

# **Town of Vernon Connecticut**



## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2008

# **Comprehensive Annual Financial Report**

of the

## **Town of Vernon Connecticut**

For the Year Ended June 30, 2008

Prepared by:  
Department of Finance  
James M. Luddecke  
Finance Officer and Treasurer

**TOWN OF VERNON, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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# **Introductory Section**

**TOWN OF VERNON, CONNECTICUT**

**PRINCIPAL OFFICIALS  
JUNE 30, 2008**

**MAYOR**

Jason L. McCoy

**TOWN COUNCIL**

Daniel E. Anderson  
Bill F. Campbell  
Daniel A. Champagne  
Mark S. Etre  
Bill Fox  
Marie A. Herbst

Nancy E. Herold  
Peggy A. Jackle  
Brian R. Motola  
Pauline A. Schaefer  
Diane Wheelock  
Michael A. Winkler

**TOWN OFFICIALS**

Town Administrator  
Finance Officer / Treasurer  
Town Clerk  
Chief, Police  
Captain, Police  
Chief, Fire / Ambulance  
Director, Data Processing  
Director, Emergency Management  
Director, Human Resources  
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  
Business Manager, Waste Treatment  
Cemetery Superintendent / Foreman  
Collector of Revenue  
Controller  
Fire Marshal  
Registrar (D)  
Registrar (R)  
Town Attorney  
Town Engineer  
Town Planner

Christopher Clark  
James M. Luddecke  
Bernice K. Dixon  
James Kenny  
Stephen Clark  
William M. Call  
Arthur Bein  
Michael J. Purcaro  
Daniel P. Sullivan  
George Fetko  
Bruce W. Dinnie  
Penelope A. Rand  
Paula Claydon  
David R. Ignatowicz  
Alan M. Slobodien  
Jean Gauthier  
Craig P. Segar  
David A. Wheeler  
Harry D. Boyko, Acting  
George Rostkowski  
Alan B. West  
Carol S. Nelson  
Frank J. Zitkus  
Raymond A. Walker  
Judith A. Beaudreau  
Patricia S. Noblet  
Harold R. Cummings  
Terry D. McCarthy  
Leonard Tundermann

**BOARD OF EDUCATION**

George F. Ape  
Amarjit S. Buttar  
Anne H. Fisher  
Diana J. Gagne  
Susan N. Hesnan

Dean A. Houle  
David G. Kemp  
Catherine A. Rebai, Chairperson  
Vicky A. Rispoli

**EDUCATION OFFICIALS**

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

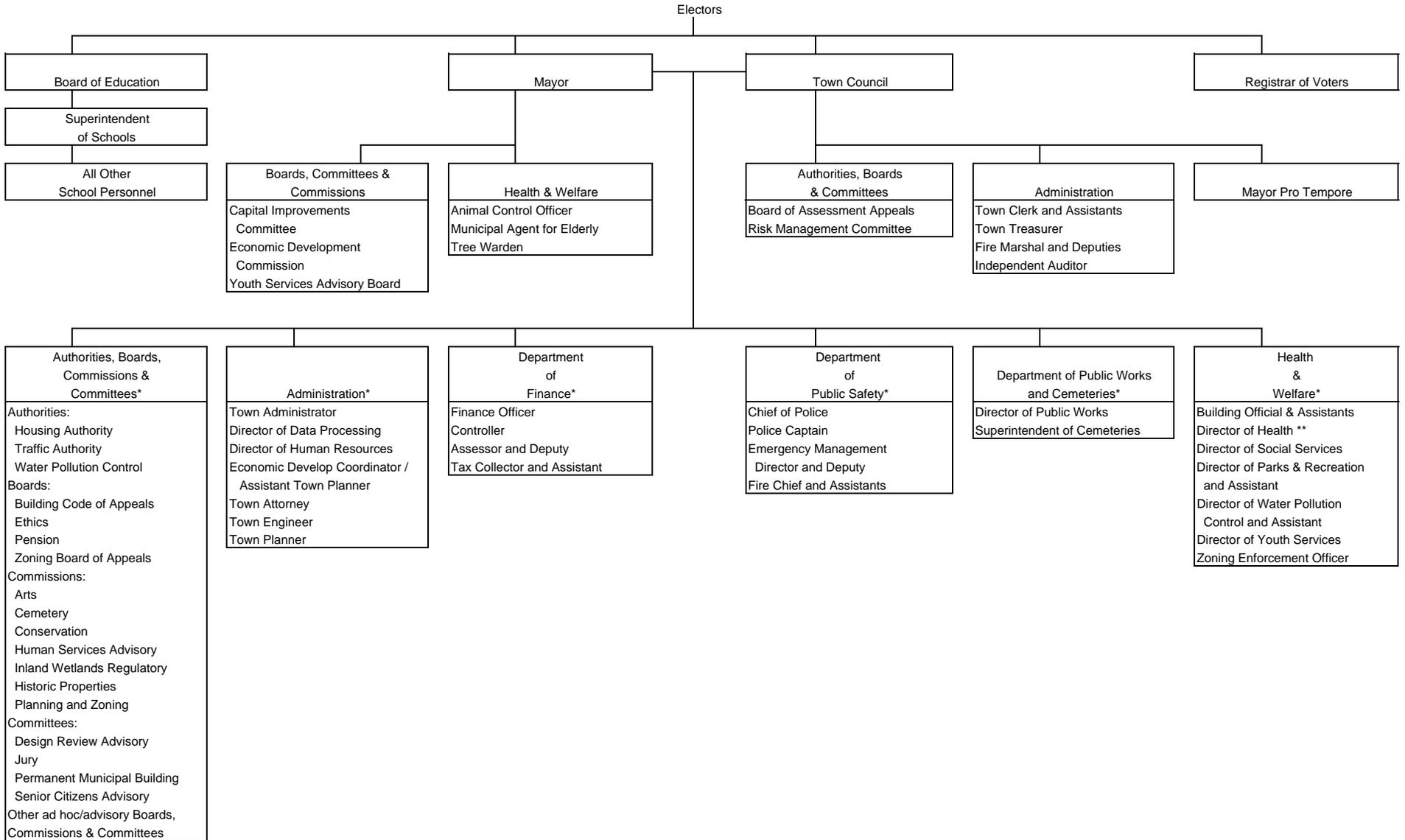
Richard Paskiewicz, Interim  
Deborah Murasso  
Stanley Karasinski

**INDEPENDENT AUDITORS**

Blum, Shapiro & Company, P.C.

**TOWN OF VERNON, CT**

**ORGANIZATION CHART**



\* Mayor recommended, Town Council approved.

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Town of Vernon Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



# TOWN OF VERNON

OFFICE OF THE  
FINANCE DEPARTMENT

14 PARK PLACE, VERNON, CT 06066  
Tel: (860) 870-3690  
Fax: (860) 870-3587  
E-mail: [jluddecke@vernon-ct.gov](mailto:jluddecke@vernon-ct.gov)

February 1, 2009

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Vernon, Connecticut, for the year ended June 30, 2008. This report was prepared in its entirety by the Town's Finance Department and consists of management's representations concerning the finances of the Town of Vernon. Consequently, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Town as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the Town's financial condition and the financial results of its operations have been made. To provide a reasonable basis for making these representations, management of the Town of Vernon has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable accounting information for the preparation of the Town of Vernon's financial statements in conformity with generally accepted accounting principles for governmental units as promulgated by various authoritative bodies through their publications, statements of position, and other pronouncements. These bodies include the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants, and the State of Connecticut Office of Policy and Management. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

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

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

The Town of Vernon Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the Town by independent certified public accountants selected by the Town Council. This requirement has been complied with and the Town's financial statements have been audited by Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2008, are free of material misstatement. The

independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentations. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

As a direct and pass-through recipient of state and federal financial assistance, the Town is required to undergo annual state and federal single audits. The state single audit, performed in conformity with sections 4-230 through 4-236 of the Connecticut General Statutes, is conducted in conjunction with the federal single audit. The federal single audit is performed in conformity with the provisions of the federal Single Audit Act of 1996, PL 98-502, as amended by the Single Audit Act Amendments of 1996 (31 USC chapter 75), and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Reports on state and federal financial assistance, auditors' reports on internal controls and compliance with applicable laws and regulations, and findings and recommendations, are available in the Town of Vernon's separately issued Single Audit Report and are not included in this report.

This report includes all of the funds of the Town of Vernon. There are no component units included because there are no other entities for which the Town is considered to be financially accountable. The Town participates in three jointly governed organizations: the Greater Hartford Transit District; the North Central District Health Department; and the Connecticut Resource Recovery Authority. In addition, the Town appoints members to the board of the Vernon Housing Authority, a related organization. Those organizations are described in the Notes to the Financial Statements included in the Financial Section.

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

### **Profile of the Government**

The Town of Vernon, located in the northeast part of the state, was originally part of Bolton, Connecticut, and was incorporated as a separate township in October 1808. In 1965, the Town of Vernon, in its current form, was created when the Town, the City of Rockville and the Vernon Fire District were consolidated. At that time, the Town of Vernon assumed all assets and liabilities of each of the governmental units and a new town charter was adopted. Since 1970, when the charter was revised, Vernon has operated under a Mayor-Town Council form of government with a full time professional Town Administrator. Policy-making and legislative authority are vested in the Town Council consisting of twelve council members, with the Mayor presiding over meetings and eligible to vote in the event of a tie. The Town Council is responsible, among other things, for passing ordinances, approving the budget, appointing committees, the town attorney, auditing firms, and hiring the Town Administrator and other department heads. The Town Administrator is responsible for implementing the approved policies and ordinances, and for overseeing the day-to-day operations of the government. The Mayor and the Town Council are elected at large on a partisan basis to serve two-year terms. The maximum amount of seats for one political delegation is eight.

The Town of Vernon provides a full range of services, including police and fire protection, ambulance services, construction and maintenance of streets and other infrastructure, solid waste and recycling services,

building maintenance, provides and supports a variety of human services, and recreational activities and cultural events. The Town has one wastewater treatment facility that serves approximately 80% of the Town's residents. The facility also accepts sanitary waste from portions of the surrounding towns of Tolland, Ellington, Manchester and South Windsor in accordance with the provisions of Intergovernmental Sewer Agreements between each of those communities and the Town. The Town's educational system for its residents consists of five elementary schools, one middle school, one special education school and one senior high school. In addition, Vernon has two K-8 parochial schools.

The annual operating budget serves as the foundation for the Town of Vernon's financial planning and control. All departments of the Town are required to submit requests for appropriation to the Mayor on or before the 10<sup>th</sup> of February each year. The Mayor uses these requests and subsequent meetings with department heads, as the starting point for developing a proposed budget. The Mayor then presents this budget to the Town Council by March 15<sup>th</sup>. The Town Council reviews the budget and holds at least two public hearings on it. The last hearing on the budget is the Town's Annual Meeting, held on the fourth Tuesday in April, at which time eligible voters present at the hearing vote on the budget. The budget becomes effective only after it has been adopted by a majority vote. Such vote may neither increase nor decrease the amount approved by the Town Council. Following the Annual Town Meeting, the Council sets the mill rate for the ensuing fiscal year. The Town's fiscal year is from July 1 through the following June 30. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g. police). Department heads may request transfers of appropriations within account classifications to the Finance Officer. Other transfers within a department and between other departments, however, require the approval of the Town Council. Budget to actual comparisons are provided in this report for the general fund, the only legally adopted budget as prescribed by the Town Charter.

In addition to budget preparation and amendments, the Town maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted for the General Fund and as may be amended by the Town Council during the year. The General Fund level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department level. Project-length financial plans are maintained for the Special Revenue Funds and Capital Project Funds.

To aid in budgetary control, the Town maintains an encumbrance accounting system to record obligations by line item. Certification of funds available is required prior to issuance of purchase orders, which are recorded as encumbrances in the budgetary accounting system. Those encumbrances that are for goods and services that have not been received on June 30<sup>th</sup> of each year are reported as reservations of fund balance. If invoices are not paid against these encumbrances by June 30<sup>th</sup> of the ensuing fiscal year, they are canceled.

The various funds utilized by the Town of Vernon are further described in Note 1 of the Notes to Financial Statements. As demonstrated by the statements and schedules in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

### **Economic Condition and Outlook**

The Town of Vernon is a residential community of 18.6 square miles located 14 miles east of Hartford on Interstate 84 in north central Connecticut. Interstate 84, traverses the Town, having four interchanges within the Town's borders, and connects with I-90, I-384, I-91 and I-291, which provide convenient highway access to all areas of Connecticut, Massachusetts and New York. Additional accessibility is provided by U.S. Route

44 and State Routes 30, 31, 74 and 83. National and international air service is provided by Bradley International Airport, which is only thirty minutes from Vernon. The well-situated access provided by Interstate 84 within the Greater Hartford area has contributed to Vernon's development as a residential suburban community and a regional commercial center for neighboring towns.

Vernon's population for the year ended June 30, 2008, was 29,620 compared with 29,672 on June 30, 2007, a decrease of 52 or 0.18%. This decrease of 52 residents follows an increase in population of 181 or 0.61% during the previous one-year period. The April 2000 Census report of 28,063 residents reflected a net decrease of 1,778 or 6.3% from the April 1990 Census report. That change of population size was attributable to less housing construction, smaller families, and an increase in the average age of residents. Also, several of the neighboring towns have made the transformation from rural to suburban areas and have experienced moderate population growth. However, recent approvals of residential subdivisions and the number of building permits issued for new residential construction in Vernon, suggest growth of approximately 220 persons over the next two years, and a restoration of the population to the 1990 level. The style of the rental housing constructed is for "renters by choice," upper-end renters, generating implications for an increase in median family income. Further, the new owner occupied housing units have primarily been fifty-five (55) and older housing. Approximately 47% of occupied housing units are single-family, owner occupied homes. These two types of housing units are characterized by a low impact on public costs, as well as an aging population. The older society is consistent with the demographics of the nation, and in particular, the Town of Vernon.

Approximately 82% of Vernon's labor force is employed outside the town. On a regional basis, our residents' income is derived from major insurance firms, defense industries, financial institutions and capital goods producers. The restructuring of these corporate employers and the decline of capital spending gave cause to higher unemployment rates in the beginning of the last decade, as high as 7.8% in 1992. In the past few years, employment in middle management and technical positions has moderately declined and there has been stabilization in service areas of employment, including home-based consulting. During the past few years, employment opportunities had been expanding for Vernon residents, which were reflected in a considerable improvement of the unemployment rate. But as of June 30, 2008, the rate increased to 5.5% as compared to 4.3% in 2007, 4.2% in 2006, 4.9% in 2005, 5.1% in 2004 and 4.9% in 2003. The increase in the unemployment rate is influenced by the recent downturn in the overall economy. Looking forward, a shift from the policies that enhance capital, but are not labor driven, imply a possible reversal in the employment trend. The composition of our community's resources indicates that any unemployment increase in the extended future will be modest.

The economic base for Connecticut, as well as for Vernon, has had an overall change from that of manufacturing to retail commerce and professional services. Of the top fifteen firms in Vernon, 89.8% are employed in services while only 10.2% are employed in manufacturing and printing. Approximately 64.1% of this employment is with non-profit and public organizations. The largest Vernon employer is the Town of Vernon, which has 855 employees. The second largest employer is Rockville General Hospital with 565 employees; followed by Visiting Nurse and Health Services with 333 employees; New England Mechanical Services with 240 employees; Price Chopper with 223; the State of Connecticut with 196; and Stop & Shop and Fox Hill Nursing and Rehabilitation with 187 each. A new company that moved into Vernon, Ticket Network, a point-of-sale ticketing service, employs 177, making it the tenth largest employer.

In Vernon, the number of individuals employed by the top ten companies increased by 26 or 0.83% during the past year. Some of the decreases in employment included (16) for the Town of Vernon; (15) at Rockville General Hospital, (30) positions from the State of Connecticut; and (39) at Stop & Shop. Increases in employment included 48 for Visiting Nurse and Health Services; 33 for Vernon Manor; 32 for New England

Mechanical; 4 for Fox Hill Nursing and Rehabilitation; and 2 for Price Chopper. The national trend of downsizing and rehiring employees on a part-time basis tends to mask the indicators and creates a socioeconomic impact that requires careful examination as our economic development plans are designed and evaluated. One element of this trend with relevance to Vernon is that the anticipated growth of home-based employment will influence a need for more flexibility in our zoning regulations and also place demands on our local telecommunications provider to update their facilities to a state-of-the-art infrastructure.

The Town of Vernon generally shares the same economic health as the State of Connecticut and the Hartford region, therefore experiencing the economic effect of a slowdown in the financial and insurance sector; and business investment in new construction. But much work had already been done with the construction of a football stadium in East Hartford and an expansive retail and industrial progress on the adjoining site. The construction of a new convention center in Hartford opened in July 2005; the center is connected to a newly constructed Marriott Hotel. These endeavors, along with a myriad of development in the city and along the Connecticut River, forecast the potential for renewed prosperity for the Greater Hartford economy, of which Vernon is a part.

Vernon completed a town-wide revaluation of property as of October 1, 2006, which was effective for the 2007-08 fiscal year. Our tax base for the October 1, 2007 grand list grew by 14.14%, inclusive of a 16.42% increase in the real estate portion. The real growth in the real estate portion, discounting revaluation and the phase-in, is approximately 1.3%. That growth is reflective almost equally of new residential and commercial construction.

The Town is in the final stage of implementing the three-year phase-in of revaluation that will be effective for the fiscal year 2009-10 budget. For the October 1, 2008 grand list, the assessor projects new real growth in the real estate list of 0.68% or \$11,200,000. The increase would provide \$335,000 more in tax revenue for programs and services. Historically, after a revaluation the mil rate is adjusted downward offsetting the market adjusted increases to real estate, but as in any year, is further influenced by changes to the operating budget of the Town. Taxpayers can expect to see a drop in their annual motor vehicle tax as a result of normal vehicle depreciation and the adjusted mil-rate. Depending on budget adjustments, the impact to the overall tax revenue for Personal Property and Motor Vehicles sectors of the grand list may reflect a decrease due to the adjusted mil rate. Property taxes have been supported by strong collection rates, averaging 98.4% over the past ten years. The number of building permits decreased from 1,817 to 1,725, yet the value of those permits increased from \$35,318,101 to \$35,646,479.

In October 2008, the Planning and Zoning Commission adopted zoning regulations for a comprehensive multi-family development zone. It is anticipated that once market conditions improve with a boost in lending, applications will be submitted to rezone certain areas in town for developments of this type.

The local economic base serves the region as a commercial, governmental, legal, and medical center. Local employment in manufacturing has been replaced by employment in these service areas. This shift is revealed in the additions to the tax base as planned development and new construction are related to retail commerce and professional services. The economic areas for new development are downtown Rockville, Vernon Circle, Lafayette Square, the I-84 corridor, and the Gerber Farm area.

## **Rockville Section:**

The former Rockville mills section has made a transition from being primarily an industrial and commercial center to being a professional and governmental center. It is the site of local government, education, and State of Connecticut administrative offices. The initial development of downtown Rockville occurred over one hundred years ago, creating its distinctive Victorian urban character and invaluable architecture. However, this also creates the need for reinvestment and modernization. In the recent past, major renovations were done to the school administration building and the senior center, late nineteenth century structures, as well as a rehabilitation of the Juvenile Court, and construction of the State of Connecticut Geographic Area #19 Courthouse. These are modernization projects that have retained business activity in Rockville. The State of Connecticut has renovated a building adjacent to the GA #19 Courthouse for a Juvenile Court facility. The Town acquired the Citizens Block, a vacant commercial and mixed use 1879 building, adjacent to the 1867 senior center building. We have obtained certification that the Citizens Block is eligible to investors for historic preservation tax credits of up to 30% of the cost to rehabilitate. The Rockville Downtown Association (RDA) occupies one of the former retail store areas on the first floor. The Town Council has approved an ordinance to sell the Citizens Block, but to retain portions of the building for Town office space. The administration marketed the building for private sector use through a request for proposals, but did not receive any interested parties. Currently the building is being looked at as a Gene Pitney Museum. In addition, the General Assembly of the State has established a committee to develop a plan for the location of a State Music Hall of Fame, and the Citizens Block building has captured their attention. The State Connecticut Commission on Culture and Tourism has awarded the Town a \$20,000 Community Investment Act grant to fund a feasibility study of the Citizen's Block building.

Seven years ago, the Town expended \$498,912 to restore the Memorial Building - Town Hall third and fourth floor "tall" windows with replicas of the originals. The building was constructed in 1888, and 31 years ago the windows had been cemented to prevent water leaks. Though this repair solved the problem, it created an architectural eyesore. There is great interest in the community to revitalize the downtown Rockville section and the Town is advancing that endeavor by restoring its own buildings. An additional \$70,490 was utilized to recondition the south and east facing exterior walls. Two years ago, a \$222,000 LoCIP grant was utilized to repoint the north and west sides, along with required masonry restoration as needed on the other sides; and repair and replacement to the slate roof, flashing, and snow rails where necessary. The project has been completed, and in addition, \$5,500 was expended to repair the chimney; and \$15,125 to buttress the retaining wall between the adjacent properties behind Town Hall.

Interior renovations of the building began in the spring of 2002 and the Town Council has approved the design of the third floor. Restoration of the 40-foot "cathedral" tin ceiling on the third floor was completed at a cost of \$150,902. An additional \$524,543 has been authorized for other Town Hall interior design and renovations, of which, \$501,724 has been expended. The \$524,543 includes a \$233,000 LoCIP grant used for third floor renovations and a \$175,000 LoCIP grant used to rebuild the east peak of the Town Hall. In addition, the General Assembly of the State of Connecticut has approved \$1.2 million in bond funds for the completion of the third floor restoration, which will house administrative offices, the council chambers, and a large community gallery for public use. The grant was administered by the State Commission on Culture and Tourism. The restoration of the third floor was completed in the summer of 2008, and the grand opening and dedication was attended by the Governor and members of the community. The second floor of the Memorial Building is also home to the New England Civil War Museum, which has refurbished their stained glass windows and has expanded its library. The Grand Army of the Republic (GAR) hall, opened in 1890, is still fully intact with the most identified collection of artifacts in Connecticut. Along with the Civil War items and anthology, the museum acts as the repository for the Sons of Union Veterans, the Women's Relief Corps, and the Military Order of the Loyal Legion of the United States. The museum has expanded their hours open to the public, increasing the flow of people into the Rockville section.

The Town was awarded \$250,000 from the State of Connecticut Bond Commission to fund Central Park restoration and improvements, which has been fully expended, along with an additional \$8,872 from other sources for design work and fountain repairs. The park is located directly in front of the Town Hall and also is home to the historic Cogswell Fountain. In addition to the fountain restoration, town resident, Rosetta Pitkat, donated \$50,000 to replicate the original statute of Dr. Henry D. Cogswell, which was melted down for scrap during WWII. The Town was also awarded \$489,600, inclusive of \$10,000 in local in-kind services, from the Federal Highway Administration for additional park improvements and vintage lighting to enhance its physical characteristics, while maintaining its historic ambiance. The Town, working with the State Department of Transportation, substantially completed this project in April 2008.

Rockville General Hospital (RGH) is in close proximity to the government buildings and courthouses, which make it a primary factor in Rockville's future. Eastern Connecticut Health Network (ECHN), the holding corporation of RGH, obtained approvals and has completed the final phase of a \$27.5 million renovation and addition to modernize the emergency services area, laboratories, and ambulatory care area. This new west wing includes a heliport, parking, the complementary landscaping, and has become the primary entrance access to RGH. ECHN purchased the former Polish American Club, a three-story structure, and plans to renovate it into an office building. The construction of the RGH west wing and the completion of the regional kidney dialysis center on Hartford Turnpike (Route 30) in the Vernon section of town are interrelated, making a transition from providing extended hospitalization to providing ambulatory care services, in addition to capturing a greater share of the eastern Connecticut market for health services. This part of the state is realizing some of the fastest growth in Connecticut.

The Town was awarded \$6,300,000 in the 2005 Federal Transportation Bill for the creation of an intermodal transportation hub to be located in the Rockville section. The funding is being administered through the Federal Transit Agency. The project includes the selection of a design firm and funding for the construction of the improvements. To encompass the project scope, the Town is considering relocation of the preliminary site. Among some of the preliminary initiatives, the project may provide for a bus stop; a bus depot; a visitor center; a parking garage; and a variety of street improvements. It is anticipated that this project, suitably designed, will present a catalyst for improvement to the Rockville Downtown area.

The Town of Vernon has actively supported the redevelopment of the Village Street area adjacent to Rockville General Hospital in supporting the Vernon Nonprofit Housing Corporation's (VNHC) rehabilitation of eleven structures on the street, by providing Community Development Block Grant (CDBG) funds to assist first time home buyers. The houses controlled by VNHC have received environmental remediation and new roofs. The scope of the entire project was delayed as VNHC lacked sufficient funds to complete the renovations. At this time, it is our understanding that VNHC has received additional grant funds to complete the renovations. This initiative will provide significant improvement to the area. To further this effort to reinforce the neighborhood rehabilitation activities, Village Street has recently been reconstructed. The street infrastructure itself fell into a state of significant disrepair and a grant from the Department of Economic and Community Development (DECD) for Village Street and Orchard Street improvements was awarded. The grant was in the amount of \$650,000, along with a local match of \$65,000, for a total of \$715,000. Improvements were completed in November 2007. In addition, the Town received another CDBG grant for the reconstruction of High Street. The DECD awarded the grant in the amount of \$500,000 and construction commenced in July 2008.

The 15,177 square foot building on 33 West Main Street, across from Central Park had been vacant for many years, but has recently been transformed into a regional educational center. The new owner, in collaboration with Eastern Connecticut State University, the Vernon Regional Adult Basic Education program (VRABE), KIDSAFE, CT, and Next STEP, designed and renovated the building into an educational facility. The

building is entirely handicap accessible, and includes four full-size classrooms; a state-of-the art computer lab with approximately 36 stations; advisor offices; and a kitchen facility. VRABE's continuing education program services 18 towns within the region and began classes in December 2005. The program has leased 4,680 square feet through a 10-year lease, at an annual cost of \$48,000 for the first five years. In the second five years, with the annual rent at \$65,520, the continuing education program has an option not to participate. If this occurs, the Town of Vernon will assume the lease for other programs. ECSU began offering courses in January 2006. Besides the benefit of renovating a vacant and neglected building, there has been an increase of people visiting the downtown section during weekday evenings and weekend afternoons, along with advancing the educational opportunities for our residents.

The Town has provided an annual grant of \$40,000 for each of the first four years; \$35,000 for the fifth and sixth years; \$30,000 for the seventh year; and \$28,040 to the Rockville Downtown Association (RDA) this year for the support of a Main Street Coordinator and activities. The allocation for fiscal year 2008-2009 is \$35,000. By its participation, Vernon endorses the goal of economic revitalization of the Rockville downtown area within the context of preservation and rehabilitation of its historic buildings. The RDA has been recognized by the Connecticut Trust for Historic Preservation for exemplary work to create a Historic District - Business and Residential zoning code; and the National Main Street Center and Connecticut Main Street Center, awarded the RDA as a "National Main Street Community," noting excellent status among peer Main Street communities throughout the country. The RDA is structured around four operating committees - Organization, Design, Promotion and Economic Restructuring - which follow the guidelines established by the Connecticut Main Street Center. The Town initiated the organization of a "Rockville Neighborhood Revitalization Zone (NRZ)" to create neighborhood-based planning, strengthen grant applications, and stimulate private investment. The Town provided funding to assist in the establishment of the NRZ. Rockville is the third largest district in the State of Connecticut on the National Register of Historic Places, comprising 5,500 acres.

### **Vernon Circle/Route 30 - Hartford Turnpike/Route 83 - Talcottville Road:**

The Vernon Circle area continues to make a positive adjustment to the regional shopping center development in the Buckland Hills section of Manchester, and Evergreen Park in South Windsor, just one highway exit west on I-84. The Tri-City Plaza has a very successful retail mix of value-oriented stores. One of the larger retailers, Old Navy, moved to Evergreen Park, and was soon replaced by the tool outlet and supply store.

The K-Mart Plaza, located on Pitkin Road and Route 30, and the Goodyear Tire Plaza, 378 Kelly Road, although both experience transition phases of businesses closing and new businesses opening, remain enduring and attractive developments in promising locations. The McDonald's restaurant on Route 83, a longstanding business for over 40 years, underwent wholesale renovations, to convert their Café style.

The Route 30/Hartford Turnpike area, one of our two major commercial corridors has undergone recent changes with the renovation of restaurant site and the opening of the Wood-n-Tap Bar & Grill. In January 2009, a 4,728 square foot office building was approved at the intersection of Route 30 and Merline Road. Also at this intersection, opposite Merline Road, is the new development of Lantern Lane Age Restricted Housing Community that includes over 30 private residences.

The Chowdertown restaurant, which closed last year, underwent renovations and a new Japanese restaurant has just opened. Further up Route 30 to Vernon Center, the Doherty Farm on 214 West Street, which ceased agricultural operation several years ago, was sold to a local developer, and approvals have been received to create a total of 40 single family lots on the site, to be known as Ogden Brook Estates, is now under

construction. The development of this land is to occur in two phases. As part of the approval of Phase II, the Town will receive over 5 acres of open space along the valuable Ogden Brook.

In the Talcottville section of Vernon, 167 Hartford Turnpike, a Volkswagen dealership has been constructed. The Colony Banquet Hall and Restaurant closed in December 2007, and an infusion of \$1 million from investors was provided to facilitate renovations and sustain financial viability. As of yet, the Colony has yet to reopen. Completion of the recent development has strengthened the Vernon Circle area overall. There is a clear pattern that as the vacancies in Vernon Circle become occupied, the available space on the periphery is being filled and is becoming more attractive for extended development.

Also on Route 83, the property known as Juliano's 321 Talcottville Road, successfully received a zone change from the special economic development zone to commercial. This change offers the owners a wider variety of permitted uses inclusive of retail and offices. Three vacant parcels at 360 Talcottville Road were combined into two parcels to construct the 16,000 square foot Aldi's Supermarket. This market specializes in produce and frozen foods. Additional development on the site was recently approved including an 8,400 square foot day care facility and a 4,000 square foot retail building, to establish the "The Shoppes at Vernon Valley." The 35-acre parcel located at 243 Talcottville Road recently sold for \$3,400,000. Zoned for commercial use, this parcel will be developed by Boston/Rockville II, LLC. Additional development was also approved along Hockanum Boulevard.

The new owners of the former Heartland Plaza at 425 Talcottville Road have moved ahead with approvals granted last year and are making a tremendous visual change to the property. This highly visible and long time vacant and blighted commercial structure is undergoing a vibrant and aesthetically pleasing overhaul. This property will soon be a lively commercial destination along Route 83.

#### **Lafayette Square:**

The Lafayette Square commercial area has been experiencing steady development. Three years ago, the 28,000 square foot complex at 30 Lafayette Square was purchased, and the new owners rejuvenated the property, both interior and exterior, inclusive of architectural improvements to the building façade. Two proposals for assisted living elderly facilities of approximately 100 units each had been approved by the Planning and Zoning Commission (PZC), but no action has occurred. At 75 Hyde Avenue, construction is near completion of 76 private condominiums for the new Bridlewood development. As part of this approval, the developer has generously offered to construct sidewalks from the new development along Route 30 to the Northeast School to safely accommodate school children. At Oakland Meadows, 1158 Hartford Turnpike, 52 condo units have been constructed and are close to fully occupied.

#### **I-84 Corridor:**

The I-84 corridor offers potential for office park development around the Exit #66 interchange and retail development around the Exit #67 interchange. A proposal to replace the New England Sportplex athletic fields with a 132,973 square foot Home Depot and Garden Center was advanced by a negotiated agreement with the Planning and Zoning Commission. The agreement stipulates a smaller building and parking lot; sewer hookup; the widening of the road; and environmental concessions. The Town is considering a Tax Increment Financing District that would bring water and sewer lines up to the sites.

At I-84, Exit #66, eight new condominium units have been constructed at 36 Tunnel Road (2.25 acres). At the intersection of Tunnel, Keynote, and Whitney Ferguson is the construction of 8 age-restricted houses. At the end of Keynote Drive (17.15 acres), a new private drive (Elizabeth Lane) has been developed which will service 55 free-standing condos/single family homes to be built by Verna Builders. On the opposite side of Bolton Road the TIGHTCO corporation, located at the end of Industrial Park Road, has sought and received

approvals to expand their industrial activities by adding over 19,000 square feet of space to their existing facility. And as previously noted in the employment section, Ticket Network has moved into 137 Bolton Road. The Town recognizes the economic development potential of I-84, and has been steadily marketing these and other sites with an “I-84 Corridor” and “Vernon: Crossroads for Opportunity” marketing campaign.

### **Gerber Farm:**

With co-investments from the Town of Vernon, a bridge and access road for the new Hockanum Boulevard was constructed. The bridge and road provides access to the approximately 275-acre Gerber Farm area for development. The PZC adopted the area as a Mixed Use Development (MUD) district. This allows for mixed-use development based upon a comprehensive plan and an economic fiscal impact analysis that demonstrates net positive tax revenue for the Town. Gardner L. Chapman was granted approval for a 424-luxury rental unit complex, the Mansions at Hockanum Crossing, and three industrial buildings amounting to 64,000 square feet. Construction of all 424 units is complete, estimated at an assessed value of \$105,000 per unit. After the 2006 revaluation, the rental project total assessment is estimated at \$31,164,000. This gated community has an indoor swimming pool, business center, and health club. The grounds are appointed with waterfalls, ponds, and walking trails. Also along Hockanum Boulevard, the new industrial building houses the Collins Plumbing building and industrial condos, as well as a rental self-storage facility. Approval has been granted for the construction of Mansions 2, a 270 luxury apartment complex at 95 Hockanum Boulevard, with a final assessment of \$16.1 million. The realignment of Wilshire Road with signalization at its intersection with Talcottville Road (Route 83) and Hockanum Boulevard was completed as a joint venture by the Town and the State of Connecticut. The construction for three phases of Quail Hollow, an adults-only, age-restricted housing condominium project have been completed, consisting of sixty-eight (68) units for Phase I and sixty-six (66) units for Phase II; and Phase III, with thirty-four (34) units. Jake’s Way, a seven (7) unit condominium project, has completed construction.

### **Mill Properties:**

Industrial development has proven to be the most difficult economic challenge for municipalities in Connecticut as manufacturers leave the state and available employment declines. The decline of industry in Vernon relates to the lack of industrial land and the obsolescence of existing facilities, as well as to the general diminishing of manufacturing employment. With only 8.3% of the town zoned for commercial and industrial use, the town is aggressively pursuing the availability of large parcels of land for industrial development while facing the additional task of addressing the redevelopment of older mill properties. Following the destruction by fire of the wooded *Saxony Mill* on July 25, 1994, the Town completed demolition and site remediation in preparation for the foreclosure and eventual sale or alternative use of the property. The Town has successfully negotiated with the Connecticut Department of Transportation (DOT) to realign Regan Street to create a four-way intersection with West Street and West Main Street, accompanied by signalization. This project, estimated at \$365,000 and funded entirely by DOT, will enhance the commercial viability of the site, while creating an open space conservation buffer along the Hockanum River.

There is one privately owned mill in need of public involvement, and three other former mill properties that are vacant or underutilized. In response to this problem, the Town provided \$15,000 for start-up costs associated with the formation of the Hockanum Industrial Development & Venture Corporation (HIDVC). This is a non-profit organization with a goal of re-energizing plants into viable entities. It has the capability to acquire, do remediation work, redevelop, manage, and market distressed non-residential properties.

The Board of Directors of the *Amerbelle Mill* voted to close the facility in November 2003, thereby terminating 100 employees. That decision was arrived at due to foreign competition, high energy costs and high labor costs. However, the Board of Directors provided the Town of Vernon with the opportunity to intercede, allowing the time to establish a reorganization plan. A buyer for the business was located, with the prerequisite that Amerbelle convey the real property to the Town of Vernon and eliminate the tax and sewer lien in the amount of \$691,763. Also, the Town is to assist with the environmental assessment, facility clean up and building improvements. In April of 2004, the Town accepted the deed for the Amerbelle real property and conveyed it to HIDVC. Then, HIDVC leased the property to the new *Amerbelle Textile Corporation*. In the three-year lease, the Town agrees to assist in the environmental remediation, along with general building improvements. Anytime during the term of the lease, Amerbelle Textiles has the option to reacquire the real property. Since the lease agreement, operations increased employment to 93, with an approximated annual payroll of \$3.6 million. The Town has successfully applied to the Environmental Protection Agency for Brownfields Targeted Site Assessment funding. Under this program, the EPA then contracted with a firm to complete the environmental study. In addition, the State Department of Economic and Community Development committed a \$125,000 Manufacturing Assistance Act grant to conduct an engineering and architectural feasibility study to determine the most effective building improvements. On Amerbelle's behalf, the Town applied to the Federal Transportation, Housing and Urban Development for a \$750,000 grant to acquire a regenerative thermal oxidizer, an energy saving pollution control device; and for \$250,000 for roof replacement and window improvements. Recently, a \$196,000 grant from HUD was approved for the roof replacement and other building improvements; and another environmental grant through the Capital Region Council of Government in the amount of \$60,000 to complete a remedial action plan. Amerbelle has already made improvements to increase productivity and become environmentally compliant, while becoming a viable industry, a significant employer, and able to pay its current taxes and sewer user charges.

The Town received a grant from the Connecticut Historical Commission and conducted a pre-development and preservation study of the *Hockanum Mill*, to establish an intervention and stabilization strategy. The Town appointed a receiver to collect rents and manage the complex, a century old wooden structure, and the HIDVC has become the court appointed receiver of rents. In fiscal year 2002, the Town transferred \$70,000 to HIDVC to intervene and actively manage the property. The fiscal year 2004 budget allocated \$40,000 for this purpose and \$30,000 for renovation of the mill's roof. Previously, the Town loaned \$315,000 of Community Development Block Grant funds to weatherize a portion of the complex, install an elevator, and make the necessary renovations to eliminate serious code violations. The United States Environmental Protection Agency (EPA), at the request of the Town, has completed a Brownfield Targeted Site Assessment. The Town received a \$50,000 grant from the Connecticut Department of Economic & Community Development (DECD) and selected a firm to plan and design renovations of the Hockanum Mill for tenant occupancy; and to conduct the marketing study. The Town while working with HIDVC also pursued a strategy of selling the liens that the Town had on the property. The Town was successful in selling the liens on the property to a private party for approximately \$90,000. With the advent of the sale of the liens to a private party the Town and HIDVC's interest has ended. The HIDVC has been removed from the courts as the receiver of the facility and has returned just over \$8,500 from the original funding provided to it by the Town.

The *Talcott Mill*, which was purchased ten years ago by an investment group, had increased the number of tenants and paid the delinquent property taxes. Although few exterior changes were done, significant progress had been made in regard to viability of the facility by restoring fire protection, weatherizing improvements, increasing tenancy, and reaching financial solvency. Due to the age of the building and its former functional use, the owners have weighed the alternative of demolishing the structure and having the site redeveloped. Three years ago the mill has experienced a disappointing turn as the majority of tenants

vacated the space, resulting in the decline of the overall condition of the building. A reorganized ownership group is working to upgrade the mill. The Historic Talcottville Association has become a strong advocate in that vicinity of town and is developing several proposals to enhance the cultural and historic value of the area, as well as partnering their efforts with the mill owners for a shared prosperity. The Town has received a \$397,170 Federal Housing Administration grant for a variety of projects to enhance the Talcottville section. Projects range from landscaping; an environmental study on the effect of I-84 on the Talcottville Pond; historic informational signage; re-creation of the former trolley stop waiting area; and the renovation of the historic wrought iron lenticular pony truss bridge. The bridge, 58 feet in length, was built in 1891 and is 1 of only 6 bridges of this type left in the Connecticut; and it is the only one still in use that functions as a truss. The Town has also been awarded a \$90,800 Transportation and Community System Preservation grant for the estimated engineering costs of the projects. \$75,172 has been expended to date, and the remaining portion of the grant, \$15,628, is committed for completion of the engineering work.

The abandoned *Roosevelt Mills* continues to remain inactive, which has also hindered the leasing of the mill property across the road. The EPA has provided a “Brownfield Target Assessment Study” of the site. A previous fire at the site caused the Town to expend \$55,410 for cleanup and demolition costs. The EPA partially reimbursed Vernon with a grant of \$26,553. An Urgent Planning grant from the State of Connecticut Department of Economic and Community Development was approved in the amount of \$50,000. This grant has been utilized to conduct a structural engineering study to determine the feasibility of rehabbing the building. The Environmental Research Institute (ERI) of the University of Connecticut has developed a new methodology for the soil cleanup of dry cleaning fluid, which the EPA is going to field test at the Roosevelt Mills site. The Town was awarded a Special Projects – Economic Development Initiative grant from the U.S. Department of Housing and Urban Development in the amount of \$498,900 to fund a site characterization study and a site evaluation study. If the results of the studies are successful, this new methodology will become the standard across the country. The contractor, Spectrum Analytical, Inc., has performed three site remediation treatments, with the third and final completed in the fall of 2006. The preliminary data suggests very favorable results; while independently, the Federal and State contractor is performing tests for comparative data. The project has been completed at a cost of \$498,859. The Town also received notice from the Connecticut Department of Economic and Community Development of an additional \$500,000 award for remediation and cleanup. The actual cleanup of the site has recently been undertaken. Looking forward, the Town, by way of discussions with the Connecticut Redevelopment Authority, has executed an option to transfer the property to Loom City Lofts, a private developer, to construct a 90,000 square foot housing facility at the site, along with a restaurant. In response, the Town established the RMRP Corporation, a separate non-profit 501 (c3) entity. The Town has assigned the liens to RMRP and it has begun foreclosure to take title of the property. This keeps the Town out of the “chain of title” and positions RMRP to negotiate a sale of the property to Loom City Lofts. During October 2007, Loom City Lofts secured the liens and completed the foreclosure to obtain title to the property. The Loom City Loft redevelopment of 68 apartments, along with 10,500 square feet of retail space, received local approvals in 2005, and has secured approval from HUD to apply for loan guarantees to have this project go forward to completion. Loom City Lofts and the Town have an agreement whereby the Town assists in the securing of additional grant funds to begin limited demolition and remediation to finalize the economic redevelopment of the property. The Town applied for an Urban Act grant of \$1.2 million to assist in the demolition and remediation of the mill. The State Bond Commission approved the request at its January 2008 meeting, with the Town serving as a conduit for the grant, as administered by the Department of Economic and Community Development.

The Town funded the preparation of a Hazard Mitigation Plan, which was completed in 2001, and it appraises the flood and erosion issues of the community. This plan enables the Town to be eligible for Federal Emergency Management Agency assistance concerning wetland management activity, inclusive of

reparations for culverts, bridges, and dams, as well as land acquisition. In 1998, the Town Council adopted a resolution that established an Economic Development Reserve Fund. Sources of funding come from budgetary appropriations, surplus funds, and grants. Disbursement of funds is based upon projects identified in the three-year economic development plan, as prepared by the Economic Development Commission. The initial funding in 1999 of \$70,000 was followed by budget appropriations totaling \$610,040 in the following nine years, inclusive of \$91,040 in 2008. Funds have been used for the I-84 development site marketing campaign; to design retail-commercial facades on West Main Street; for the organization of the Neighborhood Revitalization Zone; the hiring of the Main Street Program Coordinator; the creation of the Hockanum Industrial Development and Venture Corporation; and for a study for the rehabilitation or reuse of properties. Funding of \$81,445 was authorized to hire a firm to prepare the “2000 Plan of Conservation and Development.” The Plan was completed during 2003.

The national economy is in a recession, as is the world, and the Federal Reserve position to maintain low interest rates at unprecedented levels, is one attempt at stimulus, most notably in the housing market and business investment. This will also serve to stabilize the dollar, which had declined 40% since 2002. But as foreign countries recover, the likelihood of further deterioration of the dollar is possible, fueling an increase to the US account deficit, a serious impediment to global recovery. The period of downsizing and outsourcing jobs, inclusive of the service sector, has not curtailed, and this reinforces the decline in consumer spending, along with higher energy prices, food and health costs.

The stimulus package being crafted in Washington D.C., will be most effective with a concentration of public infrastructure, local and state aid, and a philosophy of “bottom to top” recovery. The seriousness of a well-planned economic recovery package is understood by the nation, and if congress responds accordingly, then cautious optimism of stabilizing the economy at the end of the next twelve months can be realized. For three decades, the erosion of federal domestic spending has placed a serious burden on the budgets of state and municipal governments, and the spending pressures of global terrorist security and military operations, has exacerbated the situation. The stimulus package is an opportunity to reverse that trend. For the Town of Vernon, successful and continued pursuit of the economic development cited in this section enables the town to take advantage of any gradual business expansion and demand for developmental sites, thus greeting the future with a tax base strengthened by those objectives.

### Major Initiatives

The Town has given considerable attention to capital improvements, and the year ended June 30, 2008, was no exception. On November 2, 2004, voters approved a public improvement bond authorization, and have since issued a \$10,300,000 general obligation bond on February 15, 2007, and a \$5,000,000 general obligation bond on February 1, 2008. Bond anticipation notes of \$720,000 were issued on February 12, 2008, and are due February 12, 2009. The authorizations/expenditures are as follows:

<b>Project</b>	<b>Amount Authorized</b>	<b>Expended Current Year</b>	<b>Expended Cumulative</b>
Roads; sidewalks; and bridge reconstruction	\$ 19,103,000	\$ 3,587,569	\$ 12,588,801
Improvements to waste treatment plant	1,295,000	-	-
Improvements to sewer system	1,211,000	9,850	878,983
Issuance costs		41,084	141,911
Accrued note interest		132,404	669,199
<b>Total:</b>	<b>\$ 21,609,000</b>	<b>\$ 3,770,907</b>	<b>\$ 14,278,894</b>

The roadway improvements include the reconstruction/repaving of 22 town roads and replacing existing sidewalks. There is also one additional sidewalk replacement for Peterson Road; the installation of a storm drainage system at the Bolton Lake shores; and the renovation of three (3) bridges at Dart Hill Road; West Main Street; and Bolton Road. The sewer improvement projects consist of relining a critical sewer line on Route 30; sewer repairs at twenty (20) various roads; and the replacement of the Dart Hill pump station equipment. The upgrade of the waste treatment plant, to meet or surpass designated nitrogen limits, is in the early stages of design. As of the winter of 2009, the roadway improvement program is 60% complete. To address the rising pavement costs, the Town continues to apply for offsetting grants, and has been awarded a \$500,000 DECD CDBG grant to upgrade High Street and a \$500,000 DECD CDBG grant to upgrade Prospect Street. The efforts from the Vernon Department of Public Works to complete several road projects, has saved the Town considerable costs.

On March 29, 2005, voters approved three referenda questions for the renovations to school buildings and facilities. The authorizations and expenditures are as follows:

<b>Project</b>	<b>Amount Authorized</b>	<b>Expended Current Year</b>	<b>Expended Cumulative</b>
<b>Rockville High School - Additions &amp; renovations</b>	<b>\$ 34,657,000</b>	<b>\$ 17,063,962</b>	<b>\$ 19,456,303</b>
<b>Vernon Center Middle School - Renovations</b>	<b>11,519,000</b>	<b>7,172,200</b>	<b>9,190,645</b>
Center Road School	4,420,600	492,145	682,771
Lake Street School	5,828,800	1,071,086	1,584,658
Maple Street School	3,743,200	323,003	487,167
Northeast School	3,556,000	328,065	486,359
Skinner Road School	4,597,400	598,127	1,011,621
<b>Total Elementary Schools - Additions and renovations</b>	<b>22,146,000</b>	<b>2,812,426</b>	<b>4,252,576</b>
Issuance costs		157,470	182,109
Accrued note interest		524,879	764,212
<b>Total:</b>	<b>\$ 68,322,000</b>	<b>\$ 27,730,937</b>	<b>\$ 33,845,845</b>

A school building commission that was formed as of December 6, 2005, has oversight of the projects, and works closely with the architect, a construction management firm, and the administration. The estimated state progress payment reimbursement against costs incurred as of June 30, 2008, is \$21,758,661.

The Town owns and operates an advanced wastewater treatment facility located on Windsorville Road that is capable of treating an average flow of 7.1 million gallons per day. The facility provides effective, efficient and reliable treatment of sewage received from Vernon, Tolland and Ellington as well as portions of Manchester and South Windsor. The treatment plant, last expanded and upgraded in 1998, is capable of converting organic nitrogen and ammonia typically found in wastewater, to a stable form of nitrogen that is not detrimental to the aquatic ecosystems of the receiving stream, the Hockanum River. Although in stable form, the nitrogen's long-term effect as a nutrient leads to the proliferation of algae blooms in the Long Island Sound (LIS). When the alga dies off and decays, dissolved oxygen needed by fish and other aquatic life is reduced, creating a condition known as hypoxia. Studies have shown that the largest controllable form of pollution in LIS is the nitrogen discharged from sewage treatment plants.

In January 2002, the Connecticut Department of Environmental Protection (DEP) issued a general permit affecting 79 municipal wastewater treatment plants, including Vernon's, whose treated effluent is tributary to the LIS. The permit requires municipalities to reduce the total pounds of nitrogen discharged by 63%, no

later than the year 2014. While municipalities are endeavoring to make improvements to their treatment facilities, the DEP has established a nitrogen-trading program. A state appointed nitrogen advisory committee considers, on an annual basis, what the cost per pound of a nitrogen credit should be. This is based on estimated construction cost needs to make facility improvements over the 14-year target set by DEP. The trading program allows those treatment plants that can significantly reduce nitrogen, to sell excess credits to those plants that are currently unable to reduce nitrogen levels. The general permit issued by the DEP requires Vernon to reduce its average nitrogen discharge from approximately 500 pounds per day to 184 pounds per day by 2014, a significant drop. To that end, on May 18, 2005, the Town entered into a contract with consulting engineers, Malcolm Pirnie, Inc. (MPI), of White Plains, New York to evaluate alternatives to achieve this goal and develop cost estimates for design and construction of plant enhancements. The study costs \$87,800 and qualifies for a 55% grant from the State Clean Water Fund. The design and construction of the treatment plant, authorized by the November 2, 2004 referendum for a total of \$1,295,000, qualifies for a 30% Clean Water Fund grant. The cost of the upgrade will be shared with the surrounding communities that utilize the Vernon wastewater treatment plant in accordance with the amount of sewer capacity allotted to each of them. The feasibility study was completed in July 2006 however; it was amended in December 2007 to reflect additional cost saving alternatives. MPI recommended the installation of a Modified Ludzack-Ettinger Process (MLE), which would reduce total nitrogen levels to approximately 417 pounds per day at increased flow levels. The estimate to achieve this is \$1,450,000 for capital costs and \$65,800 per year for operating costs. While not recommended at this time, any further reductions in nitrogen levels below those stated above would require the installation of denitrification filters estimated to cost \$5,500,000 with additional operating costs of \$190,000 per year. By contrast, current costs to purchase nitrogen credits is approximately \$72,600 per year, however as we get closer to the 2014 target date, it is expected that the cost for nitrogen credits will increase significantly. The Water Pollution Control Authority is taking a cautiously optimistic approach to this issue by initiating the design of the upgrade, which can commence after the Connecticut Department of Environmental Protection (CTDEP) review and approval of the feasibility study, and then proceed with bidding and construction based on the availability of state and local funding sources. The Connecticut Department of Environmental Protection has earmarked funds to design and construct the Vernon BNR project in Fiscal-Year 2008/09.

The Town owns and operates 112 miles of sanitary sewers and 7 pumping stations including a sanitary trunk sewer along the former railroad right-of-way (Rails-to-Trails) between Route 30 and Center Road that serves as an interceptor for five (5) pumping stations located south of Interstate 84. Limited in its ability to fund major repairs and improvements through the sewer connection account, the Town requested and received approval in November 2004, to bond for the repair of several sewer projects, including the trunk sewer. In July and August of 2006, the Town entered into Contract #787 with Insituform, Inc. of Charlton, MA to reline 5,871 feet of 27-inch reinforced concrete sewer pipe and to repair or replace 21 manholes within that span. In addition, a pump station wet-well on Brookview Drive was refurbished as well as 18 various non-point spot repairs that were made to Vernon's sewer system. The project was completed, expending \$644,785. The Town also completed several sewer repairs authorized by the referendum in Contract #797 between the Town of Vernon and CFL Construction, Inc. Point repairs, requiring excavation and replacement of pipe, were made to sewers on Windsor Avenue and Brookside Lane. The total contract cost was \$25,481. Also completed were the replacement of sewer pipe on Kenneth Drive and Fern Street with total cost of construction at \$90,990. The Town contracted for the replacement of pumps, piping and related equipment at the Dart Hill Road pump station, in the amount of \$269,000 and construction commenced in August 2008. This will complete the sewer repairs authorized by the November 2, 2004 referendum.

**Bolton Lakes Wastewater Disposal:** The Town of Vernon and the neighboring Town of Bolton entered into a consent order with the CTDEP on October 14, 1999, requiring the towns to take the necessary steps to address wastewater disposal alternatives for the Bolton Lakes area. Two State funded engineering studies

have confirmed that specific areas around the middle and lower Bolton Lakes no longer meet the requirements of current health codes for septic systems and recommend the installation of a low-pressure sewer system with wastewater being pumped to the adjacent Town of Manchester Wastewater Treatment Facility. The most recent study was completed by Fuss & O'Neill, Inc. in May of 2003, and was approved by both Vernon and Bolton. The study estimated that the design and construction of the sewer system would cost \$17,000,000, with 29% or \$4,930,000 attributable to Vernon and the remainder to Bolton. Since completion of the May 2003 study, revised project costs are now estimated to be \$21,959,000, which would raise Vernon's share commensurately. The identification of additional funding resources to offset increases in project estimates continued to be pursued. The project qualifies for an approximate 40% grant from USDA Rural Development; and 25% from the Connecticut DEP Clean Water Fund. In addition, the towns have secured a Federal Special Appropriations Grant of \$650,000 to be shared equally between the two towns toward the sewer project. Voters in both towns approved a special referendum held on September 27, 2005, regarding ordinances that guarantee funding for the sewer project.

The Bolton Lakes Regional Water Pollution Control Authority (BLRWPCA) was created by ordinances adopted in both towns. In Vernon, Ordinance #242 was adopted in April of 2003. The formation of the regional authority gives the BLRWPCA the power and authority granted by state statutes to construct, charge user fees, levy assessments, bill for hook-up fees and to operate and manage the sewer system. Since its inception, the BLRWPCA has scheduled monthly meetings and worked closely with the DEP as well as the Office of Policy and Management (OPM), gaining approval of a Plan of Operations and By-Laws, as recommended by the Authority, which will govern its operation as an entity separate from the Towns of Vernon and Bolton. OPM has approved revisions to the State's Plan of Conservation and Development with respect to the project along Route 44 in Bolton.

During the past fiscal year, an intermunicipal sewer agreement was negotiated between the BLRWPCA and the Town of Manchester. That agreement, finalized on September 26, 2007, defines the terms and conditions in which Manchester will accept wastewater generated from the Bolton Lakes regional sewer service area. Fuss & O'Neill, Incorporated have coordinated with the BLRWPCA to negotiate easement agreements for the placement of sewers; obtain all regulatory permits and approvals and submit final design plans to the CTDEP for approval. Pending final CTDEP approval of plans and funding applications, construction bids will be advertised in early 2009 with an anticipated construction start date of April 15, 2009. Construction will be phased in over a five-year period in order to maximize grant-funding sources.

The Town is in the fifth year of a new housing rehab grant/loan program that utilizes funds derived from former programs that produced loan income. Participants that meet income requirements are eligible for projects involving owner occupied housing. This past fiscal year, \$34,558 was expended, with \$304,208 as the available balance. In May 2006, \$250,000 of the balance was designated by the Town Council for home ownership activities in the Village Street neighborhood.

The Town continues to address major *rolling stock* demands in an effort to replace equipment and vehicles that have met their useful life. Besides being better equipped to serve the residents of Vernon, a favorable result of this effort is the reduction to overall maintenance budgets for the subsequent year. In fiscal year 2007-2008, the Town funded **\$527,624** to acquire a dump truck (\$127,924), payloader (\$124,702), skid steer loader (\$24,896) and a maintenance van (\$44,896) for public works; five police cruisers (\$109,907); a ball field conditioner (\$16,989), turf mower (\$68,315) and a used pickup truck (\$9,995) for parks maintenance. In addition, fiscal year appropriation appropriations of \$81,245 are to fund a roller and trailers for public works (\$38,560) and dump and pickup trucks (\$42,685) for parks maintenance. Funding, inclusive of a State grant has been approved in fiscal year 2008-2009 for the purchase of two hybrid vehicles for the Police Department and Building Inspection. Also, **\$37,630** has been budgeted in debt service for the fourth of five

lease purchase payments to acquire three (3) new dump trucks and one (1) refuse packer. The cost of those four pieces of equipment was incorporated into a lease agreement of \$476,280. In addition, **\$75,580** was budgeted in debt service for the initial lease purchase for a sweeper, vac-all and a recycling truck. The cost of these three items was incorporated into a \$470,000 lease purchase agreement.

In the *public safety* area, as previously noted, five (5) police cruisers were funded in the amount of \$109,907. The police department's emergency generator was replaced at a cost of \$84,414; \$3,620 was expended to install digital time clocks; \$56,043 was expended for evidence room and photo lab improvements; and \$24,725 was expended on police management software. In fiscal year 2008-2009, \$46,500 has been appropriated for two (2) new police cruisers. Also in the capital budget, \$48,100 is available for an incinerator at the Animal Control Shelter. In addition, \$58,000, a combination of grants and reserves, has been allocated to enclose the dog runs at the south side of the shelter and expand the north side. A total of \$37,790 has been expended to date.

The ambulance services account is in the Special Revenue Fund and a reserve to periodically replace each of the three ambulances is maintained. In the year ended June 30, 2004, a new ambulance was purchased in the amount of \$111,744. In subsequent years, \$30,000 per year of ambulance fees collected will be reserved for this purpose. The reserve at June 30, 2008 is \$158,256, and it was utilized to offset the \$285,877 purchase of two ambulances in the 2008/09 fiscal year. The fire department's 135 members, the largest volunteer force in the state, enable the town to apply the savings from personnel costs to equipment needs. Although the members are not employees, the Town has recognized their commitment to protecting the lives and property of our residents, and has established a Length of Service Award Program (LOSAP). This is a non-qualified employer retirement plan that commenced on January 1, 2000. To attain normal retirement, a minimum of ten years of credited service is required, with maximum credited service of thirty years. Since inception, the Town has made its employer contribution to an investment fund set up exclusively for this program as follows:

<b>Year</b>	<b>Employer Contribution</b>
December 31, 2000	\$93,373
December 31, 2001	\$87,047
December 31, 2002	\$85,997
December 31, 2003	\$88,892
December 31, 2004	\$86,237
December 31, 2005	\$86,265
December 31, 2006	\$95,012
December 31, 2007	\$97,968

In response to September 11, 2001, the Town created the position of Emergency Management Director and a comprehensive and fully integrated Emergency Management Plan commenced and was completed in October of 2002. The plan, which defines roles and responsibilities for town emergency response individuals, includes 13 emergency action procedures; revamps school procedures; and establishes new sheltering guidelines. The Town received a FEMA equipment grant of \$351,800 in fiscal year 2003/04 for a variety of areas inclusive of firefighter safety and accountability during emergencies; computerization of response data and high life value properties; fitness equipment; and training. This was followed by a grant from the US Homeland Security in the amount of \$203,575, inclusive of a 10% local match of \$20,358, to install the two remaining ventilation systems at our fire stations, Birch Street and Nye Street; provide fire

retardant uniforms for our ambulance workers; and boost rescue capability with the acquisition of a rescue boat and two all-terrain vehicles. Two years ago, the Town was awarded an \$18,483 Homeland Security grant for emergency planning equipment; and a Fireman's Fund equipment grant for \$28,500. In the fiscal year 2007-2008, budget, an appropriation of \$33,800 was allocated for roof replacement and bathroom renovations at the Hartford Turnpike company #1 fire station.

The **public works** department continued to maintain and upgrade all town buildings. \$551,984 has been appropriated for the Americans with Disabilities Act (ADA) renovation program. Expenditures to date are \$410,003. A grant of \$16,251 from the Connecticut Commission of Culture and Tourism was awarded and utilized for a feasibility study of the former kindergarten building on Route 30. In June 2008, the State Office of Policy and Management awarded the town a \$300,000 grant to fund a Community Arts Center at the site. The Town also authorized \$255,000 to renovate the top floor of the 55 West Main Street building, inclusive of a \$50,000 LoCIP grant. The Town utilized a Department of Social Services bond fund grant in the amount of \$30,000 for door and window replacements at the Senior Center and a LoCIP grant to fund \$4,687 of ADA improvements at the Center. An allocation of \$120,000 has been made to increase storage space for the Town Clerk and to expand the vault. In addition to the Village/Orchard Street road improvement project and the public improvement bond authorization that will provide for the reconstruction of 22 roads, the Town expended \$187,149 this past year for road repair, repaving, and sidewalk replacement. The State of Connecticut Town Aid for Roads program provided \$99,530 of that amount, with the remainder coming from the public works budget. In addition, there were two authorizations totaling of \$497,259 for the repair and paving of several roads of which \$457,164 were expended as of June 30, 2008; a \$37,433 appropriation for pavement crack filling was also expended; and \$20,000 is available for raising the Vernon Avenue roadway from a prior year appropriation. The Town expended \$64,676 of a \$65,000 appropriation as local support for design of the reconstruction and widening of Vernon Avenue, from South Street to Hartford Turnpike. This project near completion during the fiscal year at an estimated construction cost of \$2,198,190 with federal and state grants providing most of the funding. In the 2008-2009 operating budget, \$86,700 has been allocated for sidewalk and road improvements. The Town Aid grant will also be used for repaving. Other major roadway projects include the reconstruction and drainage improvement along Union Street (Rte. 74) from Maple Street easterly to Elm Street. This project is being designed and constructed by the Connecticut Department of Transportation. The project will be 100% funded by the State, and it is currently scheduled for construction in 2010.

Funding of \$337,982 has been approved to develop engineering designs for the replacement of the **Spring Street Bridge and River Street Bridge**. An 80% grant from the federal Highway Planning and Construction fund and a 20% grant from the State Local Bridge Program provide the necessary funds for the designs. At the end of the year, \$275,011 has been expended. The design plans have been substantially completed and the environmental applications submitted to the state department of environmental protection for approval. The projects do require some additional work relative to easements and final environmental approvals before proceeding to the constructions bid phase. As of May 2007, the Spring Street Bridge construction funding grant, at 100%, has been estimated and approved in the amount of \$1,950,000. As of June 2008, the River Street Bridge construction funding grant, at 100%, has been estimated and approved in the amount of \$2,220,000.

Designs have been completed at a cost of \$60,268 for the reconstruction of the **Phoenix Street and Bolton Road bridges**, both over the Tankerhoosen River. The estimated construction cost of the Phoenix Street Bridge is \$1,125,000, with a startup date anticipated in 2010. On November 4, 2008, a bond referendum in the amount of \$1,182,000 was approved. Of that amount, \$294,000 in local funds were previously committed and grants of \$502,638 have been approved. The balance, if needed, will be provided by bond proceeds. The construction costs for substantially completed Bolton Road Bridge is estimated at \$988,598;

\$151,000 from the capital non-recurring fund and the remainder to be derived from the public improvement bond. The majority of the project was completed as of November 2007, with the balance completed in the spring of 2008. Reconstruction costs for the **Vernon Avenue Bridge**, over the Hockanum River, was estimated at \$962,000, and 80% of the funding is to be derived from a federal T.E.A. grant (\$769,600); and a 20% local match (\$192,400) has been appropriated. Currently, reconstruction costs are estimated to be \$1,311,000, with a revised local match of \$262,200 anticipated. As of June 30, 2008, \$135,593 of design costs has been incurred. The funding for the non-grant portion of each bridge will be provided through the capital improvement program. A \$40,000 appropriation has been approved for the design of the **Dart Hill Road Bridge** with \$866,000 available for reconstruction; the bridge was rated in fair condition, therefore ineligible for external funding. The **West Main Street Bridge** over the Hockanum River has received an 80% funding grant from the state, with 20% funding by the Town. The total estimated project cost is \$2,160,000. Design is anticipated to begin in January 2009 with construction estimated for 2011. A preliminary application for funding under the State and Federal Bridge Program was submitted on May 16, 2008 for the replacement of the **Main Street Bridge** over the Tankerhoosen River. Approval was subsequently received on July 15, 2008 from the ConnDOT. The total estimated project cost is \$3,247,400 with 80% (\$2,597,920) of the cost funded through federal aid and the remaining 20% (\$649,489) by local funds. A town-wide referendum on November 4, 2008 failed to approve the Town's share. Additional funding sources are currently being pursued.

In a previous year the Town approved \$60,000 for the acquisition and development of a Geographical Information System (GIS), and as of June 30, 2008, \$40,972 has been expended; in addition, \$23,000 was approved and expended for the engineering department to acquire a map copier/scanner/printer device. The Town hired a GIS director in the prior year, and was the lead agency in requesting a regional GIS grant through CROG for an aerial imagery of the region.

**Recreation** programs remain very popular with our residents as demand and participation increases. The town has 569 acres dedicated to recreation, which consist of 22 parks, 35 miles of trails, two pools, two beaches on lakes providing swimming, a camp, boat launch, picnic areas, and fishing and ice skating. Additionally, the Town has a teen center, numerous playgrounds, baseball and softball diamonds, soccer fields, and tennis and basketball courts. The department is also responsible for maintaining the athletic fields throughout the public school system, which includes a lighted football field and track. LoCIP grants of \$95,000 and \$30,000 were respectively awarded to replace the existing restrooms at Valley Falls Park and to renovate the recreation hall at Camp Newhoca. An additional \$16,498 was approved for the restroom renovation, and both projects have been completed; \$25,000 has been approved for the fourth phase of renovations to the Valley Falls Nature Barn. The Horowitz Pool in Henry Park has experienced structural issues, leading the Town Council to authorize \$30,000 in fiscal year 2005-2006, for an engineering study. The authorization has been fully expended. In June 2007, the Town Council approved \$63,000 for phase II of the Horowitz Pool and bathhouse renovations; and \$16,000 to replace the filter system at the Community Pool. The filter system project has been completed and \$24,181 of the Horowitz Pool appropriation has been expended as of June 30, 2008. The Connecticut Special Act Program (CSAP) awarded a grant in the amount of \$100,000 for improvements at the historic Talcott Park in the Rockville section. The improvements, to be consistent with the historic profile of the park, include a handicapped accessible playground and sixteen light poles. In addition, a \$6,000 donation was made to install benches and two weather resistant chess tables. The project was completed, utilizing the entire appropriation. The Connecticut Commission on Culture and Tourism has awarded the Town a \$283,000 grant for the repair, restoration and ADA renovation of the Vernon Historical Society Grange.

October 2008 marked the bi-centennial of the Town of Vernon and several events were held to commemorate the occasion. The Town assembled a committee of residents to organize all the necessary

proceedings to embrace and preserve the historical significance of the day for future generations. To further this cause, the Town appropriated \$30,000 to supplement the fundraisers and a donation of \$12,500 from Rockville Bank led the way to an additional \$54,200 from a host of contributors and those purchasing memorabilia.

The Town also supports the *Board of Education* capital improvement plan in several ways. A reserve for capital and non-recurring expenditures account has been established that allows the school system, with approval from the Town Council, to place the unused portion of their operating budget at the end of the fiscal year into the account. Those funds are to be used to satisfy projects listed on their capital improvement plan. In 2007-2008, a single budget was approved combining the general government and education allocations for capital improvements. Although \$0 was dedicated to school projects, the Town Council did authorize an additional general fund appropriation during the fiscal year of \$200,000 to repaint and repair the Board of Education Central Administration building and also authorized \$133,000 of available funds in the capital and non-recurring fund was authorized for this project. In addition, \$7,200 of town capital non-recurring funds was utilized to fund the Lake Street School ADA playscape project. The capital improvement budget was not funded in fiscal year 2008-2009; instead, available funds from completed projects will be allocated for other building projects. As indicated at the beginning of this section, a bond authorization of \$68,322,000 has been approved for major renovations at all schools, with the exception of the Talcottville School. In addition to the renovations, code updates, and site improvements, included in the school improvements, will be a new auditorium, a kitchen addition, and a new front entrance at Rockville High School; and a new office and library/media center at Lake Street School.

Recognizing that land is a valuable resource and is important to the general welfare of town residents, the Town Council on May 2, 2000, approved an ordinance establishing a Reserve for Land Acquisition and Preservation. Beginning in fiscal year 2001-2002, the Reserve is to be maintained with a minimum balance of \$10,000, and the Town made the initial payment of \$10,000 to the fund. In the year ended June 30, 2001, the Town assisted the Friends of Valley Falls (Friends), a non-profit organization, with a payment of \$100,000 for the purchase of the Valley Falls Farm, a 10.2-acre site with a farmhouse and six outbuildings, located at the corner of Bolton Road and Valley Falls Road. The payment represents 25% of the cost, with another 25% coming from community fund-raising, and the remaining 50% from the Connecticut Open Space program. The title of the site, referred to as the Darico parcel, is held by the Friends, and they will manage and plan community activities. The Town receives interest in the property via a conservation easement, and the community preserves a unique landmark site, that will also provide environmental and historical points of reference for generations to come. The Open Space grant program and town appropriations were utilized in fiscal year ending 2000 to purchase a 19.5 preserve along the Tankerhoosen River for \$342,000 and 104 acres of open space at Rambling Ridge park was purchased for \$332,500.

We will continue to revise the six-year capital improvement plan to address community demands, understanding that the budgetary constraints imposed by varied economic factors requires the diligent pursuit of grants and alternative resources to fund capital needs. On February 6, 2001, the Town Council approved the recommendation of a special task force, to formalize the separation of capital improvements and debt service from both the general government and education operating budgets. The FY 2002-2003 budget reflected this initial change, and subsequent budgets have conformed accordingly.

Administratively, we are continually refining the financial system with the utilization of technology and new computer and software systems which will improve our ability for comprehensive financial analysis vital to the decision making process. The financial software includes the town and school administration, and we are in the process of expanding the number of users to all departments, as well as integrating "silo" systems, to improve access and reporting capabilities.

The 2008-2009 operating budget was approved by the Town Council and sent to the annual Town Meeting for adoption. The budget was instead petitioned to a referendum vote, held on May 3, 2008, and the voters adopted the budget. As a result of revaluation and year two of a three-year phase-in, the mil rate, decreased by 2.63 mils, from 32.91 to 30.28. We will continue to provide the voters with information to make knowledgeable decisions, as we have a responsibility to educate our residents on the programs and services presently provided, as well as those proposed.

### **Pension Trust Fund Operations**

The Town maintains three single-employer, contributory defined benefit plans, that cover substantially all of the full-time employees, (except for the certified faculty and administrative personnel of the Board of Education, who are covered under the State Teachers' Retirement System), and members of the Town's Volunteer Fire Department (VFD) based upon certain service criterion. The retirement plan for the VFD was established effective January 1, 2000 and is recognized as the Town of Vernon Length of Service Award Program (LOSAP). The LOSAP provides a benefit equal to \$8 per month for each year of credited service to a maximum of \$240 per month, at the normal retirement age of 65. The LOSAP liability is funded each year based on the recommendation of an independent actuary. The 2007 employer only contribution for the LOSAP was \$97,968. Employee and employer contributions for the plan year ended December 31, 2007, were as follows: Town Pension Plan, \$905,652 and \$1,677,731, respectively; Police Pension Plan, \$249,533 and \$1,020,600, respectively. The accrued liability of both pension plans is amortized over a thirty-year cycle. At the end of the plan year, the actuarial value of assets available to fund the actuarial accrued liability increased from 60.7% to 62.3% for the Town Plan; and decreased from 73.7% to 72.8% for the Police Plan. Combining all three plans, inclusive of the LOSAP contribution of \$97,968, the Pension Trust Fund reflects a revenue decrease of \$969,381 or from \$7,127,892 to \$6,158,511. Excluding the LOSAP contribution, the employee and employer pension contributions increased by \$205,581. Income from investments decreased by \$969,381 from the prior year. As to expenditures, there was an increase of 2.9%, or from \$2,907,536 to \$2,990,733, related mainly to benefit payments. In accordance with GASB Statement #27, the net pension obligation (NPO) was calculated. At the beginning and at the end of the plan year, the Town did not have a NPO.

### **Debt Administration**

The Town issues general obligation bonds to finance its debt that is for capital projects. The exceptions are debt issued through promissory notes from the State of Connecticut for bridge repairs, as well as loan obligations from the Connecticut Clean Water Fund for sewer lines and the wastewater treatment plant. All bonded debt is supported by the full faith and credit of the Town.

At June 30, 2008, the Town had a number of debt issues outstanding which totaled **\$50,921,897**, consisting of general purpose bonds, \$13,909,000; school bonds, \$20,393,000; sewer bonds, \$2,203,000 and promissory notes and loan obligations of \$172,594 for sewer line repairs and \$12,981,846 for the waste treatment plant; and \$497,084 for a lease purchase agreement for an aerial ladder fire truck and a 2000 gallon pumper fire truck; \$295,373 for three dump trucks and a refuse packer; and \$470,000 for a sweeper, vac-all and recycling truck.

The Town has maintained its A-1 rating from Moody's Investor Service on its general obligation bond issues. On February 14, 2008, the Town issued \$21,040,000 in general obligation bonds, which retired \$20,986,000 of bond anticipation notes. Of the \$21,040,000 bond issue, \$5,000,000 was issued as general purpose debt and \$16,040,000 as school debt. The bond issue matures on February 1, 2028.

Also, on February 12, 2008, the Town issued bond anticipation notes in the amount of \$720,000 for public improvements and \$11,205,000 for school improvements. The notes due date is February 12, 2009.

The following table depicts the Town's compliance with debt limitation amounts as established by the State of Connecticut:

	<u>Total Indebtedness</u>	<u>Less Deductions</u>	<u>Total Net Indebtedness</u>
General Purpose	\$18,761,000	\$0	\$18,761,000
Schools	70,160,000	1,185,919	68,974,081
Sewers	15,519,440	149,769	15,369,671
Total	<u>\$ 104,440,440</u>	<u>\$ 1,335,688</u>	<u>\$ 103,104,752</u>

Total indebtedness includes authorized, but unissued bonds as of June 30, 2008. Deductions consist of school building grant commitments of \$1,185,919 and levied sewer assessments of \$149,769. It should be noted that the surrounding towns of Ellington, Manchester, South Windsor and Tolland are obligated to provide principal payments totaling \$2,794,324 to the Town of Vernon relative to Total Net Sewer Indebtedness of \$15,369,671. In accordance with the provisions of Connecticut General Statutes, Total Net Indebtedness should not exceed \$349,678,098.

The table below presents historical data regarding the Town's net general debt and debt service expenditures for the past five fiscal years. Net general debt includes all bonds and promissory notes outstanding at June 30, with the exception of sewer bonded debt to be retired by funds available and to be provided by the sewer assessment fund.

	<u>Fiscal Year Ended June 30,</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net General Debt (000s omitted)	\$ 48,128	\$ 29,363	\$ 18,809	\$ 20,234	\$ 22,461
Net General Debt per Capita	\$ 1,625	\$ 990	\$ 638	\$ 690	\$ 769
Percentage of Net General Debt to Net Taxable Grand List	3.22%	2.24%	1.46%	1.61%	1.80%
Percentage of Debt Service Expenditures to General Fund Expenditures	3.20%	1.95%	1.55%	2.26%	2.80%

While the above table indicates a relationship of debt obligation to the tax base, it is important to realize that there are State grants received as specific partial offsets to school building renovation debt and payments from surrounding towns for a portion of the debt obligation of the waste treatment plant that serve to reduce the direct impact of debt service on the property tax.

### **Cash Management**

Cash temporarily available during the year was invested in time deposits maturing to meet established cash flow demands. In addition, the Town also utilizes Cooperative Liquid Assets Securities System (CLASS)

investments, collateralized by U.S. Treasury bonds and notes. Funds invested in CLASS are available for withdrawal within 24 hours notice and funds earned an annualized average yield of 3.70% in 2007-2008. Under Connecticut State law, allowable investments of municipal funds include U.S. Government securities, shares in any custodial arrangement, pool or investment trust, certificates of deposit issued by various Connecticut banks, and repurchase agreements. Financial institutions are polled to determine the best rates offered on various instruments and maturities. Interest earnings for the General Fund totaled \$670,210, short of the budget estimate by \$81,690. The interest earned ultimately saved the taxpayers 0.46 mils on the property tax. When incorporating the \$2,207,027 investment income of the pension fund, total investment income on all Town Funds amounted to \$4,249,961.

Our investment policy is to minimize credit and market risks while maintaining a competitive yield on the entire portfolio. Accordingly, all deposits of the Town are covered under provisions of the Connecticut General Statutes, which provide for some additional protection against loss in excess of any deposit insurance through an assessment to each qualified public depository to collateralize public deposits based on a percentage of its own risk-based capital ratio.

### **Risk Management**

The Risk Management Advisory Board, composed of Town residents, makes recommendations to the Town's administration on all aspects of health and liability insurance, including risk management control. Periodically, a commercial agent of record is recommended by the board to represent the Town in the bidding of property & casualty insurance coverage, and to provide risk management counseling and related services.

The Town is self-insured for benefits specifically provided by the workers' compensation or occupational disease laws in the State of Connecticut, but purchases stop-loss coverage against losses in excess of a self-insured retention. The current self-insured retention is \$450,000 per occurrence for firefighters and police officers, and \$400,000 per occurrence for all other employees. Workers' compensation benefits over the self-insured retention meet State of Connecticut statutory requirements, and the employer liability limit is \$1,000,000 per occurrence and aggregate. Workers' compensation claims are administered internally and coordinated for process by a claims representative. On April 1, 2007, the Town contracted with CIRMA to serve as our new claims administrator. Claims are followed up by an accident report form that documents the preventive measures taken to resolve future risk. Note 10 in the Notes to Financial Statements present historical data on claims experience.

The Town Council adopted an ordinance establishing a medical self-insurance fund, with the intent to more efficiently and effectively meet our health care objectives for employees and retirees. In October 2005, the General Government and the Board of Education carved out the prescription benefit from the fully insured program, for self-insurance purposes. Effective July 1, 2007, dental insurance for the General Government also became self-insured. The fund's activity is reported in the Internal Service Fund.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Vernon for its comprehensive annual financial report (CAFR) for the year ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive

annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### **Acknowledgements**

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

Penny Calcasola	Payroll Coordinator
Diane Luddecke	Budget Analyst
Raelene Philips	Accountant
Beverly States	Assistant Treasurer

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

Respectfully submitted,



James M. Luddecke  
Finance Officer and Treasurer

## **Financial Section**



## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Vernon, Connecticut, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Vernon, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Vernon, Connecticut, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2009 on our consideration of the Town of Vernon, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 14 and budgetary comparison information on pages 59 through 69 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vernon, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Blum, Shapiro & Company, P.C.*

February 23, 2009

## TOWN OF VERNON, CONNECTICUT

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

This discussion and analysis of the Town of Vernon, Connecticut's (Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2008. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

#### FINANCIAL HIGHLIGHTS

- The Town's net assets increased as a result of this year's operations. Net assets of our business-type activities decreased by \$28 thousand, or .20%; while net assets of our governmental activities increased by \$20.860 million, or 24.87%.
- During the year, the Town generated taxes and revenues that were \$20.860 million more than the \$100.5 million in expenses for governmental activities.
- In the Town's business-type activities, revenues increased to \$5.55 million (or by 11.79%) while expenses increased to \$5.57 million (or by 3.49%).
- Total combined cost of Town governmental and business activities increased by \$17.2 million from \$88.9 million to \$106.1 million.
- The General Fund reported a fund balance this year of \$9.53 million, inclusive of unreserved, undesignated fund balance in the amount of \$7.61 million.
- The Town issued a \$21.040 million general obligation bond on February 14, 2008 that retired one-year bond anticipation notes of \$20.986 million. The bond issue consisted of \$5.0 million for public improvements and \$16.040 million for school renovations. Also on February 14, 2008, one-year bond anticipation notes of \$11.925 million were issued, allocated as follows: \$720 thousand for public improvements and \$11.205 million for improvements to school facilities.
- The resources available were \$385 thousand more than expenses for the General Fund. This was accomplished by effectively managing appropriations, a reduction in the encumbrance reserve and the collection of prior taxes.
- The tax collection rate was 98.2%.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

## ***Government-Wide Financial Statements***

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

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

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

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

## ***Fund Financial Statements***

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

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

- *Proprietary Funds (Exhibits V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Data Processing Internal Service Fund.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net assets increased from a year ago from \$98.4 million (as restated) to \$119.3 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Current and other assets	\$ 56,083	\$ 53,969	\$ 4,760	\$ 4,390	\$ 60,843	\$ 58,359
Capital assets, net of accumulated depreciation, as restated	127,827	97,000	10,682	10,949	138,509	107,949
Total assets	183,910	150,969	15,442	15,339	199,352	166,308
Non-current liabilities outstanding	59,863	41,416	334	550	60,197	41,966
Other liabilities	19,306	25,672	583	236	19,889	25,908
Total liabilities	79,169	67,088	917	786	80,086	67,874
Net assets:						
Invested in capital assets, net of related debt	88,050	72,817	10,682	10,949	98,732	83,766
Restricted	2,230	2,327			2,230	2,327
Unrestricted	14,461	8,737	3,843	3,604	18,304	12,341
Total Net Assets	\$104,741	\$ 83,881	\$ 14,525	\$ 14,553	\$119,266	\$ 98,434

## **Governmental Activities**

Net assets of the Town's *governmental activities* increased by \$20.860 million or 24.87% (\$104.74 million compared to \$83.88 million, as restated). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$8.74 million at June 30, 2007 to \$14.46 million at the end of this year. This change in unrestricted governmental net assets resulted primarily because of the following factors:

The increase of \$2.11 million in current assets is primarily represented by proceeds of the \$11.925 million bond anticipation notes, and anticipated intergovernmental receivables for on-going capital projects.

- The capital assets increase of \$31.64 million is a combination of the addition of current year capital purchases and construction in progress, against the depreciation expense of existing assets.
- Long-term liabilities increased by \$18.447 million, reflecting the bond issuance of \$21.040 million; a lease purchase agreement of \$470 thousand; the retirement of principal on long-term debt of (\$3.04 million) and a net decrease of \$196 thousand to retirement/compensated employee absences liabilities.
- Other liabilities decreased by \$6.37 million, due mostly to an increase in year-end accounts payable for public bond and school bond improvements that were offset by a reduction in year-end bond anticipation notes from \$20.986 million at June 30, 2007, to \$11.925 million at June 30, 2008.
- The largest portion of the Town's net assets, \$88.05 million or 84.1%, reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. An additional portion of the Town's net assets, \$2.23 million or 2.1%, represents resources that are subject to restrictions on how they may be used by separate trusts established.

## **Business-Type Activities**

In 2008, the net assets of *business-type activities* decreased by \$28 thousand or 0.20% (\$14.525 million compared to \$14.553 million). The majority of the decrease includes depreciation expense of \$272 thousand for contributed capital assets, which is not factored into the rates. Center 375 rental rates increased by \$22 thousand from the prior year. Although there are unrestricted net assets of \$3.843 million, these funds, however, cannot be used to make up for any decreases reported in governmental activities. The Town generally can only use these net assets to finance the continuing operations of the wastewater treatment facility and Center 375.

**TABLE 2**  
**CHANGES IN NET ASSETS**  
**In Thousands**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 4,995	\$ 5,869	\$ 5,412	\$ 4,772	\$ 10,407	\$ 10,641
Operating grants and contributions	42,497	26,166			42,497	26,166
Capital grants and contributions	20,433	3,908			20,433	3,908
General revenues:						
Property taxes	49,934	48,111			49,934	48,111
Grants and contributions not restricted to specific programs	1,749	1,991			1,749	1,991
Unrestricted investment earnings	1,503	2,009	133	187	1,636	2,196
Miscellaneous	228	111			228	111
<b>Total revenues</b>	<b>121,339</b>	<b>88,165</b>	<b>5,545</b>	<b>4,959</b>	<b>126,884</b>	<b>93,124</b>
Program expenses:						
General government	3,139	2,904			3,139	2,904
Community and development	513	335			513	335
Public safety	8,455	7,946			8,455	7,946
Maintenance and development	8,013	7,144			8,013	7,144
Human services	986	967			986	967
Park, recreation and culture	2,052	1,984			2,052	1,984
Town wide	7,841	7,528			7,841	7,528
Education	67,481	53,358			67,481	53,358
Interest on long-term debt	1,999	1,314			1,999	1,314
Sewer			5,356	5,170	5,356	5,170
Rental			217	215	217	215
<b>Total program expenses</b>	<b>100,479</b>	<b>83,480</b>	<b>5,573</b>	<b>5,385</b>	<b>106,052</b>	<b>88,865</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 20,860</b>	<b>\$ 4,685</b>	<b>\$ (28)</b>	<b>\$ (426)</b>	<b>\$ 20,832</b>	<b>\$ 4,259</b>

The Town's total revenues were \$126.9 million. The total cost of all programs and services was \$106.1 million. Our analysis below separately considers the operations of governmental and business-type activities.

### ***Governmental Activities***

As noted earlier, net assets from governmental activities increased \$20.860 million. Since the Town began preparing a statement of net assets as of June 30, 2003, this is the fourth increase in the six-year period.

On the revenue side, key factors to the overall increase were as follows:

- Property tax income, which comprises 41.2% of the Town's governmental activities revenues, includes the current levy, prior year levies, and interest, increased by \$1.823 million or 3.79%. This is attributed to growth in the grand list; an "effective" increase in the tax rate when factoring the first of a three-year phase-in, combined with efficient collection measures on back taxes; a strong collection rate of the current levy; and additions from constructions in progress.
- Charges for services decreased by \$874 thousand, due to decreased town clerk receipts and sewer connection fees, offset partially by increases to recreation program receipts and ambulance emergency medical service fees; and various town services.
- Operating grants and contributions increased by \$16.331 million, including a \$13.756 million increase in on-behalf payments made by the State of Connecticut to the state Teachers' Retirement System; grants and contributions not restricted to specific programs decreased by \$242 thousand.
- Capital grants and contributions increased by \$16.525 million due mostly to school construction progress payments of \$14.767 million; also, park improvements, infrastructure and building renovation grants of \$2.2 million were received.
- Unrestricted investment earnings decreased by \$506 thousand, reflecting the decrease in overall interest rates.

Revenue in the statement of activities differs considerably from fund revenue, as it has been recognized in the period when the receivable was established, rather than when actually received for current purposes. The result was a revenue reduction of \$889 thousand.

For governmental activities, expenses increased \$16.999 million or 20.4% over the previous year. Of the total expenditures of \$100.479 million, 67.2% are for educational services; 8.4% for public safety; 7.8% for town-wide costs that include benefits and insurance coverage; 8.0% for maintenance and development; and 3.1% for general government.

Major expense factors include:

- The cost of educational services increased by \$14.123 million due primarily to an increase in on-behalf payments by the State of Connecticut to the Teachers' Retirement System of \$13.756 million; wage adjustments, retirement and pension contributions, special education tuitions to other towns, and transportation costs. Health plan revisions, a provider change and self-insurance for prescriptions reduced medical costs; heating fuel expenses were reduced based on a rate agreement.
- General government costs increased by \$235 thousand, principally impacted by appraisal and software conversion fees for the grand list, legal costs and for wage adjustments and compensated absences.
- Public Safety costs increased by \$509 thousand for police, fire and ambulance coverage.
- Maintenance and development costs increased by \$869 thousand for road repairs, building repairs and maintenance, snow removal and the recognition of depreciation expense for infrastructure.
- Employee wages for non-education employees, including overtime and compensated absences, increased approximately 4.8% over the prior year.
- Interest on long-term debt increased by \$685 thousand due to the February 2008 bond issue and interest on short-term debt increased by \$33 thousand associated with the bond anticipation notes issued in February 2007 and 2008. The Town has reduced its debt steadily for several years in anticipation for the recently approved public and school bond projects that have a combined authorization of \$89.93 million. The public road projects began three years ago and the school renovations began two years ago. It is anticipated that the third bond issue will be during the fiscal year ending June 30, 2009, with the first principal payment from that issue due in fiscal year 2012.

Table 3 presents the cost of each of the Town’s five largest programs — education, public safety, town wide (which includes items such as benefits and property insurance), maintenance and development of streets and buildings, general government administration, and all other services — as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

**TABLE 3  
GOVERNMENTAL ACTIVITIES  
In Thousands**

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Education	\$ 67,481	\$ 53,358	\$ 7,620	\$ 23,759
Public safety	8,455	7,946	7,419	6,733
Town wide	7,841	7,528	7,256	6,947
Maintenance and development	8,013	7,144	4,508	5,822
General government	3,139	2,904	1,899	1,217
All others	5,550	4,600	3,851	3,059
<b>Totals</b>	<b>\$ 100,479</b>	<b>\$ 83,480</b>	<b>\$ 32,553</b>	<b>\$ 47,537</b>

***Business-Type Activities***

Revenues of the Town’s business-type activities (see Table 2) increased by 11.79%, or \$585 thousand, (\$5.55 million in 2008 compared to \$4.96 million in 2007) and expenses increased by 3.5% or \$188 thousand. The factors influencing these results: There was an increase of 11.0% in sewer rates on October 1, 2007. Also, rental fees at Center 375 increased by \$22 thousand and there was a decrease of \$54 thousand in investment income.

The increase in expenses of \$188 thousand is affected mainly by repair and maintenance costs of \$41 thousand, general and administrative costs of \$43 thousand and \$102 thousand in utility costs. Depreciation expense decreased by \$2 thousand.

**TOWN FUNDS FINANCIAL ANALYSIS**

***Governmental Funds***

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$29.66 million, which is an increase of \$10.13 million from last year’s total. The fund balance deficit attributed to the bond projects is \$4.77 million and is offset by \$13.34 million in other unreserved fund balances. The balance of \$21.09 million is reserved because it has been committed to liquidate purchase orders, is set aside for capital projects and equipment, trust funds, special assessment debt service and inventory.

Included in this year’s total change in fund balance is an increase of \$385 thousand in the Town’s General Fund. The unreserved and undesignated fund balance, which committed \$679 thousand for encumbrances more than the prior year, reflects an overall decrease of \$294 thousand. The unreserved and undesignated fund balance of the General Fund at June 30, 2008 is \$7.61 million, which represents 10.08% of estimated revenues for the ensuing year. Maintaining adequate fund balance reserves allows the Town flexibility

when budgets are restricted 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. Also, income earned by keeping the funds invested assists in limiting the need for future tax increases.

The primary reasons for the General Fund's increase include some of the areas discussed in the governmental activities analysis, highlights on the following page, and as reported in Exhibit IV. In addition, these other changes in fund balances should be noted: in the *Special Revenue Fund* there was an increase of \$1.481 million, with \$699 thousand attributable to the funding advanced for projects in the town capital and non-recurring expenditure fund; \$165 thousand in the education capital and non-recurring fund; and \$52 thousand in the economic development fund. There were also decreases in the downstream fund for special projects; a loss in CDBG fund due to use of program income; and in the ambulance EMS account, increased coverage levels created costs in excess of current revenue; partially offsetting these losses was an operational gain in the cafeteria fund; additional Town Aid for Roads funding and sewer assessment and connection revenue. There was an \$8.362 million increase in the Capital Projects Fund due to the receipt of bond proceeds and grants over project expenditures in conjunction with the public improvement projects and school additions and renovations; and the Permanent Trust Fund decreased by \$97 thousand due to negative investment performance in the cemetery and school memorial trusts.

### ***Proprietary Funds***

The Town accounts for five proprietary funds, two as Business-Type Activities and three as Governmental Activities - Internal Service Funds, which are reported in Exhibits V, VI and VII. The Sewer User Fund and Center 375 are established as self-supporting Business-Type activities that reported a change in assets that amounted to a \$28 thousand decrease. 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 assets is \$21 thousand. This decrease is a result of depreciation expense on assets formerly classified as contributed capital (\$62 thousand), which are not built into the sewer user rate; and the recognition of infrastructure depreciation (\$210 thousand). The sewer user rates increased on October 1, 2007 by 11.0%, from \$4.27 to \$4.74 per 1,000 gallons of metered water, yielding an additional \$466 thousand in revenue. Effective for the October 1, 2008 billing, sewer user rates increased again, by 11.6%, from \$4.74 to \$5.29, expecting to produce an additional \$532 thousand in revenue. The new plant is in the eleventh year of operation since major renovations, and the facility itself is reported in the General Government activities.

**Center 375** is a former elementary school renovated for the rental of office space to private firms and to Town departments. The renovation was conducted in a manner that would enable the Town to restore the building back to a school if enrollments so demanded. The result of the year's activity decreased net assets by \$7 thousand.

The **Internal Service Fund** is supported by department budgets. The **Data Processing Fund** serves both the Town and school administrations, which equally support its operating expenses. 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 data bases. Net assets increased by \$3 thousand as a result of operations. The **Workers' Compensation Fund** provides for self-insurance of workers' compensation and is supported by contributions from the General and Sewer User Funds, as well as investment income. At June 30, 2008, expenses exceeded revenues by \$219 thousand, decreasing the prior year net assets from \$221 thousand to \$2 thousand. Year-end estimates for both long-term claims and current claims decreased from the prior year. The allocation of adequate contributions in the next year to meet financial demands is based on actual experience. The **Medical Self-Insurance Fund**, which became effective January 1, 2006, provides medical prescription coverage for employees and retirees. Effective July 1, 2007, dental

coverage for general government employees and retirees became self-insured. 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. At June 30, 2008, net assets were \$265 thousand.

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

Differences between the original budget and the final amended budget amounted to an increase of \$3.558 million. Included in this amount is \$.805 million of encumbrances carried forward from the previous fiscal year and \$2.753 million of current year budget amendments that can be classified as follows:

*Pass-through additional appropriations* are those supported by revenue and amounted to \$1.826 million during the year, with the majority of that amount, \$1.203 million, related to excess special education grants and school use activities; \$212 thousand for compensated absences for employee retiring or departing from the Town; \$161 thousand for recreation programs and equipment supported by the net revenue of expanded activities during the fiscal year; \$135 thousand for collections remitted to the state of Connecticut by the Town Clerk for the farmland and historic preservation act; and \$65 thousand in police special services pay.

*Other additional appropriations* amounting to \$927 thousand were taken from net assets for items such as capital improvements, of which \$751 thousand was devoted; also, for the leaf pick-up program; compensated absences; elections, primaries, and referenda; unemployment compensation; pension contribution; tax refunds; and other items.

Actual final expenditures totaled \$74.42 million and can be summarized as follows. The budgetary unexpended, unencumbered resulted in a favorable amount of \$339 thousand. Contained within this amount is \$4 thousand of unused additional appropriations and \$26 thousand returned from the school system comprised mainly of wages and benefits. With the Town facing costs in excess of the planned resources due to items referred to in the additional appropriations section, hiring deferrals were implemented as vacancies occurred during the year. This produced net savings of \$60 thousand, which was complemented by \$249 thousand from non-wage budgets, most significantly refuse and recycling fees, equipment maintenance, medical insurance, utilities, diesel fuel, repairs and other town wide accounts.

On the revenue side, final actual revenues exceeded the original budget by \$2.01 million due to favorable (unfavorable) variances in the following categories: special education excess grants of \$1.079 million; with all other intergovernmental revenue below original estimates by (\$231) thousand. Other revenues in excess of estimates include \$555 thousand in tax collections due to effective pursuit of prior taxes and the additions to the taxable grand list of construction-in-progress, which helped to mitigate the tax appeals settlements; charges for services were above estimates by \$677 thousand due in most part to the farmland preservation surcharge, police special services, recreation program income, school tuitions for vocational agriculture and special education, and fees generated by public works for recycling and bulky waste pickup. Licenses and permits were below projections by (\$7) thousand due mainly to decreased transfer station permits and zoning permits. The decrease in interest rates produced a shortfall of (\$86) thousand in investment income and transfers in from other funds below original estimates. Other revenue exceeded estimates by \$21 thousand.

The Town's General Fund total of both revenue and expenditures differs from the amounts in Exhibit IV and as reported in the budgetary basis comparison in the required supplementary information by \$16.476 million. This amount represents the on-behalf payments of the State of Connecticut contributions to the Teachers' Retirement System.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, the Town had \$138.5 million invested in a broad range of capital assets, net of depreciation, including land, buildings, park facilities, vehicles and equipment, roads, bridges, storm water drainage and sewer lines (see Table 4). This amount represents a net increase (including additions and deductions) of \$30.56 million, or 28.3%, over last year.

**TABLE 4**  
**CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)**  
**In Thousands**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land, as restated	\$ 8,382	\$ 8,382	\$ 1,268	\$ 1,268	\$ 9,650	\$ 9,650
Buildings and improvements	24,347	25,050	1,743	1,781	26,090	26,831
Improvements other than build	1,508	1,690	71	77	1,579	1,767
Equipment	13,709	14,416	1,238	1,252	14,947	15,668
Infrastructure	29,121	30,141	6,362	6,571	35,483	36,712
Construction in progress	50,760	17,320			50,760	17,320
<b>Total, as Restated</b>	<b>\$ 127,827</b>	<b>\$ 96,999</b>	<b>\$ 10,682</b>	<b>\$ 10,949</b>	<b>\$ 138,509</b>	<b>\$ 107,948</b>

Additions to total capital assets for the 2007-08 year were \$35.0 million, net of construction-in-progress reductions. Construction-in-progress of \$50.76 million is for the following (in thousands):

Road and bridge reconstruction projects	\$ 12,997
Animal control facility expansion	38
School additions and renovations	34,028
Park improvements	190
Town office improvements	1,914
Sewer system improvements	879
Rockville Central Park improvements	714

The Town's fiscal year 2008-2009 capital plan includes a budget of \$139 thousand, with \$60 thousand of that amount dedicated to partial funding for renovations to the Town Clerk vault, \$48 thousand for an incinerator at the Animal Control Facility, \$26 thousand for third floor town hall office furnishings and \$5 thousand toward the purchase of a hybrid vehicle. Also, funding is included for a capital lease to purchase a street sweeper, vac-all and a refuse packer, for a combined cost of \$470 thousand.

From revenue generated by the EMS ambulance service, \$298 thousand is allocated in the special revenue fund for the replacement of two (2) ambulances.

Additionally, the Town is combining State grant money from various sources in the amount of \$1.88 million for the renovation of the memorial building. Grants have been approved in the amount of \$1.95 million and \$2.22 million to reconstruct the Spring Street and River Street bridges. State grant funds in the amount of \$1.049 million are approved for the reconstruction of the Vernon Avenue Bridge, requiring

a local match of \$262 thousand. The replacement of lighting fixtures at the Henry Park softball field will be funded from special revenue dedicated for this purpose in the amount of \$131 thousand.

The public bond improvements for roads and bridges will continue with an estimated \$2.3 million of new construction; we anticipate the school bond renovations to utilize \$18.8 million of bond proceeds.

More detailed information about the Town’s capital assets is presented in Notes 1 and 6 to the financial statements.

**Long-Term Debt**

At June 30, 2008 the Town had \$50.9 million in bonds, notes, and lease purchase obligations outstanding versus \$32.4 million last year, an increase of \$18.47 million or 56.9% - as shown in Table 5.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
General obligation bonds (backed by the Town)	\$ 36,505	\$ 16,875	\$	\$	\$ 36,505	\$ 16,875
Promissory notes	13,154	14,584			13,154	14,584
Lease purchases	1,263	996			1,263	996
<b>Totals</b>	<b>\$ 50,922</b>	<b>\$ 32,455</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,922</b>	<b>\$ 32,455</b>
Bond anticipation notes	\$ 11,925	\$ 20,986	\$ -	\$ -	\$ 11,925	\$ 20,986

Long-term debt principal payments of \$3.04 million were made during the year.

The Town’s general obligation bond rating continues to carry the A-1 rating from Moody’s Investors, a rating that has been assigned and re-affirmed to the Town’s debt since 1994. The State limits the amount of general obligation debt that cities can issue, utilizing a formula determined under State Statutes based on type of debt and tax base. The Town’s outstanding general obligation debt is significantly below this \$349.7 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town’s long-term liabilities is presented in Note 9 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The Town’s elected and appointed officials considered many factors when setting the fiscal-year 2008-2009 budget tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The unemployment rate for the Town at year-end was 5.5%, which is an increase from a rate of 4.3% a year ago. This compares with the State’s unemployment rate of 5.5% and the national rate of 5.5%.

Although inflation in the Northeast Urban area has consistently been more than the national Consumer Price Index (CPI) for all urban consumers - U.S. towns' rate, the Town's CPI increase was 5.0% for fiscal year 2008 compared with the average U.S. town rate of 5.0%.

These indicators were taken into account when adopting the General Fund budget for fiscal year 2009. Total appropriations in the General Fund budget are \$75.45 million, an increase of \$2.66 million over the original 2008 budget. Property taxes (supported by an "effective" mil rate increase of 1.17 and "real" growth of 1.32% in the net taxable assessed valuation) total \$51.97 million, a revenue increase of \$2.61 million from 2008 levels. Factored into the estimated property tax collection is the implementation of an elderly/disabled tax credit for homeowners; and a three-year phase-in of the town wide revaluation. In the next fiscal year, the estimated aid from the State of Connecticut is expected to increase by \$208 thousand to \$20.23 million, representing 26.8% of total revenue in the General Fund.

The Town will use these increases in revenues to finance programs currently offered and to offset the effect that we expect price increases will have on program costs. Increased aid for the educational system, heating fuel, gasoline, electricity, wage adjustments, refuse hauling contracts, providing support to accounts that have been traditionally under funded, and increasing the debt service budget to provide for the recent bond issue in February 2008, all constituted the major increases in the 2008-2009 budget. There was little in the way of new programs in the General Fund, with the exception of a new policy concerning fuel conservation to generate an approximate 12% reduction in usage. Health insurance plans for all employee bargaining groups have been redesigned to provide present and future budgetary relief, in addition to increasing the cost sharing to participants, and procuring new providers through competitive negotiations. Technology advances are underway in all departments to improve operations and to provide internal and public access to information.

From a financial perspective and as detailed in this annual financial report, the Town of Vernon successfully addressed the many financial obstacles of 2007-08 through prudent, conservative fiscal management without a serious interruption of services. While the 2008-09 Town budget experienced an overall 3.65% increase in appropriations and a 3.56% "effective" tax increase, given the economic climate and the addition of a new bond issue, this budgetary increase was modest. Subsequent to the adoption of the budget an additional \$317 thousand in savings for the education medical costs were realized, reducing the "effective" appropriation increase to 3.22%. Vernon will continue to address the difficult budgetary and economic times through sound management, well-managed fund balances and an active attention to its economic development program.

As for the Town's business-type activities, we expect that the 2008-09 results will be favorable based on the resolve of sewer network maintenance cost sharing, the inclusion of sewer network depreciation in the sewer user rates, and the stabilization of the revenue stream. As in all areas, most especially the waste treatment facility, the elevated cost of energy resources is a major concern and negotiations to lock in rates for three to five year terms have been completed in an attempt to assure the future provision of utilities at a measured rate. The Town is exploring fuel energy cells as a means to provide both heat and electricity to the waste treatment facility. In the past, the Town addressed the problem of delinquent sewer user receivables on mills that closed or were downsized by incorporating an allowance for uncollectible billings, and this effort provides further clarity in revenue projections. Much attention has been given in the past and will continue in the future in maintaining favorable unrestricted net assets.

## **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 ASSETS

JUNE 30, 2008

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 2,115,114	\$ 44,965	\$ 2,160,079
Investments	37,577,759	3,763,526	41,341,285
Receivables, net	16,271,610	1,028,102	17,299,712
Internal balances	76,419	(76,419)	-
Inventory	41,788		41,788
Capital assets:			
Capital assets not being depreciated	59,142,281	1,267,840	60,410,121
Capital assets being depreciated	68,684,578	9,414,051	78,098,629
Total assets	<u>183,909,549</u>	<u>15,442,065</u>	<u>199,351,614</u>
Liabilities:			
Accounts and other payables	7,115,739	334,554	7,450,293
Payroll liabilities	175,219		175,219
Bond anticipation note payable	11,925,000		11,925,000
Unearned revenue	89,824		89,824
Noncurrent liabilities:			
Due within one year	5,244,152	146,954	5,391,106
Due in more than one year	54,618,672	435,966	55,054,638
Total liabilities	<u>79,168,606</u>	<u>917,474</u>	<u>80,086,080</u>
Net Assets:			
Invested in capital assets, net of related debt	88,050,372	10,681,891	98,732,263
Restricted for:			
Trust purposes:			
Nonexpendable	2,230,132		2,230,132
Unrestricted	14,460,439	3,842,700	18,303,139
Total Net Assets	<u>\$ 104,740,943</u>	<u>\$ 14,524,591</u>	<u>\$ 119,265,534</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF VERNON, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,139,240	\$ 1,211,305	\$ 28,858	\$	\$ (1,899,077)	\$	\$ (1,899,077)
Community development	512,822	30,034	258,237		(224,551)		(224,551)
Public safety	8,455,354	959,756	76,826		(7,418,772)		(7,418,772)
Maintenance and development	8,012,991	657,618	874,970	1,972,288	(4,508,115)		(4,508,115)
Human services	986,024	19,018	86,645	30,000	(850,361)		(850,361)
Parks, recreation and culture	2,051,661	658,490	101,766	435,828	(855,577)		(855,577)
Townwide	7,841,285	168,062	416,941		(7,256,282)		(7,256,282)
Education	67,481,122	1,291,241	40,574,516	17,995,388	(7,619,977)		(7,619,977)
Interest on long-term debt	1,998,887		78,141		(1,920,746)		(1,920,746)
Total governmental activities	100,479,386	4,995,524	42,496,900	20,433,504	(32,553,458)	-	(32,553,458)
Business-type activities:							
Sewer	5,356,677	5,250,919				(105,758)	(105,758)
Building rental	216,560	160,610				(55,950)	(55,950)
Total business-type activities	5,573,237	5,411,529	-	-	-	(161,708)	(161,708)
Total	\$ 106,052,623	\$ 10,407,053	\$ 42,496,900	\$ 20,433,504	(32,553,458)	(161,708)	(32,715,166)
General revenues:							
Property taxes					49,934,064		49,934,064
Grants and contributions not restricted to specific programs					1,749,089		1,749,089
Unrestricted investment earnings					1,503,005	133,132	1,636,137
Miscellaneous					227,674		227,674
Total general revenues					53,413,832	133,132	53,546,964
Change in Net Assets					20,860,374	(28,576)	20,831,798
Net Assets at Beginning of Year, as Restated					83,880,569	14,553,167	98,433,736
Net Assets at End of Year					\$ 104,740,943	\$ 14,524,591	\$ 119,265,534

The accompanying notes are an integral part of the financial statements

**TOWN OF VERNON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2008**

	<u>General</u>	<u>Debt Service</u>	<u>Public Bond Improvements</u>	<u>School Bond Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 240,097	\$	\$ 10,736	\$ 2,671	\$ 1,851,272	\$ 2,104,776
Investments	10,350,750	29,542	3,535,005	14,515,230	7,740,262	36,170,789
Receivables, net	2,762,300	2,794,325		8,074,955	2,082,430	15,714,010
Due from other funds	1,263,191		740,000		518,402	2,521,593
Inventories					41,788	41,788
	<u>14,616,338</u>	<u>2,823,867</u>	<u>4,285,741</u>	<u>22,592,856</u>	<u>12,234,154</u>	<u>56,552,956</u>
Total Assets	<u>\$ 14,616,338</u>	<u>\$ 2,823,867</u>	<u>\$ 4,285,741</u>	<u>\$ 22,592,856</u>	<u>\$ 12,234,154</u>	<u>\$ 56,552,956</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 1,138,836	\$	\$ 664,923	\$ 3,788,286	\$ 576,967	\$ 6,169,012
Payroll liabilities	175,219					175,219
Accrued interest payable			8,100	125,990		134,090
Due to other funds	1,258,402	29,542	20,154		1,125,834	2,433,932
Bond anticipation note payable			720,000	11,205,000		11,925,000
Deferred revenue	2,518,040	2,794,325			748,065	6,060,430
Total liabilities	<u>5,090,497</u>	<u>2,823,867</u>	<u>1,413,177</u>	<u>15,119,276</u>	<u>2,450,866</u>	<u>26,897,683</u>
Fund balances:						
Reserved:	1,595,231		2,270,606	12,871,809	4,351,492	21,089,138
Unreserved, reported in:						
General Fund	7,930,610					7,930,610
Special Revenue Funds					5,406,236	5,406,236
Capital Project Funds			601,958	(5,398,229)	25,560	(4,770,711)
Total fund balances	<u>9,525,841</u>	<u>-</u>	<u>2,872,564</u>	<u>7,473,580</u>	<u>9,783,288</u>	<u>29,655,273</u>
Total Liabilities and Fund Balances	<u>\$ 14,616,338</u>	<u>\$ 2,823,867</u>	<u>\$ 4,285,741</u>	<u>\$ 22,592,856</u>	<u>\$ 12,234,154</u>	<u>\$ 56,552,956</u>

(Continued on next page)

TOWN OF VERNON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because of the following:

Fund balances - total governmental funds	\$ 29,655,273
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 204,333,447	
Less accumulated depreciation	<u>(76,933,569)</u>	
Net capital assets		127,399,878

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	1,138,594
Interest receivable on property taxes	542,600
Assessments receivable	151,055
Housing loans	227,094
Inter-Town accounts receivable	3,267,945
Receivable from the state for school construction projects	1,185,918

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

975,520

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(36,505,000)
Interest payable on bonds and notes	(613,448)
State of Connecticut Clean Water Fund Notes	(13,154,440)
Compensated absences	(4,100,716)
Capital lease	(1,262,457)
Early retirement and termination benefits	(4,176,316)
Deferred charges on refunding	<u>9,443</u>

Net Assets of Governmental Activities (Exhibit I)	\$ <u><u>104,740,943</u></u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF VERNON, CONNECTICUT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Public Bond Improvements</u>	<u>School Bond Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 49,913,095	\$	\$	\$	\$	\$ 49,913,095
Intergovernmental	37,347,200			17,995,388	7,463,906	62,806,494
Assessments					74,423	74,423
Charges for services	2,223,776				1,654,310	3,878,086
Licenses and permits	497,149				337,532	834,681
Gifts and contributions		357,752			1,235,824	1,593,576
Fines and penalties	18,515					18,515
Income on investments	670,210	29,542	184,892	435,584	136,056	1,456,284
Other	383,640		11,080	166,132	1,015,659	1,576,511
Total revenues	<u>91,053,585</u>	<u>387,294</u>	<u>195,972</u>	<u>18,597,104</u>	<u>11,917,710</u>	<u>122,151,665</u>
Expenditures:						
Current:						
General government	2,903,470				42,206	2,945,676
Community development	228,828				287,594	516,422
Public safety	7,288,175				826,926	8,115,101
Maintenance and development	5,445,696				517,035	5,962,731
Human services	837,812				135,725	973,537
Parks, recreation and culture	1,773,120				56,576	1,829,696
Townwide	5,961,569				424,392	6,385,961
Education	61,340,447				5,947,568	67,288,015
Capital outlay	296,916		3,638,504	27,206,059	3,704,051	34,845,530
Debt service	<u>2,379,422</u>	<u>1,662,040</u>	<u>132,404</u>	<u>524,878</u>		<u>4,698,744</u>
Total expenditures	<u>88,455,455</u>	<u>1,662,040</u>	<u>3,770,908</u>	<u>27,730,937</u>	<u>11,942,073</u>	<u>133,561,413</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,598,130</u>	<u>(1,274,746)</u>	<u>(3,574,936)</u>	<u>(9,133,833)</u>	<u>(24,363)</u>	<u>(11,409,748)</u>
Other Financing Sources (Uses):						
Lease purchase of equipment					470,000	470,000
Bond proceeds			5,000,000	16,040,000		21,040,000
Bond premium and accrued interest			7,268	23,315		30,583
Transfers in	223,892	1,304,288		70,691	1,132,388	2,731,259
Transfers out	<u>(2,436,676)</u>	<u>(29,542)</u>	<u>(70,691)</u>		<u>(194,350)</u>	<u>(2,731,259)</u>
Total other financing sources (uses)	<u>(2,212,784)</u>	<u>1,274,746</u>	<u>4,936,577</u>	<u>16,134,006</u>	<u>1,408,038</u>	<u>21,540,583</u>
Net Change in Fund Balances	385,346	-	1,361,641	7,000,173	1,383,675	10,130,835
Fund Balances at Beginning of Year	<u>9,140,495</u>	<u>-</u>	<u>1,510,923</u>	<u>473,407</u>	<u>8,399,613</u>	<u>19,524,438</u>
Fund Balances at End of Year	<u>\$ 9,525,841</u>	<u>\$ -</u>	<u>\$ 2,872,564</u>	<u>\$ 7,473,580</u>	<u>\$ 9,783,288</u>	<u>\$ 29,655,273</u>

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## TOWN OF VERNON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV) \$ 10,130,835

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay 34,446,550  
Depreciation expense (4,003,886)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. (686)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts (405,315)  
Property tax receivable - accrual basis change 34,569  
Property tax interest and lien revenue - accrual basis change (13,600)  
Assessment receivable - accrual basis change (50,633)  
Housing loans receivable - accrual basis change 9,617  
Inter-Town accounts receivable - accrual basis change (463,847)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Issuance of bonds and notes (21,040,000)  
Bond principal payments 1,410,000  
State of Connecticut Clean Water note payments 1,429,796  
Capital lease financing (470,000)  
Capital lease payments 203,906

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

Compensated absences 215,085  
Accrued interest (339,652)  
Amortization of deferred charge on refunding (4,193)  
Early retirement and termination benefits (43,791)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities. (184,381)

Change in Net Assets of Governmental Activities (Exhibit II) \$ 20,860,374

The accompanying notes are an integral part of the financial statements

## TOWN OF VERNON, CONNECTICUT

## STATEMENT OF NET ASSETS - PROPRIETARY FUND

JUNE 30, 2008

	Business-Type Activities			Governmental
	Sewer User	Center 375	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 38,185	\$ 6,780	\$ 44,965	\$ 10,338
Investments	2,415,070	1,348,456	3,763,526	1,406,970
Receivables, net	1,028,102		1,028,102	15,000
Total current assets	<u>3,481,357</u>	<u>1,355,236</u>	<u>4,836,593</u>	<u>1,432,308</u>
Capital assets:				
Land and land improvements	838,180	645,711	1,483,891	
Buildings and plant	4,162,091	1,635,739	5,797,830	
Machinery and equipment	7,192,512	45,541	7,238,053	621,360
Infrastructure	10,519,700		10,519,700	
Less accumulated depreciation	(13,142,495)	(1,215,088)	(14,357,583)	(194,379)
Capital assets, net	<u>9,569,988</u>	<u>1,111,903</u>	<u>10,681,891</u>	<u>426,981</u>
Total assets	<u>13,051,345</u>	<u>2,467,139</u>	<u>15,518,484</u>	<u>1,859,289</u>
Liabilities:				
Current liabilities:				
Accounts and other payables	315,858	18,696	334,554	199,189
Claims payable			-	302,385
Due to other funds	72,161	4,258	76,419	11,242
Accrued compensated absences	146,954		146,954	14,235
Total current liabilities	<u>534,973</u>	<u>22,954</u>	<u>557,927</u>	<u>527,051</u>
Noncurrent liabilities:				
Claims payable			-	313,485
Accrued compensated absences	435,966		435,966	43,233
Total noncurrent liabilities	<u>435,966</u>	<u>-</u>	<u>435,966</u>	<u>356,718</u>
Total liabilities	<u>970,939</u>	<u>22,954</u>	<u>993,893</u>	<u>883,769</u>
Net Assets:				
Invested in capital assets	9,569,988	1,111,903	10,681,891	426,981
Unrestricted	2,510,418	1,332,282	3,842,700	548,539
Total Net Assets	<u>\$ 12,080,406</u>	<u>\$ 2,444,185</u>	<u>\$ 14,524,591</u>	<u>\$ 975,520</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF VERNON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities			Governmental
	Sewer User	Center 375	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 4,870,617	\$ 160,509	\$ 5,031,126	\$ 1,072,195
Gifts and contributions			-	1,922,010
Other:				
Miscellaneous fees	380,302	101	380,403	2,492
Total operating revenues	<u>5,250,919</u>	<u>160,610</u>	<u>5,411,529</u>	<u>2,996,697</u>
Operating Expenses:				
Wages and benefits	2,120,453	13,050	2,133,503	278,235
Repairs, maintenance and rentals	218,349	69,730	288,079	94,660
Utilities	1,921,889	46,358	1,968,247	13,812
Supplies and materials	399,611	41,150	440,761	1,945
General and administrative	310,712	4,490	315,202	157,051
Claims incurred			-	2,631,281
Depreciation	385,004	41,782	426,786	50,815
Total operating expenses	<u>5,356,018</u>	<u>216,560</u>	<u>5,572,578</u>	<u>3,227,799</u>
Operating Loss	<u>(105,099)</u>	<u>(55,950)</u>	<u>(161,049)</u>	<u>(231,102)</u>
Nonoperating Revenues (Expenses):				
Investment income	84,295	48,837	133,132	46,721
Loss on disposal of capital assets	(659)		(659)	
Net nonoperating revenues	<u>83,636</u>	<u>48,837</u>	<u>132,473</u>	<u>46,721</u>
Change in Net Assets	(21,463)	(7,113)	(28,576)	(184,381)
Net Assets at Beginning of Year	<u>12,101,869</u>	<u>2,451,298</u>	<u>14,553,167</u>	<u>1,159,901</u>
Net Assets at End of Year	<u>\$ 12,080,406</u>	<u>\$ 2,444,185</u>	<u>\$ 14,524,591</u>	<u>\$ 975,520</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF VERNON, CONNECTICUT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities			Governmental
	Sewer User	Center 375	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Service charges collected	\$ 4,803,291	\$ 160,509	\$ 4,963,800	\$ 1,077,134
Contributions collected			-	1,922,010
Other operating revenues collected	321,750	101	321,851	7,000
Cash payments for employee wages and benefits	(2,049,599)		(2,049,599)	(263,087)
Cash payments for goods and services	(2,749,940)	(162,940)	(2,912,880)	(49,390)
Cash payments for other operating expenses			-	(2,570,566)
Cash payments of due to balance	(5,371)		(5,371)	(79)
Net cash provided by (used in) operating activities	<u>320,131</u>	<u>(2,330)</u>	<u>317,801</u>	<u>123,022</u>
Cash Flows from Capital Financing Activities:				
Purchase of capital assets	(152,721)	(7,267)	(159,988)	(436,615)
Cash Flows from Investing Activities:				
Receipts of interest and dividends	84,295	48,837	133,132	46,721
Net Increase (Decrease) in Cash and Cash Equivalents	251,705	39,240	290,945	(266,872)
Cash and Cash Equivalents at Beginning of Year	<u>2,201,550</u>	<u>1,315,996</u>	<u>3,517,546</u>	<u>1,684,180</u>
Cash and Cash Equivalents at End of Year	2,453,255	1,355,236	3,808,491	1,417,308
Cash Equivalents Reported as Investments per GASB 31	<u>(2,415,070)</u>	<u>(1,348,456)</u>	<u>(3,763,526)</u>	<u>(1,406,970)</u>
Cash and Cash Equivalents, June 30, 2008	<u>\$ 38,185</u>	<u>\$ 6,780</u>	<u>\$ 44,965</u>	<u>\$ 10,338</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:				
Operating loss	\$ (105,099)	\$ (55,950)	\$ (161,049)	\$ (231,102)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Add:				
Depreciation expense	385,004	41,782	426,786	50,815
Decrease in accounts receivable				10,900
Increase in accounts/claims payable	91,399	7,580	98,979	339,150
Increase in accrued absences	32,278		32,278	
Increase in due to other funds	47,256	4,258	51,514	9,908
Deduct:				
Increase in accounts receivable	(130,707)		(130,707)	
Decrease in accounts/claims payable				(30,126)
Decrease in accrued absences				(24,991)
Decrease in due to other funds				(79)
Decrease in unearned revenue				(1,453)
Net adjustments to operating loss	<u>425,230</u>	<u>53,620</u>	<u>478,850</u>	<u>354,124</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 320,131</u>	<u>\$ (2,330)</u>	<u>\$ 317,801</u>	<u>\$ 123,022</u>

## Schedule of noncash capital financing activities:

\$21,717 of Sewer User Fund capital assets, gross of accumulated depreciation of \$21,058, were disposed of during the fiscal year.

The accompanying notes are an integral part of the financial statements

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**

**JUNE 30, 2008**

	<b>Pension Trust Funds <u>December 31, 2007</u></b>	<b>Agency Fund <u>June 30, 2008</u></b>
Assets:		
Cash and cash equivalents	\$	\$ 480,233
Investments, at fair value (pooled):		
Fixed income	16,223,386	
Equity	21,072,340	
Bond	3,961,910	
Other		128,944
	<hr/>	<hr/>
Total assets	41,257,636	\$ <u><u>609,177</u></u>
Liabilities:		
Accounts and other payables	15,610	\$ <u><u>609,177</u></u>
	<hr/>	<hr/>
Net Assets:		
Held in Trust for Pension Benefits	\$ <u><u>41,242,026</u></u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS**  
**PENSION TRUST FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

Additions:	
Contributions:	
Employer	\$ 2,796,299
Employee	<u>1,155,185</u>
Total contributions	3,951,484
Net investment income	<u>2,207,027</u>
Total additions	<u>6,158,511</u>
Deductions:	
Benefit payments/annuity purchases	2,740,940
Refund of contributions	104,205
Administrative expense	<u>145,588</u>
Total deductions	<u>2,990,733</u>
Increase in Plan Net Assets	3,167,778
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>38,074,248</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u><u>\$ 41,242,026</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF VERNON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Vernon, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 more significant policies of the Town are described below.

**A. Reporting Entity**

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

Jointly Governed Organizations

The Town is a participating member in the following jointly governed organizations:

Greater Hartford Transit District provides transit services to member towns. Each participating town appoints at least one member to serve on the District’s Board of Directors. The Town contributed \$1,964 to the District in fiscal year 2007/08.

North Central District Health Department provides public health services to seven member towns. Each participating town appoints at least one member to serve on the District’s Board. The Town contributed \$108,822 to the District in fiscal year 2007/08.

The Connecticut Resources Recovery Authority (CRRA) provides solid waste disposal services to the Town and other surrounding municipalities. Each participating town appoints at least one member to serve on the Authority’s Board. During fiscal year 2007/08, the Town paid \$557,478 in tipping fees to CRRA for disposal services.

Related Organizations

The Vernon Housing Authority’s (VHA) governing body is appointed by Town Council. The VHA is considered a related organization because accountability does not extend beyond making such appointments.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

### **Governmental Funds**

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

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

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

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

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

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

### **Proprietary Funds**

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

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

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

## **Fiduciary Funds**

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

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

The Public Bond Improvements Fund, a capital projects fund, accounts for costs to reconstruct certain town roads, sidewalks and bridges, and other improvements, as authorized by Town referendum.

The School Bond Improvements Fund, a capital projects fund, accounts for the costs associated with additions and renovation of Vernon schools, as authorized by Town referendum.

The Town reports the following major proprietary funds:

The Sewer User Fund accounts for the activity of the waste treatment plant.

The Center 375 Fund accounts for the rental of the former Vernon Elementary School.

Additionally, the Town reports the following fund types:

The Internal Service Funds account for the data processing function, workers' compensation risk management and self-insurance of prescription drug and dental costs.

The Pension Trust Funds account for the activities of the Town's retirement system, which accumulates resources for pension benefit payments to qualified Town employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds and of the Town's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Deposits and Investments**

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.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

#### **E. Receivables and Payables**

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

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

Property taxes receivable at June 30 are recorded in the General Fund as deferred revenue since they are not considered to be available to finance expenditures of the current fiscal year, except that receivables collected within 60 days after June 30 have been recorded as revenue. Taxes receivable are shown net of an allowance for uncollectible accounts of \$65,000.

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

#### **F. 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.

#### **G. 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 \$200 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	45
Building improvements	10-30
Office equipment	5-25
Computer equipment	7
Vehicles	4-25
Infrastructure	15-50

## **I. 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, 2008 is calculated by multiplying the current accumulated vacation and sick days earned and payable by the employees' current daily rate of pay. The Town's share of social security and medicare payroll taxes (7.65%) has been estimated and added to the compensated absences accrual in accordance with the provisions of GASB Statement No. 16. The General Fund is the primary source of funding for compensated absences.

## **J. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

## **K. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

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

No later than March 15, the Mayor must submit an appropriated budget to the Town Council for review. The Town Council must hold two or more public hearings, the last of which shall be the annual Town Meeting, not later than April 30. The Town Council shall approve a budget to be presented at the Annual Town Meeting. The budget becomes effective only after it has been approved by a majority vote of qualified voters present and voting at the annual Town Meeting. The vote may neither increase nor decrease the budget as approved by Town Council. Within five days after the adoption of the budget, the Council must set the mill rate for the coming fiscal year.

*Budgetary Policies* - The Town Council is authorized to transfer any unencumbered appropriation balance or portion thereof from one department to another; however, such transfers must occur subsequent to March 31. Transfers within account classifications of a single department are approved by the Town's Finance Officer. Individual additional appropriations of less than 1/10 of 1% of the total budgeted expenditures are approved by Town Council. The Vernon Board of Education is authorized, under State law, to make any transfers necessary within the education budget at their discretion. Authorization for additional appropriations exceeding 1/10 of 1% of total budgeted expenditures requires a public hearing followed by Town Council approval in a special Town

meeting. Revised budget amounts are reported as amended by the Town Council during the course of the year. Additional appropriations of \$2,753,544 were authorized during the fiscal year along with reappropriations of \$804,684. The legal level of control, the level at which expenditures may not legally exceed appropriations, is at the department level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

### 3. CASH AND DEPOSITS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The following is a summary of cash and deposits at June 30, 2008:

Deposits	\$ 2,479,787
Cash on hand	586
Cash equivalents:	
State Tax Exempt Proceeds Fund (TEPF)	248,096
Less certificates of deposit reported as investments	<u>(88,157)</u>
 Total Cash and Cash Equivalents	 \$ <u><u>2,640,312</u></u>

#### Deposits

At June 30, 2008, the carrying amount of the Town deposits was \$2,640,312, and the bank balance was \$7,265,772 including \$88,157 of certificates of deposit classified as investments.

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2008 bank balance, \$309,048 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio. A minimum of \$533,571, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the Town’s name). The balance of deposits of \$6,423,153 was uninsured and uncollateralized.

#### Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2008, the Town’s cash equivalents amounted to \$248,096.

#### 4. INVESTMENTS

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in share or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined); in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service; or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service.

Investments as of June 30, 2008 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest-bearing investments:		
Certificates of deposit*	\$ 88,157	.56
Other investments:		
MBIA, Inc. - Cooperative Liquid Asset Securities System (CLASS)	39,991,250	
Pooled open-end mutual fund accounts:		
Pension Trust Funds	41,257,636	
Permanent Funds	<u>1,390,822</u>	
Total	<u>\$ 82,727,865</u>	
Portfolio weighted average maturity for interest bearing Investments		.56

\*Subject to coverage by federal depository insurance and collateralization as described under "Deposits" above.

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

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The following table provides a summary of the Town's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Fitch Ratings</u>	<u>Not Rated</u>
MBIA, Inc. - Cooperative Liquid Asset Securities System (CLASS)	AAA	
Pooled open-end mutual funds:		
Pension Trust Funds		X
Permanent Funds		X

*Concentration of Credit Risk* - The Town does not have an investment policy that limits investments in any one issuer that is in excess of 5% of the Town's total investments.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), 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. At June 30, 2008, the Town's investments were

in open-end mutual funds and other pooled accounts that are not subject to categorization as to custodial credit risk.

At June 30, 2008, the Town's individual fund investments consisted of the following:

<u>Fund Type</u>	<u>Investment Type</u>	<u>Carrying (Fair) Value</u>
Governmental Funds:		
General Fund	Class Plus investment pool	\$ <u>10,350,750</u>
Special Revenue	Class Plus investment pool	5,833,372
Special Revenue	Certificates of deposit	<u>24,072</u>
Total Special Revenue		<u>5,857,444</u>
Debt Service	Class Plus investment pool	<u>29,542</u>
Capital Projects	Class Plus investment pool	<u>18,050,235</u>
Permanent Fund	Certificates of deposit	64,085
Permanent Fund	Bank of America Investment Fund	1,281,711
Permanent Fund	Class Plus investment pool	427,911
Permanent Fund	Eaton Vance Fund	<u>109,111</u>
Total Permanent Funds		<u>1,882,818</u>
Proprietary Funds:		
Enterprise	Class Plus investment pool	<u>3,763,526</u>
Internal Service	Class Plus investment pool	<u>1,406,970</u>
Fiduciary Funds:		
Pension Trust	Travelers' fixed income fund	6,351,133
Pension Trust	Prudential fixed income funds	9,791,987
Pension Trust	Prudential equity/bond funds	24,151,853
Pension Trust	Wachovia fixed income	80,266
Pension Trust	Wachovia equity funds	647,061
Pension Trust	Wachovia bond funds	<u>235,336</u>
Total Pension Trust		<u>41,257,636</u>
Agency Funds	Class Plus investment pool	<u>128,944</u>
Total Fiduciary Funds		<u>41,386,580</u>
Total All Investments		<u>\$ <u>82,727,865</u></u>

## 5. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Governmental Activities</b>				<b>Business- Type Activities</b>
	<b>General</b>	<b>Debt Service</b>	<b>School Bond Improvements</b>	<b>Nonmajor and Other</b>	<b>Sewer Use</b>
Receivables:					
Interest*	\$	\$	\$	\$	\$ 116,272
Taxes	1,394,106				
Accounts	24,404			859,692	1,002,669
Special assessments				151,407	34,152
Intermunicipal	216,748	2,794,325		3,067	
Intergovernmental	1,192,042		8,074,955	1,375,684	
Gross receivables	<u>2,827,300</u>	<u>2,794,325</u>	<u>8,074,955</u>	<u>2,389,850</u>	<u>1,153,093</u>
Less allowance for uncollectibles	<u>(65,000)</u>			<u>(292,420)</u>	<u>(124,991)</u>
Net Receivables	<u>\$ 2,762,300</u>	<u>\$ 2,794,325</u>	<u>\$ 8,074,955</u>	<u>\$ 2,097,430</u>	<u>\$ 1,028,102</u>

\* Does not include accrued interest on property taxes of \$542,600.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<b>Unavailable</b>	<b>Unearned</b>
Delinquent property taxes receivable	\$ 1,138,594	\$
School building grants	1,185,918	
Inter-municipal	2,980,525	1,500
Special assessments other long-term	665,569	
Taxes collected in advance		7,328
Intergovernmental (grants)		79
Other		80,917
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 5,970,606</u>	<u>\$ 89,824</u>

## 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land*	\$ 8,381,925	\$	\$	\$ 8,381,925
Construction in progress	<u>17,320,036</u>	<u>33,548,987</u>	<u>(108,667)</u>	<u>50,760,356</u>
Total capital assets not being depreciated	<u>25,701,961</u>	<u>33,548,987</u>	<u>(108,667)</u>	<u>59,142,281</u>
Capital assets being depreciated:				
Buildings and improvements	45,773,014	235,493	(1,647)	46,006,860
Improvements other than buildings	4,440,369			4,440,369
Machinery and equipment	42,935,429	1,050,868	(400,289)	43,586,008
Infrastructure	<u>51,622,805</u>	<u>156,484</u>		<u>51,779,289</u>
Total capital assets being depreciated	<u>144,771,617</u>	<u>1,442,845</u>	<u>(401,936)</u>	<u>145,812,526</u>
Less accumulated depreciation for:				
Buildings and improvements	(20,722,753)	(938,307)	1,391	(21,659,669)
Improvements other than buildings	(2,750,627)	(182,311)		(2,932,938)
Machinery and equipment	(28,518,996)	(1,757,644)	399,859	(29,876,781)
Infrastructure	<u>(21,482,121)</u>	<u>(1,176,439)</u>		<u>(22,658,560)</u>
Total accumulated depreciation	<u>(73,474,497)</u>	<u>(4,054,701)</u>	<u>401,250</u>	<u>(77,127,948)</u>
Total capital assets being depreciated, net	<u>71,297,120</u>	<u>(2,611,856)</u>	<u>(686)</u>	<u>68,684,578</u>
Governmental Activities Capital Assets, Net	<u>\$ 96,999,081</u>	<u>\$ 30,937,131</u>	<u>\$ (109,353)</u>	<u>\$ 127,826,859</u>
* As restated to include land unreported at June 30, 2007				
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ <u>1,267,840</u>	\$	\$	\$ <u>1,267,840</u>
Capital assets being depreciated:				
Buildings and system	5,721,062	76,768		5,797,830
Improvements other than buildings	216,051			216,051
Machinery and equipment	7,176,550	83,220	(21,717)	7,238,053
Infrastructure	<u>10,519,700</u>			<u>10,519,700</u>
Total capital assets being depreciated	<u>23,633,363</u>	<u>159,988</u>	<u>(21,717)</u>	<u>23,771,634</u>
Less accumulated depreciation for:				
Buildings and system	(3,940,187)	(114,245)		(4,054,432)
Improvements other than buildings	(139,092)	(6,308)		(145,400)
Machinery and equipment	(5,924,453)	(96,492)	21,058	(5,999,887)
Infrastructure	<u>(3,948,123)</u>	<u>(209,741)</u>		<u>(4,157,864)</u>
Total accumulated depreciation	<u>(13,951,855)</u>	<u>(426,786)</u>	<u>21,058</u>	<u>(14,357,583)</u>
Total capital assets being depreciated, net	<u>9,681,508</u>	<u>(266,798)</u>	<u>(659)</u>	<u>9,414,051</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,949,348</u>	<u>\$ (266,798)</u>	<u>\$ (659)</u>	<u>\$ 10,681,891</u>

Beginning net assets of governmental activities were restated by \$812,500 to include certain parcels of land previously excluded from prior year reports.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 72,252
Community development	540
Public safety	387,633
Maintenance and development	1,301,980
Human services	2,947
Parks and recreation	164,651
Townwide	1,455,004
Education	<u>669,694</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,054,701</u>
Business-type activities:	
Sewer use	\$ 385,004
Rental of building	<u>41,782</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 426,786</u>

### Construction Commitments

The Town has the following commitments on construction projects as of June 30, 2008:

Project	Project Authorization	Expended To Date	Contract Commitments	Remaining Authorization
General Government:				
Town Hall 3 <sup>rd</sup> floor renovations	\$ 1,880,245	\$ 1,852,034	\$ 19,305	\$ 8,906
ADA building improvements	167,984	26,003		141,981
Town Hall other renovations	439,723	36,286		403,437
Public Safety:				
Animal Control Shelter	75,000	37,790		37,210
Co. #1 Firehouse Renovations	33,800			33,800
Maintenance and Development:				
Road reconstruction	15,878,610	11,509,878	2,545,192	1,823,540
Storm drainage	204,000			204,000
Bridges	3,892,257	1,468,253	359,905	2,064,099
Sidewalks	125,000	19,284		105,716
Waste water treatment improvements	1,250,000			1,250,000
Sewer System improvements	1,148,257	878,982	16,789	252,486
Parks and recreation:				
Valley Falls Park improvements	82,000	50,810		31,190
Horowitz Pool Renovations	93,000	54,181	25,583	13,236
Rockville Central Park	725,844	714,241	8,300	3,303
Talcottville Enhancements	90,800	75,172	15,628	-
Fox Hill Tower renovation	9,754	9,754		-
Community Arts Center	300,000			300,000

<u>Project</u>	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Contract Commitments</u>	<u>Remaining Authorization</u>
Education:				
Photo lab	\$ 308,591	\$ 305,341	\$	\$ 3,250
RHS track resurfacing	50,000	44,000		6,000
Administration Bldg renovations	333,000		32,500	300,500
RHS additions and renovations	34,657,000	19,835,093	6,067,245	8,754,662
VCMS renovations	11,519,000	9,382,559	918,394	1,218,047
Elementary school additions and Renovations:				
Center Road School	4,420,600	730,063	293,126	3,397,411
Lake Street School	5,828,800	1,636,385	2,659,695	1,532,720
Maple Street School	3,743,200	520,195	196,972	3,026,033
Northeast School	3,556,000	521,182	324,087	2,710,731
Skinner Road School	4,597,400	1,052,870	2,412,290	1,132,240
Total	<u>\$ 95,409,865</u>	<u>\$ 50,760,356</u>	<u>\$ 15,895,011</u>	<u>\$ 28,754,498</u>

## 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2008, the amounts due to and from other funds were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,263,191	\$ 1,258,402
Special Revenue Funds:		
Insurance Exchange		4,155
Town Clerk Special	2,868	
Town Aid Road		12,070
Dog License	1,460	1,123
Ambulance Medical Services		21,865
Public Safety Complex		987,500
Town Capital and Nonrecurring	5,320	30,000
Vernon Cemetery Commission	39,861	8,934
Special Education Grants		876
CDBG Small Cities		3,867
Sewer Assessment	457,845	9,571
Town Post Employment Fund		3,574
Board of Education Post Employment Fund	11,048	6,034
Miscellaneous Grants		36,265
Debt Service Fund		29,542
Capital Projects Fund:		
Public Bond Improvements	740,000	20,154
Proprietary Funds:		
Enterprise Funds:		
Sewer User Fund		72,161
Center 375		4,258
Internal Service Funds:		
Data Processing Fund		11,242
Total	<u>\$ 2,521,593</u>	<u>\$ 2,521,593</u>

Interfund balances are the result of interfund transfers, reimbursements or loans outstanding at June 30, 2008.

Interfund transfers:

	<b>Transfers In</b>				<b>Total Transfers Out</b>
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>School Bond Improvements</b>	<b>Nonmajor Governmental</b>	
Transfers out:					
General Fund	\$	\$ 1,304,288	\$	\$ 1,132,388	\$ 2,436,676
Debt Service	29,542				29,542
Public Bond Improve.			70,691		70,691
Nonmajor Governmental	194,350				194,350
<b>Total Transfers In</b>	<b>\$ 223,892</b>	<b>\$ 1,304,288</b>	<b>\$ 70,691</b>	<b>\$ 1,132,388</b>	<b>\$ 2,731,259</b>

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

## 8. LEASES

### Capital Leases

The Town has entered into various lease agreements for financing the acquisition of a fire aerial ladder, a pumper tanker, dump trucks, a refuse packer, a sweeper, vac-all and a recycling truck. The present value of future minimum lease payments amounts to \$1,262,457 at June 30, 2008. See Note 9 for the amortization requirements for the lease obligations.

## 9. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds:					
General purpose	\$ 9,251,000	\$ 5,000,000	\$ (342,000)	\$ 13,909,000	\$ 342,000
Schools	5,117,000	16,040,000	(764,000)	20,393,000	750,000
Sewers	2,507,000		(304,000)	2,203,000	298,000
Total	<u>16,875,000</u>	<u>21,040,000</u>	<u>(1,410,000)</u>	<u>36,505,000</u>	<u>1,390,000</u>
Less deferred amounts on refunding	<u>(13,636)</u>		<u>4,193</u>	<u>(9,443)</u>	
Total bonds payable	<u>16,861,364</u>	<u>21,040,000</u>	<u>(1,405,807)</u>	<u>36,495,557</u>	<u>1,390,000</u>
Notes:					
State of Connecticut Clean Water Fund	<u>14,584,236</u>		<u>(1,429,796)</u>	<u>13,154,440</u>	<u>1,457,797</u>
Lease purchases:					
Fire Truck:					
Aerial ladder	442,567		(81,335)	361,232	84,776
Pumper tanker	166,440		(30,588)	135,852	31,882
Dump trucks/refuse packer	387,356		(91,983)	295,373	95,147
Sweeper/Vac-All/Recycling		470,000		470,000	86,775
Total lease purchases	<u>996,363</u>	<u>470,000</u>	<u>(203,906)</u>	<u>1,262,457</u>	<u>298,580</u>
Compensated absences:					
Town employees	2,986,178	349,809	(550,018)	2,785,969	624,921
Board of Education employees	1,329,623	30,489	(45,365)	1,314,747	259,288
Internal Service Fund	82,459	9,147	(34,138)	57,468	14,235
Total compensated absences	<u>4,398,260</u>	<u>389,445</u>	<u>(629,521)</u>	<u>4,158,184</u>	<u>898,444</u>
Risk management:					
Claims payable	<u>443,425</u>	<u>2,631,281</u>	<u>(2,458,836)</u>	<u>615,870</u>	<u>302,385</u>
Retirement obligations:					
Board of Education:					
Estimated retirement pay	2,442,698	298,857	(512,922)	2,228,633	342,785
Early retirement pay	1,678,839	818,509	(571,843)	1,925,505	543,634
Healthcare termination benefits	10,988	21,028	(9,838)	22,178	10,527
Total retirement obligations	<u>4,132,525</u>	<u>1,138,394</u>	<u>(1,094,603)</u>	<u>4,176,316</u>	<u>896,946</u>
Governmental Activity Long-Term Liabilities	<u>\$ 41,416,173</u>	<u>\$ 25,669,120</u>	<u>\$ (7,222,469)</u>	<u>\$ 59,862,824</u>	<u>\$ 5,244,152</u>
Business-Type Activities:					
Compensated absences	<u>\$ 550,642</u>	<u>\$ 38,852</u>	<u>\$ (6,574)</u>	<u>\$ 582,920</u>	<u>\$ 146,954</u>

Following is a summary of bonds, serial notes and capital leases outstanding as of June 30, 2008:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2008</u>
<u>Bonded Debt</u>					
General Purpose Bonds:					
Public Improvements	02/15/07	02/15/27	3.875-5.75	\$ 9,251,000	\$ 8,909,000
Public Improvements	02/14/08	02/01/28	3.50-5.50	5,000,000	<u>5,000,000</u>
Total general purpose					<u>13,909,000</u>
School Bonds:					
School renovations	10/15/88	10/15/08	6.80-7.10	5,000,000	250,000
School renovations	02/04/04	09/15/12	1.00-5.00	3,125,000	1,681,000
School Improvements	02/15/07	02/15/27	3.875-5.75	2,515,000	2,422,000
School Improvements	02/14/08	02/01/28	3.50-5.50	16,040,000	<u>16,040,000</u>
Total school bonds					<u>20,393,000</u>
Sewer Bonds:					
Sewer Ordinance #167	02/04/04	09/15/12	1.00-5.00	2,085,000	1,194,000
Sewer Improvements	02/15/07	02/15/27	3.875-5.75	1,049,000	<u>1,009,000</u>
Total sewer bonds					<u>2,203,000</u>
Total Bonded Debt					\$ <u><u>36,505,000</u></u>
<u>Notes Payable</u>					
State of Connecticut:					
Clean Water Fund 211-C	02/20/92	05/30/11	2.00	199,611	\$ 29,110
Clean Water Fund 244-C	05/28/93	11/30/12	2.00	649,740	143,484
Clean Water Fund 200-C	12/31/97	12/31/16	2.00	27,635,550	<u>12,981,846</u>
Total Notes Payable					\$ <u><u>13,154,440</u></u>
<u>Lease Purchases</u>					
Aerial Ladder	09/15/01	09/15/11	4.23	802,330	\$ 361,232
Pumper tanker	12/15/01	12/15/11	4.23	301,739	135,852
Dump trucks/refuse packer	10/25/05	10/25/10	3.44	476,280	295,373
Sweeper/Vac-All/Recycling	04/01/08	04/01/13	4.00	470,000	<u>470,000</u>
Total Lease Purchases					\$ <u><u>1,262,457</u></u>

In prior years, the Town defeased General Obligation Bonds by creating a separate irrevocable trust. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore is no longer counted in computing Town's debt for statutory debt limit purposes. As of June 30, 2008, the amount of defeased debt outstanding amounted to \$3,350,000.

## Bond Anticipation Notes

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Public Bond Improvements Fund	\$ 4,986,000	\$ 720,000	\$ (4,986,000)	\$ 720,000	\$ 720,000
School Bond Improvements Fund	16,000,000	11,205,000	(16,000,000)	11,205,000	11,205,000
Total Bond Anticipation Notes	\$ <u>20,986,000</u>	\$ <u>11,925,000</u>	\$ <u>(20,986,000)</u>	\$ <u>11,925,000</u>	\$ <u>11,925,000</u>

Bond anticipation notes (BANs) of \$20,986,000 were outstanding at June 30, 2007 and matured on February 15, 2008. On February 14, 2008, the Town issued \$21,040,000 in general obligation bonds which retired the matured BANs. The bonds mature on February 1, 2028 and were issued with interest rates ranging from 3.5-5.5%. Of the \$21,040,000, \$5,000,000 is considered general purpose bonded debt (road, bridge, sidewalk and drainage improvements) and \$16,040,000 is considered school bonded debt (school renovations).

Also on February 14, 2008, the Town issued BANs totaling \$11,925,000 at an interest rate of 3.00%, a yield of 1.49%, a maturity date of February 12, 2009 and at a premium of \$175,238. Of the \$11,925,000, \$720,000 was issued to fund short-term road, bridge, sidewalk and drainage improvements (general purpose) and \$11,205,000 was issued to fund short-term school renovation costs. The BAN issue is anticipated to be retired on February 12, 2009 with the issuance of permanent general purpose and school bond financing. The BAN premium is expected to be utilized to offset BAN interest expense.

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, \$15,300,000 of bonds has been issued and \$720,000 of BANs remain issued and outstanding. The remaining unissued public bond improvements authorization is \$5,589,000 as of June 30, 2008.

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, \$18,555,000 of bonds has been issued and \$11,205,000 of BANs remain issued and outstanding. The remaining unissued school bond improvements authorization is \$38,562,000 as of June 30, 2008.

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

Fiscal Year Ending June 30	General Purpose	Bonded Debt					Lease Purchase	Total All Debt
		School	Sewer	Total	Notes Payable			
2009	\$ 342,000	\$ 750,000	\$ 298,000	\$ 1,390,000	\$ 1,457,797	\$ 298,580	\$ 3,146,377	
2010	360,000	498,000	292,000	1,150,000	1,486,366	310,258	2,946,624	
2011	574,000	1,177,000	289,000	2,040,000	1,514,678	322,398	3,877,076	
2012	579,000	1,163,000	268,000	2,010,000	1,535,261	229,707	3,774,968	
2013	598,000	919,000	258,000	1,775,000	1,546,643	101,514	3,423,157	
2014	731,000	852,000	57,000	1,640,000	1,564,052		3,204,052	
2015	745,000	898,000	57,000	1,700,000	1,595,621		3,295,621	
2016	745,000	898,000	57,000	1,700,000	1,627,828		3,327,828	
2017	782,000	1,011,000	57,000	1,850,000	826,194		2,676,194	
2018	782,000	1,011,000	57,000	1,850,000			1,850,000	
2019	804,000	1,089,000	57,000	1,950,000			1,950,000	
2020	804,000	1,089,000	57,000	1,950,000			1,950,000	
2021	804,000	1,089,000	57,000	1,950,000			1,950,000	
2022	804,000	1,089,000	57,000	1,950,000			1,950,000	
2023	827,000	1,166,000	57,000	2,050,000			2,050,000	
2024	827,000	1,166,000	57,000	2,050,000			2,050,000	
2025	827,000	1,166,000	57,000	2,050,000			2,050,000	
2026	827,000	1,166,000	57,000	2,050,000			2,050,000	
2027	827,000	1,166,000	57,000	2,050,000			2,050,000	
2028	320,000	1,030,000		1,350,000			1,350,000	
Total	\$ <u>13,909,000</u>	\$ <u>20,393,000</u>	\$ <u>2,203,000</u>	\$ <u>36,505,000</u>	\$ <u>13,154,440</u>	\$ <u>1,262,457</u>	\$ <u>50,921,897</u>	

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

Fiscal Year Ending June 30	General Purpose	Bonded Debt					Lease Purchase	Total All Debt
		School	Sewer	Total	Notes Payable			
2009	\$ 582,648	\$ 808,330	\$ 78,954	\$ 1,469,932	\$ 249,773	\$ 49,988	\$ 1,769,693	
2010	562,983	779,553	67,476	1,410,012	220,355	38,309	1,668,676	
2011	542,282	758,496	55,434	1,356,212	190,362	26,170	1,572,744	
2012	509,813	704,135	46,291	1,260,239	159,889	13,553	1,433,681	
2013	478,880	653,453	37,316	1,169,649	129,001	4,061	1,302,711	
2014	451,749	609,141	32,134	1,093,024	97,988		1,191,012	
2015	423,630	578,641	29,854	1,032,125	66,419		1,098,544	
2016	395,020	546,532	27,574	969,126	34,213		1,003,339	
2017	366,409	514,421	25,294	906,124	4,826		910,950	
2018	336,505	478,356	23,014	837,875			837,875	
2019	307,234	442,461	20,805	770,500			770,500	
2020	277,192	403,837	18,596	699,625			699,625	
2021	246,147	363,850	16,316	626,313			626,313	
2022	214,728	322,672	14,036	551,436			551,436	
2023	182,569	279,113	11,756	473,438			473,438	
2024	148,855	232,302	9,405	390,562			390,562	
2025	115,141	185,493	7,054	307,688			307,688	
2026	81,428	138,682	4,703	224,813			224,813	
2027	47,314	90,585	2,351	140,250			140,250	
2028	13,200	42,488		55,688			55,688	
Total	\$ <u>6,283,727</u>	\$ <u>8,932,541</u>	\$ <u>528,363</u>	\$ <u>15,744,631</u>	\$ <u>1,152,826</u>	\$ <u>132,081</u>	\$ <u>17,029,538</u>	

All general long-term bonds are secured by the general revenue raising powers of the Town and payment will be primarily provided by General Fund revenues, including School Building Grants due from the State (\$1.19 million) and sewer assessments. Amounts due from other towns (\$2.79 million) will be used to retire a portion of CWF notes. Total indebtedness does not exceed the total debt limitation of \$340.8 million.

## 10. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation through a Workers' Compensation Fund. The fund, classified as an Internal Service Fund, is supported by contributions from the General and Sewer User Funds. Contribution amounts are based on historical experience of claims incurred and paid. Although the risk is retained by the Town, commercial insurance is purchased for individual claims in excess of \$500,000, with a \$10,000,000 aggregate maximum per year.

CIRMA administers the claims processing for the Town, for which the Town pays a fee. Claims incurred are estimated by CIRMA by fiscal (contract) year. As of June 30, 2008, contract numbers 15 and 21-25 were open. Claims outstanding at June 30 are based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible 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. The claim accrual does not include other allocated or unallocated claims adjustment expenses. Settled claims have not exceeded commercial insurance coverage for each of the last three fiscal years. There has been no reduction in insurance coverage from the prior year.

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

	<b>For the Year Ended June 30</b>	
	<b>2008</b>	<b>2007</b>
Claims payable, July 1	\$ 370,326	\$ 460,422
Incurred claims, current year	497,972	405,032
Claims adjustments, prior years	41,019	(117,709)
Claims incurred for the fiscal year	538,991	287,323
Claims paid, current and prior years	375,276	377,419
Claims Payable, June 30	<u>\$ 534,041</u>	<u>\$ 370,326</u>

Based on historical payment data, approximately 41.3% of claims payable at June 30, 2008 will be paid during the following fiscal year. Thus, \$220,556 of claims payable at June 30, 2008 is considered as a current liability and the remaining \$313,485 is considered as a long-term liability. Claims payable at June 30, 2008 includes \$26,808 of estimated incremental claims adjustment expenses, net of estimated subrogation recoveries.

The Town is also self-insured for the cost of medical prescriptions for its employees and retirees. The Town Council authorized the establishment of the Medical Self-Insurance Fund, an Internal Service Fund, which became effective January 1, 2006. Effective July 1, 2007, the Town became self-insured for the cost of dental for its general government employees and retirees. The fund is supported by contributions from all covered participants with the remaining support provided by the General Fund, Cafeteria, Special Education Grants and Vernon Cemetery Funds (Special Revenue Funds), 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.

MedCo administers the prescription claims processing and Anthem Blue Cross and Blue Shield administers dental claims processing for the Town for which the Town pays a fee. Claims incurred and paid data are provided to the Town, which reimburses MedCo and Anthem for the costs of the claims and administrative expenses. As of

June 30, 2008, claims payable represents the cost of claims incurred and paid by MedCo and Anthem that require reimbursement from the Town.

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

	<b>Fiscal Year</b>	
	<b>2007-08</b>	<b>2006-07</b>
Claims payable, July 1	\$ 73,099	\$ 108,904
Incurred claims, current year	2,092,290	1,863,575
Claims adjustments, prior years	-	-
Claims incurred for the fiscal year	<u>2,092,290</u>	<u>1,863,575</u>
Claims paid, current and prior years	<u>2,083,560</u>	<u>1,899,380</u>
Claims payable, June 30	<u><u>\$ 81,829</u></u>	<u><u>\$ 73,099</u></u>

The entire portion of claims payable at June 30, 2008 is considered payable in the ensuing fiscal year.

**11. FUND BALANCES/NET ASSETS AND DEFICIT FUND BALANCE**

**A. Fund Balance and Net Assets Reserved**

The following is a description of the various reserve accounts used to indicate that a portion of equity is legally segregated for a specific purpose and is unavailable for appropriation:

Reserved for Encumbrances - represents outstanding purchase orders at year end on contracts which the Town intends to honor.

Reserved for Inventory - the balance of inventory accounts has been reserved to indicate that the portion of fund balance represented is not available for appropriation or expenditure.

Reserved for Debt Service - represents the fund balance of the Sewer Assessment Fund which will be used for debt service.

Reserved for Permanent Trust - represents amounts in all Permanent Funds which are reserved to indicate that they are not available for appropriation or expenditure.

Reserved for Employees' Pension Benefits - represents the amount of funds accumulated in the Pension Trust Fund to pay for pension benefits.

A summary of reserved fund balances at June 30, 2008 is presented below:

General Fund:	
Reserved for encumbrances	\$ 1,595,231
Special Revenue Funds:	
Reserved for encumbrances	1,221,529
Inventory	41,788
Debt service	795,072
Capital Projects Funds:	
Reserved for encumbrances	15,205,386
Permanent Funds:	
Reserved for Trust Funds	2,230,132
Fiduciary Funds:	
Reserved for pension benefits	<u>41,242,026</u>
Total	\$ <u><u>62,331,164</u></u>

## **B. Deficit Fund Balance**

The following fund had a deficit fund balance at June 30, 2008:

Nonmajor Funds:	
Special Revenue Fund:	
Public Safety Complex Grant-in-Aid Fund	\$ 845,175

This deficit will be eliminated through the receipt of future transfers from other funds.

## **12. COMMITMENTS AND CONTINGENCIES**

### Pending Suits and Claims

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

### State and Federal Assets

The Town receives State and Federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. The Town's management believes such disallowances, if any, would not be material.

### Solid Waste

The Town has entered into a Municipal Service Agreement (MSA) with the Connecticut Resources Recovery Authority (the Authority) for the disposal of solid waste at the Mid-Connecticut Resource Recovery Project (the Project) in Hartford, Connecticut. As part of this agreement, the Town is obligated to provide a minimum tonnage of acceptable solid waste. In the event that the Town does not deliver the minimum tonnage and the yearly aggregate minimum tonnage received by the facility from all participating municipalities is not met, the Town may be assessed a per ton tipping fee based upon the total tipping fees the Town would have paid had the minimum tonnage been delivered. The tipping fee, based upon the net cost of operating the Project, is subject to annual revision based upon the Authority's approved budget. As provided by the MSA, the tipping fee is a general obligation of the Town and full faith and credit of the Town has been pledged to the payment thereof.

The yearly aggregate minimum tonnage delivered to the Project from all participating municipalities has been met.

### Waste Treatment Plant Debt

As stated in Note 9, the Town permanently financed the upgrade and expansion of the Vernon Waste Treatment Plant on December 31, 1997 with a \$27,635,550 State of Connecticut Clean Water Fund (CWF) loan, payable monthly through December 31, 2016. Of the \$12,981,846 due on the CWF loan as of June 30, 2008, the Town of Ellington, Manchester, South Windsor and Tolland are obligated to provide payments totaling \$2,794,324 to the Town of Vernon in installments through December 31, 2016. The Town of Vernon is responsible for debt service payments on the loan.

### Bolton Lakes Wastewater Disposal

The Town of Vernon and the neighboring Town of Bolton entered into a consent order with the Connecticut Department of Environmental Protection (CTDEP) on October 14, 1999 requiring the towns to take the necessary steps to address wastewater disposal alternatives for the Bolton Lakes' area. Two State-funded engineering studies have confirmed that specific areas around the middle and lower Bolton Lakes no longer meet the requirements of current health codes for septic systems and recommend the installation of a low-pressure sewer system with wastewater being pumped to the adjacent Town of Manchester Wastewater Treatment Facility. The later study, completed by Fuss & O'Neill, Incorporated in May 2003, estimated that the design and construction of the sewer system would cost \$17,000,000, with 29% or \$4,930,000 attributable to Vernon and the remainder to Bolton. Voters in both towns approved a special referendum held on September 27, 2005 regarding ordinances that guarantee funding for the sewer project. The vote of approval in Bolton was 837-112, while in Vernon it was 687-216. Since the completion of the May 2003 study, project costs are now estimated to be \$21,959,000. Vernon's 29% share, or \$6,368,110, would be reduced to \$2,725,839 since the project qualifies for Federal Rural Development and Connecticut Clean Water Fund grants.

The Bolton Lakes Regional Water Pollution Control Authority (BLRWPCA) was created by ordinances adopted in both towns. In Vernon, Ordinance #242 was adopted in April of 2003. The formation of the regional authority gives the BLRWPCA the power and authority, granted by State Statutes, to construct a sewerage system, charge user fees, levy assessments, bill for hook-up fees and to operate and manage the sewer system. Since its inception, the BLRWPCA has scheduled periodic meetings and worked closely with the CTDEP as well as the State Office of Policy and Management (OPM), gaining approval of a Plan of Operations and By-Laws recommended by the Authority that will govern its operation as an entity separate from the town of Vernon and Bolton. OPM has approved revisions to the State's Plan of Conservation and Development with respect to the project along Route 44 in Bolton.

During the past fiscal year, an intermunicipal sewer agreement was negotiated between the BLRWPCA and the Town of Manchester. That agreement, finalized on September 26, 2007, defines the terms and conditions in which Manchester will accept wastewater generated from the Bolton Lakes regional sewer service area. Fuss & O'Neill, Incorporated have coordinated with the BLRWPCA to interview and select grinder pump, suppliers; negotiate easement agreements for the placement of sewers; obtain all state and local regulatory permits and approvals; hold public informational hearings; and submit final design plans to CTDEP for approval.

Pending final CTDEP approval of plans and funding applications, construction bids will be advertised in early 2009 with an anticipated construction start date of April 15, 2009.

### 13. OTHER POSTEMPLOYMENT BENEFITS

The Town provides health insurance for police officers who retire after July 1, 1988, at specified rates according to the following tables. Benefits and contributions, included as part of the police officers' bargaining agreement with the Town, require Town Council approval.

<u>Retirement Date July 1, 1988 - June 30, 1992</u>		
<u>Retirement Age</u>	<u>Town Paid Percentage of Premium</u>	<u>Number of Retirees Receiving Benefits</u>
Early Retirement *	50%	0
54 or less	50%	0
55 - 59	75%	0
60 - 65	100%	1
> 65	**	3

\* Officers are eligible for early retirement upon 10 years of credited service.

\*\* Once a retiree reaches age 65, the Town provides for the full cost of supplemental health insurance.

Currently, there are 4 eligible former employees who are receiving benefits under this provision. The cost to the Town, net of participant contributions, for the 2007/08 fiscal year was \$13,528.

#### Retirement Date July 1, 1992 and After

For police officers who retire after July 1, 1992, the Town provides for 50% of the retirees' health insurance premiums until age 65. Early retirees are not eligible for this benefit. Once the retiree reaches age 65, the retiree may purchase supplemental health insurance at his/her own expense.

Currently, there are 18 eligible former employees who are receiving benefits under this provision. The cost to the Town, net of participant contributions, for the 2007/08 fiscal year was \$59,785. The Town recognizes expenditures on a pay-as-you-go basis as monthly premiums are incurred.

### 14. 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 would 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. To be eligible for these termination benefits, the employee must be hired prior to July 1, 2003, be age 55 and have worked for 20 years. Such benefit provisions, included in the school administrators' bargaining agreement with the Vernon Board of Education, require Town Council approval.

The following table identifies the healthcare benefit options available to early retirees:

<u>Option</u>	<u>Period of Years</u>	<u>Town Paid Percentage of Premium</u>	<u>Number of Early Retirees Receiving Benefits</u>
A	5	15%	4
B	3	20%	0
C	1	100%	1

Currently, there are 5 former school administrators receiving this benefit. The cost to the Town, net of participant contributions, for the 2007/08 fiscal year is \$9,838. A liability of \$22,178, presented in government-wide financial statements, for this benefit is calculated based upon the discounted present value of future unadjusted premiums and includes a healthcare cost trend of 11.0% and an investment yield of 3.7%.

In addition to healthcare termination benefits, the following table identifies cash payment options available to school administrator early retirees:

<u>Option</u>	<u>Number of Years</u>	<u>Town Paid Percentage of Premium</u>	<u>Number of Early Retirees Receiving Benefits</u>
A	7	12.5% of salary	13
B	5	15.0% of salary	0
C	1	50.0% of salary	0

There are 13 former school administrators receiving this benefit. The cost to the Town for the 2007/08 fiscal year is \$146,843. A liability of \$604,132, presented in government-wide financial statements, for this benefit is calculated based upon the discounted present value of expected future benefits and an 3.7% 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. To be eligible for this termination benefit, the employee must be employed by the Town for 13 continuous years, been hired prior to July 1, 1999 and have reached age 50. Benefit provisions, included in the school teachers' bargaining agreement with the Vernon Board of Education, require Town Council approval. Such eligible employee may elect to receive one of two payment options as follows:

<u>Option</u>	<u>Number of Years</u>	<u>Town Paid Percentage of Premium</u>	<u>Number of Early Retirees Receiving Benefits</u>
Deferred payment	6	\$ 5,000	82
Lump sum	1	15,000	0

There are 82 former teachers receiving this benefit. The cost to the Town for the 2007/08 fiscal year is \$425,000. A liability of \$1,321,373, presented in government-wide financial statements, for this benefit is calculated based upon the discounted present value of expected future benefits and an 3.7% yield of investments that are expected to be used to finance such benefit payments.

## 15. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### Defined Benefit Plans

#### A. Plan Descriptions

##### 1. Plan Type, Participating Employer and Employees Covered

The Town has established three single-employer contributory defined benefit plans which 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 service criterion. The pension plan for the VFD was established effective January 1, 2000. Although members of the VFD are not town employees, the Town has recognized the VFD's commitment to protecting the lives and property of Vernon's residents with the establishment of a retirement plan known as the Town of Vernon Length of Service Award Program (LOSAP). The LOSAP provides a financial reward as an incentive for recruiting and retaining fire department volunteers. The pension plans are reported in the Town's financial statements as separate pension trust funds: Police Pension Plan, Town Pension Plan and the Volunteer Firefighters LOSAP. Separate, stand-alone reports are not issued.

##### 2. Participant Membership

Participant membership at January 1, 2008 was as follows:

	<u>Police Plan</u>	<u>Town Plan</u>	<u>LOSAP</u>
Retirees, disabled and beneficiaries currently receiving benefits	37	135	8
Terminated employees entitled to benefits, but not yet receiving them	0	135	29
Active employees: Vested, partially vested and nonvested	<u>49</u>	<u>361</u>	<u>122</u>
Total participant membership	<u><u>86</u></u>	<u><u>631</u></u>	<u><u>159</u></u>

##### 3. Benefit Provisions

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

###### a. Normal Retirement Date and Benefits

A participant who has attained his/her normal retirement date and/or required years of service is eligible for a normal retirement benefit. The benefit at normal retirement is equal to the employees' accrued benefit based on average monthly earnings and years of service.

###### Police Pension Plan

The normal retirement date for police officers is attained at the completion of 20 years service.

## Town Pension Plan

The normal retirement date for members of the Public Works (P.W.) and Parks union is attained at age 55 and 5 years 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 service. The normal retirement date for non-bargaining Town Hall employees and Education Secretarial and Maintenance employees is age 62 and 10 years service or age 60 and 32 years of service. Professionals, Waste Treatment Plant (WTP) Supervisors, P.W. Clerical, Education Supervisors, Education Librarian and Education School Nurse union employees attain normal retirement age at age 62 and 10 years service. The normal retirement date for all other participants is attained at age 65 and 10 years of service.

## 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. The benefit at normal retirement is equal to \$8 per month for each year of credited service to a maximum of \$240 per month.

### b. Early Retirement Date and Benefits

Participants of the Police and Town Pension Plans may, upon 10 years of service, elect early retirement on a date which shall be within 10 years of normal retirement age. 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.

### c. 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 nonvested 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 VFD 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.

### d. Disability Benefit

In the event of participant Disability in the Line of Duty, VFD members may elect payment of an actuarial reduced retirement benefit commencing anytime prior to the date of normal retirement.

### e. Deferred Vested Benefit

Upon termination of employment for any reason other than death or retirement, Police and Town plan participants shall be entitled to a deferred vested benefit if certain age and or service provisions are attained. The amount of deferred vested benefit shall be equal to the benefit determined as for normal retirement based on earnings and service to the date of termination, multiplied by the employee's vesting percentage. Employees become fully vested with 10 years of service. A member who terminates employment prior to satisfying certain age and or service requirements is entitled to a refund of his/her accumulated contributions with interest.

## B. Summary of Significant Accounting Policies

### 1. Basis of Accounting

Pension Trust Fund financial statements are prepared on the accrual basis of accounting. Employee contributions are recognized in the period in which the employee services are performed, and employer contributions are recognized when due pursuant to contractual requirements; investment income is recognized when earned; and gains and losses on sales and exchanges of investments are recognized in the period of transaction. Benefit payments and refunds are recognized when due and payable (incurred) in accordance with the terms of the plans. Plan administrative costs are financed by net assets of the respective plans on a pay-as-you-go basis. Financial activity of the pension plans is reported by the Town on a calendar year basis.

### 2. Valuation of Plan Investments

Pension Trust Fund investments are reported at fair value. Securities traded on national and international exchanges are valued at the last reported sales price. The composition of investments is disclosed in Note 4.

## C. Funding Policy

Contribution rates are established by the Town and may be amended only with Town Council approval. The Town may terminate the LOSAP at any time.

### 1. Employee

Required employee contributions to their respective plans are noted below.

#### Police Pension Plan

Police officers are required to contribute 6% of their W-2 earnings to the plan. Such contributions are credited with interest at a rate of 5.5% per annum.

#### Town Pension Plan

Non-bargaining Town Hall employees, P.W. Supervisors, School Librarians (effective 7/1/2007) and Education Custodial, Secretarial and Maintenance union members are required to contribute 7% of their earnings (pre-tax). Police Civilian Support union members are required to contribute 7.9% of their earnings, pre-tax effective February 23, 2007. Effective July 1, 2007, members of the Professional union were required to contribute 8.15% of earnings (pre-tax). Members of the P.W. and Parks union, WTP Supervisors, P.W. Clerical and School Nurse union members are required to contribute 6.5% of their earnings (pre-tax). All other participants are required to contribute 4% of their earnings (post-tax). Such contributions are credited with interest at a rate of 6% per annum.

#### LOSAP

Members of the VFD are not required to contribute to the plan.

2. Employer

Police and Town Pension Plans

The Town is required to contribute the remaining amounts necessary to finance plan benefits for its employees. Employer contributions to the pension plans (\$1,020,600, Police and \$1,677,731, Town) were determined based on actuarial valuations as of January 1, 2007, using the frozen entry age actuarial cost method. Employer contributions fund normal cost (after deducting expected employee contributions) on a current basis and the unfunded actuarial accrued liability over a maximum 30 year period. The Town's current required contributions as a percentage of annual covered plan payroll is 27.58% for the Police Plan and 13.17% for the Town Plan.

LOSAP

The Town shall contribute an actuarial determined amount necessary to fund current obligations of the LOSAP. In addition, employer contributions to fund the unfunded actuarial accrued liability are to be made over a maximum 10-year period. Employer contributions to the LOSAP (\$80,262) were determined based on an actuarial valuation as of January 1, 2007, using the frozen entry age actuarial cost method. The actuarially determined contribution specifically excludes the retirement benefit of eight volunteers who received retirement benefits in calendar year 2007.

D. Annual Pension Cost and Net Pension Obligations

In accordance with Statement No. 27, the Annual Pension Cost and Net Pension Obligation of the Pension Plans for the current year are reported below:

	<u>Police Plan</u>	<u>Town Plan</u>	<u>LOSAP</u>
Annual required contribution (ARC)	\$ 1,020,600	\$ 1,677,731	\$ 80,262
Interest on net pension obligation (NPO)	-	-	-
Adjustment to ARC	-	-	-
Annual pension cost (APC)	1,020,600	1,677,731	80,262
Employer contributions made	<u>(1,020,600)</u>	<u>(1,677,731)</u>	<u>(80,262)</u>
Change in the NPO for the year	-	-	-
Net pension obligation, January 1, 2007	<u>-</u>	<u>-</u>	<u>-</u>
Net Pension Obligation, December 31, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In addition, Statement No. 27 requires the percentage of Annual Pension Cost contributed and Net Pension Obligations for the current and prior two years be reported:

<u>Police Plan</u>				
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Employer Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 1,020,600	\$ 1,020,600	100%	\$ -
12/31/06	931,473	931,473	100	-
12/31/05	933,759	933,759	100	-

**Town Plan**

<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Employer Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/07	\$ 1,677,731	\$ 1,677,731	100%	\$ -
12/31/06	931,473	931,473	100	-
12/31/05	1,190,512	1,190,512	100	-

**LOSAP**

<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Employer Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/07	\$ 80,262	\$ 80,262	100%	\$ -
12/31/06	78,613	78,613	100	-
12/31/05	72,766	72,766	100	-

**Schedule of Funding Progress**

**Police Plan**

<b>January 1, Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability(AAL) (b)</b>	<b>Unfunded AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
2008	\$ 17,438,418	\$ 23,957,282	\$ 6,518,864	72.8%	\$ 3,927,066	166.0%
2007	16,600,994	22,516,606	5,915,612	73.7	3,701,061	159.8
2006**	15,867,683	21,238,553	5,370,870	74.7	3,512,784	152.9
2005	15,110,913	20,331,260	5,220,347	74.3	3,739,097	139.6
2004*	14,427,483	19,176,780	4,749,297	75.2	3,500,324	135.7
2003	12,829,860	18,224,816	5,394,956	70.4	3,462,688	155.8

**Town Plan**

<b>January 1, Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability(AAL) (b)</b>	<b>Unfunded AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
2008	\$ 23,916,877	\$ 38,366,205	\$ 14,449,328	62.3%	\$ 13,408,005	107.8%
2007	21,441,511	35,308,131	13,866,620	60.7	12,743,672	108.8
2006	19,178,993	32,510,899	13,331,906	59.0	12,469,300	106.9
2005	17,319,759	27,219,959	9,900,200	63.6	11,910,153	83.1
2004*	15,650,167	25,169,684	9,519,517	62.2	11,438,585	83.2
2003	14,090,426	23,050,824	8,960,398	61.1	11,063,483	81.0

**LOSAP**

<b>January 1, Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability(AAL) (b)</b>	<b>Unfunded AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
2008	\$ 962,663	\$ 1,079,832	\$ 117,169	89.1%	n/a	n/a
2007	809,550	990,973	181,423	81.7	n/a	n/a
2006	656,023	890,692	234,669	73.7	n/a	n/a
2005	533,750	808,727	274,977	66.0	n/a	n/a
2004	396,249	716,573	320,324	55.3	n/a	n/a
2003	245,860	608,763	362,903	40.4	n/a	n/a

\* Effective January 1, 2004, the salary scale assumption was changed from 5% to 4.5% increase per year.

\*\* Effective January 1, 2006, the Assumed Retirement Date was changed from age 48 to age 49.

**Schedule of Employer Contributions**

<b>Fiscal Year Ended December 31,</b>	<b>Police Pension</b>		<b>Town Pension</b>		<b>LOSAP</b>	
	<b>Annual Required Contribution</b>	<b>Percentage Contribution</b>	<b>Annual Required Contribution</b>	<b>Percentage Contribution</b>	<b>Annual Required Contribution</b>	<b>Percentage Contribution</b>
2007	\$ 1,020,600	100.0%	\$ 1,677,731	100.0%	\$ 80,262	100.0%
2006	931,473	100.0	1,583,333	100.0	78,613	100.0
2005	933,759	100.0	1,190,512	100.0	72,766	100.0
2004	822,023	100.0	1,118,434	100.0	86,237	100.0
2003	913,735	100.0	983,072	100.0	88,892	100.0
2002	672,768	100.0	776,575	100.0	85,997	100.0

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

The following is a summary of certain significant actuarial assumptions and other PERS information:

	<b>Police Pension Plan</b>	<b>Town Pension Plan</b>	<b>LOSAP</b>
Actuarial valuation date	01/01/08	01/01/08	01/01/08
Actuarial cost method	Frozen Entry	Frozen Entry	Frozen Entry
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining amortization period	10 years weighted ave	23 years weighted ave	10 years weighted ave
Asset valuation method	5-year smoothing	5-year smoothing	Market value
Actuarial assumptions:			
Investment rate of return	8.5%	8.5%	6.5%
Projected salary increases*	5.0%	4.5%	n/a
*Inflation rate included	3.5%	3.5%	n/a

A change in the maximum benefit allowed for qualified Police personnel, as specified by federal law, from \$175,000 to \$180,000 increased the 2007 required employer contribution of the Police Pension Plan by \$772.

Plan benefit changes that affected the 2007 required employer contribution of the Town Pension Plan include the enhancement of the School Librarians union maximum retirement benefit from 1.85% of Average Monthly Earnings (AME) times 30 years of Credited Service (CS) to 2.00% of AME times 35 years of CS and the enhancement to the P.W. Clerical union maximum retirement benefit from 1.85% of AME times 30 years of CS to 2% of AME times 30 years of CS. Other plan benefit changes include the increase in the employee pre-tax contributions for the following groups: Professional union from 6.75% to 7.25% and the School Librarians union from 6.5% to 7%. These plan benefit changes decreased the 2007 required employer contribution by \$4,939 from \$1,682,670 to \$1,677,731.

A change in the maximum benefit allowed for qualified police personnel from \$180,000 to \$185,000 as specified by federal law increased the 1/1/2008 Actuarial Accrued Liability (AAL) of the Police Pension Plan by \$2,157 from \$23,955,125 to \$23,957,282.

Plan benefit changes that affected the 01/01/2008 AAL of the Town Pension Plan include the enhancement to the Public Works Supervisors union maximum retirement benefit from 1.85% of Average Monthly Earnings (AME) times 30 years of Credited Service (CS) to 2.00% of AME times 35 years of CS and the change in the Normal Retirement Date for the School Librarian and School Custodial, Secretarial and Maintenance unions from Age 62 and 10 years of CS to Age 62 and 10 years of CS or Age 60 with 32 years of CS. Other plan benefit changes include the increase in the employee pre-tax contributions of the Professional union from 7.25% to 8.15%. These plan benefit changes increased the 1/1/2008 Town Pension Plan AAL by \$399,597 from \$37,966,608 to \$38,366,205.

There were no plan benefit or assumption changes that affected either the required employer contribution for the LOSAP that was calculated on 1/1/2007 or the 1/1/2008 AAL of the LOSAP.

### Teachers' Retirement System

Teachers, principals and other eligible members of the Vernon Board of Education (BOE) participate in a contributory retirement plan administered by the State Teachers' Retirement Board. Participation in the system is required of all certified teachers in the State who are employed for at least an average of half-time. Teachers are vested 100% after completing 10 years of Connecticut teaching service, the last five of which must be consecutive if leaving Connecticut public service before age 60. Benefits provided by the Teachers' Retirement System (TRS) are governed by State law. Neither the BOE nor the Town have a legal obligation to contribute to the retirement fund. Participants are required to contribute 7.25% of their annual salary to the plan. The State of Connecticut funds the remaining cost of plan benefits by making contributions to the plan based on an actuarial study performed utilizing the total payroll of covered participants in the State. The State's actuarial required contribution for the fiscal year ended June 30, 2008 was \$518,560,263. The Vernon BOE's total payroll for the fiscal year ended June 30, 2008 was \$28,084,897, covered payroll being \$22,257,951. Participant contributions totaled \$1,613,701. State contributions to the system were \$2,518,560,263 (including \$2 billion of General Obligation bond proceeds deposited into the TRS to fund prior years' deficient funding of actuarial required contributions), of which \$16,476,243 were contributed on behalf of Town employees. This contribution is significantly higher than the prior year due to the State of Connecticut bonding \$2 billion of the fund's past service liability.

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the Town has recognized the amount of State pension contributions to the Teachers' Retirement System as on-behalf payments. On-behalf payments are direct payments of fringe benefits made by one entity (the State) to a third-party recipient (the Teachers' Retirement System) for the employees of another, legally separate entity (the Town of Vernon). The State of Connecticut funds plan benefit costs of Teachers' Retirement System participants. On-behalf payments of \$16,476,273 are recognized as revenues and expenditures of the Town's General Fund.

## Pension Trust Funds

The Town maintains three pension trust funds (Police Pension, Town Pension and Volunteer Firefighters Length of Service Award Program (LOSAP)) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at December 31, 2007 and the changes in net assets for the year then ended.

### **Schedule of Plan Net Assets**

	<b>Police Pension</b>	<b>Town Pension</b>	<b>Volunteer Firefighters Length of Service Award Program (LOSAP)</b>	<b>Total</b>
Assets:				
Investments, at fair value:				
Fixed income	\$ 5,149,317	\$ 10,993,803	\$ 80,266	\$ 16,223,386
International equity	2,001,200	2,556,806	214,283	4,772,289
International bonds			96,058	96,058
Domestic equity	7,700,101	8,167,172	432,778	16,300,051
Domestic bonds	1,995,618	1,730,956	139,278	3,865,852
Total assets	<u>16,846,236</u>	<u>23,448,737</u>	<u>962,663</u>	<u>41,257,636</u>
Liabilities:				
Accounts payables	<u>6,844</u>	<u>8,766</u>		<u>15,610</u>
Net Assets:				
Held in Trust for Pension Benefits	<u>\$ 16,839,392</u>	<u>\$ 23,439,971</u>	<u>\$ 962,663</u>	<u>\$ 41,242,026</u>

### **Schedule of Changes in Plan Net Assets**

	<b>Police Pension</b>	<b>Town Pension</b>	<b>Volunteer Firefighters Length of Service Award Program (LOSAP)</b>	<b>Total</b>
Additions:				
Contributions:				
Employer	\$ 1,020,600	\$ 1,677,731	\$ 97,968	\$ 2,796,299
Employee	249,533	905,652		1,155,185
Total contributions	<u>1,270,133</u>	<u>2,583,383</u>	<u>97,968</u>	<u>3,951,484</u>
Net investment income	<u>965,591</u>	<u>1,157,952</u>	<u>83,484</u>	<u>2,207,027</u>
Total additions	<u>2,235,724</u>	<u>3,741,335</u>	<u>181,452</u>	<u>6,158,511</u>
Deductions:				
Benefit payments/annuity purchases	1,403,185	1,320,049	17,706	2,740,940
Refund of contributions	8,220	95,985		104,205
Administrative expense	57,803	77,152	10,633	145,588
Total deductions	<u>1,469,208</u>	<u>1,493,186</u>	<u>28,339</u>	<u>2,990,733</u>
Change in net assets	766,516	2,248,149	153,113	3,167,778
Net assets held in trust for pension benefits, January 1, 2007	<u>16,072,876</u>	<u>21,191,822</u>	<u>809,550</u>	<u>38,074,248</u>
Net Assets Held in Trust for Pension Benefits, December 31, 2007	<u>\$ 16,839,392</u>	<u>\$ 23,439,971</u>	<u>\$ 962,663</u>	<u>\$ 41,242,026</u>

## 16. SUBSEQUENT EVENTS

On February 12, 2009, the Town issued \$10,875,000 of general obligation bonds to retire \$11,925,000 of bond anticipation notes (BANs) maturing on February 12, 2009. The bonds mature on February 1, 2024 and were issued with interest rates ranging from 2.5% to 4.5% and with accrued interest of \$11,814. Of the \$10,875,000 issued, \$720,000 is considered general purpose bonded debt (road, bridge, sidewalk and drainage improvements) and \$10,155,000 is considered school bonded debt (school renovations).

Also on February 12, 2009, the Town issued BANs totaling \$3,710,000 at an interest rate of 1.5%, a yield of .75%, a maturity date of February 11, 2010 and at a premium of \$15,391. Of the \$3,710,000, \$1,400,000 was issued to fund short-term road, bridge, sidewalk and drainage improvements (general purposes) and \$2,310,000 was issued to fund short-term school renovation costs. The BANs are anticipated to be retired on February 11, 2010 with the issuance of permanent general purpose bond financing. The BAN premium is expected to be utilized of offset BAN interest expense.

## 17. RESTATEMENT OF NET ASSETS

Beginning net assets have been restated to adjust for capital assets not being depreciated (land) that were not included at June 30, 2007.

	<b>Amount as Reported June 30, 2007</b>	<b>Restatement Effective July 1, 2007</b>	<b>Amount as Restated July 1, 2007</b>
Governmental activities net assets	\$ 83,068,069	\$ 812,500	\$ 83,880,569

**Required Supplementary  
Information**

## TOWN OF VERNON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Property taxes:				
Current year levy	\$ 48,139,451	\$ 48,139,451	\$ 48,163,522	\$ 24,071
Prior year taxes	390,000	390,000	729,492	339,492
Supplemental motor vehicle	542,000	542,000	607,430	65,430
Interest and lien fees	280,000	280,000	406,732	126,732
Warrant revenue	200	200	222	22
Liens	6,000	6,000	5,697	(303)
Total property taxes	<u>49,357,651</u>	<u>49,357,651</u>	<u>49,913,095</u>	<u>555,444</u>
Intergovernmental revenues:				
Civil preparedness grant	8,500	8,500	7,729	(771)
Bullet proof vest grant	5,000	5,000	1,975	(3,025)
Community services block grant	21,532	21,532	22,015	483
Education cost sharing	17,122,555	17,122,555	16,958,290	(164,265)
Public pupil transportation	335,000	335,000	344,613	9,613
Nonpublic pupil transportation	33,500	33,500	32,046	(1,454)
Vocational Agriculture	77,200	77,200	137,713	60,513
Special education - State agency placement			401,911	401,911
Special education - excess student based grant			505,656	505,656
Regular education - State agency placement			171,325	171,325
School construction grants - principal	405,314	405,314	405,314	-
School construction grants - interest	51,308	51,308	51,309	1
Medicaid reimbursement	70,000	70,000	34,506	(35,494)
Pilot - Colleges and hospitals	588,066	588,066	549,857	(38,209)
Pilot - State owned property	421,092	421,092	383,485	(37,607)
Pilot - Boat tax reimbursement	10,549	10,549	10,549	-
Pilot - Shelter rent	22,000	22,000	21,896	(104)
Tax relief - Elderly circuit breaker	152,000	152,000	167,686	15,686
Tax relief - Disability exemption	4,275	4,275	3,827	(448)
Tax relief - Veterans exemption	37,250	37,250	30,343	(6,907)
Tax relief - New manufacturing machinery and equipment	65,000	65,000	77,357	12,357
Mashantucket Pequot and Mohegan grant	394,145	394,145	354,230	(39,915)
Telephone tax sharing	149,174	149,174	149,859	685

(Continued on next page)

## TOWN OF VERNON, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental revenues (continued):				
Judicial reimbursement - parking	\$ 140	\$ 140	\$ 35	\$ (105)
Judicial reimbursements			100	100
Special reimbursements - permits	200	200	161	(39)
Driving Under the Influence grant	10,000	10,000	3,073	(6,927)
Motor Vehicle Violation surcharge	8,800	8,800	15,400	6,600
Historic Document Preservation grant	12,000	12,000	12,000	-
Other - State grants	10,000	10,000	16,697	6,697
Open Space / Land Acquisition	8,000	8,000		(8,000)
Total intergovernmental revenues	<u>20,022,600</u>	<u>20,022,600</u>	<u>20,870,957</u>	<u>848,357</u>
Charges for services:				
Town Clerk recording fees	525,000	525,000	475,028	(49,972)
Vital statistics	500	500	556	56
Historic document preservation	17,500	17,500	15,534	(1,966)
Farmland preservation surcharge			139,833	139,833
Printing and copying fees	300	300	1,010	710
Finance administration fee	11,000	11,000	11,000	-
Planning and zoning fees	17,000	17,000	6,137	(10,863)
Land use acquisition fee			543	543
Conservation fees	1,600	1,600	1,309	(291)
Assessor fees	4,300	4,300	3,030	(1,270)
Tax collection fees	1,200	1,200	29,680	28,480
Police - special services	10,000	10,000	110,125	100,125
Fingerprint fees	2,500	2,500		(2,500)
Other - public safety	4,500	4,500		(4,500)
Fire Marshal services	350	350	230	(120)
Solid waste collection fee			32,490	32,490
Recycling	28,000	28,000	58,837	30,837
Bulky waste pickup	8,000	8,000	13,599	5,599
Other maintenance and development	14,000	14,000	19,018	5,018
Yankee Gas - Administrative allocation	900	900	1,620	720
Energy application administration			570	570
Housing rehab administration	8,400	8,400	2,349	(6,051)
Programs - Aquatics	50,000	50,000	52,174	2,174
Programs - League fees	78,000	78,000	79,570	1,570
Programs - Camp Newhoca	65,000	65,000	51,234	(13,766)
Programs - Summer highlights	65,000	65,000	108,438	43,438
Recreation - Extended day	25,000	25,000	49,250	24,250
Programs - Instructor fees	139,000	139,000	236,966	97,966
Recreation - Special events	5,000	5,000	10,462	5,462
Recreation - Other	20,000	20,000	47,434	27,434
Tuition - Special education			29,403	29,403

(Continued on next page)

## TOWN OF VERNON, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services (continued):				
Tuition - Vo-ag	\$ 420,000	\$ 420,000	\$ 490,292	\$ 70,292
Tuition - Special education Vo-ag	25,000	25,000	71,850	46,850
School use fee			67,096	67,096
Other - education community			7,109	7,109
Total charges for services	<u>1,547,050</u>	<u>1,547,050</u>	<u>2,223,776</u>	<u>676,726</u>
Licenses and Permits:				
Building permits	367,200	367,200	399,911	32,711
Zoning review	3,000	3,000	825	(2,175)
Zoning Board of Appeals fees			7,890	7,890
Zoning permits	30,000	30,000	2,673	(27,327)
Town Clerk - license surcharge	3,280	3,280	3,116	(164)
Refuse licensing	5,600	5,600	4,400	(1,200)
Transfer station permits	88,000	88,000	70,075	(17,925)
Driveway and road cut permits	6,800	6,800	8,259	1,459
Total licenses and permits	<u>503,880</u>	<u>503,880</u>	<u>497,149</u>	<u>(6,731)</u>
Fines and Penalties:				
Parking tags	22,000	22,000	18,245	(3,755)
Returned check charge	400	400	270	(130)
Zoning citations	2,000	2,000		(2,000)
Total fines and penalties	<u>24,400</u>	<u>24,400</u>	<u>18,515</u>	<u>(5,885)</u>
Interest on investments				
General Fund	749,000	749,000	667,799	(81,201)
Teachers' Retirement Board	2,900	2,900	2,411	(489)
Total interest on investments	<u>751,900</u>	<u>751,900</u>	<u>670,210</u>	<u>(81,690)</u>
Other revenue:				
Rental income - Annex	24,000	24,000	24,000	-
Rental income - Senior Center	400	400	69	(331)
Rental management fee	50,000	50,000	50,000	-
Medical insurance reimbursement	164,077	164,077	168,062	3,985
Gasoline reimbursement	53,750	53,750	56,250	2,500
Refunds and reimbursements			14,753	14,753
Tolland - East/East Main Street Sewers	44,806	44,806	44,806	-
Lease - Ellington pump station	5,500	5,500	5,821	321
Miscellaneous	20,000	20,000	19,879	(121)
Total other revenue	<u>362,533</u>	<u>362,533</u>	<u>383,640</u>	<u>21,107</u>
Total revenues	<u>72,570,014</u>	<u>72,570,014</u>	<u>74,577,342</u>	<u>2,007,328</u>

(Continued on next page)

## TOWN OF VERNON, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources:				
Transfers in:				
Special Revenue Funds:				
Sewer assessments - Ordinance #167	\$ 52,000	\$ 52,000	\$ 52,000	\$ -
Sewer assessments - Ordinance #201	21,000	21,000	21,000	-
CDBG Small Cities			5,909	5,909
Ambulance services	82,000	82,000	82,000	-
Interest on investments - Insurance Exchange	4,300	4,300	4,156	(144)
Interest on investments - Town Aid Roads	12,100	12,100	12,071	(29)
Interest on investments - School Readiness	200	200	439	239
Interest on investments - Post Employment	7,630	7,630	7,141	(489)
Cultural Arts Program			63	63
Interest on investments - Sewer Assessments	11,900	11,900	9,571	(2,329)
Total special revenue funds	<u>191,130</u>	<u>191,130</u>	<u>194,350</u>	<u>3,220</u>
Debt service:				
Interest on investments	<u>31,000</u>	<u>31,000</u>	<u>29,542</u>	<u>(1,458)</u>
Total other financing sources	<u>222,130</u>	<u>222,130</u>	<u>223,892</u>	<u>1,762</u>
Total	<u>\$ 72,792,144</u>	<u>\$ 72,792,144</u>	74,801,234	<u>\$ 2,009,090</u>

Budgetary revenues are different than GAAP revenues because:

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

16,476,243

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 91,277,477

## TOWN OF VERNON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Expenditure</u>	<u>Outstanding Encumbrances</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
General Government:						
Town Council	\$ 17,173	\$ 24,855	\$ 19,184	\$ 5,432	\$ 24,616	\$ 239
Probate Court	15,202	24,820	12,205	12,413	24,618	202
Executive and administrative	653,778	742,458	711,972	19,183	731,155	11,303
Law	127,400	216,691	199,639	17,047	216,686	5
Registration	82,580	90,982	89,943	681	90,624	358
Elections - general	19,300	47,318	39,048	7,899	46,947	371
Elections - primary	13,700	15,884	15,541	161	15,702	182
Elections - referendum	9,900	9,030	8,958	37,242	46,200	(37,170)
Finance administration	401,663	460,993	423,417	4,420	427,837	33,156
Independent audit	38,858	43,278	38,858	29,905	68,763	(25,485)
Treasury	2,700	31,579	1,430	6,661	8,091	23,488
Purchasing	10,900	26,892	20,176	18,499	38,675	(11,783)
Assessment	237,463	335,772	315,877		315,877	19,895
Refunds - tax adjustments	19,600	34,600	31,556	12,572	44,128	(9,528)
Collector of Revenue	232,856	265,160	252,400	18,805	271,205	(6,045)
Revaluation	24,000	42,060	23,254	37,590	60,844	(18,784)
Town Clerk	281,474	458,798	413,806		413,806	44,992
Board of Assessment Appeals	2,548	2,548	2,210		2,210	338
Water Pollution Control Authority	12,352	12,352	12,344		12,344	8
Greater Hartford Transit District	1,964	1,964	1,964		1,964	-
Data processing	294,697	371,112	269,688	101,188	370,876	236
Total	<u>2,500,108</u>	<u>3,259,146</u>	<u>2,903,470</u>	<u>329,698</u>	<u>3,233,168</u>	<u>25,978</u>

(Continued on next page)

## TOWN OF VERNON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Expenditure</u>	<u>Outstanding Encumbrances</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Community Development:						
Town Planner - administration	\$ 218,142	\$ 237,698	\$ 223,828	\$ 13,612	\$ 237,440	\$ 258
Community and Economic Development	5,000	5,000	5,000		5,000	-
Total	<u>223,142</u>	<u>242,698</u>	<u>228,828</u>	<u>13,612</u>	<u>242,440</u>	<u>258</u>
Public Safety:						
Police	5,509,941	5,535,030	5,443,648	60,910	5,504,558	30,472
School crossing guards	61,098	64,893	60,899		60,899	3,994
Traffic authority	305,700	339,232	254,888	82,854	337,742	1,490
Fire fighting and administration	944,658	958,827	939,837	17,101	956,938	1,889
Fire Marshal	67,252	71,435	66,164		66,164	5,271
Building inspection	286,012	375,552	372,925	1,912	374,837	715
Emergency management	40,935	44,067	42,767	802	43,569	498
Animal control	97,411	107,432	107,047		107,047	385
Total	<u>7,313,007</u>	<u>7,496,468</u>	<u>7,288,175</u>	<u>163,579</u>	<u>7,451,754</u>	<u>44,714</u>
Maintenance and Development:						
Public Works administration	559,349	607,085	597,304	6,272	603,576	3,509
General maintenance	1,188,657	1,257,437	1,252,178		1,252,178	5,259
Equipment maintenance	701,902	690,176	643,755	7,874	651,629	38,547
Maintenance of government buildings	845,826	904,998	810,632	83,140	893,772	11,226
Snow removal	194,740	218,900	215,618		215,618	3,282
Refuse collection and disposal	1,259,342	1,238,152	1,177,108	16,196	1,193,304	44,848
Recycling	336,696	409,196	358,335	18,809	377,144	32,052

(Continued on next page)

TOWN OF VERNON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Expenditure</u>	<u>Outstanding Encumbrances</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Maintenance and Development (continued):						
Condominium refuse	\$ 5,265	\$ 5,265	\$ 5,046	\$	\$ 5,046	\$ 219
Tree Warden	10,680	10,680	10,441		10,441	239
Engineering admin services	266,458	376,303	375,279	849	376,128	175
Total	<u>5,368,915</u>	<u>5,718,192</u>	<u>5,445,696</u>	<u>133,140</u>	<u>5,578,836</u>	<u>139,356</u>
Human Services:						
North Central Health District	108,822	108,822	108,822		108,822	-
Visiting Nurses and Health Services	20,320	16,337	13,615	2,722	16,337	-
Hockanum Valley Community Council	138,304	142,481	138,497	3,983	142,480	1
Child Guidance Clinic	11,000	11,000	11,000		11,000	-
Exchange Club - Prevent Child Abuse	8,000	8,000	8,000		8,000	-
Hockanum Industries	6,500	6,500	6,500		6,500	-
MARC, Inc. of Manchester	3,000	3,000	3,000		3,000	-
Tri-Town Shelter Services	7,100	7,100	7,100		7,100	-
Connecticut Legal Services	1,500	1,500	1,500		1,500	-
Hartford Interval House	2,500	2,500	2,500		2,500	-
YWCA Sexual Assault Services	1,500	1,500	1,500		1,500	-
Hockanum Valley School Readiness	2,500	2,500	2,500		2,500	-
Social Services Administration	218,627	218,456	216,775	75	216,850	1,606
Youth Services	199,558	207,208	199,379	620	199,999	7,209
Senior Center	117,141	120,191	117,124	350	117,474	2,717
Total	<u>846,372</u>	<u>857,095</u>	<u>837,812</u>	<u>7,750</u>	<u>845,562</u>	<u>11,533</u>

(Continued on next page)

## TOWN OF VERNON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Expenditure</u>	<u>Outstanding Encumbrances</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Parks, Recreation and Culture:						
Recreation administration	\$ 413,738	\$ 435,332	\$ 433,988	\$ 1,229	\$ 435,217	\$ 115
Recreation programs	281,250	432,139	422,172	8,652	430,824	1,315
Recreation aquatics	108,400	109,750	106,143		106,143	3,607
Public celebration	4,801	4,921	4,799		4,799	122
Parks maintenance	530,831	556,971	547,865	5,359	553,224	3,747
Art Commission	8,271	12,460	7,723	4,015	11,738	722
Historical Society	4,430	4,430	4,430		4,430	-
Rockville Public Library	228,000	246,000	246,000		246,000	-
Total	<u>1,579,721</u>	<u>1,802,003</u>	<u>1,773,120</u>	<u>19,255</u>	<u>1,792,375</u>	<u>9,628</u>
Townwide:						
Social Security and Medicare	898,000	896,700	893,163		893,163	3,537
Pension	1,851,600	1,962,800	1,847,853	114,947	1,962,800	-
Group insurance	2,591,137	2,666,797	2,462,773	167,750	2,630,523	36,274
Unemployment compensation	9,540	34,272	32,482	1,790	34,272	-
Municipal insurance	781,892	686,252	682,131		682,131	4,121
Contingency	146,003	27,943	705		705	27,238
Housing Authority sewer subsidy	39,500	51,601	42,462	9,139	51,601	-
Total	<u>6,317,672</u>	<u>6,326,365</u>	<u>5,961,569</u>	<u>293,626</u>	<u>6,255,195</u>	<u>71,170</u>
Total General Government	<u>24,148,937</u>	<u>25,701,967</u>	<u>24,438,670</u>	<u>960,660</u>	<u>25,399,330</u>	<u>302,637</u>
Capital Improvements:						
Capital Improvements - Town	<u>119,417</u>	<u>359,067</u>	<u>296,916</u>	<u>51,555</u>	<u>348,471</u>	<u>10,596</u>

(Continued on next page)

## TOWN OF VERNON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Expenditure</u>	<u>Outstanding Encumbrances</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Debt Service:						
Debt service - principal	\$ 1,704,555	\$ 1,704,555	\$ 1,656,374	\$ 48,180	\$ 1,704,554	\$ 1
Debt service - interest	750,449	750,449	723,048	27,400	750,448	1
Total	<u>2,455,004</u>	<u>2,455,004</u>	<u>2,379,422</u>	<u>75,580</u>	<u>2,455,002</u>	<u>2</u>
2 Total Capital Improvement and Debt Service	<u>2,574,421</u>	<u>2,814,071</u>	<u>2,676,338</u>	<u>127,135</u>	<u>2,803,473</u>	<u>10,598</u>
Education:						
Regular instruction	18,541,314	18,556,879	18,333,556	166,568	18,500,124	56,755
Special education instruction	3,603,410	3,618,612	3,480,656	8,702	3,489,358	129,254
Continuing education	215,308	215,308	231,203		231,203	(15,895)
Special education program support	1,715,250	2,851,561	3,034,584	24,021	3,058,605	(207,044)
Social work services	454,768	454,896	450,757	3,000	453,757	1,139
Guidance services	623,768	623,768	615,335	4,259	619,594	4,174
Health services	327,864	327,864	369,003		369,003	(41,139)
Psychological services	635,767	635,767	631,625	3,202	634,827	940
Speech pathology and audio services	508,475	508,486	493,528		493,528	14,958
Instructional program support	28,456	28,456	14,866	878	15,744	12,712
Library/Media services	357,788	357,902	297,468	26,376	323,844	34,058
Curriculum development	971,453	982,918	920,974	1,028	922,002	60,916
Superintendent's Office	442,865	418,673	438,403		438,403	(19,730)
Board of Education - elected	151,832	151,832	75,819		75,819	76,013
Principal's Office services	1,847,639	1,848,033	1,819,635	44,513	1,864,148	(16,115)
Business Office	432,937	433,318	475,946	92	476,038	(42,720)
Capital Reserve				102,000	102,000	(102,000)

(Continued on next page)

TOWN OF VERNON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Expenditure</u>	<u>Outstanding Encumbrances</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Education (continued):						
Building/plant operations	\$ 4,063,659	\$ 4,143,828	\$ 3,751,646	\$ 118,245	\$ 3,869,891	\$ 273,937
Student transportation services	2,053,452	2,053,452	2,413,757	646	2,414,403	(360,951)
General control	144,462	145,677	174,842	1,215	176,057	(30,380)
Information systems	234,154	234,154	248,200		248,200	(14,046)
System-wide fringe benefits	6,232,219	6,241,563	6,162,302	387	6,162,689	78,874
Extra curricular student activities	449,455	449,486	430,099	2,304	432,403	17,083
Contingency	115,225	115,225			-	115,225
Total	<u>44,151,520</u>	<u>45,397,658</u>	<u>44,864,204</u>	<u>507,436</u>	<u>45,371,640</u>	<u>26,018</u>
Total Expenditures	<u>70,874,878</u>	<u>73,913,696</u>	<u>71,979,212</u>	<u>1,595,231</u>	<u>73,574,443</u>	<u>339,253</u>
Other Financing Uses:						
Transfers out:						
Special Revenue Funds:						
Town Clerk - Preservation surcharge		5,179	5,179		5,179	-
Planning - Open Space	10,000	10,000	10,000		10,000	-
Community and economic development - economic development	91,040	91,040	91,040		91,040	-
Animal Control	19,612	19,612	19,612		19,612	-
Social Services Administration	5,000	5,000	5,000		5,000	-
Contingency	4,083	4,083	4,083		4,083	-
Capital Improvements - Town	323,800	638,032	638,032		638,032	-
Capital Improvements - Education		200,000	200,000		200,000	-

(Continued on next page)

## TOWN OF VERNON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Expenditure</u>	<u>Outstanding Encumbrances</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Other Financing Uses (continued):						
Vernon Cemetery Commission	\$ 159,442	\$ 159,442	\$ 159,442	\$ -	\$ 159,442	\$ -
Debt Service Fund:						
Debt service - principal	1,088,708	1,088,708	1,088,707		1,088,707	1
Debt service - interest	215,581	215,581	215,581		215,581	-
Total	<u>1,917,266</u>	<u>2,436,677</u>	<u>2,436,676</u>	<u>-</u>	<u>2,436,676</u>	<u>1</u>
Total	<u>\$ 72,792,144</u>	<u>\$ 76,350,373</u>	<u>\$ 74,415,888</u>	<u>\$ 1,595,231</u>	76,011,119	<u>\$ 339,254</u>
Budgetary expenditures are different than GAAP expenditures because:						
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.						
					16,476,243	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.						
					<u>(1,595,231)</u>	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV					<u>\$ 90,892,131</u>	

**Combining and Individual  
Fund Statements and Schedules**

**General Fund**

## **GENERAL FUND**

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except for those required to be accounted for in another fund.

## TOWN OF VERNON, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 240,097	\$ 323,970
Investments	10,350,750	10,287,126
Receivables, net:		
Uncollected property taxes	1,329,106	1,305,826
Grants and other	1,433,194	1,820,165
Due from other funds	<u>1,263,191</u>	<u>1,353,258</u>
Total Assets	<u>\$ 14,616,338</u>	<u>\$ 15,090,345</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 1,138,836	\$ 927,733
Due to other funds	1,258,402	1,886,412
Accrued wages and benefits	175,219	221,947
Deferred revenue	<u>2,518,040</u>	<u>2,913,758</u>
Total liabilities	<u>5,090,497</u>	<u>5,949,850</u>
Fund balance:		
Reserved for encumbrances	1,595,231	916,263
Unreserved:		
Designated for compensated absences	322,000	322,000
Undesignated	<u>7,608,610</u>	<u>7,902,232</u>
Total fund balance	<u>9,525,841</u>	<u>9,140,495</u>
Total Liabilities and Fund Balance	<u>\$ 14,616,338</u>	<u>\$ 15,090,345</u>

TOWN OF VERNON, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

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Grand List Oct 1,	Uncollected Taxes July 1, 2007	Current Year Levy	Lawful Corrections		Transfers To (From) Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2008
			Additions	Deductions			Taxes	Interest	Liens	Total	
2005	\$ 854,868	\$	\$ 34,105	\$ 44,894	\$ 67,824	\$ 776,255	\$ 534,139	\$ 107,424	\$ 3,015	\$ 644,578	\$ 242,116
2004	199,663		2,067	1,745	28,579	171,406	104,929	37,614	2,323	144,866	66,477
2003	90,395		423	616	9,299	80,903	54,336	28,033	1,332	83,701	26,567
2002	28,827		386	231	(1,712)	30,694	16,928	8,001	810	25,739	13,766
2001	17,933		116	116	(1,675)	19,608	6,805	6,663	502	13,970	12,803
2000	15,533				(1,575)	17,108	5,147	6,264	331	11,742	11,961
1999	20,880				(630)	21,510	3,602	4,956	126	8,684	17,908
1998	20,949				(522)	21,471	4,428	6,827	120	11,375	17,043
1997	20,785				(324)	21,109	3,765	5,132	48	8,945	17,344
1996	19,406				(898)	20,304	3,050	5,079	24	8,153	17,254
1995	18,941				(781)	19,722	2,881	3,851	24	6,756	16,841
1994	15,642				(184)	15,826	184	408		592	15,642
1993	15,642		200		(111)	15,953	311	260		571	15,642
1992	15,642				(18)	15,660	18	48		66	15,642
1991	15,720			15,720	(216)	216	216	132		348	-
Total prior years	1,370,826	-	37,297	63,322	97,056	1,247,745	740,739	220,692	8,655	970,086	507,006
2006		49,690,219	185,638	213,598	4,207	49,658,052	48,770,952	186,040	26,936	48,983,928	887,100
Total all years	\$ 1,370,826	\$ 49,690,219	\$ 222,935	\$ 276,920	\$ 101,263	\$ 50,905,797	\$ 49,511,691	\$ 406,732	\$ 35,591	\$ 49,954,014	\$ 1,394,106

**Nonmajor  
Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are created in the Town of Vernon pursuant to State Statutes or local ordinances and resolutions. The criteria for the creation of a Special Revenue Fund are generally the desire or need to conspicuously segregate revenues, which are to be utilized for special and specific purposes, or expenditures incurred for the performance of specific activities, or both.

Fund	Funding Source	Function
Cafeteria	Sales of food, State and federal subsidies	Operation of the school cafeterias
Town Clerk Special	Sportsmen license fees	State DEP
Insurance Exchange	Casualty losses	Insurance claims and deductibles
Town Aid Road	State grant	General Town road maintenance and Connecticut Housing Partnership Program Grant
Dog License	Licenses and fees	Animal control program
Ambulance Medical Services	Ambulance services fees	Paramedic and collection agency costs
Public Safety Complex Grant-in-Aid	State grant	Addition to ambulance building
Town Capital and Nonrecurring	Grants and General Fund appropriation	Capital projects or equipment acquisition
Education Capital and Nonrecurring	Town Council appropriations, State grants	Capital improvements in school system
Vernon Cemetery Commission	Lot sales, related income, Town Council appropriation	Cemetery maintenance
Special Education	State and federal grants	Educational purposes
Adult Basic Education Tuition	State and local governments	Adult education
General Assistance	Local funds	Welfare assistance
CDBG Small Cities	Federal grant - DHUD	Community development programs
Housing and Community Development	Federal grant - DHUD and program income	Community development program
Downstream	Developer fees	Drainage improvements
Rockville Central Park Improvements	State grant	Park improvement and renovations
Economic Development	State grant	Community economic development
Amerbelle Mill Study	State grant	Community development
Sidewalk Development	Developer fees	Town sidewalks
Sewer Assessment	Levied sewer assessments	Sewer bonded debt service
Sewer Connections	Sewer construction and permit fees	Sewer repairs and related expenditures
Medical Savings Reserve	Town and demutualization proceeds	Medical claims and expenses
Education Post Employment	Insurance contributions	Subsidize health insurance premiums
FEMA Firefighters Assistance	Federal FEMA grant, local match	Firefighting equipment and training
Town Post Employment	Insurance contributions	Subsidize health insurance premiums
Talcottville Enhancements TCSP 010	Federal Grant	Community improvements
Miscellaneous Grants	Various	Education of the Blind, Youth Service Bureau and State Asset Forfeiture
Miscellaneous Special Revenue	Various	Federal Forfeiture, Public Celebration and Special Youth Activities Funds

### Capital Projects

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

Fund	Funding Source	Function
WTP Upgrade and Expansion, Ordinance #199	Clean Water Fund loan/grant	Upgrade and expansion of WTP
River Street Bridge Renovations Project 146-160	State and Federal grants	Renovation of bridge
Spring Street Bridge Renovations Project 146-159	State and Federal grants	Renovation of bridge

### 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	School awards
School Trust	Investment income	Graduation awards

## TOWN OF VERNON, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

## Special Revenue Funds

	<u>Cafeteria</u>	<u>Town Clerk Special</u>	<u>Insurance Exchange</u>	<u>Town Aid Road</u>	<u>Dog License</u>	<u>Ambulance Medical Services</u>	<u>Public Safety Complex Grant-In-Aid</u>	<u>Town Capital and Nonrecurring</u>
<b>Assets</b>								
Cash and cash equivalents	\$ 77,677	\$ 390	\$ 3,070	\$ 720	\$ 8,668	\$ 41,994	\$ 8,857	\$ 213,922
Investments	24,072		116,177	317,431	10,699	379,881	6,468	2,525,202
Sewer assessment receivable								
Grants and other receivables	78,800					287,420		905,980
Due from other funds		2,868			1,460	23,000	150,000	5,320
Inventory	41,788							
Total Assets	<u>\$ 222,337</u>	<u>\$ 3,258</u>	<u>\$ 119,247</u>	<u>\$ 318,151</u>	<u>\$ 20,827</u>	<u>\$ 732,295</u>	<u>\$ 165,325</u>	<u>\$ 3,650,424</u>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$	\$	\$	\$ 4,517	\$ 1,103	\$ 40,879	\$	\$ 226,184
Other payables		3,258			11,559			81,544
Due to other funds			4,155	12,070	1,123	171,865	1,010,500	30,000
Deferred revenue					1,500	287,420		
Total liabilities	<u>-</u>	<u>3,258</u>	<u>4,155</u>	<u>16,587</u>	<u>15,285</u>	<u>500,164</u>	<u>1,010,500</u>	<u>337,728</u>
Fund Balances:								
Reserved:								
Commitments								200,575
Inventory	41,788							
Debt service								10,944
Trust funds								
Unreserved:								
Designated						158,256		2,742,374
Undesignated	180,549		115,092	301,564	5,542	73,875	(845,175)	358,803
Total fund balance	<u>222,337</u>	<u>-</u>	<u>115,092</u>	<u>301,564</u>	<u>5,542</u>	<u>232,131</u>	<u>(845,175)</u>	<u>3,312,696</u>
Total Liabilities and Fund Balances	<u>\$ 222,337</u>	<u>\$ 3,258</u>	<u>\$ 119,247</u>	<u>\$ 318,151</u>	<u>\$ 20,827</u>	<u>\$ 732,295</u>	<u>\$ 165,325</u>	<u>\$ 3,650,424</u>

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**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2008**

	<u>Special Revenue Funds</u>							
	<u>Education Capital And Nonrecurring</u>	<u>Vernon Cemetery Commission</u>	<u>Special Education Grants</u>	<u>Adult Basic Education Tuition</u>	<u>General Assistance</u>	<u>CDBG Small Cities</u>	<u>Housing and Community Development</u>	<u>Downstream</u>
<b>Assets</b>								
Cash and cash equivalents	\$ 941	\$ 190,052	\$ 32,567	\$ 33,181	\$ 1,656	\$ 313,529	\$ 21,439	\$ 36,682
Investments	513,779							45,371
Sewer assessment receivable								
Grants and other receivables	19,544	4,150	199,133	3,067		127,039	109,655	
Due from other funds		54,579						
Inventory								
<b>Total Assets</b>	<u>\$ 534,264</u>	<u>\$ 248,781</u>	<u>\$ 231,700</u>	<u>\$ 36,248</u>	<u>\$ 1,656</u>	<u>\$ 440,568</u>	<u>\$ 131,094</u>	<u>\$ 82,053</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$	\$ 150	\$ 38,598	\$ 8,670	\$	\$ 9,173	\$	\$ 4,600
Other payables			7	3				
Due to other funds		8,934	876			3,867		
Deferred revenue				1,037		117,439	109,655	
<b>Total liabilities</b>	<u>-</u>	<u>9,084</u>	<u>39,481</u>	<u>9,710</u>	<u>-</u>	<u>130,479</u>	<u>109,655</u>	<u>4,600</u>
<b>Fund Balances:</b>								
<b>Reserved:</b>								
Commitments	38,000					430,000	800	1,520
Inventory								
Debt service								
Trust funds								
<b>Unreserved:</b>								
Designated	479,045						2,007	26,503
Undesignated	17,219	239,697	192,219	26,538	1,656	(119,911)	18,632	49,430
<b>Total fund balance</b>	<u>534,264</u>	<u>239,697</u>	<u>192,219</u>	<u>26,538</u>	<u>1,656</u>	<u>310,089</u>	<u>21,439</u>	<u>77,453</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 534,264</u>	<u>\$ 248,781</u>	<u>\$ 231,700</u>	<u>\$ 36,248</u>	<u>\$ 1,656</u>	<u>\$ 440,568</u>	<u>\$ 131,094</u>	<u>\$ 82,053</u>

(Continued on next page)

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2008

Special Revenue Funds

	<u>Rockville Central Park Improvements</u>	<u>Economic Development</u>	<u>Amerbelle Mill Study</u>	<u>Sidewalk Development</u>	<u>Sewer Assessment</u>	<u>Sewer Connections</u>	<u>Medical Savings Reserve</u>	<u>Education Post Employment</u>
<b>Assets</b>								
Cash and cash equivalents	\$ 10,850	\$ 7,507	\$ -	\$ 2,660	\$ 442	\$ 494,792	\$ 183,414	\$ 26,381
Investments		110,528			1,039,728			46,072
Sewer assessment receivable					151,407			
Grants and other receivables	79,266							
Due from other funds					457,845	704,668		11,048
Inventory								
<b>Total Assets</b>	<u>\$ 90,116</u>	<u>\$ 118,035</u>	<u>\$ -</u>	<u>\$ 2,660</u>	<u>\$ 1,649,422</u>	<u>\$ 1,199,460</u>	<u>\$ 183,414</u>	<u>\$ 83,501</u>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 67,206	\$ 8,627	\$ -	\$ -	\$ -	\$ 3,590	\$ -	\$ -
Other payables	22,060							
Due to other funds					714,239			6,034
Deferred revenue					151,055			77,467
<b>Total liabilities</b>	<u>89,266</u>	<u>8,627</u>	<u>-</u>	<u>-</u>	<u>865,294</u>	<u>3,590</u>	<u>-</u>	<u>83,501</u>
Fund Balances:								
Reserved:								
Commitments	371,720		119,818					
Inventory								
Debt service					784,128			
Trust funds								
Unreserved:								
Designated		62,124				494,792		
Undesignated	(370,870)	47,284	(119,818)	2,660		701,078	183,414	
<b>Total fund balance</b>	<u>850</u>	<u>109,408</u>	<u>-</u>	<u>2,660</u>	<u>784,128</u>	<u>1,195,870</u>	<u>183,414</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 90,116</u>	<u>\$ 118,035</u>	<u>\$ -</u>	<u>\$ 2,660</u>	<u>\$ 1,649,422</u>	<u>\$ 1,199,460</u>	<u>\$ 183,414</u>	<u>\$ 83,501</u>

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**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2008

	<u>Special Revenue Funds</u>						<u>Capital Projects Funds</u>	
	<u>FEMA Firefighters Assistance Grant</u>	<u>Town Post Employment</u>	<u>Talcottville Enhancements TCSP 010</u>	<u>Miscellaneous Grants</u>	<u>Miscellaneous Special Revenue</u>	<u>Total</u>	<u>WTP Upgrade and Expansion Ordinance #199</u>	<u>River St. Bridge Renovations Project 146-160</u>
<b>Assets</b>								
Cash and cash equivalents	\$ 3	\$ 4,958	\$	\$ 154,423	\$ 240,834	\$ 1,433,403	\$ 78,531	\$ 5,000
Investments		1,029		2,220	40,581	5,857,444		
Sewer assessment receivable						151,407		
Grants and other receivables			12,960	70,192		1,897,206		
Due from other funds						1,410,788		
Inventory						41,788		
<b>Total Assets</b>	<u>\$ 3</u>	<u>\$ 5,987</u>	<u>\$ 12,960</u>	<u>\$ 226,835</u>	<u>\$ 281,415</u>	<u>\$ 10,792,036</u>	<u>\$ 78,531</u>	<u>\$ 5,000</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$		\$ 11,095	\$ 7,652	\$ 20,916	\$ 452,960	\$	\$
Other payables			1,865	2,667		122,963		
Due to other funds		3,574		36,265		2,003,502		
Deferred revenue		2,413				747,986		
<b>Total liabilities</b>	<u>-</u>	<u>5,987</u>	<u>12,960</u>	<u>46,584</u>	<u>20,916</u>	<u>3,327,411</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>								
<b>Reserved:</b>								
Commitments			12,307	20,789	26,000	1,221,529		36,252
Inventory						41,788		
Debt service						795,072		
Trust funds						-		
<b>Unreserved:</b>								
Designated						3,965,101		
Undesignated	3		(12,307)	159,462	234,499	1,441,135	78,531	(31,252)
<b>Total fund balance</b>	<u>3</u>	<u>-</u>	<u>-</u>	<u>180,251</u>	<u>260,499</u>	<u>7,464,625</u>	<u>78,531</u>	<u>5,000</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3</u>	<u>\$ 5,987</u>	<u>\$ 12,960</u>	<u>\$ 226,835</u>	<u>\$ 281,415</u>	<u>\$ 10,792,036</u>	<u>\$ 78,531</u>	<u>\$ 5,000</u>

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**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2008

	Capital Projects Funds		Permanent Funds				Interfund Eliminations	Total Nonmajor Governmental Funds
	Spring St. Bridge Renovations Project 146-159	Total	Cemetery Trust	Memorial Trust	School Trust	Total		
<b>Assets</b>								
Cash and cash equivalents	\$ 5,545	\$ 89,076	\$ 71,613	\$ 84,128	\$ 173,052	\$ 328,793	\$ -	\$ 1,851,272
Investments	-	-	1,704,073	8,642	170,103	1,882,818	-	7,740,262
Sewer assessment receivable	-	-	-	-	-	-	-	151,407
Grants and other receivables	269	269	-	-	33,548	33,548	-	1,931,023
Due from other funds	-	-	-	-	-	-	(892,386)	518,402
Inventory	-	-	-	-	-	-	-	41,788
<b>Total Assets</b>	<u>\$ 5,814</u>	<u>\$ 89,345</u>	<u>\$ 1,775,686</u>	<u>\$ 92,770</u>	<u>\$ 376,703</u>	<u>\$ 2,245,159</u>	<u>\$ (892,386)</u>	<u>\$ 12,234,154</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 735	\$ 735	\$ -	\$ 309	\$ -	\$ 309	\$ -	\$ 454,004
Other payables	-	-	-	-	-	-	-	122,963
Due to other funds	-	-	14,718	-	-	14,718	(892,386)	1,125,834
Deferred revenue	79	79	-	-	-	-	-	748,065
<b>Total liabilities</b>	<u>814</u>	<u>814</u>	<u>14,718</u>	<u>309</u>	<u>-</u>	<u>15,027</u>	<u>(892,386)</u>	<u>2,450,866</u>
<b>Fund Balances:</b>								
<b>Reserved:</b>								
Commitments	26,719	62,971	-	-	-	-	-	1,284,500
Inventory	-	-	-	-	-	-	-	41,788
Debt service	-	-	-	-	-	-	-	795,072
Trust funds	-	-	1,760,968	92,461	376,703	2,230,132	-	2,230,132
<b>Unreserved:</b>								
Designated	-	-	-	-	-	-	-	3,965,101
Undesignated	(21,719)	25,560	-	-	-	-	-	1,466,695
<b>Total fund balance</b>	<u>5,000</u>	<u>88,531</u>	<u>1,760,968</u>	<u>92,461</u>	<u>376,703</u>	<u>2,230,132</u>	<u>-</u>	<u>9,783,288</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,814</u>	<u>\$ 89,345</u>	<u>\$ 1,775,686</u>	<u>\$ 92,770</u>	<u>\$ 376,703</u>	<u>\$ 2,245,159</u>	<u>\$ (892,386)</u>	<u>\$ 12,234,154</u>

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2008**

Special Revenue Funds

	<u>Cafeteria</u>	<u>Town Clerk Special</u>	<u>Insurance Exchange</u>	<u>Town Aid Road</u>	<u>Dog License</u>	<u>Ambulance Medical Services</u>	<u>Public Safety Complex Grant-In-Aid</u>	<u>Town Capital and Nonrecurring</u>
Revenues:								
Assessments	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental:								
Federal	532,188							4,785
State	67,036			205,586				1,928,173
Local								
Sales	625,491							
Charges for services					6,005	924,741		15,537
Licenses and permits		42,206			16,045			
Gifts and contributions								
Investment income	1,040		4,156	12,071	269	16,255	231	68,540
Other			19,847		31			643,289
Total revenues	<u>1,225,755</u>	<u>42,206</u>	<u>24,003</u>	<u>217,657</u>	<u>22,350</u>	<u>940,996</u>	<u>231</u>	<u>2,660,324</u>
Expenditures:								
Current:								
General government		42,206						
Community development								
Public safety					31,535	740,086		
Maintenance and development				200,739				
Human services								
Parks, recreation and culture								
Townwide			16,819		10,254			
Education	1,223,027							
Capital outlay								3,149,187
Total expenditures	<u>1,223,027</u>	<u>42,206</u>	<u>16,819</u>	<u>200,739</u>	<u>41,789</u>	<u>740,086</u>	<u>-</u>	<u>3,149,187</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,728</u>	<u>-</u>	<u>7,184</u>	<u>16,918</u>	<u>(19,439)</u>	<u>200,910</u>	<u>231</u>	<u>(488,863)</u>
Other Financing Sources (Uses):								
Lease purchase of equipment								470,000
Transfers in					19,612		120,000	718,211
Transfers out			(4,156)	(12,071)		(202,000)		
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,156)</u>	<u>(12,071)</u>	<u>19,612</u>	<u>(202,000)</u>	<u>120,000</u>	<u>1,188,211</u>
Net Change in Fund Balances	2,728	-	3,028	4,847	173	(1,090)	120,231	699,348
Fund Balances at Beginning of Year	219,609	-	112,064	296,717	5,369	233,221	(965,406)	2,613,348
Fund Balances at End of Year	<u>\$ 222,337</u>	<u>\$ -</u>	<u>\$ 115,092</u>	<u>\$ 301,564</u>	<u>\$ 5,542</u>	<u>\$ 232,131</u>	<u>\$ (845,175)</u>	<u>\$ 3,312,696</u>

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**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Special Revenue Funds</u>							
	<u>Education Capital and Nonrecurring</u>	<u>Vernon Cemetery Commission</u>	<u>Special Education Grants</u>	<u>Adult Basic Education Tuition</u>	<u>General Assistance</u>	<u>CDGB Small Cities</u>	<u>Housing and Community Development</u>	<u>Downstream</u>
Revenues:								
Assessments	\$	\$	\$	\$	\$	\$	\$	\$ 1,490
Intergovernmental:								
Federal			1,776,982			217,577		
State			226,139	293,766				
Local				1,259,192				
Sales		36,434						
Charges for services		41,291						
Licenses and permits								
Gifts and contributions					5,223			
Investment income	11,961	1,974			6	343	21	1,973
Other		10,195		53,014		30,977	3,433	
Total revenues	<u>11,961</u>	<u>89,894</u>	<u>2,003,121</u>	<u>1,605,972</u>	<u>5,229</u>	<u>248,897</u>	<u>3,454</u>	<u>3,463</u>
Expenditures:								
Current:								
General government								
Community development						238,066	1,170	
Public safety								
Maintenance and development		231,234						4,600
Human services					14,476			
Parks, recreation and culture								
Townwide								
Education			1,904,356	1,601,772				
Capital outlay	46,734	320						
Total expenditures	<u>46,734</u>	<u>231,554</u>	<u>1,904,356</u>	<u>1,601,772</u>	<u>14,476</u>	<u>238,066</u>	<u>1,170</u>	<u>4,600</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(34,773)</u>	<u>(141,660)</u>	<u>98,765</u>	<u>4,200</u>	<u>(9,247)</u>	<u>10,831</u>	<u>2,284</u>	<u>(1,137)</u>
Other Financing Sources (Uses):								
Lease purchase of equipment								
Transfers in	200,000	197,572			5,000			
Transfers out						(70,909)	(1,569)	
Total other financing sources (uses)	<u>200,000</u>	<u>197,572</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>(70,909)</u>	<u>(1,569)</u>	<u>-</u>
Net Change in Fund Balances	165,227	55,912	98,765	4,200	(4,247)	(60,078)	715	(1,137)
Fund Balances at Beginning of Year	<u>369,037</u>	<u>183,785</u>	<u>93,454</u>	<u>22,338</u>	<u>5,903</u>	<u>370,167</u>	<u>20,724</u>	<u>78,590</u>
Fund Balances at End of Year	<u>\$ 534,264</u>	<u>\$ 239,697</u>	<u>\$ 192,219</u>	<u>\$ 26,538</u>	<u>\$ 1,656</u>	<u>\$ 310,089</u>	<u>\$ 21,439</u>	<u>\$ 77,453</u>

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**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**Special Revenue Funds**

	<b>Rockville Central Park Improvements</b>	<b>Economic Development</b>	<b>Amerbelle Mill Study</b>	<b>Sidewalk Development</b>	<b>Sewer Assessment</b>	<b>Sewer Connection</b>	<b>Medical Savings Reserve</b>	<b>Education Post Employment</b>
Revenues:								
Assessments	\$	\$	\$	\$	\$ 72,933	\$	\$	\$
Intergovernmental:								
Federal	435,828							
State								184,008
Local								
Sales								
Charges for services								
Licenses and permits						243,839		
Gifts and contributions								741,341
Investment income		2,334		20	34,270	16,540	6,291	6,034
Other								
Total revenues	<u>435,828</u>	<u>2,334</u>	<u>-</u>	<u>20</u>	<u>107,203</u>	<u>260,379</u>	<u>6,291</u>	<u>931,383</u>
Expenditures:								
Current:								
General government								
Community development		41,702						
Public safety								
Maintenance and development						60,355		
Human services								
Parks, recreation and culture								
Townwide					225			
Education								925,349
Capital outlay	438,480							
Total expenditures	<u>438,480</u>	<u>41,702</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>60,355</u>	<u>-</u>	<u>925,349</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,652)</u>	<u>(39,368)</u>	<u>-</u>	<u>20</u>	<u>106,978</u>	<u>200,024</u>	<u>6,291</u>	<u>6,034</u>
Other Financing Sources (Uses):								
Lease purchase of equipment								
Transfers in	2,652	91,040						
Transfers out					(82,571)			(6,034)
Total other financing sources (uses)	<u>2,652</u>	<u>91,040</u>	<u>-</u>	<u>-</u>	<u>(82,571)</u>	<u>-</u>	<u>-</u>	<u>(6,034)</u>
Net Change in Fund Balances	-	51,672	-	20	24,407	200,024	6,291	-
Fund Balances at Beginning of Year	850	57,736	-	2,640	759,721	995,846	177,123	-
Fund Balances at End of Year	<u>\$ 850</u>	<u>\$ 109,408</u>	<u>\$ -</u>	<u>\$ 2,660</u>	<u>\$ 784,128</u>	<u>\$ 1,195,870</u>	<u>\$ 183,414</u>	<u>\$ -</u>

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**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Special Revenue Funds</u>					<u>Capital Projects Funds</u>		
	<u>FEMA Firefighters Assistance Grant</u>	<u>Town Post Employment</u>	<u>Talcottville Enhancements TCSP 010</u>	<u>Miscellaneous Grants</u>	<u>Miscellaneous Special Revenue</u>	<u>Total</u>	<u>WTP Upgrade and Expansion Ordinance #199</u>	<u>River St. Bridge Renovation Project 146-160</u>
Revenues:								
Assessments	\$	\$	\$	\$	\$	\$ 74,423	\$	\$
Intergovernmental:								
Federal			14,917	78,858		3,061,135		19,530
State				214,458		3,119,166		4,883
Local						1,259,192		
Sales						661,925		
Charges for services					4,811	992,385		
Licenses and permits					35,442	337,532		
Gifts and contributions		397,094			60,032	1,203,690		
Investment income		1,107		539	1,816	187,791		
Other				227,130	27,743	1,015,659		
Total revenues	<u>-</u>	<u>398,201</u>	<u>14,917</u>	<u>520,985</u>	<u>129,844</u>	<u>11,912,898</u>	<u>-</u>	<u>24,413</u>
Expenditures:								
Current:								
General government						42,206		
Community development				6,250	406	287,594		
Public safety				28,221	27,084	826,926		
Maintenance and development					1,085	498,013		
Human services				55,630	65,619	135,725		
Parks, recreation and culture				47,100	9,476	56,576		
Townwide		397,094				424,392		
Education				272,505		5,927,009		
Capital outlay			14,917	30,000		3,679,638		24,413
Total expenditures	<u>-</u>	<u>397,094</u>	<u>14,917</u>	<u>439,706</u>	<u>103,670</u>	<u>11,878,079</u>	<u>-</u>	<u>24,413</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>1,107</u>	<u>-</u>	<u>81,279</u>	<u>26,174</u>	<u>34,819</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):								
Lease purchase of equipment						470,000		
Transfers in					3,000	1,357,087		
Transfers out		(1,107)		(502)		(380,919)		
Total other financing sources (uses)	<u>-</u>	<u>(1,107)</u>	<u>-</u>	<u>(502)</u>	<u>3,000</u>	<u>1,446,168</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,777</u>	<u>29,174</u>	<u>1,480,987</u>	<u>-</u>	<u>-</u>
Fund Balances at Beginning of Year	<u>3</u>	<u>-</u>	<u>-</u>	<u>99,474</u>	<u>231,325</u>	<u>5,983,638</u>	<u>78,531</u>	<u>5,000</u>
Fund Balances at End of Year	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,251</u>	<u>\$ 260,499</u>	<u>\$ 7,464,625</u>	<u>\$ 78,531</u>	<u>\$ 5,000</u>

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**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

	Capital Projects Funds		Permanent Funds				Interfund Eliminations	Total Nonmajor Governmental Funds
	Spring St. Renovations Project 146-159	Total	Cemetery Trust	Memorial Trust	School Trust	Total		
Revenues:								
Assessments	\$	-	\$	\$	\$	-	\$	74,423
Intergovernmental:								
Federal		19,530				-		3,080,665
State		4,883				-		3,124,049
Local		-				-		1,259,192
Sales		-				-		661,925
Charges for services		-				-		992,385
Licenses and permits		-				-		337,532
Gifts and contributions		-	15,900		16,234	32,134		1,235,824
Investment income		-	(51,227)	917	(1,425)	(51,735)		136,056
Other		-				-		1,015,659
Total revenues		24,413	(35,327)	917	14,809	(19,601)	-	11,917,710
Expenditures:								
Current:								
General government		-				-		42,206
Community development		-				-		287,594
Public safety		-				-		826,926
Maintenance and development		-	19,022			19,022		517,035
Human services		-				-		135,725
Parks, recreation and culture		-				-		56,576
Townwide		-				-		424,392
Education		-		309	20,250	20,559		5,947,568
Capital outlay		24,413				-		3,704,051
Total expenditures		24,413	19,022	309	20,250	39,581	-	11,942,073
Excess (Deficiency) of Revenues over Expenditures		-	(54,349)	608	(5,441)	(59,182)	-	(24,363)
Other Financing Sources (Uses):								
Lease purchase of equipment		-				-		470,000
Transfers in		-				-	(224,699)	1,132,388
Transfers out		-	(38,130)			(38,130)	224,699	(194,350)
Total other financing sources (uses)		-	(38,130)	-	-	(38,130)	-	1,408,038
Net Change in Fund Balances		-	(92,479)	608	(5,441)	(97,312)	-	1,383,675
Fund Balances at Beginning of Year	5,000	88,531	1,853,447	91,853	382,144	2,327,444	-	8,399,613
Fund Balances at End of Year	\$ 5,000	\$ 88,531	\$ 1,760,968	\$ 92,461	\$ 376,703	\$ 2,230,132	\$ -	\$ 9,783,288

## **Internal Service Funds**

## **INTERNAL SERVICE FUNDS**

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

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

Medical Self-Insurance Fund - Accounts for the cost of medical prescriptions for the Town's employees and retirees.

Established effective January 1, 2006, the fund is supported by employee and employer contributions. Contribution amounts are based upon historical experience of claims incurred and paid.

**TOWN OF VERNON, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Data Processing</u>	<u>Workers' Compensation</u>	<u>Medical Self-Insurance</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 627	\$ 236	\$ 9,475	\$ 10,338
Investments	541,737	527,908	337,325	1,406,970
Grants and other receivables		15,000		15,000
Total current assets	<u>542,364</u>	<u>543,144</u>	<u>346,800</u>	<u>1,432,308</u>
Capital assets:				
Machinery and equipment	621,360			621,360
Less accumulated depreciation	(194,379)			(194,379)
Capital assets, net	<u>426,981</u>	<u>-</u>	<u>-</u>	<u>426,981</u>
Total assets	<u>969,345</u>	<u>543,144</u>	<u>346,800</u>	<u>1,859,289</u>
Liabilities:				
Current:				
Accounts and other payables	192,025	7,164		199,189
Claim payable		220,556	81,829	302,385
Due to other funds	11,242			11,242
Accrued compensated absences	14,235			14,235
Total current liabilities	<u>217,502</u>	<u>227,720</u>	<u>81,829</u>	<u>527,051</u>
Noncurrent:				
Claims payable		313,485		313,485
Accrued compensated absences	43,233			43,233
Total noncurrent liabilities	<u>43,233</u>	<u>313,485</u>	<u>-</u>	<u>356,718</u>
Total liabilities	<u>260,735</u>	<u>541,205</u>	<u>81,829</u>	<u>883,769</u>
Net Assets:				
Invested in capital assets	426,981			426,981
Unrestricted	<u>281,629</u>	<u>1,939</u>	<u>264,971</u>	<u>548,539</u>
Total Net Assets	<u>\$ 708,610</u>	<u>\$ 1,939</u>	<u>\$ 264,971</u>	<u>\$ 975,520</u>

## TOWN OF VERNON, CONNECTICUT

## INTERNAL SERVICE FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Data Processing</u>	<u>Workers' Compensation</u>	<u>Medical Self-Insurance</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 496,400	\$ 365,000	\$ 210,795	\$ 1,072,195
Gifts and contributions			1,922,010	1,922,010
Other:				
Insurance reimbursements		1,100	1,392	2,492
Total operating revenues	<u>496,400</u>	<u>366,100</u>	<u>2,134,197</u>	<u>2,996,697</u>
Operating Expenses:				
Wages and benefits	278,235			278,235
Repairs, maintenance and rentals	94,660			94,660
Utilities	13,812			13,812
Supplies and materials	1,945			1,945
General and administrative	75,447	61,264	20,340	157,051
Claims paid and incurred		538,991	2,092,290	2,631,281
Depreciation	50,815			50,815
Total operating expenses	<u>514,914</u>	<u>600,255</u>	<u>2,112,630</u>	<u>3,227,799</u>
Operating Income (Loss)	(18,514)	(234,155)	21,567	(231,102)
Nonoperating Revenues:				
Investment income	<u>21,727</u>	<u>15,654</u>	<u>9,340</u>	<u>46,721</u>
Change in Net Assets	3,213	(218,501)	30,907	(184,381)
Total Net Assets Beginning of Year	<u>705,397</u>	<u>220,440</u>	<u>234,064</u>	<u>1,159,901</u>
Total Net Assets End of Year	<u>\$ 708,610</u>	<u>\$ 1,939</u>	<u>\$ 264,971</u>	<u>\$ 975,520</u>

**TOWN OF VERNON, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Data Processing</u>	<u>Workers' Compensation</u>	<u>Medical Self-Insurance</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Service charges collected	\$ 496,400	\$ 370,000	\$ 210,734	\$ 1,077,134
Contributions collected			1,922,010	1,922,010
Other operating revenues collected		7,000		7,000
Cash payments for employee wages and benefits	(263,087)			(263,087)
Cash payments for goods and services	(49,390)			(49,390)
Cash payments for other operating expenses		(466,666)	(2,103,900)	(2,570,566)
Cash payments for due to other funds			(79)	(79)
	<u>183,923</u>	<u>(89,666)</u>	<u>28,765</u>	<u>123,022</u>
Net cash provided by (used in) operating activities				
Cash Flows from Capital Activities:				
Purchases of capital assets	(436,615)			(436,615)
Cash Flows from Investing Activities:				
Interest income	<u>21,727</u>	<u>15,654</u>	<u>9,340</u>	<u>46,721</u>
Net Increase (Decrease) in Cash and Cash Equivalents				
	(230,965)	(74,012)	38,105	(266,872)
Cash and Cash Equivalents at Beginning of Year				
	<u>773,329</u>	<u>602,156</u>	<u>308,695</u>	<u>1,684,180</u>
Cash and Cash Equivalents at End of Year				
	542,364	528,144	346,800	1,417,308
Reconciliation to cash on Exhibit C-1:				
Cash equivalents reported as investments per GASB Statement 31	<u>(541,737)</u>	<u>(527,908)</u>	<u>(337,325)</u>	<u>(1,406,970)</u>
Cash and Cash Equivalents at End of Year				
	<u>\$ 627</u>	<u>\$ 236</u>	<u>\$ 9,475</u>	<u>\$ 10,338</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	<u>\$ (18,514)</u>	<u>\$ (234,155)</u>	<u>\$ 21,567</u>	<u>\$ (231,102)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Add:				
Depreciation expense	50,815			50,815
Decrease in accounts receivable		10,900		10,900
Increase in accounts payable	166,705			166,705
Increase in claims payable		163,715	8,730	172,445
Increase in due to other funds	9,908			9,908
Deduct:				
Decrease in accounts payable		(30,126)		(30,126)
Decrease in accrued absences	(24,991)			(24,991)
Decrease in due to other funds			(79)	(79)
Decrease in unearned revenue			(1,453)	(1,453)
Net adjustments to operating income (loss)	<u>202,437</u>	<u>144,489</u>	<u>7,198</u>	<u>354,124</u>
Net Cash Provided by (Used in) Operating Activities				
	<u>\$ 183,923</u>	<u>\$ (89,666)</u>	<u>\$ 28,765</u>	<u>\$ 123,022</u>

## **Fiduciary Funds**

## **FIDUCIARY FUNDS**

### Agency Funds

School Activity - Utilized to control various activities undertaken by students of the public school system.

Miscellaneous Activity - Utilized to control the activities of such funds as the Summer School, Regional Adult and Continuing Education programs.

Bid Bond Deposit - Established to retain bid bonds received by the Town from contracted vendors for failure to proceed on contracted services.

## TOWN OF VERNON, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>School Activity</u>	<u>Miscellaneous Activity</u>	<u>Bid Bond Deposit</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 442,330	\$ 37,903	\$	\$ 480,233
Investments	<u>                    </u>	<u>                    </u>	128,944	<u>128,944</u>
Total	<u>\$ 442,330</u>	<u>\$ 37,903</u>	<u>\$ 128,944</u>	<u>\$ 609,177</u>
Liabilities:				
Accounts payable	<u>\$ 442,330</u>	<u>\$ 37,903</u>	<u>\$ 128,944</u>	<u>\$ 609,177</u>

## TOWN OF VERNON, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 407,183	\$ 816,563	\$ 781,416	\$ 442,330
Liabilities:				
Accounts payable	\$ 407,183	\$ 816,563	\$ 781,416	\$ 442,330
<b>Miscellaneous Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 44,100	\$ 323,102	\$ 329,299	\$ 37,903
Liabilities:				
Accounts payable	\$ 44,100	\$ 323,102	\$ 329,299	\$ 37,903
<b>Bid Bond Depositors</b>				
Assets:				
Investments	\$ 124,340	\$ 4,604	\$ -	\$ 128,944
Liabilities:				
Accounts payable	\$ 124,340	\$ 4,604	\$ -	\$ 128,944
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 451,283	\$ 1,139,665	\$ 1,110,715	\$ 480,233
Investments	124,340	4,604	-	128,944
Total	\$ 575,623	\$ 1,144,269	\$ 1,110,715	\$ 609,177
Liabilities:				
Accounts payable	\$ 575,623	\$ 1,144,269	\$ 110,715	\$ 609,177

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

**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

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

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

**TOWN OF VERNON, CONNECTICUT****CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS****SCHEDULE BY TYPE****JUNE 30, 2008**

## Governmental funds capital assets:

Land and improvements	\$	12,822,294
Buildings and improvements		46,006,860
Machinery, equipment and vehicles		43,586,008
Infrastructure		51,779,289
Construction in progress		<u>50,760,356</u>
Total	\$	<u><u>204,954,807</u></u>

**TOWN OF VERNON, CONNECTICUT**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**

**JUNE 30, 2008**

	<u>Land and Improvements</u>	<u>Infrastructure</u>	<u>Buildings and Improvements</u>	<u>Machinery, Equipment and Vehicles</u>	<u>Construction In Progress</u>	<u>Total</u>
General government	\$ 179,513	\$	\$ 1,372,072	\$ 1,056,626	\$ 1,914,323	\$ 4,522,534
Community development				29,888		29,888
Public safety	343,716		4,122,577	6,893,203	37,790	11,397,286
Maintenance and development	467,455	51,752,489	853,353	5,063,410	13,876,397	72,013,104
Human services				62,873		62,873
Parks, recreation and culture	5,031,696	26,800	3,512,968	1,057,050	904,158	10,532,672
Townwide	1,353,722		11,521,920	20,360,927		33,236,569
Education	<u>5,446,192</u>		<u>24,623,970</u>	<u>9,062,031</u>	<u>34,027,688</u>	<u>73,159,881</u>
Total	<u>\$ 12,822,294</u>	<u>\$ 51,779,289</u>	<u>\$ 46,006,860</u>	<u>\$ 43,586,008</u>	<u>\$ 50,760,356</u>	<u>\$ 204,954,807</u>

## TOWN OF VERNON, CONNECTICUT

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

## SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

## FOR THE YEAR ENDED JUNE 30, 2008

	<b>Governmental Funds Capital Assets July 1, 2007 *</b>	<b>Additions</b>	<b>Deletions</b>	<b>Governmental Funds Capital Assets June 30, 2008</b>
General government	\$ 2,457,479	\$ 2,065,055	\$	\$ 4,522,534
Community development	29,888			29,888
Public safety	11,320,936	251,065	(174,715)	11,397,286
Maintenance and development	68,174,299	4,064,379	(225,574)	72,013,104
Human services	62,873			62,873
Parks, recreation and culture	9,880,092	654,227	(1,647)	10,532,672
Townwide	33,236,569			33,236,569
Education	<u>45,311,442</u>	<u>27,848,439</u>	<u></u>	<u>73,159,881</u>
Total	<u>\$ 170,473,578</u>	<u>\$ 34,883,165</u>	<u>\$ (401,936)</u>	<u>\$ 204,954,807</u>

\* As restated

# **Statistical Section**

## Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

## TOWN OF VERNON, CONNECTICUT

## NET ASSETS BY CATEGORY

## LAST SIX FISCAL YEARS

	FISCAL YEAR					
	2003	2004	2005	2006	2007	2008
Governmental Activities:						
Invested in capital assets, net of related debt	\$ 35,707,261	\$ 35,582,756	\$ 35,551,078	\$ 67,048,740 *	\$ 72,816,629 **	\$ 88,050,372
Restricted for:						
Trust purposes	1,832,212	2,018,206	2,076,992	2,149,606	2,327,444	2,230,132
Unrestricted	<u>9,778,088</u>	<u>9,279,379</u>	<u>9,306,650</u>	<u>9,185,192</u>	<u>8,736,496</u>	<u>14,460,439</u>
Total Net Assets - Governmental Activities	<u>47,317,561</u>	<u>46,880,341</u>	<u>46,934,720</u>	<u>78,383,538 *</u>	<u>83,880,569 **</u>	<u>104,740,943</u>
Business-Type Activities:						
Invested in capital assets, net of related debt	4,387,251	4,080,410	4,065,203	11,345,089 *	10,949,348	10,681,891
Unrestricted	<u>5,001,806</u>	<u>4,355,841</u>	<u>4,165,821</u>	<u>3,633,819</u>	<u>3,603,819</u>	<u>3,842,700</u>
Total Net Assets - Business-Type Activities	<u>9,389,057</u>	<u>8,436,251</u>	<u>8,231,024</u>	<u>14,978,908 *</u>	<u>14,553,167</u>	<u>14,524,591</u>
Primary Government:						
Invested in capital assets, net of related debt	40,094,512	39,663,166	39,616,281	78,393,829 *	83,765,977 **	98,732,263
Restricted for:						
Trust purposes	1,832,212	2,018,206	2,076,992	2,149,606	2,327,444	2,230,132
Unrestricted	<u>14,779,894</u>	<u>13,635,220</u>	<u>13,472,471</u>	<u>12,819,011</u>	<u>12,340,315</u>	<u>18,303,139</u>
Total Net Assets - Primary Government	<u>\$ 56,706,618</u>	<u>\$ 55,316,592</u>	<u>\$ 55,165,744</u>	<u>\$ 93,362,446 *</u>	<u>\$ 98,433,736 **</u>	<u>\$ 119,265,534</u>

\* Restated due to inclusion of infrastructure capital assets. \*\* Restated to include certain unreported capital assets not being depreciated (land).

Note: Accounting standards require reporting of net assets into the following three components: Invested in capital assets, net of related debt; Restricted; and Unrestricted. Net Assets are restricted when an external party places a restriction on how such resources may be used.

Note: The reporting of government-wide statements did not commence until the effective date of GASB No. 34 (fiscal year ended June 30, 2003) and, therefore, only six years of data is reported.

## TOWN OF VERNON, CONNECTICUT

CHANGES IN NET ASSETS  
(ACCRUAL BASIS OF ACCOUNTING)

## LAST SIX FISCAL YEARS

	FISCAL YEAR					
	2003	2004	2005	2006	2007	2008
Governmental Activities:						
Expenses:						
General government	\$ 2,780,651	\$ 2,796,272	\$ 2,525,504	\$ 2,806,080	\$ 2,904,104	\$ 3,139,240
Community development	276,390	427,475	418,771	430,016	335,054	512,822
Public safety	7,290,356	7,206,063	7,438,832	7,937,751	7,945,910	8,455,354
Maintenance and development	5,652,580	4,895,242	5,717,339	6,324,707	7,143,727	8,012,991
Human services	912,865	833,007	887,584	879,525	966,674	986,024
Parks, recreation and culture	1,453,466	1,474,924	1,585,830	1,728,770	1,983,538	2,051,661
Townwide	6,022,861	6,773,748	7,247,290	7,559,168	7,527,820	7,841,285
Education	46,166,977	48,239,843	49,179,415	52,628,976	53,358,397	67,481,122
Interest on long-term debt	1,235,357	802,777	628,621	743,513	1,314,382	1,998,887
Total governmental activities expenses	<u>71,791,503</u>	<u>73,449,351</u>	<u>75,629,186</u>	<u>81,038,506</u>	<u>83,479,606</u>	<u>100,479,386</u>
Program Revenues:						
Charges for services:						
General government	979,409	1,197,508	1,160,407	1,273,048	1,447,763	1,211,305
Community development	8,952	142,815	33,937	19,906	58,142	30,034
Public safety	463,546	1,651,377	999,599	924,368	1,125,437	959,756
Maintenance and development	492,408	387,948	672,068	565,980	714,631	657,618
Human services	1,761	7,333	20,873	13,475	20,075	19,018
Parks, recreation and culture	347,688	379,172	394,946	437,496	576,551	658,490
Townwide	465,743	570,272	523,029	564,362	526,665	168,062
Education	2,243,407	671,087	1,416,173	1,324,835	1,399,682	1,291,241
Operating grants and contributions	22,755,377	22,875,847	23,504,317	26,018,390	26,165,787	42,496,900
Capital grants and contributions	822,792	347,929	982,825	862,817	3,907,694	20,433,504
Total governmental activities program revenues	<u>28,581,083</u>	<u>28,231,288</u>	<u>29,708,174</u>	<u>32,004,677</u>	<u>35,942,427</u>	<u>67,925,928</u>
Net Program Expense	<u>(43,210,420)</u>	<u>(45,218,063)</u>	<u>(45,921,012)</u>	<u>(49,033,829)</u>	<u>(47,537,179)</u>	<u>(32,553,458)</u>
General revenues:						
Property taxes	40,239,986	42,427,689	43,801,916	46,693,784	48,110,529	49,934,064
Grants and contributions not restricted to specific programs	2,083,257	1,963,834	1,672,024	1,628,896	1,991,397	1,749,089
Unrestricted investment earnings	310,651	284,543	479,359	1,091,724	2,009,214	1,503,005
Miscellaneous		104,777	22,092	145,131	110,570	227,674
Total general revenues	<u>42,633,894</u>	<u>44,780,843</u>	<u>45,975,391</u>	<u>49,559,535</u>	<u>52,221,710</u>	<u>53,413,832</u>
Total Change in Net Assets	(576,526)	(437,220)	54,379	525,706	4,684,531	20,860,374
Net Assets Beginning of Year, as Restated	<u>47,894,087</u>	<u>47,317,561</u>	<u>46,880,341</u>	<u>47,062,295</u> *	<u>78,383,538</u> **	<u>83,880,569</u>
Net Assets End of Year	<u>\$ 47,317,561</u>	<u>\$ 46,880,341</u>	<u>\$ 46,934,720</u>	<u>\$ 47,588,001</u>	<u>\$ 83,068,069</u>	<u>\$ 104,740,943</u>

(Continued on next page)

**TOWN OF VERNON, CONNECTICUT**  
**CHANGES IN NET ASSETS (CONTINUED)**  
**(ACCRUAL BASIS OF ACCOUNTING)**

**LAST SIX FISCAL YEARS**

	<b>FISCAL YEAR</b>					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Business-Type Activities:						
Expenses:						
Sewer	\$ 4,384,038	\$ 4,278,628	\$ 4,420,476	\$ 4,792,603	\$ 5,170,053	\$ 5,356,677
Building rental	<u>141,551</u>	<u>158,805</u>	<u>165,955</u>	<u>175,594</u>	<u>215,209</u>	<u>216,560</u>
Total expenses	<u>4,525,589</u>	<u>4,437,433</u>	<u>4,586,431</u>	<u>4,968,197</u>	<u>5,385,262</u>	<u>5,573,237</u>
Revenues:						
Charges for services:						
Sewer use	3,893,581	3,349,787	4,153,087	4,635,373	4,633,831	5,250,919
Building rentals	<u>137,650</u>	<u>102,294</u>	<u>145,398</u>	<u>145,398</u>	<u>138,441</u>	<u>160,610</u>
Total revenues	<u>4,031,231</u>	<u>3,452,081</u>	<u>4,298,485</u>	<u>4,780,771</u>	<u>4,772,272</u>	<u>5,411,529</u>
Net Program Expense	(494,358)	(985,352)	(287,946)	(187,426)	(612,990)	(161,708)
Other Changes in Net Assets:						
Unrestricted investment earnings	<u>51,260</u>	<u>32,546</u>	<u>82,719</u>	<u>153,339</u>	<u>187,249</u>	<u>133,132</u>
Total Change in Net Assets	(443,098)	(952,806)	(205,227)	(34,087)	(425,741)	(28,576)
Net Assets, July 1, as Restated	<u>9,832,155</u>	<u>9,389,057</u>	<u>8,436,251</u>	<u>8,231,024</u>	<u>14,978,908</u> **	<u>14,553,167</u>
Net Assets, June 30,	<u>\$ 9,389,057</u>	<u>\$ 8,436,251</u>	<u>\$ 8,231,024</u>	<u>\$ 8,196,937</u>	<u>\$ 14,553,167</u>	<u>\$ 14,524,591</u>
Total Primary Government:						
Total Change in Net Assets	\$ (1,019,624)	\$ (1,390,026)	\$ (150,848)	\$ 491,619	\$ 4,258,790	\$ 20,831,798
Net Assets, July 1, as Restated	<u>57,726,242</u>	<u>56,706,618</u>	<u>55,316,592</u>	<u>55,293,319</u> *	<u>93,362,446</u> **	<u>98,433,736</u> ***
Net Assets, June 30	<u>\$ 56,706,618</u>	<u>\$ 55,316,592</u>	<u>\$ 55,165,744</u>	<u>\$ 55,784,938</u>	<u>\$ 97,621,236</u>	<u>\$ 119,265,534</u>

Note: Reporting of government-wide statements did not commence until the effective date of GASB Statement No. 34 (fiscal year ended June 30, 2003) and, therefore, only six years of data is reported.

\* Net assets restated to reflect cumulative effect on GASB No. 47.

\*\* Net assets restated to reflect cumulative effect of GASB No. 34 infrastructure reporting.

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

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

**LAST SIX FISCAL YEARS**

**FISCAL YEAR**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund:						
Reserved	\$ 481,867	\$ 1,017,823	\$ 1,180,979	\$ 1,026,658	\$ 916,263	\$ 1,595,231
Unreserved, reported in:						
General Fund	<u>5,127,713</u>	<u>6,093,957</u>	<u>6,963,701</u>	<u>7,985,020</u>	<u>8,224,232</u>	<u>7,930,610</u>
Total General Fund	<u>\$ 5,609,580</u>	<u>\$ 7,111,780</u>	<u>\$ 8,144,680</u>	<u>\$ 9,011,678</u>	<u>\$ 9,140,495</u>	<u>\$ 9,525,841</u>
All Other Governmental Funds:						
Reserved	\$ 3,077,270	\$ 3,181,879	\$ 5,990,762	\$ 14,938,982	\$ 18,176,978	\$ 19,493,907
Unreserved, reported in:						
Special revenue funds	4,602,613	3,880,723	2,467,735	3,033,249	4,643,388	5,406,236
Capital projects funds	<u>(60,541)</u>	<u>(60,541)</u>	<u>(1,819,434)</u>	<u>(15,704,605)</u>	<u>(12,436,423)</u>	<u>(4,770,711)</u>
Total Fund Balance - All Other Governmental Funds	<u>\$ 7,619,342</u>	<u>\$ 7,002,061</u>	<u>\$ 6,639,063</u>	<u>\$ 2,267,626</u>	<u>\$ 10,383,943</u>	<u>\$ 20,129,432</u>
Total Governmental Funds:						
Reserved	\$ 3,559,137	\$ 4,199,702	\$ 7,171,741	\$ 15,965,640	\$ 19,093,241	\$ 21,089,138
Unreserved, reported in:						
General Fund	5,127,713	6,093,957	6,963,701	7,985,020	8,224,232	7,930,610
Special Revenue Funds	4,602,613	3,880,723	2,467,735	3,033,249	4,643,388	5,406,236
Capital Projects Funds	<u>(60,541)</u>	<u>(60,541)</u>	<u>(1,819,434)</u>	<u>(15,704,605)</u>	<u>(12,436,423)</u>	<u>(4,770,711)</u>
Total Fund Balances - Governmental Funds	<u>\$ 13,228,922</u>	<u>\$ 14,113,841</u>	<u>\$ 14,783,743</u>	<u>\$ 11,279,304</u>	<u>\$ 19,524,438</u>	<u>\$ 29,655,273</u>

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

Note: The reporting of Governmental Funds as required by GASB Statement No. 34 did not take effect until fiscal year ended June 30, 2003 and, therefore, only six years of data is reported.

**TOWN OF VERNON, CONNECTICUT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST SIX FISCAL YEARS**

	FISCAL YEAR					
	2003	2004	2005	2006	2007	2008
<b>Revenues:</b>						
Property taxes	\$ 40,001,072	\$ 42,462,509	\$ 45,044,605	\$ 46,735,710	\$ 48,717,250	\$ 49,913,095
Intergovernmental	25,777,713	24,708,867	25,423,568	27,641,354	31,251,370	62,806,494
Assessments	154,054	103,152	138,692	115,312	96,624	74,423
Charges for services	3,173,895	3,335,290	3,465,318	3,692,589	3,903,520	3,878,086
Licenses and permits	606,156	683,077	826,082	692,101	850,450	834,681
Gifts and contributions	983,081	1,270,019	1,377,668	1,349,523	1,262,616	1,593,576
Fines and penalties	10,428	11,959	26,598	16,273	19,711	18,515
Income on investments	288,914	272,439	454,327	1,035,366	1,944,825	1,456,284
Other	839,694	1,368,179	897,574	1,164,396	1,209,801	1,576,511
Total revenues	<u>71,835,007</u>	<u>74,215,491</u>	<u>77,654,432</u>	<u>82,442,624</u>	<u>89,256,167</u>	<u>122,151,665</u>
<b>Expenditures:</b>						
General government	2,594,119	2,729,085	2,430,610	2,714,171	2,799,855	2,945,676
Community development	274,619	457,333	454,632	487,204	800,305	516,422
Public safety	7,046,445	6,894,781	7,052,389	7,677,134	7,707,129	8,115,101
Maintenance and development	5,552,344	4,607,929	5,427,614	5,506,187	5,622,134	5,962,731
Human services	888,111	790,029	838,084	904,345	921,763	973,537
Parks, recreation and culture	1,335,020	1,366,730	1,470,046	1,551,687	1,736,475	1,829,696
Townwide	4,534,270	5,321,742	5,781,324	6,103,968	6,072,052	6,385,961
Education	44,977,166	46,833,327	48,380,355	51,805,003	52,542,394	67,288,015
Capital outlay	1,180,386	894,066	2,009,055	6,747,491	11,953,787	34,845,530
Debt service:						
Principal	2,607,800	2,603,049	2,507,911	2,188,465	2,553,653	3,016,254
Interest	945,335	955,661	632,510	737,688	1,116,486	1,682,490
Total expenditures	<u>71,935,615</u>	<u>73,453,732</u>	<u>76,984,530</u>	<u>86,423,343</u>	<u>93,826,033</u>	<u>133,561,413</u>
Excess of Revenue Over (Under) Expenditures	<u>(100,608)</u>	<u>761,759</u>	<u>669,902</u>	<u>(3,980,719)</u>	<u>(4,569,866)</u>	<u>(11,409,748)</u>
<b>Other Financing Sources (Uses):</b>						
Refunding bonds issued		5,210,000				
Payment to refunding bond escrow agent		(5,245,377)				
Net original issue premium - refunding		158,537				
Bond proceeds					12,815,000	21,040,000
Bond premium and accrued interest						30,583
Lease purchase on equipment	301,739			476,280		470,000
Transfers in	2,978,845	2,966,626	1,991,619	1,927,419	4,169,759	2,731,259
Transfers out	(2,978,845)	(2,966,626)	(1,991,619)	(1,927,419)	(4,169,759)	(2,731,259)
Total other financing sources (uses)	<u>301,739</u>	<u>123,160</u>	<u>-</u>	<u>476,280</u>	<u>12,815,000</u>	<u>21,540,583</u>
Net Change in Fund Balances	\$ <u>201,131</u>	\$ <u>884,919</u>	\$ <u>669,902</u>	\$ <u>(3,504,439)</u>	\$ <u>8,245,134</u>	\$ <u>10,130,835</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>5.02%</u>	<u>4.90%</u>	<u>4.19%</u>	<u>3.67%</u>	<u>4.48%</u>	<u>5.46%</u>
Debt Service as a Percentage of Total Expenditures	<u>4.94%</u>	<u>4.84%</u>	<u>4.08%</u>	<u>3.39%</u>	<u>3.91%</u>	<u>3.90%</u>

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

Note: The reporting of Governmental Funds as required by GASB Statement No. 34 did not take effect until fiscal year ended June 30, 2003 and, therefore, only six years of data is reported.

**TOWN OF VERNON, CONNECTICUT**  
**CHANGES IN NET ASSETS - PENSION TRUST FUNDS**  
**LAST TEN FISCAL YEARS**

	FISCAL YEARS									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Additions:										
Contributions:										
Employer	\$ 785,509	\$ 932,170	\$ 981,151	\$ 1,165,424	\$ 1,545,479	\$ 1,996,518	\$ 2,039,145	\$ 2,210,536	\$ 2,609,818	\$ 2,796,299
Employee	701,141	789,208	865,183	933,803	967,221	964,484	971,103	1,023,923	1,133,129	1,155,185
Net investment income (loss)	<u>1,570,673</u>	<u>2,883,927</u>	<u>(123,960)</u>	<u>(755,903)</u>	<u>(1,241,285)</u>	<u>3,961,658</u>	<u>2,582,283</u>	<u>1,865,254</u>	<u>3,384,945</u>	<u>2,207,027</u>
Total Additions to Net Assets	<u>3,057,323</u>	<u>4,605,305</u>	<u>1,722,374</u>	<u>1,343,324</u>	<u>1,271,415</u>	<u>6,922,660</u>	<u>5,592,531</u>	<u>5,099,713</u>	<u>7,127,892</u>	<u>6,158,511</u>
Deductions:										
Benefit payments/annuity purchases	1,039,503	1,157,552	1,301,602	1,325,695	1,469,615	1,802,770	2,017,309	2,146,399	2,523,452	2,740,940
Refunds of contributions	166,649	37,245	48,733	105,590	100,496	110,487	52,416	68,278	238,593	104,205
Administrative expense	<u>100,378</u>	<u>105,005</u>	<u>119,287</u>	<u>112,224</u>	<u>112,699</u>	<u>117,044</u>	<u>128,962</u>	<u>136,388</u>	<u>145,491</u>	<u>145,588</u>
Total Deductions to Net Assets	<u>1,306,530</u>	<u>1,299,802</u>	<u>1,469,622</u>	<u>1,543,509</u>	<u>1,682,810</u>	<u>2,030,301</u>	<u>2,198,687</u>	<u>2,351,065</u>	<u>2,907,536</u>	<u>2,990,733</u>
Change in Plan Net Assets	<u>\$ 1,750,793</u>	<u>\$ 3,305,503</u>	<u>\$ 252,752</u>	<u>\$ (200,185)</u>	<u>\$ (411,395)</u>	<u>\$ 4,892,359</u>	<u>\$ 3,393,844</u>	<u>\$ 2,748,648</u>	<u>\$ 4,220,356</u>	<u>\$ 3,167,778</u>
Employer Contributions as a Percentage of Covered Payroll	<u>6.65%</u>	<u>7.43%</u>	<u>6.62%</u>	<u>9.56%</u>	<u>9.98%</u>	<u>12.70%</u>	<u>12.40%</u>	<u>13.29%</u>	<u>15.29%</u>	<u>15.57%</u>

**TOWN OF VERNON, CONNECTICUT**  
**GENERAL FUND - BALANCE SHEETS**  
**LAST TEN FISCAL YEARS**

ASSETS	FISCAL YEARS									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Assets:										
Cash	\$ 240,097	\$ 323,970	\$ 689,248	\$ 737,153	\$ 141,383	\$ 228,825	\$ 198,542	\$ 306,803	\$ 279,363	\$ 165,597
Investments	10,350,750	10,287,126	7,091,252	8,364,683	8,430,528	5,236,288	5,958,795	6,416,888	8,082,218	8,475,386
Receivables:										
Property taxes	1,329,106	1,305,826	1,437,171	1,450,857	1,900,645	2,001,643	2,062,150	2,034,797	1,886,923	1,988,305
Grants and other	1,433,194	1,820,165	2,338,640	2,677,397	3,132,749	3,843,696	492,453	522,063	834,098	570,182
Due from other funds	1,263,191	1,353,258	2,190,610	620,609	228,686	1,708,043	1,174,887	1,502,646	1,415,138	975,935
Total Assets	<u>\$ 14,616,338</u>	<u>\$ 15,090,345</u>	<u>\$ 13,746,921</u>	<u>\$ 13,850,699</u>	<u>\$ 13,833,991</u>	<u>\$ 13,018,495</u>	<u>\$ 9,886,827</u>	<u>\$ 10,783,197</u>	<u>\$ 12,497,740</u>	<u>\$ 12,175,405</u>
LIABILITIES AND FUND EQUITY										
Liabilities:										
Accounts payable	\$ 1,138,836	\$ 927,733	\$ 581,715	\$ 750,925	\$ 755,880	\$ 635,070	\$ 849,235	\$ 843,302	\$ 1,181,215	\$ 918,089
Due to other funds	1,258,402	1,886,412	467,977	473,653	591,456	457,845	457,845	1,048,759	771,197	869,638
Accrued wages and benefits	175,219	221,947	119,046	391,319	407,325	295,847	91,527	197,883	163,027	385,391
Deferred revenue	2,518,040	2,913,758	3,566,505	4,090,122	4,967,550	6,020,153	2,635,266	2,552,001	3,882,559	3,221,099
Total liabilities	<u>5,090,497</u>	<u>5,949,850</u>	<u>4,735,243</u>	<u>5,706,019</u>	<u>6,722,211</u>	<u>7,408,915</u>	<u>4,033,873</u>	<u>4,641,945</u>	<u>5,997,998</u>	<u>5,394,217</u>
Fund Equity:										
Reserved for encumbrances	1,595,231	916,263	1,026,658	1,180,979	1,017,823	481,867	404,435	697,994	1,331,404	1,017,017
Unreserved:										
Designated for specific purposes	322,000	322,000	322,000	322,000	100,000	100,000	100,000	100,000	150,000	150,000
Undesignated	7,608,610	7,902,232	7,663,020	6,641,701	5,993,957	5,027,713	5,348,519	5,343,258	5,018,338	5,614,171
Total fund equity	<u>9,525,841</u>	<u>9,140,495</u>	<u>9,011,678</u>	<u>8,144,680</u>	<u>7,111,780</u>	<u>5,609,580</u>	<u>5,852,954</u>	<u>6,141,252</u>	<u>6,499,742</u>	<u>6,781,188</u>
Total Liabilities and Fund Equity	<u>\$ 14,616,338</u>	<u>\$ 15,090,345</u>	<u>\$ 13,746,921</u>	<u>\$ 13,850,699</u>	<u>\$ 13,833,991</u>	<u>\$ 13,018,495</u>	<u>\$ 9,886,827</u>	<u>\$ 10,783,197</u>	<u>\$ 12,497,740</u>	<u>\$ 12,175,405</u>

Source: Town of Vernon, Finance Department

TOWN OF VERNON, CONNECTICUT

GENERAL FUND

REVENUES BY SOURCE AND OTHER FINANCING SOURCES - GAAP BASIS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Revenues by Source									Revenues and Other Financing Sources	
	Property Taxes	Intergovernment	Charges for Services	Licenses and Permits	Gifts and Contributions	Fines and Penalties	Investment Income	On-Behalf Payments and Other	Other Financing Sources	Total	Annual % Increase
2008	\$ 49,913,095	\$ 20,870,957	\$ 2,223,776	\$ 497,149	\$	\$ 18,515	\$ 670,210	\$ 16,859,883	\$ 223,892	\$ 91,277,477	20.7%
% of Total	54.7%	22.9%	2.4%	0.5%		0.0%	0.7%	18.6%	0.2%	100.0%	
2007	\$ 48,717,250	\$ 19,559,484	\$ 2,279,748	\$ 478,589	\$	\$ 19,711	\$ 871,920	\$ 3,416,995	\$ 250,827	\$ 75,594,524	3.7%
% of Total	64.4%	25.9%	3.0%	0.6%		0.1%	1.2%	4.5%	0.3%	100.0%	
2006	\$ 46,735,710	\$ 19,252,033	\$ 2,072,163	\$ 407,494	\$	\$ 16,273	\$ 627,897	\$ 3,522,395	\$ 228,715	\$ 72,862,680	6.6%
% of Total	64.1%	26.4%	2.9%	0.6%		0.0%	0.9%	4.8%	0.3%	100.0%	
2005	\$ 45,044,605	\$ 18,538,035	\$ 1,880,649	\$ 468,028	\$ 1,704	\$ 26,598	\$ 300,156	\$ 1,907,981	\$ 195,115	\$ 68,362,871	2.3%
% of Total	65.9%	27.1%	2.8%	0.7%		0.0%	0.4%	2.8%	0.3%	100.0%	
2004	\$ 42,462,509	\$ 18,493,182	\$ 1,851,104	\$ 468,199	\$	\$ 11,959	\$ 138,292	\$ 2,408,603	\$ 1,003,288	\$ 66,837,136	4.6%
% of Total	63.5%	27.7%	2.8%	0.7%		0.0%	0.2%	3.6%	1.5%	100.0%	
2003	\$ 40,001,072	\$ 19,136,104	\$ 1,660,198	\$ 376,427	\$ 270	\$ 10,428	\$ 148,450	\$ 1,832,984	\$ 724,792	\$ 63,890,725	2.5%
% of Total	62.6%	30.0%	2.6%	0.6%		0.0%	0.2%	2.9%	1.1%	100.0%	
2002	\$ 37,512,127	\$ 20,121,878	\$ 1,587,220	\$ 406,027	\$ 10,559	\$ 10,910	\$ 317,948	\$ 1,992,818	\$ 399,830	\$ 62,359,317	3.1%
% of Total	60.2%	32.3%	2.5%	0.7%		0.0%	0.5%	3.2%	0.6%	100.0%	
2001	\$ 35,562,024	\$ 20,184,903	\$ 1,252,905	\$ 307,417	\$	\$ 15,278	\$ 775,737	\$ 2,016,559	\$ 398,511	\$ 60,513,334	2.7%
% of Total	58.8%	33.4%	2.0%	0.5%		0.0%	1.3%	3.3%	0.7%	100.0%	
2000	\$ 34,575,134	\$ 19,743,318	\$ 1,329,057	\$ 231,530	\$	\$ 11,852	\$ 758,796	\$ 1,921,161	\$ 358,042	\$ 58,928,890	3.0%
% of Total	58.7%	33.5%	2.2%	0.4%		0.0%	1.3%	3.3%	0.6%	100.0%	
1999	\$ 34,064,973	\$ 18,733,529	\$ 1,395,909	\$ 166,005	\$	\$ 9,066	\$ 705,246	\$ 1,791,950	\$ 335,811	\$ 57,202,489	2.7%
% of Total	59.6%	32.7%	2.4%	0.3%		0.0%	1.2%	3.2%	0.6%	100.0%	

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

Source: Town of Vernon, Finance Department

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

Fiscal Year Ended June 30,	Expenditures by Function											Other Financing Uses	Expenditures and Other Financing Uses	
	General Government	Community Development	Public Safety	Maintenance and Development	Human Services	Parks, Recreation and Culture	Townwide	Education	Capital Outlay	Debt Service	Total		Annual % Increase	
2008	\$ 2,903,470	\$ 228,828	\$ 7,288,175	\$ 5,445,696	\$ 837,812	\$ 1,773,120	\$ 5,961,569	\$ 61,340,447	\$ 296,916	\$ 2,379,422	\$ 2,436,676	\$ 90,892,131 *	20.4%	
% of total	3.2%	0.3%	8.0%	6.0%	0.9%	2.0%	6.6%	67.5%	0.3%	2.6%	2.6%	100.0%		
2007	\$ 2,750,317	\$ 297,715	\$ 6,952,435	\$ 5,162,350	\$ 824,362	\$ 1,677,953	\$ 6,002,591	\$ 46,567,372	\$ 63,015	\$ 1,399,968	\$ 3,767,629	\$ 75,465,707	4.8%	
% of total	3.6%	0.4%	9.2%	6.8%	1.1%	2.2%	8.0%	61.7%	0.1%	1.9%	5.0%	100.0%		
2006	\$ 2,656,684	\$ 387,792	\$ 6,854,826	\$ 5,022,273	\$ 856,084	\$ 1,531,572	\$ 5,966,312	\$ 45,669,360	\$ 261,775	\$ 1,090,300	\$ 1,698,704	\$ 71,995,682	6.9%	
% of Total	3.7%	0.6%	9.5%	7.0%	1.2%	2.1%	8.3%	63.4%	0.4%	1.5%	2.5%	100.0%		
2005	\$ 2,343,544	\$ 292,866	\$ 6,551,245	\$ 4,659,914	\$ 798,707	\$ 1,414,842	\$ 5,542,875	\$ 42,293,527	\$ 157,566	\$ 1,478,381	\$ 1,796,504	\$ 67,329,971	3.1%	
% of Total	3.5%	0.5%	9.7%	6.9%	1.2%	2.1%	8.2%	62.8%	0.2%	2.2%	2.7%	100.0%		
2004	\$ 2,650,579	\$ 132,012	\$ 6,189,419	\$ 4,220,216	\$ 745,105	\$ 1,330,795	\$ 5,100,827	\$ 41,079,425	\$ 149,710	\$ 1,773,510	\$ 1,963,338	\$ 65,334,936	1.9%	
% of Total	4.1%	0.2%	9.5%	6.5%	1.1%	2.0%	7.8%	62.9%	0.2%	2.7%	3.0%	100.0%		
2003	\$ 2,503,716	\$ 129,002	\$ 6,580,207	\$ 4,592,022	\$ 799,148	\$ 1,299,148	\$ 4,416,280	\$ 39,720,337	\$ 184,132	\$ 1,791,039	\$ 2,119,068	\$ 64,134,099	2.4%	
% of Total	3.9%	0.2%	10.3%	7.2%	1.2%	2.0%	6.9%	61.9%	0.3%	2.8%	3.3%	100.0%		
2002	\$ 2,162,152	\$ 172,845	\$ 6,495,267	\$ 3,958,466	\$ 739,573	\$ 1,278,913	\$ 3,887,193	\$ 39,536,662	\$ 531,262	\$ 1,825,308	\$ 2,059,974	\$ 62,647,615	2.9%	
% of Total	3.5%	0.3%	10.4%	6.3%	1.2%	2.0%	6.2%	63.1%	0.8%	2.9%	3.3%	100.0%		
2001	\$ 2,134,695	\$ 243,558	\$ 5,784,852	\$ 4,022,696	\$ 699,873	\$ 1,162,030	\$ 3,677,312	\$ 38,339,830	\$ 831,164	\$ 2,009,895	\$ 1,965,919	\$ 60,871,824	2.8%	
% of Total	3.5%	0.4%	9.5%	6.6%	1.1%	1.9%	6.0%	63.0%	1.4%	3.3%	3.3%	100.0%		
2000	\$ 2,214,743	\$ 212,156	\$ 5,829,301	\$ 3,599,000	\$ 642,860	\$ 1,156,179	\$ 3,344,275	\$ 36,897,539	\$ 1,178,741	\$ 2,114,488	\$ 2,021,054	\$ 59,210,336	4.4%	
% of Total	3.7%	0.4%	9.8%	6.1%	1.1%	2.0%	5.6%	62.3%	2.0%	3.6%	3.4%	100.0%		
1999	\$ 1,849,918	\$ 192,285	\$ 5,333,365	\$ 3,628,333	\$ 676,987	\$ 1,045,983	\$ 3,046,286	\$ 36,532,416	\$ 290,018	\$ 2,199,066	\$ 1,928,187	\$ 56,722,844	2.0%	
% of Total	3.3%	0.3%	9.4%	6.4%	1.2%	1.8%	5.4%	64.4%	0.5%	3.9%	3.4%	100.0%		

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

Source: Town of Vernon, Finance Department

TOWN OF VERNON, CONNECTICUT

TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS  
(In Thousands of Dollars)

Fiscal Year Ended June 30,	Grand List as of 10/1	Real Property **				(2) Total	(3) Personal Property	(3) Motor Vehicles*	Total Assessed Value of All Property	Less Exemptions	Net Assessed Value (Net Taxable Grand List)	(4) Total Direct Tax Rate (Mill Rate)	Estimated Actual Value All Property	Ratio of Assessed Value to Estimated Actual Value
		Residential	Commercial Industrial	Vacant/ Use Assessment										
2008 **	2006	\$ 928,395	\$ 332,024	\$ 14,466	\$ 1,274,885	\$ 73,695	\$ 160,502	\$ 1,509,082	\$ 17,804	\$ 1,491,278	32.91	\$ 2,021,544	74.65 %	
2007	2005	774,365	301,430	16,590	1,092,385	74,198	158,195	1,324,778	13,675	1,311,103	36.73	2,850,480	46.48	
2006	2004	760,656	294,457	23,491	1,078,604	71,476	148,805	1,298,885	13,896	1,284,989	35.79	2,600,045	49.96	
2005	2003	754,075	285,067	18,185	1,057,327	68,150	139,728	1,265,205	11,255	1,253,950	35.33	2,377,027	53.23	
2004	2002	745,786	283,750	17,002	1,046,538	66,929	144,468	1,257,935	13,481	1,244,454	33.54	2,210,936	56.9	
2003	2001	734,572	277,683	15,595	1,027,850	65,277	140,966	1,234,093	15,512	1,218,581	32.23	1,951,887	63.23	
2002	2000	727,051	272,806	16,587	1,016,444	68,880	137,267	1,222,591	16,442	1,206,149	30.75	1,740,564	70.24	
2001	1999	706,977	270,002	4,298	981,277	65,176	131,360	1,177,813	15,488	1,162,325	30.11	1,607,411	73.27	
2000	1998	701,057	275,503	4,384	980,944	64,667	123,359	1,168,970	14,772	1,154,198	29.61	1,449,091	80.67	
1999	1997	697,180	273,103	4,532	974,815	63,060	116,973	1,154,848	14,672	1,140,176	29.61	1,438,743	80.27	

\*Excludes assessed value on supplemental motor vehicle listings.

§ \*\* Phase-in of Real Property revaluation - year 1 of 3.

- (1) Includes public utility property.
- (2) The latest real estate revaluation was effective for the October 1, 2006 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

## TOWN OF VERNON, CONNECTICUT

## NET TAXABLE GRAND LIST AND PERCENTAGE CHANGE - BY TAXABLE PROPERTY

## LAST TEN FISCAL YEARS

Fiscal Year	Grand List	Real Estate**		Personal Property		Motor Vehicles*		Total All Property	
		Net Taxable Grand List	% Change						
2007/08**	10/1/2006	\$ 1,263,919,130	16.58	\$ 70,146,000	(1.80)	\$ 157,213,010	1.07	\$ 1,491,278,140	13.74
2006/07	10/1/2005	1,084,123,077	1.29	71,432,611	4.85	155,547,030	6.14	1,311,102,718	2.03
2005/06	10/1/2004	1,070,314,493	1.86	68,130,433	4.04	146,544,210	6.45	1,284,989,136	2.48
2004/05	10/1/2003	1,050,805,694	1.04	65,482,777	5.94	137,661,775	(3.48)	1,253,950,246	0.76
2003/04	10/1/2002	1,040,012,554	1.83	61,813,768	6.63	142,627,610	2.40	1,244,453,932	2.12
2002/03	10/1/2001	1,021,328,508	1.16	57,972,292	(4.25)	139,279,772	2.43	1,218,580,572	1.03
2001/02	10/1/2000	1,009,633,561	3.62	60,545,450	4.31	135,969,618	4.67	1,206,148,629	3.77
2000/01	10/1/1999	974,374,250	0.04	58,045,260	(0.50)	129,905,460	6.58	1,162,324,970	0.70
1999/00	10/1/1998	973,980,060	0.66	58,337,900	2.35	121,879,830	5.47	1,154,197,790	1.23
1998/99	10/1/1997	967,618,400	0.67	56,999,680	6.95	115,558,018	1.12	1,140,176,098	1.02

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\*Excludes assessed value on supplemental motor vehicle listings.

\*\* Phase-in of Real Property revaluation - year 1 of 3.

Source of data: Town Assessor and Town Clerk Offices

TOWN OF VERNON, CONNECTICUT  
 PRINCIPAL PROPERTY TAXPAYERS  
 LAST TEN FISCAL YEARS

Taxpayer	FISCAL YEAR															
	2008			2007			2006			2005			2004			
	Taxable Assessed Value (10/01/06 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/05 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/04 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/03 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/02 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	
Chapman and Mansions LLC	\$ 33,808,410	1	2.27%	\$ 26,033,090	1	1.99%	\$ 22,006,340	1	1.71%	\$ 18,633,540	1	1.49%	\$ 14,789,900	2	1.19%	
Tri City Improvements	30,289,320	2	2.03													
Javit Asset Partnership				18,375,575	2	1.40	18,370,460	2	1.43	18,350,050	2	1.46	18,350,050	1	1.47	
Evandro Santini & Woodbridge LLC	20,289,000	3	1.36	14,582,140	5	1.11	14,780,030	4	1.15	11,524,029	6	0.92	10,711,469	5	0.86	
Connecticut Water Company	19,795,605	4	1.33	18,192,196	3	1.39	18,033,120	3	1.40	13,236,080	3	1.06	13,128,284	3	1.06	
Connecticut Light & Power/Yankee Gas Co.	16,049,288	5	1.08	15,503,147	4	1.18	13,862,455	5	1.08	11,657,391	5	0.93	10,931,239	4	0.88	
CE Vernon II LLC	15,797,900	6	1.06	12,595,440	6	0.96	12,448,340	6	0.97							
Chapman Acres	9,016,330	7	0.6	7,081,530	9	0.54	7,115,430	9	0.56	7,014,000	9	0.56	7,014,000	8	0.56	
101 Kerensky, Schneider...(Risley Trust)	7,117,080	8	0.48	7,963,500	8	0.61	8,519,860	7	0.66	8,461,880	7	0.67	8,345,380	6	0.67	
Talcotville Development	6,083,090	9	0.41	8,051,180	7	0.61	8,114,490	8	0.63	7,764,582	8	0.62	7,081,100	7	0.57	
One Fifty Five West Main St.	4,012,150	10	0.27	5,445,730	10	0.42	5,450,910	10	0.43	5,425,910	10	0.43				
Montowese Industrial Park										12,446,100	4	0.99				
Vernon Circle Acquisition Corp.													6,449,600	9	0.52	
Nina/Ark Realty Co., Inc.													6,276,500	10	0.5	
Total Top 10 Taxpayers	\$ 162,258,173		10.89%	\$ 133,823,528		10.21%	\$ 128,701,435		10.02%	\$ 114,513,562		9.13%	\$ 103,077,522		8.28%	
*Based on 10/1 Net Taxable Grand List of:	\$ 1,491,278,140			\$ 1,311,102,718			\$ 1,284,989,136			\$ 1,253,950,246			\$ 1,244,453,932			

Source: Town of Vernon, Tax Assessor's Department

**TOWN OF VERNON, CONNECTICUT**  
**PRINCIPAL PROPERTY TAXPAYERS (CONTINUED)**  
**LAST TEN FISCAL YEARS**

Taxpayer	Fiscal Year Ended June 30,																	
	2003		2002		2001		2000		1999		1998		1997		1996			
	Taxable Assessed Value (10/01/01 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/00 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/99 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/98 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/97 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/96 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)
Javit Asset Partnership	\$ 18,350,050	1	1.51%	\$ 18,373,890	1	1.52%	\$ 11,331,110	3	0.98%	\$ 11,335,660	3	0.98%	\$ 11,199,050	5	0.98%			
Connecticut Water Company	17,758,700	2	1.46	17,639,560	2	1.46	15,877,060	1	1.37	15,757,960	1	1.37	15,957,050	1	1.40			
Evandro Santini & Woodbridge LLC	15,221,584	3	1.25	15,464,690	3	1.28	13,920,800	2	1.20	13,876,310	2	1.20	13,829,440	2	1.21			
Connecticut Light & Power/Yankee Gas Co.	10,122,382	4	0.83	9,955,610	6	0.83	9,871,100	4	0.85	9,964,870	5	0.87	9,914,220	7	0.87			
CE Vernon II LLC																		
Kerensky, Schneider...(Risley Trust)	10,111,171	5	0.83	10,752,170	5	0.89	8,938,420	5	0.77	10,883,540	4	0.94	11,218,220	4	0.98			
Chapman and Mansions LLC	8,820,412	6	0.72															
Talcotville Development	7,879,850	7	0.65	8,195,420	7	0.68	7,260,800	6	0.62	7,249,820	6	0.63	7,227,660	8	0.63			
Chapman Acres	7,014,000	8	0.58	14,779,380	4	1.23	5,615,910	10	0.48	5,551,090	10	0.48						
One Fifty Five West Main St.													5,450,920	10	0.48			
Montowese Industrial Park																		
Vernon Circle Acquisition Corp.	6,449,600	9	0.53	7,868,560	8	0.65	6,368,330	7	0.55	6,368,330	7	0.55						
Nina/Ark Realty Co., Inc.	6,276,500	10	0.52	6,366,310	10	0.53	6,055,740	9	0.52	6,055,740	9	0.52	13,029,870	3	1.14			
Lee and Lamont Realty				6,557,620	9	0.54	6,200,900	8	0.53	6,094,290	8	0.53	6,220,910	9	0.55			
Mount Vernon/The Gates													9,975,120	6	0.87			
Total Top 10 Taxpayers	\$ 108,004,249		88.8%	\$ 115,953,210		9.61%	\$ 91,440,170		7.87%	\$ 93,137,610		8.07%	\$ 104,022,460		9.11%			
*Based on 10/1 Net Taxable Grand List of:	\$ 1,218,580,572			\$ 1,206,148,629			\$ 1,162,324,970			\$ 1,154,197,790			\$ 1,140,176,098					

Source: Town of Vernon, Tax Assessor's Department

**TOWN OF VERNON, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

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, 2008
		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	
2008	2006	\$ 49,690,219	\$ (32,167)	\$ 49,658,052	\$ 48,770,952	98.2%	\$ n/a	\$ 48,770,952	98.2%	98.2%	\$ 887,100
2007	2005	48,761,915	(281,474)	48,480,441	47,704,186	97.8%	534,139	48,238,325	98.9%	99.5%	242,116
2006	2004	46,757,803	(377,525)	46,380,278	45,837,742	98.0%	476,059	46,313,801	99.1%	99.9%	66,477
2005	2003	45,007,299	(254,229)	44,753,070	44,228,933	98.3%	497,570	44,726,503	99.4%	99.9%	26,567
2004	2002	42,271,955	(214,749)	42,057,206	41,586,384	98.4%	457,056	42,043,440	99.5%	99.9%	13,766
2003	2001	39,914,055	(350,938)	39,563,117	39,127,150	98.0%	423,164	39,550,314	99.1%	99.9%	12,803
2002	2000	37,578,086	(291,773)	37,286,313	36,895,315	98.2%	379,037	37,274,352	99.2%	99.9%	11,961
2001	1999	35,480,700	(272,456)	35,208,244	34,770,103	98.0%	420,233	35,190,336	99.2%	99.9%	17,908
2000	1998	34,553,310	(218,060)	34,335,250	33,879,098	98.0%	439,109	34,318,207	99.3%	99.9%	17,043
1999	1997	34,150,516	(213,552)	33,936,964	33,334,937	97.6%	584,683	33,919,620	99.3%	99.9%	17,344

Note: The latest revaluation was effective for the year ended June 30, 2008. Property is taxed by the Town of Vernon only.

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

**TOWN OF VERNON, CONNECTICUT**  
**SEWER ASSESSMENTS BILLINGS AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Current Assessment Receivable July 1,</b>	<b>Assessment Billings</b>	<b>Assessment Collections</b>	<b>Current Assessment Receivable June 30,</b>
2008	\$ 718	\$ 62,227	\$ (61,658)	\$ 1,287
2007	1,485	81,718	(82,485)	718
2006	12,074	87,074	(97,663)	1,485
2005	11,998	120,219	(120,143)	12,074
2004	12,109	80,428	(80,539)	11,998
2003	12,893	134,551	(135,335)	12,109
2002	29,032	117,272	(133,411)	12,893
2001	35,740	115,290	(121,998)	29,032
2000	63,549	146,523	(174,332)	35,740
1999	65,207	124,816	(126,474)	63,549

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

**TOWN OF VERNON, CONNECTICUT**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Governmental Activities					Notes Payable	Leases Payable	Total Primary Government Total All Debt (1)	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
	General Obligation Bonds											
	General Purpose	School	Sewer	Total								
2008	\$ 13,909,000	\$ 20,393,000	\$ 2,203,000	\$ 36,505,000	\$ 13,154,440	\$ 1,262,457	\$ 50,921,897	\$ 2,021,544	2.52%	29,620	\$ 1,719	
2007	9,251,000	5,117,000	2,507,000	16,875,000	14,584,236	996,363	32,455,599	2,850,480	1.14%	29,672	1,094	
2006		3,286,000	1,729,000	5,015,000	15,986,583	1,192,669	22,194,252	2,600,045	0.85%	29,491	753	
2005		3,820,000	1,905,000	5,725,000	17,362,025	819,413	23,906,438	2,377,027	1.01%	29,338	815	
2004		4,584,000	2,201,000	6,785,000	18,711,094	918,256	26,414,350	2,210,936	1.19%	29,206	904	
2003		5,398,000	2,542,000	7,940,000	20,034,312	1,013,087	28,987,399	1,951,887	1.49%	28,718	1,009	
2002		6,232,000	2,893,000	9,125,000	21,332,190	802,330	31,259,520	1,740,564	1.80%	27,861	1,122	
2001		7,066,000	3,344,000	10,410,000	22,605,230		33,015,230	1,607,411	2.05%	28,063	1,176	
2000		7,900,000	3,895,000	11,795,000	23,853,924		35,648,924	1,449,091	2.46%	29,301	1,217	
1999		8,739,000	4,461,000	13,200,000	25,078,751		38,278,751	1,438,743	2.66%	29,269	1,308	

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) 2000/01 population estimate which was provided by the U.S. Census Bureau.

**TOWN OF VERNON, CONNECTICUT**  
**RATIO OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Total General Obligation Bonds (1)	Less Funds Provided by Sewer Assessment Fund	Net General Obligation Bonds	Other General Bonded Debt			Total Net General Bonded Debt	Net General Bonded Debt as a % of Estimated Actual Value of Property (2)	Net General Bonded Debt Per Capita (3)	
				Notes Payable	Less Funds Provided by Surrounding Municipalities	Leases Payable				Net Other General Bonded Debt
2008	\$ 36,505,000	\$	\$ 36,505,000	\$ 13,154,440	\$ (2,794,324)	\$ 1,262,457	\$ 11,622,573	\$ 48,127,573	2.38%	\$ 1,625
2007	16,875,000		16,875,000	14,584,236	(3,092,945)	996,363	12,487,654	29,362,654	1.03%	990
2006	5,015,000		5,015,000	15,986,583	(3,385,657)	1,192,669	13,793,595	18,808,595	0.72%	638
2005	5,725,000		5,725,000	17,362,025	(3,672,578)	819,413	14,508,860	20,233,860	0.85%	690
2004	6,785,000		6,785,000	18,711,094	(3,953,822)	918,256	15,675,528	22,460,528	1.02%	769
2003	7,940,000		7,940,000	20,034,312	(4,229,502)	1,013,087	16,817,897	24,757,897	1.27%	862
2002	9,125,000		9,125,000	21,332,190	(4,499,728)	802,330	17,634,792	26,759,792	1.54%	960
2001	10,410,000	(100,000)	10,310,000	22,605,230	(4,764,607)		17,840,623	28,150,623	1.75%	1,003
2000	11,795,000	(200,000)	11,595,000	23,853,924	(5,024,246)		18,829,678	30,424,678	2.10%	1,038
1999	13,200,000	(300,000)	12,900,000	25,078,751	(5,278,747)		19,800,004	32,700,004	2.27%	1,117

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- (1) See Table 14 for components of General Obligation Bonds.  
(2) Estimated Actual Value of Property - See Table 14.  
(3) Population - See Table 19.

## TOWN OF VERNON, CONNECTICUT

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

## LAST TEN YEARS

	FISCAL YEAR ENDED									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund expenditures	\$ <u>88,455,455</u>	\$ <u>71,698,078</u>	\$ <u>70,296,978</u>	\$ <u>65,533,467</u>	\$ <u>63,371,598</u>	\$ <u>62,015,031</u>	\$ <u>60,587,641</u>	\$ <u>58,905,905</u>	\$ <u>57,189,282</u>	\$ <u>54,794,657</u>
Debt service expenditures:										
Principal	\$ 1,656,374	\$ 1,187,957	\$ 855,491	\$ 1,201,310	\$ 1,322,299	\$ 1,252,333	\$ 1,227,467	\$ 1,327,468	\$ 1,347,467	\$ 1,347,467
Interest	<u>723,048</u>	<u>212,011</u>	<u>234,809</u>	<u>277,071</u>	<u>451,211</u>	<u>538,706</u>	<u>597,841</u>	<u>682,427</u>	<u>767,021</u>	<u>851,599</u>
Total debt service	\$ <u>2,379,422</u>	\$ <u>1,399,968</u>	\$ <u>1,090,300</u>	\$ <u>1,478,381</u>	\$ <u>1,773,510</u>	\$ <u>1,791,039</u>	\$ <u>1,825,308</u>	\$ <u>2,009,895</u>	\$ <u>2,114,488</u>	\$ <u>2,199,066</u>
Percentage of debt service Expenditures to General Fund expenditures	<u>2.69%</u>	<u>1.95%</u>	<u>1.55%</u>	<u>2.26%</u>	<u>2.80%</u>	<u>2.89%</u>	<u>3.01%</u>	<u>3.41%</u>	<u>3.70%</u>	<u>4.01%</u>

Source of data: Town of Vernon, Finance Department

## TOWN OF VERNON, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2008

Total tax collections for the current fiscal year, including interest and lien fees	\$ 49,954,014
Add: Reimbursement for revenue loss on Tax Relief for Elderly (C.G.S. 12-129d)	<u>                    </u>
Base for Debt Limitation Computation, Fiscal Year Ended June 30, 2008	<u>\$ 49,954,014</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit Funding</u>	<u>Total</u>
Debt limitation:						
2-1/4 times the Base for Debt Limitation	\$ 112,396,532	\$	\$	\$	\$	\$
4-1/2 times the Base for Debt Limitation		224,793,063				
3-3/4 times the Base for Debt Limitation			187,327,553			
3-1/4 times the Base for Debt Limitation				162,350,546		
3 times the Base for Debt Limitation					149,862,042	
7 times the Base for Debt Limitation						349,678,098
Total Debt Limitation	<u>112,396,532</u>	<u>224,793,063</u>	<u>187,327,553</u>	<u>162,350,546</u>	<u>149,862,042</u>	<u>349,678,098</u>
Indebtedness:						
Bonds payable	13,909,000	20,393,000	2,203,000			36,505,000
Bond anticipation notes	720,000	11,205,000				11,925,000
Notes payable			13,154,440			13,154,440
Bonds authorized and unissued	<u>4,132,000</u>	<u>38,562,000</u>	<u>162,000</u>			<u>42,856,000</u>
Total Indebtedness (1)	<u>18,761,000</u>	<u>70,160,000</u>	<u>15,519,440</u>			<u>104,440,440</u>
Less receivables (2)		<u>(1,185,919)</u>	<u>(149,769)</u>			<u>(1,335,688)</u>
Total Net Indebtedness (3)	<u>18,761,000</u>	<u>68,974,081</u>	<u>15,369,671</u>	<u>-</u>	<u>-</u>	<u>103,104,752</u>
Debt Limitation in Excess of Net Indebtedness Legal Debt Margin	<u>\$ 93,635,532</u>	<u>\$ 155,818,982</u>	<u>\$ 171,957,882</u>	<u>\$ 162,350,546</u>	<u>\$ 149,862,042</u>	<u>\$ 246,573,346</u>

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

- (1) The Town does not have any overlapping debt.
- (2) Receivables: Schools - School building grants (\$1,185,919); Sewers - Sewer assessment receivables (\$149,769).
- (3) The total net indebtedness amounts to \$103,104,752, but in no case shall the total net indebtedness exceed \$349,678,098 (7 times the Base).

Note: The Towns of Ellington, Manchester, South Windsor and Tolland allocable share of Sewer Total Indebtedness (Clean Water Fund project 200-C) totals \$2,794,324.

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF LEGAL DEBT LIMITATION**  
**LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Debt Limitation	\$ 237,753,733	\$ 243,230,190	\$ 248,429,083	\$ 263,090,065	\$ 280,194,243	\$ 296,980,992	\$ 315,210,483	\$ 327,081,769	\$ 340,763,451	\$ 349,678,098
Total Net Indebtedness	<u>(33,856,309)</u>	<u>(31,846,053)</u>	<u>(29,637,592)</u>	<u>(27,547,464)</u>	<u>(25,641,702)</u>	<u>(23,731,842)</u>	<u>(21,845,748)</u>	<u>(39,059,346)</u>	<u>(102,886,032)</u>	<u>(103,104,752)</u>
Debt Limitation in Excess of Net Indebtedness (Legal Debt Margin)	<u>\$ 203,897,424</u>	<u>\$ 211,384,137</u>	<u>\$ 218,791,491</u>	<u>\$ 235,542,601</u>	<u>\$ 254,552,541</u>	<u>\$ 273,249,150</u>	<u>\$ 293,364,735</u>	<u>\$ 288,022,423</u>	<u>\$ 237,877,419</u>	<u>\$ 246,573,346</u>
Total Net Indebtedness as a Percentage of Debt Limitation	<u>14.2%</u>	<u>13.1%</u>	<u>11.9%</u>	<u>10.5%</u>	<u>9.2%</u>	<u>8.0%</u>	<u>6.9%</u>	<u>11.9%</u>	<u>30.2%</u>	<u>29.5%</u>

Source: Town of Vernon, Finance Department.

## TOWN OF VERNON, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC DATA  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>Median Age*</u>	<u>Personal Income* (In Thousands of Dollars)</u>	<u>Per Capita Personal Income*</u>	<u>School Enrollment</u>	<u>Annual Change in School Enrollment</u>	<u>Unemployment Rate (June 30,)</u>	<u>Labor Force (June 30,)</u>
2008	29,620	39.4	n/a	n/a	3,715	(245)	5.5%	17,842
2007	29,672	37.1	\$ 5,706,015	\$ 38,697	3,797	(163)	4.3	17,496
2006	29,491	n/a	5,407,731	36,674	3,960	(90)	4.2	17,241
2005	29,338	n/a	5,157,225	35,138	4,050	(24)	4.9	16,822
2004	29,206	n/a	4,871,459	33,531	4,074	(4)	5.1	16,752
2003	28,718	n/a	4,786,546	33,624	4,078	12	4.9	16,925
2002	27,861	n/a	4,705,121	33,861	4,066	(70)	3.8	16,330
2001	28,063	35.7	4,516,966	32,997	4,136	(18)	2.6	16,419
2000	29,301	n/a	4,173,414	30,928	4,154	(51)	2.4	16,274
1999	29,269	n/a	3,959,475	29,650	4,205	(76)	3.3	16,616

\* Tolland County, Connecticut, of which Vernon is included.

n/a - Not Available.

## Sources of data:

Population estimates are provided by the Connecticut Department of Public Health, except for the Fiscal Year 2000/01, which was provided by the U.S. Census Bureau.

Personal Income and Per Capital Personal Income are identified for Tolland County, Connecticut, of which Vernon is a part. This information is provided by the Bureau of Economic Analysis, U.S. Department of Commerce.

School Enrollment is provided by the Vernon Superintendent of Schools.

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

TOWN OF VERNON, CONNECTICUT  
U. S. BUREAU OF CENSUS STATISTICS

JUNE 30, 2008

Year	Population (1)	Density (2)	Age Characteristics (1)			Income Characteristics (1)			
			Age	1990	2000	% Change	Income	2000	
							Households	% of Total	
2000	28,063	1,509	Under 5	2,528	1,713	(32.2)	\$0 to 9,999	658	5.3%
1990	29,841	1,604	5-19	4,960	5,027	1.4	\$10,000 to 14,999	697	5.7
1980	27,974	1,504	20-34	8,467	6,023	(28.9)	\$15,000 to 24,999	1,400	11.4
1970	27,237	1,464	35-54	7,811	8,647	10.7	\$25,000 to 34,999	1,520	12.4
1960	16,961	912	55-64	2,540	2,747	8.1	\$35,000 to 49,999	2,098	17.1
1950	10,115	544	Over 65	3,535	3,906	10.5	\$50,000 to 74,999	2,864	23.2
			Total	29,841	28,063	(6.0)	\$75,000 to 99,999	1,571	12.8
			Median	not available	37.7		\$100,00 or more	1,482	12.1
							Total	12,290	100.0%

Years of School Completed, Persons Age 25 and Over (1)

Educational Attainment	All Persons 1990		All Persons 2000		Income	1999	
	No.	%	No.	%		Households	% of Total
Less than 9th grade	1,482	7.5%	917	4.8%	\$0 to 9,999	1,057	8.8 %
9th to 12th grade, no diploma	2,298	11.5	1,865	9.5	\$10,000 to 14,999	680	5.6
High school graduate	5,921	29.7	5,934	30.2	\$15,000 to 24,999	1,588	13.2
Some college, no degree and associate degree	5,113	25.6	5,660	28.7	\$25,000 to 34,999	1,651	13.7
Bachelor, graduate of professional degree	5,119	25.7	5,253	26.8	\$35,000 to 49,999	2,674	22.2
					\$50,000 to 74,999	2,799	23.2
Total	19,933	100.0%	19,629	100.0%	\$75,000 to 99,999	1,041	8.6
					\$100,00 or more	556	4.7
Percent high school graduate or higher		81.0%		85.8%	Total	12,046	100.0 %
Percent bachelor's degree or higher		25.7%		26.8%			

Housing Occupancy

	All Housing Units 1990		All Housing Units 2000			1990	2000
	No.	% of Total	No.	% of Total			
Owner Occupied Housing Units	6,996	57.6%	6,935	56.5%	Median Income	\$ 40,543	\$ \$47,816
Renter Occupied Housing Units	5,141	42.4	5,334	43.5	Mean Income	\$ 43,606	\$ \$57,533
Total	12,137	100.0%	12,269	100.0%	Per Capita Income	\$ 18,888	\$ \$25,150
					% below poverty level	5.3%	5.8%

Source of Data:

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

**TOWN OF VERNON, CONNECTICUT**  
**MAJOR EMPLOYERS**  
**LAST TEN FISCAL YEARS**

Major Employer	2008		2007		2006		2005		2004	
	Number Employed	Percentage of Total Town Employment	Number Employed	Percentage of Total Town Employment	Number Employed	Percentage of Total Town Employment	Number Employed	Percentage of Total Town Employment	Number Employed	Percentage of Total Town Employment
Town of Vernon	855	4.8%	871	5.0%	847	4.9%	854	5.1%	873	5.2%
Rockville General Hospital	565	3.2%	580	3.3%	579	3.4%	610	3.6%	630	3.8%
Visiting Nurse and Health Services	333	1.9%	285	1.6%	302	1.8%	390	2.3%	440	2.6%
New England Mechanical Services	240	1.3%	208	1.2%	220	1.3%	220	1.3%	220	1.3%
Price Chopper	223	1.2%	221	1.3%	280	1.6%	270	1.6%		
State of Connecticut	196	1.1%	226	1.3%	185	1.1%	185	1.1%	165	1.0%
Stop & Shop	187	1.0%	226	1.3%	217	1.3%	240	1.4%	260	1.6%
Fox Hill Nursing and Rehabilitation	187	1.0%	183	1.0%	160	0.9%	160	1.0%	150	0.9%
Vernon Manor	183	1.0%	150	0.9%						
Ticket Network	177	1.0%								
Rein's Delicatessen			170	1.0%	160	0.9%	170	1.0%	160	1.0%
Reminder Press			150	0.9%					300	1.8%
Shaw's Supermarket					157	0.9%	170	1.0%	160	1.0%
<b>Total</b>	<b>3,146</b>	<b>17.5%</b>	<b>3,270</b>	<b>18.7%</b>	<b>3,107</b>	<b>18.0%</b>	<b>3,269</b>	<b>19.4%</b>	<b>3,358</b>	<b>20.0%</b>
<b>Labor Force</b>		<b>17,842</b>		<b>17,496</b>		<b>17,241</b>		<b>16,822</b>		<b>16,925</b>

(Continued on next page)

**TOWN OF VERNON, CONNECTICUT**  
**MAJOR EMPLOYERS (CONTINUED)**  
**LAST TEN FISCAL YEARS**

Major Employer	2003		2002		2001		2000		1999						
	Number Employed	Rank	Percentage of Total Town Employment	Number Employed	Rank	Percentage of Total Town Employment	Number Employed	Rank	Percentage of Total Town Employment	Number Employed	Rank	Percentage of Total Town Employment			
Town of Vernon	891	1	5.4%	885	1	5.4%	886	1	5.4%	892	1	5.5%	882	1	5.3%
Rockville General Hospital	692	2	4.2%	691	2	4.2%	702	2	4.3%	650	2	4.0%	600	2	3.6%
Visiting Nurse and Health Services	290	3	2.1%	350	3	2.1%	347	3	2.1%	425	3	2.6%	425	3	2.6%
Stop & Shop	252	4	1.5%	247	4	1.5%	248	4	1.5%	260	6	1.6%	260	4	1.6%
New England Mechanical Services	216	5	1.3%	219	5	1.3%	241	5	1.5%	210	8	1.3%	170	6	1.0%
Shaw's Supermarket	170	6	1.0%	158	8	1.0%	152	10	0.9%	160	9	1.0%	145	10	0.9%
Fox Hill Nursing and Rehabilitation	167	7	1.0%	168	6	1.0%	171	7	1.0%				160	7	1.0%
Rein's Delicatessen	160	8	1.0%	165	7	1.0%	155	8	0.9%	160	9	1.0%	150	9	0.9%
Reminder Press	131	9								300	5	1.8%			
Vernon Manor	143	10	0.9%	150	9	0.9%	153	9	0.9%				160	7	1.0%
Tolland Bank				141	10	0.9%									
Amerbelle Corporation							225	6	1.4%	220	7	1.4%	250	5	1.5%
Adams Food Store										370	4	2.3%			
<b>Total</b>	<b>3,112</b>		<b>18.4%</b>	<b>3,174</b>		<b>19.4%</b>	<b>3,280</b>		<b>20.0%</b>	<b>3,647</b>		<b>22.4%</b>	<b>3,202</b>		<b>19.3%</b>
<b>Labor Force</b>			<b>16,925</b>			<b>16,330</b>			<b>16,419</b>			<b>16,274</b>			<b>16,616</b>

Source: Town of Vernon Economic Development Coordinator.

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

Fiscal Year Ended June 30,	Building Permits (1)									Property Values (3)**		
	Residential		Industrial and Commercial		All Other*		Total Building Permits		Bank Deposits (2) (In thousands)	Residential	Industrial and Commercial	Nontaxable (4)
	#	Construction Value	#	Construction Value	#	Construction Value	#	Construction Value				
2008	43	\$ 9,817,719	69	\$ 3,870,742	1,613	\$ 21,958,018	1,725	\$ 35,646,479	\$ 744,794	\$ 1,204,042,543	\$ 470,833,357	\$ 232,217,470
2007	69	11,632,730	174	5,694,247	1,574	17,991,124	1,817	35,318,101	761,580	1,941,698,122	534,299,916	208,038,107
2006	51	8,109,961	163	12,272,007	1,480	2,846,258	1,694	23,228,226	748,669	1,743,708,049	489,131,510	208,479,547
2005	56	9,331,922	222	16,580,000	1,518	4,769,331	1,796	30,681,253	733,455	1,594,998,623	443,053,222	201,889,167
2004	64	8,138,600	178	11,048,981	1,385	7,665,025	1,627	26,852,606	695,890	1,415,128,918	461,805,544	202,347,687
2003	77	9,111,045	91	6,398,806	1,529	9,050,273	1,697	24,560,124	715,746	1,274,932,592	367,267,176	200,514,260
2002	74	5,465,153	126	12,185,078	1,585	4,635,442	1,785	22,285,673	674,561	1,032,649,340	390,151,162	200,723,510
2001	61	4,781,964	154	7,491,176	1,322	4,026,474	1,537	16,299,614	655,618	1,016,970,753	304,317,667	188,004,400
2000	68	6,868,846	175	6,974,526	1,494	4,441,749	1,737	18,285,121	587,719	920,448,085	255,892,631	182,790,470
1999	57	5,653,304	73	1,814,542	1,454	4,389,273	1,584	11,857,119	587,886	876,948,709	298,092,788	183,832,910

\* Includes municipal improvements, mobile homes, garages, pools, alterations, additions, stoves, sheds, fences, etc.  
 \*\* Excludes vacant land.

Source (1) Town of Vernon, Building Department  
 (2) Available on-line at [www.fidc.gov/sod](http://www.fidc.gov/sod).  
 (3) State of Connecticut Office of Policy and Management sales/assessment ratio studies.  
 (4) Town of Vernon, Assessor's Department

## TOWN OF VERNON, CONNECTICUT

## MISCELLANEOUS STATISTICS

JUNE 30, 2008

Type of Government: Mayor/Town Council

County: Tolland  
 Area: 18.6 sq. miles  
 Incorporated: 1808  
 Population (1): 29,620

## Land Use (2)

Category	Total Area		Developed		Undeveloped		Undevelopable	
	# of Acres	% of Total	# of Acres	% of Total	# of Acres	% of Total	# of Acres	% of Total
Residential	7,359	62.2%	4,627	39.1%	1,312	11.1%	1,420	12.0%
Commercial	449	3.8%	357	3.0%	92	0.8%		
Industrial	222	1.9%	193	1.6%	29	0.3%		
Mixed use	315	2.6%	85	0.7%	230	1.9%		
All other	3,495	29.5%	580	4.9%	2,915	24.6%		
Total	<u>11,840</u>	<u>100.0%</u>	<u>5,842</u>	<u>49.3%</u>	<u>4,578</u>	<u>38.7%</u>	<u>1,420</u>	<u>12.0%</u>

- (1) Population estimate per State Department of Public Health.  
 (2) Land Use statistics per the Town Planner.

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

	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government:										
Administrative	8	7	8	8	7	6	6	6	5	5
Finance	14	14	14	14	14	14	14	14	14	14
Town Clerk	4	4	4	4	4	4	4	4	4	4
Data processing	4	3	3	3	3	3	3	3	3	3
Community Development:										
Planning	2	2	2	2	2	2	2	3	3	3
Economic Development	1	1	1	1	1	0	0	1	1	1
Public Safety:										
Police	67	67	67	66	66	68	68	67	67	65
Fire/Ambulance	2	2	2	2	1	1	1	1	1	1
Building	5	6	5	5	5	5	5	5	5	5
Animal Control	2	2	2	2	2	2	2	2	2	2
Maintenance and development:										
Public Works	51	51	48	48	48	48	47	47	47	47
Engineering	4	4	4	4	4	4	4	4	5	5
Water Pollution Control	24	24	24	24	24	23	23	23	22	22
Human Services:										
Youth Services	3	3	3	3	3	3	2	2	2	2
Social Services	4	4	4	4	4	4	4	4	4	4
Senior Center	3	3	3	3	3	3	3	3	2	2
Parks and Recreation:										
Administration	6	6	6	6	6	6	6	6	6	6
Parks Maintenance	6	6	6	6	6	6	6	6	6	6
Townwide:										
Cemeteries	3	3	3	3	3	3	3	3	3	3
Subtotal Town Hall employees	213	212	209	208	206	205	203	204	202	200
Education	642	659	638	646	667	686	682	682	690	682
Total Full-Time Employees	<u>855</u>	<u>871</u>	<u>847</u>	<u>854</u>	<u>873</u>	<u>891</u>	<u>885</u>	<u>886</u>	<u>892</u>	<u>882</u>

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

## TOWN OF VERNON, CONNECTICUT

## MUNICIPAL EMPLOYMENT

JUNE 30, 2008

<u>Municipal Employment</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Board of Education	642	659	638	646	667	686	682
General Government	213	212	209	208	206	205	203
Total	<u>855</u>	<u>871</u>	<u>847</u>	<u>854</u>	<u>873</u>	<u>891</u>	<u>885</u>

<u>Board of Education</u>	<u>Bargaining Unit</u>	<u>Employees Covered at June 30, 2008</u>	<u>Current Contract Expiration Date</u>
Clerical/Custodial/Maintenance	Local 1303, AFSCME, AFL-CIO	68	6/30/2009
Teachers	Vernon Education Association	336	6/30/2011
School Administrators	Vernon School Administrators Association	22	6/30/2012
School Nurses	Vernon School Nurses' Association	10	6/30/2010
Cafeteria	United Food & Commercial Workers, Local 919, AFL-CIO	35	6/30/2008
Plant Operation Supervisors	Local 818, Council #4, Supervisors	3	6/30/2009
Service Aids and Teacher Assistants	Vernon Federation of Paraprofessionals	139	6/30/2007
Librarians/Media Managers/ Assistants	Local 1303-279, AFSCME, AFL-CIO	10	6/30/2010
Non-Bargaining Employees	Not affiliated	19	n/a
Total Board of Education		<u>642</u>	

<u>General Government</u>	<u>Bargaining Unit</u>	<u>Employees Covered at June 30, 2008</u>	<u>Current Contract Expiration Date</u>
Police Officers	Local 17, Connecticut Independent Police Union	50	6/30/2011
Public Works/Parks/Water Pollution	Local 1471, AFSCME, AFL-CIO	60	6/30/2010
Public Works Supervisors	Local 818, AFSCME, AFL-CIO	5	6/30/2009
Civilian Police Department Employees	Local 47, Connecticut Independent Laborers Union	14	6/30/2011
Professionals	Local 818 Professionals, AFSCME, AFL-CIO	30	6/30/2009
Public Works Administrative Clerical	Local 1471, AFSCME, AFL-CIO	3	6/30/2009
Waste Treatment Plant Supervisors	Local 818, AFSCME, AFL-CIO	3	6/30/2009
Non-Bargaining Employees	Not affiliated	48	n/a
Total General Government		<u>213</u>	

Source of data:

Board of Education, Director of Business Office.

General Government, Town Administration.

**TOWN OF VERNON, CONNECTICUT**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<u>Community Development</u>										
Planning Administration:										
Number of Inland Wetland applications	13	24	31	17	5	n/a	n/a	n/a	n/a	n/a
Number of Planning/Zoning applications (both indicators based on calendar year)	27	38	42	32	30	n/a	n/a	n/a	n/a	n/a
<u>Public Safety</u>										
Police:										
Number of crime	393	375	440	404	n/a	n/a	n/a	n/a	n/a	n/a
Number of motor vehicle infractions	1,383	1,720	1,351	1,919	n/a	n/a	n/a	n/a	n/a	n/a
Number of citations	6,917	9,002	6,382	8,158	n/a	n/a	n/a	n/a	n/a	n/a
Number of service calls (all indicators based on calendar year)	20,379	20,754	19,104	19,958	n/a	n/a	n/a	n/a	n/a	n/a
Building Inspection:										
Building permits issued	1,725	1,829	1,694	1,796	1,627	1,697	1,785	1,537	1,737	1,584
Building inspections conducted	2,073	1,817	1,731	1,401	n/a	n/a	n/a	n/a	n/a	n/a
<u>Maintenance and Development</u>										
General Maintenance:										
Miles of streets paved / reconstructed	3.1	4.41	3.43	0.6	0.43	2.26	1.54	n/a	n/a	n/a
Refuse Collection and Disposal:										
Tons of Municipal Solid Waste collected	8,770.60	8,975.21	9,177.05	8,988.35	9,012.49	n/a	n/a	n/a	n/a	n/a
Tons of Bulky Waste received	1,685.00	1,575.76	1,188.81	1,510.98	1,357.76	n/a	n/a	n/a	n/a	n/a
Recycling:										
Tons of Recyclables collected	1,946.80	2,135.41	2,153.59	2,312.51	2,177.48	n/a	n/a	n/a	n/a	n/a
Tons of Waste Motor Oil received	12.9	26.5	16.5	21.1	22.3	n/a	n/a	n/a	n/a	n/a
Tons of Metal received	365	476	551	669	592	n/a	n/a	n/a	n/a	n/a
<u>Parks and Recreation</u>										
Recreation programs:										
Number of programs offered	92	75	68	60	57	62	52	n/a	n/a	n/a
Number of summer camp participants	2,363	2,345	2,598	1,325	n/a	n/a	n/a	n/a	n/a	n/a
<u>Townwide</u>										
Vernon Cemeteries:										
Number of cemetery lots sold	48	69	51	94	63	138	76	51	36	60
Number of burials / cremations	80	75	87	95	70	105	78	80	68	90
Water Pollution Control Facility:										
Average daily sewage treatment (thousands of gallons)	3,760.0	4,140.0	4,094.4	3,791.4	4,794.7	3,215.7	3,493.0	3,693.3	3,755.0	3,842.3

Source of data: Various town departments

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

n/a = Information is not available or the information is not readily available at this time or the database for depicted years differs significantly from less recent years.

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

	<b>FISCAL YEAR</b>									
	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
<b>Public Safety:</b>										
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	49	49	48
Number of fire/ambulance stations	6	6	6	5	5	5	5	5	5	5
Number of fire/ambulance volunteers	135	138	123	132	130	138	150	123	116	121
<b>Maintenance and Development:</b>										
Miles of improved roads	111.81	111.81	111.81	111.08	111.02	111.02	111.08	109.95	109.95	109.83
Miles of unimproved roads	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Miles of sanitary sewers	112	112	112	112	112	87.88	87.88	87.88	87.44	87.44
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
<b>Parks and Recreation:</b>										
Number of parks	22	22	22	22	22	22	22	23	17	15
Acres of park land	568.3	568.3	568.3	568.3	568.3	568.3	568.3	568.7	506.8	380.5
Number of pools	2	2	2	2	2	2	2	2	2	2
Number of beaches	2	2	2	2	2	2	2	2	2	2
<b>Education:</b>										
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
<b>Townwide:</b>										
Number of cemeteries maintained	5	5	5	5	5	5	5	4	4	4

Source of data: Various town departments.

Note: No capital asset indicators are available for general government, community development or human services functions.

**TOWN OF VERNON, CONNECTICUT**  
**SCHOOL FACILITIES AND ENROLLMENT DATA**

JUNE 30, 2008

School	Grades	# of Classrooms	Total Floor Area (Sq. ft)	School Capacity	School Enrollment as of 10/1/2007
Elementary Schools:					
Center Road	Pre-K to 5	33	72,255	825	445
Lake Street	Pre-K to 5	20	38,320	525	233
Maple Street	Pre-K to 5	23	36,000	525	343
Northeast	Pre-K to 5	19	40,469	525	314
Skinner Road	Pre-K to 5	21	48,000	525	330
Total Elementary Schools				2,925	1,665
Middle School	6 to 8	70	140,000	1,500	811
Rockville High and VO-AG	9 to 12	136	212,273	2,400	1,226
Talcotville	Special Ed	8		90	13
Total All Schools				6,915	3,715

**ACTUAL SCHOOL ENROLLMENTS  
 LAST TEN FISCAL YEARS**

School Year	Pre-K	K-5	6-8	9-12	Ungraded	Total	Annual % Change
1998/99	62	2,002	935	1,127	79	4,205	(1.78) %
1999/00	56	1,937	913	1,167	81	4,154	(1.21) %
2000/01	64	1,858	955	1,187	72	4,136	(0.43) %
2001/02	58	1,780	945	1,229	54	4,066	(1.69) %
2002/03	54	1,774	961	1,227	62	4,078	0.30 %
2003/04	46	1,751	944	1,292	41	4,074	(0.10) %
2004/05	40	1,710	939	1,314	47	4,050	(0.59) %
2005/06	34	1,667	929	1,284	46	3,960	(2.22) %
2006/07	26	1,656	851	1,244	20	3,797	(4.12) %
2007/08	39	1,626	811	1,226	13	3,715	(2.16) %

\* As of October 1.

**PROJECTED SCHOOL ENROLLMENTS**

2008/09	36	1,642	787	1,140	13	3,618	(2.61) %
2009/10	36	1,694	774	1,072	13	3,589	(0.80) %
2010/11	36	1,713	762	1,054	13	3,578	(0.31) %
2011/12	36	1,711	776	1,002	13	3,538	(1.12) %
2012/13	36	1,752	774	956	13	3,531	(0.20) %

Actual Enrollments: Superintendent of Schools Office

Projected Enrollments: State of Connecticut Department of Education