2023

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 recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund 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 when they have been earned and 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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and post-employment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is either received or available to be received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is either received or available to be received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when the cash is received.

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, 2023

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

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

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 with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are reported at cost or amortized cost. Investments in certain external investment pools that meet specific criteria for measuring its investments at amortized cost are reported at amortized cost. Investments in insurance contracts are measured by the Town at contract value, which approximates fair value. All other investments in external investment pools and investments with maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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 \$179,784 for the year ended June 30, 2023. As of June 30, 2023, \$1,089,285 of the Town's \$4,692,303 in endowments are considered nonexpendable/nonspendable with the remaining balance of \$3,603,018 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. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. 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, 2023 of \$140,000 and \$217,000, respectively.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

Sewer Charges and Assessments

The Town operates a wastewater treatment system. Assessments and usage charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full. Based on historical collection experience and other factors, the Town has not established an allowance for uncollectible assessments and usage charges as of June 30, 2023.

Leases (as lessor)

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Town uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

Capital Assets *(Continued)*

As the Town constructs or acquires capital assets each period, they are capitalized and reported at historical cost, except for intangible right-to-use leased assets. Leased assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The reported value of capital assets excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

Unearned Revenue

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

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represent either an acquisition or consumption of net assets 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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

Long-term Obligations

Long-term Debt

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

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.

Leases (as lessee)

The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) for a noncancellable lease in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$100,000 or more. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town reasonably certain to exercise. The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt and other long-term obligations on the statement of net position.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

Long-term Obligations *(Continued)*

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, 2023 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.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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 those assets. Deferred outflows and inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related are also included in this component of net position.

Restricted net position - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on the use of those assets either by external parties or by law through constitutional provision 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, 2023, the Town has designated \$1,854,916 of the Sewer User Fund's unrestricted net position for capital upgrades.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary 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 practice to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called fund balance. The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

Fund Balance *(Continued)*

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. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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.

Interfund Activities

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2023 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 73,868,700
Statement of fiduciary net position:	
Cash and cash equivalents - Pension Trust Funds	1,832,132
Cash and cash equivalents - Private Purpose Trust Funds	418,202
	<u>76,119,034</u>
Add: certificates of deposit presented as investments	25,164
Less: investments presented as cash equivalents	<u>(67,174,442)</u>
	<u><u>\$ 8,969,756</u></u>

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, 2023, \$8,498,688 of the Town's bank balance of \$9,951,925 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,648,819
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	849,869
	<u><u>\$ 8,498,688</u></u>

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Investments

A reconciliation of the Town's investments as of June 30, 2023 is as follows:

Government-wide statement of net position:	
Investments	\$ 14,274,465
Statement of fiduciary net position:	
Investments - Pension Trust Funds	76,312,621
Investments - Private Purpose Trust Funds	143,097
	90,730,183
Less: certificates of deposit presented as investments	(25,164)
Add: investments presented as cash equivalents	67,174,442
	\$ 157,879,461

As of June 30, 2023, the Town's investments consist of the following:

Investment Type	Valuation Basis	Value	Investment Maturities (In Years)	
			Less Than 1	1 to 5
Debt Securities:				
<i>Government-wide statement of net position:</i>				
Short-Term Investment Fund	Amortized cost	\$ 64,920,974	\$ 64,920,974	\$ -
Money market mutual funds	Amortized cost	295,742	295,742	-
Certificate of deposit	Fair value	144,594	144,594	-
U.S. Treasury securities	Fair value	9,903,500	4,970,300	4,933,200
<i>Statement of fiduciary net position:</i>				
Short-Term Investment Fund	Amortized cost	1,858,555	1,858,555	-
Money market mutual funds	Amortized cost	99,171	99,171	-
		77,222,536	\$ 72,289,336	\$ 4,933,200
Other Investments:				
<i>Government-wide statement of net position:</i>				
Common stock	Fair value	2,149,217		
Mutual funds	Fair value	2,060,823		
<i>Statement of fiduciary net position:</i>				
Fixed insurance contracts	Contract value	13,885,086		
Variable insurance contracts	Contract value	58,758,622		
Common stock	Fair value	1,895,163		
Mutual funds	Fair value	1,908,014		
		\$ 157,879,461		

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, 2023

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:

Investment Type	AAA	Unrated	Total
Debt Securities:			
<i>Government-wide statement of net position:</i>			
Short-Term Investment Fund	\$ 64,920,974	\$ -	\$ 64,920,974
Money market mutual funds	-	295,742	295,742
Certificate of deposit	-	144,594	144,594
<i>Statement of fiduciary net position:</i>			
Short-Term Investment Fund	1,858,555	-	1,858,555
Money market mutual funds	-	99,171	99,171
	<u>\$ 66,779,529</u>	<u>\$ 539,507</u>	<u>67,319,036</u>
		U.S. Treasury securities	9,903,500
			<u>\$ 77,222,536</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, 2023, 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 in the Town's government-wide statement of net position. As of June 30, 2023, 92.7% of the Town's total investments reported in the Town's fiduciary statement of net position were invested in insurance contracts with Prudential Financial.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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, 2023, 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>Government-wide statement of net position:</i>				
Certificate of deposit	\$ -	\$ 144,594	\$ -	\$ 144,594
U.S. Treasury securities	9,903,500	-	-	9,903,500
Common stock	2,149,217	-	-	2,149,217
Mutual funds	2,060,823	-	-	2,060,823
<i>Statement of fiduciary net position:</i>				
Common stock	1,895,163	-	-	1,895,163
Mutual funds	1,908,014	-	-	1,908,014
	<u>\$ 17,916,717</u>	<u>\$ 144,594</u>	<u>\$ -</u>	<u>18,061,311</u>
		Investments measured at amortized cost		67,174,442
		Investments measured at contract value		72,643,708
				<u>\$ 157,879,461</u>

NOTE 4 - RECEIVABLES

Leases (as lessee)

The Town, as lessor, has entered into a ten year noncancellable commercial real estate lease that expires May 31, 2032. The Town recognized \$64,379 in lease related revenue during the current fiscal year. As of June 30, 2023, the Town's receivable for future lease payments totaled \$468,639. In addition, the Town has recognized a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. Future minimum lease payments to be received under lease agreement is as follows:

Year ending June 30:	Business-type Activities		
	Principal	Interest	Total
2024	\$ 34,078	\$ 31,729	\$ 65,807
2025	38,016	29,219	67,235
2026	42,239	26,424	68,663
2027	46,767	23,324	70,091
2028	51,623	19,896	71,519
Thereafter	255,916	37,895	293,811
	<u>\$ 468,639</u>	<u>\$ 168,487</u>	<u>\$ 637,126</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 - RECEIVABLES *(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, 2023, loans receivable totaled \$597,375 under this program.

Contracts

The Town is currently undergoing capital upgrades to its Waste Treatment Plant. The plant 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. In addition to annual user charges, each of the surrounding towns are contractually responsible for a proportionate share of the capital costs (net of grant reimbursements) based on a ratio of the average daily flow allocated to each town. As of June 30, 2023, the Town has reported contract receivables in the amount of \$10,422,994, which represents the surrounding towns' proportionate share of the capital costs incurred through June 30, 2023. Of this amount, \$582,898 is expected to be received during the year ended June 30, 2024. The Town has also reported related deferred inflows of resources, which is being recognized as revenue over a twenty year period. During the year ended June 30, 2023, the Town recognized revenues of \$1,727,443, including interest of \$926,500, for capital recovery charges in connection with the upgrade.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2023 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 9,887,913	\$ -	\$ -	\$ -	\$ 9,887,913
Construction in progress	86,385,999	12,553,131	-	(1,035,839)	97,903,291
Total capital assets, not being depreciated	96,273,912	12,553,131	-	(1,035,839)	107,791,204
Capital assets, being depreciated:					
Land improvements	10,747,108	26,930	-	654,800	11,428,838
Buildings and improvements	123,317,705	-	-	-	123,317,705
Machinery and equipment	56,781,329	2,420,392	(738,623)	-	58,463,098
Intangibles - computer software	433,327	-	-	-	433,327
Right-to-use leased equipment	380,021	-	-	-	380,021
Infrastructure	88,955,281	-	-	381,039	89,336,320
Total capital assets, being depreciated	280,614,771	2,447,322	(738,623)	1,035,839	283,359,309
Less accumulated depreciation and amortization for:					
Land improvements	5,968,381	325,183	-	-	6,293,564
Buildings and improvements	50,008,062	2,573,566	-	-	52,581,628
Machinery and equipment	46,047,395	2,155,213	(706,230)	-	47,496,378
Intangibles - computer software	413,873	7,781	-	-	421,654
Right-to-use leased equipment	80,351	71,778	-	-	152,129
Infrastructure	42,219,248	1,914,154	-	-	44,133,402
Total accumulated depreciation and amortization	144,737,310	7,047,675	(706,230)	-	151,078,755
Total capital assets, being depreciated, net	135,877,461	(4,600,353)	(32,393)	1,035,839	132,280,554
Governmental activities capital assets, net	\$ 232,151,373	\$ 7,952,778	\$ (32,393)	\$ -	\$ 240,071,758

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS *(Continued)*

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

Governmental Activities:

General government	\$ 251,132
Community development	848
Public safety	905,353
Maintenance and development	2,797,225
Human services	2,237
Parks, recreation and culture	508,088
Education	2,582,792
Total depreciation and amortization expense - governmental activities	<u><u>\$ 7,047,675</u></u>

Capital asset activity for business-type activities for the year ended June 30, 2023 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,322,840	\$ -	\$ -	\$ -	\$ 1,322,840
Total capital assets, not being depreciated	<u>1,322,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,322,840</u>
Capital assets, being depreciated:					
Buildings and system	6,579,655	33,600	-	-	6,613,255
Improvements other than building	278,230	-	-	-	278,230
Machinery and equipment	9,722,832	44,347	(1,623)	-	9,765,556
Intangibles - computer software	118,824	-	(33,025)	-	85,799
Infrastructure	11,435,340	-	-	-	11,435,340
Total capital assets, being depreciated	<u>28,134,881</u>	<u>77,947</u>	<u>(34,648)</u>	<u>-</u>	<u>28,178,180</u>
Less accumulated depreciation and amortization for:					
Buildings and system	5,831,658	71,283	-	-	5,902,941
Improvements other than building	182,166	8,718	-	-	190,884
Machinery and equipment	8,741,095	224,929	(972)	-	8,965,052
Intangibles - computer software	107,031	2,358	(23,590)	-	85,799
Infrastructure	6,961,576	205,632	-	-	7,167,208
Total accumulated depreciation and amortization	<u>21,823,526</u>	<u>512,920</u>	<u>(24,562)</u>	<u>-</u>	<u>22,311,884</u>
Total capital assets, being depreciated, net	<u>6,311,355</u>	<u>(434,973)</u>	<u>(10,086)</u>	<u>-</u>	<u>5,866,296</u>
Business-type activities capital assets, net	<u><u>\$ 7,634,195</u></u>	<u><u>\$ (434,973)</u></u>	<u><u>\$ (10,086)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,189,136</u></u>

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

Business-Type Activities:

Sewer Use	\$ 463,466
Rental of building	49,454
Total depreciation and amortization expense - business-type activities	<u><u>\$ 512,920</u></u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General Fund	Waste Treatment Plant Upgrade Fund	\$ 96,721
	Town Capital and Nonrecurring Fund	2,084,564
	Other Governmental Funds	2,545,428
	Sewer User Fund	139,896
	Internal Service Funds	1,659,322
	Other Enterprise Funds	93,279
		<u>6,619,210</u>
Town Capital and Nonrecurring Fund	General Fund	2,036,162
American Rescue Plan Fund	Other Governmental Funds	1,822,554
Other Governmental Funds	General Fund	1,045,342
	Other Governmental Funds	127,980
		<u>1,173,322</u>
		<u><u>\$ 11,651,248</u></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, 2023, the balance outstanding under the interfund loan totaled \$2,136,954. Of this amount, \$1,933,173 represents the non-current portion of the interfund loan, which has been reported as nonspendable fund balance in the General Fund.

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023 consisted of the following:

Transfers In	Transfers Out	Amount
Governmental Funds:		
General Fund	Other Governmental Funds	\$ 154,068
Town Capital and Nonrecurring Fund	General Fund	1,295,323
Waste Treatment Plant Upgrade Fund	Sewer User Fund	111,189
Other Governmental Funds	General Fund	1,318,227
	American Rescue Plan Fund	677,446
	Other Governmental Funds	900,333
	Sewer User Fund	1,784,376
		<u>4,680,382</u>
		<u><u>\$ 6,240,962</u></u>
Proprietary Funds:		
Internal Service Fund	General Fund	<u><u>\$ 433,159</u></u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 - 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 8 - SHORT-TERM DEBT

The schedule below details the changes in short-term capital borrowings during the year ended June 30, 2023:

	<u>Project Number</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities						
Interim Funding Obligation	705-DC1	2.0%	<u>\$ 10,237,416</u>	<u>\$ 4,862,819</u>	<u>\$ -</u>	<u>\$ 15,100,235</u>

The State of Connecticut has approved funding in the form of an interim funding obligation for costs associated with upgrades to the Town's Water Pollution Control Facility under the State of Connecticut's Clean Water program. Maximum borrowings available under the project loan is \$22,036,849. The interim funding obligations bear interest rates of 2.0%, with principal and accrued interest due no later than six months following the scheduled completion date of the project. The Town expects to convert the interim funding obligation for project 705-DC1 upon substantial completion of the project.

NOTE 9 - LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
<i>Long-term debt:</i>					
Bonds payable:					
General obligation bonds	\$ 32,215,000	\$ -	\$ (4,690,000)	\$ 27,525,000	\$ 4,705,000
Unamortized premiums	<u>2,427,986</u>	<u>-</u>	<u>(700,838)</u>	<u>1,727,148</u>	<u>-</u>
Total bonds payable	<u>34,642,986</u>	<u>-</u>	<u>(5,390,838)</u>	<u>29,252,148</u>	<u>4,705,000</u>
Loan payable	<u>24,600,998</u>	<u>-</u>	<u>(1,289,155)</u>	<u>23,311,843</u>	<u>1,289,155</u>
Total long-term debt	<u>59,243,984</u>	<u>-</u>	<u>(6,679,993)</u>	<u>52,563,991</u>	<u>5,994,155</u>
<i>Other long-term liabilities:</i>					
Leases	299,670	-	(71,778)	227,892	73,832
Compensated absences:					
Town	2,157,233	410,385	(525,609)	2,042,009	995,732
Board of Education (BOE)	636,842	100,112	(92,497)	644,457	208,566
Internal Service Fund	<u>55,898</u>	<u>-</u>	<u>(12,119)</u>	<u>43,779</u>	<u>30,106</u>
Total compensated absences	<u>2,849,973</u>	<u>510,497</u>	<u>(630,225)</u>	<u>2,730,245</u>	<u>1,234,404</u>
Termination benefits:					
BOE estimated retirement pay	1,874,095	170,943	(43,018)	2,002,020	105,000
BOE early retirement pay	<u>280,779</u>	<u>78,185</u>	<u>(119,671)</u>	<u>239,293</u>	<u>83,542</u>
Total termination benefits	<u>2,154,874</u>	<u>249,128</u>	<u>(162,689)</u>	<u>2,241,313</u>	<u>188,542</u>
Risk management:					
Claims payable	2,141,832	12,435,324	(11,551,778)	3,025,378	1,515,493
Heart and hypertension	<u>452,123</u>	<u>-</u>	<u>(30,041)</u>	<u>422,082</u>	<u>15,554</u>
Total risk management	<u>2,593,955</u>	<u>12,435,324</u>	<u>(11,581,819)</u>	<u>3,447,460</u>	<u>1,531,047</u>
Net pension liability	46,528,461	14,329,936	-	60,858,397	-
Net OPEB liability	<u>7,379,142</u>	<u>-</u>	<u>(2,231,939)</u>	<u>5,147,203</u>	<u>-</u>
Total long-term liabilities	<u>\$ 121,050,059</u>	<u>\$ 27,524,885</u>	<u>\$ (21,358,443)</u>	<u>\$ 127,216,501</u>	<u>\$ 9,021,980</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Changes in Long-term Liabilities *(Continued)*

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
<i>Other long-term liabilities:</i>					
Compensated absences	\$ 244,346	\$ 39,019	\$ (32,028)	\$ 251,337	\$ 80,337
Deposit payable	10,710	-	-	10,710	-
Net pension liability	2,944,813	1,113,828	-	4,058,641	-
Net OPEB liability	12,736	12,832	-	25,568	-
Total long-term liabilities	<u>\$ 3,212,605</u>	<u>\$ 1,165,679</u>	<u>\$ (32,028)</u>	<u>\$ 4,346,256</u>	<u>\$ 80,337</u>

Long-term liabilities have typically been liquidated by the General Fund for governmental activities and the Sewer User Fund for business-type activities.

Long-term Debt

The Town issues long-term debt to provide funds for the acquisition of capital assets, including the construction of major capital facilities. General obligation bonds and loans payable are direct obligations of the Town for which full faith and credit are pledged and payable from taxes levied on all taxable properties located within the Town.

General Obligation Bonds and Loans Payable

General obligation bonds and loans currently outstanding are as follows:

Purpose of Bonds	Fiscal Date of Issue	Original Issue	Interest Rates	Fiscal Maturity Date	Amount Outstanding
Governmental Activities:					
General Obligation Bonds	2017	\$ 6,350,000	2.00% - 4.00%	2032	\$ 3,800,000
General Obligation Bonds	2018	4,400,000	2.00% - 5.00%	2033	2,925,000
General Obligation Bonds	2019	5,000,000	3.00% - 5.00%	2034	3,645,000
General Obligation Bonds	2021	5,000,000	3.00% - 5.00%	2036	4,300,000
General Obligation Refunding Bonds	2021	15,325,000	5.00%	2028	9,465,000
General Obligation Refunding Bonds	2021	3,835,000	0.95% - 2.05%	2031	3,390,000
					<u>\$ 27,525,000</u>
Clean Water Fund Loan	2022	25,783,098	2.0%	2042	<u>\$ 23,311,843</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Long-term Debt *(Continued)*

Long-term Debt Service Requirements

The debt service requirements for the Town's long-term debt for governmental activities are as follows:

Year ending June 30:	Governmental Activities			
	Bonds Payable		Loan Payable	
	Principal	Interest	Principal	Interest
2024	\$ 4,705,000	\$ 871,866	\$ 1,289,155	\$ 454,427
2025	3,765,000	692,220	1,289,155	428,644
2026	3,765,000	545,233	1,289,155	402,861
2027	3,495,000	407,340	1,289,155	377,078
2028	2,865,000	290,674	1,289,155	351,295
2029-2033	7,625,000	656,285	6,445,775	1,369,727
2034-2038	1,305,000	49,031	6,445,775	725,150
2039-2042	-	-	3,974,518	125,872
	<u>\$ 27,525,000</u>	<u>\$ 3,512,649</u>	<u>\$ 23,311,843</u>	<u>\$ 4,235,054</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized 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 statute does exclude from the Town's aggregate debt calculation any debt issued (a) in anticipation of taxes; (b) for water, gas, or electricity supply, electric demand response, conservation and load management, distributed generation, renewable energy projects, cable, wire, and pipe subway construction, underground cable, wire, and pipe conduit construction, constructing and operating a municipal community antenna television system, or a combination of such projects; (c) in anticipation of public improvement benefit assessment revenue; (d) in anticipation of state or federal grant funding; (e) for water pollution control projects in order to meet the energy and environmental protection commissioner's abatement order requirements; and debt issued (f) for which funds have been placed in escrow (from the proceeds of refunding bonds, notes, or other obligations or other municipal funds) in an amount sufficient, together with investment earnings, to provide for the payment when due of the principal of and interest on such debt. The Town did not exceed this statutory debt limitation as of June 30, 2023.

Defeased Debt

The Town has defeased general obligation bonds 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, 2023, \$13,560,000 of defeased bonds remain outstanding.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Long-term Debt *(Continued)*

Authorized and Unissued Debt

The amount of authorized and unissued bonds at June 30, 2023 totaled to \$3,907,332 for general purposes, \$5,051,504 for schools and \$45,088,667 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, 2023 is \$741,690 for general purposes.

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, 2023 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, 2023 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, 2023 is \$362,000 for general purposes.

On January 15, 2019, a referendum was held that appropriated \$85,972,000 for Waste Treatment Plant Facility Improvements. Of the \$85,972,000 authorization, the remaining unissued Waste Treatment Plan Facility Improvements authorization as of June 30, 2023 is \$45,088,667. This authorization is further reduced by \$21,335,800, which represents the total of grant reimbursements received to date and future grant reimbursements expected to be received.

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, 2023, the overlapping debt balance is \$1,620,766.

Other Long-term Liabilities

Heart and Hypertension Claims

Heart and hypertension outstanding claims, including an estimated \$176,185 of incurred, but not reported claims, totaled \$422,082 as of June 30, 2023. There are three heart and hypertension claims outstanding at year-end. Medical claims of \$17,441 were made during the year ended June 30, 2023.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Other Long-term Liabilities *(Continued)*

Termination Benefits

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

School Administrators - As part of the early retirement incentive plan for school administrators, the Town offers to pay a percentage of the early retiree's health insurance premium and a cash payout. Such benefit provisions, included in the school administrators' bargaining agreement with the Vernon Board of Education, require Town Council approval. Currently, there are no former school administrator receiving this benefit. In addition to healthcare termination benefits, cash payments are available to school administrator early retirees. There are 2 former school administrators receiving this benefit. The cost to the Town for the year ended June 30, 2023 was \$34,671. The early retirement liability of \$56,335 has been calculated based upon the discounted present value of expected future benefits and a 5.15% 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 22 former teachers receiving this benefit. The cost to the Town for the year ended June 30, 2023 was \$85,000. The early retirement liability of \$182,958 as of June 30, 2023 has been calculated based upon the discounted present value of expected future benefits and a 5.15% 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 \$2,002,020 as of June 30, 2023. Paid benefits for the year ended June 30, 2023 were \$43,018.

Leases

The Town is a lessee for noncancellable lease of technology and related equipment. The terms of the noncancellable lease is for 5 years. The Town makes fixed annual payments with an interest rate of 2.8%. The value of the right-to-use assets as of the end of June 30, 2023 was \$380,021 and had accumulated amortization of \$152,129. As of June 30, 2023, the value of the lease liability was \$227,892.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Year ending June 30:	Governmental Activities	
	Lease Payable	
	Principal	Interest
2024	\$ 73,832	\$ 6,519
2025	75,944	4,407
2026	78,116	2,235
	<u>\$ 227,892</u>	<u>\$ 13,161</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Pension Plans

The Town accounts for activity relating to four defined benefit pension plans, (1) the Town Employees' Pension Plan (the Town Plan), (2) the Police Employees' Pension Plan (the Police Plan), (3) the Length of Service Award Program (the LOSAP), and (4) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2023, the plans had the following balances reported in the Town's government-wide financial statements:

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>On Behalf Revenues</u>	<u>Pension Expense</u>
Town Employees' Pension Plan	\$ -	\$ 38,289,069	\$ 6,524,336	\$ 342,490	\$ -	\$ 2,151,052
Police Employees' Pension Plan	-	26,627,969	3,516,221	45,046	-	2,720,516
LOSAP	75,585	-	508,438	320,895	-	35,609
Connecticut Teachers' Retirement System (proportionate share)	-	-	-	-	11,083,768	11,083,768
	<u>\$ 75,585</u>	<u>\$ 64,917,038</u>	<u>\$ 10,548,995</u>	<u>\$ 708,431</u>	<u>\$ 11,083,768</u>	<u>\$ 15,990,945</u>

Detailed disclosures for each plan follow.

Pension Trust Funds

Plan Descriptions

Plan Administration

The Town administers three single employer contributory defined benefit plans, the Town Plan, the Police Plan, and the 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 in the form of a 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. Management of each plan is vested in the Board of Trustees (Pension Board), which consists of 4 individuals appointed by the Mayor, including a staff liaison.

Plan Membership

As of January 1, 2022, the valuation date, plan membership consisted of the following:

	<u>Town</u>	<u>Police</u>	<u>LOSAP</u>
Retirees and beneficiaries receiving benefits	274	66	33
Terminated plan members entitled to but not yet receiving benefits	186	7	50
Active plan members	197	40	81
	<u>657</u>	<u>113</u>	<u>164</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Funds *(Continued)*

Plan Descriptions *(Continued)*

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.

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.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Funds *(Continued)*

Plan Description *(Continued)*

Benefits Provided (Continued)

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.

Police Employees' Plan - Effective July 1, 2012, Police officers hired before July 1, 2012 are required to contribute 7.50% of their W-2 earnings to the plan and police officers hired after July 1, 2012 are required to contribute 8.50% of such earnings. Such contributions are credited with interest at a rate of 5.50% per annum. Effective July 1, 2017, new hires are required to contribute 9.50% of earnings. For the plan year ended December 31, 2022, the average active member contribution rate was 8.50% of annual base compensation, and the Town's average contribution rate was 48.91% of annual payroll.

Town Employees' 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 7.00% 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 7.50% of their earnings (pre-tax). Police Civilian Support union members are required to contribute 7.90% of their earnings (pre-tax). Members of the Education Nurses unions are required to contribute 6.50% of earnings (pre-tax). All other participants are required to contribute 4.00% of their earnings (post-tax). Such contributions are credited with interest at a rate of 6.00% per annum. For the plan year ended December 31, 2022, the average active member contribution rate was 6.98% of annual base compensation, and the Town's average contribution rate was 24.89% of annual payroll.

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Funds *(Continued)*

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 certain 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 amortized costs. 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.

Rate of return - For the plan year ended December 31, 2022, the annual money-weighted rate of return on each plan's investments were as follows:

Plan	Money-Weighted Rate of Return
Police Plan	-14.50%
Town Plan	-14.40%
LOSAP Plan	-15.14%

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Funds *(Continued)*

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, 2022, the reporting date of the plans:

	Town Plan	Police Plan	Volunteer Firefighters LOSAP	Total
ASSETS				
Cash and cash equivalents	\$ 5,399	\$ 6,603	\$ 55,603	\$ 67,605
Investments	49,409,982	23,233,725	2,515,504	75,159,211
Total assets	49,415,381	23,240,328	2,571,107	75,226,816
LIABILITIES				
Payables	11,353	8,377	-	19,730
Total liabilities	11,353	8,377	-	19,730
NET POSITION				
Restricted for pension benefits	49,404,028	23,231,951	2,571,107	75,207,086
	<u>\$ 49,404,028</u>	<u>\$ 23,231,951</u>	<u>\$ 2,571,107</u>	<u>\$ 75,207,086</u>
	Town Plan	Police Plan	Volunteer Firefighters LOSAP	Total
ADDITIONS				
Contributions:				
Employer	\$ 2,661,218	\$ 2,001,944	\$ 96,553	\$ 4,759,715
Plan members	607,632	366,745	-	974,377
Total contributions	3,268,850	2,368,689	96,553	5,734,092
Investment earnings:				
Net investment income	(7,118,880)	(3,395,619)	(416,160)	(10,930,659)
Less investment expense	(230,819)	(111,215)	-	(342,034)
Total investment earnings	(7,349,699)	(3,506,834)	(416,160)	(11,272,693)
Total additions	(4,080,849)	(1,138,145)	(319,607)	(5,538,601)
DEDUCTIONS				
Benefit payments	4,995,510	3,442,831	96,553	8,534,894
Refund of contributions	47,091	-	-	47,091
Administrative expenses	99,456	66,606	33,738	199,800
Total deductions	5,142,057	3,509,437	130,291	8,781,785
Change in net position	(9,222,906)	(4,647,582)	(449,898)	(14,320,386)
Net position - beginning	58,626,934	27,879,533	3,021,005	89,527,472
Net position - ending	<u>\$ 49,404,028</u>	<u>\$ 23,231,951</u>	<u>\$ 2,571,107</u>	<u>\$ 75,207,086</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Pension Trust Funds (Continued)

Net Pension Liabilities (Asset)

The components of the Town's net pension liability (asset) for each of the Town's plans measured as of December 31, 2022 were as follows:

	Town Plan	Police Plan	Volunteer Firefighters LOSAP
Total pension liability	\$ 87,693,097	\$ 49,859,920	\$ 2,495,522
Plan fiduciary net position	49,404,028	23,231,951	2,571,107
Net pension liability (asset)	<u>\$ 38,289,069</u>	<u>\$ 26,627,969</u>	<u>\$ (75,585)</u>
Plan fiduciary net position as a percentage of the total pension liability	56.34%	46.59%	103.03%

The Town's net pension liabilities (asset) for the current fiscal year were measured at December 31, 2022, and the total pension liabilities used to calculate the amounts were determined by actuarial valuations as of January 1, 2022. The changes in the net pension liability (asset) for each of the Town's plans were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Town Plan			
Balance as of January 1, 2022	\$ 86,699,503	\$ 58,626,934	\$ 28,072,569
Changes for the year:			
Service cost	994,404	-	994,404
Interest	5,895,459	-	5,895,459
Differences between expected and actual experience	(853,668)	-	(853,668)
Contributions - employer	-	2,661,218	(2,661,218)
Contributions - employee	-	607,632	(607,632)
Net investment income	-	(7,349,699)	7,349,699
Benefit payments, including refunds	(5,042,601)	(5,042,601)	-
Administrative expense	-	(99,456)	99,456
Net changes	<u>993,594</u>	<u>(9,222,906)</u>	<u>10,216,500</u>
Balance as of December 31, 2022	<u>\$ 87,693,097</u>	<u>\$ 49,404,028</u>	<u>\$ 38,289,069</u>
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Police Plan			
Balance as of January 1, 2022	\$ 49,280,238	\$ 27,879,533	\$ 21,400,705
Changes for the year:			
Service cost	754,568	-	754,568
Interest	3,331,156	-	3,331,156
Differences between expected and actual experience	(63,210)	-	(63,210)
Contributions - employer	-	2,001,944	(2,001,944)
Contributions - employee	-	366,745	(366,745)
Net investment income	-	(3,506,833)	3,506,833
Benefit payments, including refunds	(3,442,832)	(3,442,832)	-
Administrative expense	-	(66,606)	66,606
Net changes	<u>579,682</u>	<u>(4,647,582)</u>	<u>5,227,264</u>
Balance as of December 31, 2022	<u>\$ 49,859,920</u>	<u>\$ 23,231,951</u>	<u>\$ 26,627,969</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Funds *(Continued)*

Net Pension Liabilities (Asset) *(Continued)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
LOSAP Plan			
Balance as of January 1, 2022	\$ 2,679,498	\$ 3,021,005	\$ (341,507)
Changes for the year:			
Service cost	23,035	-	23,035
Interest	174,167	-	174,167
Differences between expected and actual experience	(284,625)	-	(284,625)
Contributions - employer	-	96,553	(96,553)
Net investment income	-	(416,160)	416,160
Benefit payments, including refunds	(96,553)	(96,553)	-
Administrative expense	-	(33,738)	33,738
Net changes	(183,976)	(449,898)	265,922
Balance as of December 31, 2022	<u>\$ 2,495,522</u>	<u>\$ 2,571,107</u>	<u>\$ (75,585)</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2022, 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, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Funds *(Continued)*

Net Pension Liabilities (Asset) *(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, 2022 are summarized in the following table:

Asset Class	Town Plan	Police Plan	Volunteer Firefighters LOSAP
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:

	Discount Rate		
	1% Decrease	Current	1% Increase
Town Plan's net pension liability	\$ 47,621,437	\$ 38,289,069	\$ 31,269,345
Police Plan's net pension liability	32,749,780	26,627,969	21,979,321
LOSAP Plan's net pension (asset) liability	260,683	(75,585)	(354,780)
	<u>\$ 80,631,900</u>	<u>\$ 64,841,453</u>	<u>\$ 52,893,886</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Pension Trust Funds *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the Town recognized a collective pension expense of \$4,907,177, which consisted of a pension expense for the Town plan of \$2,151,052, a pension expense for the Police plan of \$2,720,516, and a pension expense for the LOSAP plan of \$35,609. The Town has reported deferred outflows and inflows of resources as of June 30, 2023 related to each plan from the following sources. The Town made no contributions to the plans between the December 31, 2022 measurement date and June 30, 2023.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferrals
Town Plan			
Difference between expected and actual experience and changes of assumptions and demographics	\$ -	\$ 342,490	\$ (342,490)
Difference between projected and actual earnings on plan investments	6,524,336	-	6,524,336
Total	<u>6,524,336</u>	<u>342,490</u>	<u>6,181,846</u>
Police Plan			
Difference between expected and actual experience and changes of assumptions and demographics	691,182	45,046	646,136
Difference between projected and actual earnings on plan investments	2,825,039	-	2,825,039
Total	<u>3,516,221</u>	<u>45,046</u>	<u>3,471,175</u>
LOSAP Plan			
Difference between expected and actual experience and changes of assumptions and demographics	255,057	320,895	(65,838)
Difference between projected and actual earnings on plan investments	253,381	-	253,381
Total	<u>508,438</u>	<u>320,895</u>	<u>187,543</u>
	<u>\$ 10,548,995</u>	<u>\$ 708,431</u>	<u>\$ 9,840,564</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,				
2024	\$ 147,575	\$ 490,896	\$ (16,038)	\$ 622,433
2025	1,517,382	867,899	47,152	2,432,433
2026	2,049,170	943,405	78,933	3,071,508
2028	2,467,719	1,168,975	126,324	3,763,018
2028	-	-	114	114
Thereafter	-	-	(48,942)	(48,942)
	<u>\$ 6,181,846</u>	<u>\$ 3,471,175</u>	<u>\$ 187,543</u>	<u>\$ 9,840,564</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

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 January 1, 2018, the required contribution increased to 7.0% of pensionable salary for the pension benefit.

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 Annual Comprehensive Financial Report as of and for the year ended June 30, 2022. The net pension liability 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 Annual Comprehensive Financial Report can be obtained at www.ct.gov.

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

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort 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 0.626% 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, 2023

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, 2022, 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		\$ 18,310,559,000
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	\$ -
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.626%	\$ 114,678,000

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$9,041,543 or 0.626% 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, 2023.

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 \$11,083,768 or 0.626% 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, 2023.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% - 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 at 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, 2023

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%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	<u>100%</u>	

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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 15 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
July 1, 2022	Directors Unit (formerly part of Professionals)

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Contribution 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 (now part of Town Non-Union)	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	6% 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	6% 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	6% of wages
Police Civilians	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	6% of wages
Directors Unit	0% - 7.5% of wages	2% of wages
	7.5% or more of wages	6% 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, 2023

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, 2023 are as follows:

<u>Plan</u>	<u>Employee Contribution</u>	<u>Employer Expense</u>
Professionals	\$ 61,415	\$ 57,052
Town Non-Union	242,988	149,558
DPW Laborers/Parks/WPC	197,640	132,100
DPW Supervisors	18,003	7,393
WPC Supervisors	7,149	3,813
Police Civilians	24,344	15,915
Directors Unit	112,258	45,558
Education Non-Union	86,144	65,400
Education Cafeteria	8,210	3,409
Education Supervisors	12,615	3,276
Education Nurses	19,114	7,505
Education Librarians	762	1,676
Education Secretarial / Custodial / Maintenance	74,972	39,459
Education Paraprofessionals	32,406	17,103
	<u>\$ 898,020</u>	<u>\$ 549,217</u>

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, 2023

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Town accounts for activity relating to two other post-employment benefits plans, (1) the Town Employees Other Post-employment Benefit Plan and (2) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2023, the two plans had the following balances reported in the Town's government-wide financial statements:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenues	OPEB Expense
Town Employees' Other Post-employment Benefits Plan	\$ 5,172,771	\$ 2,474,080	\$ 5,044,999	\$ -	\$ 312,677
Connecticut Teachers' Retirement System (proportionate share)	-	-	-	605,377	605,377
	<u>\$ 5,172,771</u>	<u>\$ 2,474,080</u>	<u>\$ 5,044,999</u>	<u>\$ 605,377</u>	<u>\$ 918,054</u>

Detailed disclosures for each plan follow.

Town Employees' Other Post-employment Benefits 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, 2022, date of the most recent actuarial valuation, plan membership consisted of the following:

	Police	Town	Board of Education	Total
Active employees	16	153	549	718
Members receiving benefits	8	4	37	49
Spouses of retired members	4	7	15	26
Beneficiaries	-	-	4	4
Total	<u>28</u>	<u>164</u>	<u>605</u>	<u>797</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Town Employees' Other Post-employment Benefits Plan *(Continued)*

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, 2023, the Police, Town and Board of Education's contribution totaled \$681,442, which represented 1.45% of covered-employee payroll.

Net OPEB Liability

The Town's net OPEB liability reported as of June 30, 2023 totaled \$5,172,771. The net OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions - The total OPEB liability as of June 30, 2023 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 healthy annuitants (adjusted 105% for males and 103% for females at ages 82 and above) with generational projection of future improvements per the MP-2021 ultimate scale for all teachers and administrators; the PubS-2010 Mortality Table with generational projection per MP-2021 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-2021 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Geometric Rate of Return
U.S. Core Fixed Income	3.10%	1.84%
U.S. Government/Credit Bonds	19.80%	1.57%
Non-U.S. Bonds	3.40%	-0.54%
U.S. Large Cap Equity	52.50%	4.08%
Non-U.S. Equity	20.30%	5.84%
Hedge Fund - Conservative	0.90%	2.39%

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Town Employees' Other Post-employment Benefits 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, 2022	\$ 9,550,606	\$ 2,158,728	\$ 7,391,878
Changes for the year:			
Service cost	191,112	-	191,112
Interest	618,610	-	618,610
Differences between expected and actual experience	(1,770,378)	-	(1,770,378)
Change in assumptions	(411,274)	-	(411,274)
Contributions - employer	-	681,442	(681,442)
Net investment income	-	165,735	(165,735)
Benefit payments, including refunds	(456,442)	(456,442)	-
Net changes	(1,828,372)	390,735	(2,219,107)
Balance as of June 30, 2023	\$ 7,722,234	\$ 2,549,463	\$ 5,172,771

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	\$ 5,932,004	\$ 5,172,771	\$ 4,503,977

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Town Employees' Other Post-employment Benefits Plan *(Continued)*

Changes in the Net OPEB Liability

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		
	Current		
	1% Decrease	Trend Rate	1% Increase
Net OPEB liability	\$ 4,365,627	\$ 5,172,771	\$ 6,112,278

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the Town recognized OPEB expense of \$312,677. At June 30, 2023, 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	\$ 2,372,396	\$ 2,379,515	\$ (7,119)
Changes of assumptions and demographics	-	2,665,484	(2,665,484)
Difference between projected and actual earnings on plan investments	101,684	-	101,684
Total	<u>\$ 2,474,080</u>	<u>\$ 5,044,999</u>	<u>\$ (2,570,919)</u>

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

	Amortization OPEB (Benefit) Expense
Year ended June 30,	
2024	\$ (351,261)
2025	(362,498)
2026	(326,213)
2027	(385,393)
2028	(388,639)
Thereafter	(756,915)
	<u>\$ (2,570,919)</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Town Employees' Other Post-employment Benefits 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, 2023:

	OPEB Plan
ASSETS	
Cash and cash equivalents	\$ 1,764,527
Investments	1,153,410
Receivables	60,412
Total assets	<u>2,978,349</u>
LIABILITIES	
Payables	404,806
Unearned revenue	24,080
Total liabilities	<u>428,886</u>
NET POSITION	
Restricted for other post-employment benefits	2,478,602
	<u><u>\$ 2,478,602</u></u>
ADDITIONS	
Contributions:	
Employer	\$ 832,619
Retirees	369,595
State	111,476
Other	8,599
Total contributions	<u>1,322,289</u>
Investment earnings:	
Net investment income	179,283
Less investment expense	(13,548)
Total investment earnings	<u>165,735</u>
Total additions	<u>1,488,024</u>
DEDUCTIONS	
Benefit payments	1,097,289
Total deductions	<u>1,097,289</u>
Change in net position	390,735
Net position - beginning	<u>2,087,867</u>
Net position - ending	<u><u>\$ 2,478,602</u></u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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 \$220 per month for a retired member plus an additional \$220 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. A subsidy amount of \$440 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 \$440 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, 2023

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(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 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 outflows and inflows 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 Annual Comprehensive Financial Report as of and for the year ended June 30, 2022. The net OPEB liability 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 Annual Comprehensive Financial Report can be obtained at www.ct.gov.

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

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort 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 0.626% 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, 2023

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

Connecticut Teachers' Retirement System *(Continued)*

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2022, 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		\$ 1,603,585,000
	Proportion	Proportionate Share
Town's proportionate share of the Collective Net OPEB Liability	0.000%	\$ -
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.626%	\$ 10,043,000

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$127,883 or 0.626% 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, 2023.

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 \$605,377 or 0.626% of the total collective OPEB expense and has been recognized as a an operating contribution and related education expense in the statement of activities for the year ended June 30, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 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
Discount rate	3.53%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Connecticut Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females at 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 evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return
U.S. Treasuries (Cash Equivalents)	100.0%	-0.98%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. 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, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 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 2027, 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, 2023

NOTE 12 - NET POSITION/FUND BALANCE

As of June 30, 2023, fund balances have been classified based on the following purposes:

	General Fund	Town Capital and Nonrecurring Fund	Waste Treatment Plant Upgrade Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Trust purposes	\$ -	\$ -	\$ -	\$ -	\$ 1,089,285	\$ 1,089,285
Interfund loan - noncurrent	1,933,173	-	-	-	-	1,933,173
Inventories and prepaid items	525,500	-	-	-	41,960	567,460
Nonspendable total	2,458,673	-	-	-	1,131,245	3,589,918
Restricted for:						
Trust - Cemetery activities	-	-	-	-	2,069,146	2,069,146
Trust - Library activities	-	-	-	-	1,487,213	1,487,213
Trust - Senior Center activities	-	-	-	-	43,820	43,820
Trust - Other activities	-	-	-	-	2,839	2,839
Capital - Road improvements	-	-	-	-	1,663,591	1,663,591
Debt service	-	-	-	-	1,664,349	1,664,349
Grant programs - Education	-	-	-	-	1,203,632	1,203,632
Grant programs - Roads maintenance	-	-	-	-	903,734	903,734
Grant programs - Other	-	-	-	-	342,709	342,709
Cemetery activities	-	-	-	-	320,978	320,978
Housing and community development	-	-	-	-	114,611	114,611
Other purposes	-	-	-	-	28	28
Restricted total	-	-	-	-	9,816,650	9,816,650
Committed to:						
Capital purposes	-	2,819,469	-	-	2,957,081	5,776,550
Debt service	-	-	-	-	4,001,983	4,001,983
Sewer repairs and maintenance	-	-	-	-	2,290,697	2,290,697
Cafeteria activities	-	-	-	-	1,071,500	1,071,500
Ambulance activities	-	-	-	-	747,377	747,377
Parks and recreation programs	-	-	-	-	631,145	631,145
Education programs and activities	-	-	-	-	592,940	592,940
Police programs and activities	-	-	-	-	260,181	260,181
Economic development	-	-	-	-	250,209	250,209
Blight reduction	-	-	-	-	167,110	167,110
Animal control	-	-	-	-	74,016	74,016
Senior Center activities	-	-	-	-	62,740	62,740
Litter reduction	-	-	-	-	58,918	58,918
Maintenance for water runoff	-	-	-	-	51,726	51,726
Insurance and medical	-	-	-	-	35,522	35,522
Grant programs	-	-	-	307,697	-	307,697
Other purposes	-	-	-	-	83,263	83,263
Committed total	-	2,819,469	-	307,697	13,336,408	16,463,574
Assigned to:						
Compensated absences	322,000	-	-	-	-	322,000
Use in fiscal year 2024 budget	4,090,440	-	-	-	-	4,090,440
Assigned total	4,412,440	-	-	-	-	4,412,440
Unassigned	23,330,405	-	(16,472,592)	-	(7,784)	6,850,029
	<u>\$ 30,201,518</u>	<u>\$ 2,819,469</u>	<u>\$ (16,472,592)</u>	<u>\$ 307,697</u>	<u>\$ 24,276,519</u>	<u>\$ 41,132,611</u>

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 12 - NET POSITION/FUND BALANCE *(Continued)*

Deficit Net Position/Fund Balance

The following funds have deficits in their net position or fund balance as of June 30, 2023, which do not constitute a violation of statutory provisions:

Fund	Amount	Plan of Funding
Waste Treatment Plant Facilities Upgrade Fund	\$ (16,472,592)	Permanent financing from a Clean Water Fund loan
Medical Self-Insurance Fund	(1,576,950)	Fiscal 2025 budgetary appropriations from participating funds
Workers' Compensation Fund	(536,764)	Fiscal 2025 budgetary appropriations from participating funds
West Main Street Bridge Renovations Fund	(7,460)	Available resources from other funds
Fox Hill Tower Rehabilitation Fund	(324)	Available resources from other funds

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, 2023 includes incurred, but not reported (IBNR) claims of \$47,629. Claims payable includes \$5,182 of estimated incremental claims adjustment expenses, net of estimated subrogation recoveries.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13 - RISK MANAGEMENT *(Continued)*

Workers' Compensation *(Continued)*

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 a per occurrence deductible of \$250,000, excluding negotiated costs of excess workers compensation insurance and associated third party services fees. The General Fund and Sewer User Fund provide resources to fund these pooled claim costs. Claims payable at June 30, 2023 includes incurred, but not reported (IBNR) claims of \$591,825. Claims payable includes \$21,820 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, 2023 and 2022 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2023	\$ 1,333,130	\$ 870,575	\$ 439,590	\$ 1,764,115
2022	1,224,906	416,092	307,868	1,333,130

* Includes claims paid by the General Fund that will be reimbursed by the Workers' Compensation Fund.

Medical and Dental

All medical, dental and prescription claims for employees and retirees, and associated third party and administrative costs, are self-insured and are accounted for within the Medical Self-Insurance Internal Service Fund. 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.

Third party administrators (TPAs) process claims for the Town for which the Town pays a fee. Claims incurred and paid data are provided to the Town, which reimburses the TPAs for the costs of the claims and administrative expenses. At yearend, claims payable represents the cost of claims incurred and paid by the TPAs that require reimbursement from the Town. Claims payable at June 30, 2023 includes incurred, but not reported claims of \$1,252,583.

A summary of claims activity for Medical Self-Insurance claims transactions the years ended June 30, 2023 and 2022 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid*	Claims Payable, End of Year
2023	\$ 808,702	\$ 11,564,748	\$ 11,112,187	\$ 1,261,263
2022	20,542	10,455,982	9,667,822	808,702

* Includes claims paid by the General Fund that will be reimbursed by the Medical Self-Insurance Fund.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Legal Contingencies

The Town, in the normal course of operations, is named as defendants in lawsuits, tax appeals, administrative proceeding and other miscellaneous claims. The outcome and eventual liability to the Town, if any, for such matters are not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such matters would not materially affect the financial position 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.

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, 2023 is estimated to be approximately \$5,900,000 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. Construction commenced shortly after July 1, 2019 and is expected to be completed by September 2024.

NOTE 15 - TAX ABATEMENTS

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

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

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - TAX ABATEMENTS *(Continued)*

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

- Loom City Lofts LLC, 215 East Street, with a 25-year duration, with Loom City paying taxes ranging from \$7,500 in year 1 to \$15,246 in year 25, with the remaining annual levy being abated. The amount of abated taxes for the year ended June 30, 2023 totaled \$125,884. The abated taxes were per the eighth 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 the year ended June 30, 2023 totaled \$89,583. The abated taxes were per the fifth year of the agreement.

Total tax abatements for year ended June 30, 2023 totaled \$215,467.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 74,789,204	\$ 74,789,204	\$ 75,547,003	\$ 757,799
Intergovernmental	18,698,648	18,698,648	20,974,394	2,275,746
Charges for services	1,067,072	1,067,072	1,652,069	584,997
Licenses and permits	563,024	563,024	855,370	292,346
Fines and penalties	21,843	21,843	10,830	(11,013)
Investment income	300,000	300,000	1,462,344	1,162,344
Other	200,174	200,174	335,982	135,808
Total Revenues	95,639,965	95,639,965	100,837,992	5,198,027
OTHER FINANCING SOURCES:				
Appropriation of Fund Balance	1,667,710	2,457,802	-	(2,457,802)
Appropriation of ARPA Funds	2,500,000	2,500,000	2,500,000	-
Appropriation of Prior Year Encumbrances	-	711,967	-	(711,967)
Transfers in	-	-	154,068	154,068
Total Other Financing Sources	4,167,710	5,669,769	2,654,068	(3,015,701)
Total Revenues and Other Financing Sources	99,807,675	101,309,734	103,492,060	2,182,326
EXPENDITURES:				
General Government:				
Town Council:				
Purchased professional services	1,850	1,650	1,650	-
Purchased other services	3,500	4,050	4,050	-
Supplies	850	500	293	(207)
Total Town Council	6,200	6,200	5,993	(207)
Probate Court:				
Probate Court fees	11,989	11,989	11,989	-
Executive and Administrative:				
Wages	700,312	708,060	707,789	(271)
Employee benefits	5,000	5,000	4,394	(606)
Purchased professional services	23,400	29,857	29,787	(70)
Purchased property services	34,200	65,933	63,165	(2,768)
Purchased other services	113,647	105,826	103,527	(2,299)
Supplies	26,500	39,676	39,205	(471)
Capital	-	3,099	3,099	-
Other	1,500	1,500	1,500	-
Total Executive and Administrative	904,559	958,951	952,466	(6,485)
Law:				
Purchased professional services	152,000	216,316	216,316	-
Registration:				
Wages	57,906	58,122	58,121	(1)
Purchased professional services	1,000	1,000	120	(880)
Purchased property services	7,075	7,075	7,053	(22)
Purchased other services	3,700	3,700	2,084	(1,616)
Supplies	8,200	8,200	8,000	(200)
Capital	1,900	1,900	1,430	(470)
Total Registration	79,781	79,997	76,808	(3,189)
Elections - general:				
Wages	26,000	24,630	21,869	(2,761)
Purchased professional services	600	600	-	(600)
Purchased property services	7,300	6,860	6,845	(15)
Purchased other services	9,650	11,582	11,146	(436)
Supplies	2,000	1,878	1,870	(8)
Total Elections - general	45,550	45,550	41,730	(3,820)
Elections - primary				
Wages	1	18,001	16,466	(1,535)
Purchased professional services	-	600	-	(600)
Purchased property services	-	4,080	3,546	(534)
Purchased other services	-	4,350	4,343	(7)
Supplies	-	1,400	1,343	(57)
Total Elections - primary	1	28,431	25,698	(2,733)

See accompanying notes to required supplementary information.

Continued

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
General Government: (Continued)				
Elections - referendum:				
Wages	\$ 1	\$ 1	\$ -	\$ (1)
Finance Administration:				
Wages	505,936	538,674	538,674	-
Purchased other services	7,056	7,056	4,211	(2,845)
Supplies	1,700	1,700	1,310	(390)
Total Finance Administration	514,692	547,430	544,195	(3,235)
Independent Audit:				
Purchased professional services	83,431	83,431	83,094	(337)
Treasury:				
Purchased professional services	3,500	3,500	1,584	(1,916)
Purchased other services	40	40	34	(6)
Supplies	1,000	1,000	903	(97)
Total Treasury	4,540	4,540	2,521	(2,019)
Assessment:				
Wages	272,662	309,239	309,140	(99)
Purchased professional services	1,000	459	420	(39)
Purchased property services	14,600	15,094	15,094	-
Purchased other services	5,845	6,387	6,387	-
Supplies	4,500	4,006	3,989	(17)
Total Assessment	298,607	335,185	335,030	(155)
Refunds - tax adjustments:				
Tax refunds	43,479	43,479	29,220	(14,259)
Collector of Revenue:				
Wages	134,282	135,762	135,693	(69)
Purchased professional services	19,185	24,197	22,106	(2,091)
Purchased property services	1,139	1,139	1,085	(54)
Purchased other services	3,950	9,757	9,550	(207)
Supplies	24,050	28,019	28,019	-
Total Collector of Revenue	182,606	198,874	196,453	(2,421)
Town Clerk:				
Wages	214,540	244,679	244,073	(606)
Purchased professional services	550	3,850	3,424	(426)
Purchased property services	1,800	1,800	318	(1,482)
Purchased other services	60,200	60,200	50,636	(9,564)
Supplies	7,250	7,250	5,456	(1,794)
Total Town Clerk	284,340	317,779	303,907	(13,872)
Board of Assessment Appeals:				
Wages	-	327	327	-
Purchased professional services	2,400	2,400	2,373	(27)
Purchased other services	100	100	-	(100)
Total Board of Assessment Appeals	2,500	2,827	2,700	(127)
Water Pollution Control Authority:				
Purchased professional services	7,544	7,544	7,544	-
Greater Hartford Transit District:				
Human services grants	5,136	5,136	5,137	1
Data Processing:				
Purchased property services	100,300	100,300	97,841	(2,459)
Purchased other services	50,900	50,900	44,329	(6,571)
Capital	50,200	50,200	50,140	(60)
Financing - Transfer out	1,202,830	1,202,830	1,202,830	-
Total Data Processing	1,404,230	1,404,230	1,395,140	(9,090)
Total General Government	4,031,186	4,297,890	4,235,941	(61,949)

Continued

See accompanying notes to required supplementary information.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Community Development:				
Town Planner - Administration:				
Wages	\$ 155,506	\$ 165,378	\$ 165,378	\$ -
Purchased professional services	10,000	9,500	4,845	(4,655)
Purchased other services	18,339	18,839	14,905	(3,934)
Supplies	850	850	813	(37)
Capital	600	600	473	(127)
Other	2,100	2,623	2,623	-
Total Town Planner - Administration	187,395	197,790	189,037	(8,753)
Community & Economic development:				
Wages	118,971	131,833	131,833	-
Purchased other services	12,000	12,000	10,194	(1,806)
Total Community & Economic development	130,971	143,833	142,027	(1,806)
Total Community Development	318,366	341,623	331,064	(10,559)
Public Safety:				
Police:				
Wages	5,913,447	6,204,667	6,109,838	(94,829)
Employee benefits	8,000	8,000	1,000	(7,000)
Purchased professional services	42,190	74,536	62,480	(12,056)
Purchased property services	92,573	92,572	71,758	(20,814)
Purchased other services	90,452	90,452	84,916	(5,536)
Supplies	211,367	208,922	190,509	(18,413)
Capital	39,717	39,717	30,533	(9,184)
Human services grants	2,000	2,000	2,000	-
Total Police	6,399,746	6,720,866	6,553,034	(167,832)
School Crossing Guards:				
Wages	65,553	65,553	63,789	(1,764)
Supplies	500	500	380	(120)
Total School Crossing Guards	66,053	66,053	64,169	(1,884)
Traffic Authority:				
Purchased property services	142,425	142,425	124,630	(17,795)
Supplies	14,000	14,000	14,000	-
Total Traffic Authority	156,425	156,425	138,630	(17,795)
Fire Fighting and Administration:				
Wages	296,846	296,845	276,290	(20,555)
Purchased professional services	250	250	100	(150)
Purchased property services	77,200	77,200	61,363	(15,837)
Purchased other services	104,680	104,680	58,901	(45,779)
Supplies	68,933	60,480	48,632	(11,848)
Capital	84,000	95,702	82,321	(13,381)
Total Fire Fighting and Administration	631,909	635,157	527,607	(107,550)
Fire hydrants:				
Purchased property services	906,791	907,684	907,684	-
Fire Marshal:				
Wages	185,735	192,332	192,332	-
Purchased other services	3,450	3,449	2,208	(1,241)
Supplies	6,675	6,675	5,869	(806)
Capital	2,000	2,000	-	(2,000)
Total Fire Marshal	197,860	204,456	200,409	(4,047)
Building Inspection:				
Wages	328,825	346,310	346,310	-
Purchased professional services	1,100	1,100	75	(1,025)
Purchased other services	4,125	4,125	3,141	(984)
Supplies	9,585	9,585	6,960	(2,625)
Capital	14,500	14,500	14,289	(211)
Other	11,500	30,240	29,050	(1,190)
Total Building Inspection	369,635	405,860	399,825	(6,035)

Continued

See accompanying notes to required supplementary information.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Public Safety: (Continued)				
Emergency Management:				
Wages	\$ 22,343	\$ 22,790	\$ 22,790	\$ -
Purchased professional services	11,062	11,062	11,062	-
Purchased property services	4,250	4,250	4,212	(38)
Purchased other services	8,670	8,670	8,303	(367)
Supplies	1,600	1,600	1,507	(93)
Capital	9,000	9,000	8,979	(21)
Total Emergency Management	56,925	57,372	56,853	(519)
Animal control:				
Wages	142,895	176,664	159,297	(17,367)
Emergency events:				
Supplies	-	531	531	-
Total Public Safety	8,928,239	9,331,068	9,008,039	(323,029)
Maintenance and development:				
Public Works Administration:				
Wages	718,323	790,472	789,872	(600)
Purchased other services	5,675	5,675	4,912	(763)
Supplies	5,365	5,366	5,043	(323)
Total Public Works Administration	729,363	801,513	799,827	(1,686)
General Maintenance:				
Wages	1,284,378	1,292,455	1,220,875	(71,580)
Purchased professional services	3,800	3,800	3,668	(132)
Purchased property services	13,000	13,000	9,116	(3,884)
Purchased other services	7,950	7,950	4,432	(3,518)
Supplies	50,375	50,375	46,322	(4,053)
Capital	48,939	48,939	48,939	-
Total General Maintenance	1,408,442	1,416,519	1,333,352	(83,167)
Equipment maintenance:				
Wages	374,787	426,763	403,402	(23,361)
Purchased property services	73,916	73,916	69,971	(3,945)
Purchased other services	1,700	1,700	446	(1,254)
Supplies	321,040	314,439	314,439	-
Capital	200	14,017	13,817	(200)
Total Equipment Maintenance	771,643	830,835	802,075	(28,760)
Maintenance of Buildings:				
Wages	190,520	236,350	236,350	-
Purchased professional services	107,297	107,297	97,967	(9,330)
Purchased property services	588,918	588,918	570,051	(18,867)
Supplies	53,536	53,536	33,048	(20,488)
Capital	10,000	10,000	9,794	(206)
Total Maintenance of Buildings	950,271	996,101	947,210	(48,891)
Snow Removal:				
Wages	70,000	97,431	97,431	-
Purchased property services	2,396	2,531	2,531	-
Purchased other services	1,150	1,015	60	(955)
Supplies	164,682	164,682	164,588	(94)
Capital	23,000	23,000	22,934	(66)
Total Snow Removal	261,228	288,659	287,544	(1,115)
Refuse Collection and Disposal:				
Wages	257,831	259,831	251,961	(7,870)
Purchased professional services	2,750	2,750	2,172	(578)
Purchased property services	1,041,940	1,041,940	856,485	(185,455)
Supplies	97,367	110,830	110,305	(525)
Total Refuse Collection and Disposal	1,399,888	1,415,351	1,220,923	(194,428)

Continued

See accompanying notes to required supplementary information.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Maintenance and development: (Continued)				
Recycling:				
Wages	\$ 165,288	\$ 166,788	\$ 156,742	\$ (10,046)
Purchased professional services	1,500	1,500	1,371	(129)
Purchased property services	94,458	94,458	80,236	(14,222)
Purchased other services	900	900	763	(137)
Supplies	97,966	104,575	104,274	(301)
Total Recycling	360,112	368,221	343,386	(24,835)
Condominium refuse:				
Purchased property services	6,388	6,388	6,389	1
Tree Warden:				
Purchased property services	15,200	15,200	15,200	-
Purchased other services	200	200	200	-
Supplies	1,750	1,750	1,675	(75)
Total Tree Warden	17,150	17,150	17,075	(75)
Leaf collection program:				
Wages	40,000	51,686	51,686	-
Purchased professional services	12,550	864	-	(864)
Purchased property services	45,000	65,076	65,076	-
Supplies	18,375	18,375	18,373	(2)
Capital	850	850	848	(2)
Total Leaf collection program	116,775	136,851	135,983	(868)
Engineering Administrative Services:				
Wages	244,829	263,487	263,487	-
Purchased professional services	120	120	-	(120)
Purchased other services	780	780	650	(130)
Supplies	2,570	2,570	2,120	(450)
Total Engineering Administrative Services	248,299	266,957	266,257	(700)
Total Maintenance and development	6,269,559	6,544,545	6,160,021	(384,524)
Human services:				
North Central Health District	141,118	141,118	141,118	-
Hockanum Valley Community Council	180,000	180,000	180,000	-
Child Guidance Clinic	3,500	3,500	3,500	-
Kidsafe CT	2,500	2,500	2,500	-
MARC, Inc. of Manchester	5,000	5,000	5,000	-
Cornerstone Foundation	5,500	5,500	5,500	-
Hartford Interval House	2,500	2,500	2,500	-
YWCA Sexual Assault Services	2,000	2,000	2,000	-
Opportunity Works	3,000	3,000	3,000	-
Social services Administration:				
Wages	275,534	296,964	296,964	-
Purchased other services	660	660	299	(361)
Supplies	710	710	705	(5)
Total Social services Administration	276,904	298,334	297,968	(366)
Youth services:				
Wages	225,109	225,609	215,610	(9,999)
Purchased professional services	2,292	2,292	2,281	(11)
Purchased property services	41,710	41,710	41,446	(264)
Purchased other services	300	300	264	(36)
Supplies	1,000	1,000	663	(337)
Total Youth Services	270,411	270,911	260,264	(10,647)

Continued

See accompanying notes to required supplementary information.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Human services: (Continued)				
Senior Center:				
Wages	\$ 298,595	\$ 305,248	\$ 254,555	\$ (50,693)
Purchased professional services	31,300	31,300	25,436	(5,864)
Purchased property services	1,500	1,500	638	(862)
Purchased other services	1,145	1,145	1,021	(124)
Supplies	8,825	12,331	11,223	(1,108)
Total Senior Center	341,365	351,524	292,873	(58,651)
Total Human services	1,233,798	1,265,887	1,196,223	(69,664)
Parks, Recreation and Culture:				
Recreation Administration:				
Wages	366,994	390,055	390,024	(31)
Purchased other services	6,540	6,540	5,944	(596)
Supplies	2,200	2,200	2,200	-
Total Recreation Administration	375,734	398,795	398,168	(627)
Public Celebration:				
Purchased other services	40,500	40,500	34,825	(5,675)
Parks Maintenance:				
Wages	655,143	612,941	612,941	-
Purchased professional services	2,500	66,882	66,882	-
Purchased property services	87,400	87,400	76,986	(10,414)
Purchased other services	2,800	2,800	2,800	-
Supplies	151,251	152,220	151,101	(1,119)
Capital	1,000	1,000	997	(3)
Total Parks Maintenance	900,094	923,243	911,707	(11,536)
Cultural District:				
Contingency	3,440	3,440	-	(3,440)
Historical Society:				
Grants - Cultural/Heritage	7,000	7,000	7,000	-
Rockville Public Library:				
Wages	600,999	600,999	546,765	(54,234)
Purchased professional services	500	500	24	(476)
Purchased property services	61,858	61,858	51,966	(9,892)
Purchased other services	23,672	23,672	16,730	(6,942)
Supplies	108,475	108,475	103,461	(5,014)
Capital	38,194	38,194	37,340	(854)
Total Rockville Public Library	833,698	833,698	756,286	(77,412)
Invasive Aquatic Plant Management:				
Purchased professional services	8,000	8,000	7,808	(192)
Purchased property services	12,000	12,000	12,000	-
Total Invasive Aquatic Plant Management	20,000	20,000	19,808	(192)
Total Parks, Recreation and Culture	2,180,466	2,226,676	2,127,794	(98,882)
Townwide:				
Social security and Medicare	1,184,043	1,107,475	1,079,438	(28,037)
Pension	3,380,145	3,489,607	3,489,356	(251)
Group Insurance	2,724,701	2,724,701	2,719,483	(5,218)
Unemployment Compensation	21,400	44,297	44,297	-
Municipal insurance	597,964	597,964	571,842	(26,122)
Contingency	387,975	25,330	-	(25,330)
Housing Authority sewer subsidy	49,900	49,900	49,060	(840)
Vernon Cemetery Commission	155,842	155,842	116,882	(38,960)
Total Townwide	8,501,970	8,195,116	8,070,358	(124,758)
Capital Improvements - Town	3,631,265	3,631,265	3,631,265	-

Continued

See accompanying notes to required supplementary information.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Concluded)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Debt Service:				
Principal	\$ 4,825,064	\$ 4,825,064	\$ 4,825,064	\$ -
Interest	1,116,445	1,116,445	1,116,445	-
Total Debt Service	5,941,509	5,941,509	5,941,509	-
Education:				
Regular instruction	17,979,932	17,631,560	17,576,921	(54,639)
Gifted and talented	14,000	10,266	10,266	-
Special Education instruction	6,794,007	6,115,220	6,198,041	82,821
Continuing Education	226,371	195,316	195,316	-
School use	-	-	50	50
Special Education program support	2,719,000	3,573,143	3,573,143	-
Social Work services	600	600	500	(100)
Guidance services	764,547	752,960	741,355	(11,605)
Health services	688,223	780,990	774,775	(6,215)
Psychological services	700,112	625,347	623,187	(2,160)
Speech pathology & audio services	685,842	638,449	595,570	(42,879)
Instructional program support	69,592	63,778	64,335	557
Library / Media services	345,726	323,145	320,326	(2,819)
Curriculum development	1,353,336	1,263,726	1,289,302	25,576
Superintendent's office	1,061,464	1,075,459	1,077,392	1,933
Board of Education - Elected	114,601	108,392	105,799	(2,593)
Principal office services	2,913,223	2,863,626	2,795,687	(67,939)
Business office	795,914	832,296	856,805	24,509
Building / Plant operations	4,624,681	5,358,217	5,332,712	(25,505)
Logistics and safety	440,480	522,706	571,698	48,992
Student transportation services	2,831,879	2,944,906	2,946,864	1,958
General control	65,280	65,280	69,849	4,569
Information systems	995,000	1,135,180	1,145,000	9,820
System-wide fringe benefits	8,712,798	8,917,754	8,913,136	(4,618)
Extra curricular student activities	728,871	684,545	673,269	(11,276)
Reserve for negotiations	150,000	4,585	4,585	-
Total Education	55,775,479	56,487,446	56,455,883	(31,563)
Total Expenditures	96,811,837	98,263,025	97,158,097	(1,104,928)
OTHER FINANCING USES:				
Transfers Out:				
Special Revenue Funds	5,000	5,000	5,000	-
Capital Projects Funds	1,494,453	1,545,324	1,545,324	-
Debt Service Fund	1,496,385	1,496,385	1,496,385	-
Total Other Financing Uses	2,995,838	3,046,709	3,046,709	-
Total Expenditures and Other Financing Uses	99,807,675	101,309,734	100,204,806	(1,104,928)
Net Change in Fund Balance	\$ -	\$ -	\$ 3,287,254	3,287,254
				<i>Concluded</i>

See accompanying notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ 754,568	\$ 778,419	\$ 795,241	\$ 765,742	\$ 783,253	\$ 836,982	\$ 812,060	\$ 767,633	\$ 760,493	\$ 759,496
Interest	3,331,156	3,219,262	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	(63,210)	932,357	278,309	294,203	728,178	(220,230)	878,501	(304,928)	(288,635)	-
Changes in plan benefits and assumptions	-	-	-	-	(2,332)	-	-	1,833,919	1,214,064	-
Benefit payments, including refunds	(3,442,832)	(3,224,007)	(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	579,682	1,706,031	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	49,280,238	47,574,207	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	49,859,920	49,280,238	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	2,001,944	2,001,944	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	366,745	412,417	386,312	362,295	375,468	370,589	364,862	370,334	358,642	368,533
Net investment income	(3,506,833)	3,070,441	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	(3,442,832)	(3,224,007)	(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	(66,606)	(71,692)	(65,142)	(64,161)	(67,440)	(68,718)	(70,666)	(49,744)	(70,783)	(67,398)
Net change in plan fiduciary net position	(4,647,582)	2,189,103	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	27,879,533	25,690,430	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	23,231,951	27,879,533	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	<u>\$ 26,627,969</u>	<u>\$ 21,400,705</u>	<u>\$ 21,883,777</u>	<u>\$ 22,816,697</u>	<u>\$ 24,718,258</u>	<u>\$ 21,573,789</u>	<u>\$ 22,898,353</u>	<u>\$ 21,795,328</u>	<u>\$ 18,924,181</u>	<u>\$ 17,470,508</u>
Plan fiduciary net position as a percentage of total pension liability	46.59%	56.57%	54.00%	50.91%	45.49%	50.83%	46.79%	46.92%	50.88%	52.28%
Covered payroll	\$ 4,093,067	\$ 4,439,222	\$ 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	650.56%	482.08%	474.16%	488.75%	541.62%	450.45%	470.53%	459.11%	415.96%	397.95%

See accompanying notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ 994,404	\$ 1,056,070	\$ 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	5,895,459	5,854,272	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	(853,668)	(1,328,551)	(903,529)	(1,073,395)	(41,960)	(2,232,932)	1,507,303	135,086	(3,083,615)	-
Changes in plan benefits and assumptions	-	-	-	-	-	-	-	5,959,086	3,200,987	-
Benefit payments, including refunds	(5,042,601)	(4,945,849)	(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	993,594	635,942	1,381,266	1,874,758	3,009,336	977,306	4,291,377	8,882,845	3,119,392	3,013,682
Total pension liability - beginning	86,699,503	86,063,561	84,682,295	82,807,537	79,798,201	78,820,895	74,529,518	65,646,673	62,527,281	59,513,599
Total pension liability - ending	87,693,097	86,699,503	86,063,561	84,682,295	82,807,537	79,798,201	78,820,895	74,529,518	65,646,673	62,527,281
Plan fiduciary net position:										
Contributions - employer	2,661,218	2,589,692	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	607,632	683,387	730,627	865,239	881,387	950,310	930,892	1,032,684	1,031,071	1,001,400
Net investment income	(7,349,699)	5,946,050	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	(5,042,601)	(4,945,849)	(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	(99,456)	(104,800)	(96,574)	(94,103)	(101,640)	(105,945)	(114,432)	(89,656)	(101,919)	(93,140)
Net change in plan fiduciary net position	(9,222,906)	4,168,480	4,471,125	7,013,370	(2,253,140)	4,796,859	2,067,861	398,321	2,111,059	4,910,020
Plan fiduciary net position - beginning	58,626,934	54,458,454	49,987,329	42,973,959	45,227,099	40,430,240	38,362,379	37,964,058	35,852,999	30,942,979
Plan fiduciary net position - ending	49,404,028	58,626,934	54,458,454	49,987,329	42,973,959	45,227,099	40,430,240	38,362,379	37,964,058	35,852,999
Town's net pension liability	<u>\$ 38,289,069</u>	<u>\$ 28,072,569</u>	<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	56.34%	67.62%	63.28%	59.03%	51.90%	56.68%	51.29%	51.47%	57.83%	57.34%
Covered payroll	\$ 10,691,723	\$ 11,287,114	\$ 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	358.12%	248.71%	261.12%	264.01%	275.14%	233.66%	249.11%	244.55%	185.38%	179.08%

See accompanying notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ 23,035	\$ 23,246	\$ 26,337	\$ 25,379	\$ 25,480	\$ 20,149	\$ 21,190	\$ 24,830	\$ 26,292	\$ 19,751
Interest	174,167	169,789	148,581	139,106	133,795	92,532	92,540	85,622	82,620	78,483
Differences between expected and actual experience	(284,625)	207,391	(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	(96,553)	(86,512)	(75,151)	(65,044)	(62,585)	(46,894)	(36,536)	(33,270)	(29,764)	(19,718)
Net change in total pension liability (asset)	(183,976)	313,914	79,681	145,809	50,440	642,641	49,649	63,475	47,937	78,516
Total pension liability - beginning	2,679,498	2,365,584	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	2,495,522	2,679,498	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	96,553	109,527	106,269	134,029	137,551	53,605	52,289	39,924	37,752	34,172
Net investment income	(416,160)	432,368	331,104	457,665	(114,598)	263,129	135,693	(54,768)	54,828	204,365
Benefit payments, including refunds	(96,553)	(86,512)	(75,151)	(65,044)	(62,585)	(46,894)	(36,536)	(33,270)	(29,764)	(26,184)
Administrative expense	(33,738)	(34,475)	(26,801)	(24,462)	(21,797)	(20,777)	(18,545)	(18,745)	(18,516)	(15,668)
Net change in plan fiduciary net position	(449,898)	420,908	335,421	502,188	(61,429)	249,063	132,901	(66,859)	44,300	196,685
Plan fiduciary net position - beginning	3,021,005	2,600,097	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	2,571,107	3,021,005	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)	<u>\$ (75,585)</u>	<u>\$ (341,507)</u>	<u>\$ (234,513)</u>	<u>\$ 21,227</u>	<u>\$ 377,606</u>	<u>\$ 265,737</u>	<u>\$ (127,841)</u>	<u>\$ (44,589)</u>	<u>\$ (174,923)</u>	<u>\$ (178,560)</u>
Plan fiduciary net position as a percentage of total pension liability	103.03%	112.75%	109.91%	99.07%	82.36%	87.28%	108.83%	103.19%	113.11%	113.89%

See accompanying notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,961,471	\$ 2,001,944	\$ 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	2,001,944	2,001,944	1,993,154	1,929,304	1,879,711	1,839,551	1,730,812	1,639,455	1,515,199	1,348,338
Contribution deficiency (excess)	<u>\$ (40,473)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,093,067	\$ 4,439,222	\$ 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	48.91%	45.10%	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	-14.50%	11.70%	12.70%	19.80%	-4.50%	13.60%	6.80%	0.20%	5.90%	14.60%

See accompanying notes to required supplemental information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,460,624	\$ 2,589,692	\$ 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>2,661,218</u>	<u>2,589,692</u>	<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>\$ (200,594)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (55,069)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,691,723	\$ 11,287,114	\$ 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	24.89%	22.94%	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	-14.40%	10.70%	12.20%	18.70%	-4.20%	13.00%	6.20%	0.20%	7.00%	13.50%

See accompanying notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ -	\$ 1,173	\$ 31,118	\$ 68,951	\$ 64,101	\$ 6,711	\$ 15,753	\$ 6,654	\$ 7,988	\$ 7,988
Contributions in relation to the actuarially determined contribution	<u>96,553</u>	<u>109,527</u>	<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>\$ (96,553)</u>	<u>\$ (108,354)</u>	<u>\$ (75,151)</u>	<u>\$ (65,078)</u>	<u>\$ (73,450)</u>	<u>\$ (46,894)</u>	<u>\$ (36,536)</u>	<u>\$ (33,270)</u>	<u>\$ (29,764)</u>	<u>\$ (26,184)</u>
Annual money-weighted rate of return, net of investment expense	-15.14%	15.31%	13.40%	22.40%	-7.48%	15.39%	8.10%	-4.87%	2.48%	12.39%

See accompanying notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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	114,678,000	92,027,000	116,195,000	104,208,000	80,350,000	83,461,000	88,052,000	73,579,000	68,009,000
Total	<u>\$ 114,678,000</u>	<u>\$ 92,027,000</u>	<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	\$ 29,409,000	\$ 27,749,000	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	54.06%	60.77%	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 SEVEN FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability							
Service cost	\$ 191,112	\$ 238,882	\$ 265,249	\$ 281,111	\$ 525,888	\$ 314,481	\$ 295,287
Interest	618,610	597,327	658,193	635,112	584,733	541,389	514,729
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,770,378)	-	(1,213,711)	-	4,843,646	-	-
Changes of assumptions	(411,274)	-	(125,797)	(42,946)	(4,483,302)	-	-
Benefit payments, including refunds	<u>(456,442)</u>	<u>(465,400)</u>	<u>(521,682)</u>	<u>(483,535)</u>	<u>(419,694)</u>	<u>(381,807)</u>	<u>(455,185)</u>
Net change in total OPEB liability	(1,828,372)	370,809	(937,748)	389,742	1,051,271	474,063	354,831
Total OPEB liability - beginning	<u>9,550,606</u>	<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>	<u>7,847,638</u>
Total OPEB liability - ending	<u>7,722,234</u>	<u>9,550,606</u>	<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	681,442	690,400	746,682	688,535	624,694	586,807	660,185
Net investment income	165,735	(152,907)	290,813	36,735	66,496	(41,095)	4,205
Benefit payments, including refunds	<u>(456,442)</u>	<u>(465,400)</u>	<u>(521,682)</u>	<u>(483,535)</u>	<u>(419,694)</u>	<u>(381,807)</u>	<u>(455,185)</u>
Net change in plan fiduciary net position	390,735	72,093	515,813	241,735	271,496	163,905	209,205
Plan fiduciary net position - beginning	<u>2,158,728</u>	<u>2,086,635</u>	<u>1,570,822</u>	<u>1,329,087</u>	<u>1,057,591</u>	<u>893,686</u>	<u>684,481</u>
Plan fiduciary net position - ending	<u>2,549,463</u>	<u>2,158,728</u>	<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>\$ 5,172,771</u>	<u>\$ 7,391,878</u>	<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	33.01%	22.60%	22.73%	15.53%	13.66%	12.19%	10.90%
Covered payroll	\$ 47,153,331	\$ 45,693,187	\$ 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	10.97%	16.18%	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 SEVEN FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 832,619	\$ 796,876	\$ 906,964	\$ 854,456	\$ 826,134	\$ 770,427	\$ 719,304
Contributions in relation to the actuarially determined contribution	<u>681,442</u>	<u>690,400</u>	<u>746,682</u>	<u>688,535</u>	<u>624,694</u>	<u>586,807</u>	<u>660,185</u>
Contribution deficiency (excess)	<u>\$ 151,177</u>	<u>\$ 106,476</u>	<u>\$ 160,282</u>	<u>\$ 165,921</u>	<u>\$ 201,440</u>	<u>\$ 183,620</u>	<u>\$ 59,119</u>
Covered employee payroll	\$ 47,153,331	\$ 45,693,187	\$ 45,693,187	\$ 39,014,808	\$ 39,014,808	\$ 52,602,048	\$ 52,602,048
Contributions as a percentage of covered payroll	1.45%	1.51%	1.63%	1.76%	1.60%	1.12%	1.26%
Annual money-weighted rate of return, net of investment expense	7.34%	-7.19%	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 SIX FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2023</u>	<u>2022</u>	<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%	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	10,043,000	10,260,000	17,330,000	16,252,000	16,062,000	21,482,000
Total	<u>\$ 10,043,000</u>	<u>\$ 10,260,000</u>	<u>\$ 17,330,000</u>	<u>\$ 16,252,000</u>	<u>\$ 16,062,000</u>	<u>\$ 21,482,000</u>
Town's covered payroll	\$ 29,409,000	\$ 27,749,000	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	9.46%	6.11%	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.

See accompanying notes to required supplementary information.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

**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. Department Heads may request transfers of appropriations within account classifications to the Finance Officer. Other transfers within a department require the approval of Town Council. 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 \$790,092 were authorized during the fiscal year along with re-appropriations of \$711,967. 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, 2023

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, 2023:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses), Net	Net Change in Fund Balance
Budgetary basis	\$ 100,837,992	\$ 97,158,097	\$ (392,641)	\$ 3,287,254
"On-behalf" payments - State Teachers Retirement Fund	9,169,426	9,169,426	-	-
ARPA Authorization	-	(2,500,000)	(2,500,000)	-
GAAP basis	<u>\$ 110,007,418</u>	<u>\$ 103,827,523</u>	<u>\$ (2,892,641)</u>	<u>\$ 3,287,254</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, 2023

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, 2023 were determined from the January 1, 2022 valuation.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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, 2023.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Asset valuation method	5 year smoothed fair value
Salary increases	4.50%
Investment rate of return	7.00%

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

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

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

Actuarial determined contribution rates are calculated as of January 1, six months prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2023 were determined from the January 1, 2022 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2023.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Asset valuation method	5 year smoothed fair value
Salary increases	4.50%
Investment rate of return	7.00%

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

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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 January 1, six months prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2023 were determined from the January 1, 2022 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2023.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Asset valuation method	5 year smoothed fair value
Salary increases	N/A
Investment rate of return	6.50%

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, 2022. The liabilities were estimated based on a measurement date of June 30, 2022. 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, 2023.

Benefit Changes - There were no changes in benefit terms that had a significant effect on the measurement of the collective total pension liability reported as of June 30, 2023.

Assumption Changes - There have been no changes in assumptions that had a significant effect on the measurement of the collective total pension liability reported as of June 30, 2023.

TOWN OF VERNON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2022.

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, 2023 were determined from the July 1, 2022 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2023.

Actuarial Cost method	Entry Age Normal
Amortization method	Level percent, 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, 2023

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2022. The liabilities were estimated based on a measurement date of June 30, 2022. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2023.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2023.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2023.

- The discount rate was increased from 2.17% to 3.53% to reflect the change in the Municipal Bond Index rate.
- The expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019.
- The expected rate of inflation was decreased and the Real Wage Growth assumption was increased.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

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

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Property Taxes:				
Current year taxes	\$ 72,876,935	\$ 72,876,935	\$ 73,211,731	\$ 334,796
Supplemental motor vehicle tax	671,654	671,654	848,562	176,908
Prior year taxes	899,644	899,644	946,134	46,490
Interest and lien fees	333,648	333,648	534,508	200,860
Liens	2,166	2,166	2,394	228
Warrant revenue	5,157	5,157	3,674	(1,483)
Total property taxes	74,789,204	74,789,204	75,547,003	757,799
Intergovernmental:				
Education cost sharing	17,645,165	17,645,165	17,639,917	(5,248)
Municipal stabilization grant	330,755	330,755	330,755	-
MRSF Motor Vehicle grant	-	-	1,620,069	1,620,069
MRSF Sales Tax sharing	-	-	629,004	629,004
PILOT - State owned property	342,435	342,435	342,435	-
Medicaid reimbursement	100,000	100,000	100,000	-
PILOT - Shelter rent	85,132	85,132	93,162	8,030
Mashantucket Pequot and Mohegan grant	79,820	79,820	79,820	-
Telephone tax sharing	34,973	34,973	42,044	7,071
Tax relief - Veterans exemption	15,743	15,743	13,733	(2,010)
Civil preparedness grant	14,549	14,549	14,140	(409)
State DUI grant	20,000	20,000	2,949	(17,051)
Motor Vehicle Violation surcharge	13,423	13,423	22,550	9,127
Historic Document Preservation Grant	7,500	7,500	7,500	-
Tax relief - Disability exemption	3,693	3,693	3,278	(415)
Safe streets driving enforcement	-	-	2,762	2,762
Bullet Proof Vest grant	2,000	2,000	-	(2,000)
Other - State grants	2,500	2,500	17,249	14,749
Judicial reimbursements	360	360	900	540
Judicial reimbursements - Parking	100	100	600	500
Library grant	500	500	-	(500)
Drug Enforcement Grant	-	-	11,527	11,527
Total intergovernmental revenue	18,698,648	18,698,648	20,974,394	2,275,746
Charges for Services:				
Town Clerk recording fees	469,319	469,319	518,202	48,883
Tuition - Vo-ag	375,265	375,265	420,776	45,511
Police - Special services	28,500	28,500	394,245	365,745
Tuition - Special education Vo-ag	60,499	60,499	44,131	(16,368)
Historic document preservation	12,379	12,379	5,474	(6,905)
Recycling	32,000	32,000	28,833	(3,167)
Bulky waste pickup	32,000	32,000	29,630	(2,370)
Solid Waste Collection fee	9,227	9,227	8,551	(676)
Finance administration fee	11,000	11,000	11,000	-
Recycling bin promotion	7,885	7,885	8,460	575
Planning and zoning fees	8,000	8,000	9,932	1,932
Energy assistance administration	3,245	3,245	-	(3,245)
Fingerprint fees	6,620	6,620	5,150	(1,470)
Other maintenance and development	1,500	1,500	18,600	17,100
Conservation fees	2,100	2,100	1,945	(155)
Library printing fees	1,000	1,000	2,246	1,246
Senior Center Membership fees	3,500	3,500	6,267	2,767
Library copy fees	500	500	620	120
Library book sales	700	700	2,015	1,315
Housing Rehab Administration	500	500	618	118
Assessor fees	400	400	33	(367)
Printing and copying fees	200	200	162	(38)
Fire Marshal - services	393	393	382	(11)

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, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Charges for services <i>(continued)</i> :				
Energy application administration	\$ 140	\$ 140	\$ 9,177	\$ 9,037
Food Sales	150	150	-	(150)
Historic Properties Certification fees	50	50	-	(50)
Tuition - Special education	-	-	113,648	113,648
Tuition - Individual	-	-	10,324	10,324
Tuition - Next step	-	-	1,648	1,648
Total charges for services	<u>1,067,072</u>	<u>1,067,072</u>	<u>1,652,069</u>	<u>584,997</u>
Licenses and permits:				
Building permits	441,823	441,823	766,430	324,607
Transfer station permits	80,251	80,251	72,805	(7,446)
Permit link revenue	20,000	20,000	-	(20,000)
Driveway & road cut permits	12,000	12,000	12,925	925
Zoning Permits	5,000	5,000	1,885	(3,115)
Refuse licensing	3,500	3,500	1,100	(2,400)
Zoning Review	450	450	225	(225)
Total licenses and permits	<u>563,024</u>	<u>563,024</u>	<u>855,370</u>	<u>292,346</u>
Fines and penalties:				
Zoning citations	14,323	14,323	3,735	(10,588)
Parking tags	5,720	5,720	3,690	(2,030)
Library fines	1,800	1,800	3,405	1,605
Total fines and penalties	<u>21,843</u>	<u>21,843</u>	<u>10,830</u>	<u>(11,013)</u>
Gifts and contributions:				
Library donations	<u>2,500</u>	<u>2,500</u>	<u>1,044</u>	<u>(1,456)</u>
Investment income:				
General Fund	<u>300,000</u>	<u>300,000</u>	<u>1,462,344</u>	<u>1,162,344</u>
Other revenues:				
Rental management fee	50,000	50,000	50,000	-
Gasoline reimbursement	42,000	42,000	56,557	14,557
Education	37,000	37,000	30,115	(6,885)
Rental income - Annex	24,000	24,000	24,000	-
Library room rental	150	150	25	(125)
Proceeds from sale of property	-	-	20,468	20,468
Purchasing Card Reimbursement	14,495	14,495	33,715	19,220
Miscellaneous	11,431	11,431	2,548	(8,883)
Vision insurance reimbursements	9,666	9,666	16,294	6,628
Lease - Ellington pump station	7,220	7,220	8,374	1,154
Rental income other	-	-	6,413	6,413
Library - miscellaneous	200	200	250	50
Insurance reimbursements	-	-	33,890	33,890
Refunds and reimbursements	-	-	50,463	50,463
Medical insurance reimbursement	1,512	1,512	1,826	314
Total other revenues	<u>197,674</u>	<u>197,674</u>	<u>334,938</u>	<u>137,264</u>
Total revenues	<u>95,639,965</u>	<u>95,639,965</u>	<u>100,837,992</u>	<u>5,198,027</u>
Other Financing Sources:				
Appropriation of Fund Balance	1,667,710	2,457,802	-	(2,457,802)
Appropriation of ARPA Funds	2,500,000	2,500,000	2,500,000	-
Reappropriation of Prior Year Encumbrances	-	711,967	-	(711,967)
Transfers in:				
Special Revenue Funds	-	-	154,068	154,068
Total other financing sources	<u>4,167,710</u>	<u>5,669,769</u>	<u>2,654,068</u>	<u>(3,015,701)</u>
Total revenues and other financing sources	<u>\$ 99,807,675</u>	<u>\$ 101,309,734</u>	<u>\$ 103,492,060</u>	<u>\$ 2,182,326</u>
				<i>Concluded</i>

TOWN OF VERNON, CONNECTICUT
GENERAL FUND -
COMPARATIVE BALANCE SHEET
AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 24,318,904	\$ 31,710,535
Investments	10,048,094	-
Receivables:		
Property taxes, net	2,137,204	1,811,387
Grants and contracts	126,536	118,028
Other	-	161,477
Due from other funds	4,686,037	2,699,322
Prepaid items	525,500	294,083
Advance to other fund	1,933,173	1,534,975
Total assets	<u>\$ 43,775,448</u>	<u>\$ 38,329,807</u>
LIABILITIES		
Accounts payable	\$ 1,723,067	\$ 1,200,053
Accrued liabilities	3,691,259	3,675,825
Due to other funds	3,081,504	2,544,182
Unearned revenue	337,016	347,319
Total liabilities	<u>8,832,846</u>	<u>7,767,379</u>
DEFERRED INFLOWS OF RESOURCES		
Advance tax collections	2,603,880	1,836,777
Unavailable revenues	2,137,204	1,811,387
Total deferred inflows of resources	<u>4,741,084</u>	<u>3,648,164</u>
FUND BALANCES		
Nonspendable	2,458,673	1,829,058
Assigned	4,412,440	1,033,967
Unassigned	23,330,405	24,051,239
Total fund balances	<u>30,201,518</u>	<u>26,914,264</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 43,775,448</u>	<u>\$ 38,329,807</u>

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2023

Grand List Year	Balance Uncollected June 30, 2022	Current Levy	Lawful Corrections		Transfers To (From) Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2023
			Additions	Deductions			Taxes	Interest Liens and Fees	Total	
2021	\$ -	\$ 75,111,173	\$ 688,967	\$ 315,993	\$ 13,200	\$ 75,470,947	\$ 74,164,431	\$ 268,832	\$ 74,433,263	\$ 1,306,516
2020	1,057,478	-	11,394	20,072	39,453	1,009,347	524,276	110,039	634,315	485,071
2019	438,607	-	2,392	6,749	128,087	306,163	170,378	64,030	234,408	135,785
2018	172,083	-	472	456	10,560	161,539	70,937	45,003	115,940	90,602
2017	67,554	-	772	97	(4,069)	72,298	25,829	18,699	44,528	46,469
2016	42,774	-	392	95	(6,044)	49,115	12,299	11,526	23,825	36,816
2015	35,899	-	108	-	(3,380)	39,387	8,308	9,261	17,569	31,079
2014	26,711	-	-	-	(987)	27,698	1,086	1,480	2,566	26,612
2013	23,525	-	-	-	(2,227)	25,752	2,275	3,491	5,766	23,477
2012	16,830	-	-	-	(1,886)	18,716	1,928	3,118	5,046	16,788
2011	16,018	-	-	415	(818)	16,421	403	758	1,161	16,018
2010	16,475	-	-	-	(291)	16,766	291	599	890	16,475
2009	16,193	-	-	-	(648)	16,841	648	1,391	2,039	16,193
2008	15,276	-	-	-	(627)	15,903	627	1,541	2,168	15,276
2007	14,027	-	-	-	(308)	14,335	308	795	1,103	14,027
2006	12,937	-	-	12,937	-	-	-	562	562	-
	<u>\$ 1,972,387</u>	<u>\$ 75,111,173</u>	<u>\$ 704,497</u>	<u>\$ 356,814</u>	<u>\$ 170,015</u>	<u>\$ 77,261,228</u>	<u>\$ 74,984,024</u>	<u>\$ 541,125</u>	<u>\$ 75,525,149</u>	<u>\$ 2,277,204</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, 2023

Total cash collections for the year ended
June 30, 2023:

Town:

Taxes	\$ 74,984,024
Interest and lien fees	541,125
Subtotal	<u>75,525,149</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	19,436
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Base	<u><u>\$ 75,544,585</u></u>
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	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 169,975,316	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	339,950,633	-	-	-
3-3/4 times base	-	-	283,292,194	-	-
3-1/4 times base	-	-	-	245,519,901	-
3 times base	-	-	-	-	226,633,755
Total debt limitation	<u>169,975,316</u>	<u>339,950,633</u>	<u>283,292,194</u>	<u>245,519,901</u>	<u>226,633,755</u>
Indebtedness:					
Bonds payable	21,311,000	6,039,000	175,000	-	-
Loan payable	-	-	23,311,843	-	-
Interim funding obligation	-	-	15,100,235	-	-
Authorized and unissued debt	3,907,332	5,051,504	45,088,667	-	-
Total indebtedness	<u>25,218,332</u>	<u>11,090,504</u>	<u>83,675,745</u>	<u>-</u>	<u>-</u>
Less: grant reimbursements*	-	-	(21,335,800)	-	-
Less: contractual reimbursements*	-	-	(14,425,178)	-	-
Net indebtedness before overlapping debt	<u>25,218,332</u>	<u>11,090,504</u>	<u>47,914,767</u>	<u>-</u>	<u>-</u>
Overlapping debt:					
Bolton Lakes Regional Water Pollution Control Authority:					
Notes payable	-	-	1,620,766	-	-
Authorized and unissued debt	-	-	3,591,000	-	-
Total overlapping debt	<u>-</u>	<u>-</u>	<u>5,211,766</u>	<u>-</u>	<u>-</u>
Net indebtedness	<u>25,218,332</u>	<u>11,090,504</u>	<u>53,126,533</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 144,756,984</u></u>	<u><u>\$ 328,860,129</u></u>	<u><u>\$ 230,165,661</u></u>	<u><u>\$ 245,519,901</u></u>	<u><u>\$ 226,633,755</u></u>
Total capacity of borrowing (7 times base)	\$ 528,812,095				
Total present indebtedness	89,435,369				
Margin for additional borrowing	<u><u>\$ 439,376,726</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, 2023

Project	Project Authorization	Expended To Date	Remaining Authorization
General Government:			
ADA Building and Grounds Improvements	\$ 31,429	\$ 4,998	\$ 26,431
Town Hall Renovations	324,000	34,611	289,389
Planning and Community Development:			
Citizens Block Building Renovations	4,162,835	2,294,140	1,868,695
Public Safety:			
Police Department Elevator Repairs	16,000	-	16,000
Police Station Improvements	245,405	22,327	223,078
Police Portable Radios*	155,170	155,170	-
Firehouse Building Renovations	229,966	169,762	60,204
Animal Control Facility Improvements	313,939	1,734	312,205
Talcottville Firehouse Roof Replacement	17,750	-	17,750
Firehouse #2 Parking Lot Repavement	40,000	375	39,625
Fire Alarm Replacements - Nye St & Hartford Turnpike	32,930	26,675	6,255
Building Security Cameras	50,459	46,428	4,031
Prospect St. Firehouse	59,600	-	59,600
Police Department Generator	47,345	-	47,345
Maintenance and Development:			
Road Reconstruction	27,500,443	23,347,702	4,152,741
Bridges	6,505,245	5,218,173	1,287,072
Sidewalk Reconstruction	569,922	47,018	522,904
Facility / Land Improvements	919,471	756,200	163,271
Waste Treatment Plant Facilities Upgrade	89,090,717	61,942,098	27,148,619
Parks and Recreation:			
Walkers Reservoir Dam Design and Reconstruction	307,202	68,885	238,317
Open Space Land Acquisition	70,000	27,900	42,100
Park, Ball Field and Pool Improvements	3,791,255	1,701,358	2,089,897
Fox Hill Memorial Tower Rehabilitation	4,361,416	324	4,361,092
Rockville Public Library Stairs	20,000	15,065	4,935
GAR HVAC System	10,000	-	10,000
Human Services:			
Senior Center Acquisition and Renovations	3,245,000	2,841,199	403,801
Education:			
Safe Routes to Schools	945,588	800,775	144,813
Center Road School Roof Replacement	1,476,450	779,091	697,359
Total	\$ 144,539,537	\$ 100,302,008	\$ 44,237,529

* 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
Education Program and Activity	Contributions	Education programs and activities
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
Disaster Relief Fund	Federal reimbursement grants	Eligible emergency relief activities
Sewer Assessment	Levied sewer assessments	Sewer bonded debt service
Sewer Connections	Sewer construction and permit fees	Sewer repairs, maintenance and related expenditures
Medical Savings Reserve	Town and demutualization proceeds	Medical claims and expenses
Brownfield Mills Remediation Projects	State grants	Community and Economic development programs
Parks and Recreation Programs	Program Fees	Parks and Recreation programs
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. The nature and purpose of each capital projects fund is as follows:

Fund	Funding Source	Function
Recreational Fields	Local funds	Recreational field acquisition and improvements
Fox Hill Rehabilitation	Federal and State grants	To restore Fox Hill Tower
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
Road Improvements Bond Fund	Bond funds	Roadway reconstruction
South Street Reconstruction	Federal grant and local funds	Roadway reconstruction
West Main Street Bridge Renovation	Federal grant and local funds	Renovation of bridge
Kelly Road Bridge Repairs	State grant and local funds	Renovation of bridge
Main Street Bridge Renovation	Federal grant and local funds	Renovation of bridge
Citizens Block Renovations	State grant and local funds	Renovations to Citizens Block Building
Safe Routes to Schools	Federal grant and local funds	Safety improvement project
Rockville Library Steps	Federal and state grants	To repair Library entrance steps
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, 2023

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	\$ 720,474	\$ 9,940	\$ 85,712	\$ -	\$ 83,599	\$ 839,315	\$ 562,208	\$ 408,287
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	395,032	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	452,769	160,374	-
Due from other funds	323	7,228	-	903,734	5,999	-	8,039	58,456
Other assets	29,360	-	-	-	-	8,400	-	4,200
Total assets	<u>\$ 1,145,189</u>	<u>\$ 17,168</u>	<u>\$ 85,712</u>	<u>\$ 903,734</u>	<u>\$ 89,598</u>	<u>\$ 1,300,484</u>	<u>\$ 730,621</u>	<u>\$ 470,943</u>
LIABILITIES								
Accounts payable	\$ 27,743	\$ 13,994	\$ 50,190	\$ -	\$ 13,498	\$ 29,830	\$ 127,214	\$ 695
Due to other funds	-	3,174	-	-	2,084	62,108	10,467	145,070
Unearned revenue	16,586	-	-	-	-	-	-	-
Total liabilities	<u>44,329</u>	<u>17,168</u>	<u>50,190</u>	<u>-</u>	<u>15,582</u>	<u>91,938</u>	<u>137,681</u>	<u>145,765</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	452,769	-	-
FUND BALANCES								
Nonspendable	29,360	-	-	-	-	8,400	-	4,200
Restricted	-	-	-	903,734	-	-	-	320,978
Committed	1,071,500	-	35,522	-	74,016	747,377	592,940	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>1,100,860</u>	<u>-</u>	<u>35,522</u>	<u>903,734</u>	<u>74,016</u>	<u>755,777</u>	<u>592,940</u>	<u>325,178</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,145,189</u>	<u>\$ 17,168</u>	<u>\$ 85,712</u>	<u>\$ 903,734</u>	<u>\$ 89,598</u>	<u>\$ 1,300,484</u>	<u>\$ 730,621</u>	<u>\$ 470,943</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2023

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	\$ 321,119	\$ 153,257	\$ 92,074	\$ 29,450	\$ 54,576	\$ 2,701	\$ 45,585	\$ 10,911
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	-	13,635	-	-	-	912,083	-
Loans	-	-	499,220	98,155	-	-	-	-
Assessments	-	-	-	-	-	-	-	508
Other	-	-	-	-	-	-	-	28
Due from other funds	75,922	2,083	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 397,041</u>	<u>\$ 155,340</u>	<u>\$ 604,929</u>	<u>\$ 127,605</u>	<u>\$ 54,576</u>	<u>\$ 2,701</u>	<u>\$ 957,668</u>	<u>\$ 11,447</u>
LIABILITIES								
Accounts payable	\$ 6,567	\$ 25,732	\$ 14,125	\$ -	\$ 2,850	\$ -	\$ -	\$ -
Due to other funds	40,474	2,582	6,423	-	-	-	957,668	10,911
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>47,041</u>	<u>28,314</u>	<u>20,548</u>	<u>-</u>	<u>2,850</u>	<u>-</u>	<u>957,668</u>	<u>10,911</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	499,220	98,155	-	-	-	508
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	350,000	127,026	85,161	29,450	-	-	-	28
Committed	-	-	-	-	51,726	2,701	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>350,000</u>	<u>127,026</u>	<u>85,161</u>	<u>29,450</u>	<u>51,726</u>	<u>2,701</u>	<u>-</u>	<u>28</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 397,041</u>	<u>\$ 155,340</u>	<u>\$ 604,929</u>	<u>\$ 127,605</u>	<u>\$ 54,576</u>	<u>\$ 2,701</u>	<u>\$ 957,668</u>	<u>\$ 11,447</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2023

	Nonmajor Special Revenue Funds					
	Sewer Connections Fund	Medical Savings Reserve Fund	Brownfield Mills Remediation Projects Fund	Parks and Recreation Programs Fund	Library Programs and Activities Fund	Miscellaneous Grants Fund
ASSETS						
Cash and cash equivalents	\$ 2,300,096	\$ -	\$ 88,513	\$ 815,419	\$ 50,265	\$ 37,064
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	1,707	-	287,000	-	-	11,666
Loans	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Other	-	-	-	11,759	-	279,563
Due from other funds	-	-	-	-	-	19,001
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 2,301,803</u>	<u>\$ -</u>	<u>\$ 375,513</u>	<u>\$ 827,178</u>	<u>\$ 50,265</u>	<u>\$ 347,294</u>
LIABILITIES						
Accounts payable	\$ 9,399	\$ -	\$ 55,392	\$ 18,556	\$ 256	\$ 59,336
Due to other funds	-	-	238,045	81,459	5,789	27,325
Unearned revenue	-	-	-	306,573	16,253	-
Total liabilities	<u>9,399</u>	<u>-</u>	<u>293,437</u>	<u>406,588</u>	<u>22,298</u>	<u>86,661</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>1,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	82,076	-	-	260,633
Committed	2,290,697	-	-	420,590	27,967	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>2,290,697</u>	<u>-</u>	<u>82,076</u>	<u>420,590</u>	<u>27,967</u>	<u>260,633</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,301,803</u>	<u>\$ -</u>	<u>\$ 375,513</u>	<u>\$ 827,178</u>	<u>\$ 50,265</u>	<u>\$ 347,294</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2023

	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	Fox Hill Tower Rehabilitation Fund	Senior Center Acquisition and Renovations Fund
ASSETS								
Cash and cash equivalents	\$ 1,303,289	\$ 1,702,383	\$ 65,007	\$ 9,781,244	\$ 6,046,924	\$ 145,231	\$ -	\$ 194,037
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	2,421,172	-	4,042,295	-	-	-	-
Loans	-	-	-	597,375	-	-	-	-
Assessments	-	-	-	508	-	-	-	-
Other	-	-	-	904,493	-	-	-	-
Due from other funds	51	13,946	150	1,094,932	25,000	-	-	-
Other assets	-	-	-	41,960	-	-	-	-
Total assets	<u>\$ 1,303,340</u>	<u>\$ 4,137,501</u>	<u>\$ 65,157</u>	<u>\$ 16,462,807</u>	<u>\$ 6,071,924</u>	<u>\$ 145,231</u>	<u>\$ -</u>	<u>\$ 194,037</u>
LIABILITIES								
Accounts payable	\$ 300,787	\$ 1,061,160	\$ 308	\$ 1,817,632	\$ -	\$ 5,886	\$ -	\$ -
Due to other funds	2,985	74,213	2,109	1,672,886	-	16,297	324	-
Unearned revenue	-	2,275,522	-	2,614,934	405,592	-	-	-
Total liabilities	<u>303,772</u>	<u>3,410,895</u>	<u>2,417</u>	<u>6,105,452</u>	<u>405,592</u>	<u>22,183</u>	<u>324</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	1,052,359	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	41,960	-	-	-	-
Restricted	-	726,606	-	2,885,692	1,664,349	-	-	-
Committed	999,568	-	62,740	6,377,344	4,001,983	123,048	-	194,037
Unassigned	-	-	-	-	-	-	(324)	-
Total fund balances	<u>999,568</u>	<u>726,606</u>	<u>62,740</u>	<u>9,304,996</u>	<u>5,666,332</u>	<u>123,048</u>	<u>(324)</u>	<u>194,037</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,303,340</u>	<u>\$ 4,137,501</u>	<u>\$ 65,157</u>	<u>\$ 16,462,807</u>	<u>\$ 6,071,924</u>	<u>\$ 145,231</u>	<u>\$ -</u>	<u>\$ 194,037</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2023

	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	Road Improvements Bond Fund	South Street Reconstruction Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ 26,031	\$ 6,999	\$ 794,373	\$ 714,284	\$ 625	\$ 1,663,591	\$ 72,862
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	471,927	8,252	-	-	-	-	-	6,128
Loans	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	40,474	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 471,927</u>	<u>\$ 34,283</u>	<u>\$ 6,999</u>	<u>\$ 794,373</u>	<u>\$ 754,758</u>	<u>\$ 625</u>	<u>\$ 1,663,591</u>	<u>\$ 78,990</u>
LIABILITIES								
Accounts payable	\$ 227,665	\$ 2,646	\$ -	\$ 379,982	\$ -	\$ 625	\$ -	\$ -
Due to other funds	29,976	-	-	-	-	-	-	-
Unearned revenue	-	-	-	239,442	-	-	-	-
Total liabilities	<u>257,641</u>	<u>2,646</u>	<u>-</u>	<u>619,424</u>	<u>-</u>	<u>625</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	1,663,591	-
Committed	214,286	31,637	6,999	174,949	754,758	-	-	78,990
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>214,286</u>	<u>31,637</u>	<u>6,999</u>	<u>174,949</u>	<u>754,758</u>	<u>-</u>	<u>1,663,591</u>	<u>78,990</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 471,927</u>	<u>\$ 34,283</u>	<u>\$ 6,999</u>	<u>\$ 794,373</u>	<u>\$ 754,758</u>	<u>\$ 625</u>	<u>\$ 1,663,591</u>	<u>\$ 78,990</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2023

	Nonmajor Capital Projects Funds							
	West Main St Bridge Renovations Fund	Kelly Rd Bridge Repairs Fund	Main St Bridge Renovations Fund	Citizens Block Renovations Fund	Safe Routes to Schools Fund	Rockville Library Stairs Replacement Fund	Exit 66/67 Sewer Feasibility System Evaluation Fund	Total
ASSETS								
Cash and cash equivalents	\$ 2,887	\$ 297,697	\$ 494,190	\$ 1,944,392	\$ 335,693	\$ -	\$ 1,592,295	\$ 8,285,187
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	11,974	-	193,549	-	37,569	15,065	-	744,464
Loans	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	3,016	43,490
Other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 14,861</u>	<u>\$ 297,697</u>	<u>\$ 687,739</u>	<u>\$ 1,944,392</u>	<u>\$ 373,262</u>	<u>\$ 15,065</u>	<u>\$ 1,595,311</u>	<u>\$ 9,073,141</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 4,549	\$ 113,734	\$ 25,546	\$ -	\$ 401,968	\$ 1,162,601
Due to other funds	22,321	-	644,255	1,830,658	205,725	15,065	-	2,764,621
Unearned revenue	-	151,598	-	-	141,991	-	-	533,031
Total liabilities	<u>22,321</u>	<u>151,598</u>	<u>648,804</u>	<u>1,944,392</u>	<u>373,262</u>	<u>15,065</u>	<u>401,968</u>	<u>4,460,253</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	1,663,591
Committed	-	146,099	38,935	-	-	-	1,193,343	2,957,081
Unassigned	(7,460)	-	-	-	-	-	-	(7,784)
Total fund balances	<u>(7,460)</u>	<u>146,099</u>	<u>38,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,193,343</u>	<u>4,612,888</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,861</u>	<u>\$ 297,697</u>	<u>\$ 687,739</u>	<u>\$ 1,944,392</u>	<u>\$ 373,262</u>	<u>\$ 15,065</u>	<u>\$ 1,595,311</u>	<u>\$ 9,073,141</u>

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
AS OF JUNE 30, 2023

	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	\$ 339,960	\$ 7,839	\$ 122,869	\$ 43,820	\$ 514,488	\$ 24,627,843
Investments	2,862,027	-	1,364,344	-	4,226,371	4,226,371
Receivables:						
Grants and contracts	-	-	-	-	-	4,786,759
Loans	-	-	-	-	-	597,375
Assessments	-	-	-	-	-	508
Other	-	-	-	-	-	904,493
Due from other funds	9,900	-	-	-	9,900	1,173,322
Other assets	-	-	-	-	-	41,960
Total assets	<u>\$ 3,211,887</u>	<u>\$ 7,839</u>	<u>\$ 1,487,213</u>	<u>\$ 43,820</u>	<u>\$ 4,750,759</u>	<u>\$ 36,358,631</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,980,233
Due to other funds	58,456	-	-	-	58,456	4,495,963
Unearned revenue	-	-	-	-	-	3,553,557
Total liabilities	<u>58,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,456</u>	<u>11,029,753</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	1,052,359
FUND BALANCES						
Nonspendable	1,084,285	5,000	-	-	1,089,285	1,131,245
Restricted	2,069,146	2,839	1,487,213	43,820	3,603,018	9,816,650
Committed	-	-	-	-	-	13,336,408
Unassigned	-	-	-	-	-	(7,784)
Total fund balances	<u>3,153,431</u>	<u>7,839</u>	<u>1,487,213</u>	<u>43,820</u>	<u>4,692,303</u>	<u>24,276,519</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,211,887</u>	<u>\$ 7,839</u>	<u>\$ 1,487,213</u>	<u>\$ 43,820</u>	<u>\$ 4,750,759</u>	<u>\$ 36,358,631</u>
						<i>Concluded</i>

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 2,289,050	\$ -	\$ -	\$ 410,554	\$ -	\$ 1,517	\$ -	\$ -
Charges for services	176,727	190,192	-	-	40,535	1,539,868	265,698	122,552
Licenses and permits	-	5,809	-	-	18,912	-	-	-
Contributions	-	-	-	-	-	5,356	493,438	150
Interest and dividend income	14,800	-	-	-	-	36,456	-	288
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	-	-	77,475	-	-	19,550	-	5,023
Total revenues	<u>2,480,577</u>	<u>196,001</u>	<u>77,475</u>	<u>410,554</u>	<u>59,447</u>	<u>1,602,747</u>	<u>759,136</u>	<u>128,013</u>
EXPENDITURES								
Current:								
General government	-	196,001	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	38,758	1,463,780	-	-
Maintenance and development	-	-	59,886	491,884	-	-	-	136,574
Human services	-	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-	-
Education	2,144,966	-	-	-	-	-	718,052	-
Debt service	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	60,268	-	20,354
Total expenditures	<u>2,144,966</u>	<u>196,001</u>	<u>59,886</u>	<u>491,884</u>	<u>38,758</u>	<u>1,524,048</u>	<u>718,052</u>	<u>156,928</u>
Excess (deficiency) of revenues over expenditures	335,611	-	17,589	(81,330)	20,689	78,699	41,084	(28,915)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	57,959
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,959</u>
Net change in fund balances	335,611	-	17,589	(81,330)	20,689	78,699	41,084	29,044
Fund balances - beginning	<u>765,249</u>	<u>-</u>	<u>17,933</u>	<u>985,064</u>	<u>53,327</u>	<u>677,078</u>	<u>551,856</u>	<u>296,134</u>
Fund balances - ending	<u>\$ 1,100,860</u>	<u>\$ -</u>	<u>\$ 35,522</u>	<u>\$ 903,734</u>	<u>\$ 74,016</u>	<u>\$ 755,777</u>	<u>\$ 592,940</u>	<u>\$ 325,178</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, 2023

	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	\$ 61,102	\$ 1,081,570	\$ 34,453	\$ -	\$ -	\$ -	\$ 912,083	\$ -
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Interest and dividend income	-	-	-	-	-	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	2,506
Other	-	-	37,129	-	-	-	-	-
Total revenues	<u>61,102</u>	<u>1,081,570</u>	<u>71,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>912,083</u>	<u>2,506</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Community development	-	-	92,702	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-	-
Education	20,628	1,103,562	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	<u>20,628</u>	<u>1,103,562</u>	<u>92,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	40,474	(21,992)	(21,120)	-	-	-	912,083	2,506
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(40,474)	-	-	-	-	-	(151,562)	(2,506)
Total other financing sources (uses)	<u>(40,474)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,562)</u>	<u>(2,506)</u>
Net change in fund balances	-	(21,992)	(21,120)	-	-	-	760,521	-
Fund balances - beginning	<u>350,000</u>	<u>149,018</u>	<u>106,281</u>	<u>29,450</u>	<u>51,726</u>	<u>2,701</u>	<u>(760,521)</u>	<u>28</u>
Fund balances - ending	<u>\$ 350,000</u>	<u>\$ 127,026</u>	<u>\$ 85,161</u>	<u>\$ 29,450</u>	<u>\$ 51,726</u>	<u>\$ 2,701</u>	<u>\$ -</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, 2023

	Nonmajor Special Revenue Funds					
	Sewer Connections Fund	Medical Savings Reserve Fund	Brownfield Mills Remediation Projects Fund	Parks and Recreation Programs Fund	Library Programs and Activities Fund	Miscellaneous Grants Fund
REVENUES						
Grants and contracts	\$ -	\$ -	\$ 252,968	\$ -	\$ 1,197	\$ 342,747
Charges for services	-	-	-	551,365	13,654	-
Licenses and permits	105,830	-	-	-	-	-
Contributions	-	-	-	42,817	5,152	213,114
Interest and dividend income	75,085	-	-	6,241	520	-
Net changes in the fair value of investments	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	180,915	-	252,968	600,423	20,523	555,861
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Community development	-	-	253,168	-	-	-
Public safety	-	-	-	-	-	12,519
Maintenance and development	83,890	-	-	-	-	-
Human services	-	-	-	-	-	99,404
Parks, recreation and culture	-	-	-	658,102	5,659	1,781
Education	-	-	-	-	13,655	466,632
Debt service	-	-	-	-	-	-
Capital outlays	-	-	-	13,901	-	-
Total expenditures	83,890	-	253,168	672,003	19,314	580,336
Excess (deficiency) of revenues over expenditures	97,025	-	(200)	(71,580)	1,209	(24,475)
OTHER FINANCING SOURCES (USES)						
Transfers in	278,903	-	-	43,741	-	-
Transfers out	-	(433,159)	-	-	-	-
Total other financing sources (uses)	278,903	(433,159)	-	43,741	-	-
Net change in fund balances	375,928	(433,159)	(200)	(27,839)	1,209	(24,475)
Fund balances - beginning	1,914,769	433,159	82,276	448,429	26,758	285,108
Fund balances - ending	\$ 2,290,697	\$ -	\$ 82,076	\$ 420,590	\$ 27,967	\$ 260,633

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, 2023

	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	Fox Hill Tower Rehabilitation Fund	Senior Center Acquisition and Renovations Fund
REVENUES								
Grants and contracts	\$ -	\$ 9,809,859	\$ -	\$ 15,197,100	\$ -	\$ -	\$ -	\$ -
Charges for services	580	-	41,663	2,942,834	-	-	-	-
Licenses and permits	82,163	-	-	212,714	-	-	-	-
Contributions	64,560	-	-	824,587	-	-	-	-
Interest and dividend income	-	-	-	133,390	267,345	-	-	-
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Assessments	-	-	-	2,506	929,771	-	-	-
Other	154,381	-	-	293,558	-	-	-	-
Total revenues	<u>301,684</u>	<u>9,809,859</u>	<u>41,663</u>	<u>19,606,689</u>	<u>1,197,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Current:								
General government	-	-	-	196,001	-	-	-	-
Community development	-	-	-	345,870	-	-	-	-
Public safety	50,132	-	-	1,565,189	-	-	-	-
Maintenance and development	11,891	-	-	784,125	-	-	-	-
Human services	101,225	-	27,500	228,129	-	-	-	-
Parks, recreation and culture	501	-	-	666,043	-	-	-	-
Education	-	9,353,948	-	13,821,443	-	-	-	-
Debt service	-	-	-	-	1,769,365	-	-	-
Capital outlays	-	-	-	94,523	-	472,041	324	8,648
Total expenditures	<u>163,749</u>	<u>9,353,948</u>	<u>27,500</u>	<u>17,701,323</u>	<u>1,769,365</u>	<u>472,041</u>	<u>324</u>	<u>8,648</u>
Excess (deficiency) of revenues over expenditures	137,935	455,911	14,163	1,905,366	(572,249)	(472,041)	(324)	(8,648)
OTHER FINANCING SOURCES (USES)								
Transfers in	5,000	-	-	385,603	1,496,385	250,000	-	-
Transfers out	(43,741)	-	-	(671,442)	-	-	-	-
Total other financing sources (uses)	<u>(38,741)</u>	<u>-</u>	<u>-</u>	<u>(285,839)</u>	<u>1,496,385</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	99,194	455,911	14,163	1,619,527	924,136	(222,041)	(324)	(8,648)
Fund balances - beginning	<u>900,374</u>	<u>270,695</u>	<u>48,577</u>	<u>7,685,469</u>	<u>4,742,196</u>	<u>345,089</u>	<u>-</u>	<u>202,685</u>
Fund balances - ending	<u>\$ 999,568</u>	<u>\$ 726,606</u>	<u>\$ 62,740</u>	<u>\$ 9,304,996</u>	<u>\$ 5,666,332</u>	<u>\$ 123,048</u>	<u>\$ (324)</u>	<u>\$ 194,037</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, 2023

	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	Road Improvements Bond Fund	South Street Reconstruction Fund
REVENUES								
Grants and contracts	\$ 261,583	\$ 6,135	\$ -	\$ 1,863,865	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Contributions	-	-	-	17,600	-	-	-	-
Interest and dividend income	-	-	-	-	-	-	60,729	-
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	261,583	6,135	-	1,881,465	-	-	60,729	-
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital outlays	433,720	7,669	-	2,074,793	-	-	-	5,400
Total expenditures	433,720	7,669	-	2,074,793	-	-	-	5,400
Excess (deficiency) of revenues over expenditures	(172,137)	(1,534)	-	(193,328)	-	-	60,729	(5,400)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	40,474	-	-	-
Transfers out	-	-	-	-	-	-	-	(46,099)
Total other financing sources (uses)	-	-	-	-	40,474	-	-	(46,099)
Net change in fund balances	(172,137)	(1,534)	-	(193,328)	40,474	-	60,729	(51,499)
Fund balances - beginning	386,423	33,171	6,999	368,277	714,284	-	1,602,862	130,489
Fund balances - ending	\$ 214,286	\$ 31,637	\$ 6,999	\$ 174,949	\$ 754,758	\$ -	\$ 1,663,591	\$ 78,990

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, 2023

	Nonmajor Capital Projects Funds							
	West Main St Bridge Renovations Fund	Kelly Rd Bridge Repairs Fund	Main St Bridge Renovations Fund	Citizens Block Renovations Fund	Safe Routes to Schools Fund	Rockville Library Stairs Replacement Fund	Exit 66/67 Sewer Feasability System Evaluation Fund	Total
REVENUES								
Grants and contracts	\$ -	\$ -	\$ 379,405	\$ -	\$ 10,464	\$ 15,065	\$ -	\$ 2,536,517
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	17,600
Interest and dividend income	-	-	-	-	-	-	-	60,729
Net changes in the fair value of investments	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	-	379,405	-	10,464	15,065	-	2,614,846
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital outlays	-	-	231,254	866,207	10,464	15,065	591,371	4,716,956
Total expenditures	-	-	231,254	866,207	10,464	15,065	591,371	4,716,956
Excess (deficiency) of revenues over expenditures	-	-	148,151	(866,207)	-	-	(591,371)	(2,102,110)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	46,099	-	677,445	-	-	1,784,376	2,798,394
Transfers out	-	-	-	-	-	-	(278,904)	(325,003)
Total other financing sources (uses)	-	46,099	-	677,445	-	-	1,505,472	2,473,391
Net change in fund balances	-	46,099	148,151	(188,762)	-	-	914,101	371,281
Fund balances - beginning	(7,460)	100,000	(109,216)	188,762	-	-	279,242	4,241,607
Fund balances - ending	\$ (7,460)	\$ 146,099	\$ 38,935	\$ -	\$ -	\$ -	\$ 1,193,343	\$ 4,612,888

Continued

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2023

	Nonmajor Permanent Funds					
	Cemetery Trust Fund	Memorial Trust Fund	Rockville Library Trust Fund	Senior Center Endowment Trust Fund	Total	Total Nonmajor Governmental Funds
REVENUES						
Grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,733,617
Charges for services	-	-	-	-	-	2,942,834
Licenses and permits	-	-	-	-	-	212,714
Contributions	39,045	-	-	544	39,589	881,776
Interest and dividend income	97,721	-	30,382	1,637	129,740	591,204
Net changes in the fair value of investments	28,660	-	114,946	-	143,606	143,606
Assessments	-	-	-	-	-	932,277
Other	-	-	-	-	-	293,558
Total revenues	165,426	-	145,328	2,181	312,935	23,731,586
EXPENDITURES						
Current:						
General government	-	-	9,952	-	9,952	205,953
Community development	-	-	-	-	-	345,870
Public safety	-	-	-	-	-	1,565,189
Maintenance and development	36,996	-	-	-	36,996	821,121
Human services	-	-	-	-	-	228,129
Parks, recreation and culture	-	-	-	-	-	666,043
Education	-	-	-	-	-	13,821,443
Debt service	-	-	-	-	-	1,769,365
Capital outlays	-	-	420	-	420	4,811,899
Total expenditures	36,996	-	10,372	-	47,368	24,235,012
Excess (deficiency) of revenues over expenditures	128,430	-	134,956	2,181	265,567	(503,426)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	4,680,382
Transfers out	(57,956)	-	-	-	(57,956)	(1,054,401)
Total other financing sources (uses)	(57,956)	-	-	-	(57,956)	3,625,981
Net change in fund balances	70,474	-	134,956	2,181	207,611	3,122,555
Fund balances - beginning	3,082,957	7,839	1,352,257	41,639	4,484,692	21,153,964
Fund balances - ending	\$ 3,153,431	\$ 7,839	\$ 1,487,213	\$ 43,820	\$ 4,692,303	\$ 24,276,519
						<i>Concluded</i>

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 FUND

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

WORKERS' COMPENSATION FUND

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 self-insured medical and dental prescriptions for the Town's employees and retirees.

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION -
INTERNAL SERVICE FUNDS
AS OF JUNE 30, 2023

	Data Processing Fund	Workers' Compensation Fund	Medical Self-Insurance Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 495,927	\$ 1,233,051	\$ 903,795	\$ 2,632,773
Receivables	-	-	401,318	401,318
Prepaid expenses	184,792	-	-	184,792
Total current assets	<u>680,719</u>	<u>1,233,051</u>	<u>1,305,113</u>	<u>3,218,883</u>
Capital assets:				
Depreciable, net	1,239,008	-	-	1,239,008
Total noncurrent assets	<u>1,239,008</u>	<u>-</u>	<u>-</u>	<u>1,239,008</u>
Total assets	<u>1,919,727</u>	<u>1,233,051</u>	<u>1,305,113</u>	<u>4,457,891</u>
LIABILITIES				
Current liabilities:				
Accounts payable	4,747	5,700	-	10,447
Claims payable	-	254,230	1,261,263	1,515,493
Compensated absences	30,106	-	-	30,106
Due to other funds	59,322	-	1,600,000	1,659,322
Leases	73,832	-	-	73,832
Unearned revenue	-	-	20,800	20,800
Total current liabilities	<u>168,007</u>	<u>259,930</u>	<u>2,882,063</u>	<u>3,310,000</u>
Noncurrent liabilities:				
Claims payable	-	1,509,885	-	1,509,885
Compensated absences	13,673	-	-	13,673
Leases	154,060	-	-	154,060
Total non-current liabilities	<u>167,733</u>	<u>1,509,885</u>	<u>-</u>	<u>1,677,618</u>
Total liabilities	<u>335,740</u>	<u>1,769,815</u>	<u>2,882,063</u>	<u>4,987,618</u>
NET POSITION				
Net investment in capital assets	1,011,116	-	-	1,011,116
Unrestricted	572,871	(536,764)	(1,576,950)	(1,540,843)
Total net position	<u>\$ 1,583,987</u>	<u>\$ (536,764)</u>	<u>\$ (1,576,950)</u>	<u>\$ (529,727)</u>

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Data Processing Fund	Workers' Compensation Fund	Medical Self-Insurance Fund	Total
OPERATING REVENUES				
Charges for services	\$ 2,347,830	\$ 291,219	\$ 10,472,241	\$ 13,111,290
Other	-	-	720,941	720,941
Total operating revenues	<u>2,347,830</u>	<u>291,219</u>	<u>11,193,182</u>	<u>13,832,231</u>
OPERATING EXPENSES				
Wages and benefits	1,283,820	-	-	1,283,820
Repairs, maintenance and rentals	666,054	-	-	666,054
Utilities	22,045	-	-	22,045
Supplies and materials	1,368	-	-	1,368
General and administrative	145,915	225,887	1,787,890	2,159,692
Claims incurred	-	870,575	11,564,748	12,435,323
Depreciation	295,901	-	-	295,901
Total operating expenses	<u>2,415,103</u>	<u>1,096,462</u>	<u>13,352,638</u>	<u>16,864,203</u>
Operating loss	(67,273)	(805,243)	(2,159,456)	(3,031,972)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	18,556	54,795	11,135	84,486
Interest expense	(8,573)	-	-	(8,573)
Loss on disposal of capital assets	(32,394)	-	-	(32,394)
Total non-operating revenue (expenses)	<u>(22,411)</u>	<u>54,795</u>	<u>11,135</u>	<u>43,519</u>
Loss before transfers in	(89,684)	(750,448)	(2,148,321)	(2,988,453)
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>433,159</u>	<u>433,159</u>
Change in net position	(89,684)	(750,448)	(1,715,162)	(2,555,294)
Net position - beginning	<u>1,673,671</u>	<u>213,684</u>	<u>138,212</u>	<u>2,025,567</u>
Net position - ending	<u>\$ 1,583,987</u>	<u>\$ (536,764)</u>	<u>\$ (1,576,950)</u>	<u>\$ (529,727)</u>

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Data Processing Fund	Workers' Compensation Fund	Medical Self-Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for the following:				
Charges for services	\$ 2,347,830	\$ 291,219	\$ 10,265,246	\$ 12,904,295
Other operating revenues received	-	-	768,520	768,520
Cash paid for the following:				
Claims and administrative	-	(612,396)	(10,908,004)	(11,520,400)
Employee wages and benefits	(1,219,972)	-	-	(1,219,972)
Goods and services	(911,314)	-	-	(911,314)
Net cash provided by (used in) operating activities	<u>216,544</u>	<u>(321,177)</u>	<u>125,762</u>	<u>21,129</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund activities	-	-	433,159	433,159
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(125,685)	-	-	(125,685)
Principal paid on leases	(71,778)	-	-	(71,778)
Interest paid on leases	(8,573)	-	-	(8,573)
Net cash used in capital and related financial activities	<u>(206,036)</u>	<u>-</u>	<u>-</u>	<u>(206,036)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>18,556</u>	<u>54,795</u>	<u>11,135</u>	<u>84,486</u>
Net change in cash and cash equivalents	29,064	(266,382)	570,056	332,738
Cash and cash equivalents, beginning of year	466,863	1,499,433	333,739	2,300,035
Cash and cash equivalents, end of year	<u>\$ 495,927</u>	<u>\$ 1,233,051</u>	<u>\$ 903,795</u>	<u>\$ 2,632,773</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating loss	\$ (67,273)	\$ (805,243)	\$ (2,159,456)	\$ (3,031,972)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	295,901	-	-	295,901
Changes in assets and liabilities:				
Receivables	-	-	211,857	211,857
Prepaid expenses	3,055	-	-	3,055
Accounts payable	(2,168)	407,463	452,561	857,856
Accrued liabilities	(12,118)	-	-	(12,118)
Due from/to other funds	(853)	76,603	1,600,000	1,675,750
Unearned revenue	-	-	20,800	20,800
Net cash provided by (used in) operating activities	<u>\$ 216,544</u>	<u>\$ (321,177)</u>	<u>\$ 125,762</u>	<u>\$ 21,129</u>

FIDUCIARY FUNDS

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

PENSION TRUST FUNDS

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

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

OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

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

PRIVATE-PURPOSE TRUST FUNDS

To account for the activities of various restricted school awards.

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
AS OF JUNE 30, 2023

	Pension Trust Funds	OPEB Trust Fund	Total Pension & OPEB Trust Funds
ASSETS			
Cash and cash equivalents	\$ 67,605	\$ 1,764,527	\$ 1,832,132
Investments:			
Fixed insurance contracts	13,885,086	-	13,885,086
Variable insurance contracts	58,758,622	-	58,758,622
Common stock	1,307,449	587,714	1,895,163
Mutual funds	1,208,054	565,696	1,773,750
Total investments	75,159,211	1,153,410	76,312,621
Receivables	-	60,412	60,412
Total assets	75,226,816	2,978,349	78,205,165
LIABILITIES			
Payables	19,730	404,806	424,536
Unearned revenue	-	24,080	24,080
Total liabilities	19,730	428,886	448,616
NET POSITION			
Restricted for:			
Pensions	75,207,086	-	75,207,086
Other post-employment benefits	-	2,549,463	2,549,463
Total net position	\$ 75,207,086	\$ 2,549,463	\$ 77,756,549

TOWN OF VERNON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Pension Trust Funds	OPEB Trust Fund	Total Pension & OPEB Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 4,759,715	\$ 832,619	\$ 5,592,334
Employee	974,377	-	974,377
Retirees	-	369,595	369,595
State	-	111,476	111,476
Other	-	8,599	8,599
Total contributions	<u>5,734,092</u>	<u>1,322,289</u>	<u>7,056,381</u>
Investment earnings:			
Net investment income	(10,930,659)	179,283	(10,751,376)
Less investment expenses	<u>(342,034)</u>	<u>(13,548)</u>	<u>(355,582)</u>
Total investment earnings	<u>(11,272,693)</u>	<u>165,735</u>	<u>(11,106,958)</u>
Total additions	<u>(5,538,601)</u>	<u>1,488,024</u>	<u>(4,050,577)</u>
DEDUCTIONS			
Benefit payments	8,534,894	1,097,289	9,632,183
Refunds of contributions	47,091	-	47,091
Administrative expenses	<u>199,800</u>	<u>-</u>	<u>199,800</u>
Total deductions	<u>8,781,785</u>	<u>1,097,289</u>	<u>9,879,074</u>
Change in net position	(14,320,386)	390,735	(13,929,651)
Net position - beginning	<u>89,527,472</u>	<u>2,158,728</u>	<u>91,686,200</u>
Net position - ending	<u>\$ 75,207,086</u>	<u>\$ 2,549,463</u>	<u>\$ 77,756,549</u>

STATISTICAL SECTION

This part of the Town's annual comprehensive 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 annual comprehensive financial reports for the relevant year.

TABLE 1

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

	FISCAL YEARS ENDING JUNE 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net investment in capital assets	\$ 111,596,204	\$ 117,079,226	\$ 113,236,903	\$ 121,663,258	\$ 126,560,421	\$ 138,611,668	\$ 142,415,468	\$ 151,661,979	\$ 161,864,712	\$ 170,828,718
Restricted for:										
Endowments:										
Expendable	599,215	599,304	557,664	712,370	826,421	2,160,643	2,189,467	3,864,360	3,423,234	3,603,018
Nonexpendable	1,707,760	1,718,860	1,718,860	1,743,985	1,757,835	1,757,835	1,767,123	1,021,632	1,061,458	1,089,285
Grant programs	420,308	409,919	374,621	550,518	1,157,220	586,382	926,683	1,190,813	2,627,516	2,910,792
Sewer assessment	20,152	10,464	84	28	28	28	28	28	28	28
Cemeteries	186,559	129,428	94,237	74,513	82,682	114,345	229,991	237,940	296,134	320,978
Housing and community development	29,450	112,257	113,984	119,000	109,274	80,685	72,131	93,697	135,731	114,611
Education programs	108,553	324,395	434,575	557,736	515,604	560,368	701,268	619,059	620,695	1,076,606
Adult education	-	72,671	17,298	41,239	31,837	39,304	91,758	127,965	149,018	127,026
Pensions	-	-	-	-	-	-	-	-	-	75,585
Unrestricted	7,699,805	(38,202,259)	(30,420,414)	(35,404,457)	(39,520,431)	(39,476,684)	(34,218,656)	(27,277,032)	(21,287,153)	(15,485,488)
Total Net Position - Governmental Activities	122,368,006	82,254,265	86,127,812	90,058,190	91,520,891	104,434,574	114,175,261	131,540,441	148,891,373	164,661,159
Business-Type Activities:										
Net investment in capital assets	10,719,298	10,294,619	9,804,653	9,567,003	9,231,706	8,870,382	8,636,882	8,091,616	7,634,195	7,189,136
Unrestricted	9,203,267	7,490,120	8,543,715	9,403,122	9,144,495	9,102,031	9,211,833	10,560,470	11,150,902	10,179,636
Total Net Position - Business-Type Activities	19,922,565	17,784,739	18,348,368	18,970,125	18,376,201	17,972,413	17,848,715	18,652,086	18,785,097	17,368,772
Primary Government:										
Net investment in capital assets	122,315,502	127,373,845	123,041,556	131,230,261	135,792,127	147,482,050	151,052,350	159,753,595	169,498,907	178,017,854
Restricted for:										
Endowments:										
Expendable	599,215	599,304	557,664	712,370	826,421	2,160,643	2,189,467	3,864,360	3,423,234	3,603,018
Nonexpendable	1,707,760	1,718,860	1,718,860	1,743,985	1,757,835	1,757,835	1,767,123	1,021,632	1,061,458	1,089,285
Grant programs	420,308	409,919	374,621	550,518	1,157,220	586,382	926,683	1,190,813	2,627,516	2,910,792
Sewer assessment	20,152	10,464	84	28	28	28	28	28	28	28
Cemeteries	186,559	129,428	94,237	74,513	82,682	114,345	229,991	237,940	296,134	320,978
Housing and community development	29,450	112,257	113,984	119,000	109,274	80,685	72,131	93,697	135,731	114,611
Education programs	108,553	324,395	434,575	557,736	515,604	560,368	701,268	619,059	620,695	1,076,606
Adult education	-	72,671	17,298	41,239	31,837	39,304	91,758	127,965	149,018	127,026
Pensions	-	-	-	-	-	-	-	-	-	75,585
Unrestricted	16,903,072	(30,712,139)	(21,876,699)	(26,001,335)	(30,375,936)	(30,374,653)	(25,006,823)	(16,716,562)	(10,136,251)	(5,305,852)
Total Net Position - Primary Government	\$ 142,290,571	\$ 100,039,004	\$ 104,476,180	\$ 109,028,315	\$ 109,897,092	\$ 122,406,987	\$ 132,023,976	\$ 150,192,527	\$ 167,676,470	\$ 182,029,931

TABLE 2

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

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Expenses:										
General government	\$ 5,497,317	\$ 5,673,665	\$ 6,397,451	\$ 6,076,452	\$ 5,726,965	\$ 5,923,426	\$ 5,528,254	\$ 5,385,975	\$ 5,055,728	\$ 5,822,903
Community development	605,573	548,397	603,740	497,261	516,403	434,475	584,946	489,383	619,484	742,884
Public safety	12,686,921	14,215,899	14,550,637	14,975,891	14,218,806	14,959,888	13,623,628	14,812,824	14,514,798	15,438,593
Maintenance and development	11,401,777	10,116,217	11,025,727	15,085,714	12,373,159	11,444,665	11,196,472	10,863,706	10,251,255	11,465,591
Human services	1,300,698	1,391,161	1,296,978	1,469,554	1,321,334	1,602,732	1,592,119	1,585,115	1,767,622	1,904,676
Parks, recreation and culture	2,552,523	2,661,919	2,614,666	3,182,850	3,226,817	4,371,420	3,202,174	3,156,729	3,351,855	3,917,819
Education	65,638,249	66,522,642	67,270,471	68,502,574	75,318,075	67,833,325	76,052,699	82,874,311	73,688,537	86,282,338
Interest on long-term debt	1,348,996	1,403,135	1,792,161	1,426,711	1,563,477	1,535,696	1,380,973	1,526,117	1,031,353	1,132,933
Total expenses	<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>	<u>110,280,632</u>	<u>126,707,737</u>
Program Revenues:										
Charges for services:										
General government	1,118,278	1,425,021	1,775,305	1,250,953	1,464,231	1,611,470	1,532,052	1,698,209	1,388,302	967,670
Community development	10,183	8,812	11,472	94,311	45,406	92,146	57,948	69,930	23,845	68,565
Public safety	1,291,753	1,204,428	1,496,729	2,053,102	2,377,758	1,770,204	2,148,576	2,220,293	2,312,550	2,803,576
Maintenance and development	469,094	556,001	525,845	528,937	726,735	235,363	699,900	564,682	2,223,055	1,369,005
Human services	-	-	-	79,352	123,453	153,985	118,762	159,616	40,955	41,663
Parks, recreation and culture	804,255	861,914	899,878	919,706	953,588	960,507	684,927	467,198	722,003	580,891
Education	1,060,476	1,045,766	1,256,755	1,166,626	1,238,827	1,086,993	989,881	912,125	1,021,509	1,201,803
Operating grants and contributions	31,446,928	32,660,452	33,703,632	35,384,900	38,647,706	30,416,836	37,558,104	46,902,203	37,072,367	46,253,273
Capital grants and contributions	4,390,500	2,637,723	2,103,224	3,750,012	2,950,461	4,230,984	3,791,048	8,839,898	6,626,999	5,946,265
Total program revenues	<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>	<u>51,431,585</u>	<u>59,232,711</u>
Net Program Expense	(60,440,587)	(62,132,918)	(63,778,991)	(65,989,108)	(65,736,871)	(67,547,139)	(65,580,067)	(58,860,006)	(58,849,047)	(67,475,026)
General revenues:										
Property taxes	62,672,181	64,166,823	66,111,585	68,129,637	70,636,382	73,175,891	73,840,194	73,792,051	75,181,322	75,974,008
Grants and contributions not restricted to specific programs	1,157,706	1,054,078	898,432	1,532,993	905,765	1,124,707	794,291	787,539	900,578	3,154,300
Investment income	146,202	37,394	(3,363)	256,856	245,173	578,316	685,870	1,002,207	71,991	2,220,939
Miscellaneous	700,385	830,872	635,159	-	-	-	-	-	-	-
Contributions to permanent funds	10,825	11,100	10,725	-	-	-	-	-	-	-
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	399	133,585	46,088	1,895,565
Total general revenues	<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>	<u>76,199,979</u>	<u>83,244,812</u>
Special item - transfer of library operations	-	-	-	-	-	5,581,908	-	-	-	-
Total Change in Net Position	4,246,712	3,967,349	3,873,547	3,930,378	6,050,449	12,913,683	9,740,687	16,855,376	17,350,932	15,769,786
Net Position July 1 (as restated)	<u>118,121,294</u>	<u>78,286,916</u>	<u>a 82,254,265</u>	<u>86,127,812</u>	<u>85,470,442</u>	<u>b 91,520,891</u>	<u>104,434,574</u>	<u>114,685,065</u>	<u>131,540,441</u>	<u>148,891,373</u>
Net Position June 30	<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>	<u>\$ 148,891,373</u>	<u>\$ 164,661,159</u>

(Continued)

TABLE 2 (Continued)

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-Type Activities:										
Expenses:										
Sewer	\$ 5,370,748	\$ 4,614,237	\$ 5,240,935	\$ 5,657,815	\$ 6,428,958	\$ 6,065,710	\$ 5,348,785	\$ 5,256,429	\$ 5,790,399	\$ 6,084,791
Building rental	217,673	196,324	204,593	205,667	211,897	180,436	180,763	213,810	290,260	246,248
Total expenses	5,588,421	4,810,561	5,445,528	5,863,482	6,640,855	6,246,146	5,529,548	5,470,239	6,080,659	6,331,039
Revenues:										
Charges for services:										
Sewer use	5,985,632	5,698,447	5,818,367	5,989,522	5,967,655	5,378,154	5,069,546	6,133,359	6,102,624	6,076,487
Building rental	168,848	167,117	166,831	165,721	165,721	166,354	146,457	113,475	52,866	133,781
Operating grants and contributions	-	-	-	17,209	7,948	-	41,468	146,362	65,690	22,027
Capital grants and contributions	-	6,248	360	292,493	67,470	132,186	9,020	3,576	-	-
Total revenues	6,154,480	5,871,812	5,985,558	6,464,945	6,208,794	5,676,694	5,266,491	6,396,772	6,221,180	6,232,295
Net Program (Expenses) Revenues	566,059	1,061,251	540,030	601,463	(432,061)	(569,452)	(263,057)	926,533	140,521	(98,744)
General revenues:										
Investment income	277	1,181	9,800	20,294	45,650	165,664	139,758	10,423	38,578	577,984
Miscellaneous	9,812	17,784	13,799	-	-	-	-	-	-	-
Capital contributions	1,113,749	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(399)	(133,585)	(46,088)	(1,895,565)
Total general revenues	1,123,838	18,965	23,599	20,294	45,650	165,664	139,359	(123,162)	(7,510)	(1,317,581)
Total Change in Net Position	1,689,897	1,080,216	563,629	621,757	(386,411)	(403,788)	(123,698)	803,371	133,011	(1,416,325)
Net Position July 1 (as restated)	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	\$ 18,652,086	\$ 18,785,097
Net Position, June 30	\$ 19,922,565	\$ 17,784,739	\$ 18,348,368	\$ 18,970,125	\$ 18,376,201	\$ 17,972,413	\$ 17,848,715	\$ 18,652,086	\$ 18,785,097	\$ 17,368,772
Total Change in Net Position	5,936,609	5,047,565	4,437,176	4,552,135	5,664,038	12,509,895	9,616,989	17,658,747	17,483,943	14,353,461
Net Position, July 1 (as restated)	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	\$ 150,192,527	\$ 167,676,470
Net Position, June 30	\$ 142,290,571	\$ 100,039,004	\$ 104,476,180	\$ 109,028,315	\$ 109,897,092	\$ 122,406,987	\$ 132,023,976	\$ 150,192,527	\$ 167,676,470	\$ 182,029,931

(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*.

TABLE 3

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

Fund Balances - Governmental Funds	FISCAL YEAR END									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 957,770	\$ 1,464,018	\$ 1,448,917	\$ 1,925,692	\$ 2,258,353	\$ 3,254,535	\$ 544,767	\$ 1,507,631	\$ 1,829,058	\$ 2,458,673
Assigned	1,540,633	2,003,342	2,729,466	3,201,676	2,149,417	1,319,062	997,702	1,028,176	1,033,967	4,412,440
Unassigned	10,184,939	10,817,427	12,781,873	14,080,738	16,945,977	19,297,219	21,018,091	22,117,292	24,051,239	23,330,405
Total General Fund	<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>	<u>26,914,264</u>	<u>30,201,518</u>
All Other Governmental Funds:										
Nonspendable	1,736,239	1,749,521	1,740,472	1,775,492	1,787,893	1,789,907	1,814,909	1,048,544	1,082,616	1,131,245
Restricted	1,364,237	1,658,438	1,570,851	2,169,261	2,723,066	3,541,755	4,211,326	7,733,806	8,855,218	9,816,650
Committed	6,590,021	6,472,283	7,899,613	6,271,373	7,846,724	9,253,805	14,320,219	15,521,656	15,194,600	16,463,574
Assigned	180,000	180,000	180,000	-	-	-	-	-	-	-
Unassigned	(2,593,688)	(7,752,478)	(929,811)	(2,073,076)	(3,426,711)	(5,746,935)	(13,895,318)	(2,081,317)	(12,420,345)	(16,480,376)
Total Fund Balance - All Other Governmental Funds	<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>	<u>12,712,089</u>	<u>10,931,093</u>
Total Governmental Funds:										
Nonspendable	2,694,009	3,213,539	3,189,389	3,701,184	4,046,246	5,044,442	2,359,676	2,556,175	2,911,674	3,589,918
Restricted	1,364,237	1,658,438	1,570,851	2,169,261	2,723,066	3,541,755	4,211,326	7,733,806	8,855,218	9,816,650
Committed	6,590,021	6,472,283	7,899,613	6,271,373	7,846,724	9,253,805	14,320,219	15,521,656	15,194,600	16,463,574
Assigned	1,720,633	2,183,342	2,909,466	3,201,676	2,149,417	1,319,062	997,702	1,028,176	1,033,967	4,412,440
Unassigned	7,591,251	3,064,949	11,852,062	12,007,662	13,519,266	13,550,284	7,122,773	20,035,975	11,630,894	6,850,029
Total Fund Balances - Governmental Funds	<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>	<u>\$ 39,626,353</u>	<u>\$ 41,132,611</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property taxes	\$ 62,683,962	\$ 64,116,182	\$ 66,502,928	\$ 67,962,636	\$ 70,116,452	\$ 72,973,560	\$ 73,224,601	\$ 73,746,671	\$ 75,671,550	\$ 75,547,001
Intergovernmental	36,692,587	36,041,125	36,498,965	39,922,904	37,434,993	39,545,066	39,089,234	45,949,933	46,040,227	51,448,815
Assessments	8,735	10,380	22,472	-	-	-	-	8,235	19,285	1,735,426
Charges for services	4,551,193	4,984,511	5,832,562	5,329,923	5,732,282	4,760,625	4,418,926	5,163,580	5,784,654	5,501,357
Gifts and contributions	534,642	650,683	553,044	190,596	424,619	193,065	656,589	715,780	1,078,307	1,068,084
Income on investments	146,145	40,012	73,098	92,952	151,891	595,345	605,100	97,855	185,359	2,350,679
Net change in fair value of investments	-	(2,618)	(76,461)	163,904	93,282	163,779	80,770	904,352	(426,460)	143,606
Other	691,650	820,492	978,613	1,415,424	1,127,797	1,228,332	1,101,603	1,045,401	371,046	629,542
Total Revenues	105,308,914	106,660,767	110,385,221	115,078,339	115,081,316	119,459,772	119,185,058	127,642,857	130,440,109	137,621,361
Expenditures:										
General government	3,434,887	3,597,134	3,700,966	3,651,238	3,863,391	3,962,666	3,880,593	4,040,240	4,145,621	4,441,894
Community development	491,759	440,127	468,123	352,377	391,321	330,991	407,327	398,494	549,484	676,934
Public safety	8,992,975	9,512,816	9,738,400	9,655,144	9,356,730	9,966,761	9,635,186	10,992,897	10,238,311	10,715,385
Maintenance and development	5,855,039	6,302,123	6,732,520	8,688,681	6,716,745	6,579,966	5,776,891	6,142,305	6,583,795	7,063,141
Human services	1,021,879	1,061,248	1,037,486	1,028,732	1,014,647	1,226,745	1,210,771	1,155,972	1,403,892	1,588,352
Parks, recreation and culture	2,258,749	2,163,123	2,256,867	2,351,919	2,564,368	2,680,213	2,406,302	2,102,638	2,489,125	3,203,993
Townwide	7,107,547	7,469,937	7,933,163	8,017,224	8,391,849	8,734,918	8,575,319	8,460,577	7,974,075	8,070,358
Education	64,217,906	65,031,245	65,260,728	66,060,717	68,175,233	69,071,615	69,909,939	71,913,779	74,821,694	79,446,752
Capital outlay	3,753,735	8,742,077	8,849,041	11,945,063	11,640,667	11,622,392	14,833,878	30,198,885	21,877,880	14,659,826
Debt service:										
Principal	4,408,742	4,356,238	4,649,173	4,394,641	4,074,861	4,533,483	4,787,587	4,835,150	6,024,480	6,114,219
Interest	1,397,144	1,352,299	1,499,107	1,458,645	1,527,426	1,572,249	1,455,093	1,156,521	2,253,450	1,596,655
Total Expenditures	102,940,362	110,028,367	112,125,574	117,604,381	117,717,238	120,281,999	122,878,886	141,397,458	138,361,807	137,577,509
Excess of Revenues over Expenditures	2,368,552	(3,367,600)	(1,740,353)	(2,526,042)	(2,635,922)	(822,227)	(3,693,828)	(13,754,601)	(7,921,698)	43,852
Other Financing Sources (Uses):										
Refunding bonds issued	-	-	-	-	-	-	-	19,160,000	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(21,315,043)	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	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)	-	-	-	-
Payment of interim funding obligation	-	-	-	-	-	-	-	-	(25,156,923)	-
Loan issued	-	-	-	-	-	-	-	-	25,783,098	-
Interim funding obligation	-	-	-	-	-	-	-	25,156,923	-	-
Transfer of library operations	-	-	-	-	-	1,184,443	-	-	-	-
Lease purchase of equipment	-	-	-	-	-	-	-	-	-	-
Transfers in	2,484,435	2,350,227	3,096,890	3,131,792	4,289,556	3,633,557	8,284,324	5,395,166	4,173,999	6,240,962
Transfers out	(2,484,435)	(2,350,227)	(3,096,890)	(3,131,792)	(4,289,556)	(3,633,557)	(8,288,147)	(5,261,581)	(4,127,911)	(4,778,556)
Net Other Financing Sources (Uses)	-	-	12,569,183	2,455,817	5,569,485	3,246,856	(3,823)	31,108,889	672,263	1,462,406
Net Change in Fund Balances	\$ 2,368,552	\$ (3,367,600)	\$ 10,828,830	\$ (70,225)	\$ 2,933,563	\$ 2,424,629	\$ (3,697,651)	\$ 17,354,288	\$ (7,249,435)	\$ 1,506,258
Debt Service as a percentage of noncapital expenditures	5.81%	5.66%	6.00%	5.56%	5.31%	5.74%	5.70%	5.45%	6.78%	6.24%
Debt Service as a percentage of total expenditures	5.64%	5.19%	5.48%	4.98%	4.76%	5.08%	5.08%	4.24%	5.98%	5.60%

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

TABLE 5

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

Fiscal Year Ended June 30,	Grand List as of 10/1	Real Property				(3) Personal Property	(3) Motor Vehicles*	Total Assessed Value of All Property	Less Exemptions	Net Assessed Value (Net Taxable Grand List)	(4) Total Direct Tax Rate (Mill Rate)****	Estimated Actual Value All Property	Ratio of Assessed Value to Estimated Actual Value
		(1) Residential	(1) Commercial/ Industrial	(1) Vacant / Use Assess.	(2) Total								
2023	2021 ***	\$ 1,301,112	\$ 577,945	\$ 10,981	\$ 1,890,038	\$ 101,223	\$ 253,924	\$ 2,245,185	\$ 168,850	\$ 2,076,335	39.63	\$ 4,107,342	54.66%
2022	2020	1,091,853	480,262	10,037	1,582,152	96,809	201,155	1,880,116	17,883	1,862,233	39.63	3,251,370	57.83%
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%

* 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, 2023 AND JUNE 30, 2014
(UNAUDITED)

Taxpayer	Fiscal Years Ended June 30,					
	2023			2014		
	Taxable Assessed Value (10/01/21 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/12 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)
Chapman and Mansions LLC	\$ 85,706,930	1	3.85%	\$ 50,626,080	1	2.92%
Evandro Santini & Woodbrook LLC	61,764,040	2	2.77%	22,644,710	3	1.31%
Talcotville Development	43,908,480	3	1.97%			
Tri City Improvements, LLC	26,267,920	3	1.18%	26,622,490	2	1.53%
Connecticut Water Company	25,982,269	5	1.17%	14,505,470	5	0.84%
Eversource	23,727,770	6	1.06%	17,752,830	4	1.02%
Prospect Rockville Hospital / ECHN	17,755,580	7	0.80%			
CE Vernon II, LLC	17,236,370	8	0.77%	13,055,000	6	0.75%
Boston Rockville / Boston Vernon	10,722,790	9	0.48%	8,592,200	8	0.50%
Briar Knoll Apartments	9,114,990	10	0.41%			
Chapman Acres, LLC				9,057,580	7	0.52%
Kerensky, Schneider (Risley Trust)				3,129,020	10	0.18%
Parkwest Residents Association				4,950,190	9	0.29%
Total Top 10 Taxpayers	\$ 322,187,139		14.46%	\$ 170,935,570		9.86%
* Based on 10/1 Net Taxable Grand List of:	\$ 2,228,335,243			\$ 1,734,380,865		

Source: Town of Vernon, Tax Assessor's Department

TABLE 7

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

Fiscal Year Ended June 30,	Grand List Oct 1,	Current Year Levy			Current Levy Collected within the Fiscal Year of the Levy		Collections of Current Levy Subsequent Years	Total Levy Collections to Date			Uncollected Collectible Taxes June 30, 2023
		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	
2023	2021	\$ 75,111,173	\$ 359,774	\$ 75,470,947	\$ 74,164,431	98.7%	\$ -	\$ 74,164,431	98.7%	98.3%	\$ 1,306,516
2022	2020	74,950,199	(194,810)	74,755,389	73,746,042	98.4%	524,276	74,270,318	99.1%	99.4%	485,071
2021	2019	73,729,237	(329,752)	73,399,485	72,437,785	98.2%	825,915	73,263,700	99.4%	99.8%	135,785
2020	2018	73,535,721	(309,454)	73,226,267	72,139,857	98.1%	995,808	73,135,665	99.5%	99.9%	90,602
2019	2017	72,976,496	(405,281)	72,571,215	71,718,449	98.3%	806,297	72,524,746	99.4%	99.9%	46,469
2018	2016	69,992,863	321,218	70,314,081	69,399,587	99.2%	877,678	70,277,265	100.4%	99.9%	36,816
2017	2015	67,980,089	(308,079)	67,672,010	66,936,857	98.5%	704,074	67,640,931	99.5%	100.0%	31,079
2016	2014	65,976,102	(319,578)	65,656,524	65,021,214	98.6%	608,698	65,629,912	99.5%	100.0%	26,612
2015	2013	64,211,229	(275,598)	63,935,631	63,158,074	98.4%	754,080	63,912,154	99.5%	100.0%	23,477
2014	2012	62,079,457	3,853	62,083,310	61,327,304	98.8%	739,218	62,066,522	100.0%	100.0%	16,788

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

Source of Data:

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

TABLE 8

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

Fiscal Year Ended June 30,	Governmental Activities							Total Primary Government	Estimated Actual Value of Property (in thousands of \$) (2)	Total Debt as a % of Estimated Actual Value of Property	Population (3)	Total Debt Per Capita	Per Capita Personal Income (4)	Total Debt as a % of Per Capita Personal Income	Personal Income as a % of Total Debt
	General Obligation Bonds				Unamortized Bond Premiums	Loans and Interim Funding Obligations (5)	Financed Purchases and Leases								
	General Purpose	School	Sewer	Total											
2023	\$ 21,311,000	\$ 6,039,000	\$ 175,000	\$ 27,525,000	\$ 1,727,148	\$ 23,311,843	\$ 227,892	\$ 52,791,883	\$ 3,193,177	1.65%	30,625	\$ 1,724	n/a	n/a	n/a
2022	24,141,000	7,847,000	227,000	32,215,000	2,427,986	24,600,998	299,670	59,543,654	3,251,370	1.83%	30,326	1,963	61,498	3.73%	0.90%
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	60,304	3.59%	0.90%
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	2.22%	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%

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 and 2021/22 population estimates which were provided by the U.S. Census Bureau.

(4) Per capita income is for Tolland County, of which Vernon is part of. Per capita income for fiscal year-end 2023 is not available

(5) Excludes short-term debt presented as a governmental fund liability.

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 Bond Premiums	Other General Obligation Debt				Total Net General Obligation Debt	Net General Obligation Debt as a % of Estimated Actual Value of Property (2)	Net General Obligation Debt Per Capita (3)
			Loans and Interim Funding Obligations	Less Funds Provided by Surrounding Municipalities	Financed Purchases and Leases	Total Net Other General Debt			
2023	\$ 27,525,000	\$ 1,727,148	\$ 23,311,843	\$ (6,981,897)	\$ 227,892	\$ 18,284,986	\$ 45,809,986	1.12%	\$ 1,496
2022	32,215,000	2,427,986	24,600,998	(7,367,999)	299,670	19,960,655	52,175,655	1.60%	1,720
2021	36,765,000	3,289,435	25,156,923	(7,534,498)	157,691	21,069,551	57,834,551	2.03%	1,914
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

(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, 2023
(UNAUDITED)

Fiscal year End	Debt Outstanding *	Estimated Percentage Applicable	Estimated Share of Overlapping Debt	Town Direct Debt	Total Direct and Overlapping Debt
2023	\$ 1,620,766	100%	\$ 1,620,766	\$ 52,791,883	\$ 54,412,649
2022	1,755,830	100%	1,755,830	59,543,654	61,299,484
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)

	2014	2015	2016	2017	2018
Debt limit	\$ 437,941,686	\$ 449,852,739	\$ 464,838,675	\$ 477,242,262	\$ 492,664,200
Total net debt applicable to limit	76,292,782	70,000,325	68,645,611	71,058,289	70,458,225
Legal Debt Margin	<u>\$ 361,648,904</u>	<u>\$ 379,852,414</u>	<u>\$ 396,193,064</u>	<u>\$ 406,183,973</u>	<u>\$ 422,205,975</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>17.42%</u>	<u>15.56%</u>	<u>14.77%</u>	<u>14.89%</u>	<u>14.30%</u>
	2019	2020	2021	2022	2023
Debt limit	\$ 510,970,460	\$ 512,720,481	\$ 516,380,032	\$ 529,836,902	\$ 528,812,095
Total net debt applicable to limit	148,800,161	144,066,740	102,788,688	95,549,588	89,435,369
Legal Debt Margin	<u>\$ 362,170,299</u>	<u>\$ 368,653,741</u>	<u>\$ 413,591,344</u>	<u>\$ 434,287,314</u>	<u>\$ 439,376,726</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>29.12%</u>	<u>28.10%</u>	<u>19.91%</u>	<u>18.03%</u>	<u>16.91%</u>

Source: Town of Vernon, Finance Department

TABLE 12

TOWN OF VERNON, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC DATA
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Population	(1) Median Age	(2) Personal Income (in thousands of dollars)	(2) Per Capita Personal Income	School Enrollment	Annual Change in School Enrollment	Unemployment Rate (June 30,)	Labor Force (June 30,)
2023	30,625	n/a	n/a	n/a	3,123	-43	3.3%	17,435
2022	30,326	39.2	9,618,519	61,498	3,166	138	3.9%	17,801
2021	30,215	37.8	9,405,669	60,304	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

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, 2023 AND JUNE 30, 2014
(UNAUDITED)

Major Employer	2023			2014		
	Number Employed	Rank	Percentage of Total Town Employment	Number Employed	Rank	Percentage of Total Town Employment
Town of Vernon	834	1	4.8%	854	1	5.1%
Rockville General Hospital	389	2	2.2%	610	2	3.6%
Visiting Nurse and Health Services	326	3	1.9%	390	4	2.3%
Stop & Shop	252	4	1.4%	240	6	1.4%
Vernon Manor	186	5	1.1%			
Shop Rite	169	6	1.0%			
T. J. Maxx & Home Goods	168	7	1.0%			
Fox Hill Nursing and Rehabilitation	157	8	0.9%	160	10	1.0%
State of Connecticut	150	9	0.9%	170	8	1.0%
Rein's Delicatessen	132	10	0.8%	185	7	1.1%
Price Chopper				270	5	1.6%
New England Mechanical Services				430	3	2.6%
Shaw's Supermarket				170	9	1.0%
Total	<u>2,763</u>		<u>15.8%</u>	<u>3,479</u>		<u>20.7%</u>
Labor Force			<u>17,435</u>			<u>16,822</u>

Source: Town of Vernon Economic Development Department

TABLE 14

TOWN OF VERNON, CONNECTICUT
MUNICIPAL EMPLOYMENT, BY BARGAINING UNIT
JUNE 30, 2023
(UNAUDITED)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Municipal Employment										
Board of Education	615	612	587	598	597	580	629	615	622	640
General Government	219	222	218	220	219	212	212	209	208	206
Total	<u>834</u>	<u>834</u>	<u>805</u>	<u>818</u>	<u>816</u>	<u>792</u>	<u>841</u>	<u>824</u>	<u>830</u>	<u>846</u>

	Bargaining Unit	Employees Covered at 6/30/2023	Current Contract Expiration Date
Board of Education			
Clerical / Custodial / Maintenance	Local 1303, AFSCME, AFL-CIO	65	6/30/26
Teachers	Vernon Education Association	333	6/30/25
School Administrators	Vernon School Administrators Association	19	6/30/25
School Nurses	Vernon School Nurses' Association	8	6/30/27
Cafeteria	United Food & Commercial Workers, Local 919, AFL-CIO	26	6/30/26
Plant Operation Supervisors	Local 818, Council #4, Supervisors	2	6/30/26
Service Aids & Teacher Assistants	Vernon Federation of Paraprofessionals	111	6/30/27
Librarians / Media Managers / Assistants	Local 1303-279, AFSCME, AFL-CIO	8	6/30/27
Non-Bargaining Employees	Not affiliated - salaried	43	n/a
	Total Board of Education	<u>615</u>	
General Government			
Police officers	Vernon Police Association	50	6/30/26
Public Works/ Parks / Water Pollution	Local 1471, AFSCME, AFL-CIO	58	6/30/25
Public Works Supervisors	Local 818, AFSCME, AFL-CIO	5	6/30/24
Civilian Police Department Employees	Local 47, Connecticut Independent Laborers Union	14	6/30/26
Professionals	Local 818 Professionals, AFSCME, AFL-CIO	22	6/30/25
Professional Supervisors	Local 818 Professionals, AFSCME, AFL-CIO	9	6/30/25
Waste Treatment Plant Supervisors	Local 818, AFSCME, AFL-CIO	3	6/30/27
Non-Bargaining Employees	Not affiliated	58	n/a
	Total General Government	<u>219</u>	

Source of data:

Board of Education, Business Office.

General Government, Town Administration.

TABLE 15

TOWN OF VERNON, CONNECTICUT
MUNICIPAL FULL-TIME EMPLOYMENT BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Function / Program	Full-time Employment Positions - Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
Administrative	9	9	9	9	8	7	7	7	7	7
Finance	12	13	13	14	14	14	14	14	14	14
Town Clerk	4	4	3	3	3	3	3	3	3	3
Data processing	12	13	12	12	12	12	12	11	11	10
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	67	64	64	64	64	64	64	64	64	64
Fire / Ambulance	4	3	3	3	3	3	3	2	2	2
Building	5	5	5	6	6	7	7	7	6	5
Animal Control	2	2	2	2	2	2	2	2	2	2
Maintenance and development:										
Public Works	44	49	48	48	48	46	46	46	47	47
Engineering	3	3	3	3	3	4	4	4	4	4
Water Pollution Control	22	22	22	23	23	22	22	22	22	22
Human Services:										
Youth Services	3	3	3	3	3	3	4	3	3	3
Social Services	4	4	4	4	4	4	4	4	4	4
Senior Center	4	4	4	4	4	4	3	3	3	3
Parks and Recreation:										
Administration	5	5	5	5	5	5	5	5	5	5
Parks Maintenance	8	8	7	7	7	7	7	7	6	6
Library	6	6	6	5	5					
Townwide:										
Cemeteries	2	2	2	2	2	2	2	2	2	2
Subtotal Town Hall employees	219	222	218	220	219	212	212	209	208	206
Education	615	612	587	598	597	580	629	615	622	640
Total Full-Time Employees	834	834	805	818	816	792	841	824	830	846

Source: Vernon Finance Department and Vernon School Business Office.

TABLE 16

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

Function/Program	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Community Development										
Planning Administration:										
Number of Inland Wetland applications	8	8	8	5	8	8	7	10	9	7
Number of Planning/Zoning applications (both indicators based on calendar year)	17	16	17	15	14	22	20	17	14	22
Public Safety										
Police:										
Number of crimes	442	417	367	273	309	328	271	334	103	277
Number of motor vehicle infractions	813	175	578	753	749	1,463	949	789	1,010	678
Number of citations	2,483	1,970	1,977	3,475	3,094	5,231	4,070	3,304	3,517	3,465
Number of service calls (all indicators based on calendar year)	16,592	17,609	32,450	20,127	19,379	19,753	20,461	19,027	18,689	18,448
Building Inspection:										
Building permits issued	2,103	1,892	2,212	1,395	1,566	1,798	2,202	2,400	2,130	1,938
Building inspections conducted	3,635	3,494	3,564	2,925	2,368	3,150	2,661	4,812	5,514	7,596
Maintenance and Development										
General Maintenance:										
Miles of streets paved / reconstructed	2.71	1.51	2.92	14.10	13.38	10.06	18.02	14.94	15.30	10.21
Refuse Collection and Disposal:										
Tons of Municipal Solid Waste collected	7,733	8,810	8,805	7,700	7,441	7,339	7,152	7,188	7,159	7,178
Tons of Bulky Waste received	1,163	1,440	1,720	1,885	1,912	1,564	1,491	1,541	1,362	1,463
Recycling:										
Tons of Recyclables collected	1,649	2,321	2,162	2,313	2,305	2,433	2,490	2,566	2,462	2,528
Tons of Waste Motor Oil received	11.8	1.4	7.7	7.0	5.8	3.5	5.2	3.5	4.4	3.5
Tons of Metal received	129	172	182	266	233	199	215	158	159	162
Tons of Electronics received	39.7	42.7	54.5	78.8	73.8	68.8	71.2	73.0	72.0	74.8
Parks and Recreation										
Recreation programs:										
Number of programs offered (1)	82	73	57	72	107	104	100	108	112	108
Number of summer camp participants (1)	1,502	1,428	1,069	0	2,876	2,321	2,669	2,756	2,696	2,618
Townwide										
Vernon Cemeteries:										
Number of cemetery lots sold	56	41	47	41	30	31	32	27	37	31
Number of burials / cremations	88	86	101	56	83	76	60	72	81	72
Water Pollution Control Facility:										
Average daily sewage treatment (thousands of gallons)	4,063	4,758	3,494	4,168	4,093	3,490	2,840	2,890	3,160	3,210

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.

TABLE 17

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

FUNCTION/PROGRAM	FISCAL YEAR ENDED JUNE 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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	154	166	162	163	170	180	183	168	166	166
Maintenance and Development:										
Miles of improved roads	113.68	113.68	113.68	113.48	113.48	113.03	113.00	113.00	112.78	112.78
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	122.3	122.3	122.2	122.2	122.0	120.0	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	29	29	28	26	26	26	26	26	26
Acres of park land	681.82	681.82	681.82	591.42	582.52	582.52	582.52	582.52	582.52	582.52
Number of pools	1	1	1	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 annual comprehensive financial report presents additional detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

TABLE 18

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

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Assets										
Cash and cash equivalents	\$ 24,318,904	\$ 31,710,535	\$ 31,071,431	\$ 22,893,309	\$ 20,970,663	\$ 24,300,526	\$ 15,394,454	\$ 13,861,671	\$ 12,656,001	\$ 12,682,587
Investments	10,048,094	-	-	-	-	-	-	-	-	-
Receivables:										
Property taxes	2,137,204	1,811,387	2,129,281	2,166,369	1,685,060	1,557,421	1,285,423	1,491,096	1,736,071	1,819,045
Grants and other	126,536	279,505	383,365	195,949	103,493	174,675	45,696	69,493	202,558	103,857
Due from other funds	4,686,037	2,699,322	2,986,555	5,579,743	10,593,644	6,242,797	5,309,418	5,417,912	8,326,930	3,359,413
Prepaid items	525,500	294,083	543,850	544,767	587,300	558,850	595,917	-	-	-
Advance from other funds	1,933,173	1,534,975	1,024,235	-	-	-	-	-	129,500	-
Total Assets	\$ 43,775,448	\$ 38,329,807	\$ 38,138,717	\$ 31,380,137	\$ 33,940,160	\$ 32,834,269	\$ 22,630,908	\$ 20,840,172	\$ 23,051,060	\$ 17,964,902
Liabilities										
Accounts payable	\$ 1,723,067	\$ 1,200,053	\$ 1,317,921	\$ 1,131,710	\$ 1,050,129	\$ 1,258,498	\$ 958,331	\$ 1,054,590	\$ 1,129,926	\$ 1,243,216
Accrued wages and benefits	3,691,259	3,675,825	529,103	459,313	325,684	407,607	341,339	672,962	525,010	438,418
Due to other funds	3,081,504	2,544,182	2,612,176	462,877	467,822	795,529	767,767	667,277	501,580	234,446
Unearned revenue	337,016	347,319	335,315	319,815	316,176	362,618	306,216	319,882	301,386	293,879
Total Liabilities	8,832,846	7,767,379	4,794,515	2,373,715	2,159,811	2,824,252	2,373,653	2,714,711	2,457,902	2,209,959
Deferred Inflows of Resources										
Advanced tax collections	2,603,880	1,836,777	6,561,822	4,279,493	6,224,473	7,098,849	5,319	-	4,800,790	1,629,621
Unavailable revenues	2,137,204	1,811,387	2,129,281	2,166,369	1,685,060	1,557,421	1,043,830	1,165,205	1,507,581	1,441,980
Total Deferred Inflows of Resources	4,741,084	3,648,164	8,691,103	6,445,862	7,909,533	8,656,270	1,049,149	1,165,205	6,308,371	3,071,601
Fund Equity										
Nonspendable	2,458,673	1,829,058	1,507,631	544,767	3,254,535	2,258,353	1,925,692	1,448,917	1,464,018	957,770
Assigned	4,412,440	1,033,967	1,028,176	997,702	1,319,062	2,149,417	3,201,676	2,729,466	2,003,342	1,540,633
Unassigned	23,330,405	24,051,239	22,117,292	21,018,091	19,297,219	16,945,977	14,080,738	12,781,873	10,817,427	10,184,939
Total fund equity	30,201,518	26,914,264	24,653,099	22,560,560	23,870,816	21,353,747	19,208,106	16,960,256	14,284,787	12,683,342
Total liabilities, deferred inflows of resources and fund equity	\$ 43,775,448	\$ 38,329,807	\$ 38,138,717	\$ 31,380,137	\$ 33,940,160	\$ 32,834,269	\$ 22,630,908	\$ 20,840,172	\$ 23,051,060	\$ 17,964,902

Source: Town of Vernon, Finance Department.

TABLE 19

TOWN OF VERNON, CONNECTICUT
GENERAL FUND
REVENUES BY SOURCE AND OTHER FINANCING SOURCES - GAAP BASIS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Revenues By Source								On-Behalf Payments	Other Financing Sources	Revenues and Other Financing Sources	
	Property Taxes	Intergovernmental	Charges for Services	Licenses and Permits	Gifts and Contributions	Fines and Penalties	Investment Income	Other			Total	Annual % Increase
2023 % of Total	\$ 75,547,001 68.6%	\$ 20,974,394 19.0%	\$ 1,652,069 1.5%	\$ 855,370 0.8%	\$ 1,044 0.0%	\$ 10,830 0.0%	\$ 1,462,344 1.3%	\$ 334,940 0.3%	\$ 9,169,426 8.3%	\$ 154,068 0.1%	\$ 110,161,486 100.0%	4.6%
2022 % of Total	75,671,550 71.9%	18,742,196 17.8%	1,958,664 1.9%	744,007 0.7%	- 0.0%	28,113 0.0%	45,208 0.0%	226,928 0.2%	7,887,125 7.5%	8,405 0.0%	105,312,196 100.0%	1.7%
2021 % of Total	73,746,671 71.2%	19,003,679 18.4%	1,661,289 1.6%	724,384 0.7%	- 0.0%	18,381 0.0%	20,476 0.0%	706,467 0.7%	7,632,776 7.4%	19,522 0.0%	103,533,645 100.0%	0.0%
2020 % of Total	73,224,601 70.7%	18,885,696 18.2%	1,495,985 1.5%	803,933 0.8%	- 0.0%	11,899 0.0%	463,849 0.4%	501,580 0.5%	8,103,581 7.8%	8,235 0.0%	103,499,359 100.0%	0.3%
2019 % of Total	72,973,560 70.7%	18,912,215 18.3%	1,567,087 1.5%	423,922 0.4%	- 0.0%	33,170 0.0%	449,557 0.4%	755,315 0.7%	7,981,121 7.7%	65,425 0.1%	103,161,372 100.0%	4.3%
2018 % of Total	70,116,452 70.9%	19,101,973 19.3%	1,473,242 1.5%	985,405 1.0%	- 0.0%	101,419 0.1%	62,936 0.1%	577,141 0.6%	6,379,589 6.4%	133,003 0.1%	98,931,160 100.0%	2.6%
2017 % of Total	67,962,636 70.5%	19,688,630 20.4%	1,337,058 1.4%	800,744 0.8%	- 0.0%	21,716 0.0%	28,277 0.0%	456,813 0.5%	6,030,310 6.3%	73,286 0.1%	96,399,470 100.0%	1.0%
2016 % of Total	66,502,928 69.7%	19,224,840 20.1%	1,426,501 1.5%	1,557,541 1.6%	- 0.0%	111,596 0.1%	14,060 0.0%	510,816 0.5%	5,895,525 6.2%	237,180 0.2%	95,480,987 100.0%	2.8%
2015 % of Total	64,116,182 69.0%	19,415,486 20.9%	1,431,194 1.5%	831,371 0.9%	- 0.0%	94,347 0.1%	1,369 0.0%	490,685 0.5%	6,360,944 6.8%	167,162 0.2%	92,908,740 100.0%	2.0%
2014 % of Total	62,683,962 68.8%	19,327,891 21.2%	1,498,391 1.7%	531,337 0.6%	- 0.0%	21,903 0.0%	136 0.0%	480,030 0.5%	6,285,839 6.9%	222,961 0.2%	91,052,450 100.0%	4.6%

Source: Town of Vernon, Finance Department

TABLE 20

TOWN OF VERNON, CONNECTICUT
GENERAL FUND
EXPENDITURES BY FUNCTION AND OTHER FINANCING USES - GAAP BASIS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Expenditures by Function										Other Financing Uses	Expenditures and Other Financing Uses	
	General Government	Community Develop.	Public Safety	Maintenance and Develop.	Human Services	Parks, Recreation and Culture	Townwide	Education & On-Behalf Payments	Capital Outlay	Debt Service		Total	Annual % Increase
2023	\$ 4,235,941	\$ 331,064	\$ 9,008,039	\$ 6,160,021	\$ 1,196,223	\$ 2,127,794	\$ 8,070,358	\$ 65,625,309	\$ 1,131,265	\$ 5,941,509	\$ 3,046,709	\$ 106,874,232	3.7%
% of Total	4.0%	0.3%	8.4%	5.8%	1.1%	2.0%	7.6%	61.4%	1.1%	5.6%	2.9%	100.0%	
2022	3,836,124	277,590	9,032,005	6,017,790	1,124,190	1,983,298	7,974,075	62,449,543	385,158	6,057,988	3,913,270	103,051,031	1.6%
% of Total	3.7%	0.3%	8.8%	5.8%	1.1%	1.9%	7.7%	60.6%	0.4%	5.9%	3.8%	100.0%	
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	101,441,106	-3.2%
% 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%	

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,
2023	\$ 508	\$ 2,506	\$ 2,506	\$ 508
2022	508	8,405	8,405	508
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

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

TABLE 22

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

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Additions:										
Contributions:										
Employer	\$ 4,759,715	\$ 4,701,163	\$ 4,832,625	\$ 4,761,905	\$ 4,553,212	\$ 4,388,529	\$ 4,358,821	\$ 4,062,749	\$ 3,688,522	\$ 3,266,289
Employee	974,377	1,095,805	1,116,939	1,227,534	1,256,855	1,320,899	1,295,754	1,403,018	1,389,713	1,369,933
Net investment income (loss)	(11,272,693)	9,448,857	8,948,659	11,894,725	(2,632,992)	8,231,748	3,945,608	460,955	3,128,463	7,861,240
Total additions to Net Position	(5,538,601)	15,245,825	14,898,223	17,884,164	3,177,075	13,941,176	9,600,183	5,926,722	8,206,698	12,497,462
Deductions:										
Benefit payments / annuity purchases	8,534,894	8,049,783	7,651,632	7,027,159	6,681,608	6,292,742	6,295,600	5,561,889	5,051,222	4,839,395
Refunds of contributions	47,091	206,584	221,400	131,668	294,463	234,263	30,299	225,532	348,070	62,064
Administrative expense	199,800	210,967	188,516	179,968	190,877	195,440	203,643	144,869	191,218	176,206
Total deductions to Net Position	8,781,785	8,467,334	8,061,548	7,338,795	7,166,948	6,722,445	6,529,542	5,932,290	5,590,510	5,077,665
Change in Plan Net Position	<u>\$ (14,320,386)</u>	<u>\$ 6,778,491</u>	<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>
Employer contributions as a percentage of covered payroll	<u>32.19%</u>	<u>29.20%</u>	<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>

Source: Town of Vernon, Finance Department

TABLE 23

TOWN OF VERNON, CONNECTICUT
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL DEBT TO GENERAL FUND EXPENDITURES - GAAP BASIS
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund expenditures	\$ 103,827,523	\$ 99,137,761	\$ 97,909,551	\$ 97,437,981	\$ 97,421,874	\$ 94,079,011	\$ 91,604,111	\$ 89,945,808	\$ 89,124,230	\$ 87,511,824
Debt service expenditures:										
Principal	\$ 4,825,064	\$ 4,842,755	\$ 4,835,150	\$ 4,787,587	\$ 4,533,483	\$ 4,074,861	\$ 3,505,186	\$ 3,021,345	\$ 2,760,617	\$ 2,771,437
Interest	1,116,445	1,215,233	1,065,441	1,455,093	1,514,588	1,463,334	1,405,678	1,377,845	1,285,880	1,372,409
Total debt service	\$ 5,941,509	\$ 6,057,988	\$ 5,900,591	\$ 6,242,680	\$ 6,048,071	\$ 5,538,195	\$ 4,910,864	\$ 4,399,190	\$ 4,046,497	\$ 4,143,846
Percentage of debt service expenditures to General Fund expenditures	5.72%	6.11%	6.03%	6.41%	6.21%	5.89%	5.36%	4.89%	4.54%	4.74%

Source of data: Town of Vernon, Finance Department.

TABLE 24

TOWN OF VERNON, CONNECTICUT
NET TAXABLE GRAND LIST AND PERCENTAGE CHANGE BY TAXABLE PROPERTY
LAST TEN YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Grand List	Real Estate		Personal Property		Motor Vehicles*		Total All Property	
		Net Taxable Grand List	% Change	Net Taxable Grand List	% Change	Net Taxable Grand List	% Change	Net Taxable Grand List	% Change
2023	10/1/2021 **	\$ 1,879,702,671	19.69%	\$ 96,987,171	5.00%	\$ 251,645,401	26.25%	\$ 2,228,335,243	19.66%
2022	10/1/2020	1,570,537,780	0.59%	92,366,924	2.50%	199,328,110	6.42%	1,862,232,814	1.28%
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%

* 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, 2023	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, 2023	Percentage of Original Levy	Percentage of Adjusted Levy
2023	2021	39.63	\$ 75,111,173	\$ 75,470,947	\$ 75,470,947	\$ 74,164,431	98.3%	\$ -	\$ 74,164,431	\$ 1,306,516	\$ 1,306,516	1.26%	1.73%
2022	2020	39.63	74,950,199	74,803,520	74,755,389	73,746,042	98.6%	524,276	74,270,318	1,057,478	485,071	0.91%	0.65%
2021	2019	39.63	73,729,237	73,472,171	73,399,485	72,437,785	98.7%	655,537	73,263,700	1,034,386	135,785	0.63%	0.18%
2020	2018	39.63	73,535,721	73,359,622	73,226,267	72,139,857	98.5%	924,871	73,135,665	1,219,765	90,602	0.54%	0.12%
2019	2017	39.63	72,976,496	72,742,183	72,571,215	71,718,449	98.8%	780,468	72,524,746	1,023,734	46,469	0.62%	0.06%
2018	2016	38.55	* 69,992,863	70,400,141	70,314,081	69,399,587	98.7%	865,379	70,277,265	1,000,554	36,816	-0.41%	0.05%
2017	2015	37.93	* 67,980,089	67,778,045	67,672,010	66,936,857	98.9%	695,766	67,640,931	841,188	31,079	0.50%	0.05%
2016	2014	36.91	65,976,102	65,758,703	65,656,524	65,021,214	99.0%	607,612	65,629,912	737,489	26,612	0.52%	0.04%
2015	2013	36.11	64,211,229	63,997,909	63,935,631	63,158,074	98.8%	751,805	63,912,154	839,835	23,477	0.47%	0.04%
2014	2012	35.40	62,079,457	62,210,620	62,083,310	61,327,304	98.8%	737,290	62,066,522	883,316	16,788	0.02%	0.03%

* Represents a blended tax rate.

Note: The latest revaluation was effective for the year ended June 30, 2023. Property is taxed by the Town of Vernon only.

Source Data:

Town of Vernon, Tax Collector

Town of Vernon, Finance Department

TOWN OF VERNON, CONNECTICUT
RATIOS OF DIRECT AND NET DEBT TO NET TAXABLE, FULL VALUE AND EQUALIZED GRAND LIST
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities		Grand List			Total Direct Debt as a % of			Total Net Debt as a % of		
			Net Taxable Grand List (2)	Full Value Grand List (2)	Equalized Net Taxable Grand List (3)	Net Taxable Grand List	Full Value Grand List	Equalized Net Taxable Grand List	Net Taxable Grand List	Full Value Grand List	Equalized Net Taxable Grand List
	Total Direct Debt (1)	Total Net Debt (1)									
2023	\$ 52,791,883	\$ 45,809,986	\$ 2,228,335,243	\$ 3,183,336,061	\$ 3,184,067,103	2.37%	1.66%	1.66%	2.06%	1.44%	1.44%
2022	59,543,654	52,175,655	1,862,232,814	2,660,332,591	3,242,472,970	3.20%	2.24%	1.84%	2.80%	1.96%	1.61%
2021	65,369,049	57,834,551	1,838,663,341	2,626,661,916	2,837,530,661	3.56%	2.49%	2.30%	3.15%	2.20%	2.04%
2020	38,806,965	38,806,965	1,830,070,306	2,614,386,151	2,855,989,613	2.12%	1.48%	1.36%	2.12%	1.48%	1.36%
2019	43,501,513	43,501,513	1,820,225,893	2,600,322,704	2,940,732,662	2.39%	1.67%	1.48%	2.39%	1.67%	1.48%
2018	45,878,351	45,878,351	1,794,830,542	2,564,043,631	2,564,921,991	2.56%	1.79%	1.79%	2.56%	1.79%	1.79%
2017	44,307,449	44,307,449	1,768,696,503	2,526,709,290	2,514,856,753	2.51%	1.75%	1.76%	2.51%	1.75%	1.76%
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%

Source of data:

- (1) Town of Vernon, Finance Department.
- (2) Net Grand List and Full Value Grand List provided by Town Assessor's Office.
- (3) Equalized Net Grand List provided by State Office of Policy and Management.

TABLE 27

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

Fiscal Year Ended June 30,	Building Permits (1)								Bank Deposits (2) (in thousands)	Property Values (3)**			
	Residential		Industrial and Commercial		All Other *		Total Building Permits			(3)**		Industrial and (4)	
	Construction		Construction		Construction		Construction			(3)**			
	#	Value	#	Value	#	Value	#	Value		Residential	Commercial	Nontaxable	
2023	12	\$ 1,732,800	4	\$ 3,207,427	2,087	\$ 46,412,429	2,103	\$ 51,352,656	\$ 2,251,423	\$ 1,844,644,839	\$ 826,301,463	\$ 256,180,343	
2022	5	1,265,000	2	6,000,000	1,885	30,634,584	1,892	37,899,584	2,339,739	1,963,110,352	847,291,907	205,888,770	
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	715,279,603	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	

* 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
LAND USE / ZONING STATISTICS
JUNE 30, 2023
(UNAUDITED)

Category	LAND USE			EXISTING ZONING		
	# of Acres	% of Total	% of Developed / Committed Land	Category	# of Acres	% of Total
Residential	5,303	46.04%	53.66%	Residential	7,222	62.70%
Commercial / Industrial*	712	6.18%	7.21%	Business:		
Community Facilities / Institutional	352	3.06%	3.56%	Commercial / Industrial	872	7.57%
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 29

TOWN OF VERNON, CONNECTICUT
SCHOOL FACILITIES AND ENROLLMENT DATA
 JUNE 30, 2023
 (UNAUDITED)

School	Grades	Number of Classrooms	Total Floor Area (Sq. ft.)	School Capacity	School Enrollment as of 10/1/2022
Elementary Schools:					
Center Road	Pre-K to 5	33	75,122	825	460
Lake Street	Pre-K to 5	20	39,219	525	263
Maple Street	Pre-K to 5	23	39,920	525	255
Northeast	Pre-K to 5	19	41,500	525	211
Skinner Road	Pre-K to 5	21	45,350	525	321
Total Elementary Schools				2,925	1,510
Middle School	6 to 8	70	135,988	1,500	680
Rockville High and VO-AG	9 to 12	136	272,748	2,400	933
Total In-District Enrollment				6,825	3,123
Out of District	All	n/a	n/a	n/a	30
Total Enrollment				6,825	3,153

**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
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
2021/22	122	1,369	713	962	3,166	4.56%	25
2022/23	151	1,359	680	933	3,123	-1.36%	30

* As of October 1.

**PROJECTED
 SCHOOL ENROLLMENTS
 NEXT 5 FISCAL YEARS**

2023/24	113	1,375	703	1,002	3,193	2.24%	65
2024/25	109	1,378	665	1,016	3,168	-0.78%	69
2025/26	110	1,340	697	979	3,126	-1.33%	59
2026/27	111	1,331	679	990	3,111	-0.48%	59
2027/28	111	1,309	695	966	3,081	-0.96%	60

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

* Projected Enrollments: Prepared by Peter Prowda, Phd.

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