

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**of the**

**TOWN OF VERNON,  
CONNECTICUT**

**FOR THE YEAR ENDED**

**JUNE 30, 2014**

**PREPARED BY:  
THE FINANCE DEPARTMENT**

**JAMES LUDDECKE, FINANCE OFFICER/TREASURER**

**TOWN OF VERNON, CONNECTICUT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

---

	<u>PAGE</u>
 <b><u>INTRODUCTORY SECTION</u></b>	
LIST OF PRINCIPAL OFFICIALS .....	1
ORGANIZATION CHART .....	2
LETTER OF TRANSMITTAL .....	3
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE YEAR ENDED JUNE 30, 2013 .....	24
 <b><u>FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR'S REPORT .....	25
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	28
 <b><u>BASIC FINANCIAL STATEMENTS</u></b>	
<b><u>GOVERNMENT-WIDE FINANCIAL STATEMENTS:</u></b>	
<b><u>EXHIBITS</u></b>	
A      STATEMENT OF NET POSITION .....	44
B      STATEMENT OF ACTIVITIES .....	46
 <b><u>FUND FINANCIAL STATEMENTS:</u></b>	
C      BALANCE SHEET - GOVERNMENTAL FUNDS AND RECONCILIATION OF FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES .....	47
D      STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS .....	49
E      RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES .....	50
F      STATEMENT OF NET POSITION - PROPRIETARY FUNDS .....	52
G      STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS .....	53

TOWN OF VERNON, CONNECTICUT  
TABLE OF CONTENTS (CONTINUED)

---

EXHIBITS	PAGE
----------	------

**FUND FINANCIAL STATEMENTS: (CONTINUED)**

H	STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS .....	54
I	STATEMENT OF FIDUCIARY NET POSITION.....	55
J	STATEMENT OF CHANGES IN FIDUCIARY NET POSITION .....	56

**NOTES TO BASIC FINANCIAL STATEMENTS:**

K	NOTES TO BASIC FINANCIAL STATEMENTS .....	57
---	---	----

**REQUIRED SUPPLEMENTARY INFORMATION:**

RSI-1	SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL- GENERAL FUND .....	108
RSI-2	SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL- GENERAL FUND .....	112

**POLICE PENSION PLAN, TOWN PENSION PLAN AND VOLUNTEER FIRE  
FIGHTERS LENGTH OF SERVICE AWARD PROGRAM (LOSAP)**

RSI-3	SCHEDULES OF CHANGES IN NET PENSION LIABILITY .....	118
RSI-4	SCHEDULES OF NET PENSION LIABILITY .....	121
RSI-5	SCHEDULES OF CONTRIBUTIONS .....	124
RSI-6	NOTES TO REQUIRED SUPPLEMENTARY INFORMATION .....	127
RSI-7	SCHEDULES OF FUNDING PROGRESS.....	130

**TOWN OF VERNON OTHER POST-EMPLOYMENT BENEFIT PLANS**

RSI-8	SCHEDULES OF FUNDING PROGRESS.....	132
RSI-9	SCHEDULES OF EMPLOYER CONTRIBUTIONS .....	134
RSI-10	NOTES TO REQUIRED SUPPLEMENTARY INFORMATION .....	135

**SCHEDULES**

**SUPPLEMENTAL SCHEDULES**

**GENERAL FUND**

1	COMPARATIVE BALANCE SHEETS .....	136
2	REPORT OF THE TAX COLLECTOR.....	137

TOWN OF VERNON, CONNECTICUT  
TABLE OF CONTENTS (CONTINUED)

<u>SCHEDULES</u>	<u>PAGE</u>
<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
3 COMBINING BALANCE SHEET.....	138
4 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES .....	143
<u>INTERNAL SERVICE FUNDS</u>	
5 COMBINING STATEMENT OF NET POSITION .....	148
6 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION .....	149
7 COMBINING STATEMENT OF CASH FLOWS.....	150
<u>FIDUCIARY FUNDS</u>	
8 COMBINING STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUNDS .....	151
9 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS .....	152
<u>CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS</u>	
10 SCHEDULE BY FUNCTION AND ACTIVITY.....	153
11 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY .....	154
<u>TABLE</u>	
<u>STATISTICAL SECTION</u>	
1 NET POSITION BY COMPONENT .....	155
2 CHANGES IN NET POSITION .....	156
3 FUND BALANCES, GOVERNMENTAL FUNDS .....	158
4 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS .....	159
5 TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY .....	160
6 PRINCIPAL PROPERTY TAXPAYERS.....	161
7 PROPERTY TAX LEVIES AND COLLECTIONS.....	162
8 RATIO OF OUTSTANDING DEBT BY TYPE .....	163
9 RATIO OF NET GENERAL BONDED DEBT OUTSTANDING .....	164
10 SCHEDULE OF DEBT LIMITATION.....	165



TABLE

SCHEDULES

PAGE

**STATISTICAL SECTION (CONTINUED)**

11	SCHEDULE OF LEGAL DEBT LIMITATION .....	166
12	DEMOGRAPHIC AND ECONOMIC DATA.....	167
13	MAJOR EMPLOYERS .....	168
14	MUNICIPAL EMPLOYMENT BY BARGINING UNIT.....	169
15	MUNICIPAL FULL-TIME EMPLOYMENT BY FUNCTION/PROGRAM .....	170
16	OPERATING INDICATORS BY FUNCTION/PROGRAM .....	171
17	CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM .....	172

**TREND INFORMATION**

18	BALANCE SHEETS - GENERAL FUND.....	173
19	REVENUES BY SOURCE AND OTHER FINANCING SOURCES - GAAP BASIS GENERAL FUND .....	174
20	EXPENDITURES BY FUNCTION AND OTHER FINANCING USES - GAAP BASIS GENERAL FUND .....	175
21	SEWER ASSESSMENTS BILLING AND COLLECTIONS.....	176
22	CHANGES IN NET POSITION - PENSION TRUST FUND.....	177
23	RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL DEBT TO GENERAL FUND EXPENDITURES - GAAP BASIS.....	178
24	NET TAXABLE GRAND LIST AND PERCENTAGE CHANGE BY TAXABLE PROPERTY .....	179
25	U.S. BUREAU OF CENSUS STATISTICS .....	180
26	PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS.....	181
27	LAND USE/ZONING STATISTICS .....	182
28	SCHOOL FACILITIES AND ENROLLMENT DATA.....	183

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# Introductory Section

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**TOWN OF VERNON, CONNECTICUT**

**LIST OF PRINCIPAL OFFICIALS**

**JUNE 30, 2014**

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**MAYOR**

Daniel A. Champange

**TOWN COUNCIL**

Kimberly Appleyard  
William F. Campbell  
Julie Clay  
Virginia M. Gingras  
John C. Kopec  
Fred Lehmann

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

**TOWN OFFICIALS**

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

John D. Ward  
James M. Luddecke  
Bernice K. Dixon  
James Kenny  
Stephen Clark  
William M. Call  
Robert Sigan  
Michael J. Purcaro  
Robert Kleinhans  
Bruce W. Dinnie  
Paula Claydon  
Marina Rodriguez  
David R. Ignatowicz  
Alan M. Slobodien  
Jean Gauthier  
Craig P. Segar  
David A. Wheeler  
Dawn Maselek  
Harry Boyko  
George Rostkowski  
Alan B. West  
Terry A. Hjarne  
Frank J. Zitkus  
Raymond A. Walker  
Judith A. Beaudreau  
John K. Anderson  
Harold R. Cummings  
Terry D. McCarthy  
Shaun Gately, Interim  
Shaun Gately

**BOARD OF EDUCATION**

Michelle B. Arn  
Laura B. Bush, Secretary  
Amarjit Singh Buttar  
Anne H. Fischer, Chairperson  
Dean A. Houle, Vice-chairperson

David G. Kemp  
Mark Kalina  
Stephen Linton  
Paul Stansel

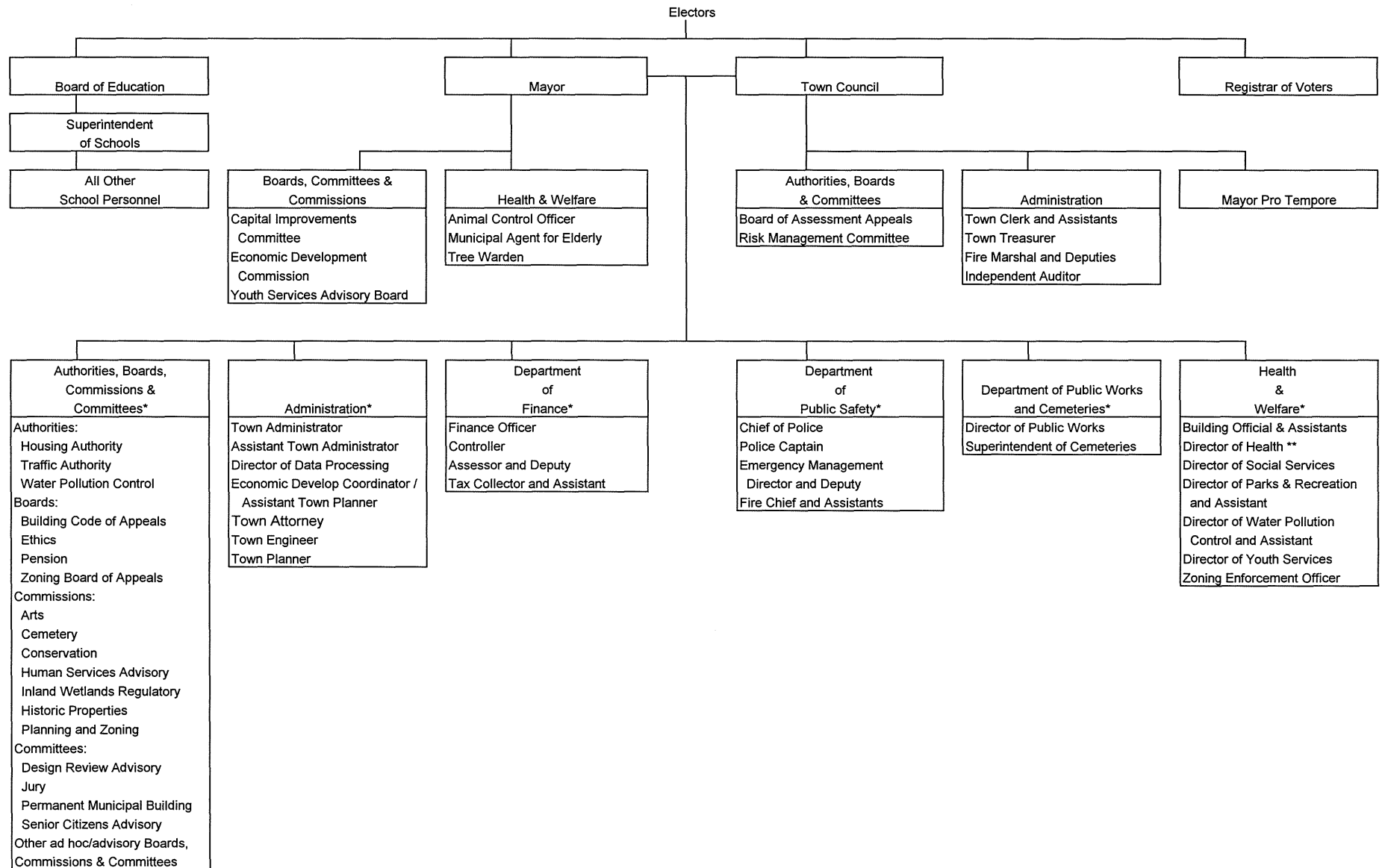
**EDUCATION OFFICIALS**

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

Mary P. Conway  
Jeffrey Burt  
Michael J. Purcaro

# TOWN OF VERNON, CONNECTICUT

## ORGANIZATION CHART



\* Mayor recommended, Town Council approved.

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



OFFICE OF THE  
FINANCE DEPARTMENT

# TOWN OF VERNON

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February 5, 2015

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, 2014. This report was prepared in its entirety by the Town's Finance Department and consists of management's representations concerning the finances of the Town of Vernon. Consequently, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Town as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the Town's financial condition and the financial results of its operations have been made. To provide a reasonable basis for making these representations, management of the Town of Vernon has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable accounting information for the preparation of the Town of Vernon's financial statements in conformity with generally accepted accounting principles for governmental units as promulgated by various authoritative bodies through their publications, statements of position, and other pronouncements. These bodies include the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants, and the State of Connecticut Office of Policy and Management. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

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

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

The Town of Vernon Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the Town by independent certified public accountants selected by the Town Council. This requirement has been complied with and the Town's financial statements have been audited by CohnReznick LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2014, are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentations. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The state single audit, in conformity with legal requirements and internal controls for state assistance was also performed. These reports are available in the Town's separately issued Single Audit Report.

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

### **Profile of the Town**

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

The Town of Vernon provides a full range of services, including police and fire protection, ambulance services, construction and maintenance of streets and other infrastructure, solid waste and recycling services, building maintenance; and also offers and supports a variety of human services, recreational activities and cultural events. The Town owns and operates an advanced wastewater treatment facility that serves approximately 80% of the Town's residents. With the capability of treating an average flow of 7.1 million gallons per day, the facility also accepts sanitary waste from portions of the surrounding towns of Tolland, Ellington, Manchester and South Windsor in accordance with the provisions of Intergovernmental Sewer Agreements between each of those communities and the Town. The Town's educational system for its

residents consists of five elementary schools, one middle school, and one senior high school that includes a regional Vo-Ag school on its campus. In addition, Vernon has one K-8 parochial school.

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

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

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

## **Local Economy and Major Initiatives**

### **Local Economy**

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

The economic base for Connecticut, as well as for Vernon, has had an overall change from that of manufacturing to retail commerce and professional services. Of the top fifteen firms in Vernon, 70.2% are employed in services, 22.6% are employed in retail sales and only 7.2% are employed in manufacturing and printing. Approximately 41.4% of this employment is with non-profit and public organizations. The largest Vernon employer is the Town of Vernon, which has 846 employees.

The second largest employer is Rockville General Hospital with 501 employees, followed by Visiting Nurse and Health Services with 462 employees, Stop and Shop with 316, New England Mechanical Services with 275, Price Chopper with 221, Vernon Manor with 175, Healthwise Medical Associates with 160, Rein's Delicatessen with 155 and Fox Hill Nursing and Rehabilitation with 149 employees.

In Vernon, the number of individuals employed by the top ten companies decreased by 76 or 2.28% during the past year. Increases in employment by the top ten employers include six at the Town of Vernon, 75 at New England Mechanical and 5 at Healthwise Medical Associates. Top ten employers reporting decreases

include 22 at Rockville General Hospital, 43 at Visiting Nurse and Health Services, 7 at Stop and Shop, and 41 at Fox Hill Nursing and Rehabilitation. Employment at the next top 5 employers decreased by a net 10 employees, with additions of 22 at Kmart and 27 at Suburban Subaru, and the reduction of 59 at State offices.

Vernon's population for the year ended June 30, 2014, was 29,161 compared with 29,122 on June 30, 2013, an increase of 39 or .13%. This increase follows a decrease in population of 57 or .20% during the previous one-year period.

Approximately 82% of Vernon's labor force is employed outside the Town. On a regional basis, our residents' income is derived from major insurance firms, defense industries, financial institutions and capital goods producers. The Town's unemployment rate at June 30, 2014 was 6.6%, a .9% decrease from the June 30, 2013 rate of 7.5%. The unemployment rate continues to be influenced by the modest growth in the overall economy. Vernon's unemployment rate compares similarly to that of the State of Connecticut, 6.7%, and for the nation, 6.1%.

<b>Vernon Unemployment</b>		
<b>June 30th,</b>	<b>Rate</b>	<b>Change</b>
2014	6.6%	-0.9%
2013	7.5%	-0.5%
2012	8.0%	-0.4%
2011	8.4%	0.0%
2010	8.4%	1.1%
2009	7.3%	1.8%
2008	5.5%	1.2%
2007	4.3%	0.1%
2006	4.2%	-0.7%
2005	4.9%	

The Town of Vernon generally shares the same economic health as the State of Connecticut and the Hartford region, therefore experiencing the growth in service producing sectors of the economy, as the recovery from the 2008 recession is improving modestly. In terms of jobs, Connecticut has regained about three quarters of the 120,000 jobs lost in the recession, trailing the national trend which is now exceeding pre-recession levels. But job growth that lags behind the national trend is not a new phenomenon; it has been a consistent feature of Connecticut's economy, as has the attribute of wages long surpassing national averages. But the state's unemployment rate has not been this low since November, 2008. The projection for 2015 is continued growth at an estimated 25,100 jobs. Although the quality of recent job growth may be inferior to the past as there are indications of wage slippage. But continued investment in new technologies and medical care will remain imperative for job retention, as well as growth. The Connecticut economy has been strengthened by its Small Business Express Program, which provides loans and grants to small businesses, assisting 1,207 companies with more than \$171 million in loans and grants. The State's own fiscal outlook last year was stable as it produced a surplus of \$248.5 million, increasing the "Rainy Day" fund to \$519.2 million. But in contrast, recent forecasts for 2015 indicate a projected deficit of \$121 million and budget deficits of \$1.4 billion for fiscal year 2016; and \$1.5 billion for fiscal year 2017. The influence of oil price declines, investment income fluctuations, capital gains reductions, Medicaid cost, debt service and health care



expenses all factor into the projections. The impact to the Town of Vernon, as well as other communities, most likely will be either level state aid or possible reductions.

The October 1, 2013 grand list, effective for fiscal year 2014-15, increased by 1.60% from the prior year, which included an increase in real property of .65%, an increase in personal property of 12.64% and an increase in motor vehicles of 4.72%. This follows a .23% decrease in the prior year grand list. That decrease included decreases of 9.39% in personal property and 2.17% in motor vehicles and an increase in real estate of .45%.

Property taxes have been supported by strong collection rates, averaging 98.34% over the past ten years.

The number of building permits increased from 1,903 to 1,938, and the value of those permits decreased from \$27,638,857 to \$22,896,635.

The 2014-2015 operating budget was approved by the Town Council and sent to the annual Town Meeting and adopted on April 22, 2014. The mil rate increased by .71 mils, or 2.00%, from 35.40 mils to 36.11 mils. We will continue to provide the voters with information to make knowledgeable decisions, as we have a responsibility to educate our residents on the programs and services presently provided, as well as those proposed.

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

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

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

### **Rockville Section:**

The former Rockville mills section has made a transition from being primarily an industrial and commercial center to being a professional and governmental center. It is the site of local government, education, and State of Connecticut administrative offices and courthouses. The initial development of downtown Rockville occurred over one hundred years ago, creating its distinctive Victorian urban character and invaluable architecture. However, this also creates the need for reinvestment and modernization. The Planning and Zoning Commission has recently adopted a Village District Zone in the Rockville downtown area in an effort to ensure that future development is encouraged, but also be compatible with the historic attributes and character of this area. In addition to improvements to municipal and state buildings, the following recent advancements have been made. Recent approvals for the construction of a parking garage and renovation of the former Amerbelle Mill into usable office space is scheduled to begin in 2015. Besides the redevelopment of Amerbelle Mill, there are currently two other mill conversions underway, the long-awaited conversion of the former Roosevelt Mill into Loom City Lofts (68 residential units) and the redevelopment of the former Hockanum Mill into 150,000 square feet of industrial space.

The Town of Vernon has actively supported the redevelopment of the Village Street area adjacent to Rockville General Hospital in supporting the Vernon Nonprofit Housing Corporation's (VNHC) rehabilitation of eleven structures on the street, by providing Community Development Block Grant (CDBG) funds to assist first time home buyers. The houses controlled by VNHC have received environmental remediation and new roofs. The VNHC has renovated and sold 7 units on Village Street and has an additional 6 on vacant lots to be developed. To further this effort of reinforcing neighborhood rehabilitation activities, Village and Orchard Streets have recently been reconstructed. Also funded by the CDBG program, several housing units received rehabilitation loans during the fiscal year totaling \$177,079.

The Rockville Public Library at 52 Union Street received approval in April 2009 for a new addition to the existing facility. Construction commenced in June 2013 and was completed in September 2014, adding 3,785 square feet of finished area. In support of this effort, the Town worked with the Library to transfer resources from the Alice Maxwell Trust fund; and waived the \$45,210 building construction permit. At One Ellington Avenue, a carriage house to an existing long-vacant mansion was converted to seven apartments for veterans. Conversion of the mansion into ten similar units began in the fall of 2012 and was dedicated in August, 2013. An additional four units were approved by the Town last fiscal year.

A long-time vacant building at 176 Union Street was sold and has undergone major renovations and, subsequently, was opened as a new restaurant in early 2012. Another vacant structure was converted into a convenience store / deli at 60 Prospect Street, which has cultivated a village feel to this neighborhood.

In October, 2008, the Vernon Planning and Zoning Commission (PZC) adopted zoning regulations for a comprehensive multi-family development zone. The PZC approved a preliminary plan in April 2010 within this zone for 35 units on a 16-acre site at 41 Pleasant Street. It is anticipated that as market conditions improve with a boost in capital lending, an application for final approval will be submitted to build these units.

In October, 2010, the PZC revised an adaptive re-use zoning regulation originally developed for conversion of obsolete mill buildings and made it applicable to any structure in Rockville built no later than 1910 and containing a minimum of 5,000 square feet. This amendment will allow old buildings that have outlived their original uses to be returned to economically viable uses. There are four Mill properties that are in the process of being redeveloped and may make use of this provision (Talcott Mill, Hockanum Mill, Amerbelle Mill and Roosevelt Mill). These projects are in various stages of redevelopment.

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

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

The State of Connecticut completed the reconstruction and safety improvements along a section of Talcottville Road (Route 83). This project extends from the I-84 off ramp, northerly to Pitkin Street and provides for improved operations and safety, by the addition of a center landscaped median, lane additions and traffic signal additions and modifications. This project, 100% funded by the State, supports and enhances the commercial and retail developments in the area.

The K-Mart Plaza, located on Pitkin Road and Route 30, and the Goodyear Tire Plaza, 378 Kelly Road, although both endured transition phases of businesses closing and new businesses opening, remain stable and attractive developments in promising locations. Scooter Pros, 99 Restaurant, Stop and Shop and Economy

Oil on Hartford Turnpike; and Dunkin Donuts, the Sunoco and Citgo service stations, Taco Bell, McDonald's, all on Talcottville Road, as well as Johnnie's Mobil on West Street, have all been renovated in recent years.

In the past year, several auto dealerships have been remodeled with additions. At 704 Talcottville Road, Olenders Automotive completed construction of an 8,900 square foot addition in 2014. This project received approval for a three-year tax abatement phase-in. Other recent renovations were located at 777 Talcottville Road, Scranton Motors has added 6,250 square feet to the existing structures; at 21 Hartford Turnpike, Key Hyundai has merged two lots and completely rebuilt their 20,737 square foot structure; and at 14 Hartford Turnpike, Suburban Subaru completed a 13,144 square foot renovation along with a 1,720 square foot addition in the current year. Also completed was an addition to Ray Seraphin Ford at 100 Windsor Ave, adding 2,862 square feet of space for a Quick Lane service center.

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

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

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

The new owners of the former Heartland Plaza at 425 Talcottville Road continue restoration improvements and have made a remarkable visual change to the property. This highly visible and long time vacant and blighted commercial structure has undergone a vibrant and aesthetically pleasing overhaul. The upgraded site, currently including an upscale Cardio Express exercise facility, a Verizon Wireless Center and the Great Harvest Bread Company, has dramatically improved the marketability of the area. Other new tenants are anticipated.

A Cumberland Farms convenience store and gasoline station at 333 Talcottville Road was completed in September, 2013. The store contains 4,514 square feet of retail space within an attractively designed building. Also in the area, an 8,372 square foot Liquor Store was constructed at 482 Talcottville Road in 2011. Pervious pavement was utilized within the parking areas, consistent with Low Impact Design (LID) principles. Papa John's Pizza renovated 1,911 square feet at 40 Windsorville Road and opened in early 2014. Pizza Hut, located at 504 Talcottville Road closed in December 2014 adding 2,594 square feet of

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

In the prior year, approval was granted by the Town for an 8,250 square foot multi-use retail store at 444 Hartford Turnpike. Dunkin Donuts opened at this location in October 2014.

The Santini Villas apartment complex, recently added 32 high-end residential units and a club house to their 1085 Hartford Turnpike development, and the construction of 66 units was recently completed at 1031 Hartford Turnpike. The developer also received approval and began construction on an additional 254-unit addition to their Grand Lofts location. In addition, numerous condominium units with nearby access to Routes 30 and 83 have previously been constructed.

Stop & Shop, after making substantial renovations at its Windsorville Road store location, constructed a fuel station at 793 Talcottville Road, which is adjacent to the supermarket. Also, The Garden Barn, located at 212 West Street, has recently expanded their operation, doubling the useable space.

### **Lafayette Square:**

The Lafayette Square commercial area has been experiencing steady development. The 28,000 square foot complex at 10 Hyde Avenue, known as 30 Lafayette Square, was purchased and the new owners rejuvenated the property, both interior and exterior, inclusive of architectural improvements to the building façade. In June 2010, the owners received approval to add a building containing a 1,800 square foot restaurant for a Dunkin Donuts and a 2,800 square foot area of retail space within the plaza. The building was completed and opened early in 2011. Two proposals for assisted living elderly facilities of approximately 100 units each have been approved by the Planning and Zoning Commission (PZC), but no action has occurred. Ongoing construction at 65 Hyde Avenue, continues for 76 luxury townhouse units at the new Bridlewood development. As part of this approval, the developer has offered to construct sidewalks from the new development along Route 30 to the Northeast School to safely accommodate school children. 56 Hyde Avenue was also converted last year from a dilapidated residential structure into a similar sized, yet completely modern, commercial building occupied by a dog grooming salon. At the shopping plaza on East Street, the Red Apple Supermarket gutted the interior and was completely renovated; and neighboring Nature's Grocer, a natural and organic food facility dedicated to a wheat and gluten-free environment, recently expanded its store within the plaza. The store attracts customers from adjacent towns. Moore's Automotive received approval for a 1,227 square foot addition to its commercial building, along with other site improvements. A sixteen lot residential subdivision was approved and ready for construction on Laurelwood Lane within close proximity of Bolton Lake.

### **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. Home Depot had received approval to build on the site but has since abandoned their plans. The site may, however, be marketed with the approval plan in place. The Town is presently considering a Tax Increment Financing District that would bring water and sewer lines up to the sites.

On the north side of Exit 67, the Planning and Zoning Commission significantly reduced a setback requirement within the mixed-use zone that substantially expands the buildable area within the zone.

The industrial park off Exit 66 continues to undergo minor development. A bulk propane distribution facility was approved late in 2009, and its construction was completed in 2011. A small addition was approved in

2010 for a vacant building in the park, which was purchased for the relocation of a business from a neighboring town.

#### **Gerber Farm:**

With co-investments from the Town of Vernon, a bridge and access road for the new Hockanum Boulevard was constructed several years ago. The bridge and road provides access to the approximately 275-acre Gerber Farm area for development. The developer constructed a 424-luxury rental unit complex, the Mansions at Hockanum Crossing, and three industrial buildings amounting to 64,000 square feet. Subsequently, the construction of Mansion 2 occurred, a 280 luxury apartment complex. Nine additional apartment buildings were constructed at Mansions II, 95 Hockanum Boulevard during the past year. The project's total net assessment, considering its real estate and personal property is approximately \$61,725,320, ranking as the largest taxable property in the Town of Vernon.

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

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

The Town received a \$9,000 state technical assistance grant to provide architectural adaptive reuse drawings for Talcottville Mill on 47 Main Street. The drawings were to be used to apply for federal and state tax credits and to establish potential construction costs for reuse of the mill. Owners of the former Mill have received approval for Federal and State historic property tax incentives and grants to allow them to convert the now vacant deteriorating site into an 84-unit residential complex. The project received local approvals in September 2012 and the estimated construction start date of this project is in the summer of 2015. Owners of a planned project planned for 68 residential units at 215 East Main Street, the remediated former Roosevelt Mill site, have also received historic property tax credits and commenced construction in December 2014. Two businesses currently occupy a portion of the Hockanum Mill at 200 West Main Street. The owner plans on renovating and developing a warehouse in support of a computer retail store, along with maintaining leases for other businesses. Amerbelle Mill located at Brooklyn and East Main Streets, ceased operations and closed in August 2012. The Town Council has authorized \$150,000 to secure and winterize the complex due to public safety concerns. The Town has recently taken ownership of this mill site and is working with the State of Connecticut and a private developer to revitalize the site into a financial service company headquarters. The Town has secured a \$2 million state Brownfield grant in 2014 to assist in this conversion by removing hazardous conditions and correcting structural building defects. In addition, a \$200 thousand state Brownfield grant was awarded for environmental assessment of mill and industrial properties in town. This assessment project began in August 2014. Across the street from the Amerbelle campus, and bordering the Paper Mill pond, is 19 Grove Street, a strip site of former retail establishments and a lumber mill. The buildings are in disrepair and the Town has been notified by the EPA of their intent to clear and remediate the property, leaving an attractive parcel to add aesthetic value to the area.

#### **National Economy:**

We are still enduring the structural harm from the recession's aftermath, and from the chronic hesitation of consistent federal policies for economic recovery. However, these are not enough to overcome the economy's current inherent strengths. There will continue to be budget showdowns, and conflict over extending the debt ceiling, which expires March 15, 2015, but the ability for lawmakers to overcome

intrinsic differences quickly, and resolve spending and debt limitation concerns, will create a favorable backdrop for hiring and capital investment.

The continued outlook for the national economy remains positive on most fronts. The Gross Domestic Product has now grown for five and a half years since the recession ended in 2009, and sustained growth near 3.0% for next year is reasonable. The U.S. trade deficit recently fell to a one-year low in light of the strengthening dollar. The unemployment rate dropped to 5.6% as of December 31, 2014, the lowest since June, 2008. A declining participation rate and recent wage slippage, factor into the ability to clearly assess underlying labor conditions, but the continuation of improved job growth is influenced by several factors, in particular, gains in consumer spending. This in turn can lead to stronger income growth, bolstering household balance sheets, which has been aided by lower oil prices. The housing market is modest, but low mortgage rates and reducing the cost of FHA insurance for first-time homebuyers, broadens the expectations for demand in the near term. The Federal Reserve, mindful of the labor data and GDP periods of stabilization, and other indicators, plans on increasing the interest rate in 2015, with some forecasts projecting 0.50 to 0.75 by the third quarter. The quality of wages, global economic weakening, and uncertainty of how long the lowered oil prices will be sustained, are factors in deferring interest rate increases until the second half of 2015.

For over 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 natural disasters and global terrorist security, continues to exacerbate the situation. Investments in infrastructure, clean water management and education, will have a positive effect locally; and the approval of a new stimulus package and jobs programs, will factor into an eventual long-term approach to economic recovery and stability. For the Town of Vernon, successful and continued pursuit of the economic development cited in this section enables the town to take advantage of any gradual business expansion and demand for developmental sites, and to time the financing of infrastructure improvements, with the intent of meeting the future with a stable and strengthened tax base.

## **Major Initiatives**

### **General Government:**

Renovations at the Town Hall Memorial Building continue, following the completion of extensive renovations to the third floor, which cost \$1,864,873. These improvements included an expanded Town Council Chambers and administrative offices. Funding was primarily supported by three state grants. Last fiscal year, \$75,000 was authorized by the Town Council for an improved Town Council Chambers audio/visual system. This project commenced in late 2014.

Renovations to the second floor mezzanine and former Town Council Chambers to serve the Finance Department commenced during the fiscal year and were completed in 2014. For a variety of reasons, inclusive of the movement of other departments in and out of Town Hall, this project had been deferred for twelve years. Funding for the project was provided by \$90,000 available from a designation in the Town Capital Non-Recurring Fund, along with an operating budget allocation of \$24,605. The renovations were capitalized at a cost of \$54,892.

Building renovations at 55 West Main Street that now house the Planning, Engineering and Economic Development Coordinator offices were completed recently at a cost of \$58,592. With the movement to 55 West Main Street, along with the Registrar of Voters to Center 375, from the first floor of Town Hall, a

newly constructed, and much needed conference room was completed with the vacated space for the Probate Court; and in addition, the Social Services Department moved from a rented facility to the first floor.

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

Town Hall electrical and generator upgrade appropriations of \$40,000 and \$25,000, respectively, were approved in the current year but upgrades have yet to take place. Americans with Disabilities Act (ADA) improvements to town facilities and parks continued, and will proceed with available funds of \$92,186. These funds are all available in the Town Capital Non-Recurring Fund.

Other recent renovations include the expenditure of \$16,165 of State LOCIP grant funds for the replacing the Town Hall Annex building roof. The Town Data Center, located on the second floor of the Annex, operates as an internal service fund, and consolidates the general government and education IT functions. The Data Center was recently renovated to integrate and house the former school technology personnel, expanding the staff from four to ten. In response to expanding technology demands, the Town executed a four-year \$660,000 operating lease for the data center to acquire servers and storage that enabled the establishment of a unified network. The project was completed in October, 2012. The Data Center is in its final stages of an optic fiber infrastructure project that is connecting the greater part of general government and school system buildings. The majority of the project is being funded through the internal service fund, along with a \$200,000 town allocation provided in the capital non-recurring expenditures account and state grant funds of \$142,578. Project completion is anticipated by the end of fiscal year 2015 at an approximate cost of \$624,000. The Town also approved \$83,965 to implement a new document management system for both the general government and school system, with one of the objectives to reduce physical storage requirements. Also, the general government and school system invested in time and attendance software and hardware at an approximate cost of \$143,125. The system is hosted by an external company.

### **Community Development:**

In a continued effort to support and initiate interest in economic development in town, \$39,600 was appropriated to the Economic Development special revenue fund during the year to finance targeted advertising and marketing efforts. Annual appropriations to this Fund commenced in 1999 and have funded several property reuse studies, retail façade improvements and the most recent Plan of Conservation and Development and its Downtown Association. In addition, continued appropriations have funded various planning, marketing and gateway enhancement initiatives. A fiscal year 2014/15 appropriation of \$41,000 further supports these efforts.

The Town received a \$300,000 Community Development Block Grant (CDBG) award for housing rehabilitation last fiscal year, supplemented with an additional \$400,000 CDBG housing rehabilitation grant award in fiscal year 2013/14. For the two grants, expenditures total \$262,796 to date.

The Town is in the eleventh year of a new housing rehabilitation grant / loan program that utilizes funds derived from former programs that produced loan program income. Participants that meet income requirements are eligible for projects involving owner occupied housing. A total of \$5,320 was expended this fiscal year, with \$54,724 as the available balance. In June 2010, the Town Council approved a designation of \$250,000 of this available program income to fund phase III reconstruction improvements to Prospect Street. Such funding was fully utilized in fiscal year 2011/12.



During the current year, a Blight Reduction Special Revenue Fund was established to purchase or demolish blighted and unsafe structures in town. Proceeds from the sale of town-owned properties will fund these activities. Receipts of \$38,379 are currently available in this Fund with \$4,200 expended in the current year. In recent years, the Town Council approved funding totaling \$199,927 for the demolition of certain foreclosed, blighted or fire damaged properties at Ward, Lawrence, McLean and High Streets, due primarily to public safety concerns; in addition to assisting the properties return to a collectable tax status and for provided parking use by the local hospital.

In August 2012, the operations at the Amerbelle Mill ceased. The Town Council authorized two \$75,000 appropriations to winterize and further secure the building for public safety concerns. A court injunction permitted the Town access to the property. Costs to secure the Mill through fiscal year 2013/14 total \$29,235. Prior to its closing, the Town secured and utilized a \$125,000 state grant to conduct an engineering and architectural feasibility study to determine the most effective building improvements for the Amerbelle Mill. In addition, the town received a \$196,000 federal grant to fund a roof replacement and additional building improvements, which were recently completed. As noted previously, the town subsequently took ownership of this property, and is working with the State and a private developer, while securing \$2.2 million of state grant funds to assist in converting this site into usable office space.

As noted above, in the prior year, the Town received a \$9,000 state technical assistance grant to provide architectural adaptive reuse drawings for Talcottville Mill. Owners of this former Mill plan to begin construction of residential units in the summer of 2015.

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

Also, the Town used a \$20,000 state grant award to fund a feasibility study of the Citizens Block. The town-owned Citizens Block is a primarily vacant commercial and mixed use 1879 building, adjacent to the 1867 senior center building, located next to Town Hall. This study required the use of \$17,303 from the town's Economic Development Fund to complete. In 2014, the Town was awarded a \$400,000 state grant for replacement windows and other exterior / façade improvements. Restoration work is planned to commence in 2015.

### **Public Safety:**

The fire department's 166 members, the largest volunteer force in the state, enable the town to apply the savings from personnel costs to equipment needs. Although the members are not employees, the Town has recognized their commitment to protecting the lives and property of our residents, and has established a Length of Service Award Program (LOSAP). This is a non-qualified employer retirement plan that commenced on January 1, 2000. To attain normal retirement, a minimum of ten years of credited service is required, with maximum credited service of thirty years. Since inception, the Town has made its employer contribution to an investment fund set up exclusively for this program as follows:



<b>Year</b>	<b>Employer Contribution</b>
2000 through 2011	\$1,002,590
December 31, 2012	\$45,237
December 31, 2013	\$34,172

A Police Digital Radio System upgrade and a Fire Monitoring and Suppression System in the equipment systems room of the Police Department were both completed in the current fiscal year utilizing \$250,000 and \$16,250 of state Local Capital Improvement Program (LOCIP) funds, respectively. Preceding this year's radio system upgrade, the Town received and utilized a \$300,000 Department of Justice COPS Tech grant and a \$100,000 state LoCIP grant to fund the digital Police radio system.

A police cruiser was purchased in the current year for \$23,832 with prior year-end encumbered funds. In addition, a \$33,253 DOJ federal grant funded the purchase of an AWD police utility vehicle and accessories. Also in fiscal year 2014/15 four additional police cruisers were purchased at a cost of \$105,563.

The Town recently received and utilized four federal grants totaling \$156,309 for two police department vehicles, digital video equipment and in-car laptops and cameras; partial grant funding for a hybrid vehicle was also received. A federal \$2,826 DUI enforcement grant was used to fund DUI enforcement equipment. In addition, construction of a police firing range was completed using General and State Asset Forfeiture funds.

Firehouse renovations were conducted during the current fiscal year at a cost of \$8,626 with an additional \$13,874 available to complete the renovations. Extrication equipment was also purchased during the year costing \$27,275. A Fire Marshal vehicle was purchased in fiscal year 2013/14 for \$26,120 with prior year-end encumbered funds and \$81,825 was expended in fiscal year 2014/15 for 15 SBCA units.

In the past year three fire trucks were acquired with proceeds of a lease purchase agreement at a cost of \$1,479,761. Accessory equipment for the trucks was purchased for \$25,380. Also last fiscal year, the Town approved \$27,701 for a fire department air compressor; and \$30,000 to complete the \$105,000 radio project undertaken by the fire department to comply with the FCC narrow banding requirement. In addition, in fiscal year 2012/13, the town fully expended a \$195,435 federal Firefighters Assistance Grant for the purchase of firefighting and protective equipment, emergency training equipment and a soft-shell emergency rehab portable structure.

Renovations to the \$225,000 LoCIP funded Fox Hill Communication Center project commenced during the fiscal year, with \$3,400 being expended.

In the current year, \$13,686 of ambulance and emergency management equipment was purchased including a portable heater for the emergency management department's rehab tent. Much of this equipment was federally funded. A year-end encumbrance of \$105,000 is available for the ensuing fiscal year to purchase a replacement ambulance. Two other recent federal grants totaling \$16,716 were used to purchase emergency management equipment. Other prior year grants have funded firefighter, ambulance and emergency management equipment and fire station improvements. The Town also used a recent federal Homeland

Security grant award to fund the purchase of an \$85,428 emergency generator at the Vernon Center Middle School (used during the October 29, 2011 snow storm which resulted in an area power outage of 10 days).

From February, 2011 to February, 2013, a period of twenty five months, five weather events have resulted in federally declared disasters making the Town eligible to received FEMA Public Assistance. The events included two historic snowstorms, in terms of record snowfall, a tropical storm resulting in damaging winds and flooding, a surprise October snowstorm that resulted in unprecedented tree damage and Superstorm Sandy which caused substantial tree damage as well. The town's Emergency Operations Center and Shelter locations were utilized for each event. Claims for Superstorm Sandy and Storm Charlotte were prepared in 2013 and the Town has successfully recouped approximately 75% of the costs of the five storms from FEMA to a total reimbursement of \$3,221,168, over the past four fiscal years. In addition, \$22,831 was recouped from the Federal Highway Transportation Administration for debris cleanup of federal-aid roads.

For the animal control facility, appropriations totaling \$123,100 for animal control renovations and caging has been approved by the Town Council. Project costs for the current year were \$52,079 and total \$97,732 to date.

### **Maintenance and Development:**

On November 2, 2004 voters approved a public improvement bond authorization, and prior to June 30, 2011 the Town had issued four general obligation bonds: \$10,300,000 on February 15, 2007, \$5,000,000 on February 1, 2008, \$720,000 on February 12, 2009; and \$3,755,000 on April 12, 2011. In April 2012, the Town refunded several debt issues including several prior public improvement bond issues. The total amount of public improvement bonded (general purpose and sewer bonded) defeased debt was \$13,174,000. The April 11, 2012 refunding issue includes \$12,517,000 of public improvement bonded debt. The authorizations / expenditures for the above projects 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	\$ 8,220	\$ 17,941,993
Improvements to waste treatment plant	1,295,000	-	-
Improvements to sewer system	1,211,000	-	1,055,536
Issuance costs		-	182,301
Accrued note interest		-	712,745
<b>Total:</b>	<b>\$ 21,609,000</b>	<b>\$ 8,220</b>	<b>\$ 19,892,575</b>

The roadway improvements included the reconstruction / repaving of 22 town roads, replacement of sidewalks, and the renovation of two (2) bridges, on West Main Street and Bolton Road. Sidewalks have been constructed at Peterson Road at a cost of \$165,583. The sewer improvement projects have been completed and 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 authorization to upgrade the waste treatment plant, to meet or surpass designated nitrogen limits, will not be utilized. The roadway improvement program is now 100% complete.

On January 28, 2014 voters approved a public road improvement bond authorization of \$27,637,000 to fund improvements to over 200 Town roads. The Town has yet to issue any debt for this project. The authorizations / expenditures for the above projects are as follows:

<b>Project</b>	<b>Amount Authorized</b>	<b>Expended Current Year</b>	<b>Expended Cumulative</b>
Roadway construction improvements	\$ 25,840,130	\$ 1,632,490	\$ 1,632,490
Equipment	200,000	51,440	51,440
DPW labor	1,596,870	49,258	49,258
Issuance costs		-	-
Accrued note interest		-	-
<b>Total:</b>	<b>\$ 27,637,000</b>	<b>\$ 1,733,188</b>	<b>\$ 1,733,188</b>

Current year costs incurred by the Road Improvements Bond Fund totaled \$1,733,188 and include \$51,440 of equipment purchases.

In addition to the public improvement and roadway improvement expenditures incurred by the Public Bond Improvements and Road Improvements Funds noted above, the town's Town Aid for Roads special revenue fund expended \$418,449 during the year, including \$240,019 for improving and \$75,323 for patching and crack sealing various town roads.

In the current fiscal year design work related to the South Street reconstruction project commenced. The design costs are estimated at \$540,750, and are funded by a 90% grant, and require a 10% or \$54,075 local match. The town has funded \$40,000 of the required match to date. Project design costs to date total \$186,907. Construction costs are estimated at \$2,852,700. A Surface Transportation Program grant was awarded by the Capital Region Council of Governments (CRCOG) to provide 80% federal funding, 10% state funding and a local 10% estimated match of \$285,270. An appropriation of \$75,000 is included in the approved fiscal year 2014/15 budget. This project complements significant roadway and sidewalk improvements on a portion of nearby Vernon Avenue that were constructed by the State DOT in the recent past.

A \$925,000 federal STP grant has been awarded through CRCOG for the construction of various new sidewalks throughout the Town. A local match of \$185,000, or 20%, is required. This project has yet to begin. A \$150,000 portion of the required match is appropriated in the fiscal year 2014/15 budget. In addition, a \$25,000 appropriation is available in the Town Capital Non-Recurring Fund for sidewalk construction.

In the Town's Capital Nonrecurring Fund, \$26,457 was expended during the last fiscal year representing the remainder of a \$240,000 state LoCIP grant for additional roadway repairs and improvements. In the year preceding that, an \$800,000 authorization for roadway repairs and improvements was completed; that followed the outlay of a \$141,000 LoCIP grant, which was fully utilized for road improvements.

Also in the recent past, a \$500,000 federal CDBG grant to upgrade High Street and two CDBG grants totaling \$750,000 to upgrade Prospect Street were utilized. In addition, available CDBG program funds of \$250,000 financed the third phase to upgrade Prospect Street. The efforts from the Vernon Department of

Public Works to complete several roads during the course of these road improvement projects, has saved the Town considerable costs.

Construction work for the **River Street and Spring Street Bridges** has recently been completed. An 80% federal / 20% state grant provided funding for the \$1,947,948 replacement cost of the Spring Street Bridge and an 80% federal / 20% state grant provided funding for the \$1,581,268 River Street Bridge reconstruction project.

The **Bolton Road Bridge** reconstruction, completed in a prior year at a cost of \$986,754, was partially state grant funded. A supplemental state bridge grant of \$144,340 was secured by the town in the current fiscal year and will be utilized to partially fund the West Main Street Bridge reconstruction project. Funding for the recently completed **Phoenix Street Bridge** reconstruction project was provided by an 80 % federal / 10% state grant amounting to \$1,251,000. The 10% local match was funded by a \$145,000 Special Act state grant, avoiding the need to issue debt for this November, 2008 referendum-approved project. The bridge reconstruction was completed in the summer of 2012 at a final cost of \$1,397,346.

Design costs, now estimated at \$332,490, for the **West Main Street Bridge** are 80% federally funded and 20% locally funded through the Public Bond Improvements Fund. \$299,189 has been expended to date. The reconstruction cost, estimated at \$3,019,000, is also eligible for the 80% federal grant award; the 20% local requirement, or \$603,800, will be funded partially with available funds in the Public Bond Improvements Fund. Reconstruction of the bridge began in April, 2014 and will be completed in 2015.

The estimated cost for the replacement of the **Main Street Bridge** over the Tankerhoosen River is \$3,283,200. Funding for the replacement will be by an 80% federal grant of \$2,626,560, with the remaining 20%, or \$656,640, to be locally funded. Local funds of \$250,000 are currently appropriated and available in the Town Capital Non-Recurring Fund; with the Town Council authorizing that the remaining \$406,640 be provided by a state LoCIP grant. A November, 2008 referendum to authorize such local funding was unsuccessful, therefore requiring identification of these two local funding sources. A consultant has been selected for the design of this project and fee negotiations are currently underway.

In addition, the DOT is currently designing the replacement of the existing bridge over the Hockanum River on Windsorville Road. All costs associated with this project for design and construction will be state administered and state funded.

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

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

During the current fiscal year, several vehicles were acquired by the public works department including a \$30,000 aerial lift that will be used to maintain town buildings; a \$51,440 mini excavator purchased with Road Improvement Bond funds for in-house road construction projects; a \$49,250 used refuse / recycling truck; a \$40,378 dump truck and three pickup trucks with plows at \$100,593, (one for the parks department, \$38,253). The combined cost of \$140,971, utilized \$133,236 of prior year-end encumbrances. In fiscal year 2014/15, 2 dump trucks with chassis and plows at a cost of \$181,458 and three additional pick-up trucks at \$109,253 have been purchased and will likely be internally funded.

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

As previously noted, other current year rolling stock purchases include the following: A police cruiser for \$23,832 with prior year-end encumbered funds; a \$33,253 DOJ federal grant funded the purchase of an AWD police utility vehicle and accessories; a Fire Marshal vehicle was purchased in fiscal year 2013/14 for \$26,120 with prior year-end encumbered funds; and a zero-turn parks mower was purchased at a cost of \$9,508.

In fiscal year 2014/15 four additional police cruisers have been purchased at a cost of \$105,563; a parks ballfield conditioner and a gang mower have been purchased at a cost of \$22,977 and \$81,825, respectively; and a used Senior Center bus was acquired for \$77,500.

Last year three police vehicles, at \$26,656 each were purchased from the fiscal year 2012/13 original budget appropriation; and the Cemetery department purchased a replacement pickup truck at a cost of \$28,333.

In the recent past, appropriations funding the purchase of new refuse and recycling tote containers for the Town's automated refuse and single stream recycling program were approved. Available funds in the Town Capital Non-Recurring Fund were utilized to fund the \$279,000 purchase of refuse tote containers and the \$170,740 purchase of recycling tote containers. Further authorizations amounting to \$319,590 were approved to purchase additional refuse and recycling totes. These costs are being reimbursed to the Fund from the General Fund over a five year period. In addition, a federal grant was obtained to purchase additional recycling containers in the amount of \$108,756.

To further support this recent program, the Town Council re-designated \$100,000 of available funds in the Town Capital Non-Recurring Fund to fund the purchase of two used automated side-loading refuse / recycling trucks and authorized the use of Town Capital Non-Recurring Funds to fund the \$214,839 purchase of a new automated side-loading refuse truck. A \$48,105 refuse truck was also purchased by the General Fund. In addition, as noted above, a \$224,633 refuse truck was acquired via lease purchase; and a \$60,055 front loading refuse truck was also purchased with available funds. An additional re-designation of \$60,000 was used to construct a new transfer station compactor to handle the additional recyclable collections. This has produced significant annual savings in hauling fees. Also, an asphalt hot patch reclaimer was obtained in a prior year capital lease.

In a prior year, an \$119,380 roadside mower was acquired with funding from the CL&P Municipal Brush Control program. CL&P is reimbursing the town over five years, with the final remittance to occur in fiscal year 2015/16.

The Ambulance Medical Services account in the Special Revenue Fund reserves funds to periodically replace each of the three ambulances that the department maintains. Reserves, accumulated over the past several years, were used to fund the replacement of all three ambulances in current operation. A fiscal year-end encumbrance of \$105,000 is available in the ensuing year to purchase a replacement ambulance.

**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. The design and construction costs of a sewer system are estimated to be \$21,699,000, with 29% or \$6,293,300 attributable to Vernon and the remainder to Bolton. Federal and state grants are estimated to offset approximately 57% of the costs, reducing Vernon's share to \$2,737,000, prior to the levy of assessments. Voters in both towns approved a special referendum held on September 27, 2005, regarding ordinances that guarantee funding for the project. Plans and funding applications have been completed. Construction, which has been phased in over a five-year period to maximize grant-funding sources, commenced in the Bolton area in the spring of 2009 and in Vernon in 2012. Project work in Vernon is anticipated to be completed in 2015, and a State of Connecticut Clean Water Fund loan obligation is to be executed simultaneously. Debt service for the project is anticipated in fiscal year 2015/16.

### **Parks and Recreation:**

Recreation programs remain very popular with our residents as demand and participation increases. The variety and number of recreational programs offered by the Town continue to increase with 102 programs offered in 2014. The town has 582 acres dedicated to recreation, which consist of 26 parks, 35 miles of trails, two pools, two beaches on lakes providing swimming, a camp, boat launch, picnic areas, and fishing and ice skating. Additionally, the Town has a teen center, numerous playgrounds, baseball and softball diamonds, soccer fields, 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.

A generous contribution of \$114,250 from the Russell Hartmann Trust to fund a pavilion at Henry Park was utilized to construct a 40' by 60' pavilion during the fiscal year. Softball field lights were replaced at Henry Park in fiscal year 2013/14 with available contributions at a cost of \$116,000. In addition, improvements to the Henry Park softball field commenced during the fiscal year with \$11,562 expended to date. This approximate \$40,000 project will be completed in 2015. Also, new playground swings were installed in Henry Park at a cost of \$49,185. Several ADA improvement projects at town parks were started in the current year including improvements at Henry Park Pavilion and Walkers Reservoir. A \$20,000 appropriation was approved by the Town Council during the year to establish a disc golf course at the Eckert's property. The project was substantially completed and opened in late 2014.

A \$27,620 designation of Downstream Funds continues to be utilized to fund invasive aquatic species surveys, management studies and removal from Valley Falls and Gages Brook Ponds, Walkers Reservoir, Middle and Lower Bolton Lakes and the Hockanum Marshes. Of the designation, \$24,361 has been expended to date. Supplementing downstream funding, a new fiscal year 2014/15 budget has been created for Invasive Aquatic Plant Management in the amount of \$19,000, to survey and combat aquatic invasive species. The Town Council also authorized \$16,000 for repairs to the Fox Hill Tower at Henry Park, of which \$9,058 have been expended to date. In May 2012, the town council authorized the use of \$18,500 in state LoCIP grant funds to fund roof replacements at Camp Newhoca. Expenditures to date on this project total \$8,801.

The State Bonding Commission has authorized \$605,000 for design and construction activities on the Valley Falls and Walkers' Reservoir dams. The Town's Capital Non-Recurring Fund also has a \$12,000 appropriation available for the proposed Valley Falls Park Dam reconstruction.

In fiscal year 2013/14 a parks pick-up truck and zero-turn mower were purchased at a cost of \$38,253 and \$9,508, respectively. In the current year, a parks ballfield conditioner and a gang mower have been purchased at a cost of \$22,977 and \$81,825, respectively. In addition, \$25,000 is appropriated in fiscal year 2014/15 for improvements to the Valley Falls Barn.

Recent park improvements included the following: Federally funded enhancements to the Talcottville section of town, totaling \$578,088, were completed in the prior year and included period lighting, sidewalks, signage, a kiosk and other land improvements; extensive renovations to the Vernon Community Arts Center were also completed last year at a final cost of \$1,794,846, funded entirely by two state grants; Valley Falls Nature Center improvements, \$69,040, funded by state LoCIP grants; and \$4,800 from the Downstream Fund to finance a completed Baseline Aquatic Study of the Dobsonville, Talcottville, Valley Falls and Eckers Ponds and Walkers Reservoir.

## Education:

On March 29, 2005, voters approved three referenda questions for the renovations to school buildings and facilities and prior to June 30, 2011 the Town had issued four school bonds: \$2,515,000 on February 15, 2007; \$16,040,000 on February 1, 2008; \$10,155,000 on February 12, 2009; and \$1,600,000 on April 12, 2011. In April 2012, the Town refunded several debt issues including several prior school bond issues. The total amount of school defeased debt was \$23,016,000. The April 11, 2012 refunding issue includes \$22,168,000 of school bonded debt. Bond anticipation notes of \$3,730,000 were issued on April 11, 2012 and were retired on October 11, 2012, with the receipt of school construction progress payments from the State of Connecticut. The authorizations and expenditures are as follows:

Project	Amount Authorized	Expended Current Year	Expended Cumulative
<b>Rockville High School - Additions &amp; renovations</b>	<b>\$ 34,657,000</b>	<b>\$ 3,440</b>	<b>\$ 30,735,782</b>
<b>Vernon Center Middle School - Renovations</b>	<b>11,519,000</b>	<b>-</b>	<b>10,783,543</b>
Center Road School	4,420,600	-	4,281,052
Lake Street School	5,828,800	-	4,958,686
Maple Street School	3,743,200	200	2,643,496
Northeast School	3,556,000	240	2,933,929
Skinner Road School	4,597,400	-	4,012,396
<b>Total Elementary Schools - Additions and renovations</b>	<b>22,146,000</b>	<b>440</b>	<b>18,829,559</b>
Issuance costs		-	338,891
Accrued note interest			1,175,907
<b>Total:</b>	<b>\$ 68,322,000</b>	<b>\$ 3,880</b>	<b>\$ 61,863,682</b>

The school building commission that was formed as of December 6, 2005, oversaw these completed projects. The recorded state progress payment reimbursement received as of June 30, 2014, is \$32,926,119. In December, 2014, the Town Council approved the transfer of available Rockville High School (RHS) project funds in the amount of \$1,170,000, to appropriate the net local share for school roof replacements at the Vernon Center Middle School (\$272,000); and the Northeast (\$383,000) and Skinner Road (\$515,000) elementary schools.

In addition to the school bond improvement authorization, several recent appropriations from the Education Capital Non-Recurring Fund have funded various school projects. Year-end education transfers to this Fund of \$394,000, \$53,306 and \$50,404 in the previous three fiscal years and \$83,000 in the current fiscal year have and will provide funding for these appropriations which include two \$100,000 appropriations to repair the Vernon Center Middle School chimney (completed at a cost of \$175,229); \$80,000 to replace the boiler

at the Education Central Administrative building (costs to date total \$39,230); \$10,000 to fund an insurance deductible for the RHS boiler replacement; \$50,000 to construct a natural gas line to the Education's Central Administration building (\$2,951 expended to date); \$25,000 for the Center Road School's gym wall repointing, recently completed; \$6,500 for Center Road School's bridge roof replacement; and \$27,906 for RHS bathroom repairs; and \$16,000 for RHS track and tennis court repairs (completed at a cost of \$15,523).

Prior year-end transfers also funded recently completed Education Capital Non-Recurring Fund projects and include the \$337,186 repair and repointing of the Board of Education administration building, the \$76,104 repaving of the Board of Education parking lot and the \$44,000 track resurfacing project at the RHS.

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

Also, the Vernon school system was awarded a \$386,394 state school security competitive grant to fund safety and security improvements at each of the Vernon schools. A local match of \$151,828 is required and is funded by \$75,914 of available Education Capital Non-Recurring Funds and a Town Council approved \$75,914 current fiscal year General Fund transfer-in. This \$538,222 project commenced during the current year and \$38,050 was expended.

In addition, a \$146,390 state grant is funding vocational education equipment. Of this amount, \$142,561 has been expended to date. Current available resources in the Education Capital Non-Recurring Fund for future education projects total \$502,330. Subsequent to June 30, 2014, the Town Council approved \$20,000 of available resources for ductwork modifications at the RHS library media center.

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

In fiscal year 2011/12, the Town refunded \$36,190,000 of general obligation bonded debt in April 2012 with a \$34,685,000 general obligation bond issue. The refunding resulted in a net present value savings of \$2,789,733; and net budgetary savings of \$3,716,215. In fiscal year 2012/13, the Town entered into capital leases for the acquisition of several public safety and public works vehicles. The \$2,010,000 in capital leases were used to acquire two fire pumper trucks, a fire rescue truck, an automated refuse / recycling truck, an excavator, a loader mounted snow blower and a parks tractor. In fiscal year 2014/15, the Town plans to issue debt to finance recently approved and on-going improvements to over 200 Town roads.

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

### **Relevant Financial Policies**

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



## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Vernon for its comprehensive annual financial report (CAFR) for the year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## Acknowledgements

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

Penny Calcasola	Payroll Coordinator
Diane Luddecke	Budget Analyst
Beverly States	Assistant Treasurer
Laurie Zevallos	Administrative Assistant

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

Respectfully submitted,



James M. Luddecke  
Finance Officer and Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Vernon  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

## INDEPENDENT AUDITOR'S REPORT

Town Council  
Town of Vernon

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Vernon, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund and the aggregate remaining fund information of the Town of Vernon, Connecticut, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the general fund budgetary comparison information and the pension and other post-employment benefit schedules on pages 28 to 43 and pages 108 to 135, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2015, on our consideration of the Town of Vernon, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vernon, Connecticut's internal control over financial reporting and compliance.

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

Hartford, Connecticut  
February 5, 2015



OFFICE OF THE  
FINANCE DEPARTMENT

# TOWN OF VERNON

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## TOWN OF VERNON, CONNECTICUT

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014**

This discussion and analysis of the Town of Vernon, Connecticut's (Town) financial performance is provided by management as an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits A to K.

#### **FINANCIAL HIGHLIGHTS**

- The Town's total net position increased as a result of this year's operations. Net position of our business-type activities increased by \$1.690 million, or 9.27%; while net position of our governmental activities increased by \$4.247 million, or 3.60%.
- During the year, the Town generated tax and other revenues, totaling \$105.280 million, that were \$4.247 million more than the \$101.033 million in expenses for governmental activities.
- In the Town's business-type activities, revenues increased to \$7.278 million (an increase of \$706 thousand or 10.74%) while expenses were reduced by \$243 thousand resulting in increased net position of \$1.690 million.
- Total combined cost of Town governmental and business activities increased by \$4.245 million from \$102.376 million to \$106.621 million.
- The General Fund reported a total fund balance this year of \$12.683 million, inclusive of unassigned fund balance in the amount of \$11.143 million.
- Revenues exceeded General Fund expenditures by \$1.279 million. This was accomplished by effectively managing appropriations by means of spending and hiring controls, and increased collections of current and prior taxes, charges for services and other revenue sources.
- The tax collection rate against the original levy was 98.8%; and 98.6% against the adjusted levy.



### OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-Wide Financial Statements

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### NET POSITION

The Town's combined net position increased from a year ago from \$136.354 million to \$142.291 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

**TABLE 1**  
**NET POSITION**  
**JUNE 30, 2014 AND 2013**  
**In Thousands**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 29,600	\$ 24,160	\$ 10,140	\$ 8,845	\$ 39,740	\$ 33,005
Capital assets (net)	152,699	155,239	10,719	10,111	163,418	165,350
<b>Total assets</b>	<b>182,299</b>	<b>179,399</b>	<b>20,859</b>	<b>18,956</b>	<b>203,158</b>	<b>198,355</b>
Non-current liabilities outstanding	45,662	50,564	424	412	46,086	50,976
Other liabilities	11,323	9,193	512	311	11,835	9,504
<b>Total liabilities</b>	<b>56,985</b>	<b>59,757</b>	<b>936</b>	<b>723</b>	<b>57,921</b>	<b>60,480</b>
Deferred inflows of resources	2,946	1,521	-	-	2,946	1,521
Net investment in capital assets	111,596	107,081	10,719	10,111	122,315	117,192
Restricted	3,072	3,078			3,072	3,078
Unrestricted	7,700	7,962	9,204	8,122	16,904	16,084
<b>Total net position</b>	<b>\$ 122,368</b>	<b>\$ 118,121</b>	<b>\$ 19,923</b>	<b>\$ 18,233</b>	<b>\$ 142,291</b>	<b>\$ 136,354</b>

#### Governmental Activities

Net position of the Town's *governmental activities* increased by \$4.247 million or 3.60%, (\$122.368 million compared to \$118.121 million). Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements — changed from \$7.962 million, at June 30, 2013, to \$7.700 million at the end of this year, a reduction of \$262 thousand.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Governmental Activities, continued**

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

- 1) The positive operating results of the general fund of \$1.279 million
- 2) The increase in net position of the internal service funds applicable to governmental activities of \$414 thousand.
- 3) Capital assets activity, resulting in a net decrease in position of \$3.253 million, was offset by a reduction in other long-term liabilities (compensated absences, retirement obligations, accrued interest and net OPEB) of \$470 thousand and the impact of debt activity totaling \$4.422 million.

The largest portion of the Town's net position, \$111.596 million or 91.20%, reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. An additional portion of the Town's net position, \$3.072 million or 2.51%, represents resources that are subject to restrictions on how they may be used.

### **Business-Type Activities**

In 2014, the net position of *business-type activities* increased by \$1.690 million or 9.27%, (\$19.923 million compared to \$18.233 million). Factoring into this change are contributed capital of \$1.114 million, reduced wage and benefit costs of \$135 thousand, reduced repair and maintenance costs of \$142 thousand, a decrease in utility costs of \$13 thousand and reduced supply and materials costs of \$51 thousand in the Sewer User Fund. These and other favorable factors contributed to a \$1.739 million increase in Sewer User Fund net position inclusive of \$56 thousand of Internal Service Fund consolidated activities related to the Sewer User Fund. Center 375 rental revenues increased by \$3 thousand while repairs and maintenance costs increased by \$19 thousand and utilities expense increased by \$10 thousand from the prior year, contributing to the Fund's \$49 thousand decrease in net position.

Although there are \$9.204 million in the unrestricted net position, these funds, however, cannot be used to make up for any decreases reported in governmental activities. The Town generally can only use this net position to finance the continuing operations of the wastewater treatment facility and Center 375.

### **CHANGES IN NET POSITION**

The Town's total revenues were \$112.558 million. The total cost of all programs and services was \$106.621 million. Our analysis below separately considers the operations of governmental and business-type activities.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**TABLE 2**  
**CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2014 AND 2013**  
**In Thousands**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenues:						
Program revenues:						
Charges for services	\$ 4,754	\$ 4,488	\$ 6,154	\$ 6,364	\$ 10,908	\$ 10,852
Operating grants and contributions	31,447	29,921			31,447	29,921
Capital grants and contributions	4,391	836			4,391	836
General revenues:						
Property taxes	62,672	58,972			62,672	58,972
Grants and contributions not restricted to specific programs	1,158	1,672			1,158	1,672
Investment income	146	135		1	146	136
Miscellaneous	701	1,005	10	207	711	1,212
Capital contributions			1,114		1,114	-
Contributions to permanent funds	11				11	-
Gain on sale of assets		44			-	44
<b>Total revenues</b>	<b>105,280</b>	<b>97,073</b>	<b>7,278</b>	<b>6,572</b>	<b>112,558</b>	<b>103,645</b>
Expenses:						
General government	5,497	5,907			5,497	5,907
Community and development	606	420			606	420
Public safety	12,687	12,414			12,687	12,414
Maintenance and development	11,402	8,841			11,402	8,841
Human services	1,301	1,311			1,301	1,311
Park, recreation and culture	2,553	2,658			2,553	2,658
Education	65,638	63,367			65,638	63,367
Interest on long-term debt	1,349	1,627			1,349	1,627
Sewer user			5,371	5,644	5,371	5,644
Center 375 (rental)			217	187	217	187
<b>Total expenses</b>	<b>101,033</b>	<b>96,545</b>	<b>5,588</b>	<b>5,831</b>	<b>106,621</b>	<b>102,376</b>
Change in net position	4,247	528	1,690	741	5,937	1,269
Net position - July 1	118,121	117,593	18,233	17,492	136,354	135,085
Net position - June 30	\$ 122,368	\$ 118,121	\$ 19,923	\$ 18,233	\$ 142,291	\$ 136,354

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### Governmental Activities

As noted earlier, net position from governmental activities increased \$4.247 million. Since the Town began preparing a statement of net position as of June 30, 2003, this is the ninth increase in the twelve year period.

On the revenue side, key factors to the overall \$8.207 million increase from the prior year were as follows:

- Property tax revenues, which comprise 59.53% of the Town's governmental activities revenues, increased by \$3.700 million as a result of the increase in the adopted budget and related levy to fund increased appropriations.
- Charges for services increased by \$266 thousand, due primarily to increases of \$135 thousand in police special services, \$54 thousand in park and recreational programs, \$53 thousand in ambulance medical services, \$60 thousand in educational charges and \$26 thousand in town clerk recording fees fee collections; offset by decreases of \$70 thousand in sewer connection charges and \$45 thousand in tuition receipts.
- Operating grants and contributions increased by \$1.526 million, including increases of \$786 thousand in education grants, \$32 thousand in cafeteria grants, \$200 thousand in town aid road grant funding and \$217 thousand in community development grant funding.
- Capital grants and contributions increased by \$3.555 million due primarily to a \$2.000 million increase in school construction grants, a \$596 thousand increase in bridge reconstruction grants, a \$270 thousand increase in grant funding use for public safety facilities, a \$143 thousand grant for information technology and a \$130 thousand increase in road improvement grants.

For governmental activities, expenses increased \$4.488 million, or 4.6%, from the previous year. Of the total expenses of \$101.033 million, 65.0% are for educational services; 12.6% for public safety; 11.3% for maintenance and development; and 5.4% for general government.

Major expense factors include:

- The cost of educational services increased by \$2.271 million due primarily to increased general fund operating costs of \$1.308 million, including significant increases in special education costs, plant operations, information technology and benefits costs; in addition on behalf retirement costs increased by \$1.115 million, cafeteria operational costs increased by \$51 thousand, special education grant costs increased by \$694 thousand, and allocable information technology costs increased by \$153 thousand, offset by decreases to adult education, \$87 thousand, and \$123 thousand in other educational grants.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- General government costs decreased by \$410 thousand, which included a significant increase for information technology operating and allocable costs of \$344 thousand offset by decreases in OPEB plan costs, fully insured and self-funded health insurance costs and workers' compensation costs.
- Community and development costs increased by \$186 thousand due primarily to increase housing rehabilitation grant funded costs.
- Public safety costs increased by \$273 thousand due primarily to reduced emergency storm related costs. In the prior year, \$94 thousand were expended on such costs compared to \$3 thousand in the current year. In addition, fire fighting and ambulance operating service costs were lower in the current year. These decreases were offset by increased building inspection costs, allocable workers' compensation and municipal insurance costs and asset forfeiture funded costs.
- Maintenance and development costs increased \$2.561 million due to increased refuse and recycling costs and increased maintenance costs for sewer lines, cemetery grounds and roadways.
- Interest on long-term debt decreased by \$278 thousand from the prior year based upon scheduled debt service payments.

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

**TABLE 3**  
**GOVERNMENTAL ACTIVITIES**  
**YEARS ENDED JUNE 30, 2014 AND 2013**  
**In Thousands**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Education	\$ 65,638	\$ 63,367	\$ 31,395	\$ 33,073
Public safety	12,687	12,414	11,375	11,281
Maintenance and development	11,402	8,841	9,139	7,712
General government	5,497	5,907	4,231	4,849
Interest on long-term debt	1,349	1,627	991	1,089
All others	4,460	4,389	3,310	3,296
<b>Total</b>	<b>\$ 101,033</b>	<b>\$ 96,545</b>	<b>\$ 60,441</b>	<b>\$ 61,300</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

Revenues of the Town's business-type activities (see Table 2) increased by 10.74%, or \$706 thousand, (\$7.278 million in 2014 compared to \$6.572 million in 2013) and expenses decreased by \$243 thousand from \$5.831 million in 2013 to \$5.588 in 2014. The factors influencing these revenue results were: A reduction in service charge revenues from the prior year of \$170 thousand, due to reduced sewer use fees collections of \$174 thousand and increased rental fees of \$4 thousand; reduced septic fee and delinquent interest collections, \$38 thousand; and reduced non-operating revenues of \$198 thousand. Capital contributions of \$1.114 million were received during the year resulting in an overall increase in revenues; without these contributions, there would have been a \$408 thousand reduction.

The decrease in expenses of \$243 thousand is comprised of a decrease in wage and benefit costs of \$135 thousand, reduced repair and maintenance costs of \$123 thousand, reduced supply and materials costs of \$51 thousand, offset by increased depreciation expense of \$60 thousand, and \$6 thousand of other costs.

### **TOWN FUNDS FINANCIAL ANALYSIS**

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

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit C) reported a combined fund balance of \$19.96 million, which is an increase of \$2.37 million from last year's total. Of total fund balance, \$9.69 million is non-spendable, committed or restricted because it has been committed for construction contracts, 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 \$1.279 million in the Town's General Fund. The unassigned fund balance, which assigned \$152 thousand for encumbrances more than the prior year, reflects an overall increase of \$1.127 million. The unassigned fund balance of the General Fund at June 30, 2014 is \$11.143 million, which represents 13.12% of estimated revenues for the ensuing year. Maintaining adequate fund balance reserves allows the Town flexibility when budgets are restricted, emergency funds are needed, and prevents cash flow problems and the related costs that can result. It is essential to have reserves available to provide funding support for major capital projects that await reimbursement from grant or bond proceeds; and for debt avoidance when applying internal financing for capital equipment. Also, income earned by keeping the funds invested assists in limiting the need for future tax increases. The primary reasons for the General Fund's increase include some of the areas discussed in the governmental funds highlights on the following page, and as reported in Exhibit D.

The Town's other major governmental fund is the Road Improvements Bond which incurred \$1,733,188 on roadway improvements costs during the current year resulting in a \$1,733,188 fund balance deficit at year-end. The Town intends to finance these costs with a 2015 bond issue.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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Changes in fund balances of Nonmajor Governmental Funds include the following: in the Special Revenue Fund there was a decrease of \$221 thousand, with gains of \$11 thousand in the Sewer Connection Fund, \$77 thousand in the Ambulance Medical Services Fund and \$31 thousand in the Parks and Recreation Programs Fund. Fund balance decreases include \$104 thousand in the Cafeteria Fund, \$69 thousand in the Sewer Assessment Fund and \$196 thousand in the Miscellaneous Special Revenue Fund attributable to construction of a park pavilion and replacement of field lighting funded with contributions from prior years. The Debt Service Fund experienced no change in fund balance for the year as debt service expenditures involved with the Waste Treatment Plant upgrade, were matched by debt service contributions from benefiting area municipalities; and from the General Fund which transfers the Town's portion of such debt annually to the Debt Service Fund. The Nonmajor Capital Projects Fund had an increase of \$2.945 million including a \$2.301 million increase in the School Bond Improvements Fund, the result of \$2.305 of intergovernmental reimbursement receipts. Other increases include \$459 thousand and \$138 thousand increases in fund balances of the Town and Education Capital Nonrecurring Funds respectively, primarily the result of transfers from the General Fund for on-going projects; and the Permanent Trust Fund increased by \$99 thousand due to increased investment earnings.

### ***Proprietary Funds***

The Town accounts for five proprietary funds, two as Business-Type activities and three as Governmental Activities - Internal Service Funds, which are reported in Exhibits F, G and H. The Sewer User Fund and Center 375 are established as self-supporting Business-Type activities that reported a change in net position amounting to a \$1.634 million increase. The **Sewer User Fund** is established for the operation and maintenance of the wastewater treatment plant. Quarterly bills for sewer usage and interest earned on investments generate its resources. The net increase to the Sewer User Fund net position is \$1.683 million as compared to an increase of \$796 thousand in the prior year. The increase is attributable to contributed capital of \$1.114 million and decreased operating costs of \$248 thousand. The October 1, 2013 sewer rate was not increased from the prior Oct 1<sup>st</sup>. Decreased flows due to closure of a high use former Mill resulted in reduced user fee collections of \$174 thousand. The plant is in the seventeenth year of operation since major renovations, and the facility itself is reported in the Governmental 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 position by \$49 thousand.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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The **Internal Service Funds** are supported by department budgets. The **Data Processing Fund** serves both the Town and school administrations, which equally support its operating expenses. Net position increased by \$325 thousand as contributions from the General Fund increased by \$597 thousand. Additional staff was hired during the year comprising a substantial portion of the \$306 thousand increase in operating costs. The future needs of the department require continual upgrades to the various computer systems and completion of an optical fiber project as well as maintaining a network for sharing common software and databases.

The **Workers' Compensation Fund** provides for self-insurance of workers' compensation and is supported by contributions from the General and Sewer User Funds, as well as investment income. For fiscal year-end June 30, 2014, revenues exceeded expenses by \$228 thousand, decreasing the prior year net position deficit from \$1.525 million to \$1.297 million. Claims incurred for fiscal year 2013/14 decreased from the prior year from \$544 thousand to \$368 thousand resulting in this net position increase. 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, 2014, net position was \$644 thousand, a decrease of \$82 thousand from the prior year, primarily due to changes in prescription plan provisions, favorable dental claims and supplemental education prescription contributions.

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

Differences between the original budget and the final amended budget amounted to an increase of \$2.293 million. Included in that amount is \$1.067 million of encumbrances carried forward from the previous fiscal year, of which \$783 thousand were expended, \$72 thousand liquidated and \$212 thousand re-appropriated and \$1.299 million of current year budget amendments that can be classified as follows:

*Pass-through additional appropriations* are those supported by revenue and other sources, amounting to \$525 thousand during the year, including \$59 thousand related to education activities; \$200 thousand for collections remitted to the state of Connecticut by the Town Clerk for the farmland and historic preservation act; \$12 thousand for youth service part-time wages; \$180 thousand in police special services pay; and \$75 thousand for other items. Although these additional appropriations had revenue and other funding sources, they were legally appropriated from fund balance.

*Other additional appropriations* amounting to \$774 thousand were taken from fund balance position including \$40 thousand for attorney labor relations costs; \$154 thousand for payment of compensated absences; \$24 thousand for police cruiser, \$203 thousand for capital improvements, \$145 thousand for snow removal, \$106 thousand for pension and OPEB contributions and \$102 thousand in other costs. These additional appropriations include funds for personal property audits, securing Amerbelle Mill and hydrant rentals.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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Actual final expenditures totaled \$83.487 million and can be summarized as follows. The budgetary unexpended, unencumbered resulted in a favorable amount of \$386 thousand. Contained within this amount are favorable variances of \$75 thousand in general government spending; \$53 thousand for police services; \$16 thousand in firefighting services, \$52 thousand in refuse and recycling collection; \$31 thousand in public works maintenance; \$2 thousand for parks and recreation maintenance; \$10 thousand for FICA, \$10 in unemployment compensation and \$16 thousand in contingency. Additional appropriations (excluding pass-through appropriations) exceeded the unused portion of these budgets by \$388 thousand dollars. As the fiscal year progresses, financial measures are taken to manage areas where additional costs are required, as well as projecting revenue shortfalls. One example is a hiring deferral to cover additional costs associated with the payment of compensated absences. Another is seeking out alternative revenue sources such as prior year special education Medicaid reimbursements to help offset the increased cost of special education tuitions.

On the revenue side, final actual revenues exceeded the original budget by \$1.967 million due to favorable variances in the following categories: \$1.404 million in total tax collections including \$658 thousand in current taxes and \$537 thousand of prior years' taxes as a tax sale helped boost prior years' tax collections; intergovernmental revenues were \$128 thousand above estimates including \$97 thousand for Medicaid reimbursements and \$17 thousand of additional public disaster assistance from a past declared storm; charges for services were above estimates by \$451 thousand due in most part to the farmland preservation surcharge, \$136 thousand, police special services, \$236 thousand, and school use receipts, \$45 thousand, which in turn are appropriated to cover respective costs. Education tuition receipts were below projections by \$72 thousand. Licenses and permits were below projections by \$14 thousand for collections pertaining to refuse licensing and transfer station permits. The decrease in interest rates produced a shortfall of \$40 thousand in investment income. Other financing sources were below original estimates by \$5 thousand and other revenue, which includes items such as education, insurance and gasoline reimbursements, were above estimates by \$38 thousand.

The Town's General Fund total of both revenue and expenditures differs from the amounts in Exhibit D and as reported in the budgetary basis comparison in the required supplementary information by \$6.286 million. This amount represents the on-behalf payments of the State of Connecticut contributions to the Teachers' Retirement System.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2014, the Town had \$163.42 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 decrease (including additions and deductions) of \$1.93 million, or 1.17%, less than last year.

**TABLE 4**  
**CAPITAL ASSETS, NET**  
**In Thousands**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Land	\$ 8,325	\$ 8,325	\$ 1,268	\$ 1,268	\$ 9,593	\$ 9,593
Construction in progress	3,683	20,845			3,683	20,845
Land improvements	2,226	2,297	33	39	2,259	2,336
Buildings and improvements	81,087	83,061	1,539	1,424	82,626	84,485
Machinery and equipment	9,473	9,635	1,793	1,877	11,266	11,512
Intangible - computer software	3	39	17	25	20	64
Infrastructure	47,902	31,037	6,069	5,478	53,971	36,515
<b>Total</b>	<b>\$152,699</b>	<b>\$155,239</b>	<b>\$10,719</b>	<b>\$10,111</b>	<b>\$163,418</b>	<b>\$165,350</b>

Additions to total capital assets for the 2013-14 year were \$5.155 million, net of construction-in-progress reductions. Deductions to capital assets include \$5.985 million in depreciation expense, which considers a net loss of \$1.101 million in the disposal of depreciable capital assets. Construction-in-progress of \$3.683 million is for the following (in thousands):

Road & bridge reconstruction projects	\$ 2,931
Animal control facility expansion	98
School additions & renovations	109
Park improvements	96
Town office improvements	446
Public safety improvements	3
<b>Total Construction in progress</b>	<b>\$ 3,683</b>

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Debt Administration**

At June 30, 2014 the Town had \$42.420 million in bonds, notes, and lease purchase obligations outstanding versus \$46.748 million last year, a decrease of \$4.328 million or 9.26% - as shown in Table 5.

**TABLE 5  
LONG-TERM OBLIGATIONS  
JUNE 30, 2014 AND 2013  
In Thousands**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
General obligation bonds (backed by the Town)	\$ 36,790	\$ 39,335	\$ -	\$ -	\$ 36,790	\$ 39,335
Notes payable	4,050	5,614	-	-	4,050	5,614
Lease purchases	1,580	1,799	-	-	1,580	1,799
<b>Total</b>	<b>\$ 42,420</b>	<b>\$ 46,748</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,420</b>	<b>\$ 46,748</b>

There was no debt issued during the fiscal year while long-term debt principal payments of \$4.328 million were made.

The Town's Aa2 general obligation bond rating was reviewed and reaffirmed by Moody's Investors on March 26, 2012, as part of a recalibration to a global rating scale. The Town's prior rating, from March 23, 2011, was also Aa2. Moody's rating is, in essence, an equivalent rating which has been assigned to the Town's debt since 1994.

The State limits the amount of general obligation debt that cities can issue, utilizing a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$437.9 million state-imposed limit.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

The Town's elected and appointed officials considered many factors when setting the fiscal year 2014-2015 budget tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The unemployment rate for the Town at year-end was 6.6%, .9% less than the prior year-end. This compares with the State's unemployment rate of 6.7% and the national rate of 6.1%.

Although inflation in the Northeast Urban area has consistently been more than the national Consumer Price Index (CPI) for all urban consumers - U.S. towns' rate, the Town's CPI increase was 1.89% for fiscal year 2014 compared with the average U.S. town rate of 2.06%.

These indicators were taken into account when adopting the General Fund budget for fiscal year-end 2015. Total appropriations in the General Fund budget are \$84.954 million, an increase of \$2.155 million over the original 2014 budget. Property taxes, total \$63.588 million, a revenue increase of \$2.308 million from 2014 levels. In the next fiscal year, the estimated aid from the State of Connecticut is expected to decrease by \$98 thousand to \$19.102 million, which represents 22.48% of total revenue in the General Fund.

The Town will use these increases in revenues to finance programs currently offered and to offset the effect that we expect price increases will have on program costs. Increased funding for education, \$797 thousand, capital improvements, \$500,000, public safety, \$353 thousand, general government, \$120 thousand, maintenance and development, \$81 thousand and parks and recreation \$71 thousand, constitute the major increases in the 2014-15 budget. There was little in the way of new programs in the General Fund, with the exception of a new appropriation for invasive aquatic plant management; and a continuation of fuel conservation measures; the expansion of electronic payables and purchasing cards to improve procurement; and the execution of automated refuse and recycling services, reducing the tipping fees associated with solid waste; and the utilization of a compactor to reduce hauling costs. In an effort to develop cost control for special education costs, the school system and general government engaged in financial and program consultation. Health insurance plans for all employee bargaining groups have been further redesigned to provide present and future budgetary relief, in addition to increasing the cost sharing to participants; and procuring new providers through competitive negotiations. The transition from a defined benefit to a defined contribution retirement plan for new employees has been broadened to several bargaining groups, focusing on budget relief in the long-term. Technology advances, most notably a town wide connectivity infrastructure, is nearing completion, with the combined effort of both the general government and school system. This project is expected to improve departmental operations and provide internal and public access to information. The \$27 million road improvement initiative, approved by voters in January, 2014, began at the end of fiscal year 2014, and the first year of debt service for bonding those costs will be in the fiscal year 2016 budget.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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From a financial perspective and as detailed in this annual financial report, the Town of Vernon successfully addressed the many financial obstacles of 2013-14 through prudent, conservative fiscal management without a serious interruption of services. The 2014-15 Town budget experienced an overall 2.60% increase in appropriations with an increase of 0.71 of one mil in the tax rate from 35.40 to 36.11.

With an understanding of surrounding economic conditions, and considering the factors of a slight increase in the grand list; a reduction in revenue other than taxes, and a significant investment in the operating budget of the school system, town-wide computer systems and capital improvements, overall spending in the remaining operational budgets increased by less than 1%. Vernon will continue to address the difficult budgetary and economic times through sound management, well-managed fund balances and an active attention to its economic development program.

Concerning the Town's business-type activities, much attention has been given in the past and will continue in the future to preserve favorable unrestricted net position. As in all areas, most especially the waste treatment facility, the volatile cost of energy resources is a major concern. The Town continues to negotiate for price reductions on a town-wide basis with suppliers.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

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# Basic Financial Statements

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**TOWN OF VERNON, CONNECTICUT**

**STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
Current assets:			
Cash	\$ 17,984,647	\$ 4,820,050	\$ 22,804,697
Investments	3,992,263	3,420,126	7,412,389
Receivables (net):			
Property taxes	918,571		918,571
Intergovernmental	1,686,545		1,686,545
Other	923,486	1,444,953	2,368,439
Internal balances	(454,449)	454,449	-
Other assets	51,219		51,219
Total current assets	25,102,282	10,139,578	35,241,860
Noncurrent assets:			
Restricted assets (temporarily):			
Cash	79,208		79,208
Investments	520,007		520,007
Total restricted assets	599,215	-	599,215
Restricted assets (permanently):			
Cash	5,000		5,000
Investments	1,702,760		1,702,760
Total restricted assets	1,707,760	-	1,707,760
Receivables (net):			
Property taxes	1,061,331		1,061,331
Intergovernmental	343,455		343,455
Loans	364,815		364,815
Total receivables (net)	1,769,601	-	1,769,601
Other noncurrent assets:			
Net pension asset	421,164		421,164
Capital assets (net of accumulated depreciation):			
Land	8,324,925	1,267,840	9,592,765
Construction in progress	3,683,015		3,683,015
Intangible assets (net of accumulated amortization)	3,140	17,500	20,640
Buildings and improvements	81,086,704	1,538,874	82,625,578
Land improvements	2,226,080	32,811	2,258,891
Machinery and equipment	9,472,575	1,792,837	11,265,412
Infrastructure	47,902,377	6,069,436	53,971,813
Total capital assets (net of accumulated depreciation)	152,698,816	10,719,298	163,418,114
Total noncurrent assets	157,196,556	10,719,298	167,915,854
<b>TOTAL ASSETS</b>	<b>182,298,838</b>	<b>20,858,876</b>	<b>203,157,714</b>

(Continued)

TOWN OF VERNON, CONNECTICUT

STATEMENT OF NET POSITION  
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>LIABILITIES</u>			
Current liabilities:			
Cash overdraft	\$ 14,849	\$	\$ 14,849
Accounts payable	3,903,998	399,884	4,303,882
Accrued payroll and related liabilities	438,418		438,418
Accrued interest payable	532,069		532,069
Bond and notes payable	4,180,621		4,180,621
Capital lease payable	222,367		222,367
Compensated absences	1,000,545	112,600	1,113,145
Retirement obligations	766,931		766,931
Claims payable and other	262,852		262,852
Total current liabilities	11,322,650	512,484	11,835,134
Noncurrent liabilities:			
Bonds and notes payable and related liabilities	36,659,022		36,659,022
Capital lease payable	1,357,474		1,357,474
Compensated absences	2,846,114	363,429	3,209,543
Retirement obligations	1,901,557		1,901,557
Claims payable and other	672,804		672,804
Net OPEB obligation	2,224,718	60,398	2,285,116
Total noncurrent liabilities	45,661,689	423,827	46,085,516
TOTAL LIABILITIES	56,984,339	936,311	57,920,650
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred charge on refunding	1,316,872		1,316,872
Advance property tax collections	1,629,621		1,629,621
TOTAL DEFERRED INFLOWS OF RESOURCES	2,946,493	-	2,946,493
<u>NET POSITION</u>			
Net investment in capital assets	111,596,204	10,719,298	122,315,502
Restricted for:			
Endowments:			
Expendable	599,215		599,215
Nonexpendable	1,707,760		1,707,760
Grant programs	420,308		420,308
Sewer assessment	20,152		20,152
Cemeteries	186,559		186,559
Housing and community development	29,450		29,450
Education	108,553		108,553
Unrestricted	7,699,805	9,203,267	16,903,072
TOTAL NET POSITION	\$ 122,368,006	\$ 19,922,565	\$ 142,290,571

(Concluded)



## TOWN OF VERNON, CONNECTICUT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 5,497,317	\$ 1,118,278	\$ 2,845	\$ 144,790	\$ (4,231,404)	\$	\$ (4,231,404)
Community development	605,573	10,183	20,634	266,700	(308,056)		(308,056)
Public safety	12,686,921	1,291,753	20,296		(11,374,872)		(11,374,872)
Maintenance and development	11,401,777	469,094	155,899	1,637,830	(9,138,954)		(9,138,954)
Human services	1,300,698				(1,300,698)		(1,300,698)
Parks, recreation and culture	2,552,523	804,255	48,179		(1,700,089)		(1,700,089)
Education	65,638,249	1,060,476	30,841,323	2,341,180	(31,395,270)		(31,395,270)
Interest on long-term debt	1,348,996		357,752		(991,244)		(991,244)
Total governmental activities	101,032,054	4,754,039	31,446,928	4,390,500	(60,440,587)	-	(60,440,587)
Business-type activities:							
Sewer user	5,370,748	5,985,632				614,884	614,884
Center 375 (building rental)	217,673	168,848				(48,825)	(48,825)
Total business-type activities	5,588,421	6,154,480	-	-	-	566,059	566,059
Total	\$ 106,620,475	\$ 10,908,519	\$ 31,446,928	\$ 4,390,500	\$ (60,440,587)	\$ 566,059	\$ (59,874,528)
General revenues:							
Property taxes					\$ 62,672,181	\$	\$ 62,672,181
Grants and contributions not restricted to specific programs					1,157,706		1,157,706
Investment income					146,202	277	146,479
Miscellaneous					700,385	9,812	710,197
Capital contributions						1,113,749	1,113,749
Contributions to permanent funds					10,825		10,825
Total general revenues and contributions					64,687,299	1,123,838	65,811,137
Change in Net Position					4,246,712	1,689,897	5,936,609
Net Position at July 1, 2013					118,121,294	18,232,668	136,353,962
Net Position at June 30, 2014					\$ 122,368,006	\$ 19,922,565	\$ 142,290,571

See Notes to Basic Financial Statements.

**TOWN OF VERNON, CONNECTICUT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General	Road Improvements Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 12,127,690	\$	\$ 5,281,173	\$ 17,408,863
Investments	554,897		4,937,772	5,492,669
Receivables (net):				
Taxes	1,819,045			1,819,045
Intergovernmental	4,227		2,025,773	2,030,000
Other	99,631		811,550	911,181
Loans			364,815	364,815
Due from other funds	3,359,412		233,895	3,593,307
Inventory			28,479	28,479
Total assets	\$ 17,964,902	\$ -	\$ 13,683,457	\$ 31,648,359
<b>LIABILITIES</b>				
Cash overdraft	\$	\$	\$ 14,849	\$ 14,849
Accounts payable and accrued liabilities	1,537,095	1,041,143	1,260,114	3,838,352
Accrued wages and benefits	438,418			438,418
Due to other funds	234,446	692,045	1,435,077	2,361,568
Total liabilities	2,209,959	1,733,188	2,710,040	6,653,187
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues:				
Property taxes	1,441,980			1,441,980
Advance property tax collections	1,629,621			1,629,621
Grants			871,680	871,680
Loans			364,815	364,815
Sewer assessments and user charges			2,693	2,693
Ambulance charges			724,232	724,232
Total deferred inflows of resources	3,071,601	-	1,963,420	5,035,021
<b>FUND BALANCES</b>				
Nonspendable			1,736,239	1,736,239
Restricted			1,364,237	1,364,237
Committed			6,590,021	6,590,021
Assigned	1,540,633		180,000	1,720,633
Unassigned	11,142,709	(1,733,188)	(860,500)	8,549,021
Total fund balances	12,683,342	(1,733,188)	9,009,997	19,960,151
Total liabilities, deferred inflows of resources and fund balances	\$ 17,964,902	\$ -	\$ 13,683,457	\$ 31,648,359

(Continued)

TOWN OF VERNON, CONNECTICUT

**RECONCILIATION OF FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1)	\$ 19,960,151
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning capital assets	155,239,319
Less Internal service fund capital assets	(359,640)
Current capital asset additions (net of construction in progress)	3,864,135
Less Internal service fund capital assets additions	(818,468)
Depreciation expense	(5,366,702)
Less Internal service fund capital assets depreciation	105,863
Disposal and sale of capital assets	(1,037,936)

OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES:

Property tax and sewer assessment interest and lien accrual	735,857
Allowance for doubtful accounts	(575,000)
Net pension asset	421,164

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

Property tax, sewer assessment, grant, ambulance services and community development block loan receivable - accrual basis change	3,405,400
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INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF VARIOUS SELF-INSURED RISK PREMIUMS AND DATA PROCESSING OPERATION TO INDIVIDUAL DEPARTMENTS:

The portion of assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	(225,711)
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SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds, notes and related liabilities	(36,790,000)
Deferred charge	(1,316,872)
State of Connecticut clean water notes	(4,049,643)
Capital leases	(1,579,841)
Compensated absences	(3,846,659)
Less: Internal service fund compensated absences	27,864
Retirement obligations	(2,668,488)
Net OPEB liability	(2,224,718)
Accrued interest payable	(532,069)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>122,368,006</u>
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(Concluded)

TOWN OF VERNON, CONNECTICUT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	General	Road Improvements Bond	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 62,683,962	\$	\$	\$ 62,683,962
Intergovernmental	25,613,730		11,078,857	36,692,587
Assessments			8,735	8,735
Charges for services	2,051,631		2,499,562	4,551,193
Gifts and contributions			534,642	534,642
Income on investments	136		146,009	146,145
Other	480,030		211,620	691,650
Total revenues	90,829,489	-	14,479,425	105,308,914
Expenditures:				
Current:				
General government	3,428,718		6,169	3,434,887
Community development	221,149		270,610	491,759
Public safety	7,995,555		997,420	8,992,975
Maintenance and development	5,431,695		423,344	5,855,039
Human services	936,012		85,867	1,021,879
Parks, recreation and culture	1,329,070		929,679	2,258,749
Townwide	7,107,547			7,107,547
Education	56,788,058		7,429,848	64,217,906
Debt service	4,143,846		1,662,040	5,805,886
Capital outlay	130,174	1,733,188	1,890,373	3,753,735
Total expenditures	87,511,824	1,733,188	13,695,350	102,940,362
Excess (Deficiency) of Revenues over Expenditures	3,317,665	(1,733,188)	784,075	2,368,552
Other Financing Sources (Uses):				
Transfers in	222,961		2,261,474	2,484,435
Transfers out	(2,261,474)		(222,961)	(2,484,435)
Total other financing sources (uses)	(2,038,513)	-	2,038,513	-
Net Change in Fund Balances	1,279,152	(1,733,188)	2,822,588	2,368,552
Fund Balances at July 1, 2013	11,404,190		6,187,409	17,591,599
Fund Balances at June 30, 2014	\$ 12,683,342	\$ (1,733,188)	\$ 9,009,997	\$ 19,960,151

**TOWN OF VERNON, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D) \$ 2,368,552

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

Capital outlay (net of internal service fund activity)	3,045,667
Depreciation expense (net of internal service fund activity)	<u>(5,260,839)</u>

Total (2,215,172)

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net position. In the Statement of Activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold:

(1,037,936)

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

Change in property tax, sewer assessment, grant, ambulance services and community development block loan receivable - accrual basis change	(219,390)
Change in property tax and sewer assessment interest and lien revenue	<u>44,395</u>

Total (174,995)

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

Principal repayments:	
General obligation bonds and notes payable	4,109,052
Deferred charges	94,064
Capital lease payable	<u>218,702</u>

Total 4,421,818

(Continued)

**TOWN OF VERNON, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

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

Compensated absences	\$ 203,490
Retirement obligations	461,176
Net OPEB obligation	(229,726)
Accrued interest payable	<u>35,072</u>
Total	<u>470,012</u>
Internal Service Funds are used by management to charge costs of various self-insured risk premiums and Data Processing operations to individual departments. A portion of the net revenue of the activities of the Internal Service Fund is reported with governmental activities	<u>414,433</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 4,246,712</u>

(Concluded)

## EXHIBIT F

## TOWN OF VERNON, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2014

	Business-Type Activities			Governmental and Business-type Activities
	Sewer User	Nonmajor Center 375	Total	Internal Service Funds
<b>Assets:</b>				
Current assets:				
Cash	\$ 4,763,815	\$ 56,235	\$ 4,820,050	\$ 659,992
Investments	2,337,347	1,082,779	3,420,126	722,361
Receivables (net)	1,443,584	1,369	1,444,953	9,747
Due from other Funds		27	27	
Prepaid expense			-	22,740
Total current assets	8,544,746	1,140,410	9,685,156	1,414,840
Capital assets (net):				
Land and land improvements	838,180	645,711	1,483,891	
Buildings and plant	4,445,390	1,940,983	6,386,373	
Machinery and equipment	8,636,500	25,207	8,661,707	632,404
Infrastructure	11,335,206		11,335,206	245,734
Intangibles - computer software	49,000		49,000	387,278
Construction-in-progress			-	441,817
Accumulated depreciation	(15,757,485)	(1,439,394)	(17,196,879)	(634,988)
Capital assets (net)	9,546,791	1,172,507	10,719,298	1,072,245
Total assets	18,091,537	2,312,917	20,404,454	2,487,085
<b>Liabilities:</b>				
Current liabilities:				
Accounts and other payables	303,834	96,050	399,884	65,646
Claims payable			-	262,852
Due to other funds	20,361		20,361	1,208,847
Accrued compensated absences	112,600		112,600	26,846
Total current liabilities	436,795	96,050	532,845	1,564,191
Noncurrent liabilities:				
Claims payable			-	672,804
Accrued compensated absences	363,429		363,429	1,018
Net OPEB obligation	60,398		60,398	
Total noncurrent liabilities	423,827	-	423,827	673,822
Total liabilities	860,622	96,050	956,672	2,238,013
<b>Net Position:</b>				
Net investment in capital assets	9,546,791	1,172,507	10,719,298	1,072,245
Unrestricted	7,684,124	1,044,360	8,728,484	(823,173)
Total Net Position	\$ 17,230,915	\$ 2,216,867	19,447,782	\$ 249,072
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			474,783	
Net position of business-type activities (Exhibit A)			\$ 19,922,565	

## TOWN OF VERNON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities			Governmental and Business-type Activities
	Sewer User	Nonmajor Center 375	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 5,369,759	\$ 168,848	\$ 5,538,607	\$ 2,372,085
Gifts and contributions			-	866,817
Other:				
Septic fees	541,346		541,346	
Delinquent interest	66,034		66,034	
Miscellaneous	8,493		8,493	64,440
Total operating revenues	5,985,632	168,848	6,154,480	3,303,342
Operating Expenses:				
Wages and benefits	2,012,779		2,012,779	797,369
Repairs, maintenance and rentals	315,781	37,043	352,824	467,835
Utilities	1,634,116	55,431	1,689,547	13,129
Supplies and materials	459,616	19,223	478,839	4,473
General and administrative	366,918	61,093	428,011	194,285
Claims incurred			-	1,395,356
Depreciation	573,556	44,883	618,439	105,863
Total operating expenses	5,362,766	217,673	5,580,439	2,978,310
Operating Income (Loss)	622,866	(48,825)	574,041	325,032
Nonoperating Revenues (Expenses):				
Investment income	190	87	277	57
Insurance and other reimbursements	9,812		9,812	
Loss on disposal of capital assets	(63,428)		(63,428)	
Net nonoperating revenues (expenses)	(53,426)	87	(53,339)	57
Income (loss) before capital contribution	569,440	(48,738)	520,702	325,089
Capital contribution	1,113,749		1,113,749	144,790
Change in Net Position	1,683,189	(48,738)	1,634,451	469,879
Total Net Position at July 1, 2013	15,547,726	2,265,605		(220,807)
Total Net Position at June 30, 2014	\$ 17,230,915	\$ 2,216,867		\$ 249,072
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			55,446	
Net change in net position of business-type activities (Exhibit B)			\$ 1,689,897	



**TOWN OF VERNON, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities			Governmental and Business-type Activities
	Sewer User	Nonmajor Center 375	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Service charges collected	\$ 5,451,730	\$ 168,848	\$ 5,620,578	\$ 2,372,053
Contributions collected			-	879,852
Other operating revenues collected	593,231		593,231	38,919
Cash payments for employee wages and benefits	(2,023,901)		(2,023,901)	(741,197)
Cash payments for goods and services	(2,636,896)	(88,625)	(2,725,521)	(35,614)
Cash payments for other operating expenses			-	(1,760,013)
Net cash provided by (used in) operating activities	1,384,164	80,223	1,464,387	754,000
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(110,618)	(66,126)	(176,744)	(673,678)
Cash Flows from Investing Activities:				
Investment income	190	87	277	57
Cash Flows from Noncapital Financing Activities:				
Insurance and other reimbursements	9,812		9,812	
Net Increase (Decrease) in Cash and Cash Equivalents	1,283,548	14,184	1,297,732	80,379
Cash and Cash Equivalents at July 1, 2013	5,817,614	1,124,830	6,942,444	1,301,974
Cash and Cash Equivalents at June 30, 2014	7,101,162	1,139,014	8,240,176	1,382,353
Cash Equivalents Reported as Investments	(2,337,347)	(1,082,779)	(3,420,126)	(722,361)
Cash, June 30, 2014	\$ 4,763,815	\$ 56,235	\$ 4,820,050	\$ 659,992
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 622,866	\$ (48,825)	\$ 574,041	\$ 325,032
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Add:				
Depreciation expense	573,556	44,883	618,439	105,863
Decrease in accounts receivable	52,654		52,654	16,465
Decrease in prepaid expense			-	5,080
Increase in accounts payable	120,357	84,192	204,549	48,854
Increase in claims payable			-	5,848
Increase in accrued compensated absences	3,410		3,410	10,103
Increase in due to other funds	5,922		5,922	507,707
Increase in OPEB obligation	5,399		5,399	
Deduct:				
Increase in due from other funds		(27)	(27)	
Decrease in accounts / claims payable			-	(196,560)
Decrease in due to other funds			-	(74,392)
Net adjustments to operating income (loss)	761,298	129,048	890,346	428,968
Net Cash Provided by (Used in) Operating Activities	\$ 1,384,164	\$ 80,223	\$ 1,464,387	\$ 754,000

Schedule of noncash capital and related financing activities

\$255,943 of Sewer User Fund capital assets, gross of accumulated depreciation of \$192,515 were disposed of during the fiscal year.

Nonoperating accounts receivable of \$10,969 were received during the fiscal year as well as \$1,113,749 of contributed capital assets in the Sewer User Fund.

\$733 of Data Processing Internal Service capital assets, gross of accumulated depreciation of \$733, were disposed of during the fiscal year and \$144,790 of capital assets were contributed by the Town to the Data Processing Internal Service Fund.

TOWN OF VERNON, CONNECTICUT

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2013 AND JUNE 30, 2014**

	<b>Pension Trust Funds December 31, 2013</b>	<b>Other Post Employment Benefit Trust Fund June 30, 2014</b>	<b>Private- Purpose Trust Fund June 30, 2014</b>	<b>Agency Funds June 30, 2014</b>
<b>Assets:</b>				
Cash	\$	\$ 1,639	\$ 270,887	\$ 403,313
Investments, at fair value (pooled):				
Pooled fixed income		237,056	243,889	189,606
Mutual funds:				
Common stock	20,689,313			
International common stock/ Exchange Traded Fund ("ETF")	6,566,312			
Corporate bond/ETF	13,482,667			
Commodities/ETF	25,788			
Real estate/ETF	45,805			
Money market	65,255			
Common stock	472,932			
International common stock	18,500			
Corporate bonds	171,477			
International bonds	23,972			
Government agency bonds	92,547			
Guaranteed investment account	14,823,775			
<b>Total investments</b>	<b>56,478,343</b>	<b>237,056</b>	<b>243,889</b>	<b>189,606</b>
Accounts receivable		421	33,548	
Due from other funds				524
<b>Total assets</b>	<b>56,478,343</b>	<b>239,116</b>	<b>548,324</b>	<b>593,443</b>
<b>Liabilities:</b>				
Accounts and other payables	21,524		42	592,444
Due to other funds		2,083		999
<b>Total liabilities</b>	<b>21,524</b>	<b>2,083</b>	<b>42</b>	<b>593,443</b>
<b>Net Position:</b>				
Held in trust for pension and OPEB benefits and other purposes	\$ 56,456,819	\$ 237,033	\$ 548,282	\$ -

## TOWN OF VERNON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND JUNE 30, 2014

	Pension Trust Funds December 31, 2013	Other Post Employment Benefit Trust Fund June 30, 2014	Private- Purpose Trust Fund June 30, 2014
Additions:			
Contributions:			
Employer	\$ 3,266,289	\$ 640,029	\$
Employee	1,369,933		
Retirees		925,068	
State		144,352	
Private			37,586
Other		10,701	
Total contributions	4,636,222	1,720,150	37,586
Net investment income	8,039,079	12	5,449
Less investment expenses	177,839		
Net investment income (loss)	7,861,240	12	5,449
Total additions	12,497,462	1,720,162	43,035
Deductions:			
Benefit payments/annuity purchases	4,839,395	1,640,150	
Refund of contributions	62,064		
Administrative expense	176,206		
Awards			41,875
Total deductions	5,077,665	1,640,150	41,875
Change in Net Position	7,419,797	80,012	1,160
Net Position at January 1 and July 1, 2013	49,037,022	157,021	547,122
Net Position at December 31, 2013 and June 30, 2014	\$ 56,456,819	\$ 237,033	\$ 548,282

**TOWN OF VERNON, CONNECTICUT****NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014****HISTORY AND ORGANIZATION**

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

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

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

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

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

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

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

**Governmental Funds**

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

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

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

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

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

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

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

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

**Proprietary Funds**

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

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

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

**Fiduciary Funds**

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

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

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. For reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following major proprietary funds:

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

As a general rule, the effect of 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 funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**1. Deposits and Investments**

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

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

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

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

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

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

**2. Receivables and Payables**

**a. Interfunds**

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

**b. Property Taxes and Other Receivables**

In the government-wide financial statements, all trade, property tax, sewer use, sewer assessment, and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 12 to 48% of outstanding receivable balances, and are calculated based upon prior collections.

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

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

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



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

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

**3. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$200 for the Town and \$1,000 for the Board of Education and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

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

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not currently have any items reported in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advanced property tax collections and the deferred charge on refunding in this category in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**6. Net Position Flow Assumption**

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

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

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

**7. Compensated Absences**

Certain employees are compensated by a prescribed formula for absence due to vacation or sickness. The eligibility for vacation pay vests, and unused sick leave may only be accumulated to be used for future absences, although unused sick leave may be paid upon termination, death or retirement. The liability at June 30, 2014 is calculated by multiplying the current accumulated vacation and sick days earned and payable by the employees' current daily rate of pay. The Town's share of social security and medicare payroll taxes (7.65%) has been estimated and added to the compensated absences accrual in accordance with the provisions of GASB Statement No. 16. The General Fund is the primary source of funding for compensated absences. Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal year end.

**8. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

**9. Fund Equity and Net Position**

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

**Net Investment in Capital Assets**

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

**Restricted Net Position**

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

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

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

Unrestricted Net Position

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

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

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

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

**10. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

**11. Reclassifications**

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

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

*Budgetary Policies* - The Town Council is authorized to transfer any unencumbered appropriation balance or portion thereof from one department to another; however, such transfers must occur subsequent to March 31. Transfers within account classifications of a single department are approved by the Town's Finance Officer. Individual additional appropriations of less than 1/10 of 1% of the total budgeted expenditures are approved by Town Council. The Vernon Board of Education is authorized, under State law, to make any transfers necessary within the education budget at their discretion. Authorization for additional appropriations exceeding 1/10 of 1% of total budgeted expenditures requires a public hearing followed by Town Council approval in a special Town meeting. Revised budget amounts are reported as amended by the Town Council during the course of the year. Additional appropriations of \$1,298,642 were authorized during the fiscal year along with reappropriations of \$994,407. The legal level of control, the level at which expenditures may not legally exceed appropriations, is at the department level.

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

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

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

**B. Donor Restricted Endowments**

The Town has received certain endowments for perpetual care of the cemetery and memorial maintenance. The amounts are reflected in net position as restricted for endowments. Investment income, including appreciation of \$95,024 for the Cemetery Fund and \$-0- for the Memorial Fund, is approved for expenditure by the individual Boards of the benefiting activities.

**C. Capital Projects Authorizations**

The following is a summary of certain construction project funds at June 30, 2014:

<b>Project</b>	<b>Project Authorization</b>	<b>Expended To Date</b>	<b>Remaining Authorization</b>
<b>General Government</b>			
ADA Building and Grounds Improvements	\$ 131,084	\$ 50,712	\$ 80,372
Town Hall Renovations	440,000	78,033	361,967
<b>Public Safety</b>			
Animal Control Shelter Renovations	123,100	97,732	25,368
Police Digital Radio System Upgrade*	250,000	250,000	-
Fire Suppression System*	16,450	16,250	200
Fox Hill Tower Communication Center Renovations	225,000	3,400	221,600
<b>Maintenance and Development</b>			
Road Reconstruction	42,353,360	18,680,311	23,673,049
Storm Drainage	204,000		204,000
Bridges	8,968,512	1,943,536	7,024,976
Sidewalk Reconstruction	125,000	165,583	(40,583)
Waste Water Treatment Improvements	1,250,000		1,250,000
Sewer System Improvements	1,148,257	1,055,535	92,722
<b>Parks and Recreation</b>			
Valley Falls Park Dam Reconstruction	12,000		12,000
ADA Building and Grounds Improvements	21,900	10,086	11,814
Fox Hill Tower Renovations	16,000	9,058	6,942
Camp Newhoca Roof Replacements	18,500	8,801	9,699
Eckert's property disc golf course	20,000		20,000

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

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

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

<b>Project</b>	<b>Project Authorization</b>	<b>Expended To Date</b>	<b>Remaining Authorization</b>
Education			
RHS Boiler Repairs	\$ 90,000	\$ 39,230	\$ 50,770
Central Offices Natural Gas Line	50,000	2,951	47,049
School Security Enhancements	538,222	38,050	500,172
Safe Routes to Schools	541,470	-	541,470
RHS Tennis Courts and Track Repairs	16,000	15,523	477
RHS Additions & Renovations	34,657,000	30,735,782	3,921,218
VCMS Renovations	11,519,000	10,783,543	735,457
Elementary School Additions & Renovations:			-
Center Road School	4,420,600	4,281,052	139,548
Lake Street School	5,828,800	4,958,686	870,114
Maple Street School	3,743,200	2,643,496	1,099,704
Northeast School	3,556,000	2,933,929	622,071
Skinner Road School	4,597,400	4,012,396	585,004
Total	<u>\$ 124,880,855</u>	<u>\$ 82,813,675</u>	<u>\$ 42,067,180</u>

\* Project completed during the fiscal year.

**D. Deficit Equity Balances**

The following funds had a deficit equity balance at June 30, 2014:

Major Funds:

Road Improvements Bond \$ 1,733,188

Nonmajor Funds:

Special Revenue Funds:

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

Internal Service Fund:

Workers' Compensation \$ 1,297,291

The deficit in the Road Improvements Bond will be funded by future issuance of general obligation bonded debt. The deficit in the Public Safety Complex Grant-in-Aid Fund will be eliminated through the future charges for services. The deficit in the Workers' Compensation Fund will be eliminated by future charges to other funds.

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

**III. DETAILED NOTES**

**A. Cash and Investments**

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$24,091,035 of the Town's bank balance of \$24,742,065 (including certificates of deposit and money market accounts) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$21,631,932
Uninsured and collateral held by the pledging bank's Trust department, not in the Town's name	<u>2,459,103</u>
Total amount subject to custodial credit risk	<u>\$24,091,035</u>

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

At June 30, 2014, the Town's investments (including restricted investments) consisted of the following:

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)				
		N/A	LESS THAN 1	1-5 YEARS	5-10 YEAR	OVER 10
Mutual Funds:						
Common Stock .....	\$ 21,098,380	\$ 21,098,380	\$	\$	\$	\$
International Common Stock/Exchange Traded Funds ("ETF") .....	6,643,469	6,643,469				
Corporate Bond/ETF .....	13,668,241			1,229,150	12,439,091	
Commodities/ETF .....	41,390	41,390				
Real estate/ETF .....	57,857	57,857				
Money Market .....	173,656		173,656			
Certificates of Deposit .....	145,835		142,094	3,741		
Pooled Fixed Income .....	8,466,820		8,466,820			
Common Stock .....	1,029,424	1,029,424				
International Common Stock .....	63,060	63,060				
Corporate Bonds .....	327,831		15,482	130,237	151,651	30,461
International Bonds .....	50,766			25,111	25,655	
Government Agency Bonds .....	193,546			193,546		
Guaranteed Investment Account ....	<u>14,823,775</u>			<u>14,823,775</u>		
TOTAL .....	<u>\$ 66,784,050</u>	<u>\$ 28,933,580</u>	<u>\$ 8,798,052</u>	<u>\$ 16,405,560</u>	<u>\$ 12,616,397</u>	<u>\$ 30,461</u>

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

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



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

**III. DETAILED NOTES (CONTINUED)**

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

Average Rating	Pooled Fixed Income	Mutual Funds			International Bonds	Guaranteed Investment Account
		Money Market	Corporate Bond/ETF	Corporate Bonds		
AAA.....	\$ 8,466,820	\$	\$ 8,398,458	\$ 29,812	\$	\$
AA .....			744,333	117,933		14,823,775
A.....			650,604	104,168	50,766	
B.....			684,794			
BB .....			496,057			
BBB.....			1,085,830	75,918		
CCC .....			383,888			
Unrated .....		173,656	1,224,277			
<b>TOTAL .....</b>	<b>\$ 8,466,820</b>	<b>\$ 173,656</b>	<b>\$13,668,241</b>	<b>\$ 327,831</b>	<b>50,766</b>	<b>\$ 14,823,775</b>

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

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

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
Government Agency Bonds .....	\$ 193,546	\$	\$ 193,546
Common Stock .....	1,029,424	500,000	529,424
International Common Stock.....	63,060		63,060
Corporate Bonds .....	327,831		327,831
International Bonds .....	50,766		50,766
<b>TOTAL .....</b>	<b>\$1,664,627</b>	<b>\$ 500,000</b>	<b>\$1,164,627</b>

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

III. **DETAILED NOTES (CONTINUED)**

B. **Receivables**

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts as of June 30, 2014, including the applicable allowances for uncollectible accounts, are presented below.

	PROPERTY TAXES INTEREST AND TAXES		
		LIEN FEES	TOTAL
Current portion .....	\$ 782,189	\$ 136,382	\$ 918,571
Long-term portion.....	\$ 1,036,856	\$ 599,475	\$ 1,636,331
Less allowance for uncollectibles.....	(225,000)	(350,000)	(575,000)
Net long-term portion .....	\$ 811,856	\$ 249,475	\$ 1,061,331
	SEWER USER	AMBULANCE MEDICAL SERVICES	
Receivable amount .....	\$ 1,586,494	\$ 1,448,464	
Less allowance for uncollectibles.....	(142,910)	(724,232)	
Net receivable .....	\$ 1,443,584	\$ 724,232	

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

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

**III. DETAILED NOTES (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2014, for Governmental Activities was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 8,324,925	\$	\$	\$ 8,324,925
Construction in progress	20,845,064	3,130,340	20,292,389	3,683,015
Total capital assets, not being depreciated	29,169,989	3,130,340	20,292,389	12,007,940
Capital assets, being depreciated:				
Land Improvements	6,331,108	116,000		6,447,108
Buildings and improvements	110,944,852	228,899		111,173,751
Machinery and equipment	41,564,751	1,259,168	743,481	42,080,438
Intangibles - computer software	387,278			387,278
Infrastructure	59,213,545	19,422,117	2,901,899	75,733,763
Total capital assets, being depreciated	218,441,534	21,026,184	3,645,380	235,822,338
Total capital assets	247,611,523	24,156,524	23,937,769	247,830,278
Less accumulated depreciation for:				
Land Improvements	4,033,958	187,070		4,221,028
Buildings and improvements	27,883,506	2,203,541		30,087,047
Machinery and equipment	31,930,107	1,395,791	718,035	32,607,863
Intangibles - computer software	348,088	36,050		384,138
Infrastructure	28,176,545	1,544,250	1,889,409	27,831,386
Total accumulated depreciation and amortization	92,372,204	5,366,702	2,607,444	95,131,462
Total capital assets, being depreciated, net	126,069,330	15,659,482	1,037,936	140,690,876
Governmental activities capital assets, net	\$ 155,239,319	\$ 18,789,822	\$ 21,330,325	\$ 152,698,816

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

**III. DETAILED NOTES (CONTINUED)**

Capital asset activity for the year ended June 30, 2014, for Business-Type Activities was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 1,267,840	\$	\$	\$ 1,267,840
Capital assets, being depreciated:				
Buildings and system	6,088,357	298,016		6,386,373
Land Improvements	216,051			216,051
Machinery and equipment	8,598,523	131,667	68,483	8,661,707
Intangibles - computer software	49,000			49,000
Infrastructure	10,661,856	860,810	187,460	11,335,206
Total capital assets, being depreciated	25,613,787	1,290,493	255,943	26,648,337
Total capital assets	26,881,627	1,290,493	255,943	27,916,177
Less accumulated depreciation:				
Buildings and system	4,664,870	182,629		4,847,499
Land Improvements	176,932	6,308		183,240
Machinery and equipment	6,721,150	215,123	67,403	6,868,870
Intangibles - computer software	24,500	7,000		31,500
Infrastructure	5,183,503	207,379	125,112	5,265,770
Total accumulated depreciation and amortization	16,770,955	618,439	192,515	17,196,879
Total capital assets, being depreciated, net	8,842,832	672,054	63,428	9,451,458
Business-type activities capital assets, net	\$ 10,110,672	\$ 672,054	\$ 63,428	\$ 10,719,298

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

**III. DETAILED NOTES (CONTINUED)**

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

Governmental activities:	
General government	\$ 151,886
Community development	448
Public safety	576,495
Maintenance and development	2,410,431
Human services	826
Parks and recreation	242,040
Education	<u>1,984,576</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,366,702</u>
Business-type activities:	
Sewer use	\$ 573,556
Rental of building	<u>44,883</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 618,439</u>

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

Interfund transfers:

	Transfers In		
	General Fund	Nonmajor Governmental	Total Out
Transfers Out:			
General Fund	\$	\$ 2,261,474	\$ 2,261,474
Nonmajor Governmental	<u>222,961</u>		<u>222,961</u>
Total Transfers In	<u>\$ 222,961</u>	<u>\$ 2,261,474</u>	<u>\$ 2,484,435</u>

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

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

**III. DETAILED NOTES (CONTINUED)**

At June 30, 2014, the amounts due to and from other funds were as follows:

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General Fund	\$ 3,359,412	\$ 234,446
Major Funds:		
Road Improvements Bond		692,045
Nonmajor Funds:		
Debt Service Fund		53
Special Revenue Funds:		
Insurance Exchange		9
Town Aid Road		3
Dog License Fund	1,183	459
Ambulance Medical Services		19,556
Vernon Cemetery Commission		4,273
Sewer Assessment		1
Special Education Grants	3,026	39,646
Public Safety Complex Grant-In-Aid		860,500
CDBG Small Cities		812
Parks and Recreation Programs		32,348
Miscellaneous Grants		43,096
Capital Projects Funds:		
School Bond Improvements		267,000
Town Capital & Nonrecurring	146,686	
Education Capital & Nonrecurring	83,000	85,300
South Street Reconstruction		30,656
Phoenix Street Bridge Renovations		51,365
Total Nonmajor Funds	233,895	1,435,077
Fiduciary Funds:		
Other Post Employment Trust		2,083
Student Activity	458	
Miscellaneous Activity	66	999
Total Fiduciary Funds	524	3,082

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

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**III. DETAILED NOTES (CONTINUED)**

	DUE FROM OTHER <u>FUNDS</u>	DUE TO OTHER <u>FUNDS</u>
Enterprise Funds:		
Sewer User Fund	\$	\$ 20,361
Center 375	<u>27</u>	<u></u>
Total Enterprise Funds	<u>27</u>	<u>20,361</u>
Internal Service Funds:		
Workers' Compensation Fund		700,000
Data Processing Fund	<u></u>	<u>508,847</u>
Total Internal Service Funds	<u>-</u>	<u>1,208,847</u>
Total	<u>\$ 3,593,858</u>	<u>\$ 3,593,858</u>

Interfund balances are the result of interfund transfers, reimbursements or loans outstanding at June 30, 2014.

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

**III. DETAILED NOTES (CONTINUED)**

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

**1. Summary of Changes**

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Governmental activities:					
Bonds:					
General purpose	\$ 13,317,000	\$	\$ 907,000	\$ 12,410,000	\$ 921,500
Schools	25,275,000		1,582,000	23,693,000	1,608,500
Sewers	743,000		56,000	687,000	55,000
Total bonds	39,335,000	-	2,545,000	36,790,000	2,585,000
Notes:					
State of Connecticut					
Clean Water Fund	5,613,695		1,564,052	4,049,643	1,595,621
Total bonds and notes	44,948,695	-	4,109,052	40,839,643	4,180,621
Lease purchases:					
Asphalt Box Reclaimer	15,921		7,826	8,095	8,095
Fire Trucks	1,328,951		138,014	1,190,937	140,332
Asphalt Box Reclaimer	453,671		72,862	380,809	73,940
Total lease purchases	1,798,543	-	218,702	1,579,841	222,367
Compensated absences:					
Town	2,880,631	126,168	210,003	2,796,796	668,848
Board of Education	1,141,654		119,655	1,021,999	304,851
Internal Service Fund	17,762	10,102		27,864	26,846
Total compensated absences	4,040,047	136,270	329,658	3,846,659	1,000,545



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

**III. DETAILED NOTES (CONTINUED)**

	July 1, 2013	Additions	Reductions	June 30, 2014	One Year
Retirement obligations:					
Town:					
Net OPEB obligation*	\$ 939,566	\$ 363,850	\$ 274,780	\$ 1,028,636	\$
Board of Education:					
Net OPEB obligation	1,055,426	505,905	365,249	1,196,082	
Estimated retirement pay	2,059,588	199,664	309,156	1,950,096	476,000
Early retirement pay	1,051,270	39,849	386,234	704,885	287,759
Healthcare termination	18,806		5,299	13,507	3,172
Total Board of Education retirement obligations	4,185,090	745,418	1,065,938	3,864,570	766,931
Total retirement obligations	5,124,656	1,109,268	1,340,718	4,893,206	766,931
Risk management:					
Claims payable	1,126,369	1,395,356	1,586,069	935,656	262,852
Total Governmental Activities Long-Term Liabilities	\$ 57,038,310	\$ 2,640,894	\$ 7,584,199	\$ 52,095,005	\$ 6,433,316
* \$54,999 of the net OPEB obligation is recorded in the Sewer User Fund at 7/1/13 and \$60,398 at 6/30/14.					
Business-Type Activities:					
Compensated absences	\$ 472,619	\$ 37,613	\$ 34,203	\$ 476,029	\$ 112,600
Net OPEB Liability	54,999	5,399		60,398	
Total Business-Type Activities Long-term Liabilities	\$ 527,618	\$ 43,012	\$ 34,203	\$ 536,427	\$ 112,600

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

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

**III. DETAILED NOTES (CONTINUED)**

Debt Type	Issue Date	Maturity Date	Interest Rate	Amount of Original Issue	Amount Outstanding June 30, 2014
Bonded Debt					
General Purpose Bonds:					
Public Improvements (defeased)	02/01/09	02/01/24	2.50 - 4.50%	720,000	\$ 104,000
Public Improvements	04/12/11	04/01/25	2.00 - 3.75%	2,155,000	1,761,000
Public Improvements (refunding)	04/11/12	08/01/27	2.00 - 4.50%	11,724,000	<u>10,545,000</u>
Total General Purpose Bonds					<u>12,410,000</u>
School Bonds:					
School Renovations (defeased)	02/14/08	02/01/28	3.50 - 5.50%	10,155,000	1,246,000
School Renovations	04/12/11	04/01/25	2.00 - 3.75%	1,600,000	1,299,000
School Renovations (refunding)	04/11/12	08/01/27	2.00 - 4.50%	22,168,000	<u>21,148,000</u>
Total School Bonds					<u>23,693,000</u>
Sewer Bonds:					
Sewer System Improvements (refunding)	04/11/12	08/01/27	2.00 - 4.50%	793,000	<u>687,000</u>
Total Sewer Bonds					<u>687,000</u>
Total Bonded Debt					<u>\$36,790,000</u>
Notes Payable					
State of Connecticut:					
Clean Water Fund 200-C	12/31/97	12/31/16	2.0%	27,635,550	<u>\$ 4,049,643</u>
Lease Purchases					
Asphalt Box Reclaimer	2/1/2011	3/1/2015	3.45%	38,912	\$ 8,095
Fire Trucks	8/22/2012	1/10/2022	1.68%	1,479,761	1,190,937
Asphalt Box Reclaimer	8/22/2012	1/10/2019	1.48%	530,239	<u>380,809</u>
Total Lease Purchases					<u>\$ 1,579,841</u>

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

III. **DETAILED NOTES (CONTINUED)**

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

Fiscal Year Ending June 30	Principal				Notes Payable	Lease Purchase	Total All Debt
	General Purpose	School	Sewer	Total			
2015	\$ 921,500	\$ 1,608,500	\$ 55,000	\$ 2,585,000	\$ 1,595,621	\$ 222,367	\$ 4,402,988
2016	915,500	1,604,500	55,000	2,575,000	1,627,828	217,725	4,420,553
2017	939,000	1,747,000	54,000	2,740,000	826,194	221,233	3,787,427
2018	943,000	1,883,000	54,000	2,880,000		224,797	3,104,797
2019	963,000	2,024,000	53,000	3,040,000		228,419	3,268,419
2020	958,000	2,019,000	53,000	3,030,000		152,523	3,182,523
2021	959,000	2,028,000	53,000	3,040,000		155,086	3,195,086
2022	958,000	2,035,000	52,000	3,045,000		157,691	3,202,691
2023	982,000	2,111,000	52,000	3,145,000			3,145,000
2024	981,000	2,107,000	52,000	3,140,000			3,140,000
2025	916,000	1,227,000	52,000	2,195,000			2,195,000
2026	912,000	1,222,000	51,000	2,185,000			2,185,000
2027	759,000	1,105,000	51,000	1,915,000			1,915,000
2028	303,000	972,000		1,275,000			1,275,000
Total	<u>\$ 12,410,000</u>	<u>\$ 23,693,000</u>	<u>\$ 687,000</u>	<u>\$ 36,790,000</u>	<u>\$4,049,643</u>	<u>\$1,579,841</u>	<u>\$ 42,419,484</u>

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

Fiscal Year Ending June 30	Interest				Notes Payable	Lease Purchase	Total All Debt
	General Purpose	School	Sewer	Total			
2015	\$ 419,870	\$ 816,521	\$ 23,565	\$ 1,259,956	\$ 66,419	\$ 25,923	\$ 1,352,298
2016	394,030	772,536	21,915	1,188,481	34,213	22,192	1,244,886
2017	366,806	716,833	20,280	1,103,919	4,826	18,684	1,127,429
2018	339,679	663,192	18,660	1,021,531		15,120	1,036,651
2019	313,496	609,648	17,188	940,332		11,498	951,830
2020	280,639	539,460	15,332	835,431		7,817	843,248
2021	241,741	454,823	13,080	709,644		5,254	714,898
2022	203,490	371,964	10,915	586,369		2,649	589,018
2023	164,411	287,175	8,770	460,356			460,356
2024	125,886	203,355	6,690	335,931			335,931
2025	88,681	137,215	4,610	230,506			230,506
2026	52,673	88,640	2,550	143,863			143,863
2027	20,475	45,735	765	66,975			66,975
2028	4,545	14,580		19,125			19,125
Total	<u>\$ 3,016,422</u>	<u>\$ 5,721,677</u>	<u>\$ 164,320</u>	<u>\$ 8,902,419</u>	<u>\$ 105,458</u>	<u>\$ 109,137</u>	<u>\$ 9,117,014</u>

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

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**III. DETAILED NOTES (CONTINUED)**

**2. Termination Benefits**

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

School Administrators

As part of the early retirement incentive plan for school administrators, the Town offers to pay a percentage of the early retiree's health insurance premium and a cash payout. Such benefit provisions, included in the school administrators' bargaining agreement with the Vernon Board of Education, require Town Council approval.

Currently, there are 2 former school administrators receiving this benefit. The cost to the Town, net of participant contributions, for the 2013/14 fiscal year is \$3,762. A liability of \$13,507, 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 10.67% and an investment yield of .01%.

In addition to healthcare termination benefits, cash payments are available to school administrator early retirees. Also, there are 7 former school administrators receiving this benefit. The cost to the Town for the 2013/14 fiscal year is \$136,234. An early retirement liability of \$184,993, presented in government-wide financial statements, for this benefit is calculated based upon the discounted present value of expected future benefits and an .01% yield of investments that are expected to be used to finance such benefit payments.

School Teachers

The Town also offers an early retirement incentive plan for certified teachers in the form of cash payments. Benefit provisions, included in the school teachers' bargaining agreement with the Vernon Board of Education, require Town Council approval.

There are 60 former teachers receiving this benefit. The cost to the Town for the 2013/14 fiscal year is \$250,000. An early retirement liability of \$519,892, presented in government-wide financial statements, for this benefit is calculated based upon the discounted present value of expected future benefits and an .01% yield of investments that are expected to be used to finance such benefit payments.

**3. Capital Leases**

Capital leases outstanding at June 30, 2014 were for an asphalt box reclaimer and three fire trucks. The present value of future minimum lease payments amounts to \$1,579,841 at June 30, 2014.

The amount of assets capitalized under Capital Leases totaled \$2,011,266 at June 30, 2014 and accumulated depreciation totaled \$394,158. The amount included in depreciation expense for these assets was \$236,472.

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

**III. DETAILED NOTES (CONTINUED)**

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease and the present value of the future minimum lease payments at June 30, 2014.

YEAR ENDING JUNE 30,	
2015	\$ 248,290
2016	239,917
2017	239,917
2018	239,917
2019	239,917
Thereafter	481,020
Less amount representing interest	<u>(109,137)</u>
Present value of minimum lease payments	<u>\$1,579,841</u>

**4. Statutory Debt Limitations**

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

CATEGORY	DEBT LIMIT	NET INDEBTEDNESS	BALANCE
General purpose .....	\$ 140,766,971	\$ 43,206,000	\$ 97,560,971
Schools.....	281,533,941	61,705,000	219,828,941
Sewers.....	234,611,618	4,898,643	229,712,975
Urban renewal.....	203,330,069	-	203,330,069
Pension deficit.....	187,689,294	-	187,689,294

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$437,941,686.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

**5. Authorized/Unissued Bonds**

At a referendum held on November 4, 2004, Public Bond Improvements of \$21,609,000 were authorized to fund \$19,103,000 of roads, sidewalk and bridge reconstruction projects, \$1,295,000 of waste treatment plant improvements and \$1,211,000 of sewer system improvements. Of the \$21,609,000 authorization, \$18,175,000 of bonds have been issued. The remaining unissued Public Bond Improvements authorization is, therefore, \$3,434,000 as of June 30, 2014. This authorization will not be utilized as the improvement projects have either been completed or will not be completed, as in the case of the \$1,295,000 waste water treatment plant improvements authorization.

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

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**III. DETAILED NOTES (CONTINUED)**

At a referendum held on March 29, 2005, School Bond Improvements of \$68,322,000 were authorized to fund \$34,657,000 of additions and renovations to Rockville High School, \$11,519,000 of renovations to Vernon Center Middle School and \$22,146,000 of additions and renovations to the Town's five elementary schools. Of the \$68,322,000 authorization, \$30,310,000 of bonds has been issued. The remaining unissued School Bond Improvements authorization is, therefore, \$38,012,000 as of June 30, 2014. This authorization is not expected to be utilized as these projects have been completed with other funding sources.

At a referendum held on September 2, 2008, \$1,182,000 were authorized to fund the reconstruction of the Phoenix Street Bridge. This authorization will not be issued as well since the project has been completed with other funding sources.

On January 28, 2014, a referendum was held that appropriated \$27,637,000 for Road Reconstruction and Improvements. Bonds have yet to be issued against this appropriation.

**6. Prior Year Advanced Refunding**

In prior years, the Town defeased General Obligation Bonds by creating separate irrevocable trusts. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trusts. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, is no longer counted in computing the Town's debt for statutory debt limit purposes. As of June 30, 2014, the amount of defeased debt outstanding amounted to \$26,500,000 (net of \$7,500,000 called debt).

**F. Restricted Net Position**

The amount of restricted net position, which were restricted by enabling legislation, totaled \$42,422 at June 30, 2014.

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

**III. DETAILED NOTES (CONTINUED)**

**G. Fund Balance Classifications**

Fund balance components at June 30, 2014 were for the following purposes:

Fund Balance Component	General Fund	Road Improvements Bonds	Nonmajor Funds	Total
Nonspendable:				
Permanent fund principal				
Cemetery	\$	\$	\$ 1,707,760	\$ 1,707,760
Cafeteria inventory			28,479	28,479
Total nonspendable	-	-	1,736,239	1,736,239
Restricted:				
Donor purpose restrictions			599,215	599,215
Grant programs			257,857	257,857
Sewer assessment			20,152	20,152
Cemeteries			186,559	186,559
Housing and community development			138,118	138,118
Education grants			53,783	53,783
Cafeteria			22,270	22,270
Adult Education			86,283	86,283
Total restricted	-	-	1,364,237	1,364,237
Committed:				
Sewer repairs and maintenance			1,707,892	1,707,892
Insurance and medical			487,658	487,658
Community development			173,599	173,599
Police			20,873	20,873
Ambulance			49,794	49,794
Animal control			49,304	49,304
Human services			24,283	24,283
Maintenance for water runoff			49,235	49,235
Parks and recreation programs			226,741	226,741
Sidewalk development			2,701	2,701
Approved capital outlay projects			3,797,941	3,797,941
Total committed	-	-	6,590,021	6,590,021

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

**III. DETAILED NOTES (CONTINUED)**

<u>Fund Balance Component</u>	<u>General Fund</u>	<u>Road Improvements Bonds</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assigned:				
General government				
Administration and finance	\$ 230,345	\$	\$	\$ 230,345
Data Processing	127,122			127,122
Pension	238,336			238,336
Insurances	67,762			67,762
Community development				
Planning	8,578			8,578
Public safety				
Police	110,818			110,818
Fire	138,818			138,818
Ambulance	105,000			105,000
Maintenance and development				
Buildings, streets and grounds	108,425			108,425
Refuse and recycling	46,267			46,267
Human services				
Social services	8,676			8,676
Youth services	59			59
Senior services	949			949
Parks and recreation				
Parks and supervision maintenance	10,561			10,561
Public celebration	5,218			5,218
Education				
Compensated absences	322,000			322,000
Debt payments			180,000	180,000
Miscellaneous	11,699			11,699
Total assigned	<u>1,540,633</u>	<u>-</u>	<u>180,000</u>	<u>1,720,633</u>
Unassigned	<u>11,142,709</u>	<u>(1,733,188)</u>	<u>(860,500)</u>	<u>8,549,021</u>
Total	<u>\$ 12,683,342</u>	<u>\$ (1,733,188)</u>	<u>\$ 9,009,997</u>	<u>\$ 19,960,151</u>



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

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**IV. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation through a Workers' Compensation Fund. The fund, classified as an Internal Service Fund, is supported by contributions from the General and Sewer User Funds. Contribution amounts are based on historical experience of claims incurred and paid. Although the risk is retained by the Town, commercial insurance is purchased for individual claims in excess of \$450,000 for police and fire employees and \$425,000 for all other employees with no aggregate maximum per year. The claim accrual does not include other allocated or unallocated claims adjustment expenses. Settled claims have not exceeded commercial insurance coverage for each of the last three fiscal years. There has been no reduction in insurance coverage from the prior year.

CIRMA administers the claims processing for the Town, for which the Town pays a fee. Claims incurred are estimated by CIRMA by fiscal (contract) year. Claims outstanding at June 30 are based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is 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.

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

	<b>Fiscal Year Ending June 30,</b>	
	<b>2014</b>	<b>2013</b>
Claims payable, July 1	\$ 1,089,952	\$ 1,469,405
Incurred claims, current year	370,002	511,451
Claims adjustments, prior years	(2,083)	42,308
Claims incurred for the fiscal year	367,919	553,759
Claims paid, current and prior years	564,480	933,212
Claims payable, June 30	\$ 893,391	\$ 1,089,952

Based on historical payment data, approximately 25% of claims payable at June 30, 2014, will be paid during the following fiscal year. Thus, \$220,587 of claims payable at June 30, 2014, is considered as a current liability and the remaining \$672,804 is considered as a long-term liability. Claims payable at June 30, 2014, includes \$81,291 of estimated incremental claims adjustment expenses, net of estimated subrogation recoveries.

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

**IV. OTHER INFORMATION (CONTINUED)**

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

A third party administers the prescription claims processing and the dental claims processing for the Town for which the Town pays a fee. Claims incurred and paid data are provided to the Town, which reimburses Maxor, MedCo and Anthem for the costs of the claims and administrative expenses. As of June 30, 2014, claims payable represents the cost of claims incurred and paid by Maxor, MedCo and Anthem that require reimbursement from the Town.

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

	<b>Fiscal Year</b>	
	<b>2013-14</b>	<b>2012-13</b>
Claims payable, July 1	\$ <u>36,417</u>	\$ <u>105,060</u>
Incurred claims, current year	<u>1,027,437</u>	<u>1,088,162</u>
Claims paid, current and prior years	<u>1,021,589</u>	<u>1,156,805</u>
Claims payable, June 30	\$ <u><u>42,265</u></u>	\$ <u><u>36,417</u></u>

The entire portion of claims payable at June 30, 2014, is considered payable in the ensuing fiscal year.

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

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Commitments and Contingencies**

Pending Suits and Claims

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

State and Federal Grants

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

Waste Treatment Plant Debt

The Town permanently financed the upgrade and expansion of the Vernon Waste Treatment Plant on December 31, 1997 with a \$27,635,550 State of Connecticut Clean Water Fund (CWF) loan, payable monthly through December 31, 2016. Of the \$4,049,643 due on the CWF loan as of June 30, 2014, the Towns of Ellington, Manchester, South Windsor and Tolland are obligated to provide payments totaling \$871,680 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 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.

The current estimated project costs are \$21,699,000, with Vernon's 29% share, or \$6,293,300, reduced to \$2,737,000 by potential Federal and State grant funding and further reduced by special benefit assessments to \$1,289,500. Project work in Vernon has commenced and is anticipated to be completed in 2015.

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

**IV. OTHER INFORMATION (CONTINUED)**

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

**Defined Benefit Plans**

**1. *Plan Descriptions***

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

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

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

**b. *Participant Membership***

Participant membership at January 1, 2014 was as follows:

	<u>Police</u>	<u>Town</u>	<u>LOSAP</u>
Retirees, disabled and beneficiaries currently receiving benefits	49	180	12
Terminated employees entitled to benefits, but not yet receiving them	2	177	36
Active employees: Vested, partially vested and nonvested	50	377	137
Total participant membership	<u>101</u>	<u>734</u>	<u>185</u>

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

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**IV. OTHER INFORMATION (CONTINUED)**

**c. Benefit Provisions**

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

**i. Normal Retirement Date and Benefits**

Police Employees

The plan provides retirement and death benefits. Police officers receive 2.5% of their monthly average earnings times credited service up to a maximum of 28 years capped at 70%.

The normal retirement date for police officers hired before July 1, 2012 is attained at the completion of 20 years of service. The normal retirement date for police officers hired after July 1, 2012 is 25 years of service and age 50.

Town Employees

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

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

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

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**IV. OTHER INFORMATION (CONTINUED)**

**LOSAP**

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

**ii. Early Retirement**

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

**iii. Death Benefits**

Death benefits are payable to beneficiaries as determined by death before retirement or death after retirement provisions. For Police and Town participants, upon the death of a 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 volunteer firefighter department members, a preretirement spousal death benefit is payable to a member's surviving spouse in case of Death in the Line of Duty and is equal to the benefit the member would have received if the member had reached his normal retirement date and had elected to receive a 50% Joint and Survivor Annuity.

**iv. Disability Benefit**

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

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

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**IV. OTHER INFORMATION (CONTINUED)**

**2. Contributions**

Contribution rates are established by the Town and may be amended only with Town Council approval.

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

Police

Effective July 1, 2012, Police officers hired before July 1, 2012 are required to contribute 7.5% of their W-2 earnings to the plan and police officers hired after July 1, 2012 are required to contribute 8.5% of such earnings. Such contributions are credited with interest at a rate of 5.5% per annum.

For the year ended June 30, 2014, the average active member contribution rate was 8.50% of annual base compensation, and the Town's average contribution rate was 30.71% of annual payroll.

Town

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

For the year ended June 30, 2014, the average active member contribution rate was 6.71% of annual base compensation, and the Town's average contribution rate was 12.65% of annual payroll.

LOSAP

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

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

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**IV. OTHER INFORMATION (CONTINUED)**

**3. Investments**

**a. Investment Policy**

The Town and Police pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. The allocation for the LOSAP plan is developed by Town management and the investment advisor. It is the policy of the Town's Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following are the asset allocation policies as of December 31, 2013:

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

**4. Concentrations**

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

**5. Rate of Return**

For the year ended December 31, 2013, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

Police Plan	14.60%
Town Plan	13.50%
LOSAP Plan	12.39%

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



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

**IV. OTHER INFORMATION (CONTINUED)**

**6. Net Pension Liability**

The components of the net pension liability at June 30, 2014, were as follows:

	<u>Police</u>	<u>Town</u>	<u>LOSAP</u>
Total pension liability	\$ 36,609,816	\$ 62,527,281	\$ 1,285,952
Plan fiduciary net position	<u>(19,139,308)</u>	<u>(35,852,999)</u>	<u>(1,464,512)</u>
Net pension liability (asset)	<u>\$ 17,470,508</u>	<u>\$ 26,674,282</u>	<u>\$ (178,560)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.28%</u>	<u>57.34%</u>	<u>113.89%</u>

**7. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Town</u>	<u>LOSAP</u>
<b><u>GASB 67</u></b>			
Actuarial cost method	Entry age	Entry age	Entry age
Asset valuation method (1)	Market value	Market value	Market value
Post-retirement increases	None	None	None
Amortization method	Level % closed	Level % closed	Level Dollar closed
Inflation	1.50%	1.50%	N/A
Salary increase	2.50%	3.00%	N/A
Investment rate of return	7.25%	7.25%	6.50%
Mortality rates	RP-2000 Mortality table Projected to 2014	RP-2000 mortality table Projected to 2014	RP-2000 mortality table Projects to 2014

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

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

**IV. OTHER INFORMATION (CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

**8. Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for the Police and Town plans and 6.50% for the LOSAP plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**IV. OTHER INFORMATION (CONTINUED)**

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

The following presents the net pension liability, calculated using the discount rate of 7.50% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Police

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net Pension Liability (asset)	\$ 21,796,138	\$ 17,470,508	\$ 13,827,503

Town

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net Pension Liability (asset)	\$ 32,958,429	\$ 26,674,282	\$ 21,289,467

The following presents the net pension liability, calculated using the discount rate of 6.50% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

LOSAP

	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
Net Pension Liability (asset)	\$ 37,775	\$ (178,560)	\$ (355,165)

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

**IV. OTHER INFORMATION (CONTINUED)**

**10. Funded Status and Funding Progress**

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

<b><u>GASB 27</u></b>	<b><u>Police</u></b>	<b><u>Town</u></b>	<b><u>LOSAP</u></b>
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Frozen Entry Age
Asset valuation method	5 year smoothed market	5 year smoothed market	Market value
Post-retirement increases	None	None	None
Amortization method	Level % of payroll closed	Level % of payroll closed	Level dollar closed
Remaining amortization period	26 years	26 years	0 years
Inflation	1.50%	1.50%	N/A
Salary increase	2.50%	3.00%	N/A
Investment rate of return	7.50%	7.50%	6.50%

The funded status of the plan as of December 31, 2013 was as follows:

<b>January 1, Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability(AAL) (b)</b>	<b>Over (Unfunded) AAL (UAAL) (a-b)</b>	<b>Funded AAL Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Over (Under) Funded AAL as a % of Covered Payroll ((a-b)/c)</b>
<b><u>POLICE PLAN</u></b>						
2014	\$ 18,032,156	\$ 35,556,727	\$ (17,524,571)	50.7%	\$ 4,549,520	(385.2%)
<b><u>TOWN PLAN</u></b>						
2014	\$ 34,566,389	\$ 61,575,373	\$ (27,008,984)	56.1%	\$ 14,933,089	(180.9%)
<b><u>LOSAP</u></b>						
2014	\$ 1,464,512	\$ 1,035,916	\$ 428,596	141.4%	N/A	N/A

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

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

**IV. OTHER INFORMATION (CONTINUED)**

**11. Annual Pension Cost and Net Pension Asset ("NPA")**

The changes in the NPA were as follows:

	<u>Police</u>	<u>Town</u>	<u>LOSAP</u>
Annual required contribution (ARC)	\$ 1,348,338	\$ 1,883,779	\$ 34,172
Adjustment to ARC	<u>-</u>	<u>-</u>	<u>-</u>
Annual pension cost (APC)	1,348,338	1,883,779	34,172
Employer contributions made	<u>(1,348,338)</u>	<u>(1,883,779)</u>	<u>(34,172)</u>
Change in net pension asset	-	-	-
Net pension asset, January 1, 2013	<u>(126,800)</u>	<u>(294,364)</u>	<u>-</u>
Net Pension asset, December 31, 2013	\$ <u>(126,800)</u>	\$ <u>(294,364)</u>	\$ <u>-</u>

**12. Three Year Trend Information**

Fiscal Year	Annual Pension Cost (APC)	Actual Employer Contribution	Percentage of APC Contributed	Net Pension Asset
<b>POLICE</b>				
12/31/13	\$ 1,348,338	\$ 1,348,338	100.0%	\$ (126,800)
12/31/12	1,365,291	1,365,291	100.0%	(126,800)
12/31/11	1,240,074	1,366,874	110.2%	(126,800)
<b>TOWN</b>				
12/31/13	\$ 1,883,779	\$ 1,883,779	100.0%	\$ (294,364)
12/31/12	1,788,972	1,788,972	100.0%	(294,364)
12/31/11	1,704,215	1,998,579	117.3%	(294,364)
<b>LOSAP</b>				
12/31/13	\$ 34,172	\$ 34,172	100.0%	\$ -
12/31/12	45,237	45,237	100.0%	-
12/31/11	34,123	34,123	100.0%	-

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

**IV. OTHER INFORMATION (CONTINUED)**

**13. Plan Statements**

**Statement of Fiduciary Fund Net Position  
Pension Trust Funds  
December 31, 2013**

	<b>Police Pension</b>	<b>Town Pension</b>	<b>Volunteer Firefighters Length of Service Award Program (LOSAP)</b>	<b>Total</b>
<b>Assets:</b>				
Investments, at fair value:				
Mutual funds:				
Common stock	\$ 7,349,747	\$ 13,198,449	\$ 141,117	\$ 20,689,313
International common stock/ Exchange Traded Fund ("ETF")	2,138,715	4,110,470	317,127	6,566,312
Corporate bond/ETF	4,313,834	9,059,312	109,521	13,482,667
Commodities/ETF			25,788	25,788
Real estate/ETF	6,560	12,969	26,276	45,805
Money market			65,255	65,255
Common stock			472,932	472,932
International common stock			18,500	18,500
Corporate bonds			171,477	171,477
International bonds			23,972	23,972
Government agency bonds			92,547	92,547
Guaranteed investment account	5,339,661	9,484,114		14,823,775
<b>Total assets</b>	<b>19,148,517</b>	<b>35,865,314</b>	<b>1,464,512</b>	<b>56,478,343</b>
<b>Liability:</b>				
Accounts and other payables	9,209	12,315		21,524
<b>Net Position:</b>				
Held in trust for pension benefits	\$ 19,139,308	\$ 35,852,999	\$ 1,464,512	\$ 56,456,819

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

**IV. OTHER INFORMATION (CONTINUED)**

**Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
For the Year Ended December 31, 2013**

	<b>Police Pension</b>	<b>Town Pension</b>	<b>Volunteer Firefighters Length of Service Award Program (LOSAP)</b>	<b>Total</b>
Additions:				
Contributions:				
Employer	\$ 1,348,338	\$ 1,883,779	\$ 34,172	\$ 3,266,289
Employee	368,533	1,001,400		1,369,933
Total contributions	1,716,871	2,885,179	34,172	4,636,222
Net investment income	2,959,137	4,875,577	204,365	8,039,079
Less investment expenses	84,915	92,924		177,839
Net investment income (loss)	2,874,222	4,782,653	204,365	7,861,240
Net additions	4,591,093	7,667,832	238,537	12,497,462
Deductions:				
Benefit payments/annuity purchases	2,209,528	2,603,683	26,184	4,839,395
Refund of contributions	1,075	60,989		62,064
Administrative expense	67,398	93,140	15,668	176,206
Total deductions	2,278,001	2,757,812	41,852	5,077,665
Change in net position	2,313,092	4,910,020	196,685	7,419,797
Net Position - January 1, 2013	16,826,216	30,942,979	1,267,827	49,037,022
Net Position - December 31, 2013	\$ 19,139,308	\$ 35,852,999	\$ 1,464,512	\$ 56,456,819

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

**IV. OTHER INFORMATION (CONTINUED)**

**D. Defined Contribution Pension Plans**

Establishment and Amendment

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

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

<u>Effective Date</u>	<u>Plan</u>
July 1, 2009	Department of Public Works Clerical Bargaining Unit
January 1, 2010	Professional Employees Bargaining Unit
January 1, 2010	DPW Supervisors Bargaining Unit
January 1, 2010	Water Pollution Control Supervisors Bargaining Unit
August 4, 2010	Town non-union employees
July 1, 2011	DPW Laborers / Parks / WPC Bargaining Unit
July 1, 2013	Police Civilians Bargaining Unit
June 4, 2014	Board of Education non-union employees

Contributions

Employees are not required to contribute to the respective defined contribution plan. The required level of Employer contribution is dependent on the level of the Employee's contribution as follows:

<u>Plan</u>	<u>Employee Contribution</u>	<u>Employer Contribution</u>
DPW Clerical	0% < 7.5% of wages	2% of wages
	7.5 % or more of wages	4% of wages
Professionals	0% < 7.5% of wages	2% of wages
	7.5 % or more of wages	4% of wages
DPW Supervisors	0% < 7.5% of wages	2% of wages
	7.5 % or more of wages	4% of wages
WPC Supervisors	0% < 7.5% of wages	2% of wages
	7.5 % or more of wages	4% of wages
Town non-union	0% < 6.0% of wages	3% of wages
	6.0 % or more of wages	5% of wages
DPW Laborers	0% < 7.5% of wages	2% of wages
	7.5 % or more of wages	4% of wages
Police Civilians	0% < 7.5% of wages	2% of wages
	7.5 % or more of wages	4% of wages
Education non-union	0% < 6.0% of wages	3% of wages
	6.0 % or more of wages	5% of wages



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

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**IV. OTHER INFORMATION (CONTINUED)**

Employee and Employer contributions made for 2013/14 fiscal year are as follows:

<u>Plan</u>	<u>Employee Contribution</u>	<u>Employer Contribution</u>
DPW Clerical	\$ 0	\$ 0
Professionals	23,629	13,746
DPW Supervisors	0	0
WPC Supervisors	0	0
Town non-union	12,733	10,710
DPW Laborers / Parks / WPC	34,524	18,350
Police Civilians	2,577	0
Education non-union	0	0

Vesting

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

Normal Retirement Age

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

Assets

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

**E. Other Post Employment Benefits Plans**

**1. Plan Description**

**a. Plan Type, Employees Covered**

The Town has established an Other Post Employment Benefit (OPEB) Trust Fund which incorporates 3 single-employer, post retirement healthcare plans for the Town, Police and Board of Education employees. The plans provide medical, dental and prescription benefits for eligible retirees and their spouses. The Trust was established in June 2011. The plans do not issue stand-alone financial reports.

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

**IV. OTHER INFORMATION (CONTINUED)**

**b. Participant Membership**

Participant membership at July 1, 2012 was as follows:

	<b>Police</b>	<b>Town</b>	<b>Board of Education</b>	<b>Total</b>
Retired members	13	8	93	114
Spouses of retired members	2	5	35	42
Active employees	<u>49</u>	<u>163</u>	<u>586</u>	<u>798</u>
Total participant membership	<u>64</u>	<u>176</u>	<u>714</u>	<u>954</u>

**c. Benefit Provisions**

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

**2. Summary of Significant Accounting Policies**

**a. Basis of Accounting**

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

**b. Valuation of Plan Investments**

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

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

**IV. OTHER INFORMATION (CONTINUED)**

**3. Funding Policy**

**a. Employer Contributions**

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Police, Town and Board of Education's total plan contribution for fiscal year 2013/14 was \$640,029.

**b. Employee Contributions**

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

**4. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2012 was as follows:

	(A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>POLICE</u>						
July 1, 2012	\$ 70,008	\$ 1,821,136	\$ (1,751,128)	3.8%	\$ 3,553,068	(49.28%)
<u>TOWN</u>						
July 1, 2012	\$ 7,001	\$ 1,363,777	\$ (1,356,776)	0.5%	\$ 8,601,324	(15.77%)
<u>BOARD OF EDUCATION</u>						
July 1, 2012	\$ -	\$ 5,016,063	\$ (5,016,063)	0.0%	\$ 30,007,917	(16.72%)
<u>TOTAL</u>						
July 1, 2012	\$ 77,009	\$ 8,200,976	\$ (8,123,967)	0.9%	\$ 42,162,309	(19.27%)

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

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

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**IV. OTHER INFORMATION (CONTINUED)**

**5. Actuarial Methods and Assumptions**

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

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

VALUATION DATE	July 1, 2012
ACTUARIAL COST METHOD	Projected Unit Credit
ASSET VALUATION METHOD	Fair Value
AMORTIZATION METHOD	Level Percentage
<u>REMAINING AMORTIZATION PERIOD:</u>	
Police	24 years closed
Town	24 years closed
Board of Education	24 years closed

**ACTUARIAL ASSUMPTIONS:**

Investment rate of return - Town and Police	7.0%
Investment rate of return - Board of Education	7.0%
Healthcare inflation rate:	
Initial	7.2%
Ultimate	4.7%
Inflation	2.5%

The following assumption changes, effective July 1, 2012, include the change in the Initial healthcare inflation rate from 7.0% to 7.2% and the use of an updated morality table. The effects of these changes reduced the Accrued Liability by \$325,000 and reduced the Annual Required Contribution (ARC) for the ensuing fiscal year by \$30,000. In addition, plan benefit changes reduced the Accrued Liability by \$1.2 million and the ensuing fiscal year ARC by \$170,000. Plan benefit changes include the change in insurance coverage to high deductible health savings account plans and the elimination of certain other post employment benefits for members of the Police Officers union hired after July 1, 2012.

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

**IV. OTHER INFORMATION (CONTINUED)**

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

The changes in the NOO were as follows:

	POLICE	TOWN	BOARD OF EDUCATION	TOTAL
Annual required contribution .....	\$ 187,889	\$ 170,380	\$ 494,253	\$ 852,522
Interest on net OPEB obligation.....	33,934	35,685	73,880	143,499
Adjustment to annual required contribution .....	<u>(28,582)</u>	<u>(30,057)</u>	<u>(62,228)</u>	<u>(120,867)</u>
Annual OPEB cost.....	193,241	176,008	505,905	875,154
Contributions made .....	<u>146,350</u>	<u>128,430</u>	<u>365,249</u>	<u>640,029</u>
Change in net OPEB obligation .....	46,891	47,578	140,656	235,125
Net OPEB obligation - July 1, 2013 .....	<u>484,778</u>	<u>509,787</u>	<u>1,055,426</u>	<u>2,049,991</u>
Net OPEB obligation - June 30, 2014.....	<u>\$ 531,669</u>	<u>\$ 557,365</u>	<u>\$1,196,082</u>	<u>\$ 2,285,116</u>

**7. Three Year Trend Information**

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
<u>POLICE</u>			
2014	\$ 193,241	75.7%	\$ 531,669
2013	255,985	65.2%	484,778
2012	242,760	47.4%	395,793
<u>TOWN</u>			
2014	\$ 176,008	73.0%	\$ 557,365
2013	240,619	73.6%	509,787
2012	228,941	59.0%	446,168
<u>BOARD OF EDUCATION</u>			
2014	\$ 505,905	72.2%	\$1,196,082
2013	599,373	74.6%	1,055,426
2012	571,275	82.6%	903,053

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

**IV. OTHER INFORMATION (CONTINUED)**

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
<u>TOTAL</u>			
2014	\$ 875,154	73.1%	\$2,285,116
2013	1,095,977	72.2%	2,049,991
2012	1,042,976	69.2%	1,745,014

**F. On-Behalf Payments**

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on-behalf of the Town's teachers was \$6,285,839.

**G. Change in Major Funds**

As of July 1, 2013, the Debt Service, Public Bond Improvements and School Bond Improvements funds are reclassified as nonmajor funds. The impact on the major funds and nonmajor governmental funds presentation (Exhibits C and D) was as follows:

	Debt Service	Public Bond Improvements	School Bond Improvements	Nonmajor Governmental Funds
Fund balance - June 30, 2013, as previously reported	\$ 180,000	\$ 150,404	\$ 310,011	\$ 5,546,994
Change in major fund classification	<u>(180,000)</u>	<u>(150,404)</u>	<u>(310,011)</u>	<u>640,415</u>
Fund balance - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,187,409</u>

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## **Required Supplementary Information**

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TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Tax revenue</b>				
Current year taxes	\$ 60,037,115	\$ 60,037,115	\$60,499,291	\$ 462,176
Prior year taxes	380,000	380,000	917,181	537,181
Supplemental motor vehicle tax	632,000	632,000	828,013	196,013
Interest and lien fees	220,000	220,000	418,027	198,027
Warrant revenue	7,000	7,000	15,034	8,034
Liens	4,000	4,000	6,416	2,416
Total tax revenue	61,280,115	61,280,115	62,683,962	1,403,847
<b>Intergovernmental</b>				
Civil preparedness grant	7,100	7,100	10,846	3,746
FEMA Public Assistance October Storm Alfred			16,767	16,767
Bullet Proof Vest grant	2,000	2,000	3,492	1,492
Community services block grant	20,436	20,436	20,634	198
Education cost sharing	17,645,165	17,645,165	17,645,165	-
Public pupil transportation	162,680	162,680	149,830	(12,850)
Non-public pupil transportation	7,752	7,752		(7,752)
Vocational Agriculture	107,667	107,667	168,722	61,055
Student Based Supplement grant	128,580	128,580	128,580	-
Medicaid reimbursement	70,000	70,000	80,171	10,171
Medicaid retro reimbursement			86,632	86,632
Pilot - Colleges and hospitals	310,576	310,576	310,249	(327)
Pilot - State owned property	197,848	197,848	197,996	148
Pilot - Shelter rent	46,000	46,000	73,753	27,753
Tax relief - Elderly circuit breaker	142,000	142,000	142,746	746
Tax relief - Disability exemption	3,360	3,360	3,118	(242)
Tax relief - Veterans exemption	24,000	24,000	21,035	(2,965)
Mashantucket Pequot and Mohegan grant	177,566	177,566	177,261	(305)
Telephone tax sharing	68,000	68,000	56,369	(11,631)
Municipal Video Trust Account	20,000	20,000	7,519	(12,481)
Judicial reimbursement - Parking	50	50	350	300
Judicial reimbursements	200	200	360	160
Special reimbursements - Permits	200	200	147	(53)
Driving Under the Influence grant	30,000	30,000	4,509	(25,491)
Motor Vehicle Violation surcharge	10,000	10,000	12,295	2,295
Safe Streets Driving Enforcement	5,000	5,000		(5,000)
Historic Document Preservation Grant	6,000	6,000	6,500	500
Other - State grants	8,000	8,000	2,845	(5,155)
Total intergovernmental	19,200,180	19,200,180	19,327,891	127,711

(Continued)-1



TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Charges for services</u></b>				
Town Clerk recording fees	\$ 404,000	\$ 404,000	\$ 412,348	\$ 8,348
Historic document preservation	13,200	13,200	10,797	(2,403)
Farmland Preservation surcharge			135,973	135,973
State Treasurer - MERS			69,391	69,391
Printing and copying fees	200	200	663	463
Finance administration fee	11,000	11,000	11,000	-
Planning and zoning fees	7,000	7,000	7,173	173
Conservation fees	2,500	2,500	2,198	(302)
Assessor fees	1,000	1,000	672	(328)
Tax Lien Option Agreement			1,890	1,890
Police - Special services	10,000	10,000	245,711	235,711
Fingerprint fees	2,500	2,500	1,390	(1,110)
Other Public Safety	4,000	4,000	959	(3,041)
Fire Marshal - services	600	600	200	(400)
Historic properties certification			100	100
Refuse Energy Community Outreach			20,000	20,000
Recycling	45,000	45,000	26,361	(18,639)
Recycling bin promotion	2,000	2,000	3,510	1,510
Bulky waste pickup	12,000	12,000	14,150	2,150
CRRA reimbursement			9,771	9,771
Other maintenance and development	12,000	12,000	4,939	(7,061)
Yankee Gas - administrative allocation	1,700	1,700	1,760	60
Energy application administration	8,663	8,663	8,769	106
Housing Rehab Administration	600	600	812	212
Recreation - Other			3,773	3,773
Tuition - Special education	175,000	175,000	86,780	(88,220)
Tuition - Next Step Program			100,000	100,000
Tuition - Vo-ag	301,000	301,000	245,880	(55,120)
Tuition - Special education Vo-ag	29,000	29,000		(29,000)
School Use Activity			44,597	44,597
Other - Education community	4,000	4,000	26,824	22,824
Total charges for services	1,046,963	1,046,963	1,498,391	451,428
<b><u>Licenses and permits</u></b>				
Building permits	445,000	445,000	450,351	5,351
Zoning Review	150	150	500	350
ZBA Fees	3,900	3,900	2,630	(1,270)
Zoning Permits	4,000	4,000	3,750	(250)
Town Clerk - License surcharge	3,000	3,000	2,166	(834)
Refuse licensing	5,500	5,500	3,500	(2,000)
Transfer station permits	75,000	75,000	59,490	(15,510)
Driveway & road cut permits	9,000	9,000	8,950	(50)
Total licenses and permits	545,550	545,550	531,337	(14,213)
<b><u>Fines and penalties</u></b>				
Parking tags	14,200	14,200	11,903	(2,297)
Zoning citations	2,000	2,000	10,000	8,000
Total fines and penalties	16,200	16,200	21,903	5,703

(Continued)-2

TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b><u>Interest on investments</u></b>				
General Fund	\$ 40,000	\$ 40,000	\$ 106	\$ (39,894)
Interest on investments-Post Employment	60	60	25	(35)
Teachers' Retirement Board	10	10	5	(5)
Total interest on investments	40,070	40,070	136	(39,934)
<b><u>Other revenue</u></b>				
Purchasing Card Reimbursement	44,000	44,000	10,489	(33,511)
Rental income - Annex	24,000	24,000	24,000	-
Rental income - Senior Center			189	189
Rental management fee	50,000	50,000	50,000	-
Rental income other			17,122	17,122
Medical insurance reimbursement	152,310	152,310	133,506	(18,804)
Insurance reimbursements			1,973	1,973
Gasoline reimbursement	80,830	80,830	114,911	34,081
Tolland - East /East Main St. Sewers	30,267	30,267	30,267	-
Lease - Ellington pump station	6,400	6,400	6,750	350
Education	32,295	32,295	68,781	36,486
Miscellaneous	22,000	22,000	22,042	42
Total other revenue	442,102	442,102	480,030	37,928
<b>Total revenues</b>	<b>82,571,180</b>	<b>82,571,180</b>	<b>84,543,650</b>	<b>1,972,470</b>
<b><u>Other financing sources</u></b>				
Special Revenue Funds:				
Special Revenue	5,200	5,200	395	(4,805)
Recreation programs	62,500	62,500	62,500	-
Sewer assessments - Ord. 167	62,000	62,000	62,000	-
Sewer assessments - Ord. 201	16,000	16,000	16,000	-
Ambulance services	82,000	82,000	82,000	-
Interest on investments-Insurance Exchange	80	80	9	(71)
Interest on investments-Town Aid Road	160	160	3	(157)
Interest on investments-Sewer Assessments	120	120	1	(119)
Total Special Revenue Funds	228,060	228,060	222,908	(5,152)

(Continued)-3

TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Transfers in:				
Debt Service Fund:				
Interest on investments	\$ 220	\$ 220	\$ 53	\$ (167)
<b>Total transfers in</b>	<u>228,280</u>	<u>228,280</u>	<u>222,961</u>	<u>(5,319)</u>
<b>Total revenues and other financing sources</b>	<u>\$ 82,799,460</u>	<u>\$ 82,799,460</u>	<u>84,766,611</u>	<u>\$1,967,151</u>
Budgetary revenues are different than GAAP revenue because:				
State of Connecticut "on-behalf" contributions to the Connecticut State Teachers'				
Retirement System for Town teachers are not budgeted				
			<u>6,285,839</u>	
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit D			<u>\$91,052,450</u>	

(Concluded)-4

TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b><u>General government</u></b>						
Town Council	\$ 12,183	\$ 15,701	\$ 10,447	\$ 730	\$ 11,177	\$ 4,524
Probate court	12,696	24,696	17,115	7,580	24,695	1
Executive and administrative	644,807	689,177	642,815	18,298	661,113	28,064
Law	115,830	190,241	134,326	54,646	188,972	1,269
Registration	89,858	90,478	82,259	2,612	84,871	5,607
Elections - general	33,424	38,082	37,419	311	37,730	352
Elections - primary	1	1			-	1
Elections - referendum	6,500	6,721	4,628	1,598	6,226	495
Finance administration	485,400	534,640	523,887	7,680	531,567	3,073
Independent audit	50,775	52,025	51,920	100	52,020	5
Treasury	13,914	40,514	691	39,776	40,467	47
Purchasing	9,820	16,465	11,731	4,720	16,451	14
Assessment	258,870	276,385	273,633	2,300	275,933	452
Refunds - tax adjustments	29,700	16,600	8,286		8,286	8,314
Collector of Revenue	216,625	231,356	214,056	16,515	230,571	785
Revaluation	24,750	48,290	1,520	46,766	48,286	4
Town Clerk	263,080	482,621	434,946	26,713	461,659	20,962
Board of Assessment Appeals	2,800	2,800	2,799		2,799	1
Water Pollution Control Authority	8,217	8,217	8,217		8,217	-
Greater Hartford Transit District	3,793	3,793	3,793		3,793	-
Data processing	965,247	1,091,964	964,230	127,122	1,091,352	612
Total general government	3,248,290	3,860,767	3,428,718	357,467	3,786,185	74,582
<b><u>Community development</u></b>						
Town Planner - Administration	245,652	240,576	221,149	8,578	229,727	10,849

(Continued)-1

TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b><u>Public safety</u></b>						
Police	\$ 5,826,032	\$ 6,114,557	\$ 5,950,484	\$ 110,818	\$ 6,061,302	\$ 53,255
School crossing guards	62,070	62,070	58,417		58,417	3,653
Traffic authority	312,760	388,912	286,484	83,462	369,946	18,966
Fire fighting and administration	1,191,885	1,226,771	1,155,227	55,356	1,210,583	16,188
Fire Marshal	97,838	99,121	98,117		98,117	1,004
Building inspection	270,319	277,123	272,108	505	272,613	4,510
Emergency Management	44,567	47,222	43,444	48	43,492	3,730
Animal control	127,505	131,990	131,274		131,274	716
Total public safety	7,932,976	8,347,766	7,995,555	250,189	8,245,744	102,022
<b><u>Maintenance and development</u></b>						
Public Works administration	648,574	666,828	656,659	2,520	659,179	7,649
General maintenance	1,254,893	1,244,792	1,211,986	23,744	1,235,730	9,062
Equipment maintenance	802,157	857,503	797,049	49,543	846,592	10,911
Maintenance of gov't buildings	755,913	781,750	752,262	18,594	770,856	10,894
Snow removal	192,970	331,970	298,813	14,024	312,837	19,133
Refuse collection and disposal	1,011,851	1,072,045	994,784	29,485	1,024,269	47,776
Recycling	310,985	320,557	299,240	16,782	316,022	4,535
Condominium refuse	4,423	4,423	4,314		4,314	109
Tree Warden	10,650	10,650	8,916	1,600	10,516	134
Leaf collection program	116,740	116,899	104,218		104,218	12,681
Engineering admin. services	300,753	303,924	303,454	438	303,892	32
Total maintenance and development	5,409,909	5,711,341	5,431,695	156,730	5,588,425	122,916

(Continued)-2

TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>					
	<u>Original</u>	<u>Final</u>	<u>Expenditures</u>	<u>Outstanding Encumbrances</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance with Final Budget</u>
<b>Human services</b>						
North Central Health District	\$ 130,252	\$ 130,252	\$ 130,251	\$ 1	\$ 130,252	\$ -
Visiting Nurses and Health Services	12,249	12,249	12,249		12,249	-
Hockanum Valley Community Council	165,000	165,000	165,000		165,000	-
Child Guidance Clinic	5,500	5,500	5,500		5,500	-
Exchange Club-Prevent Child Abuse	4,000	4,000	4,000		4,000	-
Tri-County ARC	3,500	3,500	3,500		3,500	-
MARC, Inc. of Manchester	2,000	2,000	2,000		2,000	-
Shelter Services	14,200	17,544	7,792		7,792	9,752
Connecticut Legal Services	1	1	-		-	1
Hartford Interval House	2,500	2,500	2,500		2,500	-
YWCA Sexual Assault Services	2,000	2,000	2,000		2,000	-
Hockanum Valley School Readiness	4,000	4,000	4,000		4,000	-
Social services administration	250,956	243,396	231,811	6,176	237,987	5,409
Youth services	216,950	231,057	229,885	59	229,944	1,113
Senior center	126,896	147,687	135,524	949	136,473	11,214
Total human services	940,004	970,686	936,012	7,185	943,197	27,489
<b>Parks, recreation and culture</b>						
Recreation administration	364,061	368,471	365,620	2,577	368,197	274
Public celebration	10,000	15,218	9,913	5,218	15,131	87
Parks maintenance	597,813	639,541	629,708	7,984	637,692	1,849
Art commission	8,524	8,524	8,384		8,384	140
Historical Society	5,445	5,445	5,445		5,445	-
Rockville Public Library	310,000	310,000	310,000		310,000	-
Total parks, recreation and culture	1,295,843	1,347,199	1,329,070	15,779	1,344,849	2,350

(Continued)-3

TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b><u>Townwide</u></b>						
Social Security and Medicare	\$ 949,300	\$ 941,300	\$ 931,472	\$	\$ 931,472	\$ 9,828
Pension	2,403,507	2,642,844	2,404,354	238,336	2,642,690	154
Group insurance	2,540,879	2,579,366	2,530,106	48,963	2,579,069	297
Unemployment compensation	40,000	43,044	20,823	12,421	33,244	9,800
Municipal insurance	989,418	1,013,196	1,006,734	6,378	1,013,112	84
Contingency	112,860	18,090	1,730		1,730	16,360
Housing Authority sewer subsidy	49,995	56,683	51,576	5,107	56,683	-
Vernon Cemetery Commission	160,752	160,752	160,752		160,752	-
Total townwide	7,246,711	7,455,275	7,107,547	311,205	7,418,752	36,523
Subtotal - General Government	26,319,385	27,933,610	26,449,746	1,107,133	27,556,879	376,731
<b><u>Debt service</u></b>						
Debt service - principal	2,771,437	2,771,437	2,771,437		2,771,437	-
Debt service - interest	1,372,412	1,372,412	1,372,409		1,372,409	3
Total debt service	4,143,849	4,143,849	4,143,846	-	4,143,846	3
<b><u>Capital improvements</u></b>						
Capital improvements - Town	50,000	239,241	130,174	109,000	239,174	67

(Continued)-4

TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b><u>Education</u></b>						
Regular instruction	\$ 18,252,738	\$ 18,211,523	\$ 18,080,480	\$	\$ 18,080,480	\$ 131,043
Special Education instruction	4,590,844	4,893,376	5,035,035		5,035,035	(141,659)
Continuing Education	221,911	221,911	221,911		221,911	-
Special Education program support	3,412,555	2,954,256	3,271,193		3,271,193	(316,937)
Social Work services	531,567	522,314	511,603		511,603	10,711
Guidance services	724,206	701,303	764,791		764,791	(63,488)
Health services	422,793	446,835	438,518		438,518	8,317
Psychological services	564,461	574,094	551,559		551,559	22,535
Speech pathology & audio services	628,450	567,468	555,321		555,321	12,147
Instructional program support	38,129	58,103	189,933		189,933	(131,830)
Library / Media services	351,390	341,928	325,101		325,101	16,827
Curriculum development	1,516,562	1,312,385	1,064,792		1,064,792	247,593
Superintendent's office	477,136	551,216	536,162		536,162	15,054
Board of Education - Elected	126,934	150,717	150,213		150,213	504
Principal office services	2,031,694	1,997,342	1,878,185		1,878,185	119,157
Business office	447,018	518,306	501,000		501,000	17,306
Building / Plant operations	3,946,853	4,220,688	4,149,904		4,149,904	70,784
Student transportation services	2,473,263	2,455,995	2,406,366		2,406,366	49,629
General control	189,772	171,681	140,495		140,495	31,186
Information systems	810,657	810,657	816,933		816,933	(6,276)
System-wide fringe benefits	8,106,861	8,296,733	8,318,454		8,318,454	(21,721)
Extra curricular student activities	497,601	468,618	452,745		452,745	15,873
Reserve for negotiation	113,295	141,525	141,525		141,525	-
Total Education	50,476,690	50,588,974	50,502,219	-	50,502,219	86,755
<b>Total Expenditures</b>	<b>80,989,924</b>	<b>82,905,674</b>	<b>81,225,985</b>	<b>1,216,133</b>	<b>82,442,118</b>	<b>463,556</b>

(Continued)-5



TOWN OF VERNON, CONNECTICUT

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		Expenditures	Outstanding Encumbrances	Total Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<u>Other financing uses</u>						
Transfers out:						
Special Revenue Funds:						
Town Clerk - Preservation surcharge	\$	\$ 3,599	\$ 3,599	\$	\$ 3,599	\$ -
Planning - Open space	10,000	10,000	10,000		10,000	-
Community & Economic development	39,600	39,600	39,600		39,600	-
Firefighting and administration	16,018	16,018	16,018		16,018	-
Social services administration	10,000	8,250		2,500	2,500	5,750
Debt service - principal	1,387,773	1,435,259	1,435,215		1,435,215	44
Debt service - interest	112,483	198,233	198,166		198,166	67
Capital improvements - Town	215,565	381,865	381,865		381,865	-
Capital improvements - Education		75,914	75,914		75,914	-
Education - Capital Reserve			83,000		83,000	(83,000)
Education - Building / Plant Operations	18,097	18,097	18,097		18,097	-
<b>Total other financing uses</b>	<b>1,809,536</b>	<b>2,186,835</b>	<b>2,261,474</b>	<b>2,500</b>	<b>2,263,974</b>	<b>(77,139)</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 82,799,460</b>	<b>\$ 85,092,509</b>	<b>\$ 83,487,459</b>	<b>\$ 1,218,633</b>	<b>84,706,092</b>	<b>\$ 386,417</b>

Budgetary expenditures are different than GAAP expenditures because:

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

6,285,839

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

(1,218,633)

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

\$ 89,773,298

(Concluded)-6

TOWN OF VERNON, CONNECTICUT

## POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
 YEAR ENDED DECEMBER 31, 2013

	2013
TOTAL PENSION LIABILITY:	
Service cost	\$ 759,496
Interest	2,620,600
Benefit payments, including refunds of member contributions	<u>(2,385,303)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	994,793
TOTAL PENSION LIABILITY - JANUARY 1	<u>35,615,023</u>
TOTAL PENSION LIABILITY - DECEMBER 31 (A)	<u><u>\$ 36,609,816</u></u>
PLAN FIDUCIARY NET POSITION:	
Contributions - employer	\$ 1,348,338
Contributions - member	368,533
Net investment income	2,874,222
Benefit payments, including refunds of member contributions	(2,210,603)
Administration	<u>(67,398)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,313,092
PLAN FIDUCIARY NET POSITION - JANUARY 1	<u>16,826,216</u>
PLAN FIDUCIARY NET POSITION - DECEMBER 31 (B)	<u><u>\$ 19,139,308</u></u>
NET PENSION LIABILITY (ASSET) - DECEMBER 31 (A)-(B)	<u><u>\$ 17,470,508</u></u>

TOWN OF VERNON, CONNECTICUT

## TOWN PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
 YEAR ENDED DECEMBER 31, 2013

	2013
TOTAL PENSION LIABILITY:	
Service cost	\$ 1,355,480
Interest	4,472,890
Benefit payments, including refunds of member contributions	<u>(2,814,688)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	3,013,682
TOTAL PENSION LIABILITY - JANUARY 1	<u>59,513,599</u>
TOTAL PENSION LIABILITY - DECEMBER 31 (A)	<u><u>\$ 62,527,281</u></u>
PLAN FIDUCIARY NET POSITION:	
Contributions - employer	\$ 1,883,779
Contributions - member	1,001,400
Net investment income	4,782,653
Benefit payments, including refunds of member contributions	(2,664,672)
Administration	<u>(93,140)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	4,910,020
PLAN FIDUCIARY NET POSITION - JANUARY 1	<u>30,942,979</u>
PLAN FIDUCIARY NET POSITION - DECEMBER 31 (B)	<u><u>\$ 35,852,999</u></u>
NET PENSION LIABILITY (ASSET) - DECEMBER 31 (A)-(B)	<u><u>\$ 26,674,282</u></u>

TOWN OF VERNON, CONNECTICUT

## LOSAP RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
 YEAR ENDED DECEMBER 31, 2013

	2013
TOTAL PENSION LIABILITY:	
Service cost	\$ 19,751
Interest	78,483
Benefit payments, including refunds of member contributions	<u>(19,718)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	78,516
TOTAL PENSION LIABILITY - JANUARY 1	<u>1,207,436</u>
TOTAL PENSION LIABILITY - DECEMBER 31 (A)	<u><u>\$ 1,285,952</u></u>
PLAN FIDUCIARY NET POSITION:	
Contributions - employer	\$ 34,172
Net investment income	204,365
Benefit payments, including refunds of member contributions	(26,184)
Administration	<u>(15,668)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	196,685
PLAN FIDUCIARY NET POSITION - JANUARY 1	<u>1,267,827</u>
PLAN FIDUCIARY NET POSITION - DECEMBER 31 (B)	<u><u>\$ 1,464,512</u></u>
NET PENSION LIABILITY (ASSET) - DECEMBER 31 (A)-(B)	<u><u>\$ (178,560)</u></u>

TOWN OF VERNON, CONNECTICUT

## POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF NET PENSION LIABILITY  
 DECEMBER 31, 2013

	2013
TOTAL PENSION LIABILITY	\$ 36,609,816
PLAN FIDUCIARY NET POSITION	(19,139,308)
NET PENSION LIABILITY (ASSET)	\$ 17,470,508
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	52.28%
COVERED-EMPLOYEE PAYROLL	\$ 4,549,520
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	384.01%

## SCHEDULE OF INVESTMENT RETURNS

	2013
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET INVESTMENT EXPENSE	14.60%

TOWN OF VERNON, CONNECTICUT

## TOWN PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF NET PENSION LIABILITY  
 DECEMBER 31, 2013

	2013
TOTAL PENSION LIABILITY	\$ 62,527,281
PLAN FIDUCIARY NET POSITION	(35,852,999)
NET PENSION LIABILITY (ASSET)	\$ 26,674,282
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	57.34%
COVERED-EMPLOYEE PAYROLL	\$ 14,933,089
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	178.63%

## SCHEDULE OF INVESTMENT RETURNS

	2013
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET INVESTMENT EXPENSE	13.50%

TOWN OF VERNON, CONNECTICUT

## LOSAP RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF NET PENSION LIABILITY  
 DECEMBER 31, 2013

	2013
TOTAL PENSION LIABILITY	\$ 1,285,952
PLAN FIDUCIARY NET POSITION	(1,464,512)
NET PENSION LIABILITY (ASSET)	\$ (178,560)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	113.89%
COVERED-EMPLOYEE PAYROLL	\$ -
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	N/A

## SCHEDULE OF INVESTMENT RETURNS

	2013
ANNUAL MONEY WEIGHTED RATE OF RETURN, NET INVESTMENT EXPENSE	12.39%

TOWN OF VERNON, CONNECTICUT

## POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED- EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL
2013	\$ 1,348,338	\$ 1,348,338	\$ -	\$ 4,390,111	30.71%
2012	1,365,291	1,365,291	-	4,434,630	30.79%
2011	1,240,074	1,366,874	126,800	4,352,823	31.40%
2010	1,057,949	1,057,949	-	4,350,681	24.32%
2009	1,025,928	1,025,928	-	4,181,987	24.53%
2008	1,107,688	1,107,688	-	3,927,006	28.21%
2007	1,020,600	1,020,600	-	3,701,061	27.58%
2006	931,473	931,473	-	3,512,784	26.52%
2005	933,759	933,759	-	3,739,097	24.97%
2004	822,023	822,023	-	3,739,097	21.98%



TOWN OF VERNON, CONNECTICUT

## TOWN PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED- EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL
2013	\$ 1,883,779	\$ 1,883,779	\$ -	\$ 14,895,476	12.65%
2012	1,788,972	1,788,972	-	14,396,003	12.43%
2011	1,704,215	1,998,579	294,364	14,247,198	14.03%
2010	1,502,551	1,502,551	-	14,074,891	10.68%
2009	1,509,046	1,509,046	-	13,857,289	10.89%
2008	1,750,784	1,750,784	-	13,408,005	13.06%
2007	1,677,731	1,677,731	-	12,743,672	13.17%
2006	1,583,333	1,583,333	-	12,469,300	12.70%
2005	1,190,512	1,190,512	-	11,910,153	10.00%
2004	1,118,434	1,118,434	-	11,910,153	9.39%

TOWN OF VERNON, CONNECTICUT

## LOSAP RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED- EMPLOYEE PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL
2013	\$ 34,172	\$ 34,172	\$ -	N/A	N/A
2012	45,237	45,237	-	N/A	N/A
2011	34,123	34,123	-	N/A	N/A
2010	44,431	44,431	-	N/A	N/A
2009	120,129	120,129	-	N/A	N/A
2008	83,206	83,206	-	N/A	N/A
2007	97,968	97,968	-	N/A	N/A
2006	95,012	95,012	-	N/A	N/A
2005	86,265	86,265	-	N/A	N/A
2004	98,688	98,688	-	N/A	N/A

TOWN OF VERNON, CONNECTICUT

## POLICE PENSION PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2013

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2013, six months prior to the end of the fiscal year in which contributions are reported

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

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percentage, closed
Remaining Amortization Period	26
Asset Valuation Method	5 year smoothing
Inflation	1.50%
Salary Increases	3.00%
Investment Rate of Return	7.50%, net of pension plan investment and contract fees

TOWN OF VERNON, CONNECTICUT

## TOWN PENSION PLAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2013

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2013, six months prior to the end of the fiscal year in which contributions are reported

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

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percentage, closed
Remaining Amortization Period	26
Asset Valuation Method	5 year smoothing
Inflation	1.50%
Salary Increases	3.00%
Investment Rate of Return	7.50%, net of pension plan investment and contract fees

**TOWN OF VERNON, CONNECTICUT****LOSAP RETIREMENT PLAN****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2013**

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2013, six months prior to the end of the fiscal year in which contributions are reported

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

Actuarial Cost Method	Frozen entry age
Amortization Method	Level dollar, closed
Remaining Amortization Period	0
Asset Valuation Method	Fair Value
Inflation	N/A
Salary Increases	N/A
Investment Rate of Return	6.50%

TOWN OF VERNON, CONNECTICUT

## REQUIRED SUPPLEMENTARY INFORMATION

VERNON RETIREMENT SYSTEM  
SCHEDULES OF FUNDING PROGRESSPOLICE PLAN

	A	B	(A-B)	(A/B)	( C )	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JANUARY 1,						
2009	\$ 15,349,405	\$ 24,985,131	\$ (9,635,726)	61.4%	\$ 4,181,987	(230.4%)
2010	16,898,080	27,986,776	(11,088,696)	60.4%	4,350,681	(254.9%)
2011	16,862,650	29,969,970	(13,107,320)	56.3%	4,352,823	(301.1%)
2012	16,653,256	31,441,382	(14,788,126)	53.0%	4,434,630	(333.5%)
2013	16,662,221	33,489,061	(16,826,840)	49.8%	4,390,111	(383.3%)
2014	18,032,156	35,556,727	(17,524,571)	50.7%	4,549,520	(385.2%)

TOWN PLAN

	A	B	(A-B)	(A/B)	( C )	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JANUARY 1,						
2009	\$ 24,412,641	\$ 40,929,548	\$ (16,516,907)	59.6%	\$ 13,857,289	(119.2%)
2010	26,751,553	46,632,119	(19,880,566)	57.4%	14,074,891	(141.2%)
2011	28,199,302	49,873,997	(21,674,695)	56.5%	14,247,198	(152.1%)
2012	29,800,448	53,500,179	(23,699,731)	55.7%	14,396,003	(164.6%)
2013	31,354,306	56,269,385	(24,915,079)	55.7%	14,895,476	(167.3%)
2014	34,566,389	61,575,373	(27,008,984)	56.1%	14,933,089	(180.9%)

(Continued)

TOWN OF VERNON, CONNECTICUT

## REQUIRED SUPPLEMENTARY INFORMATION

VERNON RETIREMENT SYSTEM  
SCHEDULES OF FUNDING PROGRESS

<u>LOSAP</u>						
	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL) FROZEN ENTRY AGE	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JANUARY 1,						
2009	\$ 745,780	\$ 806,210	\$ (60,430)	92.5%	N/A	N/A
2010	1,018,412	845,758	172,654	120.4%	N/A	N/A
2011	1,148,440	873,498	274,942	131.5%	N/A	N/A
2012	1,116,227	933,551	182,676	119.6%	N/A	N/A
2013	1,267,827	973,134	294,693	130.3%	N/A	N/A
2014	1,464,512	1,035,916	428,596	141.4%	N/A	N/A

N/A - Not applicable to this plan.

(Concluded)

**TOWN OF VERNON, CONNECTICUT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POST EMPLOYMENT BENEFIT PLANS**  
**SCHEDULES OF FUNDING PROGRESS**

<b><u>POLICE PLAN</u></b>						
	<b>A</b>	<b>B</b>	<b>(A-B)</b>	<b>(A/B)</b>	<b>C</b>	<b>[(A-B)/C]</b>
<b>ACTUARIAL VALUATION DATE</b>	<b>ACTUARIAL VALUE OF ASSETS</b>	<b>ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT</b>	<b>OVER (UNDER) FUNDED AAL</b>	<b>FUNDED AAL RATIO</b>	<b>COVERED PAYROLL</b>	<b>OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL</b>
JULY 1, 2008	\$	\$ 3,071,000	\$ (3,071,000)	0.0%	\$ 3,352,315	(91.61%)
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	60,000	2,269,000	(2,209,000)	2.6%	3,394,227	(65.08%)
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	70,008	1,821,136	(1,751,128)	3.8%	3,553,068	(49.28%)
2013	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>TOWN PLAN</u></b>						
	<b>A</b>	<b>B</b>	<b>(A-B)</b>	<b>(A/B)</b>	<b>C</b>	<b>[(A-B)/C]</b>
<b>ACTUARIAL VALUATION DATE</b>	<b>ACTUARIAL VALUE OF ASSETS</b>	<b>ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT</b>	<b>OVER (UNDER) FUNDED AAL</b>	<b>FUNDED AAL RATIO</b>	<b>COVERED PAYROLL</b>	<b>OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL</b>
JULY 1, 2008	\$	\$ 2,128,000	\$ (2,128,000)	0.0%	\$ 8,275,348	(25.71%)
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010		1,893,000	(1,893,000)	0.0%	8,240,567	(22.97%)
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	7,001	1,363,777	(1,356,776)	0.5%	8,601,324	(15.77%)
2013	N/A	N/A	N/A	N/A	N/A	N/A

(Continued)



TOWN OF VERNON, CONNECTICUT

## REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST EMPLOYMENT BENEFIT PLANS  
SCHEDULES OF FUNDING PROGRESSBOARD OF EDUCATION PLAN

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/(UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1, 2008	\$	\$ 8,194,000	\$ (8,194,000)	0.0%	\$ 28,991,599	(28.26%)
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010		6,193,000	(6,193,000)	0.0%	30,026,823	(20.62%)
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012		5,016,063	(5,016,063)	0.0%	30,007,917	(16.72%)
2013	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not available due to biennial valuations.

(Concluded)

TOWN OF VERNON, CONNECTICUT

## OTHER POST EMPLOYMENT BENEFIT PLANS

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF EMPLOYER CONTRIBUTIONS

YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
<u>POLICE</u>			
2009	\$ 249,000	\$ 142,000	57.0%
2010	259,000	160,000	61.8%
2011	270,000	209,000	77.4%
2012	239,000	115,000	48.1%
2013	251,000	167,000	66.5%
2014	187,889	146,350	77.9%
<u>TOWN</u>			
2009	\$ 206,000	\$ 79,000	38.3%
2010	215,000	97,000	45.1%
2011	223,000	117,000	52.5%
2012	224,000	135,000	60.3%
2013	235,000	177,000	75.3%
2014	170,380	128,430	75.4%
<u>BOARD OF EDUCATION</u>			
2009	\$ 618,000	\$ 324,000	52.4%
2010	643,000	392,000	61.0%
2011	669,000	413,000	61.7%
2012	560,000	472,000	84.3%
2013	588,000	447,000	76.0%
2014	494,253	365,249	73.9%

TOWN OF VERNON, CONNECTICUT

## OTHER POST EMPLOYMENT BENEFIT PLANS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2014

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2012, two years prior to the end of the fiscal year in which contributions are reported

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

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage - Closed
Remaining Amortization Period	24 Years
Asset Valuation Method	Fair value
Investment Rate of Return	7.00%
Healthcare inflation rate - initial	7.20%
Healthcare inflation rate - ultimate	4.70%
Inflation rate	2.50%

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## Supplemental Schedules

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## **General Fund**

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

**TOWN OF VERNON, CONNECTICUT****GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash	\$ 12,127,690	\$ 5,700,066
Investments	554,897	3,368,016
Receivables, net:		
Uncollected property taxes	1,819,045	1,754,356
Intergovernmental	4,227	680,736
Other	99,631	187,458
Due from other funds	3,359,412	3,746,953
Total assets	<u>\$ 17,964,902</u>	<u>\$ 15,437,585</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,537,095	\$ 1,225,307
Accrued wages and benefits	438,418	326,395
Due to other funds	234,446	844,442
Total liabilities	<u>2,209,959</u>	<u>2,396,144</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues - property taxes	1,441,980	1,498,156
Advanced property tax collections	1,629,621	109,695
Unavailable revenues - grants		29,400
Total deferred inflows of resources	<u>3,071,601</u>	<u>1,637,251</u>
<b>FUND BALANCES</b>		
Assigned	1,540,633	1,388,542
Unassigned	11,142,709	10,015,648
Total fund balances	<u>12,683,342</u>	<u>11,404,190</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,964,902</u>	<u>\$ 15,437,585</u>

TOWN OF VERNON, CONNECTICUT

REPORT OF THE TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2014

Grand List October 1,	Uncollected Taxes	Current Year Levy	Lawful Corrections		Transfers (From) to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes
	July 1, 2013		Additions	Deductions			Taxes	Interest	Liens	Total	June 30, 2014
2011	\$ 872,240	\$	\$ 105,950	\$ 58,457	\$ 33,096	\$ 886,637	\$ 488,235	\$ 103,664	\$ 2,919	\$ 594,818	\$ 398,402
2010	408,219		166,875	123,430	51,357	400,307	228,005	84,717	3,136	315,858	172,302
2009	152,162		647	96	12,527	140,186	45,222	18,424	1,075	64,721	94,964
2008	81,590		139	8	1,276	80,445	15,681	9,261	569	25,511	64,764
2007	54,554			25	(1,275)	55,804	11,427	6,024	667	18,118	44,377
2006	43,091		36		596	42,531	2,451	2,525	460	5,436	40,080
2005	28,386		40		2,858	25,568	1,026	1,416	261	2,703	24,542
2004	17,940		39		674	17,305	498	682	160	1,340	16,807
2003	14,104				(1,232)	15,336	1,232	2,111	306	3,649	14,104
2002	11,029				(656)	11,685	656	1,253	170	2,079	11,029
2001	10,598				(545)	11,143	545	1,135	234	1,914	10,598
2000	10,112				(532)	10,644	532	1,196	116	1,844	10,112
1999	16,965				(750)	17,715	750	1,769		2,519	16,965
1998	16,683				(57)	16,740	57	149		206	16,683
1997	16,683			16,683		-				-	-
Total prior years	1,754,356	-	273,726	198,699	97,337	1,732,046	796,317	234,326	10,073	1,040,716	935,729
2012		62,079,457	517,539	382,371	4,005	62,210,620	61,327,304	183,701	11,377	61,522,382	883,316
Total all years	\$ 1,754,356	\$ 62,079,457	\$ 791,265	\$ 581,070	\$ 101,342	\$ 63,942,666	\$ 62,123,621	\$ 418,027	\$ 21,450	\$ 62,563,098	\$ 1,819,045

# Nonmajor Governmental Funds

## Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Cafeteria	Sales of food, State and Federal subsidies	Operation of the school cafeterias
Town Clerk Special	Sportsmen license fees	State 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
Vernon Cemetery Commission	Lot sales, related income, Town Council appropriation	Cemetery maintenance
Special Education Grants	State and federal grants	Educational purposes
Adult Basic Education Tuition	State and local governments	Adult education
CDBG Small Cities	Federal grant - DHUD and program income	Community development programs
Housing and Community Development	Federal grant - DHUD and program income	Community development programs
Downstream	Developer fees	Improvements to storm drainage system
Sidewalk Development	Developer fees	Town sidewalks
Sewer Assessment	Levied sewer assessments	Sewer bonded debt service
Sewer Connections	Sewer construction and permit fees	Sewer repairs and related expenditures
Medical Savings Reserve	Town and demutualization proceeds	Medical claims and expenses
Parks and Recreation Programs	Program Fees	Parks and Recreation programs
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

## Debt Service

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



## NONMAJOR GOVERNMENTAL FUNDS, CONTINUED

### **Capital Projects**

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

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
River Street Bridge Renovations Project 146-160	State and Federal grants	Renovation of bridge
Spring Street Bridge Renovations Project 146-159	State and Federal grants	Renovation of bridge
Phoenix Street Bridge Renovations Project 146-181	State and Federal grants	Renovation of bridge
Town Capital and Nonrecurring	Grants and general Fund appropriation	Capital projects or equipment acquisition.
Education Capital and Nonrecurring	Town Council appropriations, State grants	Capital improvements in school system
Public Bond Improvements	General obligation bonds, federal grants and other resources	Reconstruction of town roads, sidewalks, bridges and sewer system improvements.
South Street Reconstruction Project 146-195	Federal grant	Roadway reconstruction
West Main Street Bridge Renovations Project 146-188	Federal grant	Renovation of bridge
School Bond Improvements	General obligation bonds and state grants	Renovations and additions to public schools

### **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Cemetery Trust	Investment income	Perpetual care
Memorial Trust	Investment income	Memorial care

**TOWN OF VERNON, CONNECTICUT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

Special Revenue Funds																
	Cafeteria	Town Clerk Special	Insurance Exchange	Town Aid Road	Dog License	Ambulance Medical Services	Public Safety Complex Grant-In-Aid	Vernon Cemetery Commission								
<b>Assets</b>																
Cash	\$	\$	1,192	\$	12,490	\$	78,788	\$	41,359	\$	101,020	\$		\$	190,094	
Investments		24,805			121,531		48,307		25,363		102					
Receivables (net):																
Intergovernmental		150,173														
Other		233									724,232				700	
Loan																
Sewer assessment																
Due from other funds									1,183						38	
Inventory		28,479														
Total assets	\$	203,690	\$	1,192	\$	134,021	\$	127,095	\$	67,905	\$	825,354	\$	-	\$	190,832
<b>Liabilities</b>																
Cash overdraft	\$	14,849	\$		\$		\$		\$		\$		\$			
Accounts payable		138,092		1,192		56,677		6,773		18,142		31,772				
Accrued liabilities																
Due to other funds						9		3		459		19,556		860,500		4,273
Total liabilities		152,941		1,192		56,686		6,776		18,601		51,328		860,500		4,273
<b>Deferred Inflows of Resources</b>																
Unavailable revenues:																
Grants																
Loans																
Sewer assessments and user charges																
Ambulance services												724,232				
Total deferred inflows of resources		-		-		-		-		-		724,232		-		-
<b>Fund Balances</b>																
Nonspendable		28,479														
Restricted		22,270						120,319								186,559
Committed						77,335				49,304		49,794				
Assigned																
Unassigned														(860,500)		
Total fund balances		50,749		-		77,335		120,319		49,304		49,794		(860,500)		186,559
Total liabilities, deferred inflows of resources and fund balances	\$	203,690	\$	1,192	\$	134,021	\$	127,095	\$	67,905	\$	825,354	\$	-	\$	190,832

(Continued on next page)

**TOWN OF VERNON, CONNECTICUT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<b>Special Revenue Funds</b>							
	<b>Special Education Grants</b>	<b>Adult Basic Education Tuition</b>	<b>CDBG Small Cities</b>	<b>Housing and Community Development</b>	<b>Downstream</b>	<b>Sidewalk Development</b>	<b>Sewer Assessment</b>	<b>Sewer Connections</b>
<b>Assets</b>								
Cash	\$ 74,473	\$ 140,682	\$ 112,109	\$ 29,450	\$ 35,220	\$ 2,701	\$ 26,324	\$ 1,411,694
Investments					15,390		299,051	
Receivables (net):								
Intergovernmental	88,890		18,140					
Other								1,707
Loan			266,660	98,155				
Sewer assessment							1,070	
Due from other funds	3,026							305,306
Inventory								
<b>Total assets</b>	<b>\$ 166,389</b>	<b>\$ 140,682</b>	<b>\$ 396,909</b>	<b>\$ 127,605</b>	<b>\$ 50,610</b>	<b>\$ 2,701</b>	<b>\$ 326,445</b>	<b>\$ 1,718,707</b>
<b>Liabilities</b>								
Cash overdraft	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable	97,889	48,078	20,769		1,375			9,108
Accrued liabilities	8,740	6,321						
Due to other funds	39,646		812				305,307	
<b>Total liabilities</b>	<b>146,275</b>	<b>54,399</b>	<b>21,581</b>	<b>-</b>	<b>1,375</b>	<b>-</b>	<b>305,307</b>	<b>9,108</b>
<b>Deferred Inflows of Resources</b>								
Unavailable revenues:								
Grants								
Loans			266,660	98,155				
Sewer assessments and user charges							986	1,707
Ambulance services								
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>266,660</b>	<b>98,155</b>	<b>-</b>	<b>-</b>	<b>986</b>	<b>1,707</b>
<b>Fund Balances</b>								
Nonspendable								
Restricted	20,114	86,283	108,668	29,450			20,152	
Committed					49,235	2,701		1,707,892
Assigned								
Unassigned								
<b>Total fund balances</b>	<b>20,114</b>	<b>86,283</b>	<b>108,668</b>	<b>29,450</b>	<b>49,235</b>	<b>2,701</b>	<b>20,152</b>	<b>1,707,892</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 166,389</b>	<b>\$ 140,682</b>	<b>\$ 396,909</b>	<b>\$ 127,605</b>	<b>\$ 50,610</b>	<b>\$ 2,701</b>	<b>\$ 326,445</b>	<b>\$ 1,718,707</b>

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TOWN OF VERNON, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	Special Revenue Funds						Capital Projects Funds	
	Medical Savings Reserve	Parks and Recreation Programs	Miscellaneous Grants	Miscellaneous Special Revenue	Total	Debt Service	River St. Bridge Renovations Project 146-160	Spring St. Bridge Renovations Project 146-159
<b>Assets</b>								
Cash	\$ 54,501	\$ 57,062	\$ 192,711	\$ 420,507	\$ 1,570,683	\$ 180,000	\$ 10,344	\$ 5,569
Investments	355,822			125,948	2,428,013	53		
Receivables (net):								
Intergovernmental			37,285		294,488	871,680		3,356
Other		27,608		6,000	760,480			
Loan					364,815			
Sewer assessment					1,070			
Due from other funds					309,553			
Inventory					28,479			
<b>Total assets</b>	<b>\$ 410,323</b>	<b>\$ 84,670</b>	<b>\$ 229,996</b>	<b>\$ 552,455</b>	<b>\$ 5,757,581</b>	<b>\$ 1,051,733</b>	<b>\$ 10,344</b>	<b>\$ 8,925</b>
<b>Liabilities</b>								
Cash overdraft	\$	\$	\$	\$	14,849	\$	\$	\$
Accounts payable		10,252	10,701	149,029	599,849			
Accrued liabilities			4,992		20,053		3,658	3,024
Due to other funds		32,348	43,096		1,306,009	53		
<b>Total liabilities</b>	<b>-</b>	<b>42,600</b>	<b>58,789</b>	<b>149,029</b>	<b>1,940,760</b>	<b>53</b>	<b>3,658</b>	<b>3,024</b>
<b>Deferred Inflows of Resources</b>								
Unavailable revenues:								
Grants					-	871,680		
Loans					364,815			
Sewer assessments and user charges					2,693			
Ambulance services					724,232			
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,091,740</b>	<b>871,680</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>								
Nonspendable					28,479			
Restricted			171,207		765,022			
Committed	410,323	42,070		403,426	2,792,080		6,686	5,901
Assigned					-	180,000		
Unassigned					(860,500)			
<b>Total fund balances</b>	<b>410,323</b>	<b>42,070</b>	<b>171,207</b>	<b>403,426</b>	<b>2,725,081</b>	<b>180,000</b>	<b>6,686</b>	<b>5,901</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 410,323</b>	<b>\$ 84,670</b>	<b>\$ 229,996</b>	<b>\$ 552,455</b>	<b>\$ 5,757,581</b>	<b>\$ 1,051,733</b>	<b>\$ 10,344</b>	<b>\$ 8,925</b>

(Continued on next page)

**TOWN OF VERNON, CONNECTICUT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	Capital Projects Funds								
	Phoenix St. Bridge Renovations Project 146-181	Town Capital and Nonrecurring	Education Capital and Nonrecurring	Public Bond Improvements	South Street Reconstruction	West Main St Bridge Reconstruction	School Bond Improvements	Total	
<b>Assets</b>									
Cash	\$ 46,619	\$ 65,377	\$ 216,638	\$ 148,001	\$ 29,843	\$ 29,938	\$ 2,877,934	\$ 3,430,263	
Investments		833	286,106					286,939	
Receivables (net):									
Intergovernmental	19,159	328,003	55,704		15,234	438,149		859,605	
Other						50,000		50,000	
Loan								-	
Sewer assessment								-	
Due from other funds		146,686	83,000					229,686	
Inventory								-	
<b>Total assets</b>	<b>\$ 65,778</b>	<b>\$ 540,899</b>	<b>\$ 641,448</b>	<b>\$ 148,001</b>	<b>\$ 45,077</b>	<b>\$ 518,087</b>	<b>\$ 2,877,934</b>	<b>\$ 4,856,493</b>	
<b>Liabilities</b>									
Cash overdraft	\$	\$	\$	\$	\$	\$	\$	\$	-
Accounts payable	9,003	62,170	53,819	606		459,287		584,885	
Accrued liabilities	1,935	9,433		5,211	4,346	11,739		39,346	
Due to other funds	51,365		85,300		30,656		267,000	434,321	
<b>Total liabilities</b>	<b>62,303</b>	<b>71,603</b>	<b>139,119</b>	<b>5,817</b>	<b>35,002</b>	<b>471,026</b>	<b>267,000</b>	<b>1,058,552</b>	
<b>Deferred Inflows of Resources</b>									
Unavailable revenues:									
Grants								-	
Loans								-	
Sewer assessments and user charges								-	
Ambulance services								-	
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Fund Balances</b>									
Nonspendable								-	
Restricted								-	
Committed	3,475	469,296	502,329	142,184	10,075	47,061	2,610,934	3,797,941	
Assigned								-	
Unassigned								-	
<b>Total fund balances</b>	<b>3,475</b>	<b>469,296</b>	<b>502,329</b>	<b>142,184</b>	<b>10,075</b>	<b>47,061</b>	<b>2,610,934</b>	<b>3,797,941</b>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 65,778</b>	<b>\$ 540,899</b>	<b>\$ 641,448</b>	<b>\$ 148,001</b>	<b>\$ 45,077</b>	<b>\$ 518,087</b>	<b>\$ 2,877,934</b>	<b>\$ 4,856,493</b>	

(Continued on next page)

**TOWN OF VERNON, CONNECTICUT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<b>Permanent Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Cemetery Trust</b>	<b>Memorial Trust</b>	<b>Total</b>	<b>Interfund Eliminations</b>	
<b>Assets</b>					
Cash	\$ 67,646	\$ 32,581	\$ 100,227	\$	\$ 5,281,173
Investments	2,222,767		2,222,767		4,937,772
Receivables (net):					
Intergovernmental			-		2,025,773
Other			-		810,480
Loan			-		364,815
Sewer assessment			-		1,070
Due from other funds			-	(305,344)	233,895
Inventory			-		28,479
<b>Total assets</b>	<b>\$ 2,290,413</b>	<b>\$ 32,581</b>	<b>\$ 2,322,994</b>	<b>\$ (305,344)</b>	<b>\$ 13,683,457</b>
<b>Liabilities</b>					
Cash overdraft	\$	\$	\$ -	\$	\$ 14,849
Accounts payable		15,981	15,981		1,200,715
Accrued liabilities			-		59,399
Due to other funds	38		38	(305,344)	1,435,077
<b>Total liabilities</b>	<b>38</b>	<b>15,981</b>	<b>16,019</b>	<b>(305,344)</b>	<b>2,710,040</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues:					
Grants			-		871,680
Loans			-		364,815
Sewer assessments and user charges			-		2,693
Ambulance services			-		724,232
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,963,420</b>
<b>Fund Balances</b>					
Nonspendable	1,702,760	5,000	1,707,760		1,736,239
Restricted	587,615	11,600	599,215		1,364,237
Committed			-		6,590,021
Assigned			-		180,000
Unassigned			-		(860,500)
<b>Total fund balances</b>	<b>2,290,375</b>	<b>16,600</b>	<b>2,306,975</b>	<b>-</b>	<b>9,009,997</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,290,413</b>	<b>\$ 32,581</b>	<b>\$ 2,322,994</b>	<b>\$ (305,344)</b>	<b>\$ 13,683,457</b>

(Concluded)

TOWN OF VERNON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds							
	Cafeteria	Town Clerk Special	Insurance Exchange	Town Aid Road	Dog License	Ambulance Medical Services	Public Safety Complex Grant-In-Aid	Vernon Cemetery Commission
Revenues:								
Intergovernmental:								
Federal	\$ 842,692	\$	\$	\$	\$	\$	\$	\$
State	73,935			403,155				
Local								
Assessments								
Sales	487,004							30,020
Charges for services					7,245	1,022,116		51,606
Licenses and permits		6,169			15,522			
Gifts and contributions								111
Investment income	8		9	3	3			349
Other	5,921					2,194		5,350
Total revenues	1,409,560	6,169	9	403,158	22,770	1,024,310	-	87,436
Expenditures:								
Current:								
General government		6,169						
Community development								
Public safety					22,632	852,954		110,673
Maintenance and development			19,520	178,430				
Human services								
Parks, recreation and culture								
Education	1,513,361							
Debt service								
Capital outlay				240,019		12,258		288
Total expenditures	1,513,361	6,169	19,520	418,449	22,632	865,212	-	110,961
Excess (Deficiency) of Revenues over Expenditures	(103,801)	-	(19,511)	(15,291)	138	159,098	-	(23,525)
Other Financing Sources (Uses):								
Transfers in								26,048
Transfers out			(9)	(3)		(82,000)		
Net other financing sources (uses)	-	-	(9)	(3)	-	(82,000)	-	26,048
Net Change in Fund Balances	(103,801)	-	(19,520)	(15,294)	138	77,098	-	2,523
Fund Balances at July 1, 2013	154,550	-	96,855	135,613	49,166	(27,304)	(860,500)	184,036
Fund Balances at June 30, 2014	\$ 50,749	\$ -	\$ 77,335	\$ 120,319	\$ 49,304	\$ 49,794	\$ (860,500)	\$ 186,559

(Continued on next page)

TOWN OF VERNON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds							
	Special Education Grants	Adult Basic Education Tuition	CDGB Small Cities	Housing and Community Development	Downstream	Sidewalk Development	Sewer Assessment	Sewer Connections
Revenues:								
Intergovernmental:								
Federal	\$ 1,575,139		\$ 266,700					
State	2,915,182	249,988						3,900
Local		870,612						
Assessments							8,735	
Sales								
Charges for services								
Licenses and permits								79,498
Gifts and contributions								
Investment income					10		26	112
Other			6,008					
Total revenues	4,490,321	1,120,600	272,708	-	10	-	8,761	83,510
Expenditures:								
Current:								
General government								
Community development			248,465					
Public safety								
Maintenance and development					11,221			72,437
Human services								
Parks, recreation and culture								
Education	4,475,826	1,073,794						
Debt service								
Capital outlay								
Total expenditures	4,475,826	1,073,794	248,465	-	11,221	-	-	72,437
Excess (Deficiency) of Revenues over Expenditures	14,495	46,806	24,243	-	(11,211)	-	8,761	11,073
Other Financing Sources (Uses):								
Transfers in								
Transfers out							(78,001)	
Net other financing sources (uses)	-	-	-	-	-	-	(78,001)	-
Net Change in Fund Balances	14,495	46,806	24,243	-	(11,211)	-	(69,240)	11,073
Fund Balances at July 1, 2013	5,619	39,477	84,425	29,450	60,446	2,701	89,392	1,696,819
Fund Balances at June 30, 2014	\$ 20,114	\$ 86,283	\$ 108,668	\$ 29,450	\$ 49,235	\$ 2,701	\$ 20,152	\$ 1,707,892

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**TOWN OF VERNON, CONNECTICUT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds							Capital Projects Funds
	Medical Savings Reserve	Parks and Recreation Programs	Talcottville Enhancements TCSP 010	Miscellaneous Grants	Miscellaneous Special Revenue	Total	Debt Service	River St. Bridge Renovations Project 146-160
Revenues:								
Intergovernmental:								
Federal	\$	\$	\$	\$	\$	\$	\$	\$
State				74,420		2,758,951		9
Local				227,279		3,873,439		2
Assessments						870,612		
Sales						8,735		
Charges for services		746,271			18,041	517,024		
Licenses and permits					25,273	1,845,279		
Gifts and contributions				113,561	52,393	126,462		
Investment income	29				21	166,065	357,752	
Other				95,332	18,332	570	53	
						133,137		
Total revenues	29	746,271	-	510,592	114,060	10,300,274	357,805	11
Expenditures:								
Current:								
General government						6,169		
Community development				2,795	19,350	270,610		
Public safety				92,712	29,122	997,420		
Maintenance and development						392,281		
Human services				60,850	25,017	85,867		
Parks, recreation and culture		653,200			276,479	929,679		
Education				366,867		7,429,848		
Debt service							1,662,040	
Capital outlay						252,565		21
Total expenditures	-	653,200	-	523,224	349,968	10,364,439	1,662,040	21
Excess (Deficiency) of Revenues over Expenditures	29	93,071	-	(12,632)	(235,908)	(64,165)	(1,304,235)	(10)
Other Financing Sources (Uses):								
Transfers in					39,600	65,648	1,304,288	
Transfers out		(62,500)	(395)			(222,908)	(53)	
Net other financing sources (uses)	-	(62,500)	(395)	-	39,600	(157,260)	1,304,235	-
Net Change in Fund Balances	29	30,571	(395)	(12,632)	(196,308)	(221,425)	-	(10)
Fund Balances at July 1, 2013	410,294	11,499	395	183,839	599,734	2,946,506	180,000	6,696
Fund Balances at June 30, 2014	\$ 410,323	\$ 42,070	\$ -	\$ 171,207	\$ 403,426	\$ 2,725,081	\$ 180,000	\$ 6,686

(Continued on next page)

**TOWN OF VERNON, CONNECTICUT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	Capital Projects Funds								
	Spring St. Bridge Renovations Project 146-159	Phoenix St. Bridge Renovations Project 146-181	Town Capital and Nonrecurring	Education Capital and Nonrecurring	Public Bond Improvements	South Street Reconstruction	West Main Street Bridge Reconstruction	School Bond Improvements	Total
Revenues:									
Intergovernmental:									
Federal	\$	\$ 8,750	\$ 73,384	\$	\$	\$ 156,982	\$ 438,149	\$	677,274
State		1,094	411,965	36,377	144,340			2,304,803	2,898,581
Local									-
Assessments									-
Sales									-
Charges for services			10,797						10,797
Licenses and permits									-
Gifts and contributions									-
Investment income				23					23
Other			26,383				52,100		78,483
Total revenues	-	9,844	522,529	36,400	144,340	156,982	490,249	2,304,803	3,665,158
Expenditures:									
Current:									
General government									-
Community development									-
Public safety									-
Maintenance and development									-
Human services									-
Parks, recreation and culture									-
Education									-
Debt service									-
Capital outlay		10,938	764,289	76,025	8,220	186,907	587,528	3,880	1,637,808
Total expenditures	-	10,938	764,289	76,025	8,220	186,907	587,528	3,880	1,637,808
Excess (Deficiency) of Revenues over Expenditures	-	(1,094)	(241,760)	(39,625)	136,120	(29,925)	(97,279)	2,300,923	2,027,350
Other Financing Sources (Uses):									
Transfers in			720,575	177,011		40,000	144,340		1,081,926
Transfers out			(20,000)		(144,340)				(164,340)
Net other financing sources (uses)	-	-	700,575	177,011	(144,340)	40,000	144,340	-	917,586
Net Change in Fund Balances	-	(1,094)	458,815	137,386	(8,220)	10,075	47,061	2,300,923	2,944,936
Fund Balances at July 1, 2013	5,901	4,569	10,481	364,943	150,404	-	-	310,011	853,005
Fund Balances at June 30, 2014	\$ 5,901	\$ 3,475	\$ 469,296	\$ 502,329	\$ 142,184	\$ 10,075	\$ 47,061	\$ 2,610,934	\$ 3,797,941

(Continued on next page)

## TOWN OF VERNON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

	Permanent Funds				Total Nonmajor Governmental Funds
	Cemetery Trust	Memorial Trust	Total	Interfund Eliminations	
Revenues:					
Intergovernmental:					
Federal	\$	\$	\$ -	\$	3,436,225
State			-		6,772,020
Local			-		870,612
Assessments			-		8,735
Sales			-		517,024
Charges for services			-		1,856,076
Licenses and permits			-		126,462
Gifts and contributions	10,825		10,825		534,642
Investment income	145,347	16	145,363		146,009
Other			-		211,620
Total revenues	156,172	16	156,188	-	14,479,425
Expenditures:					
Current:					
General government			-		6,169
Community development			-		270,610
Public safety			-		997,420
Maintenance and development	15,082	15,981	31,063		423,344
Human services			-		85,867
Parks, recreation and culture			-		929,679
Education			-		7,429,848
Debt service			-		1,662,040
Capital outlay			-		1,890,373
Total expenditures	15,082	15,981	31,063		13,695,350
Excess (Deficiency) of Revenues over Expenditures	141,090	(15,965)	125,125		784,075
Other Financing Sources (Uses):					
Transfers in			-	(190,388)	2,261,474
Transfers out	(26,048)		(26,048)	190,388	(222,961)
Net other financing sources (uses)	(26,048)	-	(26,048)	-	2,038,513
Net Change in Fund Balances	115,042	(15,965)	99,077		2,822,588
Fund Balances at July 1, 2013	2,175,333	32,565	2,207,898		6,187,409
Fund Balances at June 30, 2014	\$ 2,290,375	\$ 16,600	\$ 2,306,975	\$ -	\$ 9,009,997

(Concluded)

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## Internal Service Funds

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Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

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

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

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

TOWN OF VERNON, CONNECTICUT

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<b>Data Processing</b>	<b>Workers' Compensation</b>	<b>Medical Self-Insurance</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Cash	\$ 398,011	\$ 222,357	\$ 39,624	\$ 659,992
Investments	1,268	83,456	637,637	722,361
Accounts receivable		1,197	8,550	9,747
Prepaid expense	22,740			22,740
Total current assets	422,019	307,010	685,811	1,414,840
Capital assets:				
Machinery and equipment	632,404			632,404
Infrastructure	245,734			245,734
Computer software	387,278			387,278
Construction-in-progress	441,817			441,817
Less accumulated depreciation	(634,988)			(634,988)
Capital assets (net)	1,072,245	-	-	1,072,245
Total assets	1,494,264	307,010	685,811	2,487,085
<b>Liabilities:</b>				
Current:				
Accounts payable	54,736	10,910		65,646
Claims payable		220,587	42,265	262,852
Due to other funds	508,847	700,000		1,208,847
Accrued compensated absences	26,846			26,846
Total current liabilities	590,429	931,497	42,265	1,564,191
Noncurrent:				
Claims payable		672,804		672,804
Accrued compensated absences	1,018			1,018
Total noncurrent liabilities	1,018	672,804	-	673,822
Total liabilities	591,447	1,604,301	42,265	2,238,013
<b>Net Position:</b>				
Net investment in capital assets	1,072,245			1,072,245
Unrestricted	(169,428)	(1,297,291)	643,546	(823,173)
Total Net Position	\$ 902,817	\$ (1,297,291)	\$ 643,546	\$ 249,072

TOWN OF VERNON, CONNECTICUT

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Data Processing</b>	<b>Workers' Compensation</b>	<b>Medical Self-Insurance</b>	<b>Total</b>
Operating Revenues:				
Charges for services	\$ 1,633,866	\$ 674,000	\$ 64,219	\$ 2,372,085
Gifts and contributions			866,817	866,817
Miscellaneous		30,180	34,260	64,440
Total operating revenues	1,633,866	704,180	965,296	3,303,342
Operating Expenses:				
Wages and benefits	797,369			797,369
Repairs, maintenance and rentals	467,835			467,835
Utilities	13,129			13,129
Supplies and materials	4,473			4,473
General and administrative	65,075	108,909	20,301	194,285
Claims paid and incurred		367,919	1,027,437	1,395,356
Depreciation	105,863			105,863
Total operating expenses	1,453,744	476,828	1,047,738	2,978,310
Operating Income (Loss)	180,122	227,352	(82,442)	325,032
Nonoperating Revenues (Expenses):				
Investment income		8	49	57
Income (loss) before capital contribution	180,122	227,360	(82,393)	325,089
Capital contributed from government	144,790			144,790
Change in net position	324,912	227,360	(82,393)	469,879
Total Net Position at July 1, 2013	577,905	(1,524,651)	725,939	(220,807)
Total Net Position at June 30, 2014	\$ 902,817	\$ (1,297,291)	\$ 643,546	\$ 249,072

**TOWN OF VERNON, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Data Processing	Workers' Compensation	Medical Self-Insurance	Total
Cash Flows from Operating Activities:				
Service charges collected	\$ 1,633,866	\$ 674,000	\$ 64,187	\$ 2,372,053
Contributions collected			879,852	879,852
Other operating revenues collected		1,581	37,338	38,919
Cash payments for employee wages and benefits	(741,197)			(741,197)
Cash payments for goods and services	(35,614)			(35,614)
Cash payments for other operating expenses		(643,731)	(1,116,282)	(1,760,013)
Net cash provided by (used in) operating activities	857,055	31,850	(134,905)	754,000
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(673,678)			(673,678)
Cash Flows from Investing Activities:				
Investment income		8	49	57
Net Increase (Decrease) in Cash and Cash Equivalents	183,377	31,858	(134,856)	80,379
Cash and Cash Equivalents - July 1, 2013	215,902	273,955	812,117	1,301,974
Cash and Cash Equivalents - June 30, 2014	399,279	305,813	677,261	1,382,353
Reconciliation to cash on Schedule 5:				
Cash equivalents reported as investments	(1,268)	(83,456)	(637,637)	(722,361)
Cash - June 30, 2014	\$ 398,011	\$ 222,357	\$ 39,624	\$ 659,992
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 180,122	\$ 227,352	\$ (82,442)	\$ 325,032
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Add:				
Depreciation expense	105,863			105,863
Decrease in accounts receivable		384	16,081	16,465
Decrease in prepaid expense	5,080			5,080
Increase in accounts payable	48,180	674		48,854
Increase in claims payable			5,848	5,848
Increase in due to other funds	507,707			507,707
Increase in accrued compensated absences	10,103			10,103
Deduct:				
Decrease in claims payable		(196,560)		(196,560)
Decrease in due to other funds			(74,392)	(74,392)
Net adjustments to operating income (loss)	676,933	(195,502)	(52,463)	428,968
Net Cash Provided by (Used in) Operating Activities	\$ 857,055	\$ 31,850	\$ (134,905)	\$ 754,000

Schedule of noncash capital and related financing activities:

The Data Processing Fund disposed of capital assets with a cost of \$733 and accumulated depreciation of \$733. Also, the Town contributed \$144,790 of capital assets to the Data Processing Fund during the year.

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# Fiduciary Funds

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

## **Pension Trust Funds**

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

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

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

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

## **Private Purpose Trust Funds**

To account for the activities of various restricted school awards.

## **Agency Funds**

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

## **School Activity**

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

## **Miscellaneous Activity**

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

## **Bid Bond Deposit**

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



**TOWN OF VERNON, CONNECTICUT****AGENCY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
JUNE 30, 2014**

	<b>School Activity</b>	<b>Miscellaneous Activity</b>	<b>Bid Bond Deposit</b>	<b>Total</b>
Assets:				
Cash	\$ 346,225	\$ 55,788	\$ 1,300	\$ 403,313
Investments			189,606	189,606
Due from other funds	458	66		524
Total	<u>\$ 346,683</u>	<u>\$ 55,854</u>	<u>\$ 190,906</u>	<u>\$ 593,443</u>
Liabilities:				
Accounts payable	\$ 346,683	\$ 54,855	\$ 190,906	\$ 592,444
Due to other funds		999		999
Total	<u>\$ 346,683</u>	<u>\$ 55,854</u>	<u>\$ 190,906</u>	<u>\$ 593,443</u>

## TOWN OF VERNON, CONNECTICUT

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>School Activity Fund</u></b>				
Assets:				
Cash	\$ 399,290	\$ 485,267	\$ 538,332	\$ 346,225
Due from other funds		458		458
Total Assets	\$ 399,290	\$ 485,725	\$ 538,332	\$ 346,683
Liabilities:				
Accounts payable	\$ 399,290	\$ 485,725	\$ 538,332	\$ 346,683
<b><u>Miscellaneous Activity Fund</u></b>				
Assets:				
Cash	\$ 64,915	\$ 305,016	\$ 314,143	\$ 55,788
Due from other funds	66			66
Total Assets	\$ 64,981	\$ 305,016	\$ 314,143	\$ 55,854
Liabilities:				
Accounts payable	\$ 63,447	\$ 304,429	\$ 313,021	\$ 54,855
Due to other funds	1,534	587	1,122	999
Total Liabilities	\$ 64,981	\$ 305,016	\$ 314,143	\$ 55,854
<b><u>Bid Bond Deposit</u></b>				
Assets:				
Cash	\$ -	\$ 1,300		\$ 1,300
Investments	178,537	25,365	14,296	189,606
Total Assets	\$ 178,537	\$ 26,665	\$ 14,296	\$ 190,906
Liabilities:				
Accounts payable	\$ 178,537	\$ 26,665	\$ 14,296	\$ 190,906
<b><u>Total All Funds</u></b>				
Assets:				
Cash	\$ 464,205	\$ 791,583	\$ 852,475	\$ 403,313
Investments	178,537	25,365	14,296	189,606
Due from other funds	66	458		524
Total	\$ 642,808	\$ 817,406	\$ 866,771	\$ 593,443
Liabilities:				
Accounts payable	\$ 641,274	\$ 816,819	\$ 865,649	\$ 592,444
Due to other funds	1,534	587	1,122	999
Total	\$ 642,808	\$ 817,406	\$ 866,771	\$ 593,443

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

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

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

**TOWN OF VERNON, CONNECTICUT**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2014**

	Land and Improvements	Construction In Progress	Buildings and Improvements	Machinery, Equipment and Intangibles	Infrastructure	Total
General government	\$ 179,513	\$ 54,601	\$ 3,394,215	\$ 480,964	\$	\$ 4,109,293
Community development				26,099		26,099
Public safety	343,716	101,132	4,244,001	9,255,724		13,944,573
Maintenance and development	469,230	2,931,051	853,353	6,441,561	75,461,229	86,156,424
Human services				48,228		48,228
Parks, recreation and culture	6,533,222	45,634	5,354,619	1,180,707	26,800	13,140,982
Townwide	1,357,097		11,521,920	19,113,794		31,992,811
Education	5,889,255	108,780	85,805,643	4,900,957		96,704,635
Total	\$ 14,772,033	\$ 3,241,198	\$ 111,173,751	\$ 41,448,034	\$ 75,488,029	\$ 246,123,045

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$1,707,233 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

**TOWN OF VERNON, CONNECTICUT**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Governmental Funds Capital Assets July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Governmental Funds Capital Assets June 30, 2014</b>
General government	\$ 4,084,021	\$ 25,501	\$ 229	\$ 4,109,293
Community development	26,099			26,099
Public safety	13,514,280	499,343	69,050	13,944,573
Maintenance and development	87,660,548	2,025,434	3,529,558	86,156,424
Human services	47,545	683		48,228
Parks, recreation and culture	12,883,660	298,807	41,485	13,140,982
Townwide	31,997,135		4,324	31,992,811
Education	96,508,736	195,899		96,704,635
Total	<u>\$ 246,722,024</u>	<u>\$ 3,045,667</u>	<u>\$ 3,644,646</u>	246,123,045

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$1,707,233 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Internal Service 1,707,233

Capital Asset Note \$ 247,830,278

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# Statistical Section

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This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

## CONTENTS

### **FINANCIAL TRENDS (TABLES 1 - 4)**

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

### **REVENUE CAPACITY (TABLES 5 - 7)**

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

### **DEBT CAPACITY (TABLES 8- 11)**

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

### **DEMOGRAPHIC AND ECONOMIC INFORMATION (TABLES 12 - 15)**

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

### **OPERATING INFORMATION (TABLES 16 - 17)**

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

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

TABLE 1

## TOWN OF VERNON, CONNECTICUT

## NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	(1) 2010	2011	2012	2013	2014
Governmental Activities:										
Net investment in capital assets	\$ 35,551,078	\$ 69,198,346 *	\$ 72,816,629 **	\$ 88,050,372	\$ 81,074,292	\$ 93,272,100	\$ 95,834,210	\$ 102,048,034	\$ 107,081,145	\$ 111,596,204
Restricted for:										
Endowments:										
Nonexpendable	2,076,992	2,149,606	2,327,444	1,810,053 ***	1,591,346	1,698,091	1,500,092	1,696,935	1,696,935	1,707,760
Expendable							409,284	394,323	510,963	599,215
Grant program						351,960	361,873	93,400	409,496	420,308
Sewer assessment									89,392	20,152
Cemeteries						2,462,824	2,103,563	512,639	184,036	186,559
Housing and community development					731,241				29,450	29,450
Education					8,503,748	461,740	534,712	559,169	157,770	108,553
Unrestricted	9,306,650	9,185,192	8,736,496	14,460,439	9,814,118 ****	7,150,265	6,733,222	12,288,256	7,962,107	7,699,805
Total Net Position - Governmental Activities	46,934,720	78,383,538 *	83,880,569 **	104,320,864 ***	101,714,745 ****	105,396,980	107,476,956	117,592,756	118,121,294	122,368,006
Business-Type Activities:										
Net investment in capital assets	4,065,203	11,345,089 *	10,949,348	10,681,891	10,693,612	11,344,015	11,052,631	10,640,331	10,110,672	10,719,298
Unrestricted	4,165,821	3,633,819	3,603,819	3,842,700	4,204,622 ****	4,110,256	5,612,991	6,851,173	8,121,996	9,203,267
Total Net Position - Business-Type Activities	8,231,024	14,978,908 *	14,553,167	14,524,591	14,898,234	15,454,271	16,665,622	17,491,504	18,232,668	19,922,565
Primary Government:										
Net investment in capital assets	39,616,281	78,393,829 *	83,765,977 **	98,732,263	91,767,904	104,616,115	106,886,841	112,688,365	117,191,817	122,315,502
Restricted for:										
Endowments:										
Nonexpendable	2,076,992	2,149,606	2,327,444	1,810,053 ***	1,591,346	1,698,091	1,909,376	1,696,935	1,696,935	1,707,760
Expendable								394,323	510,963	599,215
Grant program						351,960	361,873	93,400	409,496	420,308
Sewer assessment									89,392	20,152
Cemeteries						2,462,824	2,103,563	512,639	184,036	186,559
Housing and community development									29,450	29,450
Education					8,503,748	461,740	534,712	559,169	157,770	108,553
Unrestricted	13,472,471	12,819,011	12,340,315	18,303,139	14,018,740	11,260,521	12,346,213	19,139,429	16,084,103	16,903,072
Total Net Position - Primary Government	\$ 55,165,744	\$ 93,362,446 *	\$ 98,433,736 **	\$ 118,845,455 ***	\$ 116,612,979	\$ 120,851,251	\$ 124,142,578	\$ 135,084,260	\$ 136,353,962	\$ 142,290,571

\* Restated due to inclusion of infrastructure capital assets, effective July 1, 2006.

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

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

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

(1) Net position components completely restated for fiscal year 2010 only.

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

## TOWN OF VERNON, CONNECTICUT

TABLE 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Expenses:										
General government	\$ 2,525,504	\$ 2,806,080	\$ 2,904,104	\$ 3,139,240	\$ 5,543,645	\$ 6,002,872	\$ 5,633,603	\$ 5,374,112	5,907,367	\$ 5,497,317
Community development	418,771	430,016	335,054	512,822	874,382	1,631,589	2,057,937	638,976	419,554	605,573
Public safety	7,438,832	7,937,751	7,945,910	8,455,354	12,568,421	12,143,675	12,480,725	16,324,643	12,414,267	12,686,921
Maintenance and development	5,717,339	6,324,707	7,143,727	8,012,991	10,285,117	9,435,073	10,405,706	8,937,010	8,841,241	11,401,777
Human services	887,584	879,525	966,674	986,024	1,462,640	1,445,899	1,403,991	1,384,782	1,310,967	1,300,698
Parks, recreation and culture	1,585,830	1,728,770	1,983,538	2,051,661	2,332,424	2,487,532	2,610,713	2,391,015	2,657,811	2,552,523
Townwide	7,247,290	7,559,168	7,527,820	7,841,285						
Education	49,179,415	52,628,976	53,358,397	67,481,122	58,265,100	56,255,521	58,846,481	58,713,021	63,366,856	65,638,249
Interest on long-term debt	628,621	743,513	1,314,382	1,998,887	2,098,304	2,055,746	1,920,229	1,502,045	1,626,972	1,348,996
Total expenses	75,629,186	81,038,506	83,479,606	100,479,386	93,430,033	91,457,907	95,359,385	95,265,604	96,545,035	101,032,054
Program Revenues:										
Charges for services:										
General government	1,160,407	1,273,048	1,447,763	1,211,305	725,190	822,153	821,502	958,550	1,033,606	1,118,278
Community development	33,937	19,906	58,142	30,034	7,489	13,956	9,434	8,973	8,422	10,183
Public safety	999,599	924,368	1,125,437	959,756	1,181,165	1,258,051	1,254,690	1,137,357	1,092,752	1,291,753
Maintenance and development	672,068	565,980	714,631	657,618	561,824	564,608	569,932	617,746	590,490	469,094
Human services	20,873	13,475	20,075	19,018						
Parks, recreation and culture	394,946	437,496	576,551	658,490	631,474	685,562	712,592	718,122	778,727	804,255
Townwide	523,029	564,362	526,665	168,062						
Education	1,416,173	1,324,835	1,399,682	1,291,241	1,247,574	1,217,369	1,078,802	1,129,934	984,549	1,060,476
Operating grants and contributions	23,504,317	26,018,390	26,165,787	42,496,900	28,578,832	30,312,483	30,019,905	32,226,232	29,920,655	31,446,928
Capital grants and contributions	982,825	862,817	3,907,694	20,433,504	3,770,739	3,850,322	2,770,498	8,082,486	835,929	4,390,500
Total program revenues	29,708,174	32,004,677	35,942,427	67,925,928	36,704,287	38,724,504	37,237,355	44,879,400	35,245,130	40,591,467
Net Program Expense	(45,921,012)	(49,033,829)	(47,537,179)	(32,553,458)	(56,725,746)	(52,733,403)	(58,122,030)	(50,386,204)	(61,299,905)	(60,440,587)
General revenues:										
Property taxes	43,801,916	46,693,784	48,110,529	49,934,064	51,722,860	54,100,377	57,508,605	57,711,708	58,971,919	62,672,181
Grants and contributions not restricted to specific programs	1,672,024	1,628,896	1,991,397	1,749,089	1,606,039	1,258,722	1,223,183	1,503,374	1,671,664	1,157,706
Unrestricted investment earnings	479,359	1,091,724	2,009,214	1,503,005	212,312	192,081	281,909	35,105	135,297	146,202
Miscellaneous	22,092	145,131	110,570	227,674	966,540	900,553	1,188,309	1,079,316	1,005,114	700,385
Contributions to permanent funds										10,825
Gain on sale of assets								172,501	44,449	
Transfers						(36,095)				
Total general revenues	45,975,391	49,559,535	52,221,710	53,413,832	54,507,751	56,415,638	60,202,006	60,502,004	61,828,443	64,687,299
Total Change in Net Position	54,379	525,706	4,684,531	20,860,374	(2,217,995)	3,682,235	2,079,976	10,115,800	528,538	4,246,712
Net Position July 1 (as restated)	46,880,341	47,062,295	78,383,538	83,880,569	104,320,864	101,714,745	105,396,980	107,476,956	117,592,756	118,121,294
Net Position June 30	\$ 46,934,720	\$ 47,588,001	\$ 83,068,069	\$ 104,740,943	\$ 102,102,869	\$ 105,396,980	\$ 107,476,956	\$ 117,592,756	118,121,294	\$ 122,368,006

(Continued)



TABLE 2

## TOWN OF VERNON, CONNECTICUT

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-Type Activities:										
Expenses:										
Sewer	\$ 4,420,476	\$ 4,792,603	\$ 5,170,053	\$ 5,356,677	\$ 5,709,836	\$ 5,488,272	\$ 5,607,772	\$ 5,644,652	\$ 5,644,174	\$ 5,370,748
Building rental	165,955	175,594	215,209	216,560	245,220	197,075	220,378	181,037	186,503	217,673
Total expenses	4,586,431	4,968,197	5,385,262	5,573,237	5,955,056	5,685,347	5,828,150	5,825,689	5,830,677	5,588,421
Revenues:										
Charges for services:										
Sewer use	4,153,087	4,635,373	4,633,831	5,250,919	5,658,586	6,025,610	6,484,860	6,226,800	6,198,859	5,985,632
Building rentals	145,398	145,398	138,441	160,610	168,218	169,800	169,113	161,398	165,268	168,848
Total revenues	4,298,485	4,780,771	4,772,272	5,411,529	5,826,804	6,195,410	6,653,973	6,388,198	6,364,127	6,154,480
Net Program (Expenses) Revenues	(287,946)	(187,426)	(612,990)	(161,708)	(128,252)	510,063	825,823	562,509	533,450	566,059
General revenues:										
Grants and contributions not restricted to specific programs					75,000					
Investment income	82,719	153,339	187,249	133,132	38,771	9,879	5,869	641	724	277
Miscellaneous							379,659	262,732	206,990	9,812
Capital contributions										1,113,749
Transfers						36,095				
Total general revenues	82,719	153,339	187,249	133,132	113,771	45,974	385,528	263,373	207,714	1,123,838
Total Change in Net Position	(205,227)	(34,087)	(425,741)	(28,576)	(14,481)	556,037	1,211,351	825,882	741,164	1,689,897
Net Position July 1 (as restated)	8,436,251	8,231,024	14,978,908 2	14,553,167	14,524,591	14,898,234 5	15,454,271	16,665,622	17,491,504	18,232,668
Net Position, June 30	\$ 8,231,024	\$ 8,196,937	\$ 14,553,167	\$ 14,524,591	\$ 14,510,110	\$ 15,454,271	\$ 16,665,622	\$ 17,491,504	\$ 18,232,668	\$ 19,922,565
Total										
Total Change in Net Position	\$ (150,848)	\$ 491,619	\$ 4,258,790	\$ 20,831,798	\$ (2,232,476)	\$ 4,238,272	\$ 3,291,327	\$ 10,941,682	\$ 1,269,702	\$ 5,936,609
Net Position, July 1 (as restated)	55,316,592	55,293,319 1	93,362,446 2	98,433,736 3	118,845,455 4	116,612,979	120,851,251	124,142,578	135,084,260	136,353,962
Net Position, June 30	\$ 55,165,744	\$ 55,784,938	\$ 97,621,236	\$ 119,265,534	\$ 116,612,979	\$ 120,851,251	\$ 124,142,578	\$ 135,084,260	\$ 136,353,962	\$ 142,290,571

(Concluded)

1 Net position restated to reflect cumulative effect on GASB No. 47.

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

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

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

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

TABLE 3

TOWN OF VERNON, CONNECTICUT  
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(UNAUDITED)

	2005	2006	2007	2008	2009	(1) 2010	2011	2012	2013	2014
General Fund:										
Assigned	\$ 1,180,979	\$ 1,026,658	\$ 916,263	\$ 1,595,231	\$ 1,538,649	\$ 1,833,779	\$ 2,122,970	\$ 1,820,141	\$ 1,388,542	\$ 1,540,633
Unassigned	6,963,701	7,985,020	8,224,232	7,930,610	8,367,020	8,592,950	8,955,095	9,294,386	10,015,648	11,142,709
Total General Fund	\$ 8,144,680	\$ 9,011,678	\$ 9,140,495	\$ 9,525,841	\$ 9,905,669	10,426,729	\$ 11,078,065	\$ 11,114,527	\$ 11,404,190	\$ 12,683,342
All Other Governmental Funds:										
Nonspendable	\$ 7,423,302	\$ 16,664,678	\$ 21,333,178	\$ 23,038,929	\$ 15,339,913	\$ 1,728,555	\$ 1,941,521	\$ 1,728,792	\$ 1,733,192	\$ 1,736,239
Restricted						3,234,537	3,000,148	1,559,531	1,381,107	1,364,237
Committed						3,728,800	4,037,469	4,063,022	3,068,867	6,590,021
Assigned						352,654	443,291	499,582	892,047	180,000
Unassigned	(784,239)	(14,397,052)	(10,949,235)	(3,329,576)	(3,468,152)	(4,955,986)	(4,930,052)	(873,722)	(887,804)	(2,593,688)
Total Fund Balances - All Other Governmental Funds	\$ 6,639,063	\$ 2,267,626	\$ 10,383,943	\$ 19,709,353 *	\$ 11,871,761	\$ 4,088,560	\$ 4,492,377	\$ 6,977,205	\$ 6,187,409	\$ 7,276,809
Total Governmental Funds:										
Nonspendable	\$ 7,423,302	\$ 16,664,678	\$ 21,333,178	\$ 23,038,929	\$ 15,339,913	\$ 1,728,555	\$ 1,941,521	\$ 1,728,792	\$ 1,733,192	\$ 1,736,239
Restricted						3,234,537	3,000,148	1,559,531	1,381,107	1,364,237
Committed						3,728,800	4,037,469	4,063,022	3,068,867	6,590,021
Assigned	1,180,979	1,026,658	916,263	1,595,231	1,538,649	2,186,433	2,566,261	2,319,723	2,280,589	1,720,633
Unassigned	6,179,462	(6,412,032)	(2,725,003)	4,601,034	4,898,868	3,636,964	4,025,043	8,420,664	9,127,844	8,549,021
Total Fund Balances - Governmental Funds	\$ 14,783,743	\$ 11,279,304	\$ 19,524,438	\$ 29,235,194 *	\$ 21,777,430	\$ 14,515,289	\$ 15,570,442	\$ 18,091,732	\$ 17,591,599	\$ 19,960,151

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

NOTE: Prepared on the modified accrual basis of accounting.

(1) Fund balance components completely restated for fiscal year 2010 only.

TABLE 4

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

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Property taxes	\$ 45,044,605	\$ 46,735,710	\$ 48,717,250	\$ 49,913,095	\$ 52,186,924	\$ 54,241,727	\$ 57,387,268	\$ 57,327,038	\$ 58,939,088	\$ 62,683,962
Intergovernmental	25,423,568	27,641,354	31,251,370	62,806,494	33,236,536	34,675,196	33,737,936	41,746,995	32,106,379	36,692,587
Assessments	138,692	115,312	96,624	74,423	72,351	64,462	51,769	11,527	4,683	8,735
Charges for services	4,317,998	4,400,963	4,773,681	4,731,282	4,363,415	4,567,821	4,449,485	4,462,560	4,355,989	4,551,193
Gifts and contributions	1,377,668	1,349,523	1,262,616	1,593,576	1,454,208	1,552,800	434,480	630,479	781,887	534,642
Income on investments	454,327	1,035,366	1,944,825	1,456,284	203,468	192,081	280,957	35,009	135,176	146,145
Other	897,574	1,164,396	1,209,801	1,576,511	894,189	836,091	1,136,540	1,067,789	1,000,431	691,650
Total revenues	77,654,432	82,442,624	89,256,167	122,151,665	92,411,091	96,130,178	97,478,435	105,281,397	97,323,633	105,308,914
Expenditures:										
General government	2,430,610	2,714,171	2,799,855	2,945,676	3,038,845	3,014,195	3,053,491	3,284,356	3,248,285	3,434,887
Community development	454,632	487,204	800,305	516,422	843,903	1,500,051	1,953,760	629,269	301,852	491,759
Public safety	7,052,389	7,677,134	7,707,129	8,115,101	8,348,918	8,667,318	8,767,903	12,514,139	9,178,663	8,992,975
Maintenance and development	5,427,614	5,506,187	5,622,134	5,962,731	6,627,082	6,017,883	6,102,700	5,784,605	5,622,410	5,855,039
Human services	838,084	904,345	921,763	973,537	986,846	1,117,125	1,044,049	1,035,291	1,056,536	1,021,879
Parks, recreation and culture	1,470,046	1,551,687	1,736,475	1,829,696	1,954,648	2,045,589	2,058,075	1,943,657	2,023,123	2,258,749
Townwide	5,781,324	6,103,968	6,072,052	6,385,961	6,661,045	6,665,401	7,321,967	6,806,996	7,054,780	7,107,547
Education	48,380,355	51,805,003	52,542,394	67,288,015	55,172,073	55,878,652	58,090,674	58,693,310	61,283,091	64,217,906
Capital outlay	2,009,055	6,747,491	11,953,787	34,845,530	21,979,002	12,963,146	5,765,044	5,863,902	4,053,503	3,753,735
Debt service:										
Principal	2,507,911	2,188,465	2,553,653	3,016,254	3,146,377	3,412,148	3,796,764	4,644,693	4,659,209	4,408,742
Interest	632,510	737,688	1,116,486	1,682,490	2,012,321	2,074,716	1,941,450	1,959,138	1,397,144	1,397,144
Total expenditures	76,984,530	86,423,343	93,826,033	133,561,413	110,771,060	103,356,224	99,895,877	103,159,356	99,878,596	102,940,362
Excess (Deficiency) of Revenues Over Expenditures	669,902	(3,980,719)	(4,569,860)	(11,409,748)	(18,359,969)	(7,226,046)	(2,417,442)	2,122,041	(2,554,963)	2,368,552
Other Financing Sources (Uses):										
Refunding bonds issued								34,685,000		
Payment to refunding bond escrow agent								(37,449,969)		
Net original issue premium - refunding								2,991,717		
Bond proceeds			12,815,000	21,040,000	10,875,000		3,755,000			
Bond/BAN premium and accrued interest				30,583	27,205		39,712			
Lease purchase on equipment		476,280		470,000			106,412		2,010,000	
Sale of assets								172,501	44,803	
Transfers in	1,991,619	1,927,419	4,169,759	2,731,259	2,130,198	3,143,579	1,900,387	1,955,665	2,245,806	2,484,435
Transfers out	(1,991,619)	(1,927,419)	(4,169,759)	(2,731,259)	(2,130,198)	(3,179,674)	(2,328,916)	(1,955,665)	(2,245,806)	(2,484,435)
Total other financing sources (uses)	-	476,280	12,815,000	21,540,583	10,902,205	(36,095)	3,472,595	399,249	2,054,803	-
Net Change in Fund Balances	\$ 669,902	\$ (3,504,439)	\$ 8,245,134	\$ 10,130,835	\$ (7,457,764)	\$ (7,262,141)	\$ 1,055,153	\$ 2,521,290	(500,160)	\$ 2,368,552
Debt Service as a Percentage of Noncapital Expenditures	4.19%	3.67%	4.48%	4.74%	5.81%	6.06%	6.05%	7.09%	6.32%	5.81%
Debt Service as a Percentage of Total Expenditures	4.08%	3.39%	3.91%	3.52%	4.66%	5.31%	6.00%	6.40%	6.06%	5.64%

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

TABLE 5

## TOWN OF VERNON, CONNECTICUT

## TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS  
(In Thousands of Dollars)  
(UNAUDITED)

Fiscal Year Ended June 30,	Grand List as of 10/1	Real Property **			(2) Total	(3) Personal Property	(3) Motor Vehicles*	Total Assessed Value of All Property	Less Exemptions	Less Phase in Adjustment	Net Assessed Value (Net Taxable Grand List)	(4) Total Direct Tax Rate (Mill Rate)	Estimated Actual Value All Property	Ratio of Assessed Value to Estimated Actual Value
		Residential	(1) Commercial Industrial	Vacant/ Use Assessment										
2014	2012	\$ 1,133,280	\$ 359,258	\$ 7,470	\$ 1,500,008	\$ 75,767	\$ 176,322	\$ 1,752,097	\$ 17,716	\$	\$ 1,734,381	35.40	\$ 2,418,110	72.46%
2013	2011	1,130,299	355,469	8,646	1,494,414	82,581	181,538	1,758,533	20,093		1,738,440	33.63	2,501,860	70.29%
2012	2010	1,270,682	402,280	9,273	1,682,235	84,559	165,126	1,931,920	17,347		1,914,573	29.90	2,555,955	75.59%
2011	2009	1,262,353	402,533	8,889	1,673,775	81,908	157,390	1,913,073	18,434		1,894,639	30.02	2,474,000	77.33%
2010	** 2008	1,254,850	404,763	12,089	1,671,702	77,115	157,558	1,906,375	15,676		1,890,699	28.42	2,438,811	78.17%
2009	** 2007	1,244,641	403,696	13,590	1,661,927	74,659	162,849	1,899,435	14,587	182,727	1,702,121	30.28	2,494,179	76.15%
2008	** 2006	1,236,455	393,213	10,218	1,639,886	73,695	160,502	1,874,083	17,804	365,000	1,491,279	32.91	2,021,544	92.71%
2007	2005	774,365	301,430	16,590	1,092,385	74,198	158,195	1,324,778	13,675		1,311,103	36.73	2,850,480	46.48%
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%

\* Excludes assessed value on supplemental motor vehicle listings.

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

(1) Includes public utility property.

(2) The latest real estate revaluation was effective for the October 1, 2008 Grand List. Real estate is assessed at 70% of estimated full value.

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

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

Source of data: Town Assessor's office.

TABLE 6

TOWN OF VERNON, CONNECTICUT

## PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

Taxpayer	FISCAL YEAR					
	2014			2005		
	Taxable Assessed Value (10/01/12 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/03 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)
Chapman and Mansions, LLC	\$ 50,626,080	1	2.92%	\$ 18,633,540	1	1.49%
Tri City Improvements, LLC	26,622,490	2	1.53%			
Evandro Santini & Woodbridge LLC	22,644,710	3	1.31%	11,524,029	6	0.92%
Connecticut Light & Power/Yankee Gas Co.	17,752,830	4	1.02%	11,657,391	5	0.93%
Connecticut Water Company	14,505,470	5	0.84%	13,236,080	3	1.06%
CE Vernon II, LLC	13,055,000	6	0.75%			
Chapman Acres. LLC	9,057,580	7	0.52%	7,014,000	9	0.56%
Boston Rockville / Boston Vernon	8,592,200	8	0.50%			
Parkwest Residents Association	4,950,190	9	0.29%			
Kerensky, Schneider...(Risley Trust)	3,129,020	10	0.18%	8,461,880	7	0.67%
Javit Asset Partnership				18,350,050	2	1.46%
Montowese Industrial Park				12,446,100	4	0.99%
Talcotville Development				7,764,582	8	0.62%
One Fifty One West Main Street				5,425,910	10	0.43%
Total Top 10 Taxpayers	\$ <u>170,935,570</u>		<u>9.86%</u>	\$ <u>114,513,562</u>		<u>9.13%</u>
*Based on 10/1 Net Taxable Grand List of:	\$ <u>1,734,380,865</u>			\$ <u>1,253,950,246</u>		

Source: Town of Vernon, Tax Assessor's Department.

TABLE 7

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

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

Fiscal Year Ended June 30,	Grand List Oct 1,	Current Year Levy			Current Levy Collected Within the Fiscal Year of the Levy		Collections of Current Levy Subsequent Years	Total Levy Collections to Date			Uncollected Collectible Taxes June 30, 2014
		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	
2014	2012	\$ 62,079,457	\$ 131,163	\$ 62,210,620	\$ 61,327,304	98.8%	\$	\$ 61,327,304	98.8%	98.6%	\$ 883,316
2013	2011	58,943,099	(244,162)	58,698,937	57,812,300	98.1%	488,235	58,300,535	98.9%	99.3%	398,402
2012	2010	57,542,153	(166,510)	57,375,643	56,603,238	98.4%	600,103	57,203,341	98.4%	98.7%	172,302
2011	2009	57,205,162	(118,005)	57,087,157	56,484,922	98.7%	507,271	56,992,193	99.6%	99.8%	94,964
2010	2008	53,957,129	(133,447)	53,823,682	53,268,067	98.7%	490,851	53,758,918	99.6%	99.9%	64,764
2009	2007	51,964,949	(194,639)	51,770,310	51,114,202	98.4%	611,731	51,725,933	99.5%	99.9%	44,377
2008	2006	49,690,219	(144,946)	49,545,273	48,770,952	98.2%	734,241	49,505,193	99.6%	99.9%	40,080
2007	2005	48,761,915	(331,928)	48,429,987	47,704,186	97.8%	701,259	48,405,445	99.3%	99.9%	24,542
2006	2004	46,757,803	(371,318)	46,386,485	45,837,742	98.0%	531,936	46,369,678	99.2%	100.0%	16,807
2005	2003	45,007,299	(244,169)	44,763,130	44,228,933	98.3%	520,093	44,749,026	99.4%	100.0%	14,104

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

There are no overlapping tax rates.

Sources of Data:

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

TABLE 8

**TOWN OF VERNON, CONNECTICUT**  
**RATIO OF OUTSTANDING DEBT BY TYPE**

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

Fiscal Year Ended June 30,	Governmental Activities						(1)	(2)	(3)		(4)			
	General Purpose	General Obligation Bonds			Notes Payable	Leases Payable	Total All Debt	Estimated Actual Value of Property (in thousands of \$)	Total Debt as a % of Estimated Actual Value of Property	Population	Total Debt Per Capita	Per Capita Personal Income	Total Debt as a % of Per Capita Personal Income	Personal Income as a % of Total Debt
2014	\$12,410,000	\$23,693,000	\$687,000	\$36,790,000	\$4,049,643	\$1,579,841	\$42,419,484	\$2,418,110	1.75%	29,161	\$1,455	n/a	n/a	n/a
2013	13,317,000	25,275,000	743,000	39,335,000	5,613,695	1,798,543	46,747,238	2,501,860	1.87%	29,122	1,605	\$50,213	3.20%	0.11%
2012	14,182,000	27,003,000	1,005,000	42,190,000	7,160,338	46,109	49,396,447	2,555,955	1.93%	29,179	1,693	48,847	3.47%	0.10%
2011	15,508,000	29,723,000	1,324,000	46,555,000	8,695,599	75,395	55,325,994	2,474,000	2.24%	29,205	1,894	48,847	3.88%	0.09%
2010	13,927,000	29,300,000	1,613,000	44,840,000	10,210,277	188,094	55,238,371	2,438,811	2.26%	30,182	1,830	45,424	4.03%	0.08%
2009	14,287,000	29,798,000	1,905,000	45,990,000	11,696,643	963,877	58,650,520	2,494,179	2.35%	29,839	1,966	44,430	4.42%	0.08%
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	41,736	4.12%	0.08%
2007	9,251,000	5,117,000	2,507,000	16,875,000	14,584,236	996,364	32,455,600	2,850,480	1.14%	29,672	1,094	38,697	2.83%	0.12%
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	36,674	2.05%	0.17%
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	35,138	2.32%	0.15%

Sources of data:

- (1) Town of Vernon, Finance Department.
- (2) Estimated Actual Value of Property provided by State Office of Policy and Management and Town Assessor's Office.
- (3) Population estimates are provided by the Connecticut Department of Public Health except for the fiscal year (FY) 2011/12 population estimate which was provided by the U.S. Census Bureau.
- (4) Per capita income is for Tolland County of which Vernon is a part of.

Note: The Town of Vernon's per capita income, available only for fiscal year 2012, was provided by the 2010 U.S. Census Bureau and is reported on Table 25.

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

TABLE 9

**TOWN OF VERNON, CONNECTICUT**  
**RATIO OF NET GENERAL BONDED DEBT OUTSTANDING**

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

(UNAUDITED)								
Fiscal Year Ended June 30,	Total General Obligation Bonds (1)		Other General 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 Amounts to be Provided by Surrounding Municipalities	Leases Payable			
2014	\$	36,790,000	\$ 4,049,643	\$ (871,680)	\$ 1,579,841	\$ 41,547,804	1.72%	\$ 1,425
2013		39,335,000	5,613,695	(1,208,340)	1,798,543	45,538,898	2.22%	1,564
2012		42,190,000	7,160,338	(1,538,339)	46,109	47,858,108	1.87%	1,640
2011		46,555,000	8,695,599	(1,861,809)	75,395	53,464,185	2.16%	1,831
2010		44,840,000	10,210,277	(2,178,880)	188,094	53,059,491	2.18%	1,758
2009		45,990,000	11,696,643	(2,489,677)	963,877	56,160,843	2.25%	1,882
2008		36,505,000	13,154,440	(2,794,324)	1,262,457	48,127,573	2.38%	1,625
2007		16,875,000	14,584,236	(3,092,945)	996,364	29,362,655	1.03%	990
2006		5,015,000	15,986,583	(3,385,657)	1,192,669	18,808,595	0.72%	638
2005		5,725,000	17,362,025	(3,672,578)	819,413	20,233,860	0.85%	690

Sources of data:

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



## TOWN OF VERNON, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2014  
(UNAUDITED)

## Base for Debt Limitation:

Total tax collections for the current fiscal year, including interest and lien fees \$ 62,563,098

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	Total
Debt limitation:						
2-1/4 times the Base for Debt Limitation	\$ 140,766,971	\$	\$	\$	\$	\$
4-1/2 times the Base for Debt Limitation		281,533,941				
3-3/4 times the Base for Debt Limitation			234,611,618			
3-1/4 times the Base for Debt Limitation				203,330,069		
3 times the Base for Debt Limitation					187,689,294	
7 times the Base for Debt Limitation						437,941,686
Total Debt Limitation	140,766,971	281,533,941	234,611,618	203,330,069	187,689,294	437,941,686
Indebtedness:						
Bonds payable	12,410,000	23,693,000	687,000			36,790,000
Notes payable			4,049,643			4,049,643
Bonds authorized and unissued	30,796,000	38,012,000	162,000			68,970,000
Total Indebtedness	43,206,000	61,705,000	4,898,643	-	-	109,809,643
Debt Limitation in Excess of Net Indebtedness Legal Debt Margin	\$ 97,560,971	\$ 219,828,941	\$ 229,712,975	\$ 203,330,069	\$ 187,689,294	\$ 328,132,043

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

The total net indebtedness above amounts to: \$ 109,809,643In no event shall total indebtedness exceed seven time the base for debt limitation computation: \$ 437,941,686

There is no overlapping debt for the Town of Vernon.

Note: The Towns of Ellington, Manchester, South Windsor and Tolland allocable share of Sewer Total Indebtedness (Clean Water Fund project 200-C) totals \$871,680.

TABLE 11

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Debt Limitation	\$ 315,210,483	\$ 327,081,769	\$ 340,763,451	\$ 349,678,098	\$ 365,563,961	\$ 379,667,540	\$ 401,786,343	\$ 401,538,851	\$ 411,836,390	\$ 437,941,686
Total Net Indebtedness	(21,845,748)	(39,059,346)	(102,886,032)	(103,104,752)	(100,700,857)	(98,342,330)	(96,360,188)	(90,567,495)	(86,281,695)	(109,809,643)
Debt Limitation in Excess of Net Indebtedness (Legal Debt Margin)	\$ 293,364,735	\$ 288,022,423	\$ 237,877,419	\$ 246,573,346	\$ 264,863,104	\$ 281,325,210	\$ 305,426,155	\$ 310,971,356	\$ 325,554,695	\$ 328,132,043
Total Net Indebtedness as a Percentage of Debt Limitation	6.9%	11.9%	30.2%	29.5%	27.5%	25.9%	24.0%	22.6%	21.0%	25.1%

Source: Town of Vernon, Finance Department.

TABLE 12

TOWN OF VERNON, CONNECTICUT

## DEMOGRAPHIC AND ECONOMIC DATA

LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Population	Median Age (1)	Personal Income (2) (in thousands of dollars)	Per Capita Personal Income (2)	School Enrollment	Annual Change in School Enrollment	Unemployment Rate (June 30,)	Labor Force (June 30,)
2014	29,161	38.0	n/a	n/a	3,357	(131)	6.6%	17,047
2013	29,122	38.0	\$ 7,601,139	\$ 50,213	3,488	(91)	7.5%	16,819
2012	29,179	38.0	7,402,291	48,847	3,579	(40)	8.0%	17,444
2011	29,205	38.1	7,110,469	46,624	3,619	(84)	8.4%	17,923
2010	30,182	38.1	6,834,478	45,424	3,703	119	8.4%	17,894
2009	29,839	38.1	6,660,847	44,430	3,584	(131)	7.3%	17,673
2008	29,620	39.4	6,159,544	41,736	3,715	(82)	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

n/a - Information not available.

Sources of data:

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

(1) Median Age data is shown for Tolland County, Connecticut, of which Vernon is a part of and was provided by American Fact Finder, U.S. Census Bureau.

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

TABLE 13

TOWN OF VERNON, CONNECTICUT

## MAJOR EMPLOYERS

JUNE 30, 2014 AND JUNE 30, 2005  
(UNAUDITED)

Major Employer	2014			2005		
	Number Employed	Rank	Percentage of Total Town Employment	Number Employed	Rank	Percentage of Total Town Employment
Town of Vernon	846	1	5.0%	854	1	5.1%
Rockville General Hospital	501	2	2.9%	610	2	3.6%
Visiting Nurse and Health Services	462	3	2.7%	390	4	2.3%
Stop & Shop	316	4	1.9%	240	6	1.4%
New England Mechanical Services	275	5	1.6%	430	3	2.6%
Price Chopper	221	6	1.3%	270	5	1.6%
Vernon Manor	175	7	1.0%			
Healthwise Medical Associates	160	8	0.9%			
Rein's Delicatessen	155	9	0.9%	170	8	1.0%
Fox Hill Nursing and Rehabilitation	149	10	0.9%	160	10	1.0%
State of Connecticut				185	7	1.1%
Shaw's Supermarket				170	8	1.0%
Total	<u>3,260</u>		<u>19.1%</u>	<u>3,479</u>		<u>20.7%</u>
Labor Force			<u>17,047</u>			<u>16,822</u>

Source: Town of Vernon Economic Development Department.

TABLE 14

TOWN OF VERNON, CONNECTICUT  
MUNICIPAL EMPLOYMENT BY BARGAINING UNIT

JUNE 30, 2014  
(UNAUDITED)

Municipal Employment	Fiscal year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Board of Education	640	635	631	638	624	633	642	659	638	646
General Government	206	205	204	204	211	211	213	212	209	208
Total	846	840	835	842	835	844	855	871	847	854

<u>Board of Education</u>	<u>Bargaining Unit</u>	<u>Employees Covered at 6/30/2014</u>	<u>Current Contract Expiration Date</u>
Clerical / Custodial / Maintenance	Local 1303, AFSCME, AFL-CIO	65	6/30/16
Teachers	Vernon Education Association	332	6/30/14 *
School Administrators	Vernon School Administrators Association	21	6/30/15
School Nurses	Vernon School Nurses' Association	8	6/30/16
Cafeteria	United Food & Commercial Workers, Local 919, AFL-CIO	31	6/30/14 *
Plant Operation Supervisors	Local 818, Council #4, Supervisors	2	6/30/15
Service Aids & Teacher Assistants	Vernon Federation of Paraprofessionals	142	6/30/14 *
Librarians / Media Managers / Assistants	Local 1303-279, AFSCME, AFL-CIO	8	6/30/16
Non-Bargaining Employees	Not affiliated - salaried	31	n/a
Total Board of Education		640	
<u>General Government</u>	<u>Bargaining Unit</u>		
Police officers	Local 17, Connecticut Independent Police Union	48	6/30/17
Public Works/ Parks / Water Pollution	Local 1471, AFSCME, AFL-CIO	57	6/30/16
Public Works Supervisors	Local 818, AFSCME, AFL-CIO	5	6/30/15
Civilian Police Department Employees	Local 47, Connecticut Independent Labor Union	13	6/30/17
Professionals	Local 818 Professionals, AFSCME, AFL-CIO	32	6/30/16
Public Works Administrative Clerical	Local 1471, AFSCME, AFL-CIO	3	6/30/16
Waste Treatment Plant Supervisors	Local 818, AFSCME, AFL-CIO	3	6/30/15
Non-Bargaining Employees	Not affiliated	45	n/a
Total General Government		206	

\* Subsequent to June 30, 2014, all of these bargaining agreements were ratified through June 30, 2017.

Sources of data:

Board of Education, Director of Business Office.  
General Government, Town Administration.

TABLE 15

## TOWN OF VERNON, CONNECTICUT

## MUNICIPAL FULL-TIME EMPLOYMENT BY FUNCTION / PROGRAM

LAST TEN FISCAL YEARS  
(UNAUDITED)

Function / Program	Full-time Employment Positions - Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government:										
Administrative	7	7	7	7	8	8	8	7	8	8
Finance	14	13	13	13	14	13	14	14	14	14
Town Clerk	3	3	3	3	4	4	4	4	4	4
Data processing	10	10	4	4	4	4	4	3	3	3
Community Development:										
Planning	2	2	2	2	2	2	2	2	2	2
Economic Development	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police	64	64	67	67	67	67	67	67	67	66
Fire / Ambulance	2	2	2	2	2	2	2	2	2	2
Building	5	5	5	5	5	5	5	6	5	5
Animal Control	2	2	2	2	2	2	2	2	2	2
Maintenance and development:										
Public Works	47	47	48	48	51	51	51	51	48	48
Engineering	4	4	4	4	4	4	4	4	4	4
Water Pollution Control	22	22	22	22	23	24	24	24	24	24
Human Services:										
Youth Services	3	3	3	3	3	3	3	3	3	3
Social Services	4	4	4	4	4	4	4	4	4	4
Senior Center	3	3	3	3	3	3	3	3	3	3
Parks and Recreation:										
Administration	5	5	6	6	6	6	6	6	6	6
Parks Maintenance	6	6	6	6	6	6	6	6	6	6
Townwide:										
Cemeteries	2	2	2	2	2	2	3	3	3	3
Subtotal Town Hall employees	206	205	204	211	211	211	213	212	209	208
Education	640	635	631	638	624	633	642	659	638	646
Total Full-Time Employees	846	840	835	849	835	844	855	871	847	854

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

TABLE 16

## TOWN OF VERNON, CONNECTICUT

## OPERATING INDICATORS BY FUNCTION/ PROGRAM

LAST TEN FISCAL YEARS  
(UNAUDITED)

FUNCTION/PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b><u>Community Development</u></b>										
Planning Administration:										
Number of Inland Wetland applications	7	9	8	7	12	13	13	24	31	17
Number of Planning/Zoning applications (both indicators based on calendar year)	22	22	19	26	29	20	27	38	42	32
<b><u>Public Safety (calendar year)</u></b>										
Police:										
Number of crimes	277	360	339	314	415	359	400	375	440	404
Number of motor vehicle infractions	678	1,002	1,108	1,126	1,567	1,678	1,383	1,720	1,351	1,919
Number of citations	3,465	5,206	4,814	6,157	6,674	5,823	6,917	9,002	6,382	8,158
Number of service calls	18,448	19,454	19,261	19,149	18,872	20,956	20,379	20,754	19,104	19,958
Building Inspection:										
Building permits issued	1,938	1,903	2,017	1,794	1,850	1,466	1,725	1,829	1,694	1,796
Building inspections conducted	7,596	7,594	7,669	6,350	6,343	2,886	2,073	1,817	1,731	1,401
<b><u>Maintenance and Development</u></b>										
General Maintenance:										
Miles of streets paved / reconstructed	10.21	1.64	1.11	6.02	0.98	1.16	4.16	4.41	3.43	0.60
Refuse Collection and Disposal:										
Tons of Municipal Solid Waste collected	7,178.17	6,740.80	7,641.02	7,570.10	8,177.00	8,398.99	8,770.60	8,975.21	9,177.05	8,988.35
Tons of Bulky Waste received	1,462.63	1,366.38	1,516.90	1,363.80	1,686.00	1,640.88	1,685.00	1,575.76	1,188.81	1,510.98
Recycling:										
Tons of Recyclables collected	2,528.12	2,510.82	2,492.44	2,442.90	1,877.00	1,955.46	1,946.80	2,135.41	2,153.59	2,312.51
Tons of Waste Motor Oil received	3.5	2.4	2.7	5.0	7.9	12.8	12.9	26.5	16.5	21.1
Tons of Metal received	162.00	162.00	168.00	185.00	275.00	289.00	365.00	476.00	551.00	669.00
Tons of Electronics received	74.80	69.50	78.00	19.80	21.00	20.30	5.00	n/a	n/a	n/a
Units of Lead Acid Batteries received	89	102	42	104	165	290	256	n/a	n/a	n/a
<b><u>Parks and Recreation</u></b>										
Recreation programs:										
Number of programs offered	102	89	94	97	89	65	82	75	68	60
Number of summer camp participants	2,618	2,378	2,301	2,042	1,971	1,830	2,619	2,395	2,640	1,325
<b><u>Townwide</u></b>										
Vernon Cemeteries:										
Number of cemetery lots sold	31	71	65	41	54	88	48	69	51	94
Number of burials / cremations	72	87	63	90	70	97	80	75	87	95
Water Pollution Control Facility:										
Average daily sewage treatment (thousands of gallons)	3,210.0	2,825.0	3,424.0	3,120.0	3,240.0	3,890.0	3,760.0	4,140.0	4,094.4	3,791.4

Source of data: Various town departments.

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

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

TABLE 17

TOWN OF VERNON, CONNECTICUT

## CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM

LAST TEN FISCAL YEARS  
(UNAUDITED)

FISCAL YEAR ENDED JUNE 30

FUNCTION/PROGRAM	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	50	50	50	50	50	50	50	50	50	50
Number of fire / ambulance stations	6	6	6	6	6	6	6	6	6	5
Number of fire / ambulance volunteers	166	155	160	158	161	154	135	138	123	132
Maintenance and Development:										
Miles of improved roads	112.78	112.78	112.34	112.34	112.34	111.83	111.81	111.81	111.81	111.08
Miles of unimproved roads	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Miles of sanitary sewers	112.9	112.9	112.9	112	112	112	112	112	112	112
Number of sanitary sewer pump stations	7	7	7	7	7	7	7	7	7	7
Treatment capacity - million gallons/day	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Parks and Recreation:										
Number of parks	26	26	26	26	23	22	22	22	22	22
Acres of park land	582.52	582.52	582.52	579.52	570.42	568.3	568.3	568.3	568.3	568.3
Number of pools	2	2	2	2	2	2	2	2	2	2
Number of beaches	2	2	2	2	2	2	2	2	2	2
Education:										
Number of schools:										
Elementary	5	5	5	5	5	5	5	5	5	5
Middle	1	1	1	1	1	1	1	1	1	1
High / VOAG	1	1	1	1	1	1	1	1	1	1
Special Education	1	1	1	1	1	1	1	1	1	1
Townwide:										
Number of cemeteries maintained	5	5	5	5	5	5	5	5	5	5

Source of data: Various town departments.

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



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## **Trend Information**

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This part of the Town's comprehensive annual financial report presents additional detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

TABLE 18

## TOWN OF VERNON, CONNECTICUT

## GENERAL FUND - BALANCE SHEETS

LAST TEN FISCAL YEARS  
(UNAUDITED)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Assets:</b>										
Cash	\$ 12,127,690	\$ 5,700,066	\$ 7,856,162	\$ 8,870,779	40,340	\$ 697,928	\$ 240,097	\$ 323,970	\$ 689,248	\$ 737,153
Investments	554,897	3,368,016	3,304,313	2,436,623	10,443,021	10,364,088	10,350,750	10,287,126	7,091,252	8,364,683
Receivables:										
Property taxes	1,819,045	1,754,356	1,618,936	1,370,094	1,281,734	1,373,298	1,329,106	1,305,826	1,437,171	1,450,857
Grants and other	103,858	868,194	3,982,406	632,077	891,434	966,108	1,433,194	1,820,165	2,338,640	2,677,397
Due from other funds	3,359,412	3,746,953	2,105,434	2,255,427	4,092,563	1,954,903	1,263,191	1,353,258	2,190,610	620,609
<b>Total assets</b>	<b>\$ 17,964,902</b>	<b>\$ 15,437,585</b>	<b>\$ 18,867,251</b>	<b>\$ 15,565,000</b>	<b>16,749,092</b>	<b>\$ 15,356,325</b>	<b>\$ 14,616,338</b>	<b>\$ 15,090,345</b>	<b>\$ 13,746,921</b>	<b>\$ 13,850,699</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Equity</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 1,537,095	\$ 1,225,307	\$ 1,150,706	\$ 1,327,943	1,513,258	\$ 1,817,271	\$ 1,138,836	\$ 927,733	\$ 581,715	\$ 750,925
Accrued wages and benefits	438,418	326,395	392,237	748,115	559,911	277,649	175,219	221,947	119,046	391,319
Due to other funds	234,446	844,442	788,442	804,219	2,464,181	1,209,431	1,258,402	1,886,412	467,977	473,653
<b>Total liabilities</b>	<b>2,209,959</b>	<b>2,396,144</b>	<b>2,331,385</b>	<b>2,880,277</b>	<b>4,537,350</b>	<b>3,304,351</b>	<b>2,572,457</b>	<b>3,036,092</b>	<b>1,168,738</b>	<b>1,615,897</b>
<b>Deferred Inflows of Resources:</b>										
Unavailable revenues - property taxes	1,441,980	1,498,156	1,468,054	1,600,781	1,780,291	2,146,305	2,518,040	2,913,758	3,566,505	4,090,122
Advance property tax collections	1,629,621	109,695	3,780,442	5,877	4,722					
Unavailable revenues - grants		29,400	172,843							
<b>Total deferred inflows of resources</b>	<b>3,071,601</b>	<b>1,637,251</b>	<b>5,421,339</b>	<b>1,606,658</b>	<b>1,785,013</b>	<b>2,146,305</b>	<b>2,518,040</b>	<b>2,913,758</b>	<b>3,566,505</b>	<b>4,090,122</b>
<b>Fund Equity:</b>										
Assigned	1,540,633	1,388,542	1,820,141	2,122,970	2,155,779	1,860,649	1,917,231	1,238,263	1,348,658	1,502,979
Unassigned	11,142,709	10,015,648	9,294,386	8,955,095	8,270,950	8,045,020	7,608,610	7,902,232	7,663,020	6,641,701
<b>Total fund equity</b>	<b>12,683,342</b>	<b>11,404,190</b>	<b>11,114,527</b>	<b>11,078,065</b>	<b>10,426,729</b>	<b>9,905,669</b>	<b>9,525,841</b>	<b>9,140,495</b>	<b>9,011,678</b>	<b>8,144,680</b>
<b>Total liabilities, deferred inflows of resources and fund equity</b>	<b>\$ 17,964,902</b>	<b>\$ 15,437,585</b>	<b>\$ 18,867,251</b>	<b>\$ 15,565,000</b>	<b>16,749,092</b>	<b>\$ 15,356,325</b>	<b>\$ 14,616,338</b>	<b>\$ 15,090,345</b>	<b>\$ 13,746,921</b>	<b>\$ 13,850,699</b>

Source: Town of Vernon, Finance Department.

TABLE 19

## TOWN OF VERNON, CONNECTICUT

## GENERAL FUND

## REVENUES BY SOURCE AND OTHER FINANCING SOURCES - GAAP BASIS

LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Revenues by Source									Revenues and Other Financing Sources	
	Property Taxes	Intergovernmental	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
2014	\$ 62,683,962	\$ 19,327,891	\$ 1,498,391	\$ 531,337		\$ 21,903	\$ 136	\$ 6,765,869	\$ 222,961	\$ 91,052,450	4.6%
% of Total	68.9%	21.2%	1.7%	0.6%		0.0%	0.0%	7.4%	0.2%	100.0%	
2013	58,939,088	20,104,837	1,276,169	547,833		18,615	1,054	5,586,913	572,915	87,047,424	-1.1%
% of Total	67.7%	23.1%	1.5%	0.6%		0.0%	0.0%	6.4%	0.7%	100.0%	
2012	57,327,038	22,856,032	1,341,318	563,598		20,251	2,810	5,389,624	501,771	88,002,442	3.7%
% of Total	65.1%	26.0%	1.5%	0.6%		0.0%	0.0%	6.3%	0.6%	100.0%	
2011	57,387,268	20,710,835	1,386,203	491,675		10,193	27,708	4,604,572	279,614	84,898,068	5.0%
% of Total	67.6%	24.4%	1.6%	0.6%		0.0%	0.0%	5.4%	0.3%	100.0%	
2010	54,241,727	20,352,445	1,561,369	441,648		13,008	42,113	3,963,079	241,856	80,857,245	1.6%
% of Total	67.1%	25.2%	1.9%	0.5%		0.0%	0.1%	4.9%	0.3%	100.0%	
2009	52,186,924	21,194,696	1,421,907	406,025		10,088	199,312	3,906,222	259,876	79,585,050	-12.8%
% of Total	65.6%	26.6%	1.8%	0.5%		0.0%	0.3%	4.9%	0.3%	100.0%	
2008	49,913,095	20,870,957	2,223,776	497,149		18,515	670,210	16,859,883	223,892	91,277,477	20.7%
% of Total	54.7%	22.9%	2.4%	0.5%		0.0%	0.7%	18.5%	0.2%	100.0%	
2007	48,717,250	19,559,484	2,279,748	478,589		19,711	871,920	3,416,995	250,827	75,594,524	3.7%
% of Total	64.4%	25.9%	3.0%	0.6%		0.0%	1.2%	4.5%	0.3%	100.0%	
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%	2.8%	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%	0.0%	0.4%	2.8%	0.3%	100.0%	

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

Source: Town of Vernon, Finance Department.

TABLE 20

TOWN OF VERNON, CONNECTICUTGENERAL FUNDEXPENDITURES BY FUNCTION AND OTHER FINANCING USES - GAAP BASISLAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Expenditures by Function											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	Other Financing Uses	Total	Annual % Increase
2014	\$ 3,428,718	\$ 221,149	\$ 7,995,555	\$ 5,431,695	\$ 936,012	\$ 1,329,070	\$ 7,107,547	\$ 56,788,058	\$ 130,174	\$ 4,143,846	\$ 2,261,474	\$ 89,773,298	3.5%
% of total	3.8%	0.2%	8.9%	6.1%	1.0%	1.5%	7.9%	63.3%	0.1%	4.6%	2.5%	100.0%	
2013	3,230,952	241,139	8,169,618	5,222,913	974,251	1,358,243	7,054,780	54,365,055	57,787	4,365,302	1,717,721	86,757,761	-1.4%
% of total	3.7%	0.3%	9.4%	6.0%	1.1%	1.6%	8.1%	62.7%	0.1%	5.0%	2.0%	100.0%	
2012	3,277,010	248,176	11,428,754	5,272,527	934,675	1,339,374	6,806,996	52,300,137	77,995	4,675,035	1,605,301	87,965,980	4.4%
% of total	3.7%	0.3%	13.0%	6.0%	1.1%	1.5%	7.7%	59.5%	0.1%	5.3%	1.8%	100.0%	
2011	3,047,360	210,671	7,774,406	5,757,991	958,938	1,343,872	7,321,967	52,089,429	109,587	4,053,738	1,578,773	84,246,732	4.9%
% of total	3.6%	0.3%	9.2%	6.8%	1.1%	1.6%	8.7%	61.8%	0.1%	4.8%	1.9%	100.0%	
2010	3,003,175	222,003	7,698,462	5,451,295	923,368	1,338,415	6,138,804	49,302,826	264,740	3,091,374	2,901,723	80,336,185	1.4%
% of total	3.7%	0.3%	9.6%	6.8%	1.1%	1.7%	7.6%	61.4%	0.3%	3.8%	3.6%	100.0%	
2009	3,026,387	217,126	7,381,590	5,681,841	899,092	1,305,429	6,167,528	49,284,455	117,423	3,254,029	1,870,322	79,205,222	-12.9%
% of total	3.8%	0.3%	9.3%	7.2%	1.1%	1.6%	7.8%	62.2%	0.1%	4.1%	2.4%	100.0%	
2008	2,903,470	228,828	7,288,175	5,445,696	837,812	1,773,120	5,961,569	61,340,447	296,916	2,379,422	2,436,676	90,892,131	20.4%
% of total	3.2%	0.3%	8.0%	6.0%	0.9%	2.0%	6.6%	67.5%	0.3%	2.6%	2.7%	100.0%	
2007	2,750,317	297,715	6,952,435	5,162,350	824,362	1,677,953	6,002,591	46,567,372	63,015	1,399,968	3,767,629	75,465,707	4.8%
% of total	3.6%	0.4%	9.2%	6.8%	1.1%	2.2%	8.0%	61.7%	0.1%	1.9%	5.0%	100.0%	
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%	

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

Source: Town of Vernon, Finance Department.

**TABLE 21****TOWN OF VERNON, CONNECTICUT****SEWER ASSESSMENTS BILLINGS AND COLLECTIONS****LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>Fiscal Year Ended June 30,</b>	<b>Current Assessment Receivable July 1,</b>	<b>Assessment Billings</b>	<b>Assessment Collections</b>	<b>Current Assessment Receivable June 30,</b>
2014	\$ 1,016	\$ 8,597	\$ 8,628	\$ 985
2013	1,086	4,391	4,461	1,016
2012	825	11,253	10,992	1,086
2011	1,263	47,913	48,351	825
2010	792	59,201	58,730	1,263
2009	1,287	63,372	63,867	792
2008	718	62,227	61,658	1,287
2007	1,485	81,718	82,485	718
2006	12,074	87,074	97,663	1,485
2005	11,998	120,219	120,143	12,074

**Sources of data:**

Town of Vernon, Water Pollution Control Department.

Town of Vernon, Finance Department.

TABLE 22

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

**LAST TEN FISCAL YEARS  
(UNAUDITED)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Additions:										
Contributions:										
Employer	\$ 2,039,145	\$ 2,210,536	\$ 2,609,818	\$ 2,796,299	\$ 2,941,678	\$ 2,655,103	\$ 2,604,841	\$ 3,399,576	\$ 3,199,500	\$ 3,266,289
Employee	971,103	1,023,923	1,133,129	1,155,185	1,199,405	1,262,617	1,232,063	1,238,650	1,332,034	1,369,933
Net investment income (loss)	2,582,283	1,865,254	3,384,945	2,207,027	(8,078,202)	5,604,908	4,054,823	100,809	4,787,526	7,861,240
Total Additions to Net Position	5,592,531	5,099,713	7,127,892	6,158,511	(3,937,119)	9,522,628	7,891,727	4,739,035	9,319,060	12,497,462
Deductions:										
Benefit payments/annuity purchases	2,017,309	2,146,399	2,523,452	2,740,940	3,017,123	3,269,875	3,678,415	4,061,246	4,340,495	4,839,395
Refunds of contributions	52,416	68,278	238,593	104,205	264,810	126,960	71,754	29,190	74,631	62,064
Administrative expense	128,962	136,388	145,491	145,588	156,405	140,276	156,607	174,509	178,039	176,206
Total Deductions to Net Position	2,198,687	2,351,065	2,907,536	2,990,733	3,438,338	3,537,111	3,906,776	4,264,945	4,593,165	5,077,665
Change in Plan Net Position	\$ 3,393,844	\$ 2,748,648	\$ 4,220,356	\$ 3,167,778	\$ (7,375,457)	\$ 5,985,517	\$ 3,984,951	\$ 474,090	\$ 4,725,895	\$ 7,419,797
Employer Contributions as a Percentage of Covered Payroll	12.40%	13.29%	15.29%	15.57%	15.85%	13.76%	13.77%	17.87%	16.36%	16.59%

TABLE 23

## TOWN OF VERNON, CONNECTICUT

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

LAST TEN YEARS (UNAUDITED)										
FISCAL YEAR ENDED										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund expenditures	\$ 87,511,824	\$ 85,040,040	\$ 86,360,679	\$ 82,667,959	\$ 77,434,462	\$ 77,334,900	\$ 88,455,455	\$ 71,698,078	\$ 70,296,978	\$ 65,533,467
Debt service expenditures:										
Principal	\$ 2,771,437	\$ 3,126,102	\$ 2,921,774	\$ 2,301,286	\$ 1,280,829	\$ 1,731,047	\$ 1,656,374	\$ 1,187,957	\$ 855,491	\$ 1,201,310
Interest	1,372,409	1,239,200	1,753,261	1,752,452	1,810,545	1,522,982	723,048	212,011	234,809	277,071
Total debt service	\$ 4,143,846	\$ 4,365,302	\$ 4,675,035	\$ 4,053,738	\$ 3,091,374	\$ 3,254,029	\$ 2,379,422	\$ 1,399,968	\$ 1,090,300	\$ 1,478,381
Percentage of debt service Expenditures to General Fund expenditures	4.74%	5.13%	5.41%	4.90%	3.99%	4.21%	2.69%	1.95%	1.55%	2.26%

Source of data: Town of Vernon, Finance Department.

TABLE 24

## TOWN OF VERNON, CONNECTICUT

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

LAST TEN YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Grand List	Real Estate**		Personal Property		Motor Vehicles*		Total All Property	
		Net Taxable Grand List	% Change	Net Taxable Grand List	% Change	Net Taxable Grand List	% Change	Net Taxable Grand List	% Change
2014	10/1/2012	\$ 1,493,134,500	(0.45%-)	\$ 66,792,040	(9.39%)	\$ 174,454,325	(2.17%)	\$ 1,734,380,865	(0.23%)
2013	10/1/2011	1,486,403,230	(11.28%)	73,714,500	(4.54%)	178,321,984	10.12%	1,738,439,714	(9.20%)
2012	10/1/2010	1,675,422,920	0.53%	77,221,820	3.73%	161,928,532	5.47%	1,914,573,272	1.05%
2011	10/1/2009	1,666,654,720	0.13%	74,447,066	2.87%	153,537,018	(0.20%)	1,894,638,804	0.21%
2010**	10/1/2008	1,664,474,310	13.12%	72,373,200	1.54%	153,851,591	(3.48%)	1,890,699,101	11.08%
2009**	10/1/2007	1,471,452,682	16.42%	71,272,686	1.61%	159,395,290	1.39%	1,702,120,658	14.14%
2008**	10/1/2006	1,263,919,130	16.58%	70,146,000	(1.80%)	157,213,010	1.07%	1,491,278,140	13.74%
2007	10/1/2005	1,084,123,077	1.29%	71,432,611	4.85%	155,547,030	6.14%	1,311,102,718	2.03%
2006	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%
2005	10/1/2003	1,050,805,694	1.04%	65,482,777	5.94%	137,661,775	3.48%	1,253,950,246	.76%

\* Excludes assessed value on supplemental motor vehicle listings.

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

Source of data: Town Assessor and Town Clerk Offices.



**TABLE 25**

**TOWN OF VERNON, CONNECTICUT**

**U.S. BUREAU OF CENSUS STATISTICS**

**JUNE 30, 2014**

**(UNAUDITED)**

Year	Population (1)	Density (2)	Age Characteristics (1)				Income Characteristics (1)		
			Age	2000	2010	% Change	2010		
2010	29,179	1,569	Under 5	1,713	1,663	-2.9%	Income	Households	% of total
2000	28,063	1,509	5-19	5,027	4,597	-8.6%	\$ 0 to 14,999	1,134	8.7%
1990	29,841	1,604	20-34	6,023	6,456	7.2%	\$15,000 to 24,999	1,110	8.5%
1980	27,974	1,504	35-54	8,647	8,227	-4.9%	\$25,000 to 34,999	993	7.6%
1970	27,237	1,464	55-64	2,747	3,683	34.1%	\$35,000 to 49,999	2,023	15.5%
1960	16,961	912	Over 65	3,906	4,553	16.6%	\$50,000 to 74,999	2,404	18.4%
1950	10,115	544	Total	28,063	29,179	4.0%	\$75,000 to 99,999	2,050	15.7%
			Median	37.7	40.2		\$100,00 or more	3,317	25.6%
<b>Years of School Completed, Persons Age 25 and Over (1)</b>							Total	13,031	100%
							2000		
							Income	Households	% of total
							\$ 0 to 14,999	1,355	11.0%
							\$15,000 to 24,999	1,400	11.4%
							\$25,000 to 34,999	1,520	12.4%
							\$35,000 to 49,999	2,098	17.1%
							\$50,000 to 74,999	2,864	23.2%
							\$75,000 to 99,999	1,571	12.8%
							\$100,00 or more	1,482	12.1%
							Total	12,290	100%
							2000		
							Median Income	\$ 47,816	\$ 62,115
							Mean Income	57,533	74,113
							Per Capita Income	25,150	33,784
							% below poverty leve	5.8%	6.4%

**Sources of Data:**

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

TABLE 26

**TOWN OF VERNON, CONNECTICUT**  
**PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS**

LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Building Permits (1)											Bank Deposits (2) (in thousands)	Property Values (3) **		
	Residential		Industrial and Commercial		All Other *		Total Building Permits		Industrial and						
	Construction		Construction		Construction		Construction		Commercial						
	#	Value	#	Value	#	Value	#	Value	Residential	Commercial	Nontaxable (4)				
2014	11	\$ 1,368,500	76	\$ 7,120,134	1,851	\$ 14,408,011	1,938	\$ 22,896,635	\$ 1,271,012	\$ 1,554,753,889	\$ 493,430,505	\$ 231,289,640			
2013	16	1,998,000	80	5,741,017	1,807	19,899,840	1,903	27,638,857	1,002,845	1,606,255,471	506,433,643	229,212,099			
2012	13	1,954,000	89	6,504,974	1,915	19,704,831	2,017	28,163,805	892,262	1,647,973,312	540,385,815	279,872,330			
2011	23	2,569,000	103	4,583,919	1,668	13,263,268	1,794	20,416,187	816,121	1,517,985,824	598,948,165	270,568,720			
2010	34	5,618,507	99	4,408,402	1,717	13,352,039	1,850	23,378,948	782,363	1,677,860,407	405,017,402	236,654,310			
2009	27	3,759,546	66	1,901,260	1,373	15,661,565	1,466	21,322,371	776,296	1,755,785,729	379,577,798	232,017,940			
2008	43	9,817,719	69	3,870,742	1,613	21,958,018	1,725	35,646,479	744,794	1,204,042,543	470,833,357	232,217,470			
2007	69	11,632,730	174	5,694,247	1,574	17,991,124	1,817	35,318,101	761,580	1,941,698,122	534,299,916	208,038,107			
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	486,131,510	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			

\* Includes municipal improvements, multi-family dwellings, mobile homes, garages, pools, alterations, additions, stoves, sheds, fences etc.

\*\* Excludes vacant land.

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

**TABLE 27****TOWN OF VERNON, CONNECTICUT****LAND USE / ZONING STATISTICS****JUNE 30, 2014**

Category	LAND USE			Category	EXISTING ZONING	
	# of Acres	% of Total	% of Developed / Committed Land		# of Acres	% of Total
Residential	5,304	46.05%	53.67%	Residential	8,120	70.50%
Commercial / Industrial*	712	6.18%	7.21%	Business:		
Community Facilities / Institutional	352	3.06%	3.56%	Commercial / Industrial	872	7.57%
Open Space	1,904	16.53%	19.27%	Rockville Historic District	713	6.19%
R-O-W / Utilities	1,610	13.98%	16.29%	Other Special Zones	413	3.59%
Vacant	1,636	14.20%		No zone (right-of-way, water, other)	1,400	12.15%
Total	11,518	100.00%	100.00%	Total	11,518	100.00%

\* Includes Agriculture and Mixed Use total acreage of 95 and 16 acres, respectively.

Source: Land Use statistics from the Town's Plan of Conservation and Development and Existing Zoning from Town Planner's Office.

TABLE 28

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

JUNE 30, 2014

School	Grades	Number of Classrooms	Total Floor Area (Sq. ft.)	School Capacity	School Enrollment as of 10/1/2013
Elementary Schools:					
Center Road	Pre-K to 5	33	75,122	825	502
Lake Street	Pre-K to 5	20	39,219	525	256
Maple Street	Pre-K to 5	23	39,920	525	326
Northeast	Pre-K to 5	19	41,500	525	331
Skinner Road	Pre-K to 5	21	45,350	525	306
Total Elementary Schools				2,925	1,721
Middle School	6 to 8	70	135,988	1,500	659
Rockville High and VO-AG	9 to 12	136	272,748	2,400	929
Rockville High	Special Ed	n/a		n/a	48
<b>Total All Schools</b>				<b>6,825</b>	<b>3,357</b>

**ACTUAL**  
**SCHOOL ENROLLMENTS**  
**LAST TEN FISCAL YEARS**

School Year *	Pre-K	K-5	6-8	9-12	UNGRADED	TOTAL	ANNUAL % CHANGE
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%
2008/09	33	1,588	781	1,166	16	3,584	-3.53%
2009/10	124	1,638	802	1,124	15	3,703	3.32%
2010/11	129	1,620	768	1,079	23	3,619	-2.27%
2011/12	142	1,615	738	1,055	29	3,579	-1.11%
2012/13	172	1,595	697	976	48	3,488	-2.54%
2013/14	177	1,544	659	929	48	3,357	-3.76%

\* As of October 1.

**PROJECTED**  
**SCHOOL ENROLLMENTS**

2014/15	143	1,638	712	1,012	13	3,518	4.80%
2015/16	143	1,619	740	993	13	3,508	-0.28%
2016/17	143	1,620	748	987	13	3,511	0.09%
2017/18	143	1,607	776	963	13	3,502	-0.26%
2018/19	143	1,609	741	994	13	3,500	-0.06%

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

Projected Enrollments: Provided by Peter N. Prowda, PhD. Report dated 12/7/11 as requested by the Vernon Board of Education

School Square Footage: Per Code information sheets (updated to reflect school building projects).